

## Section 12 Additional Information

### 12.a Benefits to Larimer County Associated with the Water Pipeline

#### Emergency Raw Water Interconnects:

The TWP water pipeline will be constructed in proximity to the raw water collection infrastructure of other municipal water supply agencies in Larimer County. Thornton is willing to enter into agreements with other municipal water supply agencies in Larimer County to provide an interconnect with the TWP water pipeline to deliver short-term raw water supplies in the case of emergencies such that the raw water supply for those agencies is temporarily impacted due to circumstances such as infrastructure failure.

#### Transportation Mitigation and Improvement:

Through Working Group meetings, associated Open House meetings and discussions with Larimer County staff, Thornton has heard interests related to transportation infrastructure, including both mitigation of traffic impacts and degradation of transportation assets associated with TWP construction, as well as enhancements to area roadways to improve mobility. Thornton will return roadways and rights-of-way where the TWP is installed to as good or better condition as they were before construction. In addition, separate from the roadways or right-of-way where the TWP is installed, Thornton has heard concerns regarding impacts to east-west mobility related to construction of the TWP, as well as potential impacts to roadways, bridges, intersections or other transportation assets that might become alternate routes for the traveling public as a result of TWP construction. Thornton has also heard interests regarding general mobility concerns in the area of Larimer County from County Road 56 south, and from Shields to County Line Road. As mitigation for impacts to transportation assets affected by TWP construction, as well as providing additional community benefit, Thornton proposes contributing \$1,000,000 to Larimer County for use at its discretion for mitigation of “off-site” impacts of TWP construction on transportation assets, or for transportation improvements that are important to the community. In addition, Thornton proposes to work with Larimer County to identify and dedicate rights-of-way on Thornton-owned property located at Turnberry and Douglas Roads to facilitate Larimer County’s transportation objectives, including the realignment of Turnberry Road through Thornton’s property to improve the safety and efficiency of the road for the residents of the County.

### 12.b Additional Benefits to Larimer County

At the August 1, 2018 hearing on Thornton’s 1041 Application, the Larimer County Board of County Commissioners made several comments suggesting that Thornton identify broader community benefits as a part of its Application. While this Supplemental 3 addresses impacts, minimization of impacts, and benefits directly associated with Thornton’s water pipeline construction, this section identifies proposed commitments to broader community benefits that go above and beyond direct mitigation of the pipeline impacts. Because these benefits are not directly related to the pipeline project, Thornton proposes to memorialize these community benefits in a separate Intergovernmental Agreement (Community Benefits IGA) to be entered into between Larimer County and Thornton upon issuance of a 1041 Permit to Thornton for the TWP corridor with Alternative 3 (Option C) Corridor with terms and conditions as agreed to by Thornton.

Thornton has collected input regarding community interests and enhanced benefits from a broad range of sources, including Planning Commission and public comments made during the May 16, 2018 Larimer County Planning Commission hearing; BOCC and public comments made during the July 6, 23, August 1, and December 17, 2018 BOCC hearings; the water working group meetings and associated open house meetings; discussions with Larimer County staff; and discussions with project stakeholders.

Based on this input, Thornton's objective in proposing these additional benefits is to provide enhancements to the following areas of community interests and concern: Cache la Poudre River health; and community planning and infrastructure. The total project cost for the TWP is estimated at \$450 million dollars. The total estimated value to the Larimer County community of the proposals described herein are approximately \$60 million dollars. As a part of the Community Benefits IGA, and upon approval of a 1041 permit to Thornton, Thornton proposes the following:

### **Cache la Poudre River Health**

Over 150 years of human development along the Cache la Poudre River has resulted in significant changes to the river. Agricultural, industrial and municipal diversions physically remove water from the river; this reduces flows and alters river morphology, resulting in impacts to the overall health of the Cache la Poudre River. In order to prevent against injury to existing water rights, efforts to preserve and improve Cache la Poudre River flows: must conform to Colorado water law; will necessitate cooperative agreements among water rights holders; and will require infrastructure improvements to existing river diversions and other structures. The Thornton Water Project has no impact on Cache la Poudre River flow conditions; however, through the Community Benefits IGA, Thornton proposes to improve Cache la Poudre River health by providing river flow enhancements, contributing to physical river modifications to provide better river administration and improve aquatic and riparian habitats, and funding innovative strategies for enhancing Cache la Poudre River health and addressing other local water supply challenges.

