
# 2021 Business Plan

## (2021-2023)

Southeastern Colorado Water Conservancy District

www.secwcd.com

# Introduction

## 1958

The Southeastern Colorado Water Conservancy District was formed for the primary purpose of forming and operating the Fryingpan-Arkansas Project.

## 1962

The Fry-Ark Project was approved by Congress.

## 1981

Repayment Contract for Project signed with the Bureau of Reclamation.

## 1995

The District formed an Enterprise Activity. The Enterprise is the business arm of the District.

## 2020

Hydroelectric Power subfund created in the Enterprise Budget.

## 2021

Arkansas Valley Conduit subfund created.

## Blueprint for success

The 2021 Business Plan aligns with the 2021 Strategic Plan for the Southeastern Colorado Water Conservancy District.

The Business Plan is designed to reflect the Work of the District and Enterprise for a three-year period.

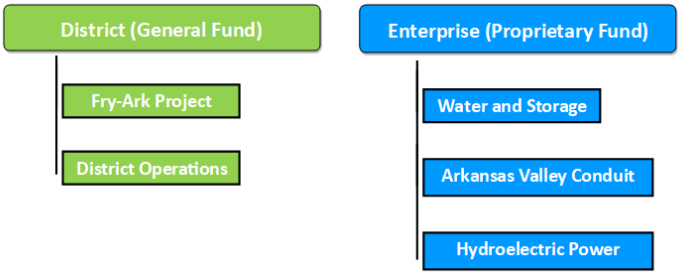
The Business Plan conforms to the Vision, Mission, and Core Values of the District, recognizing the importance of funding and staffing in terms of accomplishing those goals.

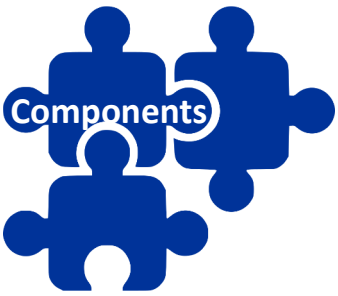
The 2021 Business Plan should be viewed in connection with the 2021 Adopted Budget and the 2020 Financial Report, and identifies the expectations of spending. This document does not obligate the expenditure of money.

The Business Plan is reviewed annually to assess progress and adjust goals.


## Funds

- The District (General) Fund is the governmental arm of the District.
- The Enterprise (Proprietary) Fund is the business arm of the District.




## Component Classes

District and Enterprise programs and projects are broken into components with a brief description, progress report, Strategic Plan alignment, funding impact, and a reference to more complete writeups within the report.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## Strategic Plan

The 2021 Business Plan is a 3-year outlook of District and Enterprise priorities. While it is organized along topical lines, the chart in the upper left corner of each page indicates how the topic aligns with the Strategic Plan. The Strategic Plan was adopted by the Board in and identifies long-term District goals, objectives and strategies.

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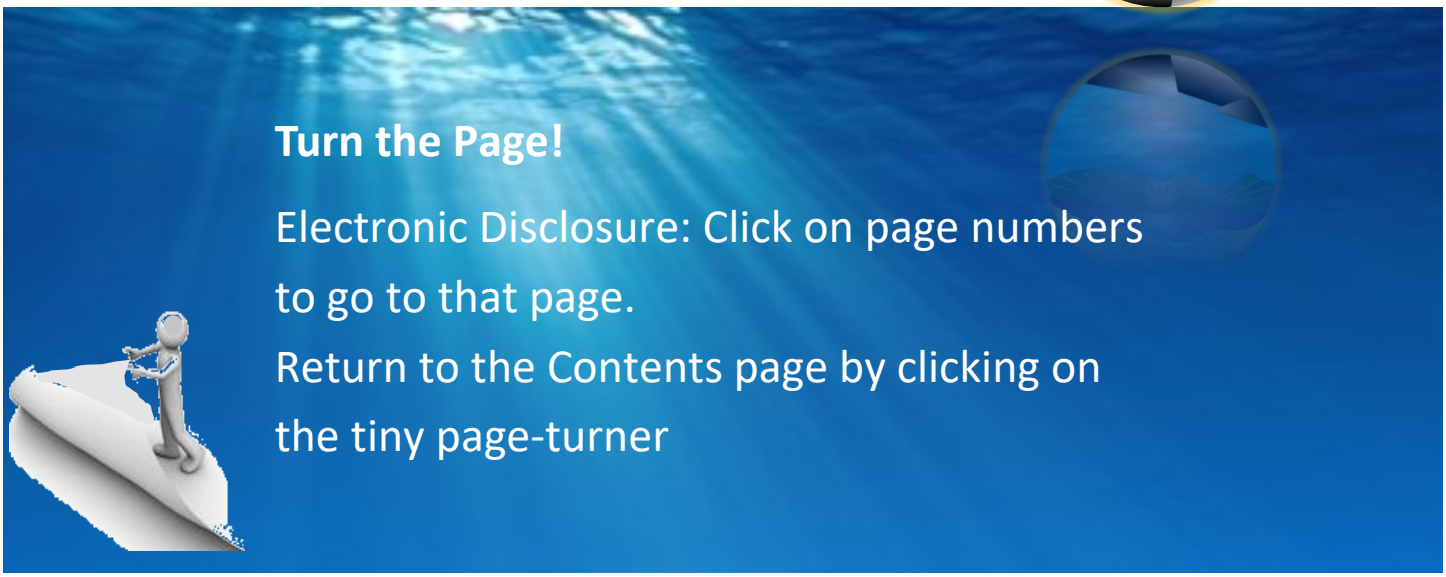


Components

# Fry-Ark Operations

The District works in partnership with the Bureau of Reclamation to operate the Fryingpan-Arkansas Project, sharing costs for construction, OM&R and betterments. District investigations will help identify future funding needs.

