



2017 Business Plan

Southeastern Colorado
Water Conservancy District
www.SECWCD.com



What's Inside?

Program or Project	3- Year Status	2017 Budget	2018 Budget (est)	2019 Budget (est)	Page
Introduction and Purpose		NA	NA	NA	3
Safety of Dams	Ongoing	\$60,000	\$60,000	\$60,000	5
Pueblo Dam O & M	Emerging	\$ -	\$ -	\$ -	6
Pueblo Dam Hydroelectric	Design-Build	\$12,139,591	\$5,400,520	\$884,106	7
Arkansas Valley Conduit	Feasibility-Design	\$ 321,354	\$322,746	\$325,075	8
Pueblo Dam Interconnect	Feasibility-Design	\$ -	\$ -	\$ -	9
Excess Capacity Master Lease	Phase 2/AVC	\$403,753	\$401,207	\$409,536	10
Recovery of Storage (Enlargement)	Emerging	\$97,090	\$98,513	\$100,095	11
Debt Repayment	Ongoing	\$ 7,043,254	\$7,170,119	\$7,300,628	12
Water Rate Study (proposed)	Emerging	\$ -	\$ -	\$50,000	13
Colorado River Programs	Ongoing	\$23,000	\$23,376	\$23,759	14
Winter Water	Ongoing	\$ 140,000	\$140,000	\$140,000	15
Conditional Water Rights	Ongoing	\$ 120,000	\$120,000	\$120,000	16
Reclamation Reform Act	Ongoing	\$2,000	\$2,000	\$2,000	17
Water Quality Sampling	Ongoing	\$ 180,296	\$183,523	\$186,809	18
Fountain Creek Transit Loss	Ongoing	\$ 7,950	\$ 3,000	\$ 3,000	19
Watershed Health (proposed)	Emerging	\$35,000	\$118,000	\$35,000	20
Restoration of Yield	Ongoing	\$53,750	\$53,750	\$53,750	21
Regional Resource Planning Group	Ongoing	\$ 110,000	\$110,000	\$110,000	22
Information Technology	Ongoing	\$91,774	\$92,575	\$93,803	23
Building and Grounds	Ongoing	\$ 166,335	\$145,255	\$146,922	24
Community Outreach	Ongoing	\$20,650	\$21,000	\$21,355	25
Miscellaneous Revenues	Upcoming	\$ -	\$ -	\$ -	26
Detailed Budget Analysis		NA	NA	NA	27



The 2017 BUSINESS PLAN

Southeastern Colorado Water Conservancy District

Background

The Southeastern Colorado Water Conservancy District (District) was formed in 1958 as the agency to contract with the United States Department of Interior, Bureau of Reclamation (Reclamation) to construct and manage the Fryingpan-Arkansas Project (Project).

The Project was authorized by Congress in 1962, and signed into law by President John F. Kennedy on August 16, 1962, in a historic visit to Pueblo, Colorado.

Construction on the Project began in 1964 at Ruedi Reservoir near Aspen, Colorado, and continued until 1990, when the Pueblo Fish Hatchery was completed. The features of the Project include:

- ◆ Five reservoirs: Ruedi, Turquoise, Mount Elbert Forebay, Twin Lakes and Pueblo.
- ◆ The South and North Collection Systems on the Western Slope.
- ◆ The Boustead Tunnel.
- ◆ The Mount Elbert Conduit
- ◆ The Mount Elbert Power Plant at Twin Lakes.
- ◆ The Fountain Valley Conduit.
- ◆ The Arkansas Valley Conduit, which is still to be built.

The District collects an ad valorem tax to fund the repayment of part of the federal contracts that were used to build the existing structures of the Fryingpan-Arkansas Project.

In addition, the District has responsibility to pay for operation, maintenance and replacement of these features over the life of the Project. Payments are made to Reclamation for this purpose.

In 2009, S. 187 was passed by Congress and signed by President Barack Obama to authorize a new repayment option for the Arkansas Valley Conduit (AVC)

and other parts of the Fryingpan-Arkansas Project using revenues from excess-capacity storage or exchange contracts with Reclamation.

The same legislation created a 65 percent federal, 35 percent local cost share for AVC construction. Reclamation contract revenues could be applied to construction costs or federal repayment under S. 187.

In 2016, the District sought new legislation to make those contract revenues available to repay third-party loans that would be part of the local costs as well. For example, the District has secured \$60.6 million in loan availability for the AVC from the Colorado Water Conservation Board.

At the end of 2016, the legislation had not yet passed, and the District continued to look for additional funding sources.

During 2016, the District negotiated a Master Contract for Excess Capacity Storage with Reclamation. This is another step toward improving long-term storage in Pueblo Reservoir for AVC participants and other beneficiaries within the District.

The District is supporting construction of an Interconnect at Pueblo Dam to provide redundancy between the North and South Outlets.

The District also continues to investigate Enlargement of Pueblo Reservoir for agricultural, domestic, municipal and industrial uses.

The District, with partners, is pursuing a Lease of Power Privilege at Pueblo Dam for future hydroelectric generation.

Over the course of its 59-year existence, the District also has entered numerous partnerships with water interests in the Arkansas River basin that have expanded the responsibility of the District and created the need for more robust financial planning.

2017 Strategic Plan



Southeastern
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Water
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2017 Adopted Budget



Southeastern Colorado
Water Conservancy District
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Annual Financial Report 2016



Southeastern Colorado
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2017

Communication Plan

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Purpose of the Business Plan

The District has not, in the past, produced a Business Plan. It is the intention of the District to use this as a tool in future years to plan for mid-term financial decisions, looking at the current budget year and the following two years.

The Business Plan will work in conjunction with the Strategic Plan, a guiding document that looks at long-term goals, strategies and action

plans. The District's Annual Budget covers short-term financial needs and decisions.

Finally, the Communication Plan will describe how the District will share information about its Government and Enterprise activities internally and externally.

The District will review its Business Plan annually in order to track progress of financial goals and use the Plan to make necessary adjustments in the mid-term.

District Fund Structure

The District finances are divided between two entities, the Government Activity, or General Fund, and the Business Activity, or Enterprise.

The Government Activity's primary purpose is to ensure that the Fryingpan-Arkansas Project debt is retired within contractual limits, to hire and retain valued knowledgeable employees and to maintain capital improvements of District property.

The Business Activity was created with the establishment of the Enterprise in 1995. The purpose of the Enterprise is to undertake and develop commercial activities. Projects such as the Arkansas Valley Conduit, the Excess Capacity Master Contract, Enlargement of Pueblo Reservoir and Hydroelectric Power at Pueblo Dam were initiated by and supported by the Business Activity.

The District includes parts of nine counties, and collects a tax of 0.900 mills on all real property within its boundaries. Another tax of 0.035 mills is collected for operations, while a tax of 0.006 covers abatements

and refunds. Project payments are made in June and December to cover District costs.

