

San Luis Valley-to-Douglas County water pipeline proposed. Critics call it a “buy and dry” scheme

The company, Renewable Water Resources, isn't the first or even the second or third to eye the valley's water

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RJ Sangosti, The Denver Post

Lyle Nissen looks at small sprouts of rye grass starting to pop up in one of his fields on Feb. 15, 2022, in Mosca. The Nissen's farm plants the rye grass to help keep the top soil from blowing away in the San Luis Valley. Lyle is worried about a Renewable Water Resources's proposal to build a pipeline to carry water from an aquifer in the San Luis Valley and bring it to Douglas County.

ALAMOSA – Trouble swirls above the aquifers of Colorado’s San Luis Valley, where farmers and ranchers raise and grow much of the region’s cattle, potatoes, alfalfa and barley.

Those [aquifers are losing water](#) as the American West dries out and whatever remains is spoken for. Farmers and ranchers have labored for decades to use less of the valley’s most precious resource.

Today, the farmers say, a new but familiar threat approaches.

A Front Range company called Renewable Water Resources, backed by powerful politicians and developers, wants to drill into the aquifers storing the valley’s declining water supply and pipe it to the ever-growing Douglas County.

The Front Range has money, Renewable Water Resources’ Managing Partner Sean Tonner often says. And the San Luis Valley has water.

Tonner is quick to cite poverty statistics for valley residents and says his company can pay those willing to sell their water rights and bring millions more to stimulate the local economy. It’s a win-win deal, he said.

Opposition is [widespread](#) among the valley’s farmers, ranchers, water managers, environmentalists, bankers and politicians.

Alamosa, Rio Grande and Mineral counties, alongside the cities of Alamosa, Monte Vista, La Jara, Manassa and Crestone passed resolutions opposing the project. So have Conejos Clean Water, the Rio Grande Water Conservation District and the San Luis Valley Ecosystem Council.

People in the valley describe the plan as an old-fashioned “[buy and dry](#)” scheme.

He’s [not the first to propose taking water](#) out of the valley, nestled between the Sangre de Cristo Mountains to the east and the San Juans to the west. He’s not even the second or the third.

“The verbiage is the same, they just spin it differently,” long-time valley farmer Lyle Nissen said. “They take us for a bunch of village idiots.”

Farmers like Nissen have high-profile allies in Gov. Jared Polis, the state’s attorney general, Colorado’s two U.S. senators and U.S. Rep. Lauren Boebert. And this month, nine environmental groups, including Audubon Rockies, The Nature Conservancy, the Environmental Defense Fund and the Theodore Roosevelt Conservation partnership, voiced their vehement opposition.

Not only would Tonner’s plan further dry life in the mountain valley but, residents warn, it would also set a dangerous precedent that other fast-growing Front Range communities could quench their thirst by taking the one thing the San Luis Valley needs most.

Money the project would bring into the valley – including a \$50 million community fund – isn’t the “magic bullet” for the area’s economic woes, but Tonner argues it’s the best plan

proposed yet. And in return, if Douglas County moves now, he said its commissioners can lock-in a renewable source of high-quality water at rates far below market prices.

The deal hinges on Douglas County's split, three-person Board of County Commissioners. One, George Teal, calls Tonner a friend and has ties to his other business partners like former Gov. Bill Owens. He supports the proposal and said that while the agricultural industry in the San Luis Valley needs water, so too do Douglas County's ranchers.

Commissioner Lora Thomas acknowledges the county's need for water but calls Tonner's deal embarrassing and irresponsible. She points to a different proposal that could provide water without risking the county's money and said she'll fight Renewable Water Resources' proposal as long as she can.

The third, Commissioner Abe Laydon, said he's undecided and won't make any decision that would harm valley residents. Still, he sees the deal as an opportunity to secure a continuous supply of freshwater for Douglas County and to throw people in the valley an economic life raft.



RJ Sangosti, The Denver Post

New homes under construction in Castle Rock on Feb. 15, 2022.

“Douglas County can outspend us and outvote us.”

Tired from staying up all night to help two cows give birth, James Henderson shakes his head at Tonner's millions.

"Douglas County can outspend us and outvote us," Henderson said.

But people in the valley have fought these projects before and they know they can win, he said.

Opportunity still exists in the San Luis Valley, he added. As do those subtle but important things that come without a price tag.

"It's a mistake to use money to measure your wealth," Henderson said. "I measure wealth in the view out my window, not by how much I grew my 401K."



RJ Sangosti, The Denver Post

James Henderson, a 5th generation farmer and rancher, moves a calf outside after spending the night inside the barn on Feb. 16, 2022, in La Jara.