| Program | Description | Progress | Strategic Plan Interface | 2021 Budget | Reference |
|---|---|---|---|---|---|
| **Fry-Ark Project Debt Repayment** | Amendment 11 to the Repayment Contract structured annual payments for remaining Project debt. | Reclamation, District developing basis of negotiation for Contract conversion. | Water supply, storage & power | $1,467,572 | Page 14 |
| **Fry-Ark Project Reserves** | Amendment 11 allowed the District to build Project Reserves to meet extraordinary or unforeseen needs. | Operational | Water supply, storage & power | Subject to Reclamation reconciliation | Page 15 |
| **Fry-Ark Project OM&R** | The District pays a percentage of operation, maintenance and replacement for the Fry-Ark Project. | Operational | Water supply, storage & power | $3,300,928 | Page 16 |
| **Asset Valuation** | The District is undertaking studies to determine the value of Fry-Ark Project features for future estimation of costs. District and Enterprise assets are included. | Phase I complete in 2020, Phase 2 in 2021 | Water supply, storage & power | See below | Page 17 |
| **Condition Assessment** | The Condition Assessment will look at the timing of needed work for the Fry-Ark Project features, and assets of the District and Enterprise. | 2021-2022 | Water supply, storage & power | $300,000 combined with Asset Valuation | Page 17 |
| **Streamflow Forecasts** | The District will look at new approaches to use snow surveys and other data to get more reliable forecasts of upcoming water supplies. | 2021-2023 | Water supply protection & water efficiency | $10,000 | Page 18 |
| **Pueblo Dam Interconnect** | The Interconnection at Pueblo Dam would provide redundancy for municipal water delivery and more efficient operation of the North and South Outlets. | EIS completed in 2013 | Future water supplies & storage | — | Page 19 |

Components

# Fry-Ark Administration

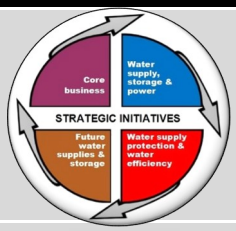
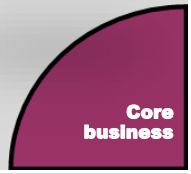
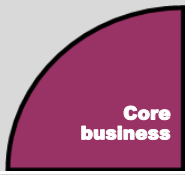
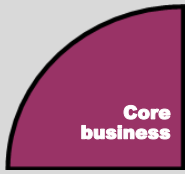
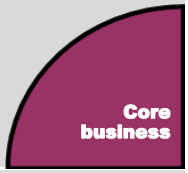
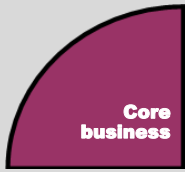
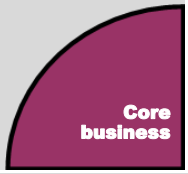
The District has numerous programs which support and enhance the Fryingpan-Arkansas Project. It is crucial to protect the legal rights to water and to provide staff the tools to properly administer the District.

| Program | Description | Progress | Strategic Plan interface | 2021 Budget | Reference |
|---|---|---|---|---|---|
| **Reclamation Reform Act** | The 1982 Reclamation Reform Act limits delivery of Project water to irrigators based on acreage. | Operational | Water supply protection & water efficiency | $20,000 | Page 20 |
| **Transit Loss Modeling** | Fountain Creek Transit Loss model tracks municipal Return Flows. | Operational | Water supply protection & water efficiency | $3,200 | Page 21 |
| **Boundaries & Inclusion** | Inclusion manual completed in 2018; boundary mapping initiated in 2019. | Operational | Water supply protection & water efficiency | $15,000 | Page 22 |
| **Water Rights Protection** | Legal and engineering costs associated with conditional water rights and defense of water rights in Divisions 2 & 5. | Operational | Water supply protection & water efficiency | $235,000 | Page 23 |
| **Colorado River Programs** | Support programs for endangered species , drought contingency planning, and cooperative environmental needs. | Operational | Water supply protection & water efficiency | $77,234 | Page 24 |
| **Water Conservation Plan** | Conservation plan required under Fry-Ark Contract every five years. Next plan due in 2022. | Operational | Water supply protection & water efficiency | — | Page 25 |
| **Water Quality Monitoring** | Cooperative programs with the U.S. Geological Survey to support Arkansas River Basin water rights. | Operational | Water supply protection & water efficiency | $197,049 | Page 26 |

Components

# District Operations

District operations support the Fryingpan-Arkansas Project, District activities and Enterprise activities. People, buildings, vehicles, and technology are included in this category

| Program | Description | Progress | Strategic Plan interface | 2021 Budget | Reference |
|---|---|---|---|---|---|
| **Financial Studies** | Financial Strategy and Sustainability Study developed a financial plan, capital improvement plan, cost of service and rate design. | Surcharge study in 2021. New Finance study in 2022. |  | — | Page 27 |
| **Headquarters** | The Building and Grounds at 31717 United Avenue in Pueblo, Colorado. | Operational |  | $380,173 | Page 28 |
| **Fleet Management** | The District maintains 3 vehicles, which are purchased on a 6-year rotation. | Operational |  | $45,000 | Page 29 |
| **Information Technology** | Computers, printers, and communication equipment are upgraded in order to keep pace with technology. | Operational |  | $8,000 | Page 30 |
| **Records Management** | The District is in the process of converting its record to electronic form to improve accessibility . | In study phase |  | $50,000 | Page 31 |
| **Human Resources** | Workforce succession planning, surveys for salaries and benefits, and employee skill sets are all considered. | Operational |  | $1,751,367 | Page 32 |
| **Communication & Outreach** | Strategies are developed for conveying information about the District within and outside the organization. | Ongoing |  | $25,230 | Page 33 |

Components

# Enterprise Programs

The Water Activity Enterprise is the business arm of the District. The completion of the James W. Broderick Hydropower Plant in 2019, the administration of the Excess Capacity Master Contract, the Arkansas Valley Conduit, and Recovery of Storage are major programs.

| Program | Description | Progress | Strategic Plan interface | 2021 Budget | Reference |
|---|---|---|---|---|---|
| Excess Capacity Master Contract | The contract allows 37 entities within the District to store non-Project water in Pueblo Reservoir for 40 years. It was completed in 2016. | Operational | Future water supplies & storage | $282,659 | Page 34 |
| Arkansas Valley Conduit | The AVC will provide filtered drinking water to 40 communities serving 50,000 people east of Pueblo. | Annual Operations, pre-design and Contract with Pueblo Water, Reclamation, Southeastern in 2021. Construction begins 2022. | Future water supplies & storage | $2,959,483 | Page 36 |
| Hydroelectric Power | The James W. Broderick Hydropower Plant was completed in May 2019 at Pueblo Dam under a Lease of Power Privilege with Reclamation. | Operational | Water supply, storage & power | $1,257,590 | Page 38 |
| New Water Sources | The Enterprise has the ability to purchase new water rights, as has been suggested by past boards. | Proposed, no board action so far | Future water supplies & storage | — | Page 39 |
| Storage Programs | A portfolio of several types of storage that will benefit the District in the future. | In study stage | Future water supplies & storage | — | Page 10 (34-35) (40-46) |
| Water Sales and Storage Charges | Various charges assessed for the sale of water and storage. | Operational |  | $1,425,714 | Page 11 (47-50) |

