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Potential Intergovernmental Agreement (“Agreement”) between the Town of Minturn, Eagle River Water & Sanitation District (“District”) and Upper Eagle Regional Water Authority (“Authority”)

**Frequently Asked Questions**

**Question**

**Answer**

*Why does Minturn want augmentation water?*

Minturn has both senior and junior water rights. Augmentation is necessary for Minturn to use its junior water rights during dry periods when there is a “call” on the river. In drought conditions or years where there is less run-off, Minturn must use its junior water rights to provide sufficient water under certain conditions. Without augmentation water, Minturn can be denied the use of its junior water rights. Minturn’s senior water rights are insufficient to supply the Town in certain situations, even if there is no future development.

*Why does Minturn want water security?*

Minturn wants to ensure that it will be able to provide water to residents into an uncertain and likely drier future.

*Does the District & Authority deal help Minturn even if there is no more development in town?*

Yes, Minturn has had to rely on its junior water rights in the past and in order to use these, Minturn currently leases augmentation water from the Colorado River District. The augmentation water provided to Minturn by the District will permit Minturn the option to drop these contracts and eventually save as much as \$50,000 to \$70,000/a year.

*Can the Town still sue Battle Mountain for selling Minturn’s Bolts Lake easement to the District & Authority?*

Yes. In lawsuits for breach of contract, the parties are required to “mitigate” (minimize) their damages. In entering into this Agreement with the District and Authority, Minturn would be mitigating its damages as required by the courts. Minturn will still be able to sue Battle Mountain for, among other issues, the difference in value between Minturn’s Bolts Lake easement and the value of the benefit received from this Agreement with the District and Authority.

*What is the difference between permanent and leased augmentation water?*

Permanent augmentation water is just that, permanent. The District and Authority are not usually willing to commit to permanent augmentation water contracts, but they are willing to make that commitment to Minturn if we do this deal. Until

this deal, Minturn has been unable to obtain permanent augmentation water. We currently spend \$108,500/year to lease augmentation water through long term leases with the Colorado River District. These leases are not automatically renewable and in a severe drought situation in the future, we could be denied the right to renew the leases.

*Is the 55-acre feet of “option” augmentation water permanent?*

Yes, it is permanent if purchased in the next 30 years.

*Does the Agreement require Minturn residents to pay for water rights for future development?*

No. One of the important cost savings and water security regardless of future development.

*Will Minturn Residents have the right to use Bolts Lake for recreation?*

Yes, summertime recreation will be allowed including activities such as paddle-boarding, swimming, kayaking, fishing and other non-motorized activities. The Town will be responsible for developing and managing the recreation facilities. The recreation use will be secondary to the use of the reservoir as an augmentation facility.

*Why are we negotiating with the District & Authority before we know the value of the Bolts Lake easement we are giving up?*

The Bolts Lake easement appraisal was requested months ago and with the pending deadline of February 9<sup>th</sup>, negotiations had to occur prior to receiving the appraisal for the value of the easement.

*Isn't it better for Minturn to keep its Bolts Lake easement and use that to solve its water issues?*

No, in all probability, Minturn will lose its Bolts Lake easement in a condemnation proceeding by the District and Authority if we do not do this deal. Minturn would then only be entitled to the cash value of the easement as determined by the court.

*Will the District & Authority IGA result in a decrease in Minturn's water bills?*

Minturn residents will pay less than they would otherwise. Unfortunately, with infrastructure improvements on the horizon, water bills will still be increasing in the future, but not to the extent they would without the deal.

*How does this deal impact Minturn's ability to develop Dowd Junction?*

The deal provides that the District and Authority may supply Dowd Junction with water if technically feasible. Additionally, the Agreement will allow a water right to be decreed at Dowd Junction as a secondary alternative for Minturn water service to Dowd should a pipeline not be feasible.

*Why is the District and Authority in such a hurry?*

Because of their prior Agreement with Battle North, the District must have an answer from Minturn before February 9<sup>th</sup>.