

There's a water war on the Colorado-Wyoming border, and Aaron Million is quick on the draw

By Joel Warner

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Aaron Million's management team includes two close colleagues, Jim Eddy (left) and Tim Walsh (right).



Jim Nikkel of the Parker Water and Sanitation District.



The threat of violence has always bubbled just beneath the

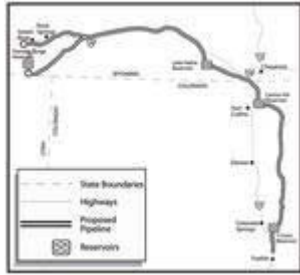
surface of water issues in Colorado. The state's hardscrabble founders clashed over it, sparring over which mining claims got access to scarce mountain streams. Later battles moved to the settlements along the Front Range. In 1874, two farming coalitions came together in a schoolhouse in the town of Eaton to hash out control of the Cache la Poudre River. Tempers flared, and one farmer called out, "Every man to his tent, to his rifle and to his cartridges!"

Now, 135 years later, the region's precious water supplies continue to bring people together and drive them apart. And there's still the threat of violence.

Along the Green River in Wyoming, cities and towns are massing to fight a proposal that would pump up to 250,000 acre-feet of water per year from their river to thirsty cities and towns in Colorado. One meeting on the topic was so contentious that attendees have referred to it as a "Guantánamo Bay waterboarding."

The focus of the uproar is a relatively unknown Fort Collins entrepreneur named Aaron Million, who came up with the plan to bring the much-needed water to Colorado. And these days, he has as many enemies on this side of the border as he does in Wyoming. Some of Colorado's most powerful water suppliers oppose the project, while one is trying to build a similar pipeline himself. One ensuing squabble nearly came to blows.

Aaron Million's pipe dream starts with the Green River.



Aaron Million's pipeline will avoid the high peaks of the Rockies.

Subject(s):

[Green River](#), [Aaron Million](#), [Flaming Gorge](#), [Frank Jaeger](#), [Parker Water and Sanitation District](#)

Things were more peaceful for Million on a recent chilly morning alongside a desolate stretch of the Green River in Wyoming, just upstream from where the waterway blooms into the Flaming Gorge Reservoir. Standing at the river bank, his breath curling like smoke around the brim of his white cowboy hat, he can almost picture his pipeline.

A successful real-estate investor who'd never dabbled before in large-scale water projects, Million likes to think of himself as a modern-day Butch Cassidy. He spent part of his childhood along this very river in Utah, listening to stories of the outlaw and his Wild Bunch gang. But if he can pull off his scheme, the payoff will dwarf the scores of his favorite desperado.

Standing here in the wilderness, Million says that one day, he'd like to become governor of Colorado. That goal could be less of a long shot thanks to the power — and fortune — he'd amass if he gains

control of 80 billion gallons of water a year, enough to satisfy the annual needs of half a million Front Range households.

But first he's got to nail down the details.

Siphoning off that much water would require one of the largest U.S. pipelines ever conceived: one or two pipes, each several feet in diameter, running more than 550 miles and stretching up and over the Continental Divide. The project calls for sixteen natural-gas pump stations, two new reservoirs and untold miles of new roads. Million's consultants estimate it would consume 350,000 tons of steel — more than what is used in 400,000 cars.

Before that, though, Million and the small entourage of business partners and consultants who've joined him today will need to figure out where to start the pipeline — which, according to the current plan, will involve taking water from one or two points on the Green River. They're hunting for one spot along this riverbank, and they will be looking for another one on the reservoir downstream.

After that, Million will have to get access to all the land the pipeline will cross and win approval from a consortium of government, state and local agencies. He'll also have to raise money; he estimates the Regional Watershed Supply Project, as it's called, will cost between \$2 billion and \$3 billion to build and untold millions to operate. Million claims he can put the entire thing together with private funding.

In the meantime, there's a high-noon deadline: The Army Corps of Engineers, the federal agency charged with green-lighting a key permit Million needs to proceed, has stipulated that he has until the end of January to provide a list of users who will benefit from the pipeline — users that Million has yet to identify.

"He has three or four [confirmed users], but he needs more to respond to the Corps of Engineers," says Jeff Fassett, an engineering consultant working for Million. "He has a long list of potentials and a short list of 'for sures,' and those don't add up to the total uses he needs for the project. He's trying to get people to firm up and show some sort of written, documented interest in order for the project...to continue. That's been a problem from day one."

But those are challenges for another day. Right now, as he and his colleagues hunt for the perfect spot to lay the snouts of his pipe, Million is distracted for a moment by the distant sound of early-morning hunters firing their weapons. The gunfire echoes off canyon walls; a few minutes later, it rings out again.