### **Adding Flows to the Cache la Poudre River**

Thornton is working with the Colorado Water Conservation Board (CWCB), the Colorado Division of Parks and Wildlife (CPW), the Colorado Water Trust, the cities of Fort Collins and Greeley, the Northern Water Conservation District (Northern Water), and the Cache la Poudre Water Users Association on an effort called Poudre Flows. Because current Colorado water law does not permit entities other than the CWCB to hold water rights for environmental purposes (instream flow rights), there is currently no mechanism for water rights holders to add water to the river and protect that water through any stretch of river. Poudre Flows, therefore, seeks to establish the legal framework necessary to protect and improve flows in a 50-mile reach of the Cache la Poudre River from the canyon mouth to its confluence with the South Platte River. The current Poudre Flows approach involves obtaining approval from the CWCB, the water court and other authorities, if necessary, to obtain an Instream Flow Augmentation Plan for the Poudre River (Poudre Flows Augmentation Plan). The Poudre Flows Augmentation Plan would establish minimum seasonal flows in specific reaches of the Poudre River to protect and improve the natural environment. These minimum flow designations are recognized by Colorado law, established by the CWCB in conjunction with CPW, and the water dedicated to these reaches is then administered within Colorado's water rights priority system by the State and Division Engineers. Cache la Poudre River water rights holders could then temporarily or permanently convey water to the CWCB that would be used to meet these minimum flow designations, resulting in additional water to the river that is protected through the river reach by Colorado water law.

In addition to its efforts to help establish the legal and transactional mechanisms to protect and improve Cache la Poudre River flows, and as a broader community benefit, Thornton proposes to dedicate and deliver up to 3,000 acre-feet a year of water to the CWCB for use in the Poudre Flows Augmentation Plan. This 3,000 acre-feet of water Thornton will deliver consists of approximately 2,250 acre-feet for other water rights holders on the Poudre River and South Platte River, plus approximately 750 acre-feet of additional water necessary to account for stream losses. Under the Poudre Flows Augmentation Plan, Thornton will make this water available to the CWCB to release to the Poudre River upstream of the locations where Thornton is required to deliver the water. This water will be released at specific times and locations upstream of critical river reaches to help meet the flow targets identified in the Poudre Flows Augmentation Plan, and will be protected from diversion or exchange as it flows through the protected reaches. As noted above, this is not something that Thornton can legally accomplish on its own. The ultimate average annual delivery of water from the Thornton Water Project is approximately 14,000 acre-feet; therefore, Thornton is proposing to provide the equivalent of over 20% of the total project yield to upstream locations on the Cache la Poudre River to meet flow targets. It would cost about \$45 million dollars to acquire 3,000 acre feet of comparable Poudre River water on the open market.

Thornton has additional Cache la Poudre River supplies that it may voluntarily lease to the CWCB for use in Poudre Flows on a temporary or permanent basis. Thornton will continue to explore ways to utilize its water rights in ways that are beneficial to multiple uses as allowed by law.

Thornton proposes to provide the Commissioners a verbal report annually at a regularly scheduled public meeting concerning the status of the approval processes of the Poudre Flows Augmentation Plan with the CWCB and the water court. After CWCB and water court approvals have been obtained and as part of its annual report, Thornton will provide the Commissioners with a written accounting of the amount of water that has been added to the Cache la Poudre River in the previous year via Poudre Flows.

If the Poudre Flows Augmentation Plan cannot be implemented as described above, Thornton intends to continue to coordinate with Poudre Flows in pursuing other legal options, as necessary, to establish a mechanism for Cache la Poudre River flow protection and enhancement, and to protect Thornton's flow additions identified herein.

