

RECORD OF PROCEEDING

**SOUTHEASTERN COLORADO WATER
CONSERVANCY DISTRICT**

MINUTES

June 20, 2013

A regular meeting of the Board of Directors of the Southeastern Colorado Water Conservancy District (District) was held on Thursday, June 20, 2013 at 10:24 a.m., at the District office, 31717 United Avenue, Pueblo, Colorado.

President Long announced a quorum was present.

DIRECTORS PRESENT:

Bill Long	Ann Nichols	Harold Miskel
Gary Bostrom	Kevin Karney	Gibson Hazard
Greg Johnson	Carl McClure	Howard "Bub" Miller
David Simpson	Tom Goodwin	Shawn Yoxey
Leonard Pruett	Jay Moore	
Alan Hamel-Advisory Board Member		

DIRECTOR(S) ABSENT AND EXCUSED:

Vera Ortegon

DISTRICT OFFICIALS PRESENT:

Executive Director James Broderick; General Counsel Lee Miller; Administrative Manager Toni Gonzales; Project Engineer Kevin Meador; Director of Engineering and Resource Management Bob Hamilton; Finance Manager Tina White; Project-Program Coordinator Jean Van Pelt; Special Water Counsel Steve Leonhardt; and Federal Lobbyist Ray Kogovsek.

VISITORS PRESENT:

Chris Woodka, The Pueblo Chieftain; Steve Witte; Colorado Division of Water Resources-Division 2; Terry Book, Board of Water Works of Pueblo; Roy Vaughan and Valda Terauds, Bureau of Reclamation; Matt Cook, HDR Engineering; Dan Henrichs, High Line Canal Company; Dwight Gardner, Senator Michael Bennet's office; Robert Galena and Brian McCain, Congressman Scott Tipton's office; Lee Lindeen, Providence Infrastructure; Ann Lopkoff, Colorado Water Protective Development Association; Scott Lorenz, Arkansas Groundwater Users Association and Excelsior Ditch Company; Terry Scanga, Upper Arkansas Water Conservancy District; Jay Winner, Lower Arkansas Valley Water Conservancy District; Curt Thompson, Merrick & Company; Perry Cabot, Colorado Water Institute; and Clint Bulkley and Mitchell Downs, Osborne, Parsons & Rosacker, LLP.

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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 asked if the members of the Board had received their copy of the minutes of the May 16 18, 2013 Board meeting, and if there were any corrections or additions. Mr. Miskel said the minutes did not reflect that he was present at the meeting, and he was in attendance. Dr. Moore stated that the directors list of present members showed Reed Dils and should be corrected to list he was in attendance. With the stated corrections, Mr. Pruet moved, seconded by Mr. Johnson, to approve the minutes. Motion unanimously carried.

FINANCE COMMITTEE REPORT:

Treasurer Ann Nichols reported the financial statement for May was posted to the Board website for review. Treasurer Nichols moved, seconded by Dr. Moore, for acceptance of the May 2013 financial statement and payment of the June 2013 bills. Motion unanimously carried.

CONSENT ITEMS:

None

PRESENTATIONS:

2012 ANNUAL AUDIT

Finance Manager Tina White provided the Board members a copy of a publication titled, *What You Should Know About Your Local Government's Finances-A Guide to Financial Statements*. She said that Larry Daveline of McPherson, Breyfogle, Daveline, Goodrich, PC had partnered with the District to purchase this publication for the Board members.

Mrs. White introduced Clint Bulkley and Mitchell Downs, from Osborne, Parsons & Rosacker, LLP. They represented the firm that conducted the 2012 audit. Mr. Bulkley gave a short report on the changes in titling in the 2012 audit. He then read the Independent Auditor's Report. He said the Finance Committee was presented a communication letter at the meeting prior to this meeting. Mr. Broderick thanked Mr. Bulkley for his help in moving the organization forward.

FRYINGPAN-ARKANSAS PROJECT VIDEO

Perry Cabot from the Colorado Water Institute (CWI), Kara Lamb from the Bureau of Reclamation, and Jean Van Pelt from the District, partnered to develop a video interpretation of taking an educational flight over the Fryingpan-Arkansas Project. Google Earth was used to illustrate the flight pattern. The Board viewed the video.

The video will be posted on the CWI, the District, Arkansas River Basin Water Forum, and YouTube websites for viewing.

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ACTION ITEMS:

ACCEPTANCE OF 2012 ANNUAL AUDIT

Treasurer Nichols moved, seconded by Dr. Moore, the audit of the 2012 Financial Statements of the District be accepted as presented. Motion unanimously carried.

