



2024 Business Plan (2024-2026)



Southeastern Colorado Water Conservancy District

www.secwcd.com

1958

The Southeastern Colorado Water Conservancy District was formed for the primary purpose of forming and operating the Fryingpan-Arkansas Project.

1962

The Fry-Ark Project was approved by Congress.

1981

Repayment Contract for Project signed with the Bureau of Reclamation.

1995

The District formed an Enterprise Activity. The Enterprise is the business arm of the District.

2019

James W. Broderick Hydropower Plan completed and in operation.

2021

Fry-Ark Project Repayment Contract conversion signed.

2023

Construction begins on the Arkansas Valley Conduit.



Building on Success

The 2024 Business Plan takes a new approach in looking at the activities of the Southeastern Colorado Water Conservancy District and its Water Activity Enterprise.

In addition to looking at these activities through the lenses of the Strategic Plan and Annual Budget, the 2024 Business Plan is aligned with the workforce of the District and presented in a format that emphasizes key projects, programs and partnerships.

District and Enterprise activities have expanded greatly in recent years.

The Arkansas Valley Conduit is finally being constructed after more than 60 years of anticipation, and more than 20 years of hard work to bring the AVC to fruition.

The James W. Broderick Hydropower Plant is in its fifth year of operation after

beginning operations in 2019.

The District has partnered with Reclamation to begin the Recovery of Storage program. This program seeks to determine the best way to recover Pueblo Reservoir storage space that has been lost to sedimentation.

The District also is working with Reclamation to determine the long-term capital needs of the Fryingpan-Arkansas Project. With the creation of a Fry-Ark Reserve fund in the 2021 Fry-Ark Repayment Contract, the District has the ability and responsibility to plan for future needs to continue optimal operation of the Project.

In addition, there are myriad activities that ensure smooth, day-to-day operation.

It takes a team to carry out this work, which makes the human resources of the District and Enterprise such an integral piece of the puzzle.

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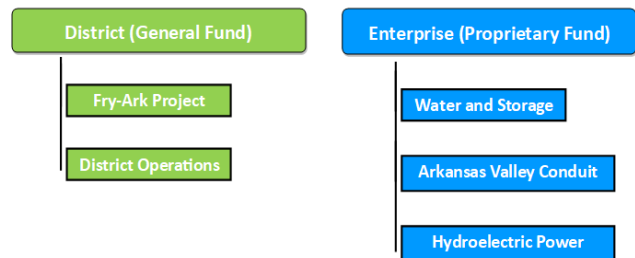
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Items in the 2024 Business Plan are coded according to Strategic Plan (left) and District Fund Guide (right), depending on which areas they intersect.



Fryingpan-Arkansas Project

The Fryingpan-Arkansas Project grew out of the vision of people of Southeastern Colorado who had lived through raging floods and blinding dust storms that illustrated the unpredictable nature of the Arkansas River Valley. The Project was conceived not only as a means of providing more water to the Arkansas Valley, but also as an incentive for growth and development that balanced the needs of cities, towns, farms, recreation and nature. Key to that goal were the development of storage, management of stream flows in both the Colorado River and Arkansas River basins and equitable apportionment of water.

Conceptualized over a 30-year period that began in the 1920s, the Fryingpan-Arkansas Project was approved by Congress and signed into law by President John F. Kennedy in 1962. The Project’s architects anticipated that it would bring an average of 69,200 acre-feet from the Western Slope across the Continental Divide with ample storage in Turquoise Reservoir, Twin Lakes and Pueblo Reservoir. Production of hydroelectric power was foreseen along a



Pueblo Reservoir provides terminal storage for the Fry-Ark Project. The James W. Broderick Hydropower Plant is on the right. (Mike Sweeney photo)

series of canals and reservoirs, then later replaced by the Mount Elbert pump-back system. Agreements with water interests on the Western Slope assured the preservation of streamflow on Hunter Creek and the Fryingpan River, tributaries of the Roaring Fork River that flows into the Colorado River.

Construction of the Project took two decades before it was finished. The cost had risen from initial estimates of \$135 million to nearly \$500 million during that time. That investment today continues to add more than \$1 billion annually to urban, rural and rec-

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Twin Lakes near Leadville provides storage for multiple Arkansas River Basin water users, and houses the Mount Elbert Power Plant, a pump-back hydroelectric power plant. (SECWCD photo)



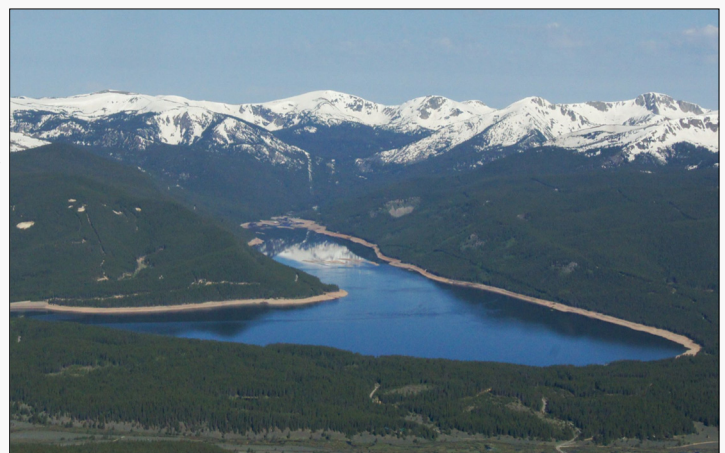
Ruedi Reservoir near Basalt provides compensatory storage for the Western Slope. (Ann Stonehouse photo)

recreation economies that depend upon the supplemental water and storage provided by the Fryingpan-Arkansas Project.

The Southeastern Colorado Water Conservancy District is the steward of the Project, which is owned and operated by the U.S. Bureau of Reclamation. The District’s role extends over the following areas:

Repayment of the local portion of construction costs. A 1982 Repayment Contract was converted in 2021 to a Contract that repays those construction costs by December 31, 2031, and extends the relationship of the District and Bureau in perpetuity.

- ◆ Operation, maintenance and replacement costs. The District makes annual payments to Reclamation that range from 47-56 percent of the cost to operate the Project.
- ◆ Extraordinary maintenance costs. The District maintains a Project Reserve Fund that is available for extraordinary maintenance, catastrophic events or other unforeseen expenditures associated with the Project.
- ◆ Cooperative programs for betterment of the Project. The District has initiated partnerships with Reclamation that include Recovery of Storage, asset management and preservation of yield. The District is active in Colorado River discussions and cooperative efforts with other water users to protect Colorado’s share of the river.

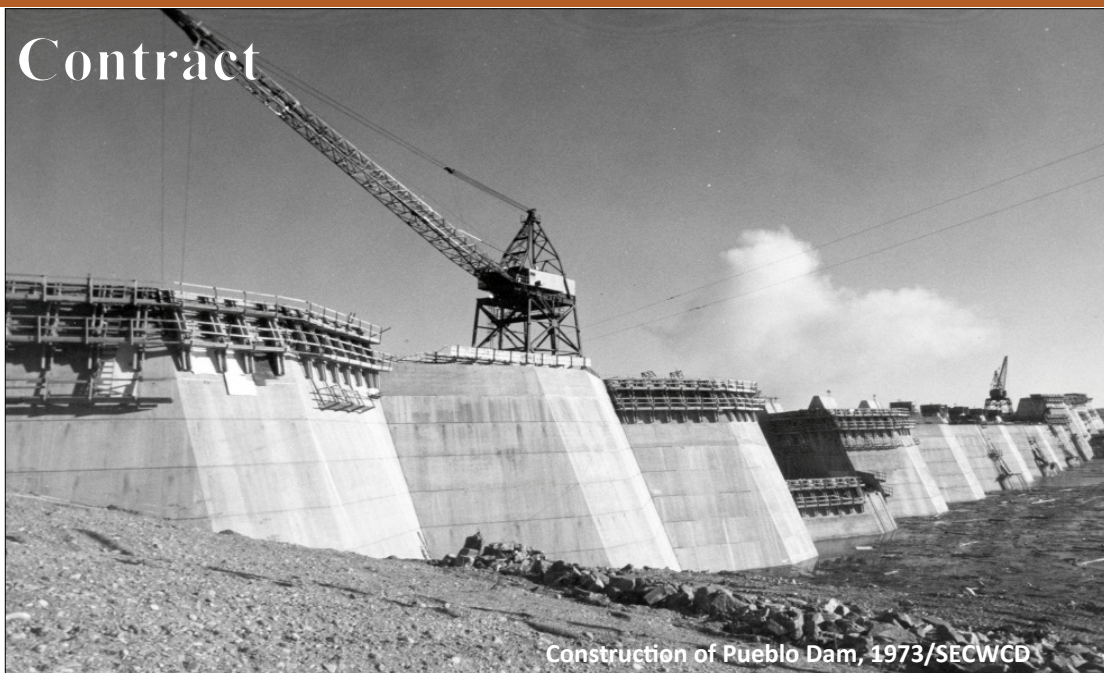


Turquoise Reservoir near Leadville provides initial storage for Fryingpan-Arkansas Project imports. (SECWCD photo)

- ◆ The Fountain Valley Conduit. The District is the contracting agency for the Fountain Valley Conduit, which provides water to El Paso County communities. It has operated since 1985.
- ◆ Development of the Arkansas Valley Conduit. The AVC will serve 50,000 people east of Pueblo and is the final piece of the Fryingpan-Arkansas Project to be developed.
- ◆ Winter Water. The District coordinates the program that allows storage of water during winter months in a way that protects Irrigation water rights.
- ◆ Reclamation Reform Act. The District maintains confidential landowner records to assure compliance with federal law.

Repayment Contract

The total cost to build the Fryingpan-Arkansas Project was calculated as \$585 million in 1981. The District’s share of that cost was \$134.7 million, and the Repayment Contract allowed the District 50 years to repay that cost. The District paid off the municipal and industrial share first, to eliminate the 3.046 interest charge. The debt will be paid off on December 31, 2031.



Construction of Pueblo Dam, 1973/SECWCD

Here’s the goal...

For years, the District struggled with the balance of the Fry-Ark Project debt, strategically paying off the municipal & industrial portion first. Growth in the District allowed a payoff more quickly than anticipated, but the District Board recognized the need to protect the investment. Stretching payments to the full 50-year term created a pathway to begin building a capital reserve for extraordinary expenses related to the Fry-Ark Project.

What we’ve done...

The District negotiated a conversion Contract with Reclamation in 2021 as provided for in the 1982 Repayment Contract. The new Repayment Contract sets forth conditions in perpetuity that are substantially similar to the previous Contract, including the repayment schedule.

In 2018, Reclamation and the District signed Amendment 11 to the Repayment Contract. This allows the District to pay a fixed amount each year, making the remainder of ad valorem tax collections available for operations, maintenance and replacement (OM&R) of the Fryingpan-Arkansas Project, and for a reserve fund to pay for extraordinary maintenance, betterments or catastrophic events.

In the short term...

Payments are invoiced by the Bureau of Reclamation for both repayment and OM&R on June 30 and December 31 each year.

Revenue for payments comes from the Project mill levy, which is set at 0.9 mills. This is expected to generate about \$9.49 million in 2023, after fees and adjustments.

In the longer term...

After the Fry-Ark debt is paid off in 2031, new projects are expected to come into play that will require large expenditures. These include the Interconnect at Pueblo Dam, Recovery of Storage at Pueblo Dam and potential replacement or betterment of Fry-Ark features. The capital reserve fund will allow the Fry-Ark Project to face new financial challenges.


Strategic Plan Alignment:

Efficiently and economically convey, store and distribute water.



Budget Fund: Fry-Ark Project

Human Resources:



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Fry-Ark Debt Repayment	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Payments continue until 2031	\$1,467,572	\$1,467,572	\$1,467,572	\$1,467,572

Operations, Maintenance and Replacement

The District is responsible for a portion of all Fry-Ingpan-Arkansas Project operations, maintenance and replacement (OM&R) by the Bureau of Reclamation. Depending on the feature of the Project, the District’s share is between 47-56 percent. Cost allocations for the Project were determined in 1981. Other sources of repayment include electric power generation from the Mount Elbert Power Plant, and payments from other contracts.



Here’s the goal...

If any one part of the Fry-Ark system breaks down, it could jeopardize the annual imports of the system that benefit the cities and farms in the Arkansas River basin. Keeping the system operating smoothly is of paramount importance.

In the longer term...

Working with Reclamation, the District will be able to plan which activities are most critical to the delivery of water, and make decisions based on that information. The Engineering Department and Finance Department need to work together closely to address any issues that arise.

What we’ve done...

The converted Repayment Contract allows for a pre-payment of OM&R costs that increases the ability of the District to build a healthy capital reserve fund. The District is able to anticipate needs years in advance and plan for extraordinary maintenance through the Condition Assessment program. Payments of \$2,629,261 were made to Reclamation for the OM&R costs in fiscal year 2023.

In the short term...

Payments are invoiced by the Bureau of Reclamation for both repayment and OM&R on June 30 and December 31 each year. The estimated total bill for 2024 is \$2,505,310.

Revenue for payments comes from the Contract mill levy. This is expected to generate about \$10,937,065 in 2024.

Strategic Plan Alignment:

Efficiently and economically convey, store and distribute water.



Budget Fund: Fry-Ark Project

Human Resources:



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Fryingpan-Arkansas OM&R	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Payments to Reclamation	\$2,629,261	\$2,505,310	\$2,165,324	\$2,163,998

Operations, Maintenance and Replacement Credits

Revenues from Bureau of Reclamation charges on certain contracts help offset OM&R costs of the Fryingpan-Arkansas Project that otherwise would be paid by the District. Depending on the feature of the Project, the District's share is between 47-56 percent. Cost allocations were assigned in 1981. Other sources of OM&R include hydroelectric power and payments from other contracts.



Here's the goal...

The Fryingpan-Arkansas Project primarily benefits the stakeholders of the Southeastern Colorado Water Conservancy District by providing supplemental water, conveyance of Project water and storage for Project water. Other benefits accrue to water uses who take advantage of Project facilities through contracts with the Bureau of Reclamation. Those contracts help to offset the OM&R costs that otherwise would be paid by the District through its ad valorem tax.

What we've done...

Fry-Ark Project credits are accounted for in the District's Fry-Ark Contract with Reclamation.

In the short term...

In 2023, OM&R credits were not reported at the end of 2023, and only minimal amounts have been forecast for the 2024-2026 budgets. We are working with Reclamation on the appropriate reconciliation.

In the longer term...

Credits will continue to be a source of OM&R payment reduction, which will allow for growth in the Fry-Ark Project reserves. The growth of the reserve fund will help to sustain and improve the Fry-Ark Project. We will continue to work with Reclamation to determine appropriate funding levels.

Strategic Plan Alignment:

Efficiently and economically convey, store and distribute water.

Budget Fund: Fry-Ark Project

Human Resources: Finance Department

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Fry-Ark Project Credits	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Credited to Fry-Ark OM&R through other contracts	0	\$11,339	\$11,769	\$12,029

Fry-Ark Reserve Fund Balance

A Reserve Fund for the Fryingpan-Arkansas Project was confirmed in the 2021 Repayment Contract conversion. The Reserve Fund can be used for extraordinary expenses of the Fry-Ark Project with the consent of the District and Reclamation. Interest from the Reserve Fund can be used by the District in its operations fund.



Fry-Ark Project Potential Needs

- ✓ Joint seal repair at Pueblo Dam
- ✓ Interconnect at Pueblo Dam
- ✓ Recovery of Storage Activities
- ✓ Twin Lakes extraordinary maintenance
- ✓ Turquoise Lake extraordinary maintenance
- ✓ West Slope Collection System extraordinary maintenance and betterments.

Here’s the goal...

Most of the infrastructure of the Fryingpan-Arkansas Project is older than 50 years, so that replacement of many features is imminent. The District also has initiated the Recovery of Storage Program to regain lost reservoir space and the Condition Assessment Program to determine when work is needed. Reserves are also needed for unexpected repairs and Project betterments.

What we’ve done...

The conditions for using ad valorem taxes to create a Fry-Ark Reserve Fund are included in the Contract. The Reserve Fund is created by the balance after all Repayment and OM&R obligations are met.

In the short term...

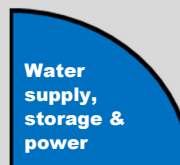
In 2023, the Fry-Ark Reserve Fund balance was estimated to be \$26.3 million.

In the longer term...

The Board is in the process of determining the appropriate levels for Reserves in the future.

Strategic Plan Alignment:

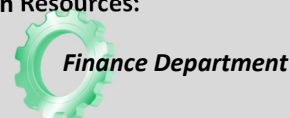
Efficiently and economically convey, store and distribute water.



Budget Fund:

Fry-Ark Project

Human Resources:

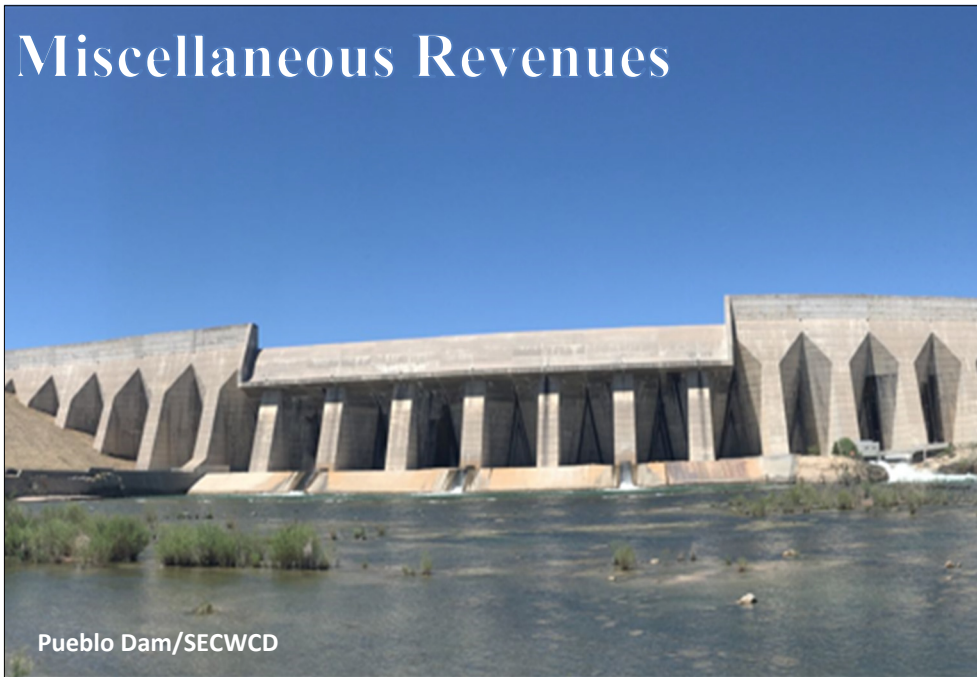


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Fry-Ark Project Reserves	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Fry-Ark Reserve (Fund Balance)	\$26,338,414	\$32,335,092	\$39,121,730	\$43,981,715

Fry-Ark Project Miscellaneous Revenues

Miscellaneous Revenues from the Fry-Ark Project include contracts for use of excess storage or conveyance capacity in the project. Under PL 111-11, those revenues can be applied to unfinished parts of the Fry-Ark Project. Since 2009, the South Outlet Works at Pueblo Dam, Ruedi Reservoir, and Fountain Valley Conduit received miscellaneous revenues. Miscellaneous revenues now are available for construction and repayment of the Arkansas Valley Conduit (AVC).



