

RECORD OF PROCEEDING

**SOUTHEASTERN COLORADO
WATER CONSERVANCY
DISTRICT
MINUTES**

November 18, 2021

A meeting of the Board of Directors of the Southeastern Colorado Water Conservancy District (District) was held on Thursday, November 18, 2021, at 9:36 a.m., at the District office, 31717 United Avenue, Pueblo, Colorado. The ZOOM platform was also made available for Board members and visitors. Mr. Long asked Margie Medina for a roll call.

President Long established that a Quorum was present.

DIRECTORS PRESENT:

Alan Hamel	Curtis Mitchell	Patrick Garcia
Andy Colosimo	Mark Pifher	Seth Clayton
Ann Nichols	Howard "Bub" Miller, logged in @ 10:42 AM	
Bill Long	Kevin Karney	Tom Goodwin
Carl McClure	Pat Edelmann	

DIRECTOR(S) ABSENT AND EXCUSED:

Dallas May, and Greg Felt

DISTRICT OFFICIALS PRESENT:

Executive Director James Broderick; General Counsel Lee Miller; Senior Policy and Issues Manager Chris Woodka; Water Resource Engineer Garrett Markus; Administrator of Finance and Administration Leann Noga; Administrative Support Specialist Margie Medina; Stephanie Shipley Accounting Specialist; Administrative Support Associate Patty Rivas; and Kogovsek and Associates Christine Arbogast

VISITORS PRESENT:

Bill McDonald, McDonald Water Policy; Brandon Bernard (remote), Widefield Water & Sanitation; Cathy Garcia (remote), Congress Woman Lauren Boberts Office; Curtis Thompson (remote), AECOM; Jeffery Deherrera, and Bobby Banham, Pueblo West Metro District; Jerry Pena, Kennedy Jenks; Kevin Salter (remote), Kansas Department of Agriculture; Lisa Brown (remote), Wilson Water Group; Mark Scott (remote), Providence Infrastructure Consulting; Mark Shea, CWCB; Mike Holmberg (remote), USBR.

INTRODUCTION OF VISITORS:

President Long welcomed the visitors to the meeting.

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APPROVAL OF MINUTES:

President Long said the minutes of the October 21, 2021, Board meeting were posted to the Board website for review and asked if there were any corrections or additions. Hearing none, Mr. Garcia moved, seconded by Mr. Goodwin to approve the minutes. Motion unanimously carried.

TREASURER REPORT:

Treasurer Nichols reported the financial statements for October 2021, were posted to the Board website for review. Ms. Nichols moved, seconded by Mr. Clayton for acceptance of the October 2021 financial statements and payment of the November 2021 bills. Motion unanimously carried.

ACTION ITEMS:

There was time available before the 9:45 a.m. Budget hearing, so Jim Broderick presented an action item recommending the Board authorize the Executive Director to execute an agreement with the Colorado Springs Urban Renewal Authority to provide tax increment financing for an urban renewal project in Colorado Springs.

The Colorado Springs Urban Renewal Authority (CSURA) is pursuing an urban renewal plan for a parcel of land located in the City of Colorado Springs in El Paso County. The Plan Area is comprised of two parcels on approximately 3.28 acres of land. The boundaries of the Plan Area to which this Plan applies includes Zebulon Drive to the west, Verde Drive to the north, and unnamed alleyway to the south, and commercial development to the east, which includes Family Dollar, Pitstop Carwash, and Shell gas station. The project is designated as the Almagre Urban Renewal Plan, which consists of about 138 units ranging from one, two, and three-bedroom units. All 138 units will be affordable for households earning between 30 and 60 percent of area median income (AMI). Almagre will serve the community by offering affordable housing as well as residential support services including financial counseling, homeownership counseling, job search assistance, after-school tutoring, and nutrition assistance. Because the property within the urban renewal area, is subject to the District's property tax, CSURA seeks an agreement confirming the District's consent to allocation of its entire additional tax increment on the property to CSURA in support of the plans.

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 payment 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. 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.

