

RECORD OF PROCEEDING

**SOUTHEASTERN COLORADO WATER
CONSERVANCY DISTRICT**

MINUTES

January 17, 2019

A regular meeting of the Board of Directors of the Southeastern Colorado Water Conservancy District (District) was held on Thursday, January 17, 2019 at 10:24 a.m. at the District office, 31717 United Avenue, Pueblo, Colorado.

President Long announced a quorum was present.

DIRECTORS PRESENT:

Bill Long	Ann Nichols	Curtis Mitchel
Kevin Karney	Carl McClure	Tom Goodwin
Dallas May	Alan Hamel	Seth Clayton
Mark Pifher	Greg Felt	Andy Colosimo
Patrick Garcia		

DIRECTOR(S) ABSENT AND EXCUSED:

Gibson Hazard and Howard "Bub" Miller

DISTRICT OFFICIALS PRESENT:

Executive Director James Broderick; General Counsel Lee Miller; Administrative Manager Toni Gonzales; Principal Engineer Kevin Meador; Water Resources Engineer Garrett Markus; Finance Manager Leann Noga; and Federal Lobbyist Christine Arbogast.

VISITORS PRESENT:

Abby Ortega, Earl Wilkinson, and Jenny Bishop, Colorado Springs-Utilities; Doug Fitzgerald, U.S. Congressman Scott Tipton's office; Roy Vaughan, U.S. Bureau of Reclamation; Jerry Peña, GEI Consultants; Mark Scott, CHD Inc.; Gordon Dillon and Steve Howell, Kleinfelder Judy Leonard, Jim Quam, and Kim Swearingen, Pueblo West Metropolitan District; Bill Tyner, Lori Lest, and Rachel Zancanella, Colorado Division of Water Resources; David Mau, citizen; Rena Brand, CPW Southeastern Region; Kacey Myers, Arkansas Valley Range Project; Bob Hamel, Arkansas River Outfitters Association; Rob White, CPW/Arkansas River Headwaters Recreation Area; and Tom Simpson, Aurora Water.

INTRODUCTION OF VISITORS:

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

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APPROVAL OF MINUTES:

President Long said the minutes of the December 6, 2018 Board meeting were posted to the Board website for review, and asked if there were any corrections or additions. Hearing none, Mr. Hamel moved, seconded by Mr. Felt, to approve the minutes. Motion unanimously carried.

FINANCE COMMITTEE REPORT:

Treasurer Nichols reported the financial statements for November and draft December 2018 were posted to the Board website for review. Treasurer Nichols moved, seconded by Mr. Clayton, for acceptance of the November and draft December 2018 financial statements and payment of the January 2019 bills. Motion unanimously carried.

CONSENT ITEMS:

None

PRESENTATIONS:

ARKANSAS RIVER HEADWATERS RECREATION AREA-2018 COMMERCIAL USE SEASON
Rob White presented a PowerPoint reviewing the following:

- Water Year 2018 Voluntary Flow Management Program (VFMP) Arkansas River Near Wellsville Streamflow Summary
- AHRA Total Commercial Use/Low Water Years

Mr. White thanked the District, Reclamation, Pueblo Water, Colorado Springs Utilities for their continued support of the VFMP and the water provided to prolong the recreational season.

COLORADO RIVER ISSUES STATUS

Lee Miller reported “close is not done” was the message Basin states and federal officials repeated often during December 2018 meetings in Las Vegas regarding the status of efforts to complete the Upper and Lower Basin Drought Contingency Plans (DCP or DCPs).

The DCP is comprised of several agreements, involving the Secretary of Interior, the Upper Basin states, the Upper Colorado River Commission (UCRC), and the Lower Basin states. The DCP as a whole establishes the provisions and framework within which the seven Basin States may act in conjunction with the Secretary of the Interior to mitigate risks of extended drought, while protecting their respective rights and interests consistent with the “Law of the Colorado River.”

- The Upper Basin DCP is designed to: a) protect critical elevations at Lake Powell and help ensure continued compliance with the 1922 Colorado River Compact, and b) establish the foundation for the storage of water in the Upper Basin as part of a Demand Management Program that may be developed in the future. The Upper Basin DCP includes, among other things, a Drought Response Operations Agreement and a Demand Management Storage Agreement. The Drought Response Operations Agreement directs management of the Colorado

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River Storage Project Initial Units consistent with existing operational permitting, and is intended to reduce the risk of Lake Powell declining below minimum power pool elevation. The Demand Management Storage Agreement is intended to help assure compact compliance and reduce the risk of mandatory curtailment by securing the ability to store water at the Initial Units at no charge for compact compliance purposes.