### **Physical Improvement to the Cache la Poudre River**

Physical modifications to various diversion structures on the Cache la Poudre River will be necessary in order to maximize the benefits of added flows from the Poudre Flows Augmentation Plan and other flow enhancement efforts. Several irrigation diversion dams create dry-up points on the river which restrict river connectivity; these dry-up points inhibit fish passage, impact the aquatic and riparian environments, and would prevent added flows from being shepherded and administered down the river. Anticipated modification of these structures would be made to allow the structures to serve the multiple functions of water delivery, water rights administration, and river connectivity. Improvements to these structures will require engineering, construction, agreements with structure owners, other water rights holders, and administrative approvals.

Additional streamflow measurement may be required to administer the added flows from the Poudre Flows Augmentation Plan and other flow enhancement efforts. This may entail the installation of new stream gages in the river, or the modification of existing structures to provide better measurements.

Additional physical improvements may be helpful in improving stream habitat, including construction of in-channel structures made of natural materials to create riffles and pools with a defined low-flow channel. Strategic placement of these improvements would result in increased channel depth, especially during low-flows, which would enhance river connectivity.

Many parties including Northern Water, the Poudre Runs Through It, the city of Fort Collins, the city of Greeley, and the Coalition for the Poudre River are actively pursuing these and other efforts to improve the health of the Cache la Poudre River. Thornton commits to partnering with these and other entities, and proposes contributing \$750,000 toward the study, implementation and evaluation of efforts related to improving Cache la Poudre River connectivity, aquatic and environmental health, and water rights administration.

### **Water Innovation Fund**

As a community with both urban and rural landscapes, Larimer County is center stage when it comes to balancing the opportunities that come with a thriving urban economy, active recreational community, and an agricultural heritage. Colorado's Water Plan identifies viable and productive agriculture as one of the State's core water values. Agriculture is the largest user of water in the state, and is a critical component to the state's economy. In addition, the Water Plan also anticipates that by 2050, Colorado's population will double, and municipal and industrial demand for water will increase with that population growth. Demands on the Cache la Poudre River are diverse and significant, and will likely continue to intensify into the future.

The water supply challenges on the Cache la Poudre River are complex, and are just one factor of many that influence overall Cache la Poudre River health. No single entity or project can restore and protect the vitality of the Cache la Poudre River; progress and improvement will be incremental and will require the cooperation and commitment of a large and diverse stakeholder group. To help address these challenges, Thornton proposes to contribute \$1,000,000 toward the establishment of a Water Innovation Fund which could be used to fund creative strategies to enhance Cache la Poudre River health and address local water supply challenges. Examples of possible uses of this fund include: acquisition and development of additional water supplies to add to the Cache la Poudre River; development of strategies for water sharing arrangements between agricultural, municipal, recreational and environmental uses; facilitation of regional planning efforts to cultivate water supply resiliency across all uses; establishment of an endowment which could be used to fund existing Poudre River efforts.

### **Community Planning and Infrastructure**

There are opportunities for Thornton to utilize its project and its land ownership in Larimer County to help further Larimer County objectives. Through the Community Benefits IGA, Thornton proposes to partner with Larimer County in the following ways:

#### **Thornton Agricultural Properties**

In 1986 and 1987, Thornton purchased farms and associated water rights in Larimer and Weld Counties. Thornton's Water Court decree for the change of the Water Supply and Storage Company shares it acquired in these purchases requires that the irrigated properties which Thornton owns must be removed from irrigated agriculture prior to the water from a specific property being delivered to Thornton for municipal use. The timing of converting farms from irrigated production to non-irrigated agriculture is dependent upon Thornton's water supply needs. Thornton's decree has extremely restrictive requirements regarding the removal of irrigation from farms – more restrictive than subsequent WSSC change decrees obtained by East

Larimer County Water District, North Weld Water District and the cities of Fort Collins and Greeley. Thornton's decree states that one of the following must be established: 1) dryland farming practices; or 2) native grasses or such other self-sustaining suitable dryland ground cover, with weeds adequately controlled, or 3) suitable non-agricultural uses. In most cases, Thornton has chosen to revegetate the land back to native grasses. The determination that a self-sustaining suitable dryland ground cover has been established must be obtained in accordance with the methodology used by the USDA Soil Conservation Service (now the Natural Resources Conservation Service - NRCS) in its Conservation Reserve Program.