"It's coming closer," Million says with a wry grin. "They're coming for us."

For someone proposing one of the largest water projects in state history, Aaron Million likes to hold his cards close to his chest. He won't divulge his age or other personal details. His management team comprises two of his closest colleagues: Jim Eddy, a childhood buddy who bought a Fort Collins house next to Million's when he quit working as an L.A. television executive, and Tim Walsh, a financial whiz who got to know Million while playing on the same lacrosse team.

There are other personal connections, too: Million is proposing to build a reservoir at the southern end of his pipeline on land owned by his friend Robert C. Norris, a prominent Colorado rancher and descendent of a Texaco founder.

Million says he's paying for most of the multimillion-dollar engineering and environmental reviews leading up to construction himself. As for bankrolling the \$2 billion to \$3 billion buildout, he says he's had multiple private offers, but he's reluctant to detail them. "That information will be disclosed at the appropriate time," he says.

Million likes to frame himself as a rabble-rouser beset upon by powerful, nefarious interests, like the main characters in some of his favorite cloak-and-dagger movies. "Sometimes I feel like Robert Redford in *Three Days of the Condor*," he says, "hiding behind the bushes or in the trees."

But in person, the protective swagger melts away. Some of his most ardent opponents have conceded that, under other circumstances, he'd probably be good company. His boardroom of choice is Mugs Coffee Lounge, a homey Fort Collins cafe, preferably at a corner table, with a calculator in hand and his two business partners at his side.

Million grew up in Boulder, where his father, Isadore, had opened the celebrated coffee shop Penny Lane after retiring from the mining business. But as a boy, Million spent his summers in Green River, Utah, a conservative community that shares its name with the river that runs past it. He worked on a farm owned by his grandfather, a no-nonsense pillar in the community. "It was my first love," Million says of the time he spent putting up bales of hay with his two brothers, laying water pipeline and listening in wonder as his grandmother's friend, Lula Parker Betenson, spun tales of how her brother, Butch Cassidy, would drop loot at her house before disappearing into the night.

Eventually, Million earned a bachelor's degree in farm and ranch management from Colorado State University, which led to a career as an agricultural manager in Denver and then Montrose. Then came financial success through a series of lucrative real-estate deals such as building a Holiday Inn in Montrose. The windfall gave Million the freedom to return to CSU while raising a family in Fort Collins.

The pipeline concept came to Million in 2003, while he was working on his master's degree in resource economics. One summer night, while studying a map of Colorado, his eyes were

drawn to the northwest corner of the state, where a 41-mile stretch of the Green River, the waterway he knew so well, looped into the state from Utah before flowing back over Colorado's western border. "It was like a lightning bolt," he says. "I knew immediately the potential."

The idea to feed the Front Range with the Green River seemed so simple, he figured someone else must have considered it — but subsequent research indicated no serious attempts. So he took it upon himself to do so, first as his master's thesis (one he has yet to publish and declines to share), then as a for-profit endeavor.

As the concept evolved, Million and his colleagues had another epiphany: Instead of tapping the Green River where it swung into Colorado, they could do it in Wyoming. That way, the pipeline would avoid the daunting peaks of the Rockies and follow Interstate 80, which gently crests the Continental Divide at about 7,000 feet, then turn south into Colorado. By taking water from Wyoming's half of the Flaming Gorge Reservoir, a 3.8 million-acre-foot reservoir built in 1964, the project could make use of pre-existing water infrastructure and possibly minimize environmental impact.

But there may have been another benefit to getting the water in Wyoming, says Eric Kuhn, general manager of the Colorado River Water Conservation District. By taking the water out in another state, Million may have been trying to sidestep Colorado's stringent water law, which stipulates that all water diversions must first have uses or users lined up.

The Army Corps request for him to name his users may have made that point moot, but if Million had been able to get the rights to the water without having any customers, he could have named whatever price he wanted for it down the line when Colorado water users, faced with no other alternative, came calling.

Million won't discuss his plans as they relate to users and prices, and his chief counsel, Bill Hillhouse, says he doesn't believe Million would try to build the pipeline without committed customers. But he does grant that "with each point that the project becomes firmer and with each hurdle you cross, the value of the water could increase."

When Million's idea first hit the papers, in 2006, it came with the backing of Frank Jaeger, head of the Parker Water and Sanitation District and a legend in Colorado water. "I would recommend it, loudly and strongly," Jaeger proclaimed at the time. "This is the salvation for the state of Colorado."

