

RECORD OF PROCEEDING

**SOUTHEASTERN COLORADO WATER
ACTIVITY ENTERPRISE**

MINUTES

May 16, 2013

A regular meeting of the Board of Directors of the Southeastern Colorado Water Activity Enterprise (Enterprise) was held on Thursday, May 16, 2013 at 9:35 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
Harold Miskel	Tom Goodwin	Kevin Karney
Gibson Hazard	Carl McClure	Greg Johnson
David Simpson	Leonard Pruett	Jay Moore

Gary Bostrom (arrived at 9:45)
Shawn Yoxey (arrived at 10:48)
Howard "Bub" Miller (arrived at 10:50)

DIRECTOR(S) ABSENT AND EXCUSED:

Alan Hamel-Advisory Board Member.

ENTERPRISE 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; Project-Program Coordinator Jean Van Pelt; Administrative Support Specialist Leann Noga; Special Water Counsel Alix Joseph; and Federal Lobbyists Ray Kogovsek and Christine Arbogast.

VISITORS PRESENT:

David Mau, U.S. Geological Survey; Chris Woodka, The Pueblo Chieftain; Steve Witte and Julie Pearson, Colorado Division of Water Resources-Division 2; Doris Morgan, Congressman Cory Gardner's office; Terry Book, Board of Water Works of Pueblo; Alan Ward, Busk Ivanhoe Water System Authority; Mike Collins and Roy Vaughan, Bureau of Reclamation; Rick Kienitz, Aurora Water; Roy Heald, Security Water District and Fountain Valley Authority; Paul Blanchard, Northwest Pipe Co.; Tim Payne, Fremont County; Matt Cook and Gary Fuller, HDR Engineering; Keith Goodwin and Jim Baldwin, Otero County; Scott Campbell, Twin Lakes and Colorado Canal; Dan Henrichs, High Line Canal Company; Christine Thiebaut, Senator Mark Udall's office; Dwight Gardner, Senator Michael Bennet's office; Brian McCain, Congressman Scott Tipton's office; Lee Lindeen, Providence

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Infrastructure; Tom Bregar, CWPDA; Brett Gracely, Colorado Springs Utilities; Bill Vaupel, Jacobs; and Jerry Peña, CDM Smith.

APPROVAL OF MINUTES:

President Long asked if the members of the Board had received their copy of the minutes of the April 18, 2013 Board meeting, and if there were any corrections or additions. Hearing none, Mrs. Ortegon moved, seconded by Mr. Johnson, to approve the minutes. Motion unanimously carried.

FINANCE COMMITTEE REPORT:

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

CONSENT ITEMS:

None

PRESENTATIONS:

FEDERAL LEGISLATION

Christine Arbogast reported Jim Broderick, Bill McDonald, and she had a very good meeting with Reclamation on May 14, 2013 to discuss the status of the NEPA process, focus on a preferred alternative and cost/benefit ratios, etc. The NEPA process appears to remain on schedule with a final due this summer and a ROD late summer or early fall.

Mr. Broderick and Ms. Arbogast will be traveling to Washington, D.C. on May 21 to meet with Commissioner of Reclamation Mike Connor to discuss funding levels for the Arkansas Valley Conduit (Conduit) for future years. The need for this follows the release of the \$1 million request for FY '14, which was disappointing. They will also discuss how rural water supply projects other than ours are funded and what opportunities there may be to access other pots of funding than the "discretionary" piece from which we have been funded thus far. They will also be meeting with the Colorado congressional delegation to discuss the same.

After the bad news of the FY '14 budget request, Ms. Arbogast has been told by the Commissioner's office that there is reason to be encouraged coming on Friday or early next week when Reclamation releases its operating plan for the remainder of FY '13. All agencies were required to submit an adjusted operating schedule following the implementation of sequestration at the beginning of this calendar year. While sequestration cut funding overall, Ms. Arbogast believes that in the operation plan revision, more funding may be directed to the Conduit, although she was not told how much.