Thornton understands that Larimer County values open lands – be it irrigated agriculture, dry-land agriculture, or native grasslands – for a variety of economic, social, and environmental reasons. Larimer County's 2015 Open Lands Master Plan identifies Habitat Restoration as a conservation vision, and acknowledges the role of native grasslands play in that role. The Master Plan notes that "native grasslands have disappeared for multiple reasons, including natural disasters, agricultural practices, and development. Restoring native grasslands provides important habitat, increases biologic diversity, and reduces land fragmentation." p. 50.

Thornton currently owns eight properties on approximately 1,590 acres in Larimer County. Thornton originally acquired nine properties in Larimer County, but one has been sold and is now back in private ownership as a part of the Dyecrest Dairy. Three of Thornton's remaining properties and a portion of a fourth, totaling approximately 788 acres, have been converted to native grasses pursuant to Thornton's decree. The remaining properties Thornton owns in Larimer County are in irrigated agricultural production, and are farmed by four local farmers.

When adequate natural moisture is available to produce a harvestable stand of grass on the properties with native grasses, these properties are cut and baled by local vendors and the grass is sold to local cattle producers. Weed control, over seeding and other maintenance activities on the native grasses is also completed by local vendors. One of the properties has a cattle grazing lease on it. Thornton's revegetated farms continue to contribute to the local agricultural economy. The native grasses produced from Thornton's farms are used by local cattle producers, and several of the local vendors Thornton contracts with have invested in specialized equipment to assist with Thornton's revegetation project.

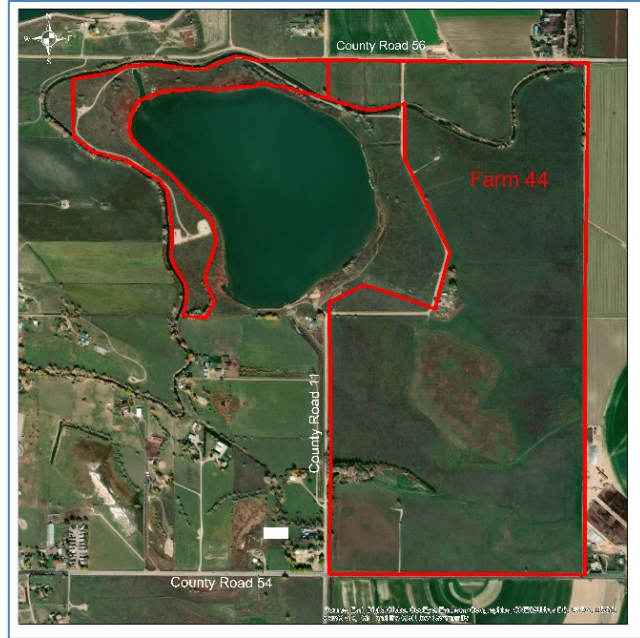
Through Thornton's 1041 application process, Thornton has heard community interests related to both the near and long-term uses of Thornton's properties. As an expanded community benefit, in response to these interests and to support the vision identified in Larimer County's Open Lands Master Plan, Thornton proposes the following:

#### **Thornton Farm 44**

Thornton Farm 44 is located at the northeast corner of Turnberry Road and Douglas Road, surrounds Elder Reservoir, and is approximately 309 acres. This property has been converted to native grasses and has been certified as self-sustaining native grasses by the NRCS.

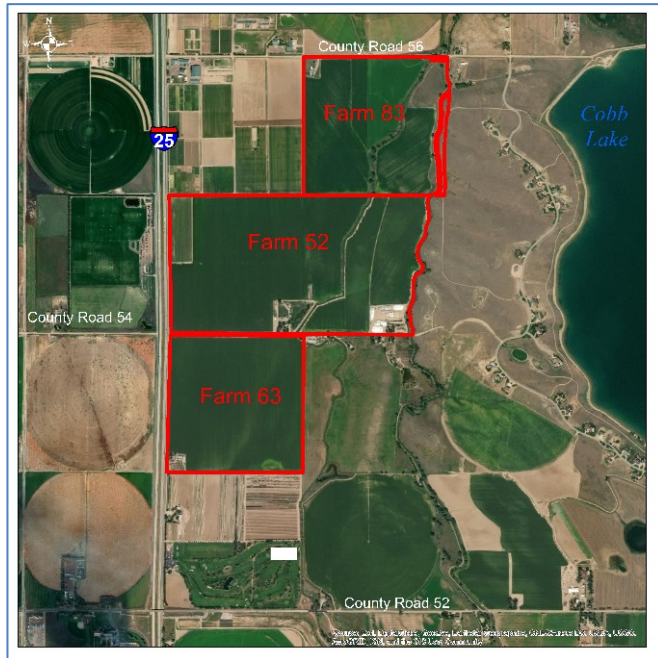
This property is located in the Wellington Separator, which is identified as a Priority Partnership Area in the Larimer County Open Lands Master Plan. Thornton proposes to work with the public partners who are establishing this separator to ensure that Thornton's property can be used to meet conservation objectives. Thornton and the city of Fort Collins are currently discussing the purchase of this property by Fort Collins, subject to a conservation easement which would be held