In particular, the pipeline seemed to be the salvation for Jaeger's pet project, the half-complete Rueter-Hess Reservoir, because that undertaking has yet to line up enough water to fill it. The reservoir, in a valley just southwest of Parker, literally has Jaeger's name all over it: When the mammoth berm that will enclose the basin is complete in 2011, it will be called the Frank Jaeger Dam.

Surveying the sweeping construction zone — the 70,000-acre-foot basin will dwarf Cherry Creek Reservoir — Jim Nikkel, Parker Water's assistant director, says it's no surprise the dam's named after his boss: "He's Mr. Water."

Jaeger, who didn't respond to repeated interview requests, first proposed the dam twenty-plus years ago, when people thought the idea was crazy. Because of the legal and environmental hurdles involved, large reservoirs just weren't built anymore.

But no one had counted on Jaeger's will — or the state's rapidly receding water supplies. Colorado's population is expected to double by 2050, requiring up to a million additional acre-feet of water per year. Douglas County towns, in particular, face a bigger share of the problem because they rely on wells drilled deep into the Denver Basin aquifers below them. For a long time, it was believed that this resource would provide a hundred years' worth of water. But recently, experts discovered that the aquifers have been dropping at an alarming rate, dwindling away long before originally expected.

So, when Parker began construction of a 16,200-acre-foot version of the reservoir in 2005, Douglas County communities like Castle Rock, Castle Pines North and Stonegate asked to get in on the action. That quadrupled the project's original size and put Parker in the enviable position of being able to charge its neighbors for water storage.

That is, if they ever fill the reservoir.

The problem is that the three main Colorado rivers east of the Rockies — the South Platte, the Arkansas and the Rio Grande — and their tributaries are over-appropriated, meaning there's often more demand than there is water to meet it. While there are river basins in Colorado on the other side of the Rockies that aren't yet over-appropriated, the reluctance by many of those on the Western Slope to let "one more drop" of their water be taken over the mountains has stymied most Front Range water users' attempts to tap into them.

As a backup, Parker and other communities have purchased farms in eastern Colorado in order to secure their water rights. But if these communities requisition this water for municipal use, much of the state's remaining farmland would dry up.

In short, says Alex Davis, assistant director for water at the Colorado Department of Natural Resources, "it's a crisis."

One being felt particularly hard in Parker. Skyrocketing water rates and questions about the reservoir's cost have triggered a December 15 recall election of three of the district's five boardmembers.

Into this quagmire stepped Million, who's said he would sell the Green River water he'd bring into the state at different price points to make it affordable for both municipal and agricultural uses. He's also promised to reserve some for environmental purposes, as well as offer incentives to encourage conservation.

These assertions were bold — if short on specifics — for a neophyte, but Million had assembled an auspicious consulting team that includes Jeff Fassett, a former Wyoming state engineer; Fassett's former Colorado counterpart, Jeris Danielson; one-time Thornton water head Walid Hajj; and Steve Freudenthal, former Wyoming attorney general and the brother of Wyoming's governor.

What they proposed was just the sort of bold move that appealed to Parker's Mr. Water. Jaeger was so taken with the idea, in fact, that not long after he first lauded Million's proposal in the press, he apparently decided to tackle the whole thing himself.

Folks at Parker Water still think Wyoming's Green River could be the salvation for its largely empty reservoir — though they've written off the man who came up with the idea. Looking out over the dry basin, Nikkel says he believes there's a "50 to 60 percent chance" he'll eventually see water here from the Flaming Gorge region.

As for the chances it will be provided by Million?

"None."

Sweetwater County, in the southwestern corner of Wyoming, is well named. It's an area that cares seriously about its water.

Sweetwater's two principal communities are Rock Springs and Green River — the latter, like its Utah counterpart, named for the waterway that runs north to south across the arid land.

This stretch of blue has long worked hand in hand with the extraction industry, fueling the processes that remove natural gas, oil, coal and an industrial mineral called trona from the rugged terrain. And when it's time for a break, the people here turn to the water as well: fishing and hunting in the cottonwood stands along the banks, boating on the Flaming Gorge Reservoir and horsing around in the new, \$3 million kayaking park.

The last thing they want to do is let a Colorado pipeline suck up their lifeblood.

"Aaron Million has managed to accomplish something that nobody else has been able to do," says Bill Sniffin, a longtime Wyoming newspaper columnist. "He's gotten everyone there working together. The tree huggers, the tree cutters, the miners, the ranchers, the downtown businessmen, the desert rats and the boaters and the preservationists, they're all united against him."

The opposition was loud and clear last April, at the first public hearing hosted by the U.S. Army Corps of Engineers.

