Mr. Chairman, the Colorado River Water Conservation District was created by the Colorado Legislature in 1937 to safeguard, conserve, and put to beneficial use the water resources of the Colorado River and its principal tributaries (the Yampa, the White, and the Gunnison), and was given such powers considered necessary to safeguard for Colorado all waters to which the State of Colorado is equitably entitled under the Colorado River Compact of 1922. The River District boundaries cover fifteen (15) counties and its Board of Directors is composed of one member from each county appointed by the elected county commissioners of that county.

The allocation of our water resources is a major issue that will continue to be discussed at all levels of government and in every region of this nation through this century.
At a national level eight (8) members of Congress have formed the National Water Alliance. Senator Daniel Moynihan (D-NY) states, "You could live without love, not without water.", and advocates a national water policy. Congressman Dick Cheney (R-WY) states, "Water policy is a state responsibility." In Colorado, we cannot await the conclusion of that debate.

Eventually, we may witness the completion of our interstate highway system and even the beginning of a national water distribution system. Such a water system, however, will not be completed in our lifetime.

Colorado is one of two states into which no water flows. Only thirteen percent (13%) of the nation's precipitation falls in the Rocky Mountain West, an area representing forty-one percent (41%) of the land mass of this country.

Federal reclamation projects have traditionally helped Colorado increase irrigated acreage in the state. However, the future of such projects has been clouded by possible changes in federal water policies, such as proposed state cost-sharing requirements, and by federal fiscal constraints. The anxiety caused by shifting federal policies first evidenced by the "hit lists" prompted the creation of the Colorado Water and Power Authority.

Mr. Chairman, you have requested that we address the subject of "compensatory storage". The subject should be called Inter-Basin
Mitigation (IBM). The subject arises when water is transverted from one basin to another. Western Colorado pioneered this concept and it should be considered by this committee in terms of a state-wide policy. When water is transverted from one basin to another, a series of permanent injuries occurs. New storage in and for basin users has sometimes been supplied to ease the injury. When water is transverted, river channels will be that much lower, riparian habitats will be that much drier, pumps will have to work that much harder, drought protection will be that much weaker and economic development and opportunities will be that more more limited.

The issue of Inter-Basin Mitigation is of state-wide concern. We have heard reports of land being acquired in Park County by the community of Colorado Springs similar to the acquisition of lands by the Denver Water Board in Grand and Summit Counties. That land would is off the tax rolls. What should the mitigation be? What should the mitigation be in the Frazier Valley? Statements are made that the continued purchase of water rights could turn the Arkansas Valley into a dust bowl. The purchasers claim that such consequences are not their problem. What should the mitigation be?

Colorado is a party to numerous compacts and agreements which stretch the Colorado River like a rubberband. The Colorado River Compact of 1922 and the Upper Colorado River Basin Compact of 1948 divide the seven states of the Colorado River Basin into two units and divides the water of the Colorado River between each unit as
well as between individual states.

Downstream, the Central Arizona Project is about to take its first delivery of water and has a price tag so far of $3.5 billion dollars ranking it the largest reclamation project in the history of the United States. The Central Arizona Project was authorized in 1968 and will carry massive amounts of water across hundreds of desert miles to heavily populated Southern and Central Arizona. The same 1968 legislation provided for the construction of five (5) Colorado participating projects to be developed concurrently with the construction of the Central Arizona Project. That development has not occurred. A cycle of avoiding water project construction in Western Colorado because the need is not obvious becomes a self-fulfilling prophecy; the water is not available, thus the need does not arise because economic developers go elsewhere - because sufficient water is not available. Or, as William Mulholland, Los Angeles water pioneer, put it, "If you don't get the water, you won't need it."

In 1981, the Governor's Blue Ribbon Panel recommended that:

Colorado should capture all the waters to which we are legally entitled. It is essential that water be made available for a variety of uses, including agriculture and recreation. Those segments of our economy are essential to our future and depend heavily on the continued availability of water at reasonable prices.
The Colorado River is already over appropriated. Phoenix, Tucson, San Diego, Los Angeles, and Southern California, want more and more, thus stretching the southern portion of the rubberband.

Denver and the Front Range continue to grow and represent the center of eighty percent (80%) of our Colorado population. Water is required, and there has been an escalation of transmountain diversions from west to east. At the turn of the century the first transmountain water diversion totalled a few hundred acre feet. These diversions have increased in recent years to nearly 700,000 acre feet. The upper portion of the rubberband is being stretched more and more. Effective Inter-Basin Mitigation (IBM) will keep the rubberband from breaking.

Numerous groups have been formed with the intent of solving our water problems. The Metropolitan Providers, Denver Water Board, Environmental Caucus, Home Builders, Northern Colorado Conservancy District, and Western Colorado, have been negotiating under the auspices of the Governor's Roundtable. These negotiations may result in proposed legislation and we request that a bill be available to support such future proposals as you deem appropriate. Central to the discussions has been the 24 million dollar environmental impact statement prepared by the Corps of Engineers concerning the water needs of the Denver metropolitan area for the next fifty (50) years. That study finds that 300,000 additional acre feet will be required during that period.
The reports are voluminous and the issues significant. For example, conservation efforts in the Denver metropolitan area could result in a savings of between 30,000 and 120,000 acre feet of water annually. The question must be asked - Should state legislation be enacted to motivate strong conservation efforts across the State of Colorado?