by Larimer County. The conservation easement would reduce the cost of the acquisition for Fort Collins, and Fort Collins would direct those saved funds toward other conservation projects in Larimer County. Thornton will continue to engage in good faith negotiations with Fort Collins on this property, which would provide additional open space within the Wellington Separator. In addition, Thornton proposes to work with Larimer County and Fort Collins to identify and dedicate rights-of-way on this property to facilitate Larimer County's transportation objectives, including the realignment of Turnberry Road through Thornton's Farm 44 to improve the safety and efficiency of the road for the residents of the County.



#### Thornton Farms 83, 52 and 63

Thornton Farms 83, 52 and 63 are located east of I-25 and west of Cobb Lake, and are a combined 601 acres. These properties are currently in irrigated agricultural production and are being farmed by two local farmers. Boxelder Creek flows through Farms 83 and 52. Farms 83, 52 and 63 are located in the Wellington Separator.



Thornton will maintain Farms 83, 52 and 63 in irrigated agriculture until at least 2030. In addition, Thornton proposes to conserve these properties in a manner consistent with the conservation values identified by Larimer County. Thornton proposes to place a conservation easement on the properties which would be held by Larimer County, reserving no more than two lots per quarter section that would be arranged with the objective to conserve as much contiguous open land as possible, cluster the lots, and identify single ownership for the conserved portion of the property.

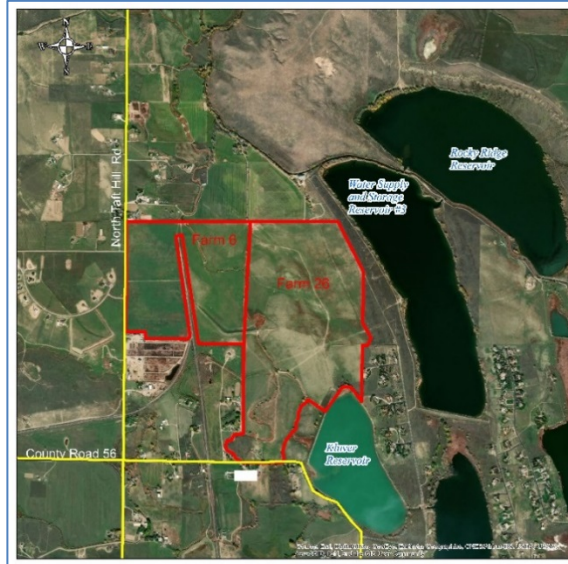
The Boxelder Creek Regional Trail is a highly valued community project which will provide a recreational trail corridor along Boxelder Creek. Boxelder Creek flows through Thornton Farms 83 and 52. Thornton proposes providing Larimer County with approximately 1.25 miles of 50 foot



wide easement across Thornton-owned properties along Boxelder Creek for connectivity of this regional trail. This easement has an approximate value of \$65,000.

#### Thornton Farms 6 and 26

Thornton Farms 6 and 26 are located west of Water Supply and Storage Company Reservoir No. 3 and are a combined 414 acres. These properties have been converted to native grasses and have been certified as self-sustaining native grasses by the NRCS. In addition, On June 28, 2005, the cities of Thornton and Fort Collins entered into an Intergovernmental Agreement whereby portions of Thornton's Farms 6 and 26, were placed in the flood plain as part of the Dry Creek Flood Control Project. Fort Collins acquired a permanent easement of approximately 51 acres from Thornton for this project.

