

RECORD OF PROCEEDING

**SOUTHEASTERN COLORADO WATER
CONSERVANCY DISTRICT**

MINUTES

September 18, 2014

A regular meeting of the Board of Directors of the Southeastern Colorado Water Conservancy District (District) was held on Thursday, September 18, 2014 at 10:25 a.m. at the District office, 31717 United Avenue, Pueblo, Colorado.

President Long announced a quorum was present.

DIRECTORS PRESENT:

Bill Long	Ann Nichols	Vera Ortegon
Kevin Karney	Gary Bostrom	Tom Goodwin
Gibson Hazard	Carl McClure	Curtis Mitchell
Jay Moore	David Simpson	Pat Edelmann
Howard "Bub" Miller	Alan Hamel-Advisory Board Member	

DIRECTOR(S) ABSENT AND EXCUSED:

Harold Miskel and Leonard Pruett.

DISTRICT OFFICIALS PRESENT:

Executive Director James Broderick; General Counsel Lee Miller; Administrative Manager Toni Gonzales; Director of Engineering and Resource Management Bob Hamilton; Project Engineer Kevin Meador; Water Resources Specialist/Engineer Garrett Markus; Project-Program Coordinator Jean Van Pelt; Finance Coordinator/IT Leann Noga; and Special Water Counsel Steve Leonhardt.

VISITORS PRESENT:

Chris Woodka, The Pueblo Chieftain; Tom Simpson, Aurora Water; Doug Fitzgerald, U.S. Congressman Scott Tipton's office; Doris Morgan, U.S. Congressman Cory Gardner's office; Roy Vaughan, U.S. Bureau of Reclamation; David Mau and Rodger Ortiz, U.S. Geological Survey; Steve Witte, Colorado Division of Water Resources-Division 2; Brett Gracely, Colorado Springs Utilities; Bill McDonald, McDonald Water Policy, LLC; Jerry Peña, GEI Consultants; Roy Heald, Security Water District and Fountain Valley Authority; Terry Book, Board of Water Works of Pueblo; Bob Hartzman, City of Canon City Water; Kevin Niles, Arkansas Groundwater Users Association; Jack Goble, Lower Arkansas Valley 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.

APPROVAL OF MINUTES:

President Long said the minutes of the July 17, 2014 Board meeting were posted to the Board website for review, and if there were any corrections or additions. Hearing none, Mrs. Ortegon moved, seconded by Mr. Howard "Bub" Miller, to approve the minutes. Motion unanimously carried.

FINANCE COMMITTEE REPORT:

Treasurer Ann Nichols reported the financial statements for July and August 2014 were posted to the Board website for review. Treasurer Nichols moved, seconded by Dr. Moore, for acceptance of the July and August 2014 financial statements and payment of the September 2014 bills. Motion unanimously carried.

CONSENT ITEMS:

None

PRESENTATIONS:

DISTRICT WATER RIGHTS-DIVISION 5

Lee Miller presented a PowerPoint titled, *Water Division 5 Water Rights*, reviewing the following:

- Division 5 Water Rights
- Thomasville Minimum Flows
- Hunter Creek Minimum Flows
- Twin Lakes Exchange
- 1978 Agreement

Lee Miller said he will do a presentation on Division 2 water rights at a future Board meeting.

DISTINGUISHED BUDGET PRESENTATION AWARD FOR THE 2014 BUDGET PUBLICATION

President Long called the Finance Team up to the podium and reported the District first applied for the Government Finance Officers Association Distinguished Budget Presentation Award in 2012. The District earned the award for the 2012 and 2013 Budget.

The District has now earned the award for a third time for the 2014 Budget Publication. The 2014 Distinguished Budget Presentation Award is presented to the Finance Team of the Southeastern Colorado Water Conservancy District. The Finance Team is made up of Jim Broderick, Leann Noga, Jean Van Pelt, and Toni Gonzales.

The Government Finance Officers Association (GFOA) established the Distinguished Budget Presentation Awards Program to encourage and assist state and local governments in preparing budget documents with a very high quality that reflect both the guidelines established by the National Advisory

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Council on state and local budgeting and the GFOA's best practices on budgeting. In addition, to recognize individual governments with the success in achieving this goal. The main guidelines are designed to assess how well an entity's budget serves as; a policy document, a financial plan, an operations guide, and a communications device. The GFOA Distinguished Budget Presentation Award is the highest form of recognition in governmental budgeting. More information can be found at <http://www.gfoa.org/budgetaward>.