Components

# Storage programs

Storage is essential to the operation of the Fryingpan-Arkansas Project, and beneficial to all stakeholders of the Southeastern District. Reservoirs created by storage provide recreation opportunities, while creating aquatic habitat.

| Program | Description | Progress | Strategic Plan Interface | 2021 Budget | Reference |
|---|---|---|---|---|---|
| Recovery of Storage | Pueblo Reservoir has lost 20,000 af of storage. Goal is to recover Fry-Ark Project space. | Phase 1 study complete. Committee review in 2021. | Water supply, storage & power | $300,000 | Page 40 |
| Excess Capacity Storage | SECWCD Excess Capacity Master Contract | 16 of 37 subcontracts executed | Future water supplies & storage | $282,659 | Page 34 |
| | Other long-term contracts | Pueblo Water, SDS and Aurora contracts in place | | — | Page 35 |
| Expansion of Storage | Need for additional Project and non-Project storage was identified in 1998 Water Needs Assessment Study. | Larger cities have moved ahead with some plans to increase storage. | Future water supplies & storage | — | Page 41 |
| Lower Basin | Restoration of Yield | Purchase of reservoir site in 2021 | Future water supplies & storage | $142,500 | Page 42 |
| | John Martin Reservoir | Future planning | | — | Page 43 |
| Upper Basin | Upper Arkansas Water Conservancy District developing Multiuse Project with potential for partnerships. | Future planning | Future water supplies & storage | $25,000 | Page 44 |
| Winter Water | This is a Project feature that allows annual storage of non-Project water in Project and non-Project facilities. | Operational | Water supply, storage & power | $117,600 | Page 45 |
| Safety of Dams | This Reclamation program protects Project assets with District cost-share. | Operational | Water supply, storage & power | $60,000 | Page 46 |

Components

# Water Sales and Storage

Water and storage sales provide revenue for the Enterprise, which is the business arm of the District. The 2019 Financial Strategy and Sustainability Study offered a new way of looking at the Enterprise water rate structure.

| Program | Description | Progress | Strategic Plan interface | 2021 Budget | Reference |
|---|---|---|---|---|---|
| **Project Water Municipal & Industrial Sales** | Fry-Ark imports: 54.59% are available for municipal allocation and sales. | Rates determined annually by Board. | Water supply, storage & power | $319,315 | Page 47 |
| **Project Water Irrigation Sales** | Fry-Ark imports: 45.41% are available for irrigation. Irrigation may purchase unused M&I water at M&I rate. | Rates determined annually by Board. | Water supply, storage & power | $265,599 | Page 47 |
| **Project Water Carryover Storage** | Storage of water in municipal accounts after the first year of storage. Board is discussing appropriate charges. | Rates determined annually by Board. | Water supply, storage & power | — | Page 48 |
| **Return Flows** | Sale of agricultural and municipal Return Flows, primarily for augmentation purposes. | Rates determined annually by Board. | Water supply protection & water efficiency | $94,164 | Page 49 |
| **First Right of Refusal (Purchase of Irrigation Return Flows)** | Fort Lyon Canal Pilot Program completed in 2018. Application to other ditch systems began in 2019. | Pilot program in progress | Water supply protection & water efficiency | — | Page 49 |
| **Winter Water** | Non-Project water stored from November 15-March 15 annually. District collects contract and storage fees. | Rates determined annually by Board. | Water supply, storage & power | $117,600 | Page 45 |
| **Surcharges** | The Board voted in October 2019 to review impact of removing surcharges in 2021 and beyond. | Rates determined annually by Board. | Water supply, storage & power | $632,965 | Page 50 |

Components

# Partnerships

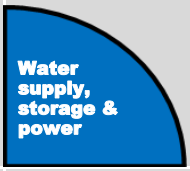
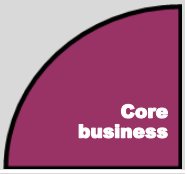
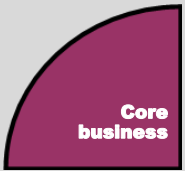
The District partners with other agencies to provide needed water services for its stakeholders. Partnerships are a valuable to collaboratively work with others in the Arkansas River basin to achieve common goals.

| Program | Description | Progress | Strategic Plan interface | 2021 Budget | Reference |
|---|---|---|---|---|---|
| Fountain Creek Transit Loss Model | The District works with 16 other participants to track Return Flows on Fountain Creek, accounting for losses. | Operational | Water supply protection & water efficiency | $3,200 | Page 21 |
| Water Quality Monitoring | The District sponsors two USGS monitoring programs on the Arkansas River and its tributaries, benefit all water users. | Operational | Water supply protection & water efficiency | $197,049 | Page 26 |
| Regional Resource Planning Group | The RRPG was formed in 2003 to collaboratively address basin-wide water quality issues. | The group meets annually to determine scope of work | Water supply protection & water efficiency | $135,000 | Page 50 |
| Arkansas River Basin Water Forum | The District participates in this annual event that brings diverse water interests together. | Ongoing planning at the staff level. | Water supply protection & water efficiency | $2,500 | Page 52 |
| Arkansas Basin Roundtable | District is involved with activities of the Roundtable, which coordinates water planning at the state level. | Ongoing participation. | Water supply protection & water efficiency | — | Page 52 |
| Voluntary Flow Management Program | The District helps coordinate releases to benefit boating and protect flows for fish on the Arkansas River. | New agreement in 2021. | Water supply protection & water efficiency | — | Page 53 |
| Watershed Health & Healthy Forests | Concern is growing that catastrophic events such as wildfires threaten water supplies by increasing erosion risk. | District contributes through Reclamation OM&R. | Water supply protection & water efficiency | $30,000 | Page 54 |

Components

# Reserves

The Board created strategic fund reserve categories in October 2019 as a result of recommendations from the Financial Strategy and Sustainability Study. In addition, Amendment 11 to the Fry-Ark Contract in 2018 created reserves for Project OM&R.

