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**SOUTHEASTERN COLORADO WATER  
CONSERVANCY DISTRICT**

**MINUTES**

**June 19, 2014**

A regular meeting of the Board of Directors of the Southeastern Colorado Water Conservancy District (District) was held on Thursday, June 19, 2014 at 10:07 a.m. to be held in conjunction with the Enterprise meeting for the 2013 Annual Audit presentation, at the District office, 31717 United Avenue, Pueblo, Colorado. The meeting was recessed at 10:16 a.m., and reconvened at 10:17 a.m.

President Long announced a quorum was present.

**DIRECTORS PRESENT:**

Bill Long	Ann Nichols	Harold Miskel
Vera Ortegon	Gary Bostrom	Kevin Karney
Gibson Hazard	Carl McClure	Tom Goodwin
David Simpson	Jay Moore	Pat Edelmann
Curtis Mitchell	Howard "Bub" Miller	

**DIRECTOR(S) ABSENT AND EXCUSED:**

Leonard Pruett and Alan Hamel-Advisory Board Member

**DISTRICT OFFICIALS PRESENT:**

Executive Director James Broderick; General Counsel Lee Miller; Administrative Manager Toni Gonzales; Director of Engineering and Resource Management Bob Hamilton; Water Resources Specialist/Engineer Garrett Markus; Project-Program Coordinator Jean Van Pelt; Administrative Support Specialist Leann Noga; Special Water Counsel Steve Leonhardt; and Federal Lobbyists Ray Kogovsek and Christine Arbogast.

**VISITORS PRESENT:**

Chris Woodka, The Pueblo Chieftain; Tom Simpson, Aurora Water; Doug Fitzgerald and Hannah Wardell, U.S. Congressman Scott Tipton's office; Doris Morgan, Congressman Cory Gardner's office; Dwight Gardner, U.S. Senator Michael Bennet's office; Roy Vaughan, U.S. Bureau of Reclamation; Roger Ortiz, U.S. Geological Survey; Mark Scott, GEI Consultants; Gary Fuller, HDR; Curt Thompson, Consultant; Roy Heald, Security Water District and Fountain Valley Authority; Terry Book, Board of Water Works of Pueblo; Dan Henrichs, High Line Canal Company; Keith Goodwin and Jim Baldwin, Otero County; Lloyd Gronning, Capital Program Management Services; Bob Hartzman, City of Canon City Water; and Terry Scanga, Upper Arkansas Water Conservancy District.

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**INTRODUCTION OF VISITORS:**

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

**PRESENTATIONS:**

2013 ANNUAL AUDIT

Treasurer Nichols introduced Mitchell Downs, from Osborne, Parsons & Rosacker, LLP. He represented the firm that conducted the 2013 audit. Mr. Downs read the Independent Auditor's Report. President Long said the staff did a great job with assisting the auditors with the audit process.

**ACTION ITEMS:**

ACCEPTANCE OF 2013 ANNUAL AUDIT

Treasurer Nichols moved, seconded by Mr. Edelman, the audit of the 2013 Financial Statements of the District be accepted as presented. Motion unanimously carried.

APPROVAL OF 2013 FINANCIAL STATEMENTS

Treasurer Nichols moved, seconded by Dr. Moore, that the 2013 Financial Statements of the District be approved as audited. Motion unanimously carried.

**APPROVAL OF MINUTES:**

President Long said the minutes of the May 15, 2014 Board meeting were posted to the Board website for review, and if there were any corrections or additions. Hearing none, Mr. Edelman moved, seconded by Mr. Bostrom, to approve the minutes. Motion unanimously carried.

**FINANCE COMMITTEE REPORT:**

Treasurer Ann Nichols reported the financial statements for May 2014 were posted to the Board website for review. Treasurer Nichols moved, seconded by Mr. Goodwin, for acceptance of the May 2014 financial statements and payment of the June 2014 bills. Motion unanimously carried.

**CONSENT ITEMS:**

None

**ACTION ITEMS CONTINUED:**

APPROVAL OF THE UPDATED BYLAWS OF THE SECWCD

Lee Miller reported the District last revised its Bylaws in June 2007. The proposed revisions eliminate some outdated provisions, update the names of the standing committees and make minor corrections to the prior version.

Mr. Edelman moved, seconded by Mr. Mitchell, to approve the updated Bylaws. Motion unanimously carried.