One goal of the District is to establish a long-term reserve fund to cover catastrophic events such as tunnel collapse or dam failure in future years. A second goal is to set aside an identifiable amount for operation and maintenance of the Project.

The District's 50-year repayment for the Project may continue through 2032, and a portion of the money from the current fee structure could be directed toward a reserve fund.

The Business Activity is funded through water sales, surcharges on water sales and storage, program participant payments and state or federal grants or loans.

The Business Activity also reimburses the Government Activity for use of District staff, facilities and services.

Another goal of the District in the next three years is to establish a reliable funding mechanism and schedule for capital improvements.



Pueblo Dam and Arkansas River/ SECWCD Archives

1. Safety of Dams

The District, through its Enterprise, adopted a financing plan for the Safety of Dams program in 1998. Payments of \$60,000 annually began when the work was completed in 1999, and they will continue until 2025, when the obligation is paid off.

Those payments will not change in the 2017-19 time frame.

Revenue for the program is generated through surcharges on sales and storage of water.

The Bureau of Reclamation initiated a Corrective Action at Pueblo Dam on July 7, 1997.

Although there was no imminent danger of failure, an investigation determined that work was needed to reinforce the concrete buttresses at the center of the dam to avoid slippage on the underlying shale bedrock.

A 20-foot thick concrete “doorstop” was in-

stalled in the stilling pool at the toe of the dam, and rock bolts were installed to anchor the structures.

More than 61,600 cubic yards of roller-compacted concrete were placed in the stilling basin, and a 2-foot thick concrete cap was placed on top.

Water restrictions were in place during 1998-99 while the construction progressed. That led to the spill of more than 66,000 acre-feet of Winter water and more than 14,000 acre-feet of Excess-Capacity water.

State-of-the-art equipment monitors the earthen sections of the dam and have not detected any movement since the dam was completed in 1975.

One of the most important reasons for the Safety of Dams work was to determine whether the level of the dam could be raised in the future. Enlargement still remains an option.

Project	2017	2018	2019
Safety of Dams	\$60,000	\$60,000	\$60,000

2. Pueblo Dam O&M

Part of the Safety of Dams program was determining how to seal the contraction joints between the concrete buttresses on Pueblo Dam.

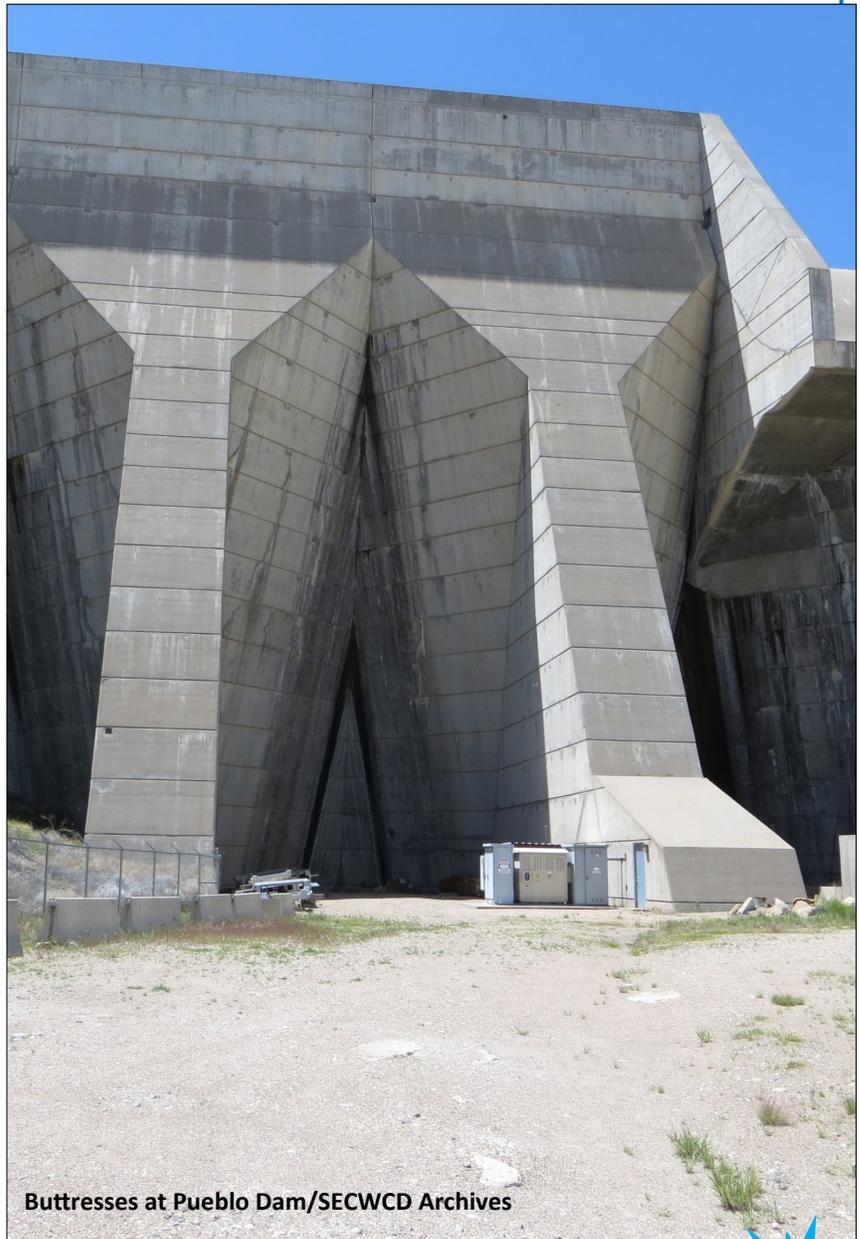
The Bureau of Reclamation continues to look at the project, and has determined that it could cost as much as \$18 million to repair the contraction joints on the dam over 2-3 years.

There currently are no funds budgeted for this purpose or anticipated over the next three years.

That raises the question of how the District would pay its share when the repairs are made. Repairs at Twin Lakes in 2014 were covered by the 10th Amendment to the Repayment Contract, in other words simply added the original Fry-Ark bill.

For the Safety of Dams program, the District chose to finance its share of the costs through a surcharge.

In the future, the District needs to look for a more stable capital reserve fund as a way of paying for extraordinary repairs to the system. A fund that could cover the costs of catastrophic failures would alleviate the need to amend past contracts when huge expenses are required.



Buttresses at Pueblo Dam/SECWCD Archives

Future strategies:

The District faces the task of determining how it will finance future repairs of the Fry-Ark System, particularly big-ticket items like dams and tunnels.

Project	2017	2018	2019
Pueblo Dam O&M	\$ -0-	\$ -0-	\$ -0-



North Outlet at Pueblo Dam/SECWCD Archives

3. Hydroelectric Power at Pueblo Dam

Construction will begin in 2017 on a 7.5-megawatt hydroelectric power plant at Pueblo Dam.