The most significant term of the proposed Agreements is the waiver of the right to receive incremental increased property tax payments on the property for twenty-five years, and the pledge of those payments to CSURA for payment of the bonds. The Plan Area located within Southeastern Colorado Water Conservancy District, which has a 0.920 mill levy. The District's share of the current property tax base is \$73.00. The increment value of property taxes generated, which will be deferred by the Water

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Conservancy District, would be approximately \$32,407 over the 25-year period or \$1,296 per year. If the bonds are paid off early, the Agreement terminates, and the subsequent incremental payments will be paid to the taxing entities.

Mr. Hamel 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 Almagre Urban Renewal Plan. Motion unanimously carried.

President Long convened the Enterprise meeting @ 9:45, to be held in conjunction with the District meeting.

PRESENTATION ITEMS:

2022 PROPOSED BUDGET HEARING

Mrs. Noga presented a PowerPoint that reviewed the following:

- Southeastern Colorado Water Conservancy District Fund
 1. 2022 Mill Levy Tax Revenues
 2. Fry-Ark Project Budget
 3. Fry-Ark Project 2021 Vs. 2022 Budgets
 4. 2022 District Operation Budget
 5. 2022 District Operation Planning and Development
 6. 2022 District Capital Outlay
 7. District Operation 2021 Vs 2022 Budget
 8. District General Funds Estimated Fund Balance

- Southeastern Colorado Water Activity Enterprise Fund
 1. 2022 Water Sales and Storage Rates
 2. 2022 Enterprise Operations, to include the Enlargement & Excess Capacity Project
Budgets: Enlargement - \$96,464, Excess Capacity - \$98,682
 3. 2022 Enterprise Operation Capital
 4. Enterprise Operation 2021 Vs 2022 Budgets
 5. 2022 Arkansas Valley Conduit
 6. 2022 Hydroelectric Power
 7. Enterprise Operations Estimated Fund Balance

- District General Fund 2022 Budget Resolution
- Enterprise Proprietary Fund 2022 Budget Resolutions
- Enterprise 2022 Water Sales and Storage Rate Resolution

President Long recessed the Enterprise meeting at 10:08 a.m.

PRESENTATION ITEMS (con't):

FRY-ARK CONVERSION CONTRACT

Mr. Lee Miller presented a PowerPoint that reviewed the following:

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- Current Fry-Ark Contract
- Draft Conversion Contract – Repayment
- Draft Conversion Contract – OM&R
- OM&R Reserve Fund
- Provisions Continuing from 1965 Contract
- New or Modified Contract Provisions
- Benefits to the District
- Negotiation Team

ACTION ITEMS (con't):

FRY-ARK CONVERSION CONTRACT

Mr. Lee Miller presented an action item recommending the District Board authorize execution of the contract with the Bureau of Reclamation converting the District's existing contract, which will expire at the end of this year, from a limited-term water service contract to a perpetual contract for the repayment of the Fryingpan-Arkansas Project (Fry-Ark) and operations, maintenance, and replacement (OM&R) of facilities.

Pursuant to Article 3 of the 1965 Contract, that contract became effective on January 1, 1982, for a term of 40 years unless terminated or superseded prior to December 31, 2021. Article 3 further provides that it may, at any time prior to its expiration and at the District's request, be converted to a contract under subsections (c)(1) and (d) of section 9 of the Reclamation Project Act of 1939, which form of contract is commonly referred to as a repayment contract.

The major benefit to the District in the draft conversion contract is that the contract is perpetual in nature, guaranteeing the District will continue to receive water from the Fry-Ark into the future, as long as the District meets its construction repayment obligation and the annual OM&R requirements. The draft conversion contract continues the rights and obligations of the District in the 1965 Contract and sets a schedule for repayment of the remaining balance of the construction costs for the Project, which are allocated to Irrigation Use (the allocation to Municipal and Industrial use having already been paid off) by the statutory requirement of 50 years. OM&R will continue to be paid in advance based on estimated OM&R with the "true up" of actual annual OM&R costs from the preceding Federal Fiscal Year (which will be reflected as either a debit or credit, as appropriate, on the invoice from the United States to the District).