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**SOUTH ARKANSAS RIVER PROJECT WATER EXCHANGE (CASE NO. 97CW160) DILIGENCE APPLICATION**

Mr. Leonhardt reported this is a diligence application to be filed for the conditional exchange rights decreed in Case No. 97CW160. In that case, the District sought exchange rights allowing it to deliver Project water to constituents with water systems or storage facilities located along the South Arkansas River or its tributaries. These constituents currently include the Upper Arkansas Water Conservancy District, the City of Salida, and the Town of Poncha Springs. The decree in Case No. 97CW160 also allows the District to make exchanges for any other constituents who need Project water delivered along the South Arkansas River. Under the conditional exchange rights decreed in Case No. 97CW160, the District can exchange Project water from the confluence of the Arkansas River and the South Arkansas River upstream for storage in Boss Lake and O'Haver Reservoir as well as to any other points upstream of the Poncha Springs Wells along the South Arkansas River or downstream of North Fork Reservoir along the North Fork River. The decree also includes absolute rights for exchange to North Fork Reservoir and the Poncha Springs Wells, which are not part of the diligence application. The total exchange rate for all exchanges decreed in Case No. 97CW160, both conditional and absolute, is 60 c.f.s. with a maximum total volume of 495 acre-feet per year. The constituents receiving allocated Project water through this exchange must use the water within District boundaries and subject to the District's allocation principles and policies.

The diligence application for the South Arkansas Exchange must be filed no later than July 31, 2014. The conditional exchange rights will be cancelled if no diligence application is filed by that date. The Board was provided the proposed Resolution No. 2014-01WR directing special water counsel to file this diligence application. It explains the need to seek a finding of reasonable diligence to maintain the District's conditional exchange rights decreed in Case No. 97CW160 and directs the District's special water counsel to file a diligence application. By adopting the proposed resolution, the Board will show the District's intent to seek a finding of reasonable diligence in this case and to continue development of the conditional exchange rights.

District staff's review to date has not shown sufficient evidence of operation of the conditional exchanges to support a claim to make conditional exchange rights absolute at this time. However, if sufficient evidence exists by the time the application is filed, District staff may elect to include an absolute exchange claim in the diligence application.

Mr. Hazard moved, seconded by Dr. Moore, the Board to adopt Resolution No. 2014-01WR. Motion unanimously carried.

**LOWER ARKANSAS WATER CONSERVANCY DISTRICT/LARKSPUR DITCH CHANGE (CASE NO. 11CW77) APPROVAL OF STIPULATION**

Mr. Leonhardt reported in the Lower Arkansas Water Conservancy District/Larkspur Ditch Change application (Case No. 11CW77), the Applicants filed their application on November 30, 2011, seeking a change of use of Larkspur Ditch transmountain water rights in Water Division 2, the receiving basin. The water rights are for diversion from the Gunnison River basin, near Monarch Pass and Marshall Pass,

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and were decreed for irrigation use in the Arkansas River valley. Applicants seek to add municipal and other beneficial uses for use within the Lower Arkansas Valley Water Conservancy District boundaries and in other areas, some of which are located outside of the Southeastern District boundaries, including the City of Aurora. They claim the right to store this imported water in various facilities, including Pueblo Reservoir.

The District's primary concerns in this case have been: (1) ensuring the decree contains appropriate terms and conditions for storage in Pueblo Reservoir for use both inside and outside Southeastern District boundaries; (2) ensuring that the decree does not raise issues concerning use of the Fountain Valley Pipeline, injury to the Winter Water Storage Program, injury to the District's water rights, including its exchanges, and dry-up and revegetation of lands from which irrigation water is removed; and (3) monitoring the case, both pre- and post-stipulation, for significant legal precedent regarding changes of transmountain water rights. The proposed decree dated May 23, 2014 contains terms and conditions special water counsel requested for storage in Pueblo Reservoir for use both inside and outside Southeastern District boundaries. The proposed Decree does not raise any other issues of concern to the District. Special water counsel has asked the Applicants' counsel to provide a proposed stipulation, and will ensure that the stipulation entered into will allow the District to continue to receive pleadings in the case, so as to assure that any revised proposed Decree is no less protective of the District.

Mr. Leonhardt recommended that the Board authorize special water counsel to enter into a stipulation with Lower Arkansas Valley Water Conservancy District and Larkspur, Inc. (the "Applicants") consenting to entry of a decree that is no less restrictive upon the Applicants and no less protective of the District's water rights than the proposed decree dated May 23, 2014. Mr. Howard "Bub" Miller moved, seconded by Mr. Mitchell, to approve Mr. Leonhardt's recommendation. Motion unanimously carried.