Pueblo Dam/SECWCD

Here’s the goal...

Revenues from Reclamation contracts from the Fryingpan-Arkansas Project are being used to fund construction and repayment costs of the AVC, including the local 35 percent share. This reduces the amount of the expense that will fall on participants.

What we’ve done...

Miscellaneous revenues have been used to pay the outstanding debt of the South Outlet Works at Pueblo Dam, Ruedi Reservoir and the Fountain Valley Conduit in the 14 years since PL 111-11 was passed. That clears the decks for making these funds available to the AVC. As of 2024, there are 70,048 acre-feet in long-term and 7,400 acre-feet is short-term excess capacity storage.

In the short term...

Miscellaneous revenues are held in an account for eventual use for the AVC, or accessed as needed for construction.

In the longer term...

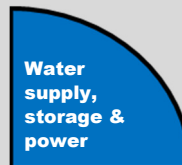
By 2070, miscellaneous revenues are expected to total \$12 million annually, providing a steady revenue stream.

LONG-TERM CONTRACT	MAXIMUM AF	2024 AF	EXPIRATION
PUEBLO WATER	25,000	15,000	2075
CITY OF AURORA	10,000	10,000	2047
SOUTHERN DELIVERY SYSTEM	42,000	35,825	2049
SECWCD MASTER CONTRACT	29,938	7,585	2056
DONALA WATER & SANITATION	499	499	2058
BUREAU OF LAND MANAGEMENT	500	500	2058
TRIVIEW METRO DISTRICT	999	999	2062
LONG-TERM TOTAL	108,936	70,408	
TEMPORARY ANNUAL	25,000	7,400	Annually
TOTAL EXCESS CAPACITY	133,936	77,808	

Note: Pueblo Water’s contract converts to 25,000 AF for a new 40-year term in 2025. All terms are renewable at the end of the 40-year term.

Strategic Plan Alignment:

Efficiently and economically convey, store and distribute water.



Budget Fund:

Fry-Ark Project

Human Resources:



Finance Department

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Miscellaneous Revenues	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Estimated Revenue Collections from Contracts	\$3.49 million	\$3.58 million	\$3.70 million	\$4.35 million

Excess Capacity Master Contract

A 40-year Excess Capacity Master Contract between the District and Bureau was signed in 2016. It allows 37 entities within the District to store water in Pueblo Reservoir if and when space is available. So far, 16 participants have elected to sign contracts, and 21 more are expected to sign on as the Arkansas Valley Conduit (AVC) is completed. Maximum storage is 29,938 acre-feet, with 7,585 under contract in 2024.



Here’s the goal...

In 1998, the District realized the need to reliably structure storage of non-Project water in Pueblo Reservoir. The idea of long-term “if-and-when” contracts that allow non-Project water to be stored if and when space is available was promoted as beneficial to the Project’s stakeholders.

What we’ve done...

In 2013, a Federal Environmental Impact Study determined that it is feasible to provide Excess Capacity storage in Pueblo Reservoir. The limits were determined based on the projected demands of AVC participants, as well as water users in other parts of the basin who needed additional storage. The Excess Capacity Master Contract was signed in 2016.

In the short term...

So far, 16 participants have signed on for long-term excess capacity contracts.

In the longer term...

As the AVC comes online, another 21 participants will sign long-term contracts. Contracts will be eligible for renewal in 2056.

Participant Usage in 2024	2024 Total AF
City of Canon City	10
City of Florence	20
City of Fountain	250
City of La Junta	600
Lower Arkansas Valley Water Conservancy District	2,500
Town of Olney Springs	10
Penrose Water District Activity Enterprise	420
Town of Poncha Springs	50
Pueblo West Metropolitan District	1,000
City of Rocky Ford	100
City of Salida	625
Security Water and Sanitation District	250
St. Charles Mesa Water District	600
Stratmoor Hills Water District	150
Upper Arkansas Water Conservancy District	700
Widefield Water and Sanitation District	300
Total	7,585

Strategic Plan Alignment:

Efficiently and economically convey, store and distribute water.

Budget Fund: Fry-Ark Project

Water & Storage

Human Resources: Issues, Programs, Communications

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Excess Capacity Master Contract	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Payments to Reclamation	\$337,836	\$343,904	\$350,048	\$356,343

Winter Water Storage Program

The Winter Water storage program allows native water to be stored from November 15-March 15 each year. The water is divided according to the priority in which it otherwise would have been used. Water can be stored in Pueblo Reservoir, John Martin Reservoir or in reservoirs owned by the canal companies. The District collects payments for Pueblo Reservoir storage, which are forwarded to Reclamation and applied to the Arkansas Valley Conduit under the Contract.



What we've done...

The table below shows total Winter Water storage and the amount stored in Pueblo Reservoir since 2002. The District collects revenue on the Pueblo Reservoir storage, which is applied to the AVC by Contract.

Year	Total AF	Pueblo AF
2002	134,664	38,702
2003	74,774	31,871
2004	81,077	28,378
2005	115,873	42,538
2006	110,991	39,541
2007	149,014	52,939
2008	152,467	53,237
2009	139,731	48,037
2010	149,527	50,012
2011	118,798	38,114
2012	125,869	42,157
2013	67,123	21,982
2014	100,377	32,295
2015	128,647	55,810
2016	151,734	58,923
2017	130,961	43,718
2018	138,904	60,637
2019	100,071	42,323
2020	116,840	44,486
2021	83,667	30,517
2022	92,223	34,461
2023	85,195	34,992

WINTER WATER

Participants:

- ◆ The Southeastern Colorado Water Conservancy District
- ◆ Amity Mutual Irrigation Company
- ◆ Bessemer Irrigating Ditch Company
- ◆ Catlin Canal Company
- ◆ Colorado Canal Company
- ◆ Fort Lyon Canal Company
- ◆ High Line Canal Company
- ◆ Holbrook Mutual Irrigating Co.
- ◆ Lake Henry Reservoir Company
- ◆ Lake Meredith Reservoir Company
- ◆ Las Animas Consolidated Canal Company
- ◆ Oxford Farmers Ditch Company
- ◆ Riverside Dairy Ditch
- ◆ West Pueblo Ditch

In the short term...

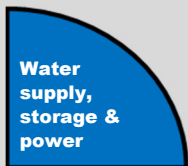
The District budgets revenue from the Winter Water program on the Contract price of \$2.80 per acre-foot, plus a surcharge, using the 20-year average of 42,000 acre-feet.

In the longer term...

The Winter Water program is long established under a water court decree and will operate in the same way in the future.

Strategic Plan Alignment:

Efficiently store and distribute water in an reliable manner.



Budget Fund:

Fry-Ark Project

Human Resources:



Engineering Water Resources

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Winter Water program	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Payments to Reclamation, based on 20-year average	\$96,492	\$117,600	\$117,600	\$117,600

Reclamation Reform Act

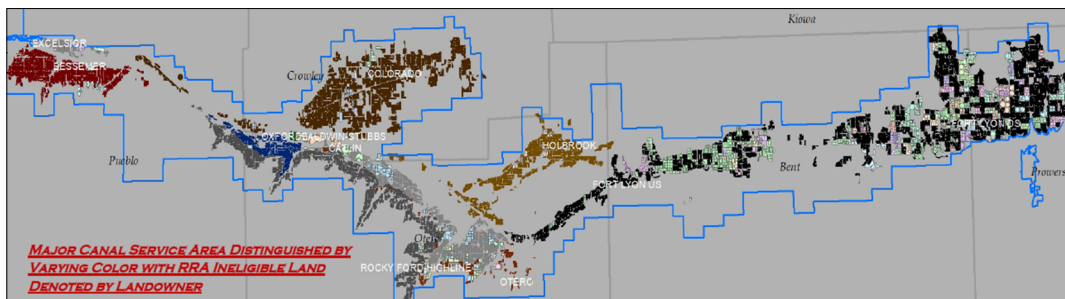
The Reclamation Reform Act (RRA) was signed in 1982 to encourage family farming and limit speculation on irrigated farmland. Irrigation water users under federal projects are required to certify their landholdings by filing RRA forms prior to receiving Fry-Ark Project water. RRA compliance is a condition of the Fry-Ark Re-payment Contract with Reclamation.



Farming in the Lower Arkansas Valley/Photo by Jack Goble

Here's the goal...

Compliance with all Reclamation laws is required under the Fryingpan-Arkansas Project Contract. Any landowner with more than 240 acres is required to report. These reports are confidential and protected.



The District has mapped acres eligible for Project Water among the 9 major ditches.

Reclamation makes the determination of eligibility. RRA restricts Fry-Ark Project water to under 960 acres for qualified recipients, and under 640 acres for limited recipients.

What we've done...

District staff annually meets with about 340 of the 3,220 ditch shareholders in the Arkansas Valley to certify the amount of acres being farmed. A total of about 250,000 acres benefits from Project Water.

In the short term...

Each year, \$2,000 is budgeted in the event that payments for administrative fees for noncompliant water providers.

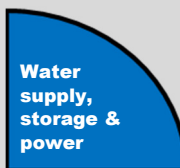
An audit of the RRA Program occurs every five years.

In the longer term...

RRA compliance will continue in the future as a condition of the Contract. The next Reclamation audit for RRA is planned in 2025.

Strategic Plan Alignment:

Efficiently distribute water in a safe and reliable manner.



Budget Fund:

Fry-Ark Project

Human Resources:



Engineering Water Resources

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Reclamation Reform Act	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Budget for payments if needed	0	0	\$2,000	0

Recovery of Storage

Pueblo Reservoir has lost about 25,000 acre-feet of space due to sedimentation since the Pueblo Dam was completed in 1975. In 2020, the District launched a study to find remedies to restore the full amount of space intended to serve the Fryingpan-Arkansas Project. In 2021, next steps were identified, and the Recovery of Storage program was moved into the OM&R of the Fry-Ark Project.



Here’s the goal...

Storage space is critical to the Fry-Ark Project, as well as to providing drinking water to the 952,000 people who depend on the Project. Sedimentation in Pueblo Reservoir will begin impacting Excess Capacity contracts by 2050, and Project storage space by 2099. The goal of this program is to recover storage space and prevent the loss of even more space in the future.

What we’ve done...

Reclamation received \$1 million in funding on behalf of the Southeastern District to continue Recovery of Storage activities for Pueblo Reservoir. The Recovery of Storage program was moved into the Fryingpan-Arkansas Project fund rather than the District Operations fund to reflect the fact that the program seeks to preserve storage space, not expand it.

Reclamation completed a bathymetric survey of Pueblo Reservoir in March 2023 and an aerial survey in October 2023. The data will be used to get an accurate picture of how much space is available in Pueblo Reservoir, and how much has been lost.

The District analyzed the data collected by Reclamation, and also looked at potential upstream sources of sediment loading to develop a sediment diversion plan.

In the short term...

The best ways to recover storage and prevent further loss due to sedimentation are being analyzed with a recommended course of action expected in 2024.

In the longer term...

The District will develop pilot projects to divert upstream sediment loading, if studies show this is feasible.

Strategic dredging could regain some lost storage, but the District will also look at raising the elevation of Pueblo Dam to increase storage capacity. A dam raise was last studied in 2000 as an outcome of a basin-wide water needs assessment.

Strategic Plan Alignment:
 Preserve storage capacity envisioned in creation of the Fry-Ark Project.



Budget Fund: Fry-Ark Project

Human Resources:

 Issues, Programs, Communications

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Recovery of Storage	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Recovery of Storage Project	\$572,713	\$244,936	\$183,924	—
Upstream Diversion Project		\$250,000	\$250,000	\$250,000

Collection System Improvements

The Fryingpan-Arkansas Project is designed to bring over imports of 69,200 acre-feet annually, based on the hydrologic record of streams in the watershed over the period from 1912-1946. The average imports over the life of the Project have been about 52,800 acre-feet, or 76 percent. In the last 20 years, that has improved to 59,000 acre-feet, or 85 percent. The District is working with Reclamation to increase the average amount of imports.



The Thomasville Gauge on the Fryingpan River/SECWCD

Here’s the goal...

The District is seeking to increase the Fryingpan-Arkansas Project yield to the design level calculated from hydrologic records in the early 1900s. This can be achieved while adhering to bypass flows required under the Fryingpan-Arkansas Project Operating Principles.

What we’ve done...

In 2023, District staff initiated discussions with the Bureau of Reclamation based on investigations into this issue by the District that began during the 2019 Division 5 water rights diligence case. In preparation for the next diligence filing, several new suggestions to improve yield were added. These range from operational methods such as brush clearing, grate modification or tunnel improvements to technical improvements for automating certain features and upgrading communication systems.

In the short term...

The District and Reclamation are evaluating a list of potential improvements to improve yield. The most cost-effective ways to achieve the greatest yield will be determined and implemented as a pilot project.

In the longer term...

Ideas such as creating small storage structures to enhance flows or changing some points of diversion to achieve design yield will continue to be investigated.

Decade	Avg. Imports	% Design
1972-1983	44,801 AF	64.7%
1984-1993	50,952 AF	73.6%
1994-2003	50,840 AF	73.4%
2004-2013	58,560 AF	84.6%
2014-2023	60,667 AF	87.6%
1972-2023	52,844 AF	76.3%

Strategic Plan Alignment:
 Increase diversions to design levels of the Fryingpan-Arkansas Project.



Budget Fund: Fry-Ark Project

Human Resources: Engineering Water Resources



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Collection System Improvements	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Expenditures	—	\$500,000	\$500,000	\$3,000,000

Fry-Ark Asset Management Program

Maintaining the functionality of Fryingpan-Arkansas Project infrastructure is vital to continuing the District’s mission to effectively develop, protect and manage water. The District has started a program to track aging infrastructure to assure that replacement and improvement of features occurs in a timely manner. Because water is imported for only a few months each year, the system that brings water across the Continental Divide and stores it for beneficial use must be properly maintained.



Here’s the goal...

Fryingpan-Arkansas Project construction began 60 years ago, and parts of the Project are nearing the time when replacement and rehabilitation of infrastructure is necessary to maintain the effectiveness of the Project. The District has undertaken an asset valuation and condition assessment to determine critical investment needs. These will help provide information to the Capital Improvement Plan and the use of the Fry-Ark Project Reserve Fund.

What we’ve done...

The District began an asset valuation study in 2020 that looked at Fryingpan Arkansas features, District assets and Enterprise assets. A preliminary condition assessment was completed in 2021, and will lead to a more thorough assessment through field investigations.

In the short term...

Field investigations are planned in cooperation with the Bureau of Reclamation over the next five years to gain a better understanding of the potential needs of the Fry-Ark system.

In the longer term...

Cost estimates will be plugged into the Capital Improvement Plan to provide the District with a general timeframe of when improvements or replacements might be needed. This will allow the District to determine how the Fry-Ark Reserve Fund should be applied.



Strategic Plan Alignment:
Efficiently convey, store and distribute water in a safe and reliable manner

Budget Fund: Fry-Ark Project

Human Resources:
 Engineering Water Resources

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Asset Valuation/Condition Assessment	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Expenditures	0	\$235,000	\$237,500	\$192,500

District Operations



A multitude of changes in the operation of the Southeastern Colorado Water Conservancy District have occurred since the District formed in 1958.

The first offices of the District were located in Downtown Pueblo, and soon thereafter moved to a new building on U.S. Highway 50 West. The offices remained there until the construction of the Headquarters Building at the Pueblo Airport Industrial Park in 2000. The building was expanded in 2004.

Today, after more than 20 years of use, the building has been remodeled, some structural repairs have occurred and major repairs are beginning.

In terms of staffing, the District has added employees as the workload and responsibilities of the District grew. It is important to remember that the dedicated individuals who formed the District were also involved as Board members in the formative years of the District and the Fryingpan-Arkansas Project. Today, the Board of Directors is a policy group that relies on an experienced and knowledgeable staff to carry out increasingly complex assignments.

While a car was previously furnished to the General Manager of the District, increased travel requirements for all staff has led to the purchase of additional vehicles. This need will grow in years to come.

In the initial years, the District relied on its outside lawyers for much of the technical expertise needed to navigate the channels of water law in Colorado. The need for in-house legal counsel became apparent in the last two decades, but the District still relies heavily on outside consultants for much of its work related to water rights and the operation of the Fry-Ark Project.

Likewise, the District has beefed up its engineering staff as new projects started. The construction of the James W. Broderick Hydropower Plant and the Delivery Lines for the Arkansas Valley Conduit have led to additional employees to oversee complex engineering developments.

Finally, the District has evolved from typewriters and carbon paper to state-of-the-art information technology in its first 65 years. The challenges ahead are exciting to think about. Where will we grow next?

Human Resources

“The strength of a team is each individual member. The strength of each member is the team.”
—Phil Jackson



Here’s the goal...

As the complexity of work for the Southeastern Colorado Water Conservancy District has grown, the need for well-qualified, motivated employees has increased as well. The goal of the District is to match the skill sets of the employees to the greatest advantage to achieve goals.

What we’ve done

The District’s workforce has grown from just two employees at inception to 15 forecasted in 2024. New employees have been added at various times to keep pace with an increasing workload and more responsibilities. More legal, engineering and finance personnel have been added.

In the short term...

The retirement of Executive Director Jim Broderick triggered a national search for a new Executive Director at the end of 2024. The Human Resources Committee is expected to make a recommendation to the Board of Directors in 2024.

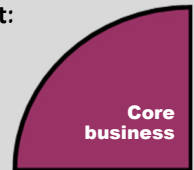
In the longer term...

The District will continue to evaluate the need for new positions, as well as maintain current staffing levels. A major challenge will be the operation of the Arkansas Valley Conduit, when it is up and running and the District assumes the responsibility of operating the AVC system.



Strategic Plan Alignment:

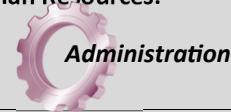
Review and develop long-term organization and staff plans.