- The Lower Basin DCP is designed to: a) require Arizona, California, and Nevada to contribute additional water to Lake Mead storage at predetermined elevations, and b) create new flexibility to incentivize additional voluntary conservation of water to be stored in Lake Mead.

On December 11, 2018, officials from the seven Colorado River Basin States and the Bureau of Reclamation (Reclamation) met in Las Vegas to discuss the status of efforts to complete the Upper and Lower Basin DCPs. Unfortunately, the meeting planners did not confirm that Reclamation Commissioner Brenda Burman was available to attend this meeting; she was not. Thus, the Basin States' representatives did not hear from the Commissioner or her reaction to the status reports.

While Upper Basin representatives announced that their work on the Upper Basin DCP was complete, Lower Basin representatives could not make the same commitment. The Upper Basin DCP includes, among other things, a Drought Response Operations Agreement and a Demand Management Storage Agreement. The Drought Response Operations Agreement directs management of the Colorado River Storage Project Initial Units consistent with existing operational permitting, and is intended to reduce the risk of Lake Powell declining below minimum power pool elevation. If Lake Powell were to drop below minimum power pool elevation, it would become financially and physically difficult to maintain existing water uses, compact compliance obligations, and hydropower generation. The Demand Management Storage Agreement is intended to help assure compact compliance and reduce the risk of mandatory curtailment by securing the ability to store water at the Initial Units at no charge for compact compliance purposes.

The Lower Basin has two significant areas of concern: Arizona and California. While Nevada has already approved the DCPs, Arizona cannot do the same without approval from the Arizona legislature. The Arizona legislature does not begin its session until mid-January. In addition, several of the interested California entities gave "qualified" approval to the DCPs, contingent upon seeing the enacting federal legislation and the results of Arizona's process. Underlying these California entities reservations may be greater concerns with the DCPs.

On December 12, 2018, the UCRC formally approved the DCPs at its regularly scheduled annual meeting.

On December 13, 2018, during her presentation to the Colorado River Water Users Association, Commissioner Burman announced that if the DCPs were not approved by January 31, 2019, Reclamation would publish in the Federal Register a 30-day request for comments and proposals that Reclamation could implement as early as August 2019. This does not provide a great deal of time for

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the Arizona legislature to act before the Federal Register publication goes into place. In addition, it is not clear how the partial federal shutdown will impact this schedule. The Office of the Federal Register is impacted by the partial government shutdown. In addition, while Reclamation is not impacted by the shutdown, the attorneys for Reclamation in the Interior Solicitor's Office are furloughed.

Questions are raised about what constitutes "approval." It is anticipated that before the DCP agreements would be implemented in either the Upper or Lower Colorado River Basin, they would be authorized by Congress and followed by execution by the relevant signatory parties. At a minimum, Congressional authorization clearly will not happen prior to January 31, 2019. Do the signatory parties now need to sign the relevant agreements prior to Congressional approval and prior to January 31, 2019?

It is unclear how Colorado and the other Upper Basin States will respond to the Federal Register notice, when and if it is published. Does the UCRC simply submit the Upper Basin DCP, without Congressional authorization, or does it prepare a different, and possibly more comprehensive plan including actions at Lake Mead? Given that it has taken several years just to get to this point, could it provide a more comprehensive approach in 30 days?

Lee Miller reported the Governor's budget includes \$30 million for the implementation of the Water Plan.

President Long said each Board member was provided a copy of the Municipal Water Leader magazine which featured Executive Director James Broderick in an article titled, *Problem-Solving in the Colorado River Basin: Jim Broderick of CRWUA*.

ACTION ITEMS:**OPEN MEETING RESOLUTION NO. 2019-01D**

Lee Miller reported A Resolution Relating to the Compliance by the Southeastern Colorado Water Conservancy District with the Colorado Open Meeting Law is required under Colorado Revised Statute §37-45-101 *et seq.* this resolution defines where the public notice of each meeting will be posted at least 24 hours prior to the meeting. After the approval of the resolution, notice will be sent to the County Clerk and Recorder of each of the nine counties within the District boundaries.

Mr. Goodwin moved, seconded by Mr. Garcia, to adopt Resolution No. 2019-01D, A Resolution Relating to the Compliance by the Southeastern Colorado Water Conservancy District with the Colorado Open Meeting Law. Motion unanimously carried.