President Long and Board members thanked the Finance Team for a job well done.

Mr. Simpson left the meeting at 11:00 a.m.

ACTION ITEMS:**WATER COURT RESUME**

There was no action item regarding the Water Court resume.

RATIFICATION OF THE AMENDMENT NO. 10 TO THE REPAYMENT CONTRACT

Lee Miller reported the funding for the dam safety repairs of the structural drain system for the spillway and outlet works stilling basins at Twin Lakes Reservoir would be paid out of the O&M portion of the District's ad valorem tax revenues and would not impact the Budget.

The Board was provided information in April 2013 on the need for corrective action at Twin Lakes Dam, and plans to use existing ad valorem tax revenues to repay the District's portion of the costs. As a result of a dam safety analysis completed in 2010, the United States has determined risk reduction actions are necessary to address concerns with the outlet works and spillway structural drains at Twin Lakes Dam. The District is responsible for the reimbursement of 13.63 percent of the SOD modification costs. The SOD modification is estimated to cost between \$500,000 and \$750,000. Accordingly, the District's share of the costs is estimated to be between \$68,000 and \$102,200. The District's share of the final Safety of Dams (SOD) modification costs will be divided between municipal and industrial (8.21 percent) and irrigation (5.42 percent). The costs allocated to M&I will accrue interest at 3.046 percent. Upon completion of the SOD modification, the United States will notify the District of the final total repayment obligation. The amendment also updates certain standard contract provisions.

Because prior discussions with the Board indicated that paying for the corrective action at Twin Lakes Dam with existing ad valorem tax revenues was the District's preferred payment option and Reclamation's need to execute a contract so that certain activities could begin during this year, District officers consulted and signed the amendment, bringing the amendment to the Board at the first regularly scheduled meeting for ratification.

Mr. Hazard moved, seconded by Mr. Howard "Bub" Miller, the Board ratify the signing Contract Amendment No. 10 to Contract No. 5-07-70-W0086, signed and dated July 29, 2014, to pay for Safety of Dams construction at Twin Lakes Dam. Motion unanimously carried. Mr. Goodwin was not in room when the vote was taken.

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APPOINTMENT OF BUDGET OFFICER

Treasurer Ann Nichols reported the first action the governing board must take under the Budget Law is to designate or appoint a Budget Officer to prepare and submit a proposed budget (Section 29-1-104, C.R.S.).

Treasurer Nichols moved seconded by Dr. Moore, the Board appoint James W. Broderick and the Finance Team made up of Leann Noga, Jean Van Pelt, and Toni Gonzales as the Budget Officers for the 2015 District budget preparation. Motion unanimously carried.

SOUTHEASTERN'S STIPULATION WITH THE CITY OF PUEBLO CASE NO. 06CW8

Steve Leonhardt reported the District Board authorized special water counsel to file an Application in Case No. 06CW8 in 2006 to preserve and retain exchange capacity for the District and its constituent entities to exchange non-Project water to Pueblo Reservoir, primarily for use in the Arkansas Valley Conduit (AVC). The exchanges applied for in Case No. 06CW8 were designed to facilitate use of non-Project water by participants in the AVC and excess capacity storage. Nineteen parties filed statements of opposition.

In December 2013, special water counsel circulated a proposed decree and a preliminary engineering report to the Opposers. The City of Pueblo has agreed to stipulate to entry of a decree that is no less restrictive upon the District than that circulated in December 2013.

Mr. Leonhardt recommended the Board approve a standard stipulation by which the City of Pueblo will consent to entry of a decree in a form no less restrictive than the December 31, 2013 Proposed Decree.

Mrs. Ortegon moved, seconded by Dr. Moore, to authorize special water counsel to execute a stipulation with the City of Pueblo consenting to entry of a decree no less restrictive than the Proposed Ruling dated December 31, 2013. Motion unanimously carried.

