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**SOUTHEASTERN COLORADO WATER  
CONSERVANCY DISTRICT**

**MINUTES**

**June 17, 2010**

A regular meeting of the Board of Directors of the Southeastern Colorado Water Conservancy District was held on Thursday, June 17, 2010 at 10:14 a.m., at the District office, 31717 United Avenue, Pueblo, Colorado.

President Long announced a quorum was present.

**DIRECTORS PRESENT:**

Bill Long	Harold Miskel	Ann Nichols
Scott Reed	Gibson Hazard	Greg Johnson
Lissa Pinello	Howard "Bub" Miller	Carl McClure
Gary Bostrom	David Simpson	Reed Dils
Kevin Karney	Vera Ortegón	
Alan Hamel-Advisory Board Member		

**DIRECTOR ABSENT AND EXCUSED:**

Shawn Yoxey

**DISTRICT OFFICIALS PRESENT:**

Executive Director James Broderick; Administrative Manager Toni Gonzales; Project Manager Phil Reynolds; Finance Coordinator Tina White; Director of Engineering and Resource Management Bob Hamilton; Engineering Support Specialist Margie Medina; Conservation Outreach Coordinator Jean Van Pelt; Legal Counsel Steve Leonhardt and Lee Miller.

**INTRODUCTION OF VISITORS:**

President Long welcomed the visitors to the meeting, and asked them to introduce themselves and identify the organization they represented.

**VISITORS PRESENT:**

Roy Vaughan, U.S. Bureau of Reclamation; Steve Witte and Janet Garoutte, Colorado Division of Water Resources-Division 2; Chris Woodka, The Pueblo Chieftain; Kevin Meador, Bill Stoner, and Dave Mahaffay, Black & Veatch; Curt Thompson, Merrick & Company; Bob Hartzman, City of Cañon City; Bill Hower, Beulah Water District; Shirley Klipfel; Dwight Gardner, Senator Bennet's office; Christina Thiebaut, Senator Udall's office; Jim Sandoval, Otero County; Mark Carmel, Merrick & Co.; Tom Simpson and Rick Kienitz, Aurora Water; Roy Heald, Security Water District and Fountain Valley

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Authority; Dan Henrichs, High Line Canal Company; Scott Stevens, URS Corporation; Tony Keenan, Arkansas River Outfitters Association; and Ken Weber.

**APPROVAL OF MINUTES:**

President Long asked if the members of the Board had received their copy of the minutes of the May 20, 2010 Board meeting, and if there were any corrections or additions. Hearing none, Mrs. Pinello moved, seconded by Mr. Johnson, to approve the minutes. Motion unanimously carried.

**FINANCE COMMITTEE REPORT:**

Treasurer Ann Nichols reported the financial statement for May was posted to the Board website for review. Treasurer Nichols moved, seconded by Mrs. Ortegón, for acceptance of the May 2010 financial statement and payment of the June bills. Motion unanimously carried.

**CONSENT ITEMS:**

None

**PRESENTATIONS:**

None

**ACTION ITEMS:**

A combined meeting of the Finance, Conduit, Resource & Planning, and Excess Capacity Committees met June 11, 2010 to discuss each of the action items in detail.

**UPPER ARKANSAS VOLUNTARY FLOW MANAGEMENT PROGRAM 5-YEAR CONTRACT RENEWAL**

Mr. Broderick reported the Board authorized the execution of the "2006 VFMP Agreement" that is very similar to the 2010 VFMP Agreement as part of the settlement in the Chaffee County Recreational In-Channel Diversion (RICD) water rights application. Prior to that settlement, the Board has reviewed and approved, with appropriate conditions, the annual VFMP flow recommendations from the Department of Natural Resources (DNR) to the Bureau of Reclamation each year since 1991.