APPROVAL OF 2012 FINANCIAL STATEMENTS

Treasurer Nichols moved, seconded by Mr. Johnson, that the 2012 Financial Statements of the District be approved as audited. Motion unanimously carried.

MONTHLY REPORTS:

U.S. BUREAU OF RECLAMATION REPORT

Roy Vaughan provided a PowerPoint presentation reviewing the following:

- As of June 17, there were 133,052 acre-feet stored in Pueblo Reservoir; 109,870 acre-feet of Project water; 16,509 acre-feet of Excess Capacity water; 7,634 acre-feet of Winter water.
- There is currently 147,079 acre-feet of Project space in Pueblo Reservoir and 23,710 acre-feet of space in Turquoise and Twin Lakes Reservoirs.
- Project Reservoirs: Turquoise 82%; Twin Lakes 95%; Pueblo 73%
- Time Series Snowpack Summary for Upper Colorado River Basin and Arkansas River Basin
- Snow Water Equivalent Graphs for Independence Pass, Ivanhoe, Nast Lake, and Kiln
- Forecast: February 32,900 AF; March 25,700 AF; April 24,700 AF; May 47,231 AF
- Boustead Tunnel (historic average, discharge measurements)
- Obligation Consideration Commitments
- Forecasting Imports
- The Safety of Dams Program
- Nast Tunnel Repairs
- Arkansas River Flow Management Program
- Fishery Flow Management Summary

DIVISION ENGINEER'S REPORT

Mr. Witte reviewed the following:

- River and Reservoir Reports
 - Reference Arkansas River Daily Report. River Call is
 - (1) 3/01/1887 Fort Lyon
 - (2) 7/22/1889 X-Y Canal
- <http://www.dwr.state.co.us/div2/aras/arascal.asp>
- Current River/Reservoir Operations
 - Flow conditions
 - (1) Run-off began on Monday 5/13/13
 - (2) Peak of run-off of 3,000 cfs occurred at Portland on Wednesday 6/12/13
 - (3) Currently, the flow at Portland is 812 cfs

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- (4) Exchanges / Change of water rights to storage in Pueblo 110 cfs
- (5) Upstream exchange. 75 cfs
- (6) Starting a release intended to net 7 cfs of Lamar's Project water to the Fort Bent Canal
- Rain 6/17/2013
 - Resulted in 269 acre-feet of water under the Great Plains decree stored in John Martin (rain fell mostly east of La Junta)
 - Resulted in Amity Canal being temporarily washed out
 - Resulted in 3,319 acre-feet of Conservation storage between 2:00 a.m. on 6/18/13 – 4:00 p.m. on 6/19/13
- Personnel
 - Steve Kastner retirement 6/28/13
 - Bruce Smith retirement 6/28/13

STATE LEGISLATION UPDATE

Lee Miller reported the General Assembly adjourned on May 8, 2013. As of last month's Board meeting, we were still awaiting the final disposition of legislation the District had been following. HB03-1130, sponsored by Representatives Fisher and Sonnenberg was passed accepting amendments made by a conference committee on the final day of the session. This bill allows the State Engineer to reapprove operation of an interruptible water supply agreement. The Governor signed HB03-1130 on June 5, 2013. As reported at last month's Board meeting, the Governor signed HB03-1248, which, as amended, authorizes the Colorado Water Conservation Board (CWCB) to administer a pilot program to demonstrate the practice of fallowing agricultural irrigation land and leasing the associated water rights for temporary municipal use.

The Water Resources Review Committee (WRRC) meets in the interim between the regular legislative sessions to discuss water issues and potential legislation for the upcoming legislative session. The WRRC is a joint committee of Senate and House members. Last year, the WRRC reported out an extraordinary number of bills, almost all without any opposing testimony. Additional bills were discussed during the sessions that, although not referred as WRRC bills, were introduced during the regular session. Many of these bills were controversial during the regular legislative session, much to the surprise and consternation of the legislative sponsors. As a result, the Colorado Water Congress State Affairs Committee and the District will be more active during the 2013 WRRC. It is currently unclear what the agenda for WRRC will be. Membership on the WRRC will include:

Senators	Representatives
<i>Gail Schwartz, Chair</i>	<i>Randy Fischer, Vice-chair</i>
Greg Brophy	Don Coram
Angela Giron	Diane Mitsch Bush
Mary Hodge	Jerry Sonnenberg

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Ellen Roberts

Ed Vigil

The WRRC meeting schedule is as follows:

2013 Committee Schedule				
Meeting Information			Time	Location
July 17-19				Gunnison Water Workshop Western State Colorado University
July 18	Agenda	Summary	TBD	Western State Colorado University
August 20-22				Colorado Water Congress Steamboat Springs, Colorado
September 26			10:00 a.m.	State Capitol
September 27			10:00 a.m.	State Capitol
October 9			10:00 a.m.	State Capitol
October 10			10:00 a.m.	State Capitol
October 11			10:00 a.m.	State Capitol
October 30			10:00 a.m.	State Capitol
October 31			10:00 a.m.	State Capitol

Lee Miller will keep the Board informed as the WRRC activities unfold.