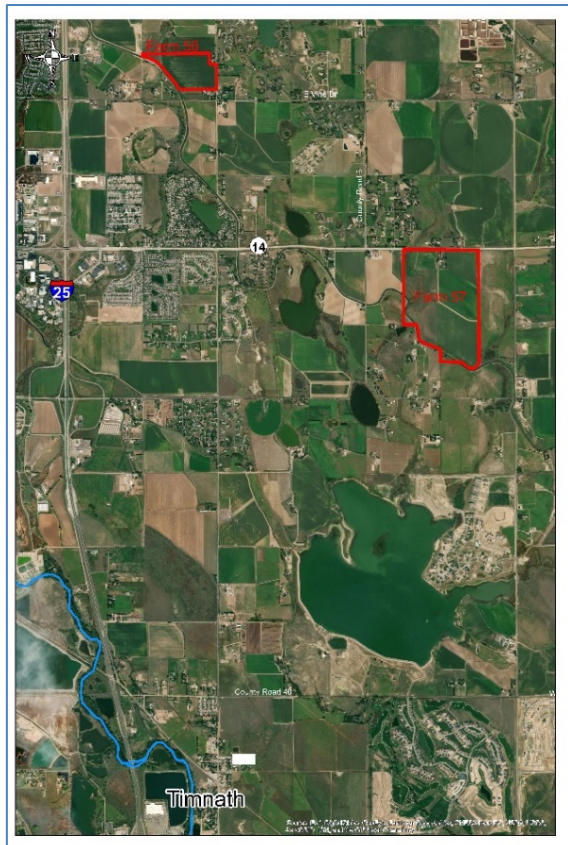


While under Thornton ownership, these properties will remain in native grasses. Should Thornton decide to divest itself of the properties, Thornton proposes to work with Larimer County in its Rural Land Use Process to ensure that any development of the property preserves conservation values. This is consistent with the objectives for this area identified in the Larimer County Comprehensive Plan Update.

#### Thornton Farms 56 and 57

Thornton Farm 56 is located near the intersection of East Vine Drive and North County Road 5 and is approximately 52 acres. This property is currently in irrigated agricultural production. Farm 57 is located near the intersection of County Line Road and Highway 14 and is approximately 218 acres. The eastern portion of this farm is in irrigated agricultural production, and all but 11 acres of the western portion of the farm have been converted to native grasses. Two farmers manage the irrigated agricultural operations on both of these farms.

Thornton intends to maintain these properties in irrigated agriculture until at least 2030. Thornton proposes to work with the Town of Timnath to develop or conserve these properties in accordance with Timnath's land use policies.



### **Broadband Services via Thornton Water Project**

Infrastructure for broadband services is extremely valuable and difficult to come by for many communities, particularly in rural areas where data speeds and reliability are typically a challenge. As part of the TWP, a fiber optic conduit will be installed throughout the length of the water pipeline to provide for communication and operability of the many mechanisms needed to transmit and monitor the water supply. As an enhanced community benefit, where legally possible, Thornton will provide Larimer County with 12 strands of fiber-optic cable along the water pipeline from Larimer County to Thornton for Larimer County to use for institutional services or its residents. This much fiber has the capability of providing up to 115 terabits per second of throughput. Access to this fiber is conservatively valued at \$12 million dollars.

### **Voluntary Payments in Lieu of Taxes**

Since 1987, Thornton has made voluntarily payments in lieu of taxes on the farms that Thornton owns in Larimer County, even though as a governmental entity Thornton is exempt from taxation on those properties. Total payments to Larimer County taxing districts since 1987 have exceeded \$800,000. Thornton proposes that as long as Thornton is the fee owner of farms in Larimer County, Thornton pay the assessed valuation of those farms as agricultural property as a voluntary payment in lieu of taxes.

### **Conclusion**

Thornton has listened to the Board of County Commissioners, County staff, the water stakeholder group, and community members and other stakeholders in order to gain a better understanding of what is important to Larimer County and its residents. The enhanced community benefits described here are direct response to this input and represent approximately \$60 million dollars of value to Larimer County and its residents.