The hydro plant is expected to be up and running by 2019, which will allow the District to begin earning revenues to repay the cost of the project. Eventually, as the costs are paid, the hydro plant will become a revenue generator for the Enterprise.

The District, along with Colorado Springs Utilities and Pueblo Water, obtained a Lease of Power Privilege (LoPP) from the Bureau of Reclamation in 2011. Pueblo Water dropped out of the project last year.

Contracts necessary for the LoPP are being executed and the contractor, Mountain States Hydro,

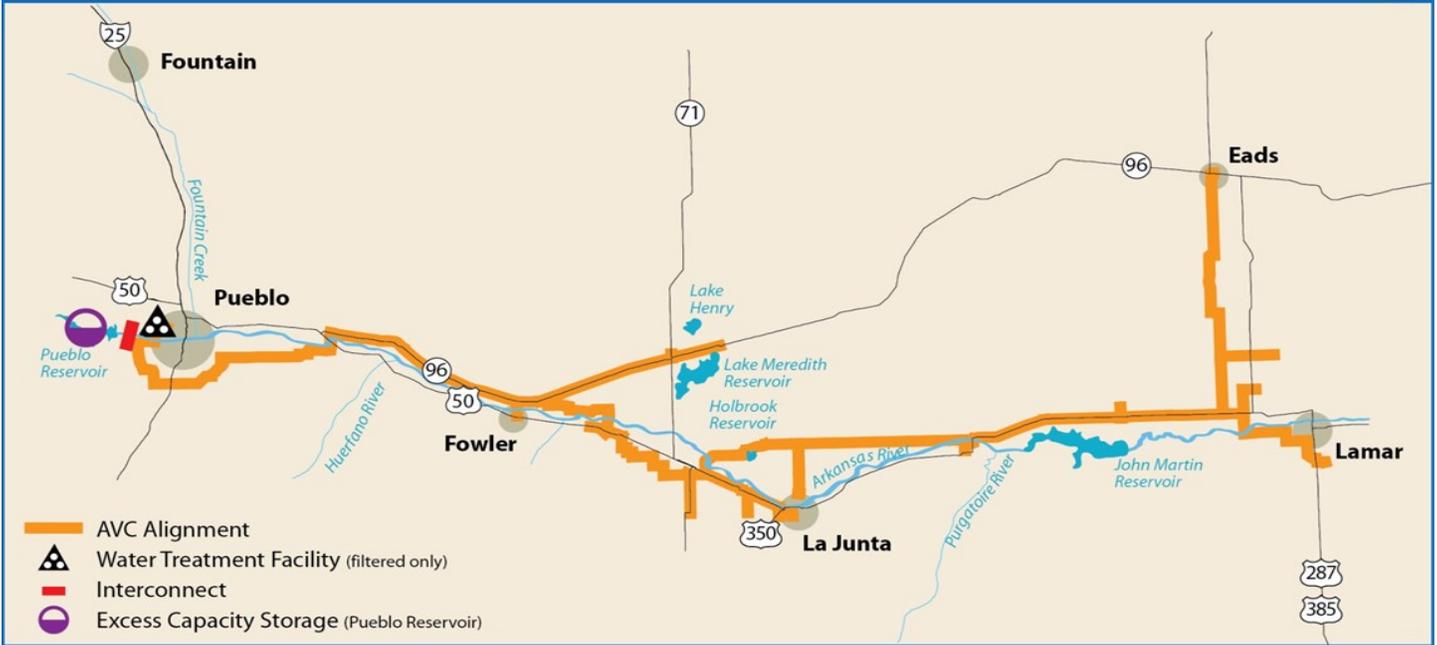
plans to begin work on the project this year.

The \$19.5 million project is being financed by a \$17.2 million loan from the Colorado Water Conservation Board that will be repaid by revenues from power sales.

Those revenues also will be used to pay back funds from the District’s Enterprise which were used to get construction started, pay for operations, maintenance and repairs and for the lease from Reclamation.

Based on preliminary estimates, the District would realize revenues of \$50 million over the next 50 years, which would go toward other Enterprise programs which are crucial to the supply and protection of Fryingpan-Arkansas Project water.

Project	2017	2018	2019
Pueblo Dam Hydropower	\$12.1 million	\$ 5.4 million	\$ 884,106



4. Arkansas Valley Conduit

The Arkansas Valley Conduit has been anticipated for more than 50 years as a way to bring clean drinking water to communities east of Pueblo. It will serve about 40 communities that deliver water to roughly 50,000 people.

Part of the original Fryingpan-Arkansas Project, the AVC’s construction has been delayed for years by a lack of funding. The challenge is to get water to a series of water systems which are independent and diverse.

Funding over the next three years will go to support the Bureau of Reclamation as it completes the feasibility study and prepares design work that will allow construction of the AVC to begin.

The District is also working on how to prepare communities to hook on to the AVC. In the past three years, the District worked with the communities to develop conservation plans that are required for state and federal funding.

The challenge ahead is to address water quality concerns that continue to arise and which ultimately will be mitigated as the AVC enters into operation.

District staff is working on promoting a “design-build” strategy which would cut down on the time needed to complete the entire project across its 130-mile span. This means working with our partners at Reclamation to streamline the federal procurement process.

Future strategies:

A large project such as the Arkansas Valley Conduit is difficult to fund during times of tight federal budgets with many competing programs. The District needs to find a funding path to build the AVC.

Project	2017	2018	2019
Arkansas Valley Conduit	\$321,354	\$322,746	\$325,075



North Outlet at Pueblo Dam/ SECWCD Archives

5. Pueblo Dam Interconnection

Reclamation is completing the feasibility study for the Pueblo Dam Interconnection this year, which will clear the way to design and build it. It connects the North and South Outlets at Pueblo Dam.

The District does not include the project in its budget forecast for the next three years, but would pay a share of maintenance when the project is complete.

The Interconnect would benefit the Arkansas Valley Conduit, which will use the South Outlet, but could benefit from the North Outlet during maintenance and in emergency situations.

Interconnection participants:

Arkansas Valley Conduit	State Fish Hatchery
Fountain Valley Authority	Pueblo West
Southern Delivery System	Pueblo Water

Future strategies:

In the Environmental Impact Statement, the Interconnection at Pueblo Dam was seen as a way to deal with temporary shut-downs of the North or South Outlets due to emergencies or maintenance. There may also be water quality benefits for some water providers at certain times.

Project	2017	2018	2019
Pueblo Dam Interconnection	\$ -0-	\$ -0-	\$ -0-



6. Excess Capacity Master Contract

The District took a giant step forward with the signing of an Excess Capacity Master Contract for storage in Pueblo Reservoir in late 2016. But the work isn't done.

The Contract provides long-term assurance for the 16 parties who have already signed on. But another 21 communities will be part of the Contract when the Arkansas Valley Conduit is built.