Since 1991 the Colorado Department of Natural Resources on behalf of the Division of Wildlife (DOW), and the Division of Parks and Outdoor Recreation (DPOR) has made annual recommendations, with annual concurrence and implementation by Reclamation and the District, for operation of a Voluntary Flow Management Program (VFMP). An integral part of the VFMP is the method in which Reclamation operates Twin Lakes and Turquoise Reservoirs to manage flows in the Arkansas River above Pueblo Reservoir. The flows are managed to benefit recreational and fishery purposes while fully satisfying the primary purposes of the Fryingpan-Arkansas Project (Project) and other contractual obligations, pursuant to its recommendations made by the DNR in consultation with Southeastern. Southeastern participates in the VFMP as the holder of the decreed water rights for Project water.

The VFMP participants have a strong interest in the continued operation of the VFMP in a similar manner to the operations conducted under the "2006 Agreement." All of the other participants have

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approved and executed the agreement. The agreement will run from July 1, 2011 until June 30, 2016. The only substantive changes to the 2006 Agreement are a few clarifications acceptable to all parties, such as the August 15 "ramp down" provision in paragraph 3.H.

Mrs. Ortegón moved, seconded by Mr. Dils, the Board of Directors authorize the Board President or Executive Director to execute the "Five-Year Voluntary Flow Management Program (VFMP) Renewal Agreement" as presented. Motion unanimously carried.

Mr. Dils said that the Roundtable recognizes the Program as a most positive cooperative effort. Mr. Keenan said the July 1 through August 15, 2010 period will be under the original agreement.

10825 RECOVERY PROGRAM (DENVER WATER AGREEMENT)

Mr. Broderick reported since the late 1990s the District has participated in the 10825 Recovery Program and the Board has continually approved buying water from Denver Water to cover the District's share of the East Slope water user's obligation to the 10825 Recovery Program.

The District and other water users are participating in the "Recovery Implementation Program for endangered Fish Species in the Upper Colorado River Basin" (Recovery Program). The Recovery Program is designed to aid in the recovery of four species of fish listed as endangered under the Endangered Species Act. The water users have cooperatively worked on the development of recovery action described in the Programmatic Biological Opinion (PBO) for the Implementation of the Recovery Program in the 15-Mile Reach of the Colorado River dated December 20, 1999.

The 15-Mile Reach is that reach of the Colorado River extending from the confluence of the Gunnison River in Grand Junction, upstream 15 miles to the Grand Valley Irrigation Company Diversion Dam near Palisade, Colorado.

The District cost for supplying water for the 10825 Recovery Program calculates to be no more than \$15,378 for 2010 and 2011 may go up due to annual adjustments by Denver Water. There is \$12,000 in the District 2010 Budget for Colorado River negotiations. This item will be amended in the 2010 Budget revision.

Mrs. Ortegón moved, seconded by Mrs. Pinello, to recommend the Board of Directors authorize the Board President or the Executive Director to execute the "Interim Agreement for Participation in the 10825 Recovery Program." Motion unanimously carried.

UPPER ARKANSAS COOPERATIVE MANAGEMENT ANALYSIS GRANT

Mr. Broderick reported the Stakeholders' Cooperative Management Analysis is a stakeholder supported investigation of past and current river operations in the upper Arkansas River Basin. Dr. Paul Flack will do the data collection and modeling study required for the analysis. The analysis will identify historic management strategies used during high, average, and low river flow years and assess the impacts of those strategies. The results of the study are expected to: 1) encourage the identification of new

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partnerships; 2) promote better communications among stakeholders; 3) broaden understanding of the restrictions and operation limitations involved in the management of the Arkansas River above Pueblo Reservoir, and; 4) provide more precise management guidelines for the Bureau of Reclamation and other water providers and users.

Based on stakeholder inputs, a limited number of new managements strategies to enhance impacts of fishery, recreational, agricultural, and landowner components will be developed and assessed. Dr. Flack believes the analysis and modeling will take a year.