**APPROVAL OF STIPULATION WITH STATE ENGINEER IN THE RULES CASE
(CONSOLIDATED CASE NOS. 17CW3057 AND 17CW3152)**

Lee Miller reported the State Engineer adopted Rules Governing the Review of a Substitute Water Supply Plan for the Lease, Loan, or Trade of a Decreed Agricultural Water Protection Water Right (Rules) to implement C.R.S. § 37-92-308(12). This law allows water users in Water Divisions 1 and 2 to obtain a substitute water supply plan (SWSP) involving "Agricultural Water Protection Water Rights" in

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compliance with conditions developed by the State Engineer. “Agricultural Water Protection Water Rights” are water rights changed by a water court decree to allow the lease, loan, or trade of up to fifty percent of the amount of water so decreed, subject to the allowances and limitations described in C.R.S. § 37-92-305(19), which defines agricultural water protection water rights. The law allows the owner of an irrigation water right to quantify the historic consumptive use, determine return flow obligations, and identify other provisions necessary to prevent injury without having to identify the place or type of use that would result from the lease, loan, or trade of the water right. Any portion of the water right that is not part of the lease, loan, or trade must remain in agricultural use. The Rules include SWSP application requirements and standard terms and conditions for SWSP approvals. The District participated in the drafting of the Rules and filed a Protest and Pleading in support of the Rules. The District filed this pleading to participate in the Water Court case at the request of the State Engineer, because of this previous participation in drafting.

No changes have been made to the Rules since they were promulgated by the State Engineers Office (SEO), with the District’s input. No opposers have raised material issues with, or proposed modification of, the Rules. The SEO is seeking stipulations from all opposers and several already have executed stipulations. Because no material objections to the Rules have been raised by any opposers, it is appropriate for the District to enter a stipulation at this time. The Board was provided the Proposed Stipulation in Case Nos. 17CW3057 and 17CW3152.

Mr. Pifher moved, seconded by Mr. Hamel, to authorize Special Water Counsel to execute a stipulation with the State Engineer in the SEO-SWSP Consolidated Case Nos. 17CW3057 and 17CW3152, consenting to the Rules Governing the Review of a Substitute Water Supply Plan for the Lease, Loan, or Trade of a Decreed Agricultural Protection Water Right (“Rules”) filed with the Water Court in Division 1 on October 23, 2017. Motion unanimously carried.

RATIFY STATEMENT OF OPPOSITION IN CASE NO. 18CW3162 (DIV. 5)

Lee Miller reported the Connell Development Company submitted an application for a storage water right and plan for augmentation on the Fryingpan River upstream of Ruedi Reservoir. The District’s decreed water rights in the Fryingpan River drainage are subject to minimum stream flow requirements measured at the Thomasville Gage. Applicant’s points of diversion are above and adjacent to the Thomasville Gage, and Applicant’s diversions will cause injury to the District’s water rights by depleting the flow of the Fryingpan River at the Thomasville Gage. In addition, depletions from well pumping would reduce inflows into Ruedi Reservoir and would, if not properly augmented, affect Ruedi Reservoir’s ability to fill and would ultimately affect the Fryingpan-Arkansas Project’s ability to divert under the Boustead Enlargement decree. Staff and counsel recommend filing a Statement of Opposition to ensure the augmentation plan adequately and timely replaces well depletions on the Fryingpan River to protect the Fryingpan-Arkansas Project’s water rights and ability to divert. The Board was provided the Statement of Opposition of the Colorado Water Conservation Board.

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Mr. Goodwin moved, seconded by Mr. May, the District Board ratify the filing of a Statement of Opposition by Special Water Counsel in Case No. 18CW3162 – Connell Development Company. Motion unanimously carried.

INCLUSION OF LAND ANNEXED BY THE CITY OF COLORADO SPRINGS TRUE UP

The Board has previously approved inclusions of properties located outside of the District, which were annexed by towns and cities in the District. These inclusions are subject to the standard terms and conditions, Secretarial Assent, and District Court decree including the lands within the District. The last True Up for land annexed by the City of Colorado Springs included twenty-six (26) parcels of land

The Colorado Springs Utilities (CS-U) True-Up process was initiated in 2014 to ensure that the District’s boundaries and CS-U’s service boundaries matched; if not, this process would take those parcels outside of the District’s boundaries and include them via the District’s inclusion by annexation process. In June 2017, the Board of Directors approved twenty-six (26) parcels of land annexed by Colorado Springs into the Southeastern Colorado Water Conservancy District boundaries. These 46 parcels are the remaining inclusions into the CS-U True UP process.