Budget Fund:

District Operations

Human Resources:



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Human Resources	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Expenditures	\$2,357,614	\$3,237,356	\$3,333,240	\$3,453,250

District Headquarters

The District headquarters were built in 2000, and have numerous changes have been made in the past few years to update the building and adapt it to changing needs in technological capabilities. In the post-pandemic era, remote access has been improved while maintaining a functional and attractive on-site work area.



Boardroom technical upgrade 2023/SECWCD

Here’s the goal...

With the additional activity needed to complete projects such as the Arkansas Valley Conduit and to maintain other administrative tasks, adequate work space and state-of-the-art audio visual capability are needed.

What we’ve done...

In 2023, the District began its upgrade of the Boardroom and Conference Room. A contract with Conference Technologies Inc. was approved by the Board in 2022, and work completed in October 2023. Roofs and windows were replaced in late 2023 following damage from a hail storm.

In the short term...

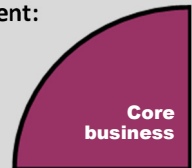
The Board and Conference Room upgrade will be completed in 2024, with some additional security measures planned as well.

In the longer term...

Continued upgrades to the building will be completed as needed. A capital improvement plan is being implemented to assure optimum operating conditions.

Strategic Plan Alignment:

Building improvements and modifications.



Budget Fund:

District Operations

Human Resources:



Administration

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Headquarters Operation	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Includes Building, Grounds, Vehicle Maintenance, IT	\$259,155	\$548,135	\$564,579	\$581,516

District Grounds

When the headquarters were completed in 2000, there was considerable local support for the surrounding conservation gardens. The District now is striving to restore, modernize and improve the grounds.



Landscaping and new signs/SECWCD

Here's the goal...

The Demonstration Garden serves as a source for ideas and inspiration for garden enthusiasts within the Southeastern Colorado Water Conservancy District. Water-wise gardening, Xeriscaping and other water-saving practices are emphasized.

What we've done...

In 2023, the District added new plant signs, as well as replacing the interpretative signs in the gardens. The bordering junipers were trimmed and a new lawn border with landscape fabric and rock mulch were added. These improvements continued the progress that has been made in the past few years.

In the short term...

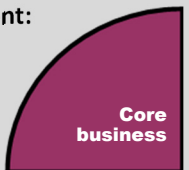
In 2024-25 we will begin a project to create an outdoor meeting area which will serve a dual purpose by installing a retaining wall at the northeast corner of the headquarters building. Some plants and parts of the irrigation system will be removed. Lawn replacement will be done in phases, with some turf removed and landscaping installed. Experimental grass plots will be updated.


In the longer term...

By 2026, the outdoor meeting area project will be completed with a bridge over the dry creek bed and a sidewalk connection to existing walkways, as well as extension of the walkway system around the grounds. A demonstration crevice garden is planned for the eastside slope, which will involve some tree and turf removal.




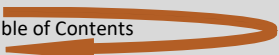
Strategic Plan Alignment:

Facility improvements and upgrades on grounds. 

Budget Fund: 

Human Resources:

 Administration

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District Grounds	2023 YTD	2024 Budget	2025 Projected	2026 Projected
(Expenses Included in Headquarters Operations)	\$17,154	\$28,012	\$28,852	\$29,718

Information Technology

Information technology is critical to all facets of District and Enterprise operations. The District contracts for information technology services, and uses this outside expertise to adapt to rapid changes in hardware, software and Internet capability to develop the optimal environment for conducting business.



Here’s the goal...

Information technology is improving at an ever-increasing rate, raising issues of hardware reliability and software compatibility as systems age. The District’s goal is to keep all of computer-driven assets up-to-date.

What we’ve done...

The District has a contract with Simpleworks to maintain information technology through both on-site and remote operations.

In the short term...

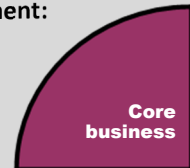
The Conference Technologies Inc. upgrade of the Board Room and Executive Conference Room will be completed in 2024, and further upgrades may be required

In the longer term...

Regular upgrades are planned in the Capital Improvement Plan, along with maintaining current and future operations.

Strategic Plan Alignment:

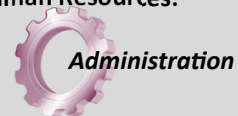
Network and computer improvements.



Budget Fund:

District Operations

Human Resources:



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Information Technology	2023 YTD	2024 Budget	2025 Projected	2026 Projected
(Included in Headquarters Budget)	\$97,676	\$117,233	\$120,750	\$124,373
Boardroom Audio-Visual Upgrades—Capital	\$211,000	\$40,000	\$20,000	\$25,000

Fleet Management

The District owns three vehicles, which are generally replaced on a six-year cycle. One vehicle is used by the Executive Director for frequent trips throughout the state of Colorado, and out of state if necessary. The others are used by staff on District business trips.



Here’s the goal...

While many meetings can be conducted virtually, at times it is essential to show up in person. The District maintains vehicles for staff to travel in a professional manner. The District’s goal is to replace vehicles after six years.

What we’ve done...

During COVID-19, travel was restricted, but in the past two years, more off-site meetings are occurring. In addition, the vehicles are used for travel to state and national conferences and for routine business travel.

In the short term...

An additional vehicle will be needed for activities associated with the Arkansas Valley Conduit.

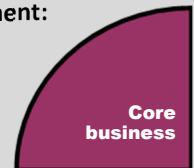
In the longer term...

The District will continue to evaluate its transportation needs and purchase or replace vehicles as they are needed.



Strategic Plan Alignment:

Asset management and upgrades.



Budget Fund:

District Operations

Human Resources:

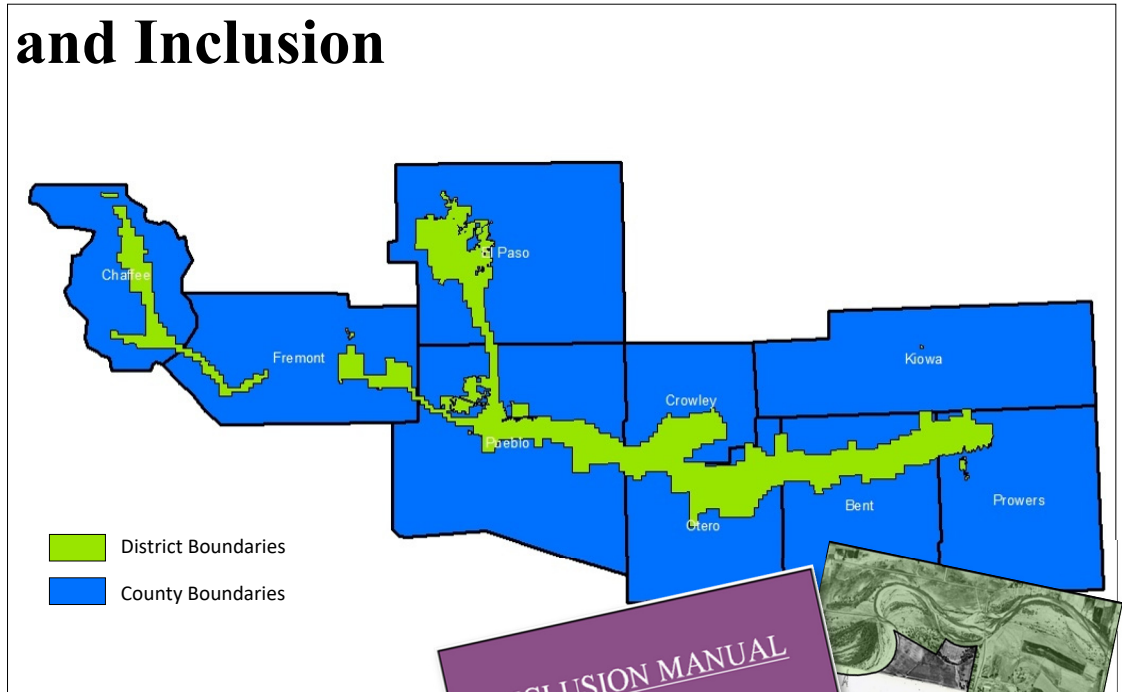


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Fleet Management	2023 YTD	2024 Budget	2025 Projected	2026 Projected
(Included in Capital Outlay, Core Business)	0	\$50,000	\$50,000	\$50,000

Boundaries and Inclusion

A project as part of the Legal Engineering program began in 2019 to determine District boundaries. This is important in order to maintain revenues that support the Fryingpan-Arkansas Project. It also assures that Fry-Ark Project Water is used within District boundaries, as required by the Contract.



Here’s the goal...

The District relies on ad valorem taxes for the Fryingpan-Arkansas Project and for District Operations. The boundaries also determine eligibility for Project Water. The boundaries originally were determined by petition to Pueblo District Court in 1958. Municipal boundaries have expanded and some undeveloped areas have been added over time.

What we’ve done...

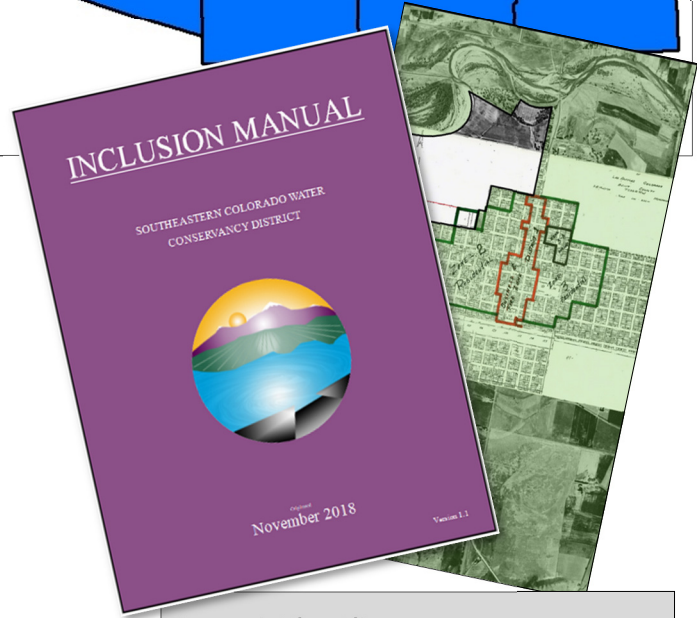
The District has spent several years working with Colorado Springs to define accurate boundaries. More work is needed, however, particularly in the remainder of El Paso County, Pueblo County, and Fremont County. An effort to precisely define District lines continued in 2022 with the assistance of Wilson Water Group. District boundaries, as described in the 1958 degree and subsequent inclusions, occasionally differ from modern GIS files. The boundaries are being “trued up” to avoid discrepancies.

In the short term...

The true-up project is continuing to identify actual boundaries.

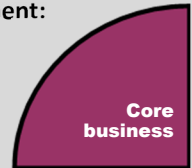
In the longer term...

The eventual plan is to develop a comprehensive District boundary that can be readily distributed, displayed on the District website, easily maintained and updated annually, and trace changes in boundaries to corresponding inclusion documents.



Strategic Plan Alignment:

Maintaining processes for completion of projects.



Budget Fund:

District Operations

Human Resources:



Engineering Water Resources

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Boundaries and Inclusion	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Included in Legal Engineering Budget	\$1,000	\$6,300	\$6,489	\$6,684

Water Rights Protection

Here’s the goal...

The District protects the water and storage rights for both West Slope and East Slope water used in the Fryingpan-Arkansas Project. The District’s outside law firm is Burns Figa & Will and legal engineering firm is Wilson Water Group.

What we’ve done...

In 2023, the District filed for due diligence for non-Project water exchanges in the Arkansas River basin. These exchanges will facilitate the delivery of water to participants in the Arkansas Valley Conduit. There was no opposition to this in water Court. The next diligence application in this case will be in 2029. In Division 5, the District defended West Slope water rights in a case where water for a camp is being developed in the Collection System.

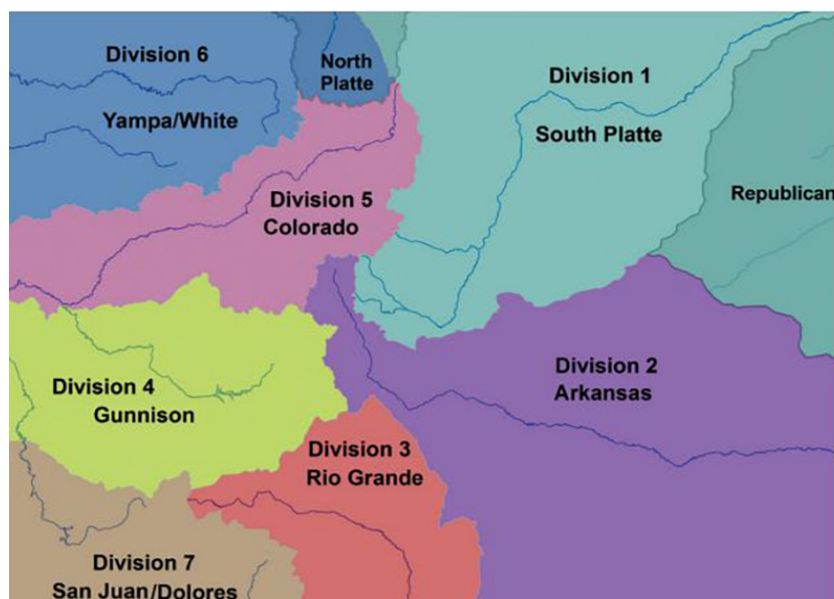
In the short term...

In 2024, the District legal team will file diligence applications for the Grape Creek exchange, and for conditional Fry-Ark water rights in Division 2 water court. The District also has filed objections in several Division 2 cases which may go to trial in 2024 or 2025.

In the longer term...

In 2025, a Division 5 diligence application will be filed to assess conditional water rights that are held in the Holy Cross Wilderness Area.

Specific activities are on Page 27.



Fryingpan-Arkansas Project Key Water Rights

Division 2

Storage Rights: Turquoise Lake, Twin Lakes Reservoir, Mount Elbert Forebay, Pueblo Reservoir, 575,036 acre-feet absolute.

Other Structures: Mount Elbert Conduit, Halfmoon Diversion, 520 cfs.

Conditional Diversions: Six, 350-725 cfs.

Exchange Rights: Project water into Pueblo Reservoir, Twin Lakes Reservoir, and Turquoise Reservoir. Arkansas River exchanges.

Priority Date: February 10, 1939

Division 5

Fryingpan-Arkansas Divide Tunnel (aka Boustead Tunnel, including all tunnels from North Side and South Side Collection Systems: 900 cfs unless Ruedi will fill, then 945 cfs.

(Stipulation generally precludes enlargement claims)

Priority Date: July 29, 1957

Water Rights in Colorado

Water rights in Colorado are defined in the state Constitution, and administered under what is called the “Colorado Doctrine,” or first in time, first in right. Water put to beneficial use is prioritized according to when the first use was claimed. The District has water rights in Divisions 2 and 5, and has adopted standard language for water court cases that have an impact on Fry-Ark Project water.

Strategic Plan Alignment:

Review water rights in the Arkansas River and Colorado River basins.



Budget Fund:

District Operations

Human Resources:



General Counsel

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Water Rights Protection	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Legal Representation Expenditures	\$260,664	\$300,000	\$309,000	\$318,270

2024-2026 Activities for Water Rights Protection



General Counsel

GRAPE CREEK EXCHANGE DILIGENCE

The District has conditional exchange rights on Grape Creek, which allow storage of Project Water in DeWeese Reservoir. This allows delivery to Southeastern stakeholders with water systems on Grape Creek. The district made a portion of the conditional rights whole under a 2018 decree. The next diligence application must be filed by February 28, 2024.

WATER DIVISION 2 DILIGENCE

The District Fry-Ark Project has partially conditional water rights in Division 2 for storage in Pueblo Reservoir, Turquoise Reservoir and Twin Lakes Reservoir, and six conditional flow water rights decreed for all Project purposes in the Arkansas River basin. The six-year diligence process will determine if any of the conditional rights have been made absolute as a result of beneficial use during the period. The next diligence application must be filed by November 30, 2024.

WATER DIVISION 5 DILIGENCE

The District holds decreed rights in Division 5 for the Collection System on the West Slope, which diverts water through the Boustead Tunnel across the Continental Divide for storage on the Eastern Slope and for use within District boundaries. Most of the rights are absolute, but some remain conditional. In a 2019 stipulation, the District agreed to do an assessment to determine the feasibility of three alternatives:

1. Changing the points of diversion for its conditional rights within the Holy Cross Wilderness Area to points outside of the Wilderness Area
2. Abandoning any conditional rights located within the Wilderness Area that are unnecessary to achieve the Project's authorized yield.
3. Continuing the conditional rights located in the Wilderness Area through further diligence proceedings to the extent necessary to achieve the Project's authorized yield.

Staff is working with Wilson Water Group to develop the assessment. A diligence application must be filed by August 31, 2025.

STATEMENTS OF OPPOSITION

The District will file between 8-15 statements of opposition to other parties' applications in Water Divisions 2 and 5 prior to the end of 2025.

Pending cases set for trial (if stipulations are not reached) in Division 2 include:

1. *Triview Metropolitan District (21CW3044)* is seeking the



change the water right of the Arkansas Valley Irrigation Canal on Cottonwood Creek near Buena Vista from irrigation to municipal purposes. Trial is set for April 1, 2024.

2. *Triview Metropolitan District (21CW3004)* seeks to change the water right on the Bale Ditch on the South Arkansas River near Salida from irrigation to municipal purposes. Trial is set for September 24, 2024.
3. *Triview Metropolitan District (21CW3058)* seeks to appropriate exchange rights on the Arkansas River and Fountain Creek, including exchange into Pueblo Reservoir. Trial is set for October 1, 2024.
4. *Catlin Augmentation Association (21CW3072)* seeks approval of an augmentation plan to replace out-of-priority depletions associated with pumping of new and existing wells, partly relying on exchanges into Pueblo Reservoir. Trial is set for February 4, 2025.

Cases not set for trial in Division 2 include:

1. *Lower Arkansas Water Management Association (LAWMA) (19CW3036)* seeks to change the decreed type and place of use associated with Fort Lyon Canal shares. Water would be exchanged to Pueblo Reservoir for use by Colorado Springs Utilities (CS-U) in either the Fountain Valley Conduit or Southern Delivery System. Trial will likely be in late 2025.
2. *CS-U (21CW3015)* seeks to confirm conditional appropriative rights of substitution and exchange into Pueblo Reservoir for leased water from LAWMA on the Fort Lyon Canal. Trial is not likely until late 2025.
3. *Upper Arkansas Water Conservancy District (22CW3093)* seeks approval for a conditional storage right in Wenke Pond in Custer County, outside District boundaries. The District seeks a stipulation that Project Water is not available for use outside District boundaries. The case is before the water Referee and has a deadline of February 28, 2024, with a possible extension.