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AVC, EXCESS CAPACITY MASTER CONTRACT, AND NEPA UPDATE

Jean Van Pelt reviewed the following:

- Responses to the comments on the draft Environmental Impact Statement EIS have been approved by the District and Reclamation upper management and the comments and responses will be posted on Reclamation’s website shortly.
- A meeting was held with upper management on May 14, 2013 to determine the Preferred alternative – the hybrid Comanche North was selected.
 - Comanche North is the least expensive and meets the annual purpose and needs of the participants.
 - The water treatment plant issues have not been resolved for Comanche North and Reclamation and the District are meeting with the Board of Water Works of Pueblo on May 22, 2013 for further discussion.
- P&Gs or Cost/Benefit ratio is at a suitable number to move to the feasibility phase of the project.
- A meeting will be scheduled with the Arkansas Valley Conduit and Excess Capacity committees and participants beginning in mid-June to update them on progress and next steps.
- The District received official approval of the Regional Water Conservation Plan from the Colorado Water Conservation Board (CWCB).
 - Favorable reaction was received from the Colorado Water Wise Council (CWWC) presentation on the Water Conservation Best Management Tool Box.
 - Review due June 15 from CWWC and CWCB.
 - The tool box will be available on the new District website, and will include CWWC and CWCB comments.
 - July presentation to the American Water Works Association, Rocky Mountain Conservation section.
 - Schedule for workshops to present to participants and others in July.

ACTION ITEMS:

ALLOCATION OF PROJECT WATER

Mr. Hamilton reported Reclamation has forecasted, based on the lower than average snowpack, there will be 47,231 acre-feet (AF) of imports, which will net 37,647 AF for allocation. See Table 1 below:

Table 1	
2013 Forecast (AF)	
AF Forecasted 1 May 2013	47,231
<i>Twin Lakes Exchange</i>	<i>(3,000)</i>
<i>Project Mitigation</i>	<i>(200)</i>
Before moving to Pueblo Reservoir	44,031
<i>less 10% transit Loss</i>	<i>4,403</i>
Before Storage Evaporation	39,628
<i>less 5% Evaporation Loss</i>	<i>(1,981)</i>
Net 2013 Water to Pueblo	37,647
Available for Allocation	37,647

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Table 2 shows the “Adjusted Municipal Project Water Allocation” by areas as defined in the “Allocation Principles” and the “Not Previously Allocated Non-Irrigation Water (NPANIW)” Resolution. The requests for allocations of Project water from the Board of Water Works of Pueblo and the Municipal entities located west of Pueblo were all satisfied by this allocation, and the excess unallocated municipal Project water was redistributed pro-rate to the municipal entities east of Pueblo and the Fountain Valley Authority.

Table 2						
Adjusted Municipal Project Water Allocation						
Allocation Area or Entity	Allocation Percentage	Calculated Allocation	Request AF	Difference	From Pueblo & West of Pueblo	Revised Allocation
Fountain Valley Authority	26.90%	10,127	17,882	(7,755)	637	10,764
Pueblo	10.00%	3,765	3,100	665		3,100
East of Pueblo	12.73%	4,792	8,187	(3,395)	301	5,093
West of Pueblo	4.27%	1,608	1,335	273		1,335
Manitou Springs	0.35%	132	132	0		132
Pueblo West Metro District	0.34%	128	128	0		128
	54.59%	20,552	30,764		938	20,552

Table 3 shows the recommended Municipal allocation:

Table 3				
Recommended 2013 Municipal Allocations				
Pueblo, Fountain Valley Authority, West of Pueblo, Others and East of Pueblo				

Area	Request	Allocation by % w/NPANIW	Allocation	RF
Fountain Valley Authority and Pueblo	AF	AF	AF	Option
Board of Water Works of Pueblo 10%	3,100	3,765	3,100	Yes
Fountain Valley Authority 25.45%	17,336	10,764	10,218	Yes
Colorado Springs Payback	Percent	1.45%	546	Yes

Area	Request		Allocation Percent	w/NPANIW	
West of Pueblo	AF	Population	4.27%	Allocation	AUG %
Entity	AF	Population	1,608	AF	
Acres of Ireland	8	100 Households	0.60%	8	100
Ark River KOA and Loma Linda Motel	10	133 people for 9	0.75%	10	0
Buena Vista, Town of	200	2,600		200	5
Canon City, City of	200	34,800	14.98%	200	0
Florence, City of	100	9,359		100	0
Fremont County Dept. of Transportation	6	County	0.45%	6	0
Meadow Lakes Mountain Estates	4		0.30%	4	100
Pueblo Water Gardens Co. (25 People) **	7	25	0.52%	7	
Salida, City of	400	5,600	29.96%	400	0
Upper Arkansas Water Conservancy District	400	70,334	29.96%	400	100
Total West of Pueblo	1,335		77.53%	1,335	

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Recommended 2013 Municipal Allocations					
East of Pueblo					
Area East of Pueblo Entity	Request Percent or AF	Percent of 12% Allocation	w/NPANIW	Calculated Allocation AF	AUGMT. %
			12.73% 5,093		
96 Pipeline Company	Percent	0.36%	0.389%	20	100
AGUA (308 Homes)	0			0	N/A
Avondale W & S District	75	2.20%	2.379%	75	100
Bents' Fort Water Co.	250	1.69%	1.827%	109	-
Crowley County Water Assn	Percent	6.68%	7.223%	368	100
Crowley, Town of	Percent	0.35%	0.378%	19	100
CWPDA (population)*	20			15	100
Eads, Town	100	1.40%	1.514%	90	100
Eureka Water Co.	-	0.00%	0.000%	0	N/A
Fowler, Town of	700	2.27%	2.455%	147	100
Homestead Improvement Assn.	10	0.12%	0.130%	8	100
Joseph Corporation	30	0.47%	0.508%	30	100
La Junta, City of	1,823	14.22%	15.376%	919	100
Lamar, City of	2,000	16.66%	18.015%	1077	-
Las Animas, City of	300	6.70%	7.245%	300	100
Manzanola, Town of	50	0.99%	1.071%	50	100
May Valley Water Assn.	3	2.57%	2.779%	3	100
McClave Water Assn.	14	0.79%	0.854%	14	100
Olney Springs, Town of	45	0.73%	0.789%	45	100
Ordway, Town of	392	2.34%	2.530%	151	100
Rocky Ford, City of Plus Hancock Water	1,000	8.30%	8.975%	536	100
South Swink Water Co.	30	1.10%	1.189%	30	-
St. Charles Mesa Water District	800	17.47%	18.891%	800	37
Sugar City, Town of	150	0.76%	0.822%	49	100
Swink, Town of	95	1.31%	1.417%	85	100
Reserved (3 Percent)		3.00%	3.244%	150	
Totals	7,887	92.48%	100.00%	5,090	

* CWPDA's allocation of 15 AF for domestic only wells came from the 3% reserve.

Area Other (NPANIW Only) Entity	Request AF or Percent	Allocation w/NPANIW Percent	Allocation AF	Well Aug Percent
City of Manitou Springs	0.35%	0.35%	132	0
Pueblo West Metro District	0.34%	0.34%	128	0
Total Other	0.69%	0.69%	260	

The recommended agricultural (Ag) allocation is 17,095 AF. This year the Enterprise received requests to use first use Project water for well augmentation on 12,670 acres, staff reviewed these applications, and recommends these requests be allocated Project water return flows rather than first use Project water, thus making more Project water available for direct irrigation. The Ag allocation is shown in Table 4:

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Table 4								
2013 Ag Project Water Applications with Augmentation being met with Return Flows								
17,095							Allocation	AF for Well
							for	Augmentation
REQUESTING Entity or Ditch	Request AF	Eligible Arces	Percent for Well Augment.	Location	Acres for Well Augment.	Calculated Allocation AF	Surface Irrigation AF	From Return Flows AF
Banister Ditch	100	491	100.00%	Fountain Creek	491	62	-	62
Bessemer Irrigation Ditch Co.	10,000	18,249	0.00%	Arkansas	-	2,315	2,315	-
Cactus Ditch	50	50	0.00%	Fountain Creek	-	6	6	-
Canon Heights Irrigation & Res.	250	600	0.00%	West of Pueblo	-	76	76	-
Catlin Canal Co.	10,000	14,000	50.00%	Arkansas	7,000	1,776	888	888
Cherry Creek Farms	10	40	0.00%	Fountain Creek	-	5	5	-
Collier Ditch	800	1,600	100.00%	Arkansas	1,600	203	-	210
Colorado Canal	3,287	3,287	0.00%	Arkansas	-	417	417	-
DeWeese Dye Reservoir	300	1,060	0.00%	Grape Creek	-	134	134	-
Ewing Koppe Ditch	1	6	0.00%	Plum Creek	-	1	1	-
Excelsior irrigating Co.	1,000	1,600	100.00%	Arkansas	1,600	203	-	210
Fort Lyon Canal Co.	40,000	57,589	1.00%	Arkansas	576	7,305	7,232	76
Frost Livestock	125	314	0.00%	Fountain Creek	-	40	40	-
Clark Hanna, Hanna Ranch # 14	200	60	0.00%	Fountain Creek	-	8	8	-
Herman Klinkerman Ditch	570	570	100.00%	Trib to Arkansas	570	72	-	75
Highline Canal Co.	10,000	21,195	0.00%	Arkansas	-	2,688	2,688	-
Holbrook Mutual Irrigation Co.	20,000	15,114	0.00%	Arkansas	-	1,917	1,917	-
Las Animas Consolidated	1,000	682	100.00%	Arkansas	682	87	-	89
Michigan Ditch	6	20	0.00%	Cottonwod Crk	-	3	3	-
Otero Ditch	3,000	3,241	0.00%	Arkansas	-	411	411	-
Oxford Farmers Ditch Co.	2,000	6,000	0.00%	Arkansas	-	761	761	-
Riverside Dairy	80	60	0.00%			8	8	-
Steele Ditches (HR & MW)	150	160	100.00%	Fountain Creek	160	20		21
Sundance Investment	300	725	0.00%			92	92	-
Titsworth Ditch	100	112	0.00%	West of Pueblo		14	14	-
Ward, Charles D.	1	4	0.00%	West of Pueblo	-	1	1	-
West Maysville Ditch	15	13	0.00%	West of Pueblo	-	2	2	-
Wood Valley Ditch	400	616	0.00%	Fountain Creek	-	78	78	-
Totals	76,693	147,458			12,679	18,703	17,095	1,631
								18,726
Basic Ag		147,458	Minus	12,679	Equals	134,779	Acres for Direct Irrigation	
Allocation Factor (AF per Acre)	17,095	Acre feet	divided by	134,779	Acres =	0.127	AF/Acre	

Mr. McClure moved, seconded by Mr. Simpson, the Board allocate 37,647 AF of Project water based on Reclamation's May 1, 2013 forecast. These allocations would be based on the percentages and requests shown in Tables 3 and 4, for M&I, and Agriculture, respectively, and as was done in the past three years, making eighty percent (80%) of the allocation available to M&I and Ag entities following payment for 100 percent (100%) of the allocation, the remaining twenty percent (20%) would be made available no later than July 19, 2013. If any portion of the twenty percent (20%) water is not available to the entities at that time, the portion of their water payments will be refunded. Motion carried, with Mr. Goodwin abstaining.

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Mr. Broderick thanked Reclamation, Division Engineer’s Office, Board of Water Works of Pueblo, and Colorado Springs Utilities for the communications between the entities.

Mr. Vaughan reviewed the process and limitation for bringing water through Boustead Tunnel.

ALLOCATION OF RETURN FLOW

Mr. Hamilton reported the Municipal and Agricultural requests for Project water return flows and return flow calculations. Based on the May 2013 forecast and with an allocation of 17,095 AF for direct irrigation it is calculated that there will be 5,470 AF of irrigation return flows. This year the Ft. Lyon Canal Company (Ft. Lyon) has exercised its First Right of Refusal for up to 300 acre-feet (AF) of the Project water return flow it generates to be used for Rule 10 Irrigation Efficiency compliance for the shareholders under the Ft. Lyon that are covered by their approved Rule 10 Plan to replace depletions to the Arkansas River because of more efficient use of irrigation water. In the allocation of first use Project water it was recommended that 1,423 AF of Ag Project water return flows be used to meet the requests for first use Project water for well augmentation. Subtracting the 300 AF for Ft. Lyon and the 1,423 AF for first use requests for well augmentation from the 5,470 AF of irrigation return flow available leaves 3,747 AF available for the entities that requested allocations of return flows. The charts on the next page show these calculations. There are no calculations for municipal return flows.

Municipal Fry-Ark Project Water Return Flows
Municipal Return flows are estimated to be 1,000 AF.
There is no direct correlation between municipal allocation and municipal use especially now that the municipal entities are utilizing their Project water accounts more.

2013 Ag Project Water Return Flow Requests (4-25-2013)	
Entity or Ditch	Request AF
Arkansas Ground Water Users Assn. (AGUA)	2,000
Colorado Water Protective & Development Assn. (CWPDA)	12,000
Ft Lyon Canal Co. First Right of Refusal	300
Lower Arkansas Water Management Assn. (LAWMA)	1,000
McComber	8
Total Requests	15,308

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Fry-Ark Ag Project Water Return Flows

Based on an Ag Allocation of 17,095 AF

AG RETURN FLOWS

Agricultural return flows are based upon 40% of the headgate deliveries.
 Average transit loss to the headgates is estimated to be 20%

2013 Ag Return Flows are estimated to be 5,470 AF Based on Ag Allocation of 17,095 AF

Committed Ag Return Flows

Ft Lyon First Right of Refusal	300	AF
Return flows instead of First use for Augmentation	1423	AF
Total Committed return flows	1723	AF

Total Estimated Ag Return Flows	5,470	AF
Less Committed return Flows	1,723	AF
Available for Well Augmentation allocation	3,747	AF

Augmentation Request to be met with Fry-Ark Return Flows

17,095							AF for Well Augmentation From Return Flows AF
REQUESTING Entity or Ditch	Request AF	Eligible Acres	Percent for Well Augment.	Location	Acres for Well Augment.	Calculated Allocation AF	
Banister Ditch	100	491	100.00%	Fountain Creek	491	62	62
Catlin Canal Co.	10,000	13,994	40.00%	Arkansas	5,598	1,765	706
Collier Ditch	800	1,600	100.00%	Arkansas	1,600	202	202
Excelsior irrigating Co.	1,000	1,600	100.00%	Arkansas	1,600	202	202
Fort Lyon Canal Co.	40,000	57,590	1.00%	Arkansas	576	7,262	73
Herman Klinkerman Ditch	570	570	100.00%	Trib to Arkansas	570	72	72
Las Animas Consolidated	1,000	682	100.00%	Arkansas	682	86	86
Steele Ditches (HR & MW)	150	160	100.00%	Fountain Creek	160	20	20
Total	53,620	76,687			11,277	9,670	1,423

Well Group 2013 Ag Return Flow Allocation

Ag Entity Request Return Flows	Request AF	Eligible Acres	Sup. Surface AF	Sup. Sprinkler AF	Sup. Drip AF	Sole Source Surface AF	Sole Source Sprinkler AF	Sole Source Drip AF	Total Allocation AF
AGUA	2,000	7,242	85.46	149.65	16.62	190.26	225.75	-	668
CWPDCA	12,000	40,900	1,268.78	136.35	192.38	659.99	304.27	98.56	2,660
LAWMA	1,000	9,254	412.98	-	-	-	-	-	413
McComber	30	152	6.78	-	-	-	-	-	7
Totals	15,030	57,549	1,774	286	209	850	530	99	3,748

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Recommended Ag Return Flow Allocation	
Entity	AF
AGUA	668
Banister Ditch	62
Catlin Canal Co.	706
Collier Ditch	202
CWPDA	2,660
Excelsior irrigating Co.	202
Fort Lyon Canal Co.	73
Fort Lyon Canal Co. (Rule 10)	300
Herman Klinkerman Ditch	72
Las Animas Consolidated	86
LAWMA	413
McComber	7
Steele Ditches (HR & MW)	20
Total Recommended Allocation	5,470

Staff has recently received information from the well augmentation associations and ditch companies concerning their requests for return flows. Many of their members are also farmers under canal companies that have requested to use their first use Project water for well augmentation and staff is reviewing the shareholder and member lists to identify potential duplications of requests and acres. Calculations for the distribution of the remaining 3,747 AF of return flows to the well augmentation groups.

Mr. McClure moved, seconded by Mr. Goodwin, the Board allocate Fry-Ark Project water return flows based upon the Agricultural Project water allocation: with 300 AF being allocated to the Ft. Lyon Canal Company for Rule 10 compliance; 1,423 AF being allocated to those entities requesting first use Project water for well augmentation and 3,747 AF of the remaining return flows be allocated; and

The amount of measured Municipal Project water return flows claimed by the Municipal entities; and

As was done in the past three years for Ag entities, making eighty percent (80%) of the allocation available to them following payment for 100 percent (100%) of the allocation, the remaining twenty percent (20%) would be made available no later than July 19, 2013. If any portion of the twenty percent (20%) water is not available to the entities at that time, the portion of their water payments will be refunded. Motion unanimously carried.

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INFORMATIONAL ITEMS:

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

- AVC, Excess Capacity Master Contract, and NEPA Update

OTHER BUSINESS MATTERS:

President Long asked if there were any other matters to come before the meeting, and hearing none, adjourned the meeting at 10:24 a.m.

Respectfully submitted,

Toni Gonzales
Administrative Manager

Secretary