This process requires assent from the Secretary of Interior, for which Reclamation requires a National Environmental Policy Act (NEPA) review of the lands to be included in the District boundaries. Once the Board approves the inclusion by Resolution, then the inclusion will be submitted to the District Court as the final step.

Assent has been granted to these parcels and is awaiting District approval.

The Resolutions for Inclusion are as follows:

RESOLUTION NO.	More Commonly Known As	Ord. No.	Legal Description	Acres
2019-02D INCL-AX	Banning-Lewis Ranch No. 20 Annexation Plat	04-160	SE4 SEC 35	T14SR6 5 66.44
2019-03D INCL-AX	Banning-Lewis Ranch No. 9 Annexation Plat	04-130	NE4NW4, SE4NW4 SEC 21	T13SR6 5 1.04
2019-04D INCL-AX	Date Street Addition No. 1 Annexation Plat	04-261	SE4NW4, SW4NW4 SEC 26	T13SR6 6 7.13
2019-05D INCL-AX	DCL-Pride Annexation Plat	08-119	NE4NE4, NW4NE4 SEC 9	T13SR6 5 64.23
2019-06D INCL-AX	Dublin North 1A Annexation Plat	05-148	SW4SE4 SEC 7	T13SR6 5 10.47
2019-07D INCL-AX	Dublin North 1B Annexation Plat	06-166	SE4SW4 SEC 7	T13SR6 5 5.39
2019-08D INCL-AX	Dublin North 1C Annexation Plat	06-167	SE4SW4 SEC 7	T13SR6 5 5.21
2019-09D INCL-AX	Dublin North 3A Annexation Plat	06-170	NW4SE4, NE4SW4 SEC 7	T13SR6 5 12.17
2019-10D INCL-AX	Dublin North Annexation	05-147	SW4SE4 SEC 7	T13SR6 5 25.83
2019-11D INCL-AX	Dublin Terrace Annexation Plat	06-106	SW4SW4, SE4SW4 SEC 12	T13SR6 6 14.57

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2019-12D INCL-AX	Falcon School District Annexation	08-55	NE4SE4, NW4SE4 SEC 7	T13SR6 5	59.92
2019-13D INCL-AX	Flying Horse Ranch Addition	03-181	SECS 4, 5, 8, 9, 16 & 21	T12SR6 6	1565.73
2019-14D INCL-AX	Greenbriar Annexation No. 1	03-89	NE4NW4, NW4NE4, SW4NE4 SEC 7	T13SR6 5	58.39
2019-15D INCL-AX	Greenbriar Annexation No. 2	03-90	SE4NW4, SW4NE4 SEC 7	T13SR6 5	37.72
2019-16D INCL-AX	Greenbriar Annexation No. 3 Annexation Plat	09-149	SE4NW4 SEC 7	T13SR6 5	0.77
2019-17D INCL-AX	Hittle Addition	12-84	SE4 SEC12	T13SR6 6	2.68
2019-18D INCL-AX	Kanaan Annexation No. 1	07-18	NE4NE4, NW4NE4 SEC 7	T13SR6 5	5.57
2019-19D INCL-AX	Northgate Estates Addition Annexation Plat	06-68	SW4SW4 SEC 5; SE4SE4 SEC 6	T12SR6 6	25.18
2019-20D INCL-AX	Norwood Addition No. 8 Annexation Plat	01-94	NE4NE4, NW4NE4 SEC 13	T13SR6 6	7.05
2019-21D INCL-AX	Norwood Addition No. 9 Annexation Plat	01-96	NE4NE4, NW4NE4 SEC 13	T13SR6 6	6.10
2019-22D INCL-AX	Oakwood Boulevard Addition No. 1 Annexation Plat	08-12	SW4SE4 SEC 12	T13SR6 6	6.42
2019-23D INCL-AX	Park Vista Addition No. 3A Annex Plat	12-113	NW4 SEC26	T13SR6 6	1.32
2019-24D INCL-AX	Park Vista Addition No. 3B Annex Plat	12-114	NW4 SEC 26	T13SR6 6	0.84
2019-25D INCL-AX	Park Vista Addition No. 3C	12-115	NW4 SEC 26	T13SR6 6	0.33
2019-26D INCL-AX	Park Vista Addition No. 3D	12-116	NW4 SEC 26	T13SR6 6	1.16
2019-27D INCL-AX	Park Vista Addition No. 3E	12-117	NW4 SEC 26	T13SR6 6	1.49
2019-28D INCL-AX	Park Vista Addition No. 3F	12-118	NW4 SEC 26	T13SR6 6	1.24
2019-29D INCL-AX	Park Vista Addition No. 4 Annex Plat	13-11	NW4 SEC 26	T13SR6 6	0.57
2019-30D INCL-AX	Powerwood No. 2 Addition	03-177	SW4SW4, NW4SW4, SW4NW4 SEC 6		112.49
2019-31D INCL-AX	Powerwood No. 3 Addition	05-151	SEC 6	T13SR6 5	74.42
2019-32D INCL-AX	Powerwood No. 4 Addition	05-152	SW4NE4, NW4SE4	T13SR6 5	38.24
2019-33D INCL-AX	Powerwood No. 5 Addition Annexation Plat	05-166	NE4SW4 SEC 6	T13SR6 5	5.79
2019-34D INCL-AX	Reel Annexation No. 1	03-179	SE4SE4, SW4SE4, SE4SW4 SEC 6	T13SR6 5	121.29
2019-35D INCL-AX	Scholl Annexation No. 1	11-58	SE4 SEC 14; NE4 SEC 23	T13SR6 6	9.95
2019-36D INCL-AX	Stout Allen Addition No. 2 Annexation Plat	03-148	SE4NW4, SW4NW4 SEC 20	T12SR6 6	80.05
2019-37D INCL-AX	Sullivan Annex	08-96	SE4SW4 SEC 23	T13SR6 6	1.15
2019-38D INCL-AX	Tabone Subdivision Annexation Plat	05-145	NE4NW4 SEC 13	T13SR6 6	10.42