Water Use, Conservation and Education

Education about water issues helps improve public understanding of how water is used, the need to conserve water and the process of delivering water from its source to its end use. The District provides education through participation in public forums and other activities. Tours of the demonstration gardens and the James W. Broderick Hydropower Plant are also available. Media inquiries are also fielded by District staff.



Pleasant View Middle School students at the James W. Broderick Hydropower Plant/SECWCD

Here’s the goal...

The major activities of the Southeastern District involve water storage and movement of water from the Colorado River basin to the Arkansas River basin. As good stewards of water, it is important that the District educate the public on the benefits of water and participate in conservation activities.

What we’ve done...

The District has been at the forefront of water education in the Arkansas River basin since its inception in 1958. Many of the early initiatives of the District became water management programs. The District works with Water Education Colorado, the Arkansas River Basin Water Forum, the Arkansas Basin Roundtable, Colorado Water Congress, Family Farm Alliance, National Water Resources Association, and other groups to provide water education. The District stages and participates in water tours and forums. The District also support Aquatic Nuisance Species (ANS) inspections at Fry-Ark Project facilities.

In the short term...

The District will continue to take advantage of opportunities to talk about water use and conservation, including at the Arkansas River Basin Water Forum in March 2024 at La Junta. Th biggest expense is ANS control.

In the longer term...

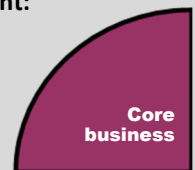
Education programs will be initiated where appropriate. ANS control could shift to other funds in the future.



2023 Water Forum

Strategic Plan Alignment:

Building and maintaining external relations.



Budget Fund:

District Operations

Human Resources:



Issues, Programs, Communications

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Water Conservation & Education	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Expenses	\$104,300	\$113,125	\$93,909	\$94,716

Communications & Outreach



Arkansas Valley Conduit Groundbreaking, April 2024

Here’s the goal...

Timely communication with our Fryingpan-Arkansas Project partners, state and federal agencies, stakeholders and associations within the water industry is crucial to advance District programs, projects and activities. The goal is to present a clear, consistent message about the District’s mission and values.

What we’ve done...

The Issues, Programs and Communications office was established to guide external communications, in both the Education and Outreach areas. District messaging has been standardized to present information in a uniform way whether at live presentations, in written form or virtually. Presentations for external agencies occur on average monthly. In April 2023, the District coordinated with the U.S. Department of Interior to stage the Arkansas Valley Conduit (AVC) groundbreaking ceremony.

In the short term...

Communications are needed to coordinate federal and state funding requests for the AVC, reply to media requests for information and to regularly inform AVC participants about the newest developments of the AVC. Meetings on AVC will become more frequent in 2024, as agreements between the District and AVC participants are worked out. The District also developed a series of 60th Anniversary videos which can be used in multiple ways to reinforce messaging.

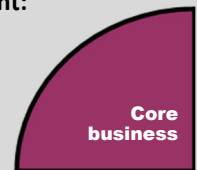
In the longer term...

Communication will be key to moving the AVC project forward during the next eight years. Other issues such as the Colorado River, watershed health, aquatic nuisance species and review of major water projects will require a solid communication plan for the District.

Communications and Outreach support District and Enterprise activities through both education and advocacy. These activities complement programs and projects by providing clear explanation to stakeholders, decision makers, regulators and the general public. This interface promotes understanding of the policy direction of the District and Enterprise, as well as aiding in planning for the future. These activities are closely related to Conservation & Education.

Strategic Plan Alignment:

Building and maintaining external relations.



Budget Fund:

District Operations

Human Resources:



Issues, Programs, Communications

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Communications & Outreach	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Costs included with other budget funds	—	—	—	—

Long-Range Financial Planning

A financial study in 2019 paved the way for a new way of looking at District and Enterprise finances. Matching revenues to expenditures is critical to building a foundation for a more stable financial future. The forward-looking Financial Plan provides a more strategic way of looking at the funding needs for years to come.

Here’s the goal...

The financial health of the District depends on the ability to anticipate upcoming major expenses while maintaining funds to operate on a day-to-day basis. The District’s Board of Directors committed to a new financial planning course in 2019 that would align expenditures and revenues according to established budget funds.

What we’ve done...

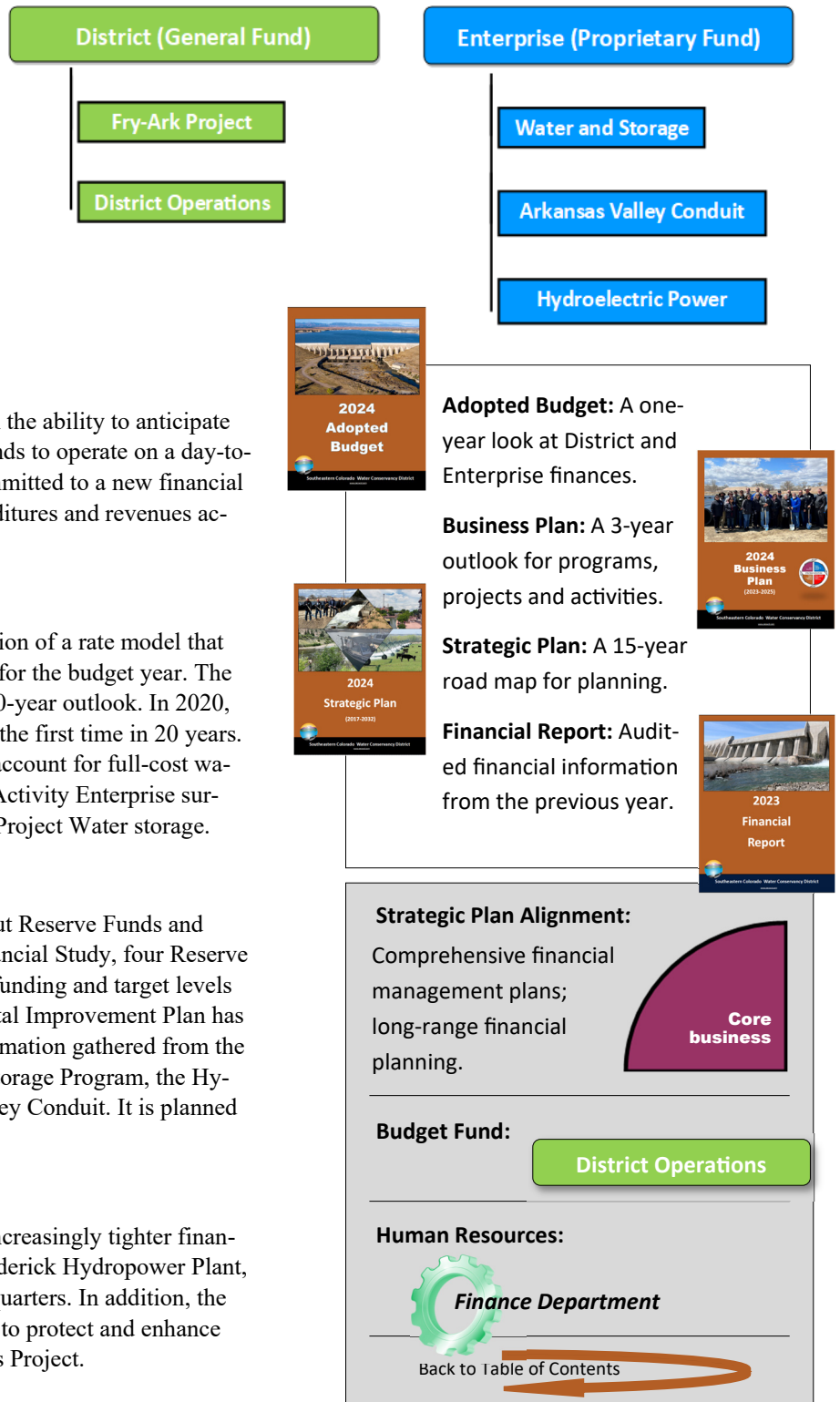
The 2019 Financial Study resulted in the creation of a rate model that forecasts revenues needed to meet expenditures for the budget year. The model also includes two advisory years, and a 10-year outlook. In 2020, water rates for the enterprise were increased for the first time in 20 years. In 2023, the water rate structure was revised to account for full-cost water, and to combine all surcharges into a Water Activity Enterprise surcharge that is applied to Project Water and non-Project Water storage.

In the short term...

In 2024, the Board will begin discussions about Reserve Funds and Capital Improvement Planning. In the 2019 Financial Study, four Reserve Fund categories were identified, but sources of funding and target levels for the Reserves were not determined. The Capital Improvement Plan has been developed, but will include improved information gathered from the Asset Management Program, the Recovery of Storage Program, the Hydroelectric Power Project and the Arkansas Valley Conduit. It is planned that financial studies will be done in-house.

In the longer term...

As the District moves forward, there will be increasingly tighter financial control needed to operate the James W. Broderick Hydropower Plant, the Arkansas Valley Conduit and District Headquarters. In addition, the District will continue to work with Reclamation to protect and enhance the financial viability of the Fryingpan-Arkansas Project.



Financial Study	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Planning and Development	—	—	—	—

Reserve Funds

A new approach to fund reserves was recommended in the 2019 Financial Study to create broad categories of reserves that would allow the District and Enterprise to meet extraordinary costs in the future — including costs that are known and those that are unexpected. Sources and target levels of Reserve Funds have yet to be determined.



Reserve Category	Purpose	Target Funding Level
Cash Reserve	Working cash sufficient to fund cash-flow variations in a typical operating cycle.	(To be determined)
Operating Reserve	Covers potential interruptions in District Operations and District Enterprise Fund revenue streams; and may be used to smooth and stabilize water rates over the short term.	(To be determined)
Capital Reserve	Funds capital repair, replacement, or betterment of SECWCD properties; funds other capital activities that may be undertaken by SECWCD.	(To be determined)
Exposure Reserve	Covers extraordinary, unforeseen events not otherwise covered by reserves or	(To be determined)

Here’s the goal...

Reserve Funds are needed to cover shortfalls in cash flow, potential gaps in revenue collection, capital improvement and unexpected increases in expenses or drops in revenues. As responsibility and complexity in District and Enterprise programs, projects and activities increases, planning for reserve funds is necessary.

What we’ve done...

Discussions about Reserve Funds began during the Framing the Future process in 2017. The Board of Directors adopted the reserves shown in the table above during the 2019 Financial Study.

In the short term...

The Board will look at Reserve Funds in 2024, with several questions to be answered. A Fryingpan-Arkansas Project Reserve is established under the Repayment Contract signed by the District and Reclamation in 2021. The use of interest earned on this reserve is available for any District use. The Board also could decide target levels for reserve funds and where restricted or unrestricted reserves are needed.

In the longer term...

Once Reserve Funds are established they will need to be managed under guidelines to be determined by the Board of Directors.

Outside & Professional Services

The District relies on outside consultants to perform much of the legal, technical, financial, and other professional services needed to meet the goals and objectives of the District on a routine basis. These are long-term relationships with specialized firms that bring years of expertise from diverse areas to the District. These services are used in all aspects of the District and Enterprise budgets.



Several of the District's consultants at the District's annual holiday party/SECWCD

Here's the goal...

Consulting firms under contract are used for highly specialized work that may be beyond the skill set of staff or for tasks that must be completed within a specified timeframe. The District and Enterprise have several contracts to perform legal, engineering, financial and strategic tasks.

What we've done...

The District has hired engineering, legal and financial services for many years. In-house attorneys, engineers and finance managers help direct these activities. The District also employs lobbyists to develop strategic goals, usually with Board members, the Executive Director and key staff. In 2023, a third party was chosen to help with the hiring of a new executive director.

In the short term...

The Hydroelectric Project, Arkansas Valley Conduit, Recovery of Storage and Asset Management Program will continue to require outside services as they develop. District staff has chosen to work internally on financial studies rather than using an outside firm, but will still rely on outside accounting and auditing services.

In the longer term...

The District will continue to evaluate which projects, programs and activities require outside and professional services. These decisions are made jointly between staff and the Board of Directors.

Strategic Plan Alignment:

Timely completion of projects guided by communication, consultation and cooperation.



Budget Funds:

District (General Fund)

- Fry-Ark Project
- District Operations

Enterprise (Proprietary Fund)

- Water and Storage
- Arkansas Valley Conduit
- Hydroelectric Power

Human Resources:



Total Team Effort

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Outside & Professional Services	2023 YTD	2024 Budget	2025 Projected	2026 Projected
District Operations	\$386,176	\$460,200	\$498,706	\$487,617
Enterprise Administration	\$159,639	\$190,722	\$195,684	\$200,804
Arkansas Valley Conduit	\$75,910	\$134,705	\$137,696	\$140,777

Streamflow Forecasting

Climate change is affecting snowmelt, runoff and precipitation in the Arkansas River and Colorado River basins. Better predictive tools will help improve the reliability of forecasts.

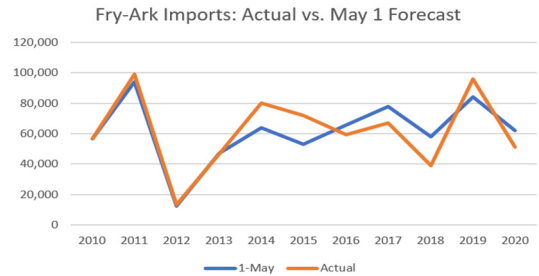
Here’s the goal...

Revenues from water sales depend on imports from the Colorado River basin, which are sold to municipalities and irrigators in the Arkansas River basin. Accurate forecasts provide a better understanding of how much water will be brought over earlier in the year.



What we’ve done...

In 2023, the District funded a U.S. Geological Survey (USGS) snow survey investigation, as well as an Airborne Snow Observatory (ASO) forecast of potential snowpack. The two processes work together by providing a deep study of a small area through the USGS program and a broader look over a shorter period under the ASO program. Together, they can provide a comprehensive picture of conditions in the Fry-Ark Project watershed.



In the short term...

The District relies on the May 1 forecast by the Bureau of Reclamation to allocate water each year. An accurate forecast is crucial for determining how much water can be allocated.

In the longer term...

Better snowpack data will improve understanding of long-term trends that shape water supply. About 70 percent of the amount of Fry-Ark Project water comes from snowpack, so it is critical to understand what the snowpack is likely to yield. In future years, better predictive tools may emerge.

Strategic Plan Alignment:

Modeling flows to assure Fry-Ark Project Water delivery.



Budget Fund:



Human Resources:



Engineering Water Resources

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Streamflow Forecasting	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Expenditures	—	\$20,000	\$20,000	\$20,000

CoAgMet Monitoring

CoAgMet, a program of Colorado State University, operates weather stations throughout the state of Colorado. The information is particularly valuable for irrigated agriculture, and helps contribute to water conservation. There are 17 sites that collect weather data in the Arkansas River basin, and 13 of those are aligned with the mainstem of the River. The District cooperates with other entities that fund the CoAgMet program.



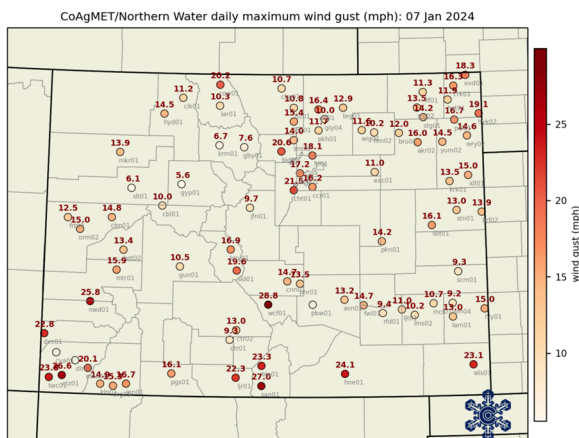
CoAgMet station/Colorado State University

Here's the goal...

Weather conditions in the Arkansas River basin affect water supply in several ways: precipitation, timing of flows, municipal demand, consumptive use of crops and availability of recreation and environmental water. Maintaining a network of weather data instrumentation improves understanding of how changes in the weather affect water use.

What we've done...

The District makes an annual \$2,000 contribution to support research through the Upper Arkansas Water Conservancy District sponsorship.



Weather data is shared statewide through the CoAgMet program.

In the long term...

Plans are to continue making this investment in the understanding of weather in the Arkansas River basin.

Strategic Plan Alignment:

Conserve and Protect water supply using all appropriate engineering services.

Water supply protection & water efficiency

Budget Funds:

Water & Storage

Human Resources:



Engineering Water Resources

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CoAgMet Monitoring	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Expenditures	\$2,000	\$2,000	\$2,000	\$2,000

Watershed Health

With the increase in number and severity of wildland fires, water providers across the West face new issues associated with watershed health. A fire in the forested areas that surround the high-mountain reservoirs of the Fryingpan-Arkansas Project could be devastating. Even lower elevation fires near Pueblo Reservoir pose a risk.



Here’s the goal...

Large wildfires in Colorado have the potential to increase both the volume and toxicity of sediment moving into water-supply reservoirs and streams. That can mean reduced space for storage, increased municipal treatment costs and changes in water quality for agriculture. Treating burn scars or other soil disturbances improves both water quantity and quality.

What we’ve done...

The Southeastern District historically continued to rely on its partnership in the Fry-Ark Project with the Bureau of Reclamation to pay for costs associated with Watershed Health. Reclamation partners with other federal and state agencies to protect its water resources.

In the short term...

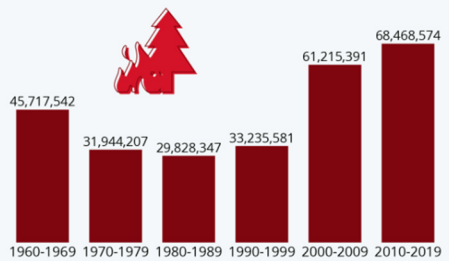
The District is looking at solutions to reduce sedimentation into Pueblo Reservoir with potential upstream projects to divert or limit the amount of sediment moving into the Arkansas River through its tributaries.

In the longer term...

The District has budgeted money for potentially joining the Arkansas River Watershed Collaborative through the Arkansas Basin Roundtable for projects that have a direct relationship to Fry-Ark Project facilities. This would be a cost-share agreement with other water interests. No agreement is currently in place.

Wildfires Burned 68 Million Acres in a Decade

Acres burned by wildfires in the U.S. (1960-2019)



Source: National Interagency Fire Center

Strategic Plan Alignment:

Monitor and participate in activities related to watershed and forest health.