The draft converted contract continues the Reserve Fund created in Amendment No. 11 to the 1965 Contract in which the District accumulates that portion of the District's ad valorem tax revenues, if any, which remain after the District has paid to the United States the amounts required for repayment and OM&R. Those funds shall be invested by the District only in Federally insured interest or dividend bearing accounts and/or in securities guaranteed by the federal government in the manner allowed by and subject to the laws of the State of Colorado which govern the holding and investing of monies by water conservancy districts. Commencing in 2030 and no less frequently than every 10 years thereafter, the United States and the District shall jointly review the balance of the principal and the accumulated interest and dividend earnings in the Reserve Fund, projected additions of principal and earnings for the

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next 10 years, and the projected need to draw upon the Reserve Fund in the next 10 years for the OM&R of the Project or Safety of Dams modifications in order to determine if adjustments in deposits to or expenditures from the Reserve Fund need to be made.

Another major provision that continues from the 1965 Contract into the draft conversion contract is the spill provision article. Spill priorities will remain the same in the new contract.

Mr. Goodwin moved, seconded by Mr. Hamel that the District Board authorize execution of the contract substantially similar to the draft contract attached with the United States of America, converting the District's expiring contract from a limited-term water service contract to a perpetual contract for the repayment of the Fryingpan-Arkansas Project (Fry-Ark) and operations, maintenance, and replacement (O,M&R) of facilities. Motion unanimously carried.

INCLUSION OF LAND ANNEXED BY COLORADO SPRINGS

Mr. Markus presented an action item that requested the Board approve the inclusion of the annexation surrounding park lands and a development into the City of Colorado Springs into the Southeastern Colorado Water Conservancy District (District) with the standard terms and conditions. Once approved by the Board of Directors, staff will send the annexation to Bureau of Reclamation (Reclamation) for assent. The District will submit the inclusion to the District Court for final decree.

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 Secretarial 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 for the property.

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The Resolution for Inclusion is:

RESOLUTION NO.	More Commonly Known As	Legal	Acres	County
2021-03D INCL-AX	Corral Bluffs Addition No. 1	Sections 5, 6 & 7 Twn14SR64	926.1	El Paso
	Jimmy Camp Creek Addition No. 1	Section 25, 35 & 36 Twn13SR65	413.77	El Paso
	North Gate Open Space Addition No. 1	Section 6 Twn12SR66	9.44	El Paso
	Bear Creek Canyon Park Addition No. 1	Section 15, 16, 20, 21, 28 & 29 Twn14SR67	1,369.65	El Paso
2021-04D INCL-AX	Space Village Annexation Filing No. 1	Section 8 & 17 T14SR65	15.105	El Paso

Copies of the resolutions as well as a map identifying the annexation were provided to the Board.

Mr. Hamel moved, seconded by Mr. Pifher, that the Board approve, by Resolution, the inclusion of the Corral Bluffs Addition No. 1, Jimmy Camp Creek Addition No. 1, North Gate Open Space Addition No. 1, and Bear Creek Canyon Park Addition No. 1; and Space Village Annexation Filing No. 1 annexation 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. 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 passes unanimously.

MONTHLY/QUARTERLY REPORTS:

U.S BUREAU OF RECLAMATION REPORT

Mr. Mike Holmberg provided a written report reviewing the following, November 9, 2021:

- There were 179,116 acre-feet stored in Pueblo Reservoir; 125,370 acre-feet of Project water; 46,228 acre-feet of Excess Capacity water; 5,254 acre-feet of Winter water.
- There is currently 120,003 acre-feet of Project space in Pueblo Reservoir and 35,076 acre-feet of space in Turquoise and Twin Lakes Reservoirs.
- Charts Illustrating storage amounts in Turquoise, Twin Lakes, and Pueblo Reservoir
- Project Reservoirs: Turquoise 77%, Twin Lakes 99%, Pueblo 113% as of November 9, 2021
- Bousted Stored Cumulative Imports