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2019-39D INCL-AX	Templeton Annexation No. 1	07-115	W2 SEC 7	T13SR6 5	21.92
2019-40D INCL-AX	Templeton Annexation No. 2	07-116	W2 SEC 7	T13SR6 5	22.67
2019-41D INCL-AX	T-Gap Addition Annexation Plat	06-172	SW4NE4, SE4NW4 SEC 7	T13SR6 5	19.05
2019-42D INCL-AX	Woodmen Heights Addition No. 7 Annexation Plat	06-173	N2SW4, NW4 SEC 8	T13SR6 5	66.67
2019-43D INCL-AX	Woodmen Heights Addition No. 8 Annexation Plat	06-174	SE4NW4, SW4NW4 SEC 8	T13SR6 5	8.41
2019-44D INCL-AX	Woodmen Heights Addition No. 9 Annexation Plat	06-175	NE4NW4, NW4NW4 SEC 8	T13SR6 5	3.62
2019-45D INCL-AX	Woodmen Heights No. 2 Annexation Plat	04-124	NE4SE4, SE4SE4 SEC 5; NE4NE4 SEC 8	T13SR6 5	80.13
2019-46D INCL-AX	Woodmen Heights No. 3 Annexation Plat	04-125	SECS 4 & 5	T13SR6 5	407.86
2019-47D INCL-AX	Woodmen Heights No. 4 Annexation Plat	04-126	SEC 5; NE4NE4 SEC 7 T13S ; SW4SW4 SEC 32 T12	SR65	282.67
					3,361.76

Mr. Clayton moved, seconded by Mr. Hamel, the Board approve, by individual Resolutions, the inclusion of the forty-six (46) parcels annexed by the City of Colorado Springs subject to the following terms and conditions:

1. Approval of these inclusions into the Southeastern Colorado Water Conservancy District will not increase the amount of Fryingpan-Arkansas Project water available to the City of Colorado Springs. Any Fryingpan-Arkansas Project water used on these included lands will need to come from the water allocated to the City of Colorado Springs through Fryingpan-Arkansas Project water allocations made pursuant to the District’s Allocation Principles and Policies; and
2. Any use of Fryingpan-Arkansas Project water on the included lands is subject to the decrees for the Fryingpan-Arkansas Project, and to all lawful rules, regulations, principles, policies, and contractual obligations of the District; and
3. The annexed lands will be subject to ad valorem taxes levied by the District as any other similarly situated lands in the District at the time of this inclusion; and
4. Prior to the District filing a petition for District Court approval of these inclusions, the Municipality, and/or owner(s) of the annexed lands shall have paid all the costs charged by the United States in connection with the contracting officer’s assent to this inclusion

The motion passed with Mr. McClure voting no.