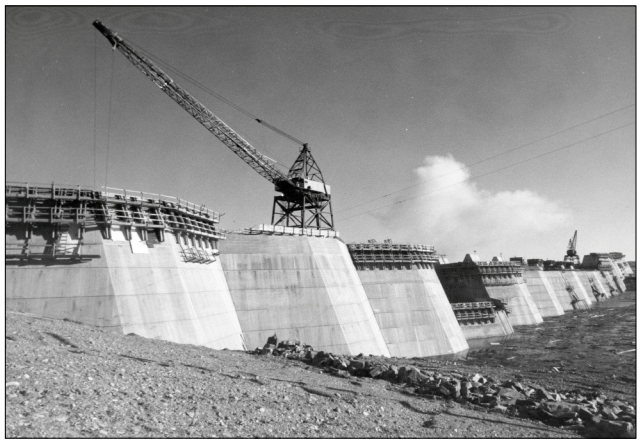
| Program | Description | Progress | Strategic Plan interface | 2021 Budget | Reference |
|---|---|---|---|---|---|
| **Fry-Ark Reserves** | Established under Amendment 11 to the Fry-Ark Contract. Reclamation approval required for expenditures. | Operational |  | Subject to Reclamation reconciliation | Page 15 |
| **Cash Reserve** | Working cash sufficient to fund cash-flow variations in a typical operating cycle. | Operational |  | Target pending Board action. | Page 55 |
| **Operating Reserve** | Covers potential interruption of District or Enterprise revenue streams. | Operational |  | Target pending Board action. | Page 55 |
| **Capital Reserve** | Funds capital repair, replacement or betterment of District properties or other capital projects. | Operational |  | Target pending Board action. | Page 55 |
| **Exposure Reserve** | Covers extraordinary, unforeseen events not otherwise covered by reserves or insurance. | Operational |  | Target pending Board action. | Page 55 |
| **District Fund Balances** | Fund Balances that are non-spendable, restricted, committed, assigned, unassigned or unrestricted. | Operational |  | | Page 56 |
| **Enterprise Fund Balances** | Fund Balances that are unrestricted. | Operational |  | | Page 56 |

# Fryingpan-Arkansas Project: Debt Repayment


**Water Supply , Storage and Power**

In 2018, the District and Reclamation signed Amendment 11 to the Fryingpan-Arkansas Project Contract. The debt for the Project will be paid off in 2031, the full 50 years accounted for in the 1982 Contract. The Contract is expected to be converted to a true repayment contract by the end of 2021. The District intends to continue paying off the debt in the schedule agreed to under Amendment 11.

Fry-Ark Project



## Spreading out Payments Allows for Fry-Ark Reserve

Work began on the Fryingpan-Arkansas Project in 1964, and was substantially complete in 1981, and the Bureau of Reclamation (Reclamation) prepared a final cost allocation. The District's share was $134.7 million of the total $585 million cost (23 percent). Payments began under the 1982 Fryingpan-Arkansas Project Contract (Contract). Payments came from ad valorem taxes, water sales, and winter water charges.

The District began taking Project water in 1972, and used a portion of the taxes and water sales to make about $2 million in payments prior to 1981. In 2010 the Amendment 9 to the contract allowed project water sales revenue to remain in-house to support operations. The Board assigned water sales revenues to Enterprise activities by resolution.

The municipal and industrial share of interest during construction and repayment was charged 3.046 percent. The irrigation portion was charged no interest. Consequently, the District chose to repay municipal and industrial costs of the Project first, leaving irrigation costs for future years.

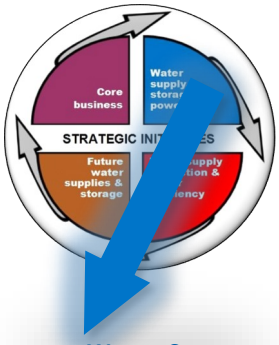
Prior to Amendment 11 to the Contract, the District forwarded all ad valorem taxes to Reclamation each year.

In 2018, Amendment 11 spread the remaining Fry-Ark debt and required annual payments over the remainder of the 50-year contract that began in 1982. Amendment 11 allowed the District to pay an amortized debt payment, prepaid operations, maintenance, and replacement (OM&R) cost and consider a miscellaneous revenue credit. The remining ad valorem tax revenue is added to a Fry-Ark Project Reserve for future Project needs.

Interest earned on the Fry-Ark Project Reserve can be used for either District or Enterprise operations.

| Fry-Ark Debt Repayment | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Payments continue until 2031 | $1,467,572 | $1,467,572 | $1,467,572 | $1,467,572 |

# Fryingpan-Arkansas Project Fund Reserve




**Water Supply , Storage and Power**

Amendment 11 to the Fryingpan-Arkansas Project Contract allows the District to establish a reserve fund for extraordinary or catastrophic expenses.

The Amendment requires the District to repay a set amount for construction and annual OM&R charges from property tax collections. The remainder of the revenues collected is to be set aside in a reserve fund that can only be used for Project needs. The interest revenue is available for District or Enterprise operations.

**Fry-Ark Project**

**Restoration of the expansion joints between the concrete buttresses on Pueblo Dam began in 2019.**

## Holding Funds in Reserve for Extraordinary Needs

The focus of the District from its creation in 1958 was repayment of the Fryingpan-Arkansas Project debt to the federal government. During the "Framing the Future" discussions in recent years, the District Board has turned its attention to the ongoing Operations, Maintenance and Replacement (OM&R) of the Project as well.

Amendment 11 to the Repayment Contract established a mechanism to build reserves for extraordinary needs of the Project, such as the recent work on expansion joint seals on the concrete buttresses at Pueblo Dam. The work in 2019-20, along with ongoing drainage systems within the dam, has reduced leakage by 58 percent. More work may be required at a later date. The District's share of the $10.7 million so far has been about $6 million, or 56 percent. Future work could cost an additional $20 million.

That's just one project, and there could be others. The Bureau of Reclamation makes periodic estimates of the need for funding based on inspection of Project features. To better understand the need for reserves, the District has undertaken its own Asset Valuation, Condition Assessment and Recovery of Storage studies. Phase 1 of the Asset Valuation and Recovery of Storage studies were completed in 2020, and will continue in 2021, with collaboration from the Reclamation.