MONTHLY/QUARTERLY REPORTS:

U.S. BUREAU OF RECLAMATION REPORT

Roy Vaughan provided a PowerPoint presentation reviewing the following:

- As of September 15, 2014 there were 172,714 acre-feet stored in Pueblo Reservoir; 114,181 acre-feet of Project water; 45,052 acre-feet of Excess Capacity water; 13,603 acre-feet of Winter water.
- There is currently 142,768 acre-feet of Project space in Pueblo Reservoir and 17,128 acre-feet of space in Turquoise and Twin Lakes Reservoirs.
- Project Reservoirs: Turquoise 101%; Twin Lakes 105%; Pueblo 125%
- Imports 80,292 acre-feet as of September 16, 2014
- Tour Questions

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DIVISION ENGINEER'S REPORT

Steve Witte reported the following:

- River and Reservoir Report
 - Reference Arkansas River Daily Report. River Call is:
 - 12/3/1884 Catlin & Consolidated
 - 2/21/1887 Amity Canal
 - 7/22/1889 X-Y
 - 5/31/1949 CO/KS Compact
 - <http://www.dwr.state.co.us/div2/aras/arascal.asp>
- Current River/Reservoir Operations
 - Pueblo Reservoir
 - Colorado Department of Transportation construction at the Portland Bridge is now completed and the Division Engineers office is in the process of developing a new rating curve that should begin to provide reliable estimates of inflow to Pueblo Reservoir once again.
- Compact Issues
 - Kansas has disputed the credit of deliveries made on each of the three runs of Compact and Offset Account water in 2014
 - Public Meeting to discuss possible post-85 Depletion Rule will be scheduled November 13, 2014 at an as yet undetermined location in Pueblo
- Personnel retirements/hires

U.S. GEOLOGICAL SURVEY REPORT

David Mau reported he has taken a position in Albuquerque, and that Rodger Ortiz will be his successor. Mr. Broderick thanked Mr. Mau for the great working relationship he has had with the District and welcomed Mr. Ortiz.

David Mau presented a PowerPoint titled, *Summary of Water Conditions in the Arkansas River Basin*, reviewing the following:

- Streamflow in Cubic Feet Per Second-Arkansas River Near Avondale
- Graphical Comparison of 2014 Total Streamflow Volume to Historic Streamflow Volumes
- Comparisons of Current and Historic Streamflows in Colorado
- U.S. Drought Monitor
- Precipitation Map (one month and three month)
- Calculated Soil Moisture Anomaly Map September 13, 2014
- El Nino Discussion

BUREAU OF RECLAMATION STATUS REPORT ON PROPOSED INCLUSIONS INTO THE SECWCD

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Mr. Hamilton reported Reclamation's Eastern Colorado Area Office has begun issuing Quarterly Status Reports on proposed inclusions into the District. The Board was provided the second report. In the report, the Scanio Property Inclusion by Petition, previously approved by this Board, has received Reclamation assent and is now being processed for filing with the District Court as the Board approved this inclusion subject to Reclamation assent. The rest of the pending inclusions in the report are by annexation, most of which are in Colorado Springs, the others are in Lamar. The Langston First and Second annexations into the City of Lamar has received Reclamation's assent and will be an action item for the Resource and Engineering Resource Committee before coming before the Board for approval. Nine other annexations are in progress, eight of these are in Colorado Springs and one is in Lamar. One additional annexation is awaiting submittal of a NEPA questionnaire by the owner, and two requests have been cancelled. Staff will include future Status Reports in the Board packet as we receive them.

STATE LEGISLATION UPDATE

Lee Miller reported the Water Resources Review Committee has met five times for normal Committee business during August and September. In addition, the Committee has met several times to discuss Colorado's Water Plan, as directed by SB13-115. The Committee will hold a final meeting September 30 to consider possible legislation to be proposed by the Committee. The Committee has asked legislative staff to draft 10-12 bill concepts into draft legislation for consideration. When Lee Miller has seen draft legislation, he will be able to provide more information to the Board.

INFORMATIONAL ITEMS:

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

- Water Court Resume
- Budget Calendar
- NWRA 2014 Annual Conference – November 11-14, Coronado, CA

President Long asked if there were any other matters to come before the meeting, and hearing none, adjourned the meeting at 11:56 a.m.

Respectfully submitted,

Toni Gonzales
Administrative Manager

Secretary

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