**APPROVAL OF FUNDS FOR GREAT DIVIDE FILM OF WATER IN COLORADO**

Mr. Broderick reported the purpose of the Great Divide project is to produce the comprehensive and authoritative film on the story of water in Colorado. The film is intended to raise public understanding and appreciation of Colorado's water heritage while inspiring personal responsibility and informed discussion concerning the vital challenge confronting the state and region with increasing urgency, forging collaborative solutions for managing this most precious resource for a prosperous and sustainable future.

The Colorado Water Plan will generate a high level of public discussion. To coincide with the release of the Colorado Water Plan, the film release in spring 2015 will greatly elevate public understanding of the Plan.

Mr. Broderick recommended the Board contribute \$2,500 towards the sponsorship of the Great Divide film project. Mr. Edelmann moved, seconded by Mr. Goodwin, to approve the \$2,500 towards the sponsorship of the film project. Motion unanimously carried.

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**MONTHLY/QUARTERLY REPORTS:**

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

Roy Vaughan provided a PowerPoint presentation reviewing the following:

- As of June 16, 2014 there were 187,816 acre-feet stored in Pueblo Reservoir; 126,034 acre-feet of Project water; 45,739 acre-feet of Excess Capacity water; 15,475 acre-feet of Winter water.
- There is currently 130,915 acre-feet of Project space in Pueblo Reservoir and 33,156 acre-feet of space in Turquoise and Twin Lakes Reservoirs.
- Project Reservoirs: Turquoise 86%; Twin Lakes 97%; Pueblo 105%
- Boustead Imports 49,672 acre-feet as of June 18, 2014
- Time Series Snowpack Summary for Upper Colorado River Basin and Arkansas River Basin
- Diurnal Activity

**DIVISION ENGINEER'S REPORT**

No representative present

**U.S. GEOLOGICAL SURVEY REPORT**

No report

**STATE LEGISLATION UPDATE**

Lee Miller reported on June 5, 2014 Governor John Hickenlooper vetoed Senate Bill 14-023, Senator Gail Schwartz's agriculture water efficiency bill, reportedly because of "unresolved concerns about its potential impact to water rights." The Board was provided a copy of Governor Hickenlooper's letter. In his veto letter, the Governor further expressed concerns that this legislation may have the unintended consequence of polarizing stakeholders in water plan effort. The veto letter further stated, "We ought to do all that we can to encourage conservation of water resources and keep more water in our streams and rivers for water quality purposes, but this has to be done in ways that respect our long tradition of prior appropriation and prevent injury to downstream users." Finally, the veto letter expressed support for "a targeted pilot program" to help "preserve broad stakeholder consensus across basins on how to carefully introduce changes to our water law."

The District spent nearly a hundred hours over the course of the last two years working with Senator Schwartz and her supporters to address the District's concerns with this legislative concept. The Governor's veto letter recognized the thousands of hours that went into crafting the legislation, and because of this effort, he described the decision to veto the decision as a "close call." While the District did not support the bill, in the form it passed the General Assembly the bill included procedural protections that provided the District a reasonable opportunity to protect its water rights. The Governor's statement that the "veto is not intended to stop this legislation from ever becoming law," but instead to be the basis for legislation next year "that has broader support by water users in our state" suggests that the District will spend many more hours on this issue over the next year.

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Attention now turns to the Water Resources Review Committee. Members of the Committee are:

Representatives	Senators
<a href="#"><u>Randy Fischer, Chair</u></a>	<a href="#"><u>Gail Schwartz, Vice-chair</u></a>
<a href="#"><u>Don Coram</u></a>	<a href="#"><u>Senator Greg Brophy</u></a>
<a href="#"><u>Diane Mitsch Bush</u></a>	<a href="#"><u>Senator Mary Hodge</u></a>
<a href="#"><u>Jerry Sonnenberg</u></a>	<a href="#"><u>Senator Matt Jones</u></a>
<a href="#"><u>Ed Vigil</u></a>	<a href="#"><u>Senator Ellen Roberts</u></a>

The Committee has an unusually active schedule for this summer and fall with Committee meetings, hearings on the Colorado Water Plan and field trips scheduled. Committee meetings are scheduled for August 6-7, 2014 at the State Capitol, August 20, 2014 at the Colorado Water Congress Summer Meeting in Snowmass, September 4-5, 2014 at the State Capitol and a final meeting September 30, 2014 to wrap up work at the State Capitol.