Lyle Nissen draws a line in the dirt with the toe of his work boot and watches as two dogs, Sadie and Mo, romp around his farm just west of Mosca. He thinks back two decades, to the [year the drought started](#). He said his family has been on the land since the late 1930s.

"We've been in the soup since 2002, that's when it got really dry," Nissen said. "We probably lost half the capacity in our wells in just a matter of a few months."

Water levels still haven't fully bounced back.

Nissen said he used to grow barley for the Coors brewery. Held that partnership for nearly 30 years. But he had to stop because barley needs too much water. Potatoes and quinoa offer a better profit margin for the amount of water they have, he said.

Water doesn't spread throughout his sandy soil. It sinks, Nissen said as he pointed a finger straight down toward the ground.

Nissen's daughter, Erin Nissen, keeps decades of data – weather conditions, crop rotations, profit margins – tucked into binders lining shelves inside a small, single-story home on the farm that she uses as an office. As a child, Lyle Nissen grew up in that home. Before that, it was a chicken house.

Squinting east toward the Crestone Needle, Erin Nissen said water's so tight that they have to track their usage down to the inch. Day after day. Season after season.

That's the story heard all throughout the valley. While it's still the country's [highest potato-producing region outside of Idaho](#), things haven't been the same since the turn of the millennia.



RJ Sangosti, The Denver Post

Erin Nissen brings a truckload of potatoes to a processing facility in Mosca, Colorado, on Feb. 15, 2022.

Water usage in the valley is delicately balanced

Farmers in the valley live in a world of wells drilled into the aquifers, streams, creeks, canals, ditches and pipelines to move water back and forth. Each person or operation holding water rights can take only a certain amount of water from specific sources.

Timing matters and so does seniority among water rights holders. Those who have been around longer take their fill first while junior rights holders hope enough water will be left over for them.

All the while, those water rights holders collectively can't take more water each year than the aquifers regain. A series of managers staffing water conservancy districts keep close watch on the give-and-take.

Renewable Water Resources, which wants to take more of that water, published a [promotional video](#) to claim that the aquifers hold a billion acre-feet of water. An acre-foot amounts to about [326,000 gallons](#), a year's worth for two typical families of four.

"This vast ocean of freshwater has gone unnoticed and untouched and some thought unreachable," the video's narrator says.

But Heather Dutton, manager of the San Luis Valley Water Conservancy District, said that estimate is wrong and overly generous. In the last decade the aquifers recharged by an average of 41,000 acre-feet less water a year, she said. Conservancy managers like Dutton are hired by the district's board, consisting of members appointed by local judges. Dutton is also a board member of the Colorado Water Conservation Board, she was first appointed by then-Gov. John Hickenlooper and reappointed by Polis.

However much water does sit below the valley, it's all spoken for by current water rights holders, state Engineer Kevin Rein said. And it's still out of balance with more water going out than coming in.

Tonner said he'd buy the rights to more water than the 22,000 acre-feet he wants to pump out of the valley, adding that he'll offer above market rate for those rights. He calls that swap "one-for-one plus."

Through buying those rights and stopping (or retiring) irrigation elsewhere in the valley, Tonner said his plan would allow the aquifers to recharge.

At best that plan would allow the aquifers to break even with its current usage, Chris Canaly, director of the environmental nonprofit San Luis Valley Ecosystem Council, said. It wouldn't add any more water into the aquifers. He would have to buy the rights to much more than 22,000 acre-feet just to offset piping water out of the Rio Grande River basin and into a new river basin.



RJ Sangosti, The Denver Post

The Rio Grand River flows on Feb. 16, 2022, near Monte Vista.

If Tonner buys those water rights from farms across the valley and stops irrigating land that's used to water, nearby farms would also suffer, valley farmer James Henderson said. People working farms next to those dried properties would be forced to use more water to produce the same amount of crops.

Henderson calls that the problem of the last man on the ditch: If farmers along an irrigation ditch begin selling their water rights one by one, eventually all the water will be gone before the last person in line has a chance to sell or move.

Tonner said he isn't necessarily planning to dry entire farms. But if farmers want to sell a portion of their water rights and make some money, "this could be a way for farmers to do that without drying them up," he said.

People have a right to sell their water if they want, Tonner said.

That's true, said state Rep. Cleave Simpson, but personal property rights become complicated if one person's actions harm their neighbors.

While Renewable Water Resources already owns land in the northeast section of the valley, near Crestone, it would need permission to take the water, which would have to come from the state's water courts.

Water court is specifically designed to govern how the resource is used, bought, sold and transported.

If Tonner strikes a deal with Douglas County, he'll still have to prove in water court that his plan wouldn't further damage the valley before moving forward.

That's a high bar to clear and an unlikely one, Dutton said.