Water supply protection & water efficiency

Budget Fund:

District Operations

Human Resources:



Issues, Programs, Communications

[Back to Table of Contents](#)

Environmental Stewardship	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Expenditures	—	\$10,000	\$10,000	\$10,000

Enterprise Operations



The Southeastern Colorado Water Activity Enterprise was formed in 1996 as the business arm of the Southeastern Colorado Water Conservancy District. The Enterprise was put in place to implement projects, programs and other activities that complement the Fryngpan-Arkansas Project or water development in the Arkansas River basin.

The initial source of funding for the Enterprise was the sale of Return Flows from Project Water. That has been broadened to include Project Water sales, surcharges, contract fees, program stakeholder payments and investments.

The first major project of the Enterprise was the repayment of Safety of Dams work that was completed in 1998-99.

During the turbulent era of Arkansas River basin water discussions in the early 2000s, the Enterprise was used as the mechanism to implement to the Regional Resource Planning Group, which still meets today in an effort to collaboratively study basin water quality issues in partnership with the U.S. Geological Survey (USGS).

Ongoing water quality studies are also funded by participants in the Enlargement, Excess Capacity Master Contract (ECMC) and the Arkansas Valley Conduit (AVC) under agreements reached at critical points in each of those programs.

The ECMC is a 40-year contract signed in 2016 with the Bureau of Reclamation that allows stakeholders to store non-Project Water in Project facilities. Revenues will help pay costs for the construction of the AVC.

Through a Lease of Power Privileged signed in 2017, the Enterprise built the James W. Broderick Hydropower Plant. Completed in 2019, the Hydro Plant will help defray OM&R costs for the AVC in future years.

The AVC project began in 2020, and construction started in 2023. The AVC will bring fresh drinking water to 50,000 people in 39 communities east of Pueblo when completed.

Subfunds for the Hydro Plant and AVC were created within the Enterprise in 2021 to recognize the relative autonomy of these programs.

Water & Storage Sales & Surcharges

Here's the goal ...

Water sales are the primary revenue source for the Water Activity Enterprise, the business arm of the District. Water is allocated according to the Allocation Principles and Policies, and sold at rates set by the Board of Directors. Municipal & Industrial Project Water can be carried over from year to year in Pueblo Reservoir as insurance of water supply in the event of drought.



What we've done...

Water rates were raised in 2020 after remaining at a historically lower level for more than 20 years. A Financial Study by the District in 2019 indicated that leaving rates at the lower level would create a significant gap in meeting the revenue requirement shown by a 10-year Financial Model. The Board corrected the gap, but did not finish establishing a new rate because of the COVID-19 pandemic lockdown.

In the short term...

The District Board in 2023 revised the rate structure in order to account for Return Flows that were not being made available to the District (see Full Use Water Charge at right), and to simplify what had been a complex surcharge structure. The Board decided to maintain the rate for water applied to full use water, and to continue surcharges only on water stored in Pueblo Reservoir.

In the longer term...

The Board is still addressing the question of how water sales and storage fees relate to the large question of financial reserves. While the District has a healthy reserve plan in place for ad valorem taxes that fund Fry-Ark Project needs, the question of funding and prioritizing Enterprise reserves remains open.

Description	2024 Rate and Surcharge (\$/acre-foot)		
	Total Charge	WAE Rate	WAE Surcharge
Project Water			
Project Water First Use 60% used	\$ 13.14	\$ 13.14	\$ -
Project Water Full Use 100% used	\$ 21.90	\$ 21.90	\$ -
Project Water Return Flow 100% used	\$ 21.90	\$ 21.90	\$ -
Storage			
Carryover Project Water	\$ 4.52	\$ -	\$ 4.52
Winter Water	\$ 4.52	\$ 2.80	\$ 1.72
Excess Capacity In District	\$ 4.52	\$ -	\$ 4.52
Excess Capacity Out of District	\$ 10.00	\$ -	\$ 10.00
Excess Capacity Aurora	\$ 10.00	\$ -	\$ 10.00

Full Use Water Charge

First Use Water:
\$13.14 = 60%

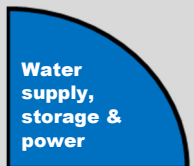
Return Flows
\$8.76 = 40%

Full Use Water
\$21.90 = 100%

Full Use Water charges for Return Flows that the Enterprise will not be able to recover for sale.

Strategic Plan Alignment:

Project Water, Return Flow allocation for Municipal & Domestic and Irrigation purposes



Budget Fund:

Water & Storage

Human Resources:



**Engineering Water Resources
Finance Department**

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Water & Storage Sales	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Revenue (Including Surcharges, Return Flows)	\$1,129,351	\$1,373,541	\$1,373,541	\$1,373,541

Allocation of Fry-Ark Project Water

Here’s the goal...

Each year the District allocates water brought through the Boustead Tunnel in the Frypan River basin on the West Slope to Turquoise Reservoir near the headwaters of the Arkansas River basin. The goal is to sell the water on a fair and equitable basis to meet water needs in the Arkansas River basin by supplying supplemental water.

What we’ve done...

The Water Allocation Principles were approved in Pueblo District Court in 1979, after a lengthy period of negotiation which sought to align Arkansas River basin water needs and law with the District’s Repayment Contract to the Bureau of Reclamation.

The District Board subsequently adopted Allocation Policies that adhere to the Principles while preserving the ability to address changing situations within the basin.

The most significant change came in 2007 with the passage of Not Previously Allocated Non Irrigation (NPANI) Water, which transferred allocations from permanently dried-up farmland in Crowley County to municipal use.

In the short term...

In 2024 and future years, the District will continue to allocate water based on the percentages in Allocation Principles and Policies. The allocations are made annually, based on the May 1 forecast of snowpack and water conditions by Reclamation. Allocations are based on need and the amount requested.

In the longer term...

The District still needs to determine allotments within the West of Pueblo allocation, and whether other farmland is permanently dried up in other parts of the District. Allotments within Fountain Valley, Pueblo and East of Pueblo have been determined.



Ruedi Reservoir and the Fry-Ark Collection System/SECWCD



ALLOCATION SHARES

MUNICIPAL & DOMESTIC (51%)

Fountain Valley Authority	25%
East of Pueblo	12%
Pueblo	10%
West of Pueblo	4%

NPANI (3.59%)

Arkansas Valley Conduit	2.18%
Fountain Valley Authority	0.48%
West of Pueblo	0.27%
Pueblo West	0.34%
Manitou Springs	0.35%

IRRIGATION (45.41%)

Remainder of Project water after municipal and domestic needs are met.

Allocation Principles and policies are discussed on Page 39.

Strategic Plan Alignment:

Project Water, Return Flow allocation for Municipal & Domestic and Irrigation purposes

Water supply, storage & power

Budget Fund:

Water & Storage



Engineering Water Resources

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Allocation Principles and Policies

HISTORY

The Southeastern Colorado Water Conservancy District was formed in 1958 to administer the Fryingpan-Arkansas Project. The District signed a contract for delivery of Project Water with Reclamation in 1965. Water was first delivered through the Boustead Tunnel in 1972. Allocation Principles were approved in Pueblo District in 1979, following successful legal negotiations with Avondale Water and Sanitation District and St. Charles Mesa Water Association. Pueblo West contested the Principles, but the court found in favor of the District on all counts.

FINDINGS, DETERMINATIONS AND RESOLUTIONS

Fry-Ark Project water supply was deemed to be 80,400 acre-feet (AF) annually, including 56,900 AF of imports and 23,500 AF of Arkansas River basin native water. The amount is variable and not available in every year.

The Project must be operated under Reclamation contract requirements, the Fry-Ark Project Operating Principles adopted by the state in 1960.

Domestic uses have preference, but not all domestic uses are municipal. Domestic uses on a farm rank equally with those in towns or cities.

Equitable use is on the basis of available water, population, taxable property, irrigated acreage and economy.

The Fry-Ark Project provides supplemental water, and all entities in the District should endeavor to procure all possible additional water supplies.

No Project Water is available to industry, until all domestic and irrigation needs are satisfied.

Project Return Flows shall be made available where possible on a first right of refusal basis.

Because of the cost of investment, municipalities are entitled to assurances that a minimum amount of Project Water is available, depending on conditions.

Allocation Principles were adopted under a court decree requiring negotiations and challenges. Policies are solely by Board action.

ALLOCATION PRINCIPLES

- A. A minimum of 51% of the annual supply is allocated to municipal and domestic use.
- B. Delineates 25% to Fountain Valley Authority, 12% to East of Pueblo, 10% to Pueblo and 4% to West of Pueblo.
- C. Municipal and domestic entities have the first option to purchase water not claimed under "B."
- D. Municipal Storage Allocation not less than 159,000 AF: Fountain Valley, 78,000 AF; East of Pueblo, 37,400 AF; Pueblo, 31,200 AF; West of Pueblo, 12,400 AF.
- E. Storage subject to appropriate evaporation and transportation charges. Water in carryover space not subject to reallocation. Carryover space cannot be less than 159,000 AF, but can be changed.
- F. Irrigation water allocated on an annual basis of need.
- G. No decrease in the 51% allocated to municipal and domestic use. If land is removed from irrigation, water previously allocated can be reallocated to any non-irrigation use.
- H. When primary irrigation sources are converted to non-agriculture uses, water is proportionately reduced and allocated to non-agricultural use.
- I. Principles implemented by appropriate contracts.
- J. Catastrophes, public emergencies, force majeure events unforeseeable create an exemption to the Principles.
- K. Requires court action by the District.

ALLOCATION POLICIES

Irrigation Supplemental Water: Water will be sold exclusively to ditch or canal companies in the District with decreed water rights.

Municipal and Domestic Supplemental Water: Water will be sold to municipalities and domestic water users associations within the District and will be supplemental only unless otherwise agreed upon by the Board.

It is not the intent of the Board to replace decreed water supplies with Project Water. The percentage of Project Water will be considered.

Project Water will not be used for speculation or wasted.

Project Water will be allocated equitably on the basis of availability and the merits of each individual application.

Applications received after deadlines will not be considered.

Project Water sold will be measured at either Pueblo Dam or Sugar Loaf Dam. Transportation losses assigned by the Division Engineer are the responsibility of the purchaser.

Project Water may be delivered:

- ◆ At headgates on the Arkansas River.
- ◆ By means of wells as an alternate point of diversion.
- ◆ By exchange, if approved by the Division Engineer in writing.

The price of Project Water is the same for Municipal and Domestic and Irrigation.

Use of 80% of water for agriculture is required by November 15 of each year, with the remaining 20% used by May 1.

Eligible agricultural acres are determined by Reclamation policy.

Municipal Carryover Storage is capped at 163,100 AF.

There are provisions for second allocations and emergency allocations.

Project Water Return Flows

The District has sold Return Flows from Project water since 1972. Return Flows provide revenue to support the Water Activity Enterprise. Return Flows are generated when the consumptive use of water is subtracted from the amount of water diverted. Municipal & Industrial and Irrigation uses both create Return Flows.



Here’s the goal...

One of the three major precepts for moving water from one basin to another under the Fryingpan-Arkansas Project Operating Principles calls for the maximum conservation and use of water. Authorizing legislation for the Fryingpan-Arkansas Project requires that all water imported into the Arkansas River is used within the state of Colorado. Accounting for Return Flows is a necessary function of the Enterprise.

What we’ve done...

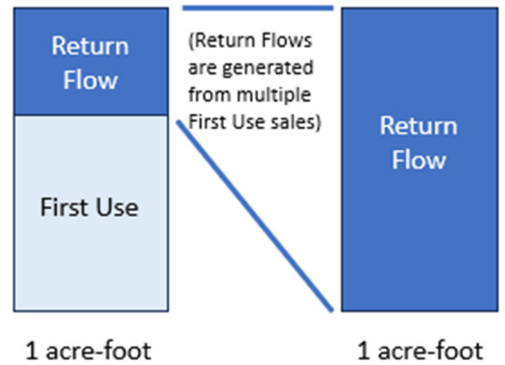
The District’s Allocation Principles allow both Municipal & Domestic and Irrigation users to claim first right of refusal. In 2023, the Enterprise Board of Directors voted to bundle the Return Flow charge with the First Use charge when no Return Flow is generated (either by storage or reuse). This is called Full Use Water. In 2020-21, the Enterprise implemented ways to allow Irrigation users to claim Return Flows.

In the short term...

The Enterprise will continue to track and sell Return Flows. Return Flows will be sold at the same rate as Full Use Water. Return Flows are sold primarily to well augmentation groups, because 100 percent consumptive use is assumed.

In the longer term...

As water supplies in the Arkansas River basin continue to tighten, Return Flows will remain a valuable source of water for both Municipal & Domestic and Irrigation users.




Strategic Plan Alignment:

Return Flows are part of the water supply for the Arkansas River basin.

Budget Fund: Water & Storage

Human Resources:

 **Engineering Water Resources**

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Return Flow Sales	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Revenue (budget based on 20-year average)	\$80,355	95,712	95,712	95,712

Water Quality Monitoring

The U.S. Geological Survey (USGS) monitors long-term water quality, collects continuous specific-conductance data, measures baseline changes, collects streamflow data, measures suspended sediment, and tracks reservoir quality at mainstem Arkansas River sites, major tributaries, and Pueblo Reservoir. The Enterprise has two Joint Funding Agreements (JFAs) with the USGS. The Enterprise pays about 70 percent of the total costs, and Special Projects (Excess Capacity Master Contract, AVC and Enlargement) participants pay 80 percent of the Enterprise costs.



USGS gauge near Portland on the Arkansas River (USGS)

Here’s the goal...

As uses of water are changed in the Arkansas River basin, there are impacts on water quality that need to be assessed. The USGS partnership allows science to evaluate how water development is affecting streams and reservoirs. Stream gauges are an important tool for Municipal & Industrial and Irrigation users alike.

What we’ve done...

Agreements signed by the Enterprise and stakeholders in the early 2000s put in place a structure to fund local costs of the USGS stream monitoring program. Participants in the Enlargement, Excess Capacity Master Contract and Arkansas Valley Conduit, collectively called Special Projects, all contribute a portion to the monitoring fund. These programs are included because all were developing on the heels of the Preferred Storage Options Plan that grew out the water needs assessment in the late 1990s. A total of 12 sites are funded under Special Projects. Four other sites are funded by the Water Activity Enterprise.

In the short term...

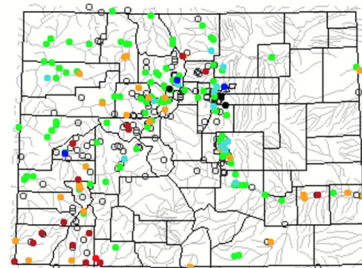
No major changes are foreseen for the USGS programs in the near future. These are renewed annually.

In the longer term...

As water operations evolve in the Arkansas River basin, the Enterprise will consult with USGS to determine if the current lineup of monitoring sites should be modified.

Daily Streamflow Conditions

Select a site to retrieve data and station information.
Thursday, November 09, 2023 17:30ET



Colorado Water Data Map by USGS

Strategic Plan Alignment:

Arkansas River USGS water quality programs.

Water supply protection & water efficiency

Budget Fund:

Water & Storage

Human Resources:



Engineering Water Resources

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Water Quality Monitoring	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Expenses (Enterprise & Special Projects Combined)	\$193,149	\$210,905	\$216,738	\$222,745

Colorado River Programs

Programs in the Colorado River basin support Fryingpan-Arkansas Project water rights owned by the District. These programs are operated through partnerships with the Bureau of Reclamation, Colorado Water Conservation Board, Front Range Water Council, Colorado River Water Users Association and Colorado Water Congress. These programs support water rights by meeting requirements for environmental mitigation when water moves from one basin to another.



Here’s the goal...

Protection of the Colorado River is a keystone for the Fry-Ark Project. The supplemental water supplied to the Arkansas River basin depends on upholding the Fryingpan-Arkansas Project Operating Principles and subsequent agreements related to Colorado River flows.

What we’ve done...

The District supported ongoing efforts to provide water to endangered fish species in the Colorado River. Providing additional water for release — the “10825 Program” benefits four species: Humpback Chub, Razorback Sucker, Bonytail and Colorado Pikeminnow. In 2021, the U.S. Fish and Wildlife downlisted the Humpback Chub to threatened, rather than endangered.

The District also supported a weather modification program that increases chances of snowfall in areas that benefit both the West Slope and water supply for the Front Range.

In the short term...

The District is represented on a statewide Colorado River Drought Task Force. This group is working on a statewide response to drought issues in response to other Colorado River Compact states’ actions.

In the longer term...

If drought continues in the Colorado River basin, it is necessary for the District to be an active participant in ongoing discussions related to sharing Colorado River surpluses and shortages.



Strategic Plan Alignment:

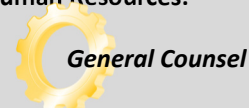
Monitor and participate in activities related to the Colorado River Compact.

Water supply protection & water efficiency

Budget Fund:

Water & Storage

Human Resources:



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Colorado River Programs	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Enterprise Expenditures	\$74,532	\$77,636	\$79,215	\$80,841
District Expenditures	—	\$20,000	\$20,300	\$20,609

Fountain Creek Transit Loss Model

The rate of flow, bank seepage, evapotranspiration rates, contributed flow from tributaries, and diversions are taken into account for the Fountain Creek Transit Loss Model. The District pays a charge for municipal Return Flows tracked during the previous year under the model. In years with no return flows, there are only membership and base fees. The District, through its Water Activity Enterprise, is one of 17 entities participating in the model.



Fountain Creek/SECWCD

Here’s the goal...

Management of Fryingpan-Arkansas Project requires accounting for all Return Flows. The Enterprise is able to resell the Return Flows so that none of the water is wasted.

What we’ve done...

The Fountain Creek Transit Loss Model was developed in 2007 by the U.S. Geological Survey to track flows along 78 miles of waterways. The Southeastern District joined in order to better measure municipal Return Flows.

The model breaks 78 miles of river into 33 reaches, and calculates the amount of losses at varying flows. It is necessary to measure the losses in order to assure water rights are not injured by the many diversions along Fountain Creek and Monument Creek.

In the short term...

The Enterprise will continue to participate in the Fountain Creek Transit Loss Model.

In the longer term...

Management and accounting of Return Flows will become increasingly necessary as water supplies tighten. Accurate models are essential to assure that Fry-Ark Project water is protected.

Fountain Creek Transit Loss Participants

- ◆ Monument
- ◆ Woodmoor
- ◆ Triview
- ◆ Donala
- ◆ Forest Lakes
- ◆ Palmer Lake
- ◆ Fountain Mutual Irrigation Company
- ◆ Colorado Springs Utilities
- ◆ Fountain
- ◆ Widefield
- ◆ Security
- ◆ Stratmoor Hills
- ◆ Chilcotte Ditch
- ◆ AGRA
- ◆ Cherokee Metro
- ◆ Colorado Centre
- ◆ Southeastern District

Strategic Plan Alignment:

Monitor and protect Fry-Ark Project Return Flows.