The Board has previously supported studies that have a direct impact on District operations and those of its constituents. A recent example is the Transit Loss Study between Pueblo Reservoir and John Martin Reservoir being done by Dr. Russ Livingston. In both cases this District is the applicant and provides oversight for the studies.

The complete study will cost \$42,000. The grant application will be considered for \$33,600, eighty percent (80%) funding by the CWCB at its July 2010 meeting from the Arkansas River Basin Roundtable Account. The matching twenty percent (20%) will be provided by the Upper Arkansas Water Conservancy District and Southeastern at ten percent (10%) each. Southeastern's \$4,200 will come from the outside engineering items in the 2010 District Budget.

Mr. Dils moved, seconded by Mrs. Pinello, that the Board of Directors ratify the action of the Executive Director authorizing Dr. Paul Flack's submittal of an application to the Colorado Water Conservation Board (CWCB), with the Southeastern Colorado Water Conservancy District as the applicant, for a Roundtable Grant for a Stakeholders' Cooperative Management Analysis for the Upper Arkansas River Basin, and provide \$4,200 in matching funds for the grant. Motion unanimously carried.

#### STATE ENGINEER'S IRRIGATION SYSTEM IMPROVEMENTS RULES

Mr. Leonhardt reported State Engineer Dick Wolfe has proposed Rules and Regulations to govern improvements to surface water irrigation systems in the Arkansas River Basin. For several months before the Rules were finalized and filed, legal counsel participated (along with Scott Reed and Bob Hamilton) in the State Engineer's Advisory Committee that assisted in the development of these Rules. As required by law, the State Engineer has filed his proposed Rules with the Water Court for judicial review and approval. That case (No. 09CW110, Water Division 2) is set for trial in November and December.

Last November, the District Board directed legal counsel to file a Statement of Opposition in the Water Court review proceeding, in order to monitor the case and protect the District's interests, especially regarding (a) allocation and use of Fry-Ark Project return flows, (b) the Winter Water Storage Program, and (c) the State Engineer's use of the Hydrological-Institutional Model ("H-I Model") that was developed in *Kansas v. Colorado*. In recent settlement negotiations, the State Engineer has made several revisions to the proposed Rules to address comments provided by some of the Objectors, and has developed a proposed Decree utilizing comments from Southeastern and several other parties. Mr.

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Leonhardt said he believes the current proposed Rules and proposed Decree are consistent with Southeastern's interests in this matter, and the State has proposed a stipulation that confirms agreement on these documents while allowing Southeastern to participate to the extent it may be necessary to protect its interests as the case proceeds through trial

Mr. Leonhardt recommended that the District Board approve and authorize legal counsel to execute the proposed Stipulation. Mrs. Pinello moved, seconded by Mr. Bostrom, to approve Mr. Leonhardt's recommendation. Motion unanimously carried.

**MONTHLY REPORTS:**

**U.S. BUREAU OF RECLAMATION REPORT**

Roy Vaughan presented a PowerPoint reviewing the following:

- As of June 15, there were 239,678 acre-feet of water stored in Pueblo Reservoir, 154,330 acre-feet of Project water, 42,924 acre-feet of Excess Capacity water, 42,299 Winter water.
- There is currently 102,619 acre-feet of Project space in Pueblo Reservoir, and 19,509 acre-feet of Project space available in Turquoise and Twin Lakes Reservoirs.
- As of June 15, 2010 Project Reservoirs, Turquoise is 102% of average, Twin Lakes is 107% of average, and Pueblo is 131% of average.
- Monthly Import Forecasts
- Historic Averages: Twin Lakes, Wellsville, Boustead, and Fryingpan

**DIVISION ENGINEER'S REPORT**

Mr. Witte reviewed the River and Reservoir Report as of June 16, 2010 and the Daily Report. He said he is in the process of improving the data recorded on the Arkansas daily report.

Mr. Witte thanked Reclamation and the Corps of Army Engineers for the assistance controlling the gate releases on May 28, which was a furlough day for State employees.