The Excess Capacity Project still involves some legal work to execute the remaining subcontracts, consultants, U.S. Geological Survey water quality studies and staff management.

Over the next three years, the primary goal will be to begin administration of the program through the Engineering department and to create a path forward for the remaining AVC communities that eventually will need storage in Pueblo Reservoir.

2017 Participants

Canon City
Florence
Fountain
La Junta
Lower Arkansas Valley Water Conservancy District
Olney Springs
Penrose Water District
Poncha Springs
Pueblo West Metro District
Rocky Ford
St. Charles Mesa Water District
Salida
Security Water District
Stratmoor Hills Water District
Upper Arkansas Water Conservancy District
Widefield Water District

Project	2017	2018	2019
Excess Capacity Master Contract	\$403,753	\$401,207	\$409,536



Pueblo Dam Spillway Crest/SECWCD Archives

7. Recovery of Storage

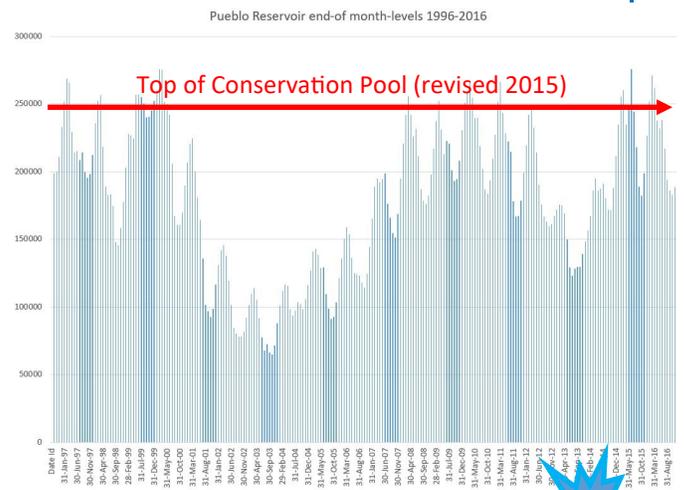
Since 1998, the District has looked at the possibility of gaining more storage in reservoirs of the Fryingpan-Arkansas Project. At the same time, the Project loses storage — about 20,000 acre-feet since 1975 — in Lake Pueblo.

Cities are becoming more reliant on Excess-Capacity storage in Pueblo Reservoir; agricultural storage beyond Winter water is needed; and Upper Arkansas River users would like more options.

The District continues to look for ways to recover storage that already has been lost and to create new opportunities for its members to benefit from increased storage, either through dredging or physical enlargement of Pueblo and Turquoise Reservoirs.

The graph at right illustrates the month-end storage levels at Pueblo Reservoir, showing the availability of space in some years and the lack of it when the reservoir is full.

Funding now goes toward water quality studies and lobbying efforts.



Future strategies:

Both enlargement and dredging would require heavy funding. The trick will be determining what is most cost-effective.

Project	2017	2018	2019
Enlargement	\$97,090	\$98,513	\$100,095



Arkansas Valley officials visit D.C. in the 1950s/SECWCD Archives

8. Debt repayment

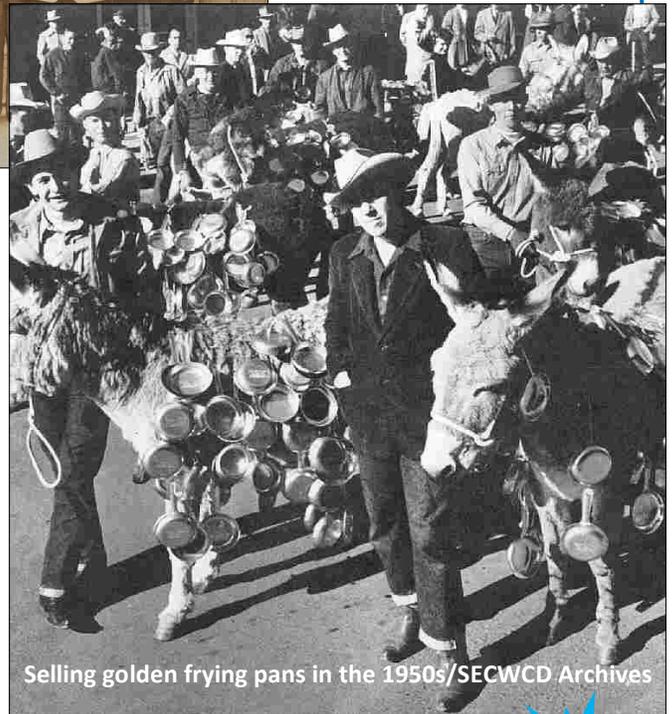
In 1982, payments began on a 50-year contract for the construction of the Fryingpan-Arkansas Project. The debt at the time was \$130 million.

The primary funding source for the payments has always been the 0.9-mill ad valorem property tax on all real property in the Southeastern District, which includes parts of nine counties.

In 2017, the outstanding debt is about \$24 million, and would soon be paid off if the annual payments of about \$7 million are made. About \$2 million of that goes for Operations, Maintenance and Replacement, which is paid first, and the rest applied to interest, then principal.

Property tax revenues are expected to increase slightly, about 1.5 percent annually, over the next three years.

Changing the repayment structure would require an 11th Amendment to the Fryingpan-Arkansas Project contract with Reclamation.

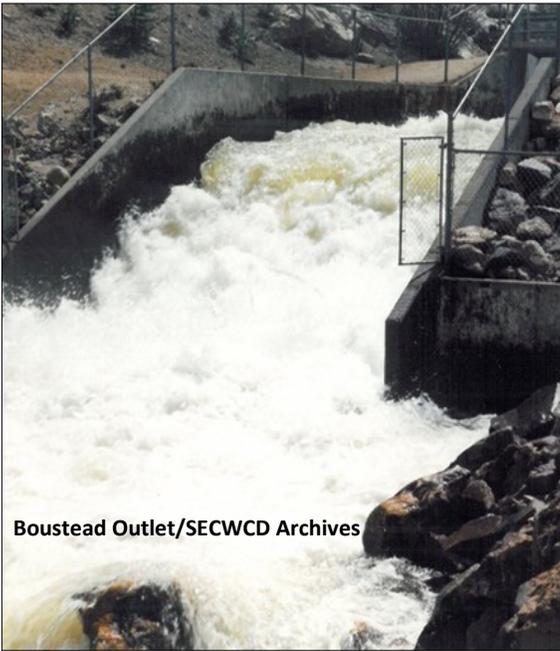


Selling golden frying pans in the 1950s/SECWCD Archives

Future strategies:

The District could stretch out the repayment schedule and begin to build a strategic reserve fund for catastrophic events (see Pueblo Dam O&M, Page 6). Other underfunded programs could be considered.