INCLUSION OF LAND ANNEXED BY COLORADO SPRINGS

Garrett Markus reported the Board has previously approved inclusions of properties located outside of the District which were annexed by towns and cities in the District. These inclusions are subject to the standard terms and conditions, Secretarial Assent, and District Court decree including the lands within the District.

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There are three methods of including lands into the District:

1. Annexation by a town or city located in the District.
2. Petition of the property owners.
3. Vote of the property owners.

All three of these methods require assent from the Secretary of Interior, for which Reclamation requires a National Environmental Policy Act (NEPA) review of the lands to be included in the District boundaries. Once the Board approves the inclusion by Resolution, then Secretary Assent by Reclamation is requested. The inclusion is submitted to the District Court for a decree including the lands within the District.

The Application of Assent has been submitted to the District and will be forwarded to Reclamation. The Resolution for Inclusion is:

RESOLUTION NO.	More Commonly Known As	Legal	Acres	County
2019-01D INCL-AX	USAFA Annexation Addition No. 1 and USAFA Annexation Addition No. 2	Sec12 Twn12SR67W Sec7 Twn 12SR66W	183.14	El Paso

Mr. Goodwin moved, seconded by Mr. Garcia, the Board approve, by Resolution, the inclusion of the USAFA Annexation Addition No. 1 and USAFA Annexation Addition No. 2. annexed by Colorado Springs subject to the following terms and conditions:

1. Approval of these inclusions into the Southeastern Colorado Water Conservancy District will not increase the amount of Fryingpan-Arkansas Project water available to the city. Any Fryingpan-Arkansas Project water used on these included lands will need to come from the water allocated to the city through Fryingpan-Arkansas Project water allocations made pursuant to the District's Allocation Principles and Policies; and
2. Any use of Fryingpan-Arkansas Project water on the included lands is subject to the decrees for the Fryingpan-Arkansas Project, and to all lawful rules, regulations, principles, policies, and contractual obligations of the District; and
3. If applicable, the annexed lands will be subject to ad valorem taxes levied by the District as any other similarly situated lands in the District at the time of this inclusion; and
4. Prior to the District filing a petition for District Court approval of this inclusion, the Municipality, and/or owner(s) of the annexed lands shall have paid all the costs charged by the United States in connection with the contracting officer's assent to this inclusion.

Motion unanimously carried.

COLORADO SPRINGS URBAN RENEWAL AUTHORITY TAX INCREMENT FINANCING

Mr. Broderick reported the Colorado Springs Urban Renewal Authority (CSURA) is pursuing two urban renewal plans for the downtown area of Colorado Springs. The projects are designated as the Museum & Park Urban Renewal Area, which consists of about 82 acres in downtown Colorado Springs, and the Tejon

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and Costilla Urban Renewal Area, which consists of about 0.9 acre in downtown Colorado Springs. CSURA seeks to apply the incremental additional tax payments associated with the increased property value resulting from redevelopment as a funding source for bonds and other financing that will support the redevelopment projects. Because the properties within the two areas are subject to the District's property tax, CSURA seeks an agreement for each area confirming the District's consent to allocation of its entire additional tax increment on the properties to CSURA in support of the plans.

In addition, the Museum & Park Urban Renewal Area overlaps with the existing Southwest Downtown Urban Renewal Area. In order to establish this new urban renewal area, CSURA needs to remove those lands from the Southwest Downtown Urban Renewal Area by amendment of the existing plan. Therefore, CSURA proposes that the District agree to withdrawal of the Museum & Park Urban Renewal Area lands from the Southwest Downtown Urban Renewal Area.

Pursuant to the Colorado Urban Renewal Act, CSURA may issue bonds to pay for public improvements associated with the redevelopment of blighted property. Payment of the bonds may be funded by the increased property tax payments generated by the added property value resulting from redevelopment of the property. In order to use those increased payments, CSURA must seek agreements with the various taxing authorities authorizing allocation of the increased tax payments to the project.

The most significant term of the proposed Agreements is the waiver of the right to receive incremental increased property tax payments on the properties for twenty-five years, and the pledge of those payments to CSURA for payment of the bonds. Southeastern will continue to receive tax payments based on the valuation prior to the plan approval, but not on any increased value resulting from the development. If the bonds are paid off early, the Agreement terminates and the subsequent incremental payments will be paid to the taxing entities.