Transmountain water diversions exaggerate the extremes of nature in the basin of origin. As an example, in the drought water year of 1977, when only 1,852,000 acre feet were measured on the Colorado River at the Utah state line, transmountain water diverters took 523,377 acre feet, a number equal to 28.3% of the measured flow. In the wet water year of 1983, when 8,033,000 acre feet were measured at the state line, transmountain water diversions had dropped to 426,712 acre feet, a number equal to 5.3% of the measured flow. Relative to the total flow, interbasin transfers were five times more in the dry year than they were in the wet year.

Denver, the metropolitan area, Colorado Springs, and other Front Range communities fear the direct dollar cost obligations to their municipalities associated with mitigation for transmountain diversions. This became very obvious during the discussion of House Bill 1305 (55th Colorado General Assembly, 1st Session). That bill essentially proposed that all transmountain water diverters design, construct, finance, and operate their projects in such a manner that water use within the natural basin is not
impaired, and costs to users within the basin are not increased. The language of H.B. 1305 was basically the language which has applied to water conservancy districts and has served us well for over forty (40) years.

Recently, the Colorado River District and Northern Colorado Water Conservancy District entered into an agreement in which the Northern District agreed to provide the River District with monies to construct a new $13½ million dollar reservoir in exchange for the right of Northern Colorado to divert another 40,000 to 50,000 acre feet of water per year as part of its Windy Gap project. This is an excellent example of negotiated mitigation. All regions of Colorado are inter-dependent, and there is no reason this success story cannot be implemented as a state-wide policy called Inter-Basin Mitigation (IBM).

With much of Western Colorado currently reeling from the depressed state of agriculture and mining, the many economic recovery efforts now being conducted could be destroyed by a drought demonstrating the region's vulnerability. Western Colorado, in the absence of adequate mitigation, stands at the threshold of permanent status as a crippled colony of the rest of Colorado, and that is a status that the rest of the state cannot afford.

The water currently available in the Colorado River of Western Colorado is insufficient for the future of the state, a state in which all portions will grow, but some will grow faster than
others. Because the Front Range is presently growing faster than Western Colorado, it has a more pressing need for water. The issue of adequate Inter-Basin Mitigation (IBM) is whether the Front Range will take the water leaving only shortage and injury for Western Colorado or some other basin, or whether the water, benefit, shortage, and injury will be equitably shared.

Inter-basin mitigation (IBM) does not replace water that has been taken in trans-basin diversions. That water is irreplaceable. What Inter-Basin Mitigation does is afford control and ability to more carefully, effectively and precisely utilize the remaining water. Compensatory storage is simply one form of Inter-Basin Mitigation.

Although the transmountain diverter is a major user of Colorado River water, the transversions, once completed, are physically immune from helping to meet a compact call. To remedy this potential inequity, we recommend that at such time as the State Engineer receives information of a compact call, he should give notice pursuant to state statute, and thereby halt further transmountain diversions until the compact call has been satisfied.

Senator Bishop, you were recently quoted as saying, "Unity, balance, understanding, compromise, cooperation - those words flow freely until we try to implement them." You have made an important start in implementing those words with the passage of H.B. 1088, which was sponsored by Representative Paulson and yourself.
H.B. 1088 (55th Colorado General Assembly, 1st Session) is viewed as a major declaration of water policy and is evidence of the results that can occur through negotiation and compromise. Time will tell if the three additional projects authorized in H.B. 1088 is the beginning of a new statesmanship that seems to be emerging in Colorado water politics.

In summary, we would propose the following to address the problem of adequate Inter-Basin Mitigation (IBM):

1. The creation of a study by the Colorado General Assembly to consider an amendment to the Colorado Constitution that would authorize us to pledge the full faith and credit of the state for major water projects and in furtherance of sound water policies for Colorado.

2. The creation of an Inter-Basin Mitigation (IBM) trust fund for the receipt of revenues at least equal to a quarter cent of the existing sales tax which we understand approximates $25 million dollars annually, which fund would be used to construct projects and mitigate damages caused by the trans-basin diversion of water and other injuries caused by the development of water rights by municipalities. The allocation of these mitigation monies should be determined by the Colorado Water and Power Authority.
3. A legislative program that would encourage sound conservation measures for the use of water by Denver, the metropolitan area, and the State of Colorado.

4. A requirement that the State Engineer, aware of a compact call, give notice that would cut off further transmountain diversions until the call could be satisfied.

5. A requirement that the State Engineer determine the actual consumptive use of water within the various water basins of Colorado so that dependable information regarding water is available.

Mr. Chairman, we appreciate the time you and your committee took to attend the recent conference in Gunnison, Colorado, on the subject of transmountain diversions.

The Colorado River Water Conservation District is pleased to present this concept of Inter-Basin Mitigation for your consideration as a state-wide policy. We pledge our good faith efforts in continuing the frank discussions that have been initiated during the past few years. Only by working together, will we achieve some satisfactory solutions to the issue of water allocation.