Water supply protection & water efficiency

Budget Fund:

Water & Storage

Human Resources:



Engineering Operations

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Fountain Creek Transit Loss	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Membership and base fee only	\$3,773	\$3,962	\$4,080	\$4,203

Regional Resource Planning Group

Nearly 15 years of studies guided by the Regional Resource Planning Group (RRPG) have produced clearer understanding of water quality issues in the Arkansas River basin. The group formed in response to water development projects that were occurring in the Arkansas River basin in the early 2000s.



Arkansas River at La Junta/National Weather Service

Here’s the goal...

When developing a large water project, it is important to understand the impact that it will have on water quality. The group includes three large cities and three conservancy districts (see table at right).

What we’ve done...

The Regional Resource Planning Group (RRPG) was created with the signing of the October 3, 2003 Intergovernmental Agreement (IGA) between the Southeastern Colorado Water Conservancy District and Aurora. Initial issues were settled, and long-term studies approved. Though cooperative funding agreements with the USGS, six additional water quality studies were completed. A total of \$1.9 million was spent on studies, with RRPG members contributing 58 percent of the costs.

In the short term...

The RRPG began a three-year study to identify sources of Total Dissolved Solids (TDS) in the Arkansas River in 2022. The study will look at the relationship of TDS to Specific Conductance and identify the relationship of chemical composition of salts to land use, primarily in the Lower Arkansas Valley. The study’s final report is due in 2024.

In the longer term...

Future projects will be determined by the RRPG after the completion of the current study.

Regional Resource Planning Group Members:

- Aurora
- Pueblo Water
- Colorado Springs Utilities
- Lower Arkansas Valley Water Conservancy District
- Upper Arkansas Water Conservancy District
- Southeastern Colorado Water Conservancy District

Strategic Plan Alignment:

Monitor and protect water quality in the Arkansas River basin.

Water supply protection & water efficiency

Budget Fund:

Water & Storage

Human Resources:



Engineering Operations

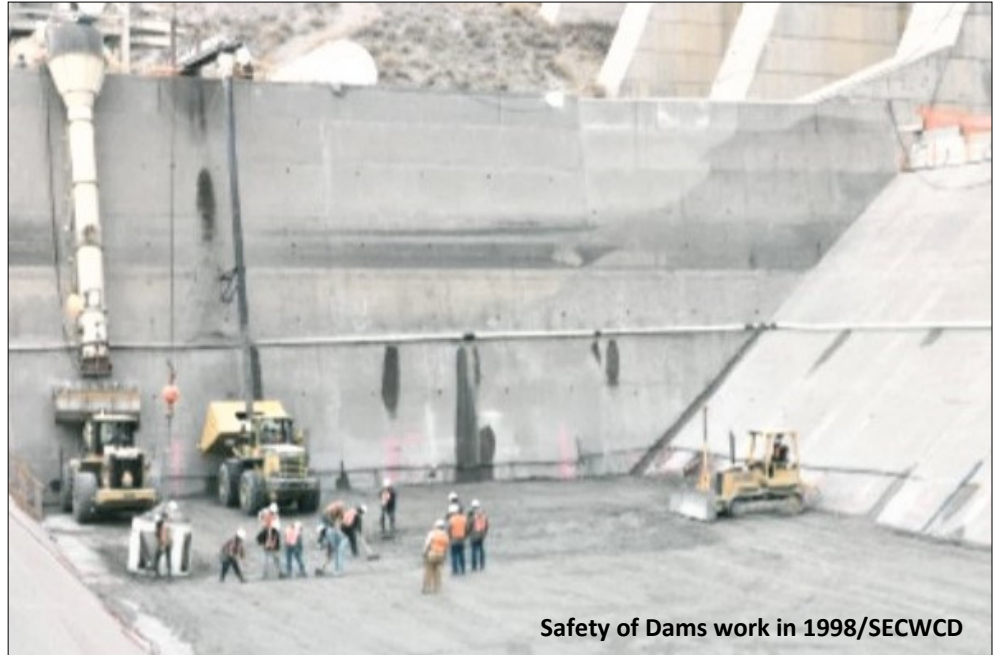
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Regional Resource Planning Group	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Participants Cost (Excluding Colorado Springs Utilities)	\$104,487	\$80,433	\$82,846	\$85,331
Cost to Southeastern Colorado Water Activity Enterprise	\$23,754	\$18,286	\$18,834	\$19,399

Safety of Dams

Meeting the goal...

The Safety of Dams surcharge was initiated in 2000 to pay off the District’s share of a project that improved the safety of Pueblo Dam by adding a series of rock bolts to the buttresses and pouring a 22-foot concrete cap in the stilling basin. The work cost \$17.6 million and the District’s share was \$2.4 million (13.63%). The District paid the Municipal share (5.42%) first to eliminate the interest charge. The Irrigation share (8.21%) was spread over payments of \$60,000 per year for 25 years. In 2024, the final payment of \$10,820 will be made.



Safety of Dams work in 1998/SECWCD

What we’ve done...

After Reclamation completed its work to bolster Pueblo Dam, the Enterprise began payment for the Safety of Dams (SOD) surcharge in 2000. The obligation will be paid off in 2024.

The District Board opted to pay the M&I portion of costs in a lump sum to avoid interest payments, while the Irrigation payments are \$60,000 per year.

In a 1998 Board Resolution, there was a one-time transfer of reserves from the District to the Enterprise for “activities and obligations of the Activity Enterprise” in the amount of \$2,800,000. The District made the transfer in anticipation of SOD repayments, which was the major activity at the time. However, there is no mention of repayment of the money.

In 1999, the Board transferred \$1,000,000 in District reserves to the Enterprise to pay for the M&I portion of the SOD repairs as they were incurred to avoid the interest portion of repayment. Thus, a total of \$3.8 million was transferred from the District to the Enterprise for SOD.

For the actual work completed, Irrigation payments totaled \$1,450,819, and have no interest component. Over a 25-year period this amounted to \$58,032 annually and is covered by annual payments of \$60,000 to Reclamation.

In the short term...

We’ve paid off a debt!

In the longer term...

Dam Safety is the highest priority for the Bureau of Reclamation and the Southeastern District. The vessels we use to store our water are a primary function of the Fryingpan-Arkansas Project. In the future, programs such as Asset Management and Recovery of Storage will work to assure top-level performance. Safety of Dams issues that are not foreseen may arise.

Strategic Plan Alignment:

Efficiently store water in a safe and reliable manner.

Water supply, storage & power

Budget Fund:

Water & Storage

Human Resources:

Finance Department

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Safety of Dams	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Repayment to Reclamation complete in 2024	\$60,000	\$10,820	—	—

Arkansas Valley Conduit

Poor water quality in the Lower Arkansas Valley has been recognized as a major need since the earliest European settlers came into the area. Towns and cities grew along the Arkansas River and the routes of railroads and by the early 1900s, there was a spirit of optimism that prosperous times were ahead.

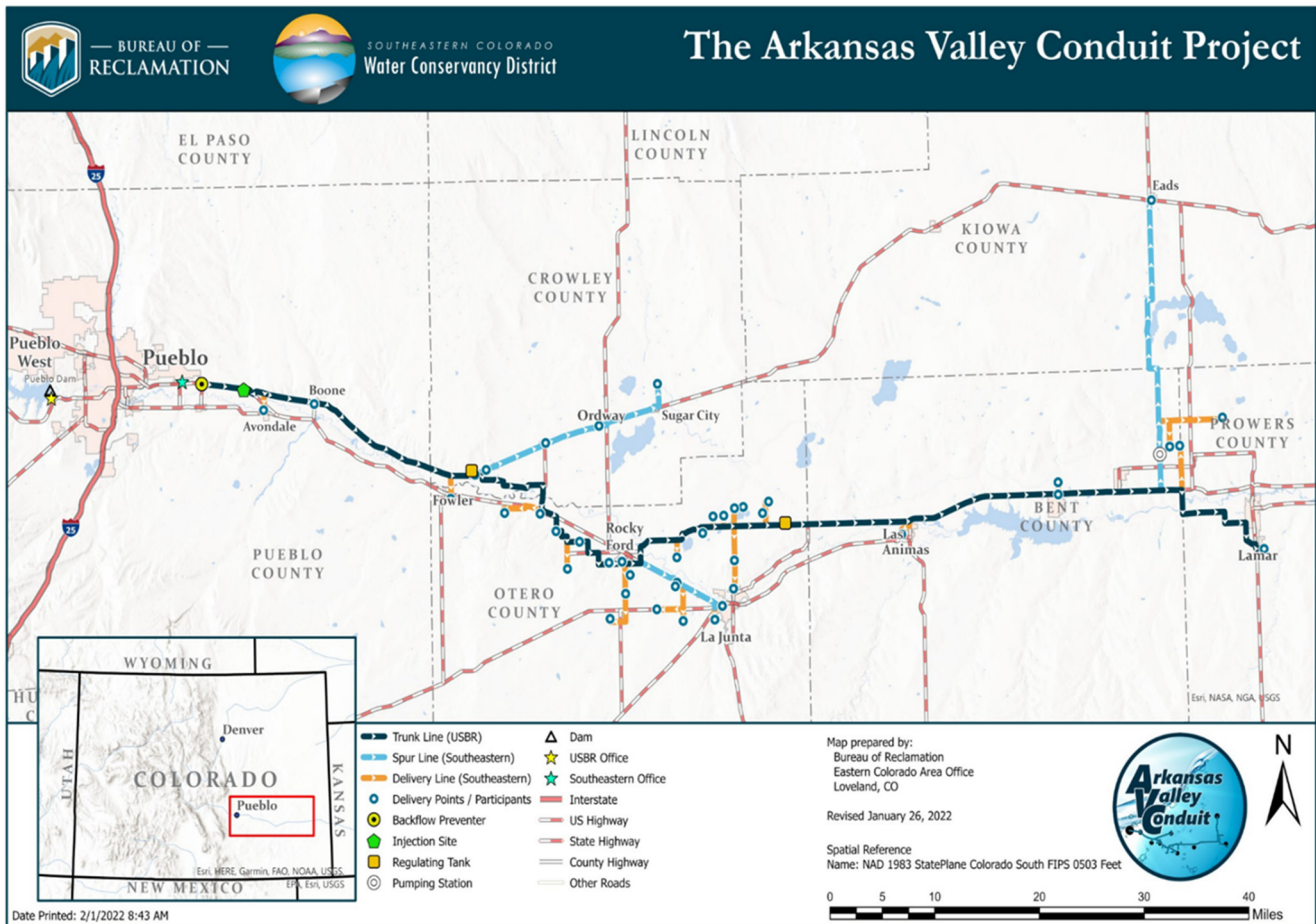
One of the limiting factors to economic development of the area, however, was the lack of good quality drinking water. In the mid-1900s, deeper wells were drilled that provided better-tasting water than the alluvial wells previously used. But these came with a new problem — radionuclides from naturally occurring shale formations.

After nearly 30 years of pondering the problems posed by water supply, the citizens of the Lower Arkansas Valley rallied around the Fryingpan-Arkansas Project as the solution to these water woes. The dream of the Arkansas Valley Conduit (AVC) to deliver clean water to the communities east of Pueblo was born.

It was a dream that was accompanied by fits and starts, mostly because of the extreme cost of connecting water systems that were spread miles apart. In the background, a nightmare of regulatory requirements was brewing. Planning for the AVC languished for more than two decades as communities individually dealt with their water problems.

In 2000, a group called “WaterWorks!” formed in Otero County to protect the Valley’s water. The idea of the AVC grew more attractive. The group urged the Southeastern District to revive the AVC. For the past 24 years, the District’s Enterprise has worked tirelessly with the Bureau of Reclamation, Colorado’s congressional delegation and state governmental partners to make the AVC a success.

As a result, AVC construction began in 2023, reviving the solution to a problem that has not diminished in more than a century and a half of progress in the Arkansas Valley. There’s a lot of work to be done to complete the AVC, but it’s important to never forget this history.



Arkansas Valley Conduit Construction



Here’s the goal...

The Enterprise has teamed with the Bureau of Reclamation to fulfill a dream that began in the 1950s. The Arkansas Valley Conduit (AVC) will bring high-quality drinking water to the rural communities that have relied on poor-quality water that in some cases is contaminated with naturally occurring radioactive materials.

The AVC is a 130-mile long pipeline that will bring clean drinking water to 50,000 people in 39 communities east of Pueblo. It was authorized in the 1962 Fryingpan-Arkansas Project Act, but was never built because the expense was greater than the communities could afford on their own. It was revived in 2000 as water quality issues became overwhelming. Federal legislation added a 65% federal cost-share in 2009.

What we’ve done...

Reclamation and the Enterprise developed a new plan to build the AVC in 2020, with Reclamation responsible for construction of the trunk line to Lamar, and the Enterprise constructing the spurs and delivery lines. In 2022, Reclamation issued its first contract to begin building the AVC. In 2023, the Enterprise issued its first contract for delivery lines to Boone and Avondale.

In the short term...

Construction is continuing on the trunk line to Boone, and on spur and delivery lines to Avondale and Boone.

In the longer term...

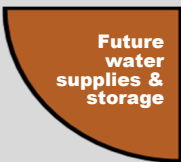
Reclamation is in the process of completing design for the entire AVC by 2027, with construction complete by 2031.

The Enterprise plans to complete design of all AVC spur and delivery lines by 2024, with construction complete by 2027, in order to have all lines in place in advance of the trunk line.

Specific activities are outlined on Page 48.

Strategic Plan Alignment:

Project in design and construction phase.



Budget Fund:



Human Resources:



Engineering Operations

Coordinating construction, design, plan for OM&R.



Engineering Water Resources

Water balance and scheduling of deliveries.



Finance Department

Coordinating state, county and participant funding.



General Counsel

Contracts and Agreements



Issues, Programs, Communications

Outreach and communication.

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Arkansas Valley Conduit	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Enterprise operating expenditures	\$657,223	\$892,770	\$918,377	\$944,751
Enterprise capital outlay and improvements	\$3,189,030	\$8,556,300	\$36,581,000	\$20,062,000

2024-2026 Activities on the Arkansas Valley Conduit



Engineering Operations

CONSTRUCTION & DESIGN FEDERAL

Construction on the Arkansas Valley Conduit (AVC) is beginning. Reclamation has issued two contracts to complete the AVC trunk line through Boone. Another contract to build the Injection Site (for removal of ammonia) should be in place by early 2024. Design is continuing under an accelerated plan to complete AVC by 2031.

CONSTRUCTION & DESIGN ENTERPRISE

The Enterprise has completed the Avondale and Boone delivery lines. The Boone Reach will be completed by the end of 2024, and service to Avondale and Boone should begin in early 2025. The Enterprise will design all spurs and delivery lines by the end of 2024. Construction of delivery lines east of Pueblo County will begin in 2025.

CONSTRUCTION SUPERVISOR

The Enterprise will hire an AVC construction supervisor in 2024. This new position will provide inspection services for the AVC during construction.

OPERATIONS AND MAINTENANCE PLAN

An operations and maintenance plan for AVC will be put in place by the time water is delivered to Avondale and Boone.



Engineering Water Resources

WATER BALANCE AND SCHEDULING DELIVERIES

Many AVC participants plan to “blend” groundwater with the drinking water that will be supplied by the AVC. This will affect Project Water allocations that are now primarily used for municipal well augmentation east of Pueblo.

The Water Resources Engineering department worked with Wilson Water Group to define how Project Water Return Flows from the AVC can be applied to well augmentation plans and how much non-Project water will be needed to meet the AVC supply.

Discussions with participants on their water supply plans began in 2023, and will continue as water systems are brought online to the AVC. This will require continued assistance from the Enterprise in developing augmentation plans and a schedule of when Project water will be delivered entirely through the AVC. Participants also will receive assistance in accounting for their own water supplies to be delivered via AVC.



Finance Department

FUNDING PLAN

Finance will have a key role in implementing a funding plan for the Enterprise activities related to AVC and to track total revenues and expenditures (Reclamation and Enterprise) in relation to the 35% repayment requirement. Finance has established a working relationship with Otero County, which is the Enterprise’s fiscal agent for AVC grants from the Colorado Water Conservation Board. Finance will continue to coordinate American Rescue Plan Act (ARPA) grants made by four counties and two cities during the 2024-26 time period.

A coordinated approach to securing grants and loans for the AVC is being developed. The Enterprise is working with the Colorado Water Conservation Board, the Colorado Water Resources and Power Development Authority, the Colorado Department of Public Health and Environment, Department of Local Affairs and other agencies. A detailed funding plan was prepared in 2023, and most likely is subject to change.



General Counsel

CONTRACTS AND AGREEMENTS

The AVC Repayment Contract will be completed in 2024 to assure the contract is in place when water is available for Avondale and Boone. Legal is working on new agreements with all AVC participants, with counties that are participating and with any authority that may be formed to assist participants. Several counties will require 1041 agreements as well.

A governance authority, if it is other than the Enterprise Board, should be finalized after the contract is in place to optimally assign responsibilities.

Legal also will coordinate negotiations for land and easement acquisition.