Project	2017	2018	2019
Ad Valorem Revenues	\$7.04 million	\$7.17 million	\$7.30 million



2016 Water Rates and Surcharges						
Description	Rates and Surcharges					
	Water Rate	Salty of Dam	Water Activity Enterprise	Environmental Stewardship	Augmentation	Total Charge
Project Water Sales						
Agricultural	\$ 7.00	\$ 0.50	\$ 0.75	\$ 0.75	\$ -	\$ 9.00
Municipal	\$ 7.00	\$ 0.50	\$ 1.50	\$ 0.75	\$ -	\$ 9.75
Project Water Sales used for Well Augmentation						
Agriculture used for Well Augmentation	\$ 7.00	\$ 0.50	\$ 0.75	\$ 0.75	\$ 2.60	\$ 11.60
Municipal used for Well Augmentation	\$ 7.00	\$ 0.50	\$ 1.50	\$ 0.75	\$ 2.60	\$ 12.35
Storage Charges						
Winter Water Storage	\$ 2.80	\$ 0.25	\$ -	\$ 0.75	\$ -	\$ 3.80
Carry-Over Project Water	\$ -	\$ 1.00	\$ 1.25	\$ 0.75	\$ -	\$ 3.00
If & When Storage						
In District	\$ -	\$ 0.50	\$ 0.50	\$ 0.75	\$ -	\$ 1.75
Out of District	\$ -	\$ 2.00	\$ 4.00	\$ 0.75	\$ -	\$ 6.75
Aurora	\$ -	\$ 2.00	\$ 8.00	\$ -	\$ -	\$ 10.00
Project Water Return Flows						
Return Flows	\$ 6.00	\$ 0.50	\$ -	\$ 0.75	\$ -	\$ 7.25

Type of Water Sales and Salty of Dams Surcharge Rate	
Project Water Ag & M&I	50.50
Well Augmentation Ag & M&I	50.50
Carry-Over Project Water	\$1.00
If & When in District	50.50
If & When out of District	\$2.00
Return Flows	50.50
Winter Water Storage	50.25

9. Water Rate Study

What's the value of Fryngpan-Arkansas Project water?

That's a question the District has been wrestling with for several years. One of the upcoming projects is to take a hard look at how the District and Enterprise are funded through sales of water and storage space.

There are no funds budgeted for a water rates study which could shed light on the proper charge for water, but it is an activity that District staff is discussing.

The study would need extensive public review and approval by the Board of Directors.

Future strategies:

The District has not had a rate increase since 1998, and expenses which have arisen have been paid for with surcharges, from capital reserves or by adding to the previous debt of the Fryngpan-Arkansas Project. This table compares the District's rates to others throughout Colorado.

COST OF WATER

Annual price per acre-foot equivalent of several types of water (2016):

Retail water:

(based on 115,000 gallons/year)

Colorado Springs	\$2,286
Aurora	\$2,125
Greeley	\$1,616
Denver	\$1,225
Pueblo	\$ 954

Stored water:

(Pueblo Reservoir)

In-District	\$40.04
Out-of-District	\$61.24
Winter Water	\$ 3.80*
Fry-Ark Water	\$ 3.00*

Wholesale water:

Pueblo Board of Water Works:

Dispensing station	\$1,225
Marijuana	\$1,063
Long-term lease (high)	\$ 651
(average)	\$ 365
Short-term lease (high)	\$ 200
(average)	\$ 25

Colorado-Big Thompson:

Open market lease \$ 85

Fry-Ark water \$7.25-12.35*

***Includes surcharges**

Project	2017	2018	2019
Water Rate Study	\$ -0-	\$ -0-	\$50,000

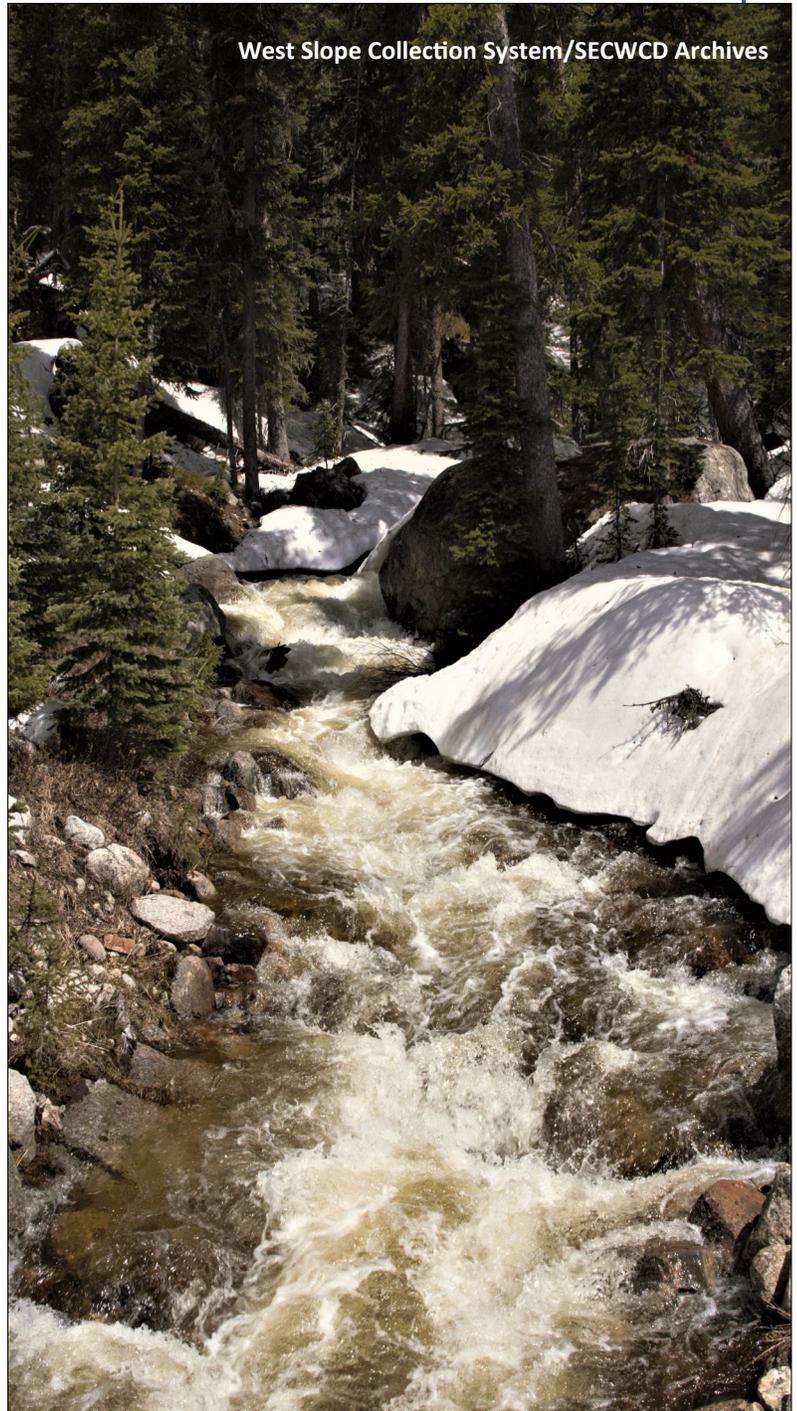
10. Colorado River Programs

The Fryingpan-Arkansas Project depends on the ability to move water from the West Slope of the Continental Divide into the Arkansas River basin. This requires the District to remain involved at several levels to protect its interests in the Colorado River basin.