RJ Sangosti, The Denver Post

San Luis Valley Water Conservancy District Manager Heather Dutton is keeping close eye on a Renewable Water Resources proposal to build a pipeline to carry water from an aquifers in the San Luis Valley to Douglas County. She was photographed on Feb. 16, 2022, in Alamosa. Tonner said he anticipates the court battle would take between three and five years but Henderson said people in the valley could probably tie up the works for seven to 10 years.

Attorney General Phil Weiser has said he would [help oppose the plan in court as well](#).

“It’s a lowball offer.”

If the proposal fails in water court, Tonner said he has guaranteed Douglas County its money back. If it moves forward, he promised the people in the valley a \$50 million community fund to help their economy

Assuming annual returns of up to \$5 million from that fund, Tonner said the money could be used for microloans to entrepreneurs, expanding high-speed internet access, paying emergency responders, whatever the valley needs.

The interest “goes into perpetuity, if managed correctly,” he said. “We’re not going to tell them how to manage it.”

That money can help impoverished valley residents, Tonner has said, noting that 43% of them live below the poverty line (U.S. Census Bureau data shows the rate in the six counties there actually hovers between 21.8% and 8.7%).

If the project pipes 22,000 acre-feet of water out of the valley, it would have to retire at least that much irrigation in the valley, Dutton said. Losing that much farmland would amount to at least a \$53 million annual economic loss to the valley.

Farmers leaving the valley will take with them business that had gone to equipment suppliers, mechanics, barbers and restaurants, Dutton said.

The economic damage would cascade from there, according to Chad Cochran, a rancher and loan officer with Farm Credit of Southern Colorado.

“It’s a lowball offer,” Cochran said.



RJ Sangosti, The Denver Post

Lyle Nissen tosses a tumbleweed out of the canal where his family's farm has head gates to channel water for irrigation on Feb. 15, 2022, in Mosca. The Nissen's farm not only irrigates with surface water rights but also has wells that pull water from aquifers underneath the San Luis Valley.

Lyle Nissen frowned at the thought of the community fund. A single payment to cover all the valley's losses in perpetuity.

"Fifty million for forever," Nissen said. "What does \$50 million divided by forever amount to?"

Tonner said that much money is more than anybody else is offering the valley, though.

"If you don't like our proposal, what's yours?" he said.

"We're talking decades. Decades."

The water court battle is just the first major hurdle if Douglas County moves forward with the project, Canaly said. Renewable Water Resources would still need permission to build its pipeline.

Counties that Renewable Water Resources' pipeline would cross would have to grant permission in the form of a 1041 permit.

Those permits are a "reality here in Colorado," Tonner said. "Something you have to work through."

The path of Tonner's pipeline isn't exactly clear yet, he said.

Canaly said if it's to reach Douglas County, the pipeline would have to cross three or four counties, each of which would need to issue its own 1041 permit. Colorado Springs Utilities spent years and [hundreds of thousands of dollars in a court battle](#) to obtain one. Denver Water [had to sue Boulder County](#) last year for another.



RJ Sangosti, The Denver Post

James Henderson uses pipes instead of ditches to move water around his farm and ranch on Feb. 16, 2022 in La Jara.

The pipeline would also have to cross federal lands, Canaly said. That would trigger environmental impact statements and more.

A [federal law passed in 1992](#), dictates that any effort to take water out of the San Luis Valley must be approved by the Secretary of the Interior and only after ensuring the work wouldn't hurt any national wildlife refuge, federal wildlife habitat area like the nearby Great Sand Dunes National Monument.

"If you dry up that area, they're probably going to decimate between 25 and 30 wildlife populations," Canaly said. "It's literally where the deer and the antelope play and that's what they'll be destroying."

[Sandhill cranes migrate](#) through the San Luis Valley every year, Dutton added. They rely on wetlands created, in part, by the vast irrigation networks in place and they feed on the crops grown there.

The local and federal permitting processes would be costly and time-consuming, Canaly said.

"We're talking decades. Decades," she said.

Once past water court and the permitting processes, then somebody would have to build the pipeline. Tonner said it's unclear who would do that work, though his company is prepared.

But the cost isn't yet clear either, he said.

Tonner estimated a pipeline from the San Luis Valley could cost \$440 million but water attorney James Eklund has estimated the cost [could run as high as \\$2 billion](#) (a figure Tonner disputes).

For context, Colorado Springs' Southern Delivery System, finished in 2016, cost an [estimated \\$985 million](#).

"It's still early, early, early," Tonner said. Too early to speculate on cost or timing.



RJ Sangosti, The Denver Post

Sean Tonner bought Rancho Rosado in the San Luis Valley, seen here on Feb. 16, 2022, in Moffat.

"We're only seeing more and more growth."

Douglas County officials intend to keep investigating the project, holding a series of meetings to discuss how it could change the valley. All the while more and more public officials have come out against the work.