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- Total M&I PW in the system as of October 31, 2021:
 - a) East 22,097
 - b) West 9,513
 - c) Pueblo 17,157
 - d) Other 4,065
 - e) FVA 70,876
 - CSU 52,048
 - Fountain 6,499
 - Security 4,940
 - Stratmoor 2,037
 - Widefield 5,352

- Winter Operations:
 - a) Anticipate moving around 25 KAF down from the upper reservoirs beginning October. Net 22.5 KAF in Pueblo
 - b) Winter water ends March 15
 - c) Use of Joint Pool ends April 15
 - d) After April 15, all winter water will be stored up 70 KAF plus what room is available after project and Spill 4 water is accounted for
 - e) Winter and Prj Ag water out by May 1
 - f) Movement of water will be adjusted according to the forecast and customers needs

STATE LEGISLATION UPDATE

Mr. Lee Miller provided an update to the Board by reporting, that during the October 27, 2021, Water Review Committee (WRRC) members approved the following three bills:

[Bill A](#) Groundwater Compact Compliance and Sustainability

[Bill B](#) Investment Water Speculation Prohibition

[Bill C](#) Expand Water Resources Review Committee to include Agriculture

In odd-numbered years, like this year, the Legislative Council must review interim committee recommendations by November 15. Bills approved by the Legislative Council do not count against a member's five-bill limit for the regular legislative session. Bills not approved by Legislative Council may be introduced in the regular session, but such bills will count against a member's five-bill limit. Both Bills A and C passed unanimously. Bill B, one of two water speculation bills requested for drafting was passed on an 8-2 vote. The proponents of Bill B acknowledged that Bill B needs further work before it is ready to be passed by the full legislature, but successfully argued for a “placeholder” for continued discussion of the issue. All other bills proposed for drafting were withdrawn by the proponent before a vote.

COLORADO RIVER ISSUES STATUS

Mr. Lee Miller reported the Upper Colorado River Commission (UCRC) will conduct its regular meeting on December 14, 2021, in conjunction with the Colorado River Water Users Association

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(CRWUA) Annual Conference in Las Vegas, NV. Agenda is currently not available.

The 2021 CRWUA Annual Conference will also begin on December 14, 2021, and run through December 16, 2021. A conference agenda can be found at:

<https://web.cvent.com/event/2fafb0c6-6c57-4f8e-8932-0ac9c7766725/websitePage:77fba043-1502-4200-810e-2268d9c27c0d>.

The Colorado Water Center published a paper on the Colorado River titled “Quenching Thirst in the Colorado River Basin,” authored by former Colorado Water Conservation Board Director and current Northern Water Conservancy District Board Member Jennifer Gimbel and former First Assistant Attorney General Karen Kwon.

The paper can be found at:

<https://watercenter.colostate.edu/wp-content/uploads/sites/33/2021/11/CoWC-CR-Papers-Final-11032021.pdf>.

The Colorado River and Water Supply Committee will meet shortly after the Board meeting this month, with most of the discussion occurring in Executive Session. Jim Broderick and Lee Miller serve as advisors to the Colorado Commissioner for the UCRC. As advisors, they are subject to a “Common Interest and Joint Defense Agreement.” They met recently with the current Colorado Commissioner, Rebecca Mitchell, in a confidential session to discuss issues of importance to Colorado related to the Colorado River Compact and the Upper Colorado River Compact. Lee Miller also attends UCRC work sessions as a member of the UCRC Legal Committee, which are also subject to the agreement.

INFORMATIONAL ITEMS:

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

- Water Court Resume
- Phase 2 SECWCD Feature Condition Assessment Update
- Recovery of Storage Update
- December Board Meeting December 9
- Colorado River Water Users Association December 14-16

President Long asked if there were any other matters to come before the District Board.

Hearing no other matters to come before the Board, Mr. Long adjourned the District Meeting at 11:25 a.m.

Respectfully submitted,

Patty Rivas
Administrative Support Associate

Secretary