The Act requires CSURA to seek an agreement with the taxing entities regarding the allocation of tax increments to CSURA. If agreement cannot be reached with any taxing authority, all of the parties have to go to mediation to determine the appropriate allocation of incremental property tax payments. Counsel for CSURA has reported that all other taxing entities have signed agreements allocating 100% of their tax increments on the properties to the projects.

Mr. Garcia moved, seconded by Mr. Pifher, to authorize the Executive Director to execute Property Tax Increment Revenue Agreements with the Colorado Springs Urban Renewal Authority to provide tax increment financing for the Museum & Park Urban Renewal Plan and for the Tejon and Costilla Urban Renewal Plan in Colorado Springs, Colorado; and further to authorize the Executive Director to execute an Agreement with the Colorado Springs Urban Renewal Authority for removal of the Museum & Park Urban Renewal Area lands from the Southwest Downtown Urban Renewal Plan. Motion unanimously carried.

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HUMAN RESOURCES

1. ANNUAL AGING FACTOR (AAF) POLICY

The Human Resources Committee met to discuss and review the annual compensation and benefits for 2019. It was recommended in 2016 by the HR Committee and the Board to monitor average base salary structure adjustments within Colorado and the water resources industry, and make those adjustments to the ranges annually.

The HR Committee met on November 15, 2018 and recommended that the Annual Aging Factor be applied to the 2018 salary ranges. The Aging Factor is 2.2 percent. The HR Committee will meet in February 2019 to continue reviewing the compensation study.

Mr. Hamel moved, seconded by Mr. Garcia, the Board approve the Annual Aging Factor to be applied to the 2018 salary ranges. The Aging Factor is 2.2 percent. Motion unanimously carried.

2. HUMAN RESOURCES BENEFITS

The HR Committee met on November 15, 2018 and reviewed the current benefits that the District provides to staff and the costs associated with each.

The consultant's recommendation would be to assess personal leave days. Based on market responses their recommendation to add three (3) personal days to the benefit package is advised. The HR Committee recommends that the Board approve the current benefits and add three (3) personal days to the benefit package.

Mr. Goodwin moved, seconded by Mr. Hamel, the Board approval of the current benefits and add three (3) personal days to the benefit package. Motion unanimously carried.

3. ADJUSTING SALARY RANGE OF FINANCE MANAGER

In 2018 a Total Compensation Study and Benefits Survey was performed by CPS HR Consulting. Through the results of that study it was recommended that the Finance Manager's salary range be adjusted to be the same as the Administrative Manager's salary range. The HR Committee met on November 15, 2018, and accepted the recommendation.

Mr. Clayton moved, seconded by Mr. Garcia, the Board approve the Finance Manager's salary range be adjusted to be the same as the Administrative Manager's salary range. Motion unanimously carried.

The HR Committee will meet in February 2019 to continue reviewing the Compensation Study. Mr. Hamel reported the HR Committee received and accepted the Total Compensation Study and Benefits Survey.

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Mark Pifher left the meeting at 11:29 a.m.

MONTHLY/QUARTERLY REPORTS:

U.S. BUREAU OF RECLAMATION REPORT

Roy Vaughan presented a PowerPoint presentation reviewing the following:

- As of January 13, 2019 there were 202,822 acre-feet stored in Pueblo Reservoir; 129,450 acre-feet of Project water; 38,918 acre-feet of Excess Capacity water; 30,756 acre-feet of Winter water.
- There is currently 115,923 acre-feet of Project space in Pueblo Reservoir and 42,571 acre-feet of space in Turquoise and Twin Lakes Reservoirs.
- Project Reservoirs: Turquoise 76%; Twin Lakes 94%; Pueblo 116%
- Total M&I Project Water in the System
- Colorado Snotel Snow Water Equivalent (SWE) Update Map with Site Data-Current as of Jan 16, 2019
- Colorado River Basin Time Series Snowpack Summary-Jan. 16, 2019
- Arkansas River Basin Time Series Snowpack Summary-Jan. 16, 2019
- U.S. Drought Monitor-West, January 8, 2019
- U.S. Drought Monitor-Colorado, January 8, 2019

Mr. Vaughan reported the collection system has been winterized. Mt. Elbert Conduit is currently running 250 cfs. Currently Reclamation is moving 18 cfs. of Project water from Twin and Turquoise to Pueblo to meet minimum flow targets. The movement of water will be adjusted according to the forecast and customer's needs.