Mr. Witte said his staff has been working on the statutory requirements regarding abandonment. There are 356 water rights that will be proposed for abandonment.

Mr. Witte reported the Compact Administration chairman responded to a letter from Wayne Whittaker, regarding the proposed Irrigation Improvement Rules.

Mr. Witte introduced Janet Garoutte, who assists with well permit questions along with other duties. He then gave a summary of recent or pending personnel actions.

**U.S. GEOLOGICAL SURVEY REPORT**

None

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ARKANSAS BASIN ROUNDTABLE

Mrs. Pinello reported the Arkansas Roundtable met jointly with the Gunnison Roundtable on June 9. She said the meeting began with a presentation by Alex Davis about the proposed Aspinall Storage. It is proposed as basically a re-operation of west slope water to find "new water" for statewide use. There was discussion about possible uses for the water that might become available.

There were presentations from both roundtables about the needs in both basins, but the real negotiations began towards the end of the meeting with members of both roundtables forming a joint committee to assess the consumptive needs and water availability of the west slope. There was real progress with the members of both roundtables agreeing to talk about the issues formally.

COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY (CWRPDA)

Miss Nichols reported, the EPA capitalization grants for 2010 for the State's two revolving fund programs are as follows: Drinking Water Revolving Fund (DWRF) = \$ 24.1 million; Water Protection Capitalization Revolving Fund (WPCRF) = \$16.3 million. The 2010 programs require compliance with Davis Bacon prevailing wage rate requirements for all fund recipients and require that 20 percent of the capitalization grants be used for "green projects" and 30 percent be used for "principal forgiveness." The criteria for award of the principal forgiveness funds, as included in the Intended Use Plans adopted by the Water Quality Control Commission on June 7, are as follows: (1) in the DWRF, a maximum of \$2.0 million per borrower will be awarded to those programs which would qualify under the Disadvantaged Community Program on a "first come" basis. If funding still remains after the June 15 prioritization date, the principal forgiveness funds will be awarded to the highest priority projects. (2) in the WPCRF, a maximum of \$500,000 per borrower will be awarded to those programs which would qualify under the Disadvantaged Community Program on a "first come" basis. If funding still remains after the June 15 prioritization date, the principal forgiveness funds will be awarded to the highest priority projects. As of the June 4 CWRPDA meeting, 5 loans had been approved under the DWRF (including a \$29 million loan for Sterling) and 3 loans approved under the WPCRF. There is an expectation to see as many as 12 additional DWRF applications and 13 additional WPCRF applications for the August CWRPDA meeting. The CWRPDA expects to have to prioritize applications in both programs for the remainder of the year based on the loan capacity available in each of the programs.

The CWRPDA issued about \$74 million in Clean Water Revenue bonds in May to fund loans to Fruita, Glenwood Springs, and Pueblo; the subsidized borrowing rate for all borrowers was 2.5 percent.

The CWRPDA Board determined that due to the shortage of funding for both revolving fund programs, the savings from all future refunding of prior CWRPDA bond issues will be retained in the program to support additional borrowings, rather than passed back to the borrowers as reductions in the borrowers' scheduled amortization payments. All CWRPDA loan recipients will be notified of this policy change.

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**INFORMATIONAL ITEMS:**

The Board was provided written material on the following topics, which were posted to the Board website:

- 10825 Ruedi Legislation
- Water Court Résumé

**OTHER BUSINESS MATTERS:**

Mr. Broderick said as information becomes available, there will be postings to the Board website on the following:

- North Outlet Works and SDS negotiations
- Proposition 101 and Amendments 60 and 61
- Reclamation Operation Plan

President Long said the annual raft trip is scheduled for Friday, August 6. Mr. Dils said the participants of the raft trip will be able to see what 700 cfs looks like.

President Long asked if there were any other matters to come before the meeting, and hearing none, adjourned the meeting at 11:20 a.m.

Respectfully submitted,

Toni Gonzales  
Administrative Manager

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Secretary

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