

For Immediate Release

Save The Poudre Coalition

November 10, 2009

www.SaveThePoudre.org

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IS NISP/GLADE A "PONZI SCHEME"?

"The financing, based on tap fees from anticipated housing construction, 'is the water equivalent of a Ponzi scheme.'" -- Eric Kuhn, Director, Colorado River Water Conservation District, Denver Post, 11/10/2009

Fort Collins, CO -- The Denver Post today (11/10/2009) contains a story about the debacle of the Rueter-Hess reservoir south of Denver. Hundreds of millions of dollars are being spent with hopes of paying it back by charging new housing growth. The article is here: http://www.denverpost.com/ci_13751119

Eric Kuhn, the Director of the Colorado River Water Conservation District, calls the financing plan for the project a "Ponzi scheme." His quote is here:

The financing, based on tap fees from anticipated housing construction, "is the water equivalent of a Ponzi scheme," Kuhn said.

Unfortunately, the NISP/Glade proposal uses the exact same financing scheme, and it has been criticized by the Save The Poudre Coalition for the exact same reason.

NISP/Glade plans to borrow at least a half-billion dollars to build a massive new reservoir over twice the size of Rueter-Hess, and then hope that new housing growth comes fast enough to pay back the debt.

The "Ponzi Scheme" analogy refers to the idea that the entire project is predicated on rapid population growth -- if the growth doesn't come, or doesn't come fast enough, then the financing scheme falls apart. If NISP/Glade would have been built five years ago on its original schedule, many of the NISP-subscribing cities would have had major financial problems because the growth has stopped during this recession -- they would have owed hundreds of millions of dollars to bond holders, but would not have been able to pay it back. As they moved towards defaulting on the bonds, they would have to charge existing residents higher water use fees, or ask for government bailouts.

NISP/Glade is already asking the State of Colorado to pay for 25% of the project, at least \$125 million.

The Save The Poudre Coalition has proposed a "Healthy Rivers Alternative" to NISP/Glade that allows towns to buy water as they need it rather than going into massive debt.

"The Healthy Rivers Alternative offers a responsible plan for our water supply future," said Wockner. A summary of the Healthy Rivers Alternative is here: http://poudreriver.home.comcast.net/%7Epoudreriver/Healthy_Rivers_Alternative.pdf

The Save The Poudre Coalition is made up of 16 national, state, and regional groups including: National Wildlife Federation, Clean Water Action, Defenders of Wildlife, American Rivers, American Whitewater Association, Western Resource Advocates, Colorado Environmental Coalition, Lighthawk, Environment Colorado, Sierra Club – Rocky Mountain Chapter, Fort Collins Audubon Society, Citizen Planners, Wolverine Farm Publishing, Poudre Paddlers, Friends of the Poudre, and the Cache la Poudre River Foundation. Membership in these groups totals over 3 million American citizens.