ARKANSAS BASIN ROUNDTABLE

Alan Hamel reported the Arkansas Roundtable report in combination with the Colorado Water Conservation Board report.

COLORADO WATER CONSERVATION BOARD (CWCB)

Alan Hamel reviewed the following:

- Colorado Water Plan – Governor’s Executive Order D2013-005 May 14, 2013
 - April 18, 2013 CWCB Planning Workshop
 - Review Executive Order
 - IBCC/Roundtables/Water Districts and Providers/Non Consumptive Groups hold regular meetings, to keep up with the issues.
 - CWCB to be in the lead and responsible to submit draft report by December, 2014 and Final plan by December, 2015.
 - CWCB coordinates and directs many State Departments to participate, i.e., Department of Public Health, Colorado Water Resource and Power Development Authority, Colorado Department of Agriculture, Colorado

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Energy Office, and all the Divisions of Colorado Natural Resource Departments.

- CWCB Executive Director Position
 - Announced June 13, 2013 that effective July 1, 2013 James Eklund was selected as the new CWCB Director. Jennifer Gimbel is leaving to Washington, D.C. to be legal counsel for Ann Castle.
- Works in Progress
 - Revised State Water Supply Initiative Update
 - Guidelines for Basin Implementation Plans
- Two Rivers \$9.9 million loan approved for construction of a 4,110 acre-foot reservoir in Pueblo County.

COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY

Ann Nichols reported in June, the Colorado Water Resources and Power Development Authority (Authority) approved the parameters for the 2013 capitalization grants - \$10.679 million for the Clean Water program and \$14.937 million for the Drinking Water program. These final amounts are about 5 percent less than the 2012 capitalization grants. As it did in 2012, the Authority will not fund a “green” program under the Drinking Water program. The Clean Water program requires a 10 percent green reserve be created. As in 2012, 30 percent of the applicable capitalization grant in each program will be set aside for principal forgiveness grants. The resulting grant amounts available for 2013 are \$754,540 in the Clean Water program and \$4.481 million in the Drinking Water program. The amount of grant per recipient in the Clean Water Program is dictated by the recently modified prioritization criteria in the Intended Use Plan; the Board decided to limit the grant under the Drinking Water program to \$750,000 per recipient.

Under policies adopted by the Board in 2005, a “disadvantaged” community is defined with respect to its identified Median Household Income (MHI) as a percentage of the statewide MHI. While those measures were previously determined by the 10 year census, they are currently determined in the annual American Community Survey (ACS). The Board has been discussing some borrower discontent with the validity of the ACS data. The Authority board took a limited step in June to change its policies to allow a potential borrower to request an exception if current policies would not allow for a separate income survey to be conducted by the community. The Authority staff and board will be exploring possible revisions to the “disadvantage” community definitions in future months.

Following the policy change described above, the board considered and approved a request from Nucla to allow it to conduct a separate income survey within that community.

In April, the Authority board approved a \$6.269 million Drinking Water leveraged loan to Pueblo West for water treatment plant improvements. Since there are currently no other leveraged loan requests, the Authority board in June approved an “interim” loan in the same amount for Pueblo West so that they may start construction of this project.

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Applications for the 2103 “principal forgiveness” grants were due June 15, 2013. Authority staff expects to see 11 to 12 applications for each program. The Authority board will consider these requests at its August meeting.

INFORMATIONAL ITEMS:

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

- Water Court Resume
- O M & R Update
- NRCS Colorado Basin Outlook Report June 1, 2013
- Other Business Matters
 - NWRA Western Seminar, July 29-31, 2013
 - Four States Irrigation Council Summer Tour, August 14-16, 2013

OTHER BUSINESS MATTERS:

President Long asked if there were any other matters to come before the meeting, and hearing none, adjourned the meeting at 12:09 p.m.

Respectfully submitted,

Toni Gonzales
Administrative Manager

Secretary