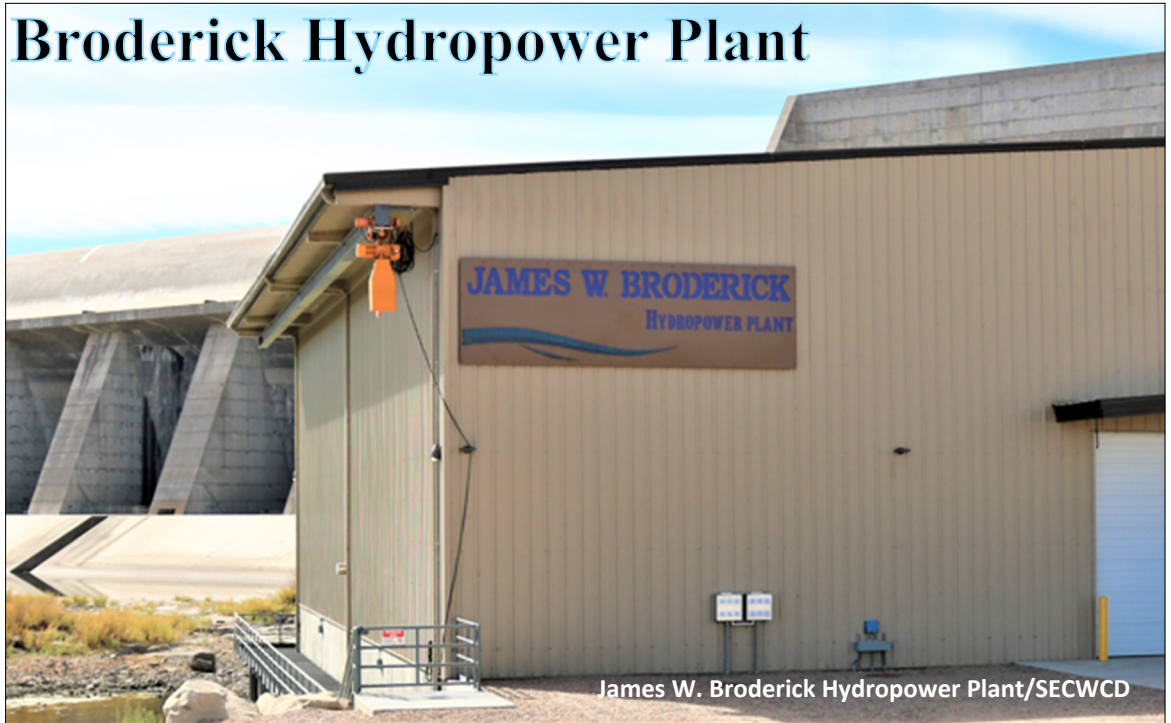
Issues, Programs, Communications

COMMUNICATION PLAN

A communication plan was developed in 2023, and will be executed on an ongoing basis. The communication plan assures that information about the Reclamation and Enterprise projects is coordinated, that funding partners are informed of AVC progress, that participants receive regular updates and that the public is aware of AVC milestones.

James W. Broderick Hydropower Plant

The James W. Broderick Hydropower Plant at Pueblo Dam was completed in 2019 under a Lease of Power Privilege with the Bureau of Reclamation, with the assistance of a \$17.2 million loan from the Colorado Water Conservation Board (CWCB). The plant generates an average of 28 million kilowatt-hours annually, enough to power more than 2,800 homes.



Here’s the goal...

Power generated by the Hydropower Plant is sold to the City of Fountain and Fort Carson under a 30-year contract. Some revenues from electric generation will be used to repay the CWCB loan for the first 20 years. A sub-fund is established within the Enterprise Budget for operations, maintenance and replacement (OM&R).

The Hydropower Plant is dependent on flows released from the North Outlet Works at Pueblo Dam, which is the primary means of releasing water into the Arkansas River for 9-10 months of the year. Power generation also depends on reservoir levels, which provides head pressure for the turbines and generators.

The plant is capable of generating up to 7.5 megawatts of power.

What we’ve done...

The initial years of operation of the Hydropower Plant were enormously successful, with above-average electrical power generation. In the past two years there have been some slowdowns related to either reduced flows or equipment problems that reduced revenues. The loan from CWCB was closed in 2023, and the first payment of \$776,560 was made.

In the short term...

The Enterprise is fine-tuning the operation of the plant and preparing to take over operations in-house rather than through a contractor. For 2024-26, the Enterprise will continue to complete the contract conditions associated with the Lease of Power Privilege and work toward meeting or exceeding the projected average power generation goal.

In the longer term...


Revenues from the Hydropower Plant will be used to offset OM&R for the Arkansas Valley Conduit.

Strategic Plan Alignment:

Integrate power generation into the Fryingpan-Arkansas Project.

Water supply, storage & power

Human Resources:



Engineering Operations

Budget Fund:

Hydropower

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Hydroelectric Power	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Revenues from electric generation, investment	\$1,166,481	\$1,437,136	\$1,465,106	\$1,496,011
Total Expenditures (OM&R & capital)	\$1,328,669	\$1,542,453	\$1,296,558	\$1,311,683

Growth options for District & Enterprise

It never hurts to dream.

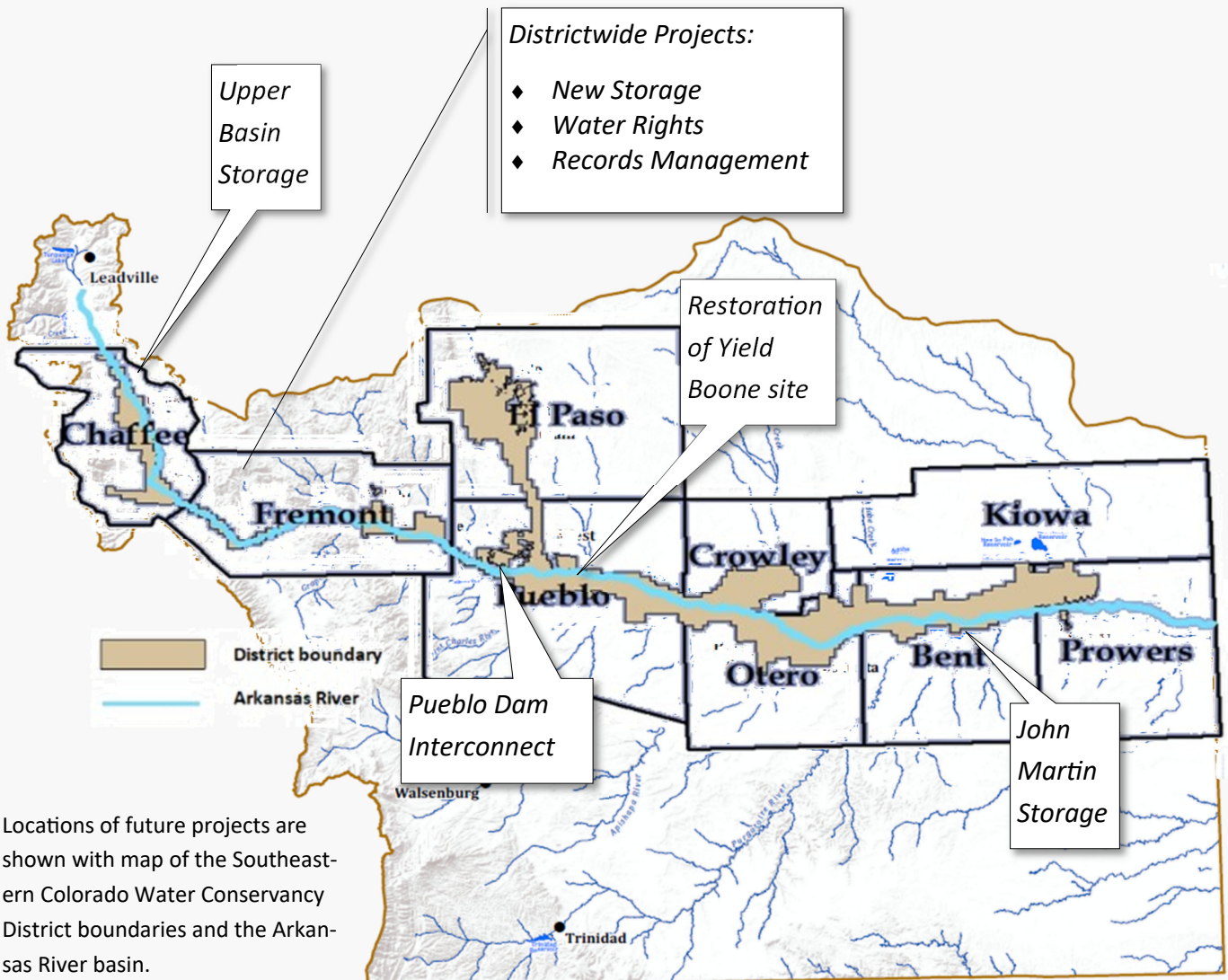
After all, it was a dream that launched the Fryingpan-Arkansas Project, and many of the elements of the Project as well. When we look ahead, there are many things that the District and Enterprise could be doing that they have not yet accomplished.

This section of the 2024 Business Plan deals with programs and projects the District has discussed in recent years, but has not yet developed.

Under Colorado statutes, the District has additional powers it has never used, such as acquiring new water rights, building additional storage and building additional water conveyance facilities.

The first 60 years of the District were dedicated to developing and repaying the Fryingpan-Arkansas Project.

In recent years, the District has developed new features, such as hydropower, and looked at ways to keep the Project viable for years to come.



Storage development pace has slowed down

A shortage of storage was identified in the 1998 Water Needs Assessment conducted by the District in cooperation with key municipal stakeholders. Sites throughout the Arkansas Valley were identified and prioritized, leading to the Preferred Storage Options Plan. The need for storage remains, but the pace has changed as water conservation practices are implemented.

PROJECTIONS	Population	Water Use
1998 (Actual)	620,917	148,114 AF
2020 (Actual)	893,261	165,682 AF
2020 (Low Projection)	973,927	213,572 AF
2020 (High Projection)	1,107,661	244,072 AF
2040 (Low Projection)	1,192,598	243,470 AF
2040 (High Projection)	1,626,678	335,013 AF

Population and water demands foreseen in 1998 overestimated the rate of growth and need for new water supplies.

Two factors have lowered the M&I demand projected in the 1998 Water and Storage Needs Assessment:

- ◆ **Population growth:** While El Paso and Chaffee counties have significantly increased population since 1998, growth has been slower than projected in Pueblo and Fremont counties. Counties east of Pueblo generally lost population.
- ◆ **Conservation:** Per capita water use, particularly in El Paso and Pueblo counties, has dropped significantly.

The 1998 study was completed at the end of two decades of the largest population growth and wettest weather on record in the Arkansas River basin.

In addition, growth rates in the region were higher overall (about 47 percent from 1980-2000) and particularly in El Paso County (68 percent from 1980-2000). In the 2000-2017 period, growth overall has slowed to 26 percent, and El Paso County to 34 percent.

During the severe drought of 2002, many communities were on water restrictions. Following the drought, there was an increase in active conservation programs by cities within the District. There

was also direction from the Colorado Water Conservation Board to conserve water, and it was included as a statewide goal in the 2015 Colorado’s Water Plan.

The outcome has been a reduction in total water use despite an increase in population.

Many residential customers have reduced water use on their own as a response to drought or pricing. For instance, a study by Pueblo Water found water use decreased by about 17 percent from 1996-2007. Fountain water users cut back on use when rates increased as a result of Southern Delivery System.

The outcome has been a reduction in total water use despite an increase in population. However, there will be a need for more storage in the future.

The Pueblo Board of Water Works is looking at expansion of its Clear Creek Reservoir in Chaffee County. Colorado Springs could develop new reservoirs described in Phase 2 of the Southern Delivery System Project. Aurora is developing a new reservoir in Park County to hold water from both the Arkansas River and Colorado River basins.

The District has not plotted its course for new storage, but there are several possibilities both above and below Pueblo Reservoir. Planning will have to include partnerships, permits and the financial means to build new storage.

Restoration of Yield

Restoration of Yield (ROY) is part of the 2004 agreement to maintain recreational water levels in the Arkansas River through Pueblo. It allows participants to capture foregone exchanges through Pueblo downstream for later exchange. Since 2004, downstream space has been leased in Holbrook Canal Reservoirs. The partners in the project have been investigating various sites for storage as well and executed a lease-purchase option in late 2022.



Haynes Creek Reservoir site east of Boone/SECWCD

Preparing for a big purchase in years to come

The participants in the ROY project (see box at right) executed a lease-purchase for the Haynes Creek reservoir site just east of Boone (see map below). The site was chosen following a comprehensive screening of potential sites that began in 2014. Flows would be diverted via the Colorado Canal into a 4,300 acre-foot reservoir. The total cost to acquire the property was \$2.85 million, of which The Enterprise’s share is \$142,500.

The construction of the Haynes Creek reservoir likely will not occur for at least 10 years, and the Enterprise’s share would be about \$2 million.

Under the Capital Improvement Plan, it is recommended that \$200,000 be set aside annually to pay for the Enterprise portion of the reservoir construction. The money has been budgeted for the past four years, but no money has been set aside specifically for this purpose.

One reason for uncertainty about the timing of this project is that the larger participants, especially Colorado Springs and Aurora, will shoulder most of the cost, so their needs will drive the timeline. The District has an interest in seeing the Haynes Creek Reservoir built in order to optimize the exchange of Return Flows that will be generated by the Arkansas Valley Conduit.

ROY Participants

Pueblo Water	28.58%
Colorado Springs	28.57%
Aurora	28.57%
SECWCD	4.76%
Fountain	4.76%
Pueblo West	4.76%



Operations, Program, Project or Plan	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Operations	\$3,260	\$3,546	\$3,652	\$3,761
Haynes Creek Field Investigations	—	\$10,000	\$10,000	\$10,000
Capital Reserve for ROY storage	—	\$200,000	\$200,000	\$200,000

Upper Arkansas River Basin Storage

Future storage in the Upper Arkansas River basin will allow the District to better time delivery of imported water, provide more efficient delivery to entities west of Pueblo, and to release water for the Upper Arkansas Voluntary Flow Management Program.



Trout Creek Project/UAWCD

An integrated approach to water management takes shape

Innovative projects by the Upper Arkansas Water Conservancy District propose to add integrated surface and underground storage in the Upper Arkansas River.

Two projects also will explore new concepts for an interruptible water supply for cities in order to avoid “buy and dry” of irrigated farmland; enhance recreational and environmental opportunities; provide low-impact hydroelectric power generation; educate the public; and encourage public-private collaboration.

The two projects share many of the same components, but different in scale. Currently, the Upper Ark District is doing a feasibility study at Lake Ranch. The Trout Creek Multi-Use Project, for which the Upper Ark District is seeking funds in the form of partnerships, is a larger, more complex version of the Lake Ranch Multi-Use Project.

The project is located just west of Trout Creek Pass near Buena Vista, in an area that presently contains wet-



lands, wildlife habitat, and irrigated agriculture. The goal is to keep all of those values in a sustainable project.

Crucial to that is the need for storage. Surface storage, underground storage, and aquifer recharge ponds will all work in concert to fulfill the goal.

The Upper Arkansas District is actively pursuing the Trout Creek project and Southeastern has some upper basin storage goals that would fit in with the project.

Upper Arkansas Storage	2023 YTD	2024 Budget	2025 Projected	2026 Projected
Expenditures for cooperative program	—	\$25,000	\$25,000	\$25,000

John Martin Reservoir Storage

The U.S. Supreme Court battle between Kansas and Colorado over the Arkansas River Compact ended in 2009, opening the possibility that the largest reservoir in the Arkansas River basin could be open for excess-capacity storage for certain Colorado entities. The Arkansas River Compact Administration (ARCA) approved a multipurpose storage account of 20,000 acre-feet in 2022, but the District has not yet decided to participate.



John Martin Reservoir and Dam/Jack Goble

New purposes seen for Arkansas River Compact reservoir

John Martin Reservoir was completed in 1948 as the regulating reservoir for the Arkansas River Compact between Kansas and Colorado.

The Compact was signed by both states and ratified by Congress shortly after completion. After a 24-year Supreme Court battle ended in 2009, ARCA again began talking about the possibility of opening accounts for Colorado users in John Martin Reservoir.

John Martin Reservoir often has excess capacity space, filling to its conservation and recreation storage capacity of 341,000 acre-feet only during extremely wet years.

In 2015, the Colorado Water Conservation Board asked the Lower Arkansas Valley Water Conservancy District to sponsor a feasibility and scoping study. Deere & Ault Consultants completed Phase I of the study in 2017. Several groups, including the Southeastern Colorado Water Conservancy District, have expressed an interest in using John Martin for storage.

Other interested parties include well augmentation groups, the cities of Lamar and La Junta, the Lower Arkansas District, and Tri-State Generation & Transmission Co. Tri-State owns about half of the Amity Canal shares, and Amity stores some water in John Martin now.

The study identified benefits for Colorado and Kansas. Beneficial storage categories for Colorado include augmentation flows, fully consumable flows from the Fry-Ark Project, and capturing releases from Pueblo Reservoir to avoid spills.

Under the 20,000 acre-foot pilot program approved by ARCA, Kansas will receive a 12 percent storage charge (in water), reduce evaporation on its water, and receive better quality water. The pilot program will end in March 2028, at which time ARCA will re-evaluate the program.

Beneficial storage categories for Colorado include augmentation flows, fully consumable flows from the Fry-Ark Project, and capturing releases from Pueblo Reservoir to avoid spills.

Water Rights Acquisition

One function of the Southeastern Colorado Water Conservancy District, under state statute, is to purchase water rights for the benefit of stakeholders. The District Board has discussed this possibility in the past when water rights have been available, but no action has resulted. There may be situations in the future where the District could purchase water rights to fill gaps in its portfolio.



Arkansas River downstream from Pueblo Dam/SECWCD

Preparing for some not-so-rainy day in the future

The District owns the water rights associated with the Fryingpan-Arkansas Project in both the Colorado River and Arkansas River basins. As a source of supplemental water, there is no “minimum” level of supply.

While the Board has looked at purchasing water in the past, there has not been a true need for an additional supply of water. There have been years when very little water was available for allocation — none at all in 1977 for instance. The traditional approach to scarcity has been to “share the shortage,” but a reserve water supply could be beneficial — particularly smaller domestic water suppliers.

At times, the water market outside the Fryingpan-Arkansas Project has been very active, but the Board has never chosen to participate, cities, towns, well associations, other conservancy districts, and even irrigation companies have purchased water rights for varying purposes over the years. The Southeastern District has remained focused on its mission to manage water from the Project, and has not seen the need to expand supplies.

Yet there are scenarios where it would be advantageous for the Enterprise to own water rights beyond those needed for the Project. The availability of water is becoming increasingly critical as Colorado River imports may be threatened either from a curtailment related to the Colorado River compact or failure of aging infrastructure.

The Southeastern District has remained focused on its mission to manage water from the Project, and has not seen the need to expand supplies.

For example, the Allocation Principles allot about 54 percent of Project water to municipalities, but in most years not all of that is claimed. About 14 percent will be available to the Arkansas Valley Conduit when it is complete.

In a dry year, however, the 14 percent may not be enough to meet the needs of the AVC, and more water might have to be acquired. Owning water rights is one way to achieve that,

Purchase of water rights is listed in the Business Plan as a placeholder for decisions by future Boards.

Pueblo Dam Interconnect

The interconnection and Pueblo Dam will connect the North and South Outlets to increase the reliability of municipal water supplies in the event of shutdowns for either maintenance or emergencies. The Interconnect could improve water quality by allowing municipal water providers more variety in elevation from which water is drawn.



Municipal outlets at Pueblo Dam would be connected for shutdowns, emergencies

Interconnection of the North and South Outlets at Pueblo Dam would have benefits for both operations and water quality for municipal water providers who depend on Pueblo Reservoir.