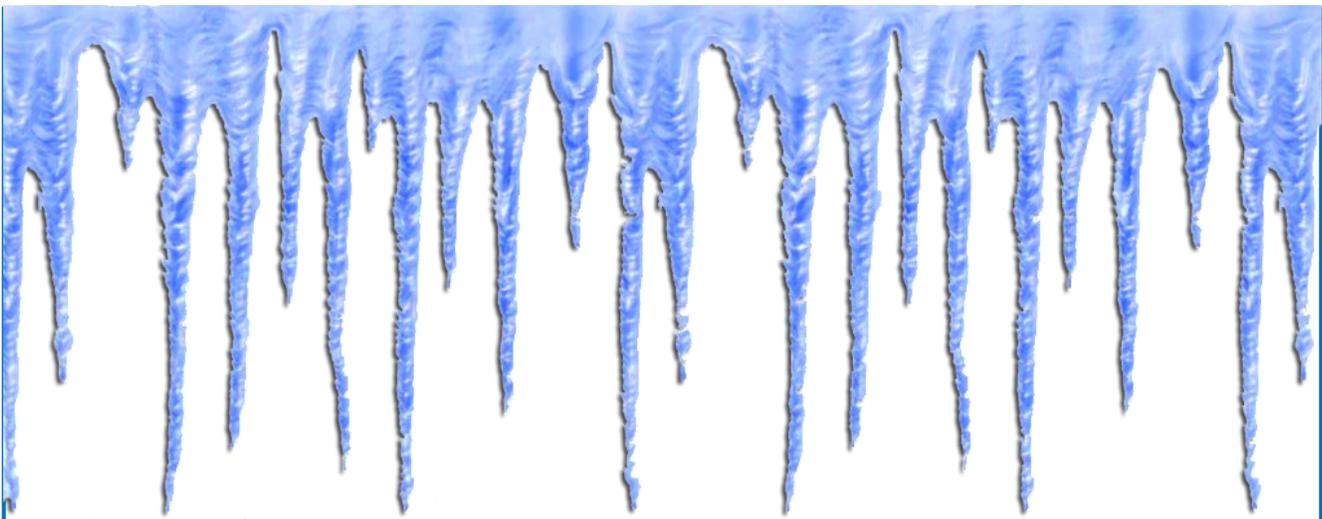
The District plans to continue funding for those programs over the next three years to protect and strengthen its position.

Some of the programs the District is involved in include:

- ◆ Fish Recovery Program: The District contributed \$1.75 million to the Front Range Water Council’s \$17.2 million plan for water releases to benefit four species of endangered fish on the Colorado River.
- ◆ Colorado River Water Users Association: The District participates in this group to gain perspective on the major issues affecting the Colorado River as they change over time.
- ◆ Legal representation: The District actively monitors Water Division 5 activities to protect its interests.
- ◆ Engineering consultants: The District has hired consultants to track ongoing studies and envision future activities that could benefit the Fryingpan-Arkansas Project.



Project	2017	2018	2019
Colorado River Programs	\$23,000	\$23,376	\$23,759



11. Winter Water

The Winter Water Storage Program allows farmers to store water from Nov. 15-March 15, during the season when few crops which require irrigation water are growing.

The program was made possible by the completion of Pueblo Reservoir in 1975, providing an off-season use for Fryingspan-Arkansas Project facilities, and the means to store agricultural water for times when it is needed during the growing season.

The Enterprise collects surcharge fees on water stored in Pueblo Reservoir and administers storage in reservoirs owned by canal companies. The water is allocated according to the final decree in Pueblo Water Court in 1990.

The amount stored overall in the Winter Water Storage Program varies depending on weather conditions, but the amount in Pueblo Reservoir remains relatively consistent because of the need to balance storage among participants who either have their own storage or who have no other way to receive Winter water.



Irrigation in Otero County/SECWCD Archives

Project	2017	2018	2019
Winter Water	\$140,000	\$140,000	\$140,000



12. Conditional Water Rights

Conditional water rights are incomplete claims that reserve a priority obtained through a Water Court decree. Those who hold them are required to report due diligence to the court every six years.

The Southeastern District has these types of rights on both the East Slope and West Slope.

In 2016, the District filed a diligence application on 19 East Slope conditional rights. In this case, the District maintained diligence on storage rights at Pueblo Reservoir, Twin Lakes and Turquoise Reservoir; filed for changes on six other diversions; and abandoned 10 other rights.

The abandoned rights were associated with original plans of the Fryingpan-Arkansas Project to build a series of canals that would serve hydropower plants. The plants were never built, and there are no plans to build them.

The Board voted to abandon these rights to avoid future legal costs to defend them, and most importantly because they are no longer needed by the District.

The District also has conditional water rights in Water Division 5 on the West Slope. These rights come up for diligence review in Water Court in May, 2018.

Project	2017	2018	2019
Legal Services	\$120,000	120,000	120,000



13. Reclamation Reform Act

The Reclamation Reform Act (RRA) of 1982 defines and codifies acreage limitations to agriculture.

Project water users within the Southeastern Colorado Water Conservancy District boundaries are required to certify their landholdings by filing RRA forms prior to receiving an allocation of Project water dependent upon varying ownership entitlements.

No major changes are planned in this program over the next three years, so budget amounts will remain flat.

The District must provide information and

guidance to all landholders regarding the acreage limitation provision of Federal Reclamation Law and the associated regulations.