**FRY-ARK RESERVES: KEY ELEMENTS**

- ⇒ Asset Valuation/Condition Assessment
- ⇒ Recovery of Storage
- ⇒ Pueblo Dam Interconnect
- ⇒ Unforeseeen Future Needs

Betterments to the Project are also anticipated. One example is the Interconnection at Pueblo Dam. The Interconnect would link the North and South Outlets for emergencies or routine maintenance at either outlet. Although no date for the Interconnect has been set, it would be a multimillion dollar project that would require more than annual revenues to pay the District's share.

There is also the possibility of unforeseen future needs that could strain District resources.

| Estimated Reserves | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Subject to Reclamation reconciliation | $5,135,160 | $9,643,188 | $14,512,024 | $19,931,669 |

# Fryingpan-Arkansas Project OM&R


**Water Supply , Storage and Power**

The District is responsible for a portion of all costs, betterment and replacements to maintain the Fryingpan-Arkansas Project. The District's share varies by Project feature, Ranging from 47-56 percent.

**Fry-Ark Project**

**Part of the Fryingpan-Arkansas Project Collection System near the Boustead Tunnel.**

## Maintaining the District's Fry-Ark Investment

The District pays for a percentage of the operation, maintenance, and replacement (OM&R) for the Fry-Ark Project. Reclamation operates the Project, but the users of the Project pay their proportional shares according to a cost allocation that was determined as the Project neared completion in 1981.

Municipal and industrial, as well as irrigation users, are covered by the District. Other uses of the Project include power generation, recreation, fish and wildlife, scenic conservation, flood control and others.

Those benefits are further broken down by feature, and the District's share is shown in the table below. Under Amendment 11 to the Repayment Contract, the District makes an advance payment for the project OM&R in the coming calendar year. Reclamation reconciles the actual costs, which are paid twice a year by the District.

**Fry-Ark Reserves are in place for years when the OM&R costs may be greater than what can be covered by ad valorem tax revenues.**

Extraordinary maintenance items are also included in the payment calculations, and in 2021, Reclamation plans to replace actuator gates and seals in both the North and South Collection System, a roughly $1.7 million project. Routine maintenance is estimated at $2 million, There will also be some remaining charges for the joint seal project at Pueblo Dam. Again, those charges will not be known under the reconciliation is complete.

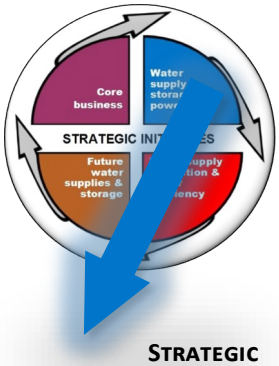
The District pays for the OM&R through its ad valorem tax collections, and the Fry-Ark Project Reserve fund if the annual revenues are not sufficient to cover costs.

**SECWCD Project cost share per feature**

| | | | |
|---|---|---|---|
| Ruedi East Slope | 54.17% | Mount Elbert Conduit | 52.00% |
| North Side Collection | 54.17% | Twin Lakes | 47.67% |
| South Side Collection | 47.67% | Halfmoon Diversion | 54.17% |
| Boustead Tunnel | 51.46% | Pueblo Reservoir | 55.79% |
| Sugarloaf (Turquoise) | 52.54% | | |

| Fryingpan-Arkansas Project OM&R | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Total costs | $8,774,100 | $3,300,928 | $2,855,114 | $2,409,003 |

# Asset Valuation, Condition Assessment




**Strategic Initiatives**

The District now has the opportunity to create a reserve fund for extraordinary or catastrophic costs. To better estimate and prepare, the District will complete an asset valuation and condition assessment of Fryingpan-Arkansas Project features. Funding is through the Recurring Capital in the District Operations fund.

Fry-Ark Project

District Operations

Hydropower

| SECWCD Phase I Feature Valuation | |
|---|---|
| Total Cost | $2.8 BILLION |
| Total District Fry-Ark Features | $2,761,000,000 |
| Total District Operational Features | $3,000,000 |
| Total Enterprise Features | $21,000,000 |

| West Slope | |
|---|---|
| Total Cost | $1,214,500,000 |
| Dams | $261,000,000 |
| Tunnels | $863,000,000 |
| Conduits | $65,000,000 |
| Diversion Structures | $16,500,000 |
| Control Facilities | $9,000,000 |

| East Slope | |
|---|---|
| Total Cost | $1,570,500,000 |
| Dams | $1,416,000,000 |
| Conduits | $124,500,000 |
| Diversion Structures | $500,000 |
| Control Facilities | $5,500,000 |
| District Headquarters Facility | $3,000,000 |
| James W. Broderick Hydropower Plant | $21,000,000 |

| Collection & Delivery Features | |
|---|---|
| Total Cost | $449,500,000 |
| Dams | $261,000,000 |
| Tunnels | $182,000,000 |
| Conduits | $4,500,000 |
| Control Facilities | $2,000,000 |

| South Side Collection System | |
|---|---|
| Total Cost | $469,500,000 |
| Tunnels | $437,000,000 |
| Conduits | $14,500,000 |
| Diversion Structures | $11,500,000 |
| Control Facilities | $6,500,000 |

| North Side Collection System | |
|---|---|
| Total Cost | $295,500,000 |
| Tunnels | $244,000,000 |
| Conduits | $46,000,000 |
| Diversion Structures | $5,000,000 |
| Control Facilities | $500,000 |

**This table shows values of the major features of the Fry-Ark Project, and District and Enterprise assets, as determined in Phase I of the study.**

## Checking on the Health of the Fry-Ark Project

Phase I of the Feature and Asset Valuation study was completed in 2020 under a contract with Providence Infrastructure Consultants. Phase 2 is continuing under the contract in 2021. The major tasks will be to prioritize features that are most critical to the delivery of Fry-Ark water, as well as which features will need attention soonest.

District staff is working with Providence and Reclamation in finalizing the Feature Valuation for the Fry-Ark Project. Once this information is collected and analyzed, the Condition Assessment will begin, where critical Fry-Ark features will be studied in-depth.