The Interconnect was part of a 2013 Environmental Impact Statement that also studied the Arkansas Valley Conduit and the Excess Capacity Master Contract. The AVC project is underway, and the ECMC was signed by Reclamation and the Southeastern District in 2016.

During short-term maintenance and emergency situations, the Interconnect would move water between the North and South Outlets at Pueblo Dam. The Interconnect would be a 2.5-mile section of 84-inch pipeline to be constructed between the two outlet works.

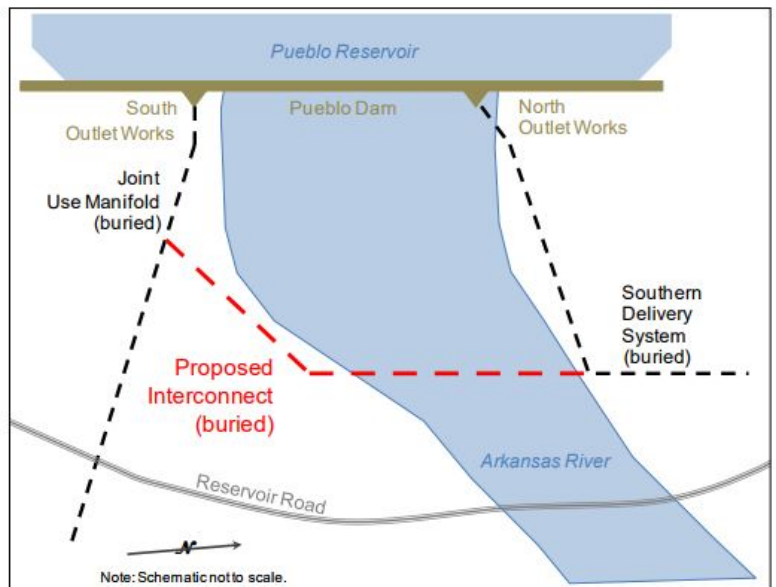
Interconnect operations would require a long-term (40-year) contract between Reclamation and the Interconnect water providers for use during periodic maintenance or emergencies activities.

The Interconnect contract would also support deliveries of water to water connections at Pueblo

Reservoir for the Arkansas Valley Conduit, Pueblo Fish Hatchery, Pueblo Water, Pueblo West Metropolitan District, Southern Delivery System, and Fountain Valley Authority.

No plans to build the Interconnect are foreseen in the immediate future.

The cost of the Project in 2016 was listed at \$16.5 million



Records Management

There is a treasure trove of information about southern Colorado water available at District Headquarters. Moving the information into a digital format will save countless hours of research time when information is needed. The District is investigating the best method to transfer records to a digital format.



Organizing the paperwork

Throughout 65 years of history, the Southeastern Colorado Water Conservancy District has amassed a growing number of documents.

Reports, maps, and minutes of meetings are kept in the District's vault, as well as in offices throughout the headquarters building.

Many of these records are necessary, while all of them contain information that is useful at some level. The issue is the accessibility of the records in an age where most anything can be found in a few clicks on a keyboard, or a swipe across a screen.

District staff has begun investigating various systems that will allow quick access to the historical records of the District.

A more systematic electronic filing system that can expand over time is needed.

The District has a long record of valuable service to its stakeholders and the larger community. Quality records systems are an important way to maintain this tradition of service.



2024 BUSINESS PLAN/BUDGETS AT A GLANCE

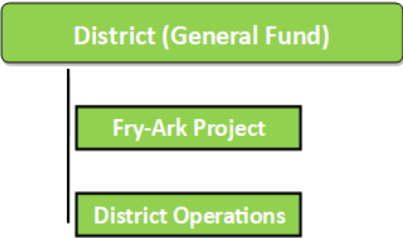
Fry-Ark Project	Audited 2022	Estimated 2023	Budget 2024	Projected 2025	Projected 2026
Revenues	\$9,228,317	\$9,936,608	\$11,720,157	\$12,044,431	\$12,395,969
Expenditures	\$2,552,405	\$5,106,547	\$5,718,983	\$5,262,289	\$7,535,984
Fund Balance	\$21,508,353	\$26,338,414	\$32,339,588	\$39,121,730	\$43,981,715

District Operations	Audited 2022	Estimated 2023	Budget 2024	Projected 2025	Projected 2026
Revenues	\$2,727,802	\$4,046,535	\$4,732,824	\$4,865,850	\$5,002,685
Expenditures	\$2,781,466	\$3,401,064	\$4,780,505	\$4,924,173	\$5,063,252
Fund Balance	\$10,494,463	\$10,688,934	\$10,276,253	\$10,217,930	\$10,157,363

Water & Storage	Audited 2022	Estimated 2023	Budget 2024	Projected 2025	Projected 2026
Revenues	\$1,363,268	\$1,787,797	2,334,268	\$2,347,353	\$2,338,155
Expenditures	\$1,657,515	\$2,126,656	\$3,030,361	\$3,093,267	\$3,169,264
Fund Balance	\$7,030,591	\$6,822,465	\$6,238,518	\$5,492,604	\$4,661,495

AVC	Audited 2022	Estimated 2023	Budget 2024	Projected 2025	Projected 2026
Revenues	\$276,221	\$3,449,169	\$6,227,683	\$35,645,279	\$21,415,666
Expenditures	\$358,734	\$3,861,728	\$9,449,070	\$37,499,377	\$21,006,751
Fund Balance	\$4,499,979	\$4,137,311	\$915,923	(\$938,176)	(\$529,262)

Hydropower	Audited 2022	Estimated 2023	Budget 2024	Projected 2025	Projected 2026
Revenues	\$832,115	\$1,166,481	\$1,437,136	\$1,465,859	\$1,496,011
Expenditures	\$687,582	\$1,328,699	\$1,542,453	\$1,296,558	\$1,311,683
Fund Balance	(\$2,570,647)	(\$2,731,630)	(\$2,836,947)	(\$2,667,648)	(\$2,483,321)



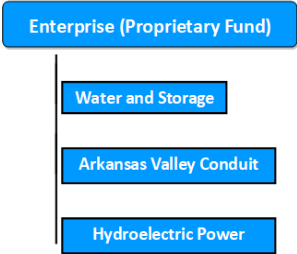
Southeastern Colorado Water Conservancy District

Business Plan (2024-2026)

District General Fund (Fry-Ark & District Operations)

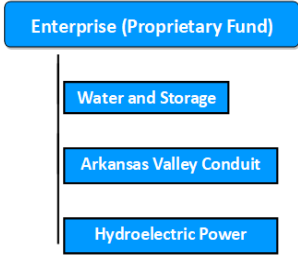
Statement of Revenue and Expenditures

	2023 Budget	2024 Budget	2025 Budget	2026 Budget
Fry-Ark Project Revenue				
Tax Collections	9,494,208.00	11,233,157.00	11,574,782.00	11,922,026.00
Fountain Valley Authority	2,600,000.00	21,000.00	0.00	0.00
Winter Water Storage	117,600.00	117,600.00	117,600.00	117,600.00
Excess Capacity Master Contract	337,836.00	343,904.00	350,048.00	356,343.00
Extraordinary Maintenance Revenues	150,000.00	0.00	0.00	0.00
Collection of RRA Fees	2,000.00	0.00	2,000.00	0.00
Total Fry-Ark Project Revenue	12,701,644.00	11,715,661.00	12,044,430.00	12,395,969.00
Fry-Ark Project Expenditures				
Contract Payments	3,508,987.00	3,961,543.00	3,621,217.00	3,619,541.00
Fountain Valley Authority	2,600,000.00	21,000.00	0.00	0.00
Winter Water Storage	117,600.00	117,600.00	117,600.00	117,600.00
Excess Capacity Master Contract	337,836.00	343,904.00	350,048.00	356,343.00
Extraordinary Maintenance Expenditure	150,000.00	1,274,936.00	1,171,424.00	3,442,500.00
RRA Fees	2,000.00	0.00	2,000.00	0.00
Total Fry-Ark Project Expenditures	6,716,423.00	5,718,983.00	5,262,289.00	7,535,984.00
Total Fry-Ark Revenues Over (Under) Expenditures	5,985,221.00	5,996,678.00	6,782,141.00	4,859,985.00
Grant Revenue				
State	400,000.00	650,000.00	650,000.00	650,000.00
Total Grant Revenue	400,000.00	650,000.00	650,000.00	650,000.00
Grant Expenditures				
State	400,000.00	650,000.00	650,000.00	650,000.00
Total Grant Expenditures	400,000.00	650,000.00	650,000.00	650,000.00
Total Grant Revenues Over (Under) Expenditures	0.00	0.00	0.00	0.00
Operating Revenue				
Tax Revenue for Operations	1,192,195.00	1,268,331.00	1,303,756.00	1,342,870.00
Interfund Reimbursements	2,198,139.00	2,570,926.00	2,648,056.00	2,727,498.00
Investment Revenue	283,545.00	896,115.00	914,037.00	932,318.00
Total Operating Revenue	3,673,879.00	4,735,372.00	4,865,849.00	5,002,686.00
Operating Expenditures				
Human Resources	2,813,055.00	3,237,356.00	3,333,240.00	3,453,248.00
Headquarter Operations	464,544.00	548,135.00	564,579.00	581,515.00
Meetings and Travel	99,371.00	111,889.00	115,040.00	118,493.00
Outside and Professional Services	444,621.00	480,200.00	498,706.00	487,618.00
Water Conservation and Education	62,830.00	113,125.00	93,909.00	94,716.00
Planning and Development	583,000.00	310,000.00	318,700.00	327,661.00
Total Operating Expenditures	4,467,421.00	4,780,505.00	4,924,174.00	5,063,251.00
Total Operations Revenues Over (Under) Expenditures	(793,542.00)	(45,133.00)	(58,325.00)	(60,565.00)
Capital Outlay and Improvements				
	314,000.00	365,000.00	80,000.00	145,000.00
Total Revenues Over (Under) Expenditures	4,877,679.00	5,586,545.00	6,643,816.00	4,654,420.00



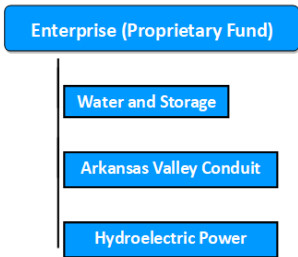
Southeastern Colorado Water Conservancy District
Business Plan (2024-2026)
Water Activity Enterprise
Statement of Revenue and Expenditures

	<u>2023 Budget</u>	<u>2024 Budget</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
Total Grant Revenues Over (Under) Expenditures	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Operating Revenue				
Water Sales, Surcharges and Fees	1,373,541.00	1,974,244.00	1,977,860.00	1,958,935.00
Investment Revenue	64,290.00	133,235.00	135,900.00	138,619.00
Partnership Contributions	61,324.00	62,147.00	64,012.00	65,932.00
Other Operating Revenue	<u>50,000.00</u>	<u>50,000.00</u>	<u>50,000.00</u>	<u>50,000.00</u>
Total Operating Revenue	<u>1,549,155.00</u>	<u>2,219,626.00</u>	<u>2,227,772.00</u>	<u>2,213,486.00</u>
Operating Expenditures				
Headquarter Operations	77,634.00	111,167.00	114,501.00	117,937.00
Outside and Professional Services	162,357.00	190,772.00	195,684.00	200,804.00
Personnel and Overhead	1,695,957.00	1,856,191.00	1,911,877.00	1,969,233.00
Partnerships	173,937.00	108,617.00	100,731.00	103,752.00
Other Payments	1,739.00	1,826.00	1,881.00	1,937.00
Planning and Development	<u>335,000.00</u>	<u>335,000.00</u>	<u>335,000.00</u>	<u>335,000.00</u>
Total Operating Expenditures	<u>2,446,624.00</u>	<u>2,603,573.00</u>	<u>2,659,674.00</u>	<u>2,728,663.00</u>
Total Operations Revenues Over (Under) Expenditures	<u>(897,469.00)</u>	<u>(383,947.00)</u>	<u>(431,902.00)</u>	<u>(515,177.00)</u>
Capital Outlay and Improvements	<u>200,000.00</u>	<u>200,000.00</u>	<u>200,000.00</u>	<u>200,000.00</u>
Total Revenues Over (Under) Expenditures	<u>(1,097,469.00)</u>	<u>(583,947.00)</u>	<u>(631,902.00)</u>	<u>(715,177.00)</u>



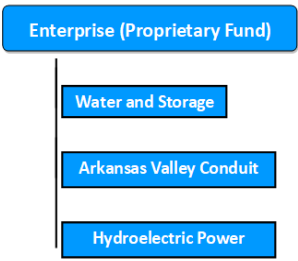
Southeastern Colorado Water Conservancy District
Business Plan (2024-2026)
Water Activity Enterprise/Enlargement Project
Statement of Revenue and Expenditures

	<u>2023 Budget</u>	<u>2024 Budget</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
Operating Revenue				
Participant Payments	101,277.00	108,771.00	112,035.00	115,396.00
Interfund Reimbursements	<u>1,739.00</u>	<u>1,826.00</u>	<u>1,881.00</u>	<u>1,937.00</u>
Total Operating Revenue	103,016.00	110,597.00	113,916.00	117,333.00
Operating Expenditures				
Personnel and Overhead	11,987.00	15,017.00	15,468.00	15,932.00
Partnerships	<u>91,029.00</u>	<u>95,580.00</u>	<u>98,448.00</u>	<u>101,401.00</u>
Total Operating Expenditures	<u>103,016.00</u>	<u>110,597.00</u>	<u>113,916.00</u>	<u>117,333.00</u>
Total Operations Revenues Over (Under) Expenditures	0.00	0.00	0.00	0.00
Total Revenues Over (Under) Expenditures	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>



Southeastern Colorado Water Conservancy District
Business Plan (2024-2026)
Water Activity Enterprise/Excess Capacity Project
Statement of Revenue and Expenditures

	<u>2023 Budget</u>	<u>2024 Budget</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
Operating Revenue				
Participant Payments	<u>108,605.00</u>	<u>116,191.00</u>	<u>119,677.00</u>	<u>123,267.00</u>
Total Operating Revenue	108,605.00	116,191.00	119,677.00	123,267.00
Operating Expenditures				
Personnel and Overhead	21,969.00	25,223.00	25,980.00	26,759.00
Partnerships	<u>86,636.00</u>	<u>90,968.00</u>	<u>93,697.00</u>	<u>96,508.00</u>
Total Operating Expenditures	<u>108,605.00</u>	<u>116,191.00</u>	<u>119,677.00</u>	<u>123,267.00</u>
Total Operations Revenues Over (Under) Expenditures	0.00	0.00	0.00	0.00
Total Revenues Over (Under) Expenditures	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>



Southeastern Colorado Water Conservancy District

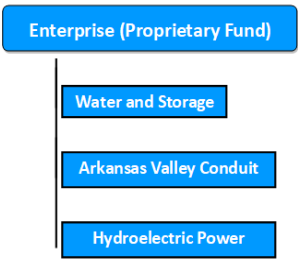
Business Plan (2024-2026)

Water Activity Enterprise

Arkansas Valley Conduit Subfund

Statement of Revenue and Expenditures

	2023 Budget	2024 Budget	2025 Budget	2026 Budget
Grant Revenue				
State	400,000.00	650,000.00	650,000.00	650,000.00
Total Grant Revenue	400,000.00	650,000.00	650,000.00	650,000.00
Grant Expenditures				
State	400,000.00	650,000.00	650,000.00	650,000.00
Total Grant Expenditures	400,000.00	650,000.00	650,000.00	650,000.00
Total Grant Revenues Over (Under) Expenditures	0.00	0.00	0.00	0.00
Operating Revenue				
Participant Payments	329,599.00	384,622.00	396,161.00	408,045.00
Federal Funding Sources	223,069.00	0.00	0.00	0.00
Loan Revenue	0.00	0.00	35,046,000.00	20,989,000.00
Other Grants	2,363,250.00	5,825,163.00	184,863.00	0.00
Investment Revenue	15,428.00	17,898.00	18,255.00	18,621.00
Total Operating Revenue	2,931,346.00	6,227,683.00	35,645,279.00	21,415,666.00
Operating Expenditures				
Headquarter Operations	147,916.00	150,835.00	155,380.00	160,062.00
Meetings and Travel	12,550.00	11,450.00	11,796.00	12,152.00
Outside and Professional Services	123,410.00	134,705.00	137,696.00	140,776.00
Water Conservation and Education	2,000.00	5,000.00	5,000.00	5,000.00
Personnel and Overhead	405,445.00	582,962.00	600,452.00	618,466.00
Partnerships	7,447.00	7,819.00	8,054.00	8,296.00
Total Operating Expenditures	698,768.00	892,771.00	918,378.00	944,752.00
Total Operations Revenues Over (Under) Expenditures	2,232,578.00	5,334,912.00	34,726,901.00	20,470,914.00
Capital Outlay and Improvements	2,578,250.00	8,556,300.00	36,581,000.00	20,062,000.00
Total Revenues Over (Under) Expenditures	(345,672.00)	(3,221,388.00)	(1,854,099.00)	408,914.00



Southeastern Colorado Water Conservancy District

Business Plan (2024-2026)

Water Activity Enterprise

Hydroelectric Power Subfund

Statement of Revenue and Expenditures

	<u>2023 Budget</u>	<u>2024 Budget</u>	<u>2025 Budget</u>	<u>2026 Budget</u>
Operating Revenue				
Investment Revenue	20,268.00	63,481.00	64,751.00	66,045.00
Hydroelectric Generation Revenue	1,504,342.00	1,373,655.00	1,401,108.00	1,429,965.00
Total Operating Revenue	<u>1,524,610.00</u>	<u>1,437,136.00</u>	<u>1,465,859.00</u>	<u>1,496,010.00</u>
Operating Expenditures				
Headquarter Operations	190,960.00	218,447.00	225,001.00	231,751.00
Meetings and Travel	1,203.00	1,250.00	1,288.00	1,325.00
Personnel and Overhead	62,781.00	91,533.00	94,279.00	97,108.00
Debt Service	347,844.00	776,561.00	776,561.00	776,461.00
Annual Project Expense	166,468.00	181,487.00	186,931.00	192,538.00
Total Operating Expenditures	<u>769,256.00</u>	<u>1,269,278.00</u>	<u>1,284,060.00</u>	<u>1,299,183.00</u>
Total Operations Revenues Over (Under) Expenditures	<u>755,354.00</u>	<u>167,858.00</u>	<u>181,799.00</u>	<u>196,827.00</u>
Capital Outlay and Improvements	222,200.00	273,175.00	12,500.00	12,500.00
Total Revenues Over (Under) Expenditures	<u><u>533,154.00</u></u>	<u><u>(105,317.00)</u></u>	<u><u>169,299.00</u></u>	<u><u>184,327.00</u></u>