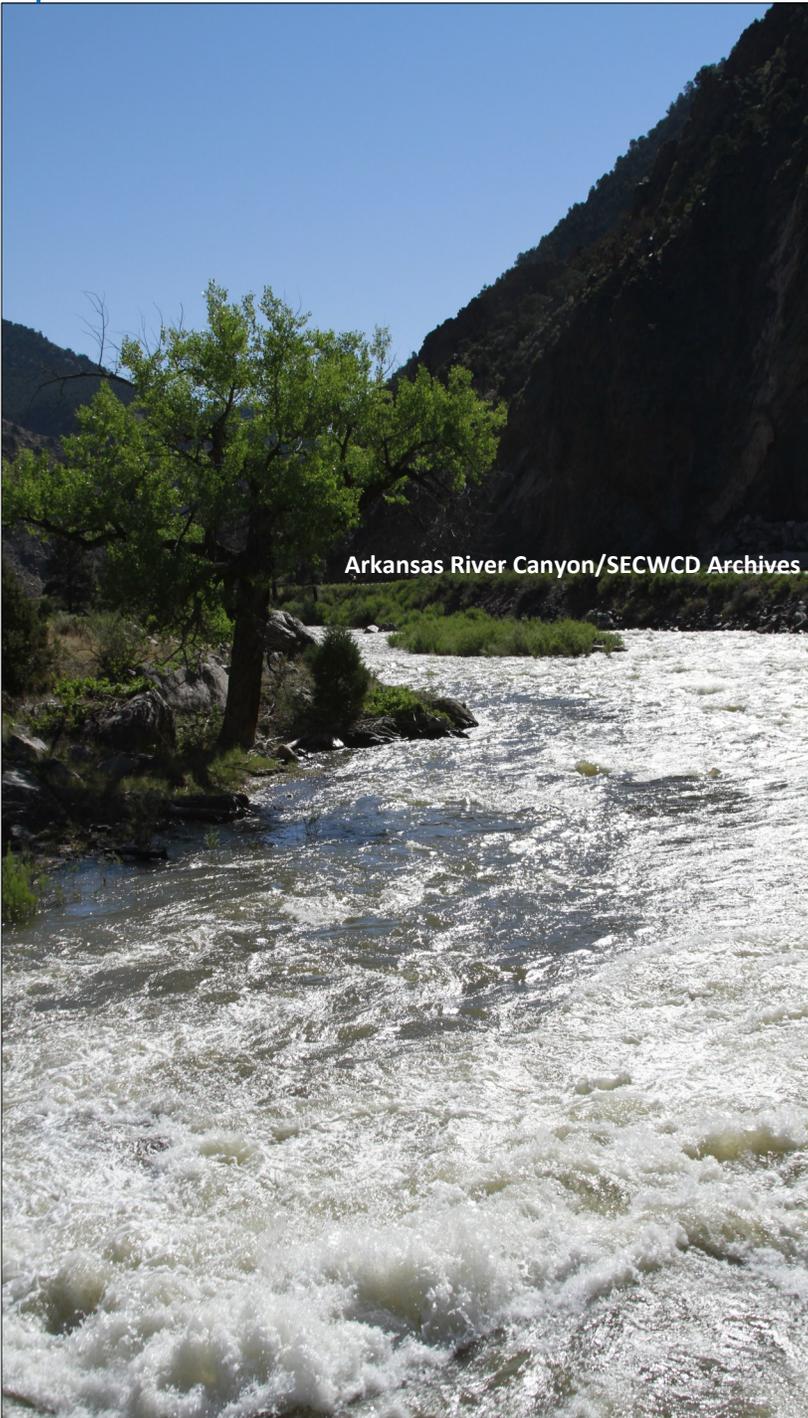
In 2013 the District’s Water Allocation Policy was amended to specify that it is the agricultural water organization’s responsibility to pay the District any Bureau of Reclamation administrative fees and/or bills for Project water at the full cost rate delivered by the agricultural water organization that are received at the District.

The agricultural water organization has the option to forward these fees to the landholders.

The agricultural water organization will not be eligible to receive Project water until these bills

Project	2017	2018	2019
Reclamation Reform Act	\$2,000	\$2,000	\$2,000

14. Water Quality Sampling



The District, through its Enterprise Activity, has multiple contracts with the U.S. Geological Survey (USGS) for water quality monitoring throughout the Arkansas River Basin. The programs are ongoing and will continue to be funded during the upcoming three-year period.

The USGS picks up about one-third of the costs, with the District and its partners paying the remainder.

One program has a budget of about \$195,000 and covers water quality on the upper and lower Arkansas River, Fountain Creek and Pueblo Reservoir to support special projects. The Enterprise pays \$136,970.

The program has six elements:

- ◆ Long-term water quality monitoring.
- ◆ Collection of continuous specific-conductance data.
- ◆ Update of web site.
- ◆ Streamflow data for voluntary flow program.
- ◆ Fountain Creek suspended sediment.
- ◆ Pueblo Reservoir water quality.

A second program is about \$20,000 and is funded by \$14,315 through the Enterprise.

Project	2017	2018	2019
Water Quality	\$180,296	\$183,523	\$186,809



Fountain Creek at Clear Springs Ranch/SEWCD Archives

15. Fountain Creek Transit Loss

The District has been a participant in the U.S. Geological Survey model of transit loss on Fountain Creek since 2015.

The USGS and Colorado Springs began using the model in 1989 to help measure return flows on fully consumable water released into Fountain Creek. Since then, more participants in El Paso County have joined and the model is operated as part of the Pikes Peak Regional Water Authority (PPRWA).

The District joined the program as part of its accounting for return flows from Fryingpan-Arkansas water sold to Fountain Valley participants.

In 2017, the District’s obligation is \$7,950, which includes the final payment of \$4,000 for buy-in to the model, \$2,000 for a base fee and \$650 for membership in the PPRWA, as well as carryover costs from 2016.

In 2018-19, \$3,000 is budgeted for each year to cover the base fee, PPRWA membership and potential flow-based fees.

Future strategies:

As part of its contract with the Bureau of Reclamation, the Southeastern District has agreed to use transmountain water to extinction. Better tracking of return flows also maximizes the amount of water available to sell. Transit loss models help those goals.

Project	2017	2018	2019
Fountain Creek Transit Loss	\$7,950	\$3,000	\$3,000



2016 Junkins Fire in Custer County/KOAA TV

16. Watershed Health

In 2016, three large wildfires broke out in the Arkansas River basin, each with the potential to damage water quality. Along with other agencies, the District is working to monitor water quality, particularly for the fires upstream from Pueblo Reservoir, Junkins and Hayden Pass.

Major wildfires are becoming more common in Colorado and water providers recognize these have consequences for the protection of water supplies.

The District is working with Reclamation, Fountain Valley Authority, Southern Delivery System, Pueblo Water, Pueblo West, the State Fish Hatchery and the Arkansas River Basin Collaborative (part of the Arkansas Basin Roundtable) to set up an assessment of how large wildfires affect Pueblo Reservoir water quality.

The U.S. Geological Survey would study fire restoration projects to assess the amount and timing of contaminants that wash into the Arkan-

sas River from burn scars, as well as setting up an Internet dashboard that would alert water providers of potential storm events.

The group is in the process of applying for grants totaling almost \$190,000 for the project over the next three years, and the District would be the lead agency.

The District has grant capacity for \$200,000, and the Enterprise has an additional \$200,000 annually budgeted.