"The report was that of the 300 members of the public who showed up, 298 were mad fishermen," says Fassett, the former Wyoming state engineer who's consulting for Million. "Their initial reaction was pretty violent, as in, 'You are taking our molecules.'"

Later Wyoming public meetings on the matter were more sedate, but the message was the same: Don't steal our water. "All you are going to see in this part of the county is opposition," says Hank Castillion, Green River's mayor.

Wyoming residents and politicians have compiled a laundry list of additional complaints. They're concerned about the risks for endangered fish species in the waterway and the effect on the wildlife along its banks. They worry that the celebrated fisheries on and below the reservoir will be hurt, dealing a blow to the county's recreation and tourism industries. And they're afraid that if Million diverts some of his water upriver from Green River, the water flowing through town might be too low for the community's businesses and amenities and suffer from increased contaminants.

Last summer, the cities of Green River and Rock Springs joined forces with Sweetwater County to form the "Communities Protecting the Green River" coalition to fight the project.

They're already talking about a lawsuit, and their opposition has the support of Wyoming governor Dave Freudenthal. While the governor's office did not provide a comment for this story, Freudenthal has told reporters in the past that he thinks Million is "just a rich guy who just wants to move water."

Preliminary analyses of Million's proposal have done little to ease concerns. An informal 2007 Bureau of Reclamation water availability study compiled on Million's behalf suggests that the project could withdraw, at most, 185,000 acre-feet from the reservoir — considerably less than Million hopes to score — before dropping surface levels enough to impact power production at the reservoir's dam and threaten environmental conditions.

And that analysis didn't take into account future strains on the reservoir, such as climate change and recent federal settlements with Native American tribes that allocated some of Flaming Gorge's water to them, says Malcolm Wilson, chief of the Water Resource Group for the Bureau of Reclamation in Salt Lake City.

Fassett, Million's engineering consultant, questions some of the assumptions made in the bureau's study. And while he concedes that Million's team can't force the agency to sell them more reservoir water than they're willing to contract for, he says, "That's why we are looking at a second point of diversion on the Green River itself, so we can get a bigger number." To ease Green River residents' concerns, Million says he's changed his plan so that the point of diversion on the river would be downstream of the city.

The entrepreneur also notes that his opponents up north ignore a key point: While he wants to divert water in Wyoming, legally it's not Wyoming's water. Interstate agreements allow Colorado to take part of its water allotment of the Colorado River basin, which stretches from the Rockies to the Gulf of California and includes tributaries such as the Green River, from waterways in other states.

Still, Million says he'll pull the plug on the proposal if he has to. "We've brought in the best of the best to make sure there weren't any fatal flaws," he says. "The marching orders have been pretty much the same since day one: Kill the project, find the snake bite." So far, he says, his team hasn't found anything damning.

Some Wyoming residents are warming to the idea of a water pipeline to Colorado — as long as it's the alternative pipeline now being proposed by Jaeger. "Parker is looking at forming an agreement with the community to take the water only when the water is available," says Mayor Castillion of Jaeger's proposal. "That does appeal to us."

Under the conciliatorily named Colorado Wyoming Coalition, Jim Nikkel says Parker has lined up potential water users including Cheyenne, Torrington, Casper and the South Metro Water Supply Authority.

But the coalition still has to contend with Million, who was so incensed when he heard about Jaeger's plan that he stormed into a meeting of Douglas County water suppliers last January and accused Parker's esteemed water head of breaking his word. As the quarrel escalated, it was suggested that the two settle the matter with a fistfight. No blows were exchanged, but the conflict continues.

"Guys who pull running irons out of a saddlebag end up hanging from a tree, and rightly so," Million says, reverting to ranching terms for cattle rustlers.

But the region's other big water users, including Denver Water, the Northern Colorado Water Conservancy District, the Southeastern Water Conservancy District and the cities of Colorado Springs, Aurora and Pueblo, have also raised questions about Million's pipeline and have asked the Bureau of Reclamation to hold off on granting him a Flaming Gorge contract.

Million says it's all about power. "Water is literally controlled by five or six people along the Front Range," he says. "These water buffaloes are used to being able to dip their horns in whenever they want. It's unfortunate that they are so territorial over a new buffalo and potentially a new water resource for Colorado."

But Castillion and others say they prefer Jaeger's pipeline because of the hard-nosed, for-profit nature of Million's approach. While many publicly owned water projects along the Front Range started out privately owned and developed, such as the agricultural ditch systems that would become Denver Water, these days the idea of providing water to the people for a profit — a system that isn't regulated like energy utilities — strikes many as anathema.