Mr. Vaughan announced the Shane Hayden has taken a job with Reclamation in Wyoming, and will leave the Pueblo office at the end of January.

DIVISION ENGINEER'S REPORT

Bill Tyner introduced Assistant Division Engineers: Lori Lest-Litigation Support and Rachel Zancanella-Surface Water Operations.

Mr. Tyner presented a PowerPoint, reviewing the following:

- Recap of 2018
- Composite Index Flows in Acre-Feet Per year
- Comparison to Very Dry Years
- Winter Water Bi-Weekly Totals By Year
- John Martin Reservoir Stilling Basin
- Conclusions

Mr. Tyner reported a special meeting of the Arkansas Compact Committee will meet on February 14, 2019.

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Mr. Tyner invited the staff and Board to submit topics they would like to have him present at future meetings.

U.S. GEOLOGICAL SURVEY REPORT
None

Mr. Garcia left the meeting at 11:57 a.m.

STATE LEGISLATION UPDATE

Lee Miller submitted a written report:

The 2019 session of the General Assembly was called to order on January 4, 2019. This date is earlier than usual and particularly unusual because it is a Friday. The General Assembly had to be in session and completed the formalities of certifying the election and related measures in order for the Governor and other statewide officers to be sworn in. The Colorado Constitution limits the length of regular legislative session to no more than 120 consecutive calendar days. The last day upon which the General Assembly may adjourn sine die is May 4, 2019. The General Assembly may adjourn earlier than that date, but not later than May 4. The District participates in the Colorado Water Congress State Affairs Committee, which generally meets on Monday mornings in Denver before the Legislature begins its work for the week.

This legislative session promises to be different than previous sessions. Legislative priorities for the newly elected Governor and other statewide offices are yet to emerge. The Speaker of the House, Representative KC Becker, has reorganized several House committees, including converting the House Agriculture Committee into the new Rural Affairs Committee, replacing Representative Jenni Arndt as chair with a relatively newcomer, Representative Dylan Roberts. Representative Arndt continues to sit as a member of the committee. Representative Donald Valdez is vice chair. The remaining members include Representatives: Perry Buck, Bri Buentello, Marc Catlin, Kimmi Lewis, Julie McCluskie, Barbara McLachlan, Rod Pelton, and Brianna Titone.

The new chair of the Senate Agriculture and Natural Resource Committee is Senator Kerry Donovan; vice chair is Senator Jessie Danielson. The previous chair, Senator Jerry Sonnenberg, remains on the committee as a minority party member. The remaining members of the committee are Senators Joann Ginal and Don Coram.

Several bills have been introduced addressing water matters, which are discussed in the attached summary from the CWC State Affairs Committee meeting. Senator Larry Crowder has introduced the two memorials regarding Arkansas River Basin issues that passed the Water Resources Review Committee last fall. We understand that the Senate Agriculture and Natural Resources Committee hearing for Senate Joint Memorial 19-001, the memorial urging the federal government to fund the Arkansas Valley Conduit, will be on the afternoon of the Board meeting. Chris Woodka is likely to testify in support of the memorial on behalf of the District.

RECORD OF PROCEEDING

In executive positions of interest to the water community, Governor Jared Polis has selected Summit County Commissioner and former State Representative Dan Gibbs for Executive Director of Natural Resources. Attorney General Phil Weiser has announced that Amy Beatie, former Director of the Colorado Water Trust and a member of the CWC Board of Directors, will serve as Deputy Attorney General for Natural Resources and Environment.

INFORMATIONAL ITEMS:

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

- Water Court Resume
- Special Water Counsel Legal Report
- 2019 Board Meeting Schedule
- 2019 Annual Meeting Calendar
- Colorado Water Congress Annual Convention – January 30-February 1, Westminster
- DARCA Convention – February 13-15, Fort Collins
- Family Farm Alliance Annual Conference – February 21-22, Reno
- Financial Strategy and Sustainability Study

President Long announced the Colorado River and Water Supply Committee will meet a half hour after the conclusion of the District meeting today. The Executive Committee will meet on January 24 at 10:00 a.m. at the District office.

President Long asked if there were any other matters to come before the meeting, and hearing none, adjourned the meeting at 12:03 p.m.

Respectfully submitted,

Toni Gonzales
Administrative Manager

Secretary

RECORD OF PROCEEDING