These activities are important in determining the level of reserves for the Fry-Ark Project, District and Enterprise funds.

| Reservoirs | Capacity |
|---|---|
| Ruedi Reservoir | 102,369 AF |
| Turquoise Lake | 129,432 AF |
| Mount Elbert Forebay | 11,530 AF |
| Twin Lakes | 140,339 AF |
| Pueblo Reservoir | 338,374 AF |
| **Conduits, Tunnels** | **Length** |
| Southside Collection | 14.2 miles |
| Northside Collection | 11.3 miles |
| Boustead Tunnel | 5.4 miles |
| Mount Elbert Conduit | 10.5 miles |
| Fountain Valley Conduit | 45.5 miles |

**Other Features**

Mount Elbert Power Plant, 200 megawatts
Pueblo Fish Hatchery
South Outlet Pueblo Dam
North Outlet Pueblo Dam

| Infrastructure Evaluation | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Asset Valuation, Condition Assessment | $120,000 | $300,000 | $250,000 | $250,000 |

# Hydrologic Variability


### Future Water Supplies and Storage

Water years 2019 and 2020 illustrate the need for better predictive tools. In 2020, a dry year, Fryingpan-Arkansas Project imports came in at 80 percent of predicted amounts. In 2019, a very wet year, imports exceeded the forecast by 11,800 acre-feet. Better tools are needed to make timely adjustments to snowfall models.

Fry-Ark Project

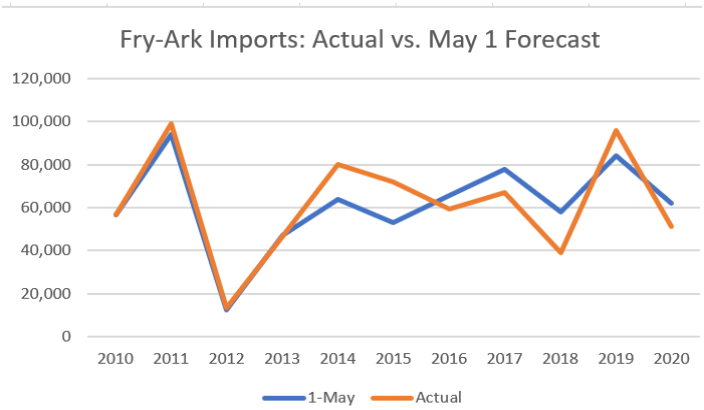
Water & Storage

## A New Direction for Estimating Project water yield

Enterprise revenues are tied to Fryingpan-Arkansas Project annual imports available for sale.

The supplemental water supply is also crucial for decisions by municipal and agricultural water providers.

When actual imports are substantially less than forecasts, those plans have to be adjusted. If imports outpace predictions, the water likely will remain in storage until the next water year. More accurate forecasts will improve the certainty for all involved.




**This chart shows the variability of actual Fryingpan-Arkansas Project imports compared to May 1 forecasts since 2010.**

The District traditionally has used May 1 forecasts by the Bureau of Reclamation to develop its annual allocations. Estimates are based on limited data from snow measurement sites that are relatively low in elevation compared to most of the Fry-Ark collection system.

**Snowpack readings alone may no longer be sufficient in forecasting how much water is available on an annual basis.**

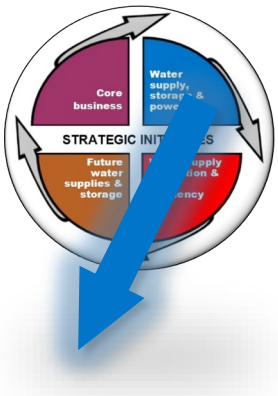
The forecasts are reliable when May and June weather patterns remain stable. However, those patterns have fluctuated greatly in the past 10 years.

The District has looked at the possibility of adding more USDA Snotel sites higher in the Collection System for several years, but more cost-effective methods of predicting streamflow later in the season are emerging.

Funding will shift toward supporting all available technologies to improve the forecast reliability as climate change complicates the traditional methods.

| Streamflow Forecasts | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Budgeted amounts | $10,000 | $10,000 | $10,000 | $10,000 |

# Pueblo Dam Interconnect




**Water Supply , Storage and Power**

The interconnection and Pueblo Dam will connect the North and South Outlets to increase the reliability of municipal water supplies in the event of shutdowns for either maintenance or emergencies. Since the 2014 Record of Decision, it has become apparent that the Interconnect could improve water quality by allowing municipal water providers more variety in elevation from which water is drawn. The 2016 cost estimate is $16.5 million.

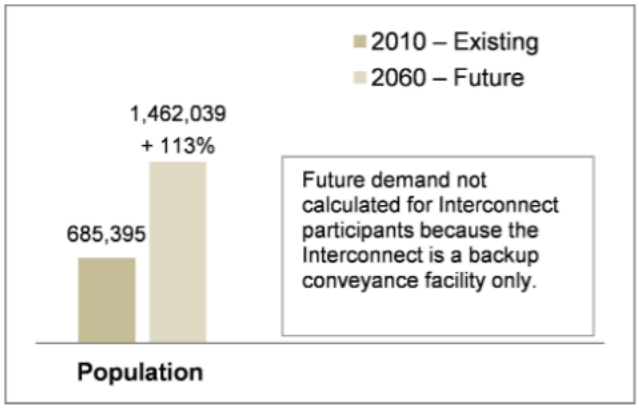
**Fry-Ark Project**


North Outlet Works Pueblo Dam/SECWCD

## Integrating Water Deliveries at Pueblo Dam

Interconnection of the North and South Outlets at Pueblo Dam would have benefits for both operations and water quality for municipal water providers who depend on Pueblo Reservoir.

During short-term maintenance and emergency situations, the Interconnect would move water between the North and South Outlets at Pueblo Dam. The Interconnect would be a 2.5-mile section of 84-inch pipeline to be constructed between the two outlet works.



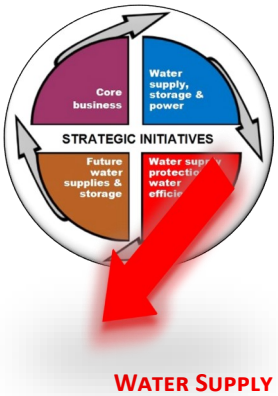

**A figure from the 2013 EIS shows the population that would benefit from the Interconnect.**

Interconnect operations would require a long-term (40-year) contract between Reclamation and the Interconnect water providers for use during periodic maintenance or emergencies activities.