2016 Fires	Area	Acres	Watershed
Junkins	Custer County	18,403	Hardscrabble, Red Creek
Hayden Pass	Fremont County	16,520	Big Cottonwood, Hayden Creek
Beulah Hill	Pueblo County	5,232	St. Charles River

Project	2017	2018	2019
Watershed Health (projected)	\$ 35,000	\$ 118,000	\$ 35,000



Kayaker in Pueblo Whitewater Park/Pueblo Chieftain

17. Restoration of Yield

An Intergovernmental Agreement (IGA) in 2004 established a program designed to keep flows in the Arkansas River through Pueblo called the Flow Management Program. As part of that effort the Restoration of Yield (ROY) group was formed.

The City of Pueblo at the time was developing its Whitewater Park, and feared that increased exchanges on the Arkansas River would deplete the amount of water in the river, diminishing the city’s investment. The IGA cleared the way for Pueblo’s Recreational In-Channel Diversion.

Other parties in the agreement were Aurora, Colorado Springs, Pueblo Board of Water Works, Fountain and the Southeastern Colorado Water Conservancy District. All had an interest in protecting future exchange potential into Pueblo Reservoir. Pueblo West joined the

group in 2015 because of common interests and subsequent legal agreements.

In the past two years, the group’s technical committee has been investigating sites for small reservoirs east of Pueblo.

The idea is to capture releases which otherwise could be exchanged, but are bypassed to ensure certain flow levels. At times, some water may be released to bolster flows.

Initial reconnaissance for reservoir sites is complete, and now the ROY group is preparing to move ahead to develop storage.

Over the next three years, the District anticipates it will pay its share of costs toward planning, design and site acquisition for the ROY reservoir.

Construction is anticipated in subsequent years.

Project	2017	2018	2019
Restoration of Yield	\$53,750	\$53,750	\$53,750



Fisherman on the Arkansas River/SECWCD Archives

18. Regional Resource Planning Group

Formed under the 2003 Intergovernmental Agreement with Aurora, the Resource Regional Planning Group works to better define the water quality conditions, dominant source areas and processes that affect water quality in the Arkansas River basin.

The Southeastern Colorado Water Conservancy District acts as a pass-through agency for the group, and coordinates its activities.

The current contract with the U.S. Geological Survey is for \$207,600, which is funded by \$135,000 from the six partners and \$72,600 from the USGS. The most recent task is to better define the source of selenium in the Arkansas River basin.

The scope of work during the next three years will look at total dissolved solids (TDS),

Regional Resource Planning Group

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

selenium and uranium concentrations from the mountains to the Kansas state line.

TDS is a concern because it affects drinking water quality in the Lower Arkansas Valley. High salinity also affects crop yields.

Uranium is a problem for all drinking water providers throughout the basin.

High selenium levels are detrimental to wildlife and present a regulatory challenge.

Project	2017	2018	2019
Regional Resource Planning Group	\$110,000	\$110,000	\$110,000



19. Information Technology

Many of the oldest documents relating to the Fryingpan-Arkansas Project were generated on typewriters or even carbon copies.

Technology has moved a long way during the 59 years the District has been in existence and it will mean some big changes during the next three years.

In the past few years, the District has upgraded its meeting rooms by adding more sophisticated equipment to improve the quality of presentations and to make recorded electronic minutes more accurate. The facilities also allow for updated audio and video conferencing.

Computer systems have increased the productivity of employees.

Some of the money budgeted for Information Technology will be used for routine maintenance

and upgrades for the systems in place.

In 2017, the District will upgrade its Geographic Information Systems (GIS), which are used by the Engineering department for tasks such as inclusion and for Reclamation Reform Act compliance.

Another project will be the installation of fiber optic cable in the building. This will allow greater communication speed and more reliable internet service.

A new telephone system is needed to keep pace with features that are now available that will improve the reliability and clarity of phones within the building.

Within the next three years, the District will move toward an electronic filing system to improve access to records.

Project	2017	2018	2019
Information Technology	\$91,774	\$92,575	\$93,803



Southeastern Colorado Water Conservancy District Offices

20. Building and Grounds

The headquarters of the Southeastern Colorado Water Conservancy District moved into its new offices at the current location in 2000.

As with any organization, the District needs to maintain a modern work environment suited for the tasks it performs.

The goal in the next three years is to make needed repairs on the parking lot, which has begun to show signs of wear.

Additionally, the District is entering a phase where it will be converting many of the original paper documents stored in the building to a form that can be accessed electronically.

There also have been changes in the function of staff which require some office modifications, as well as routine maintenance.



Xeriscape Gardens at SECWCD

Future strategies:

While the Fryingpan-Arkansas Project will always remain the primary focus for the District, the offices at the Pueblo Airport Industrial Park serve as the base of operations for the District. Opened in 2000, the headquarters have expanded to accommodate greater stores of records and new technology, while fulfilling a role as community meeting place.

Project	2017	2018	2019
Buildings and grounds	\$166,335	\$145,525	\$146,922



21. Community Outreach

The District has many projects which span multiple years. Its purpose, so clear to the people of the Arkansas Valley who formed the District 60 years ago, runs the risk of getting lost as new pressing water needs come to the forefront.

One strategy is to sponsor public events, such as the Pueblo Children’s Water Festival and the Arkansas River Basin Water Forum.

At the same time, we must interact with other groups as new issues arise. The District is an active participant in such programs as the Arkansas Basin Roundtable.

Finally, we have to maintain communications internally with program participants. We are resuming planning meetings with AVC participants in the coming year.



Future strategies:

As the District moves forward on projects and programs, a Communication Plan is needed to make sure messages are relayed among staff and board members and with stakeholders, government agencies, the media and the general public.

Project	2017	2018	2019
Community Outreach	\$20,650	\$21,000	\$21,355

22. Miscellaneous Revenues

S. 187, signed into law by President Barack Obama on March 30, 2009, as Section 9115 of Public Law 111-11, allows miscellaneous revenues from contracts with the Bureau of Reclamation to fund specific parts of the Fryngpan-Arkansas Project.

The South Outlet Works bill was paid off first, and Ruedi Reservoir is expected to be paid in full by 2019. The remaining debt of the Fountain Valley Conduit should be retired in 2021.

That will leave the remaining revenues to be used for construction of the Arkansas Valley Conduit (AVC).

While the timeframe of the funding is outside the scope of this three-year business plan, it figures into the overall strategy of funding the AVC.

Miscellaneous revenues now total roughly \$3 million annually, and are expected to increase to more than \$10 million annually over the next 50 years. That money can be used to pay for construction or to repay the Bureau of Reclamation for construction of the AVC.

The District continues to develop strategies for the payment of the local 35 percent match for the AVC, as well as finding ways to build in more efficiency to save costs.

The next three years will be a critical time for taking steps to begin construction of the AVC.



Ruedi Reservoir/SECWCD Archives



Fountain Valley Conduit pumps/SECWCD Archives

Future strategies:

Grants, loans and other financial resources could accelerate the construction of the AVC.

Project	2017	2018	2019
Miscellaneous Revenues	\$ -0-	\$ -0-	\$ -0-