The Schedule for hearings on the Water Plan and Committee field trips are as follows:

Senate Bill 14-115 Hearings Concerning Colorado Water Plan		
Date	Location	Time
<a href="#"><u>Gunnison River Basin hearing Wednesday, June 18, 2014</u></a>	Western State College Gunnison, CO	10:00 a.m. to 12:00 p.m.
Colorado River Basin hearing Thursday, August 21, 2014	Glenwood Springs, CO Location to be determined	5:00 p.m. to 7:00 p.m.
Denver Metropolitan Area hearing Wednesday, October 1, 2014	Denver, CO Metropolitan State University of Denver Decision Theater	10:00 a.m. to 11:00 a.m.
Dolores-San Miguel-San Juan River Basin date to be determined	Durango, CO Location to be determined	5:00 p.m. to 7:00 p.m.

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Rio Grande Basin hearing date to be determined	Alamosa, CO Location to be determined	10:00 a.m. to 12:00 p.m.
Arkansas River Basin hearing date to be determined	Pueblo, CO Location to be determined	5:00 p.m. to 7:00 p.m.
Yampa-White River Basin hearing date to be determined	Steamboat Springs, CO Location to be determined	5:00 p.m. to 7:00 p.m.
North Platte River Basin hearing date to be determined	Walden, CO Location to be determined	10:00 a.m. to 12:00 p.m.
South Platte River Basin hearing date to be determined	Fort Collins, CO Location to be determined	5:00 p.m. to 7:00 p.m.

<b>2014 Committee Field Trips</b>	
<b>Date</b>	<b>Location</b>
<a href="#">Thursday, June 12 and Friday, June 13, 2014</a>	Colorado Foundation for Water Education Yampa Basin Tour
<a href="#">Wednesday, June 18 - Friday June 20, 2014</a>	Colorado Water Workshop Western State College, Gunnison CO
Colorado Water Congress Wednesday, August 20 - Friday, August 22, 2014	Westin Snowmass Resort Snowmass, CO

STATUS REPORT ON PROPOSED INCLUSIONS INTO THE SECWCD

Mr. Hamilton reported Reclamation's Eastern Colorado Area Office has begun issuing quarterly Status Reports on proposed inclusion into the District. The Board was provided the first report provided by Reclamation. In the report, there is the Scanio Inclusion by Petition which was approved by the Board,

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subject to Reclamation assent. The rest of the inclusions are by annexation, all but one are in Colorado Springs, the other is in Lamar. Four of these are in progress, one is awaiting submittal of a NEPA questionnaire by the owner, and the remaining six are awaiting Annexation letters from the District. The reason the District sent the “Annexation letters” is we have not received a “Notice of Public Hearing”, or “Notice of Proposed Annexation” from either Lamar or Colorado Springs. Staff will include future Status Reports in the Board packet as we receive them.

**ARKANSAS BASIN ROUNDTABLE**

Kevin Karney thanked Mr. Broderick for his project updates on what is happening within the District, during the Colorado Water Conservation Board (CWCB) tour held May 20-22, 2014 in Pueblo.

Mr. Karney said Rob White provided a report on the Department of Natural Resources Project reviewing the following:

- Upper Arkansas Headwaters Recreation Area which is 152 miles in length
- Helena Diversion Structure is adjacent to the Buena Vista Correctional Facility
  - Used Grant monies to improve boat chute and fish ladder
  - \$430,000 project
  - \$29,000 Basin funds

Mr. Karney reported Gary Barber, from West Water Research, encouraged others to review the Basin Implementation Plan. The Plan is posted on the internet at [www.Arkansasbasin.com](http://www.Arkansasbasin.com). Each basin will give a verbal presentation on its draft Basin Implementation Plan in July at the CWCB Board meeting and then submit their draft Basin Implementation Plan in written form by the end of July. The next CWCB meeting is scheduled for July 16-17, 2014 at Rangely Community College.

**INFORMATIONAL ITEMS:**

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

- Water Court Résumé
- NRCS Colorado Water Supply Outlook Report June 1, 2014
- NWRA Western Seminar, July 28-30, 2014 – Flagstaff, AZ
- Colorado Water Congress Summer Conference, August 20-22, 2014 - Snowmass

President Long announced there will not be an August 21, 2014 Board meeting. A Fry-Ark Project tour is scheduled for September 3-4, 2014.

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President Long asked if there were any other matters to come before the meeting, and hearing none, adjourned the meeting at 11:10 a.m.

Respectfully submitted,

Toni Gonzales  
Administrative Manager

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Secretary

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