"Most people in the United States do not want a Suez," says John Orr, author of the Coyote Gulch water blog. "We don't want a for-profit water market in this country."

"We all fear being held hostage," adds Nikkel. "He'll claim contractually that he'll never raise prices. But that's like I go into King Soopers and they tell me they'll never raise the price of milk."

Million dismisses his competition as a non-issue. "I've swatted bigger horseflies off my horse," he says. The Colorado Wyoming Coalition has yet to finalize a formal cooperative agreement, and Nikkel acknowledges the public partnership may not be able to afford the undertaking without significant federal assistance.

Meanwhile, says Million, "we are literally five years ahead. We are in the federal permitting process, we have filed on the river and we have a first-in-line request with the Bureau of Reclamation."

In September 2008, Million's company, the Million Conservation Resource Group, applied for a pivotal federal permit that the project will need under the U.S. Clean Water Act.

But that doesn't mean that Million will be ready to break ground anytime soon, says Rena Brand, project manager at the U.S. Army Corps of Engineers, which administers the Clean Water Act. "The corps of engineers recognized from the beginning that [the pipeline] would have significant impacts on the environment," she says. "That prompted us to evaluate it under the highest level of review, which is preparing an environmental impact statement."

Brand says that a draft EIS determining whether or not to grant the permit won't be released until 2012. A final decision will come out two years later, though Million thinks it will happen sooner. Either way, the entire process will cost between \$15 million and \$25 million, which Million is funding.

In addition, the Corps of Engineers won't sign off on the pipeline until they've heard from every other entity with a stake in the project — and considering the scope of it, there are a lot of folks with a stake.

To take water from both the reservoir and the river, the project will require a contract from the Bureau of Reclamation and a permit from the Wyoming state engineer, both of which are working closely with the Colorado Department of Natural Resources. Engineers in both states will also need to sign off on any storage reservoirs to be built or expanded, and the U.S. Fish and Wildlife Service, which has already voiced concerns, will evaluate whether the venture would violate the Endangered Species Act.

The pipeline itself requires a permit to cross federal land and the blessing of every other public and private land owner along the route's 578-mile stretch. All in all, the Corps of Engineers has offered cooperating-agency status on the project to 26 federal, state and local entities — including the Wyoming communities that formed the anti-pipeline coalition — and invited input from 32 Native American tribes.

"That's kind of a lot," says Brand, noting that a typical water-supply EIS involves three to five cooperating agencies.

Now the Corps has issued Million an ultimatum: He has to provide them with a list of his potential water users by the end of January.

Million insists it won't be a problem getting the list ready, though he adds that his team is evaluating whether to challenge the Corps' ability to ask for it. "It might be beyond their responsibilities in evaluating a regional project to ask for a specific end user," he says.

Some critics say that Million is reluctant to reveal his users because there aren't enough left for him to work with.

"We've talked to everyone along the pipeline route in Wyoming and we've had conversations with many potential users in the north-south route in Colorado, and all those people have expressed interest in being partners with us," says Nikkel of the Colorado Wyoming Coalition. "No one has told us they have an interest in his project."

Yee-haw!" hoots Million as his SUV jerks and bucks across the ornery Wyoming backcountry flanking the Green River. It didn't take long for him and his colleagues to find what looks to them like the perfect place to pump water from the river. Best of all, the location's downstream of the city of Green River, which the entrepreneur hopes will serve as an olive branch.

Now they're off to the Flaming Gorge Reservoir just south of here, to check out a potential spot for his other point of diversion. If the site looks good, Million could be one step closer to making his dream a reality.

Million's in fine spirits; there's little evidence of the toll the six-year odyssey has taken on him. "He's been constantly worrying about things," says his mother, Bonnie. But there's a toughness to her son, a stubbornness to see it through.

"He thinks he's John Wayne," she says.

When Million and his team reach the Flaming Gorge Reservoir, they head down a maze of muddy dirt roads to an out-of-the-way inlet on the reservoir's seemingly endless expanse of blue. It's a spot that could work well for a pump station.

"Okay, well, that's it, then," concludes Million with satisfaction.

As the others return to the vehicles, Million pauses at the reservoir's edge. He almost looks like his hero in the scene from *Butch Cassidy and the Sundance Kid* where Butch is poised at the precipice of a river canyon. As a growing army of adversaries closes in, the desperado's preparing to leap into the great unknown. Maybe the gamble pays off and he gets away with it all — or maybe he goes down in a hail of bullets.

Million kneels down and takes off his hat. He splashes handfuls of water on his hair and face, then licks his lips.

"Tastes good."