

**ALLOCATION COMMITTEE  
MINUTES  
October 5, 2017**

A meeting of the Allocation Committee was held on Thursday, October 05, 2017 at 1:03 p.m. at the District Office 31717 United Avenue, Pueblo, Colorado 81001.

Chairman Carl McClure announced a quorum was present.

**COMMITTEE MEMBERS PRESENT:**

Carl McClure - Chairman, Howard "Bub" Miller – Vice Chairman  
Tom Goodwin, Alan Hamel, Curtis Mitchell, and James Broderick

**COMMITTEE MEMBERS ABSENT AND EXCUSED:**

None

**OTHERS PRESENT:**

Jenny Bishop, Colorado Springs Utilities; Garrett Markus, Margie Medina, Leann Noga, and Chris Woodka, Southeastern Colorado Water Conservancy District (District) staff.

**APPROVAL OF MINUTES:**

Chairman McClure confirmed that members of the Committee received their copy of the May 4, 2017 minutes, and asked if there were any corrections or additions. Hearing none, Tom Goodwin moved, seconded by Curtis Mitchell, to approve the minutes. Motion carried unanimously.

**PRESENTATIONS:**

**SUMMARY OF THE 2017 ALLOCATION SEASON**

Garrett Markus updated the Committee regarding Fryingpan-Arkansas Project water (Project water) imports. The Project's design yield is considered to be 69,200 AF and would be considered the 100 percent target. In relation to the 20 year average budgeted yield of 55,733 AF (80.5 percent), the actual imports of 67,009 AF (96.8 percent), and the May 1, 2017 projection of 77,700 AF (112.3 percent); the Project exceeded budgeted expectations even though the actual imports were short of the projection.

Municipal entities received their full allocation at 11,118 acre-feet because their requests were still under their authorized amounts even at the reduced allocation. However, the agricultural entities received 80 percent of the initial allocation solely by reducing the Project water transferred from unrequested municipal Project water. Over all, refunds were issued on the order of \$103,340.54.

**FRYINGPAN-ARKANAS PROJECT WATER COMMINGLING PLAN REVISION**

A condition of the District's Master Contract with the Bureau of Reclamation is to comply with the Reclamation Reform Act (RRA) as a prerequisite to allocating Fryingpan-Arkansas Project water to agriculture entities. RRA lays a framework of land ownership criteria most notable is the 960 acre

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entitlement for single ownership to a qualified recipient. The District is responsible for administering the RRA program with annual and 5-year comprehensive audits by the Bureau of Reclamation. The District is the only district in the Great Plains Region that utilizes Commingling Plans. All other districts require that Project water not be physically delivered to ineligible lands.

In the event that irrigated agricultural lands become ineligible to receive Project water by RRA rules and regulations, the District will carve those acres out of the allocation and the mutual ditch company will receive less Project water. If Project water is used on ineligible lands, the Bureau of Reclamation can assess administration fee bills or charge full cost price for Project water. Ineligible land can be excess land, hemp fields/Controlled Substance Act (CSA), and/or leased land over 960 acres also referred as "receiving non-Project water" (RNPW).

The agricultural stake holders claimed that making individual gate changes for Project water deliveries was not feasible and they were in need of a simpler option that allowed them to use Project water seamlessly alongside their other water sources. The solution was Commingling Plans.

Commingling Plans look at all the ineligible acreage under the service area of a mutual ditch company compared to their entire service area to get a percent ineligible. The plan allowed them to commingle other water at that percent ineligible or higher with Project water to maintain RRA compliance.

An issue that continues to plague commingling operations is the inequitable distribution of their native flow decreed river right due to ineligible lands. Individuals that have worked diligently to keep land eligible are concerned that other entities that have not done so are getting a higher portion of native flow at the expense of staying in compliance with the Commingling Plan and RRA guidelines.

The need to administer RRA in such a way that it would not impede on native rights, District staff intends to *not* let mutual ditch companies commingle with native water; which would include Winter water stored pursuant of the Winter Water Storage Program. This would require the ditch company to find other sources of water outside of their native right to offset flows to ineligible lands OR reduce individual headgate diversions to those ineligible lands so that Project water is not delivered to them.

### **ACTION ITEM:**

#### **AGRICULTURAL OFF SEASON STORAGE FOR PROJECT WATER**

The 80/20 Rule requires that agricultural entities receiving an allocation of Project water must use at least 80 percent of their allocation, based on their final allocation, by November 15 of the year allocated and the remaining 20 percent must be used by May 1 of the following year. The Rule was formally adopted by the District Board as an amendment to the Allocation Policy on January 15, 1998 for the purpose of the Safety of Dams restrictions.

Content levels in Pueblo Reservoir is expected to reach high storage levels in the spring of 2018 as we have experienced the last several years. In the past the District has enacted the 80/20 Rule to limit large amounts of agricultural Project water to be stored during the winter months during when space is needed for the Winter Water Storage Program and Project water deliveries from the upper reservoirs. Ag stakeholders have planned on a 20 percent storage criteria enforcement and most

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entities have already executed plans to meet the current conditions of the 80/20 Rule for the 2017 Project water year. Staff recommends to enact the Agricultural 80/20 Rule for the 2017 Project water year.

Tom Godwin moved, seconded by Howard "Bub" Miller to recommend to the District Board to enact the agricultural 80/20 Rule for Project water storage for the 2017-2018 Winter water season. Motion passed unanimously.

**INFORMATION ITEM**

**PROJECT WATER AND STORAGE RATES DISCUSSION**

Jim Broderick provided a pamphlet titled, *"How Do We Rate."* The District has held current water rates for over 20 years. The proposal will allow the District to raise Project water from \$7 to \$8 for 2018, increasing \$1.00 in 2019 and 2020 each year. In addition to charging the same rate of \$8 for Return Flow in 2018 with an increase of \$1.00 in 2019 and 2020. Municipal carryover has no charge currently outside of surcharges. A \$1 fee for carryover storage for municipal Project water in Pueblo Reservoir in 2018, increased by \$1 in 2019 and 2020. Loss of evaporation charge at \$0.60 is recommended for Project water stored after the first year of allocation. Lastly, well augmentation surcharge will take a different look and become the Fully Consumable surcharge. This surcharge will be applied to all water being fully consumed or not generating a Return Flow. The water charge will be an additional \$5.33 per AF in 2018 above the initial cost for Project water ultimately producing \$13.33 per AF fully consumable water. This rate will increase to \$6 and then to \$6.66 in 2020.

The rate discussion will be provided to the District Board of Directors and briefly discussed at the Winter Water meeting.

**NEXT MEETING**

Thursday, November 2, at 1:00 p.m.

**ADJOURN**

Chairman McClure adjourned the meeting at 2:04 p.m.

Respectfully submitted,

Garrett J. Markus

Water Resources Engineer