Alongside his attorney general's opposition, Gov. Jared Polis told The Denver Post in mid-February that Tonner's proposal doesn't fit with the state's overall water plan.

The governor noted the widespread opposition to the plan throughout the valley and the "profound" negative implications the work would have.

"The idea of taking water from a region, where the water resources are already stressed, simply defies common sense," Polis said.

U.S. senators Michael Bennet and John Hickenlooper came out against the project Monday and U.S. Rep. Lauren Boebert followed suit Tuesday.

"My constituents throughout the San Luis Valley have made their voices loud and clear," Boebert said in a statement. "They don't have spare water to be sent to the Front Range. This water supports nearly a billion dollars for the agricultural economy and 28.3% of the (valley's) local jobs."



RJ Sangosti, The Denver Post

Erin Nissen's dog waits in the truck as she moves the cattle to a different section of a field to graze on Feb. 15, 2022, in Mosca.

Still, Douglas County's three-person Board of County Commissioners remains split and the group plans to visit the valley in late March for a town hall discussion.

Commissioner George Teal said he supports moving forward with Tonner and Renewable Water Resources. The county's growing and in the near future it will need more water, he said. This deal is a good opportunity to lock in a renewable source at a low price.

If the county moves forward, the finer details will be worked out in water court, Teal said. And the county's guaranteed its money back if Tonner can't make it through the court process. The cost would likely be paid through a bond or several, paid back by the customers that ultimately receive the water, he said.

As for the precedent, Teal said one already exists. He mentioned Denver and Greeley as examples.

"Doesn't all water for the Front Range come from rural Colorado?" he said.

Tonner's proposal would follow that example, Teal said.

Teal has also accepted more than \$10,000 in campaign contributions from Tonner and his business partners. He said he's known Tonner since about 2004.

"He's a friend," Teal said. "I trust Sean... I trust him not to rip off the people of Douglas County."

Similarly, Teal said he's known the former governor for about as long and said he trusts him with the deal as well.

Commissioner Lora Thomas said she's also received campaign contributions from people associated with the company but opposes it anyway.

"You can't buy my vote," Thomas told The Denver Post.

Thomas called the project risky, and noted that the county has no infrastructure to handle the valley's water even if they could get it and willing partners to help them. She also questioned whether the county is legally allowed to spend federal pandemic stimulus dollars for the purpose.

A different project, proposed by the Platte Valley Water Partnership, Castle Rock Water and the Parker Water and Sanitation District, would also offer the county more water as it grows, Thomas added.

"There's no risks involved in that project. It's well planned and well thought out," Thomas said. "They've already been through water court."

The deciding vote rests with Commissioner Abe Laydon, who said he is working to distance himself from the "propaganda and politics." He pledged not to move forward with the project, should it harm the people of the San Luis Valley.

Laydon said Douglas County is growing by 24 people a day. [In a video](#) for an organization linked to Tonner he said that growth requires “advanced planning, proactive thinking. Making sure that we have water infrastructure is going to be a top priority.”

That organization, Douglas County Future Fund, featured Teal in [another video](#). He spoke of securing freshwater for the future. Thomas isn’t featured in any of the organization’s videos. The commissioners are expected to reach a decision on whether to partner with Renewable Water Resources in the coming weeks.



RJ Sangosti, The Denver Post

Lyle Nissen heads down a farm road on Feb. 15, 2022, in Mosca.

“We don’t want this water to leave the valley.”

Before Renewable Water Resources, Gary Boyce, founder of [Stockman’s Water](#), had hoped to pipe 150,000 acre-feet a year out of the San Luis Valley and to Denver. Tonner and his partners bought much of Boyce’s property for their own project. That was in the 1990s.

A decade before, [American Water Development Inc.](#), proposed taking 200,000 acre-feet and selling it to the Front Range.

Both Stockman's and AWDI, as it came to be known, were preceded by the [San Marcos Pipeline proposal](#), which would have used about 15,000 acre-feet to pipe coal slurry down to Texas.

People in the valley remember those past attempts and how their community came together to push back.

Erin Nissen remembers tying blue ribbons on her bicycle handlebars in the 1990s. Those ribbons flew all throughout the valley then, marking widespread opposition to the Stockman's deal.

James Henderson said he remembers gathering with his family and many others at Sky High Park in Monte Vista around that same time for a rally opposed to that project.

That's part of the legacy of the San Luis Valley now, they said. Something they'll pass down to the next generation as well.

"It's like this 30-year complete circle," Henderson said. "We're coming back to fight the same group, really."



RJ Sangosti, The Denver Post

James Henderson, a 5th generation farmer and rancher, moves a calf outside after spending the night inside the barn on Feb. 16, 2022, in La Jara.

Popular in the Community