The Interconnect contract would also support deliveries of water to water connections at Pueblo Reservoir for the Arkansas Valley Conduit, Pueblo Fish Hatchery, Pueblo Water, Pueblo West Metropolitan District, Southern Delivery System, and Fountain Valley Authority. No plans to build the Interconnect are foreseen in the immediate future.

| Pueblo Dam Interconnect | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Funding not anticipated in near future | — | — | — | -- |

# Reclamation Reform Act




**Water Supply Protection and Water Efficiency**

Large federal irrigation projects, such as the Fryingpan-Arkansas Project, are meant to help smaller landowners. A provision of the Reclamation Reform Act requires certification of land holdings throughout the West to avoid subsidies to large agricultural ventures.

Fry-Ark Project


Farming in the Lower Arkansas Valley/Drone Photo by Jack Goble

## Maintaining the Family Farm; Avoiding Speculation

The Reclamation Reform Act (RRA) was signed in 1982 to encourage family farming and limit speculation on irrigated farm land. Irrigation water users are required to certify their landholdings by filing RRA forms prior to receiving Project water. RRA compliance is a condition of the Fryingpan-Arkansas Project Contract.

District staff annually meets with about 340 of the 3,220 ditch shareholders in the Arkansas Valley to certify the amount of acres being farmed. Any landowner with more than 240 acres are required to report. All reports are confidential.

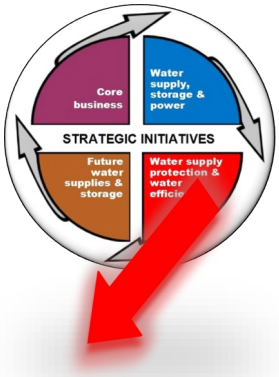
Reclamation makes the determination of eligibility. RRA restricts Project water to under 960 acres for qualified recipients, and under 640 acres for limited recipients.

Each year, $2,000 is budgeted in the event that payments for administrative fees for noncompliant water providers.

An audit of the RRA Program occurs every five year. The most resent began in 2020, and will continue in 2021, and requires an additional budget amount of $20,000.

| Reclamation Reform Act | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Covers District Expenses | $22,000 | $20,000 | $2,000 | $2,000 |

# Fountain Creek Transit Loss Modeling




**Water Supply Protection and Water Efficiency**

Getting water from Point A to Point B in any river involves a calculation that incorporates factors such as the rate of flow, bank seepage, evapotranspiration rates, contributed flow from tributaries, and diversions. In many cases, models are the most efficient way to measure transit loss. Models exist for the Upper Arkansas River and Lower Arkansas River. The most active transit loss model is for the largest tributary of the Arkansas River, Fountain Creek.

District Operations


Fountain Creek/Pueblo Chieftain

## Tracking a Muddy River

The Fountain Creek Transit Loss Model was developed in 2007 by the U.S. Geological Survey to track flows along 78 miles of waterways. The Southeastern District joined in order to better measure municipal Return Flows.

The model breaks 78 miles of river into 33 reaches, and calculates the amount of losses at varying flows. It is necessary to measure the losses in order to assure water rights are not injured by the many diversions along Fountain Creek and Monument Creek.

The District is one of 17 participants in the program, and pays an annual membership, plus an additional fee based on its share of Return Flows that are not claimed during the year.

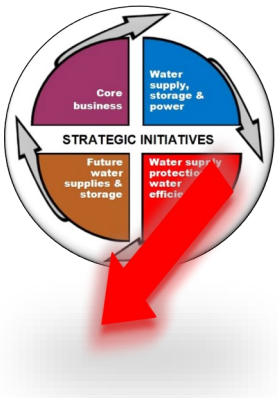
The additional fee is assessed in the year following the measurement.

### Fountain Creek Transit Loss Participants

- Monument
- Woodmoor
- Triview
- Donala
- Forest Lakes
- Palmer Lake
- Fountain Mutual Irrigation Co.
- Colorado Springs Utilities
- Fountain
- Widefield
- Security
- Stratmoor Hills
- Chilcotte Ditch
- AGUA
- Cherokee Metro
- Colorado Centre
- Southeastern District

| Water Sales Revenue | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Base fee, plus $20,000 for Project Return Flows | $3,200 | $3,200 | $23,281 | $23,863 |

# Boundaries and Inclusion

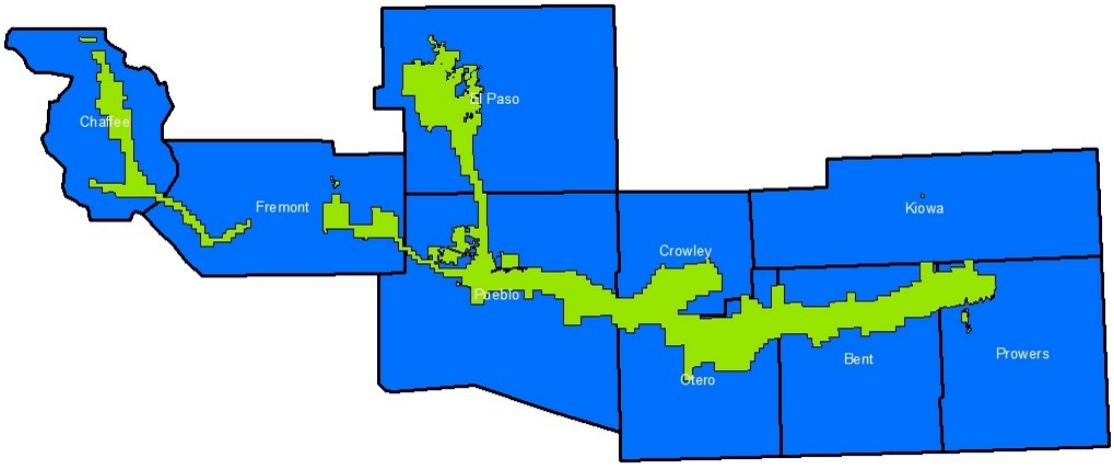



**Water Supply Protection and Water Efficiency**

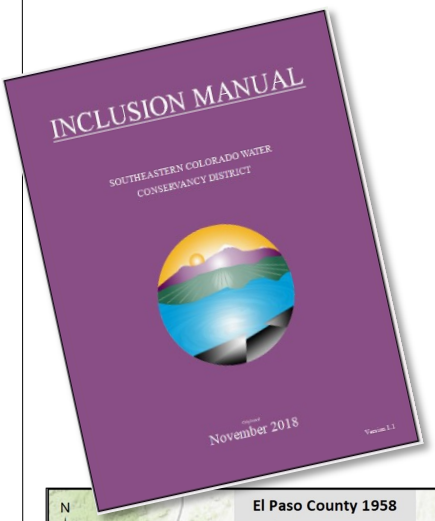
A project as part of the Legal Engineering program began in 2019 to determine District boundaries. This is important in order to maintain revenues that support the Fryingpan-Arkansas Project.

An Inclusion Manual was approved by the District Board in 2018. It includes policies for inclusion into the District by annexation, petition and election.

District Operations



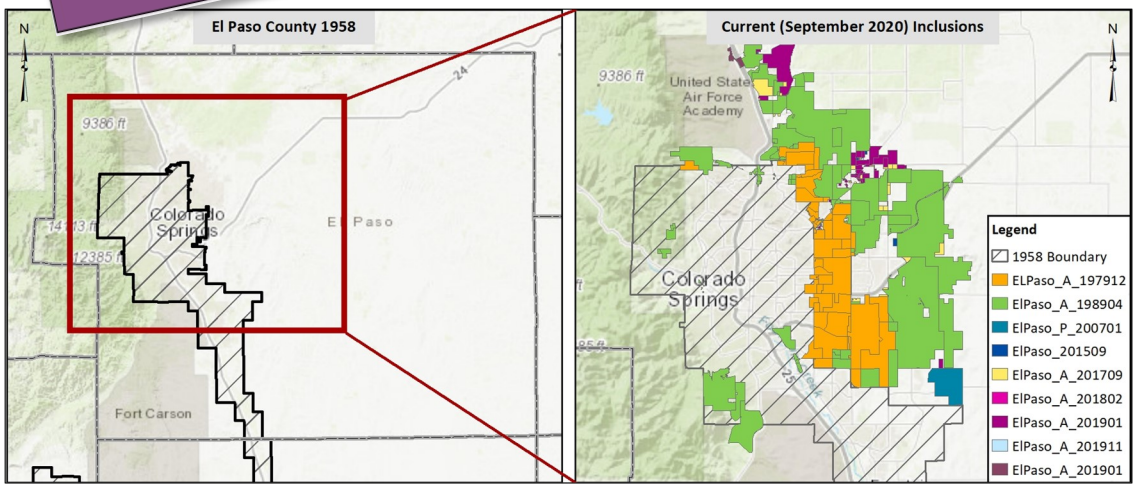

## District Strives to Stay Inside the Lines




An effort to precisely define District lines will continue in 2021 with the assistance of Wilson Water Group. District boundaries, as described in the 1958 degree and subsequent inclusions, occasionally differ from modern GIS files. The boundaries are being "trued up" to avoid discrepancies.

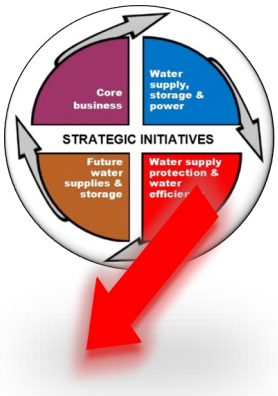
The goal is to develop a comprehensive District boundary that can be readily distributed, displayed on the District website, easily maintained and updated annually, and trace changes in boundaries to corresponding inclusion documents.

The District has spent several years working with Colorado Springs to define boundaries. More work is needed, however, particularly in the remainder of El Paso County, Pueblo County, and Fremont County.




| Boundary Study | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Included in Legal Engineering budget | $12,500 | $15,000 | $15,000 | $15,000 |

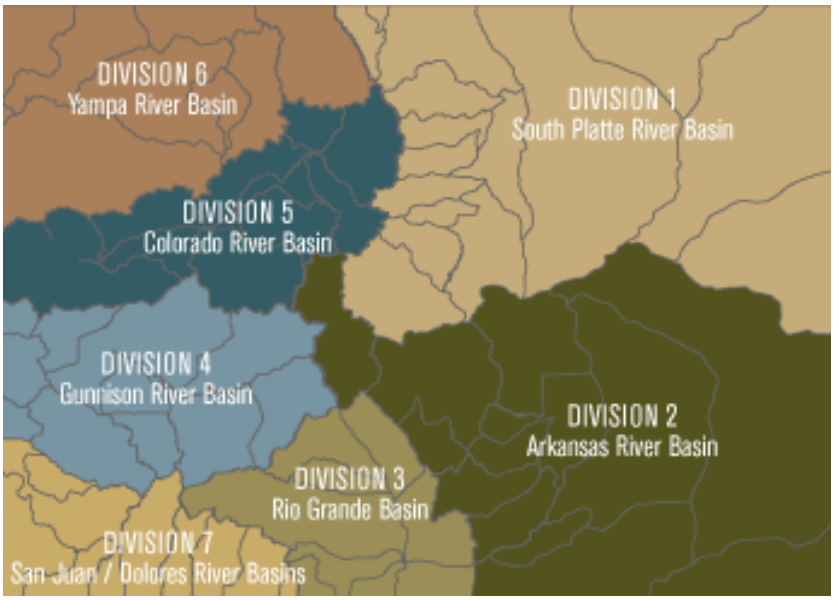
# Water Rights Protection




**Water Supply Protection and Water Efficiency**

Water rights in Colorado are defined in the state Constitution, and administered under what is called the "Colorado Doctrine," or first in time, first in right. Water put to beneficial use is prioritized according to when the first use was claimed. The District has water rights in Divisions 2 and 5.

District Operations




## Water Rights a Cornerstone of Fry-Ark Project

In Colorado, water rights are claims that protect the priority of water use according to the first historical application of the water to a beneficial use. The water rights to the Fryingpan-Arkansas District in both the Colorado River and Arkansas River watersheds are held by the District.

The District files for diligence of conditional water rights every six years. The next filings will be in 2022 in Division 2 and 2024 in Division 5.

The District also monitors other water rights filings to protect Project water.

In 2017, the District adopted "Standard Language" that streamlines the legal process by openly providing conditions for approval to opposing attorneys on routine legal matters.

The Engineering Department and Legal Department monitor water court cases to determine whether new filings will have an impact on Project water.

Fryingpan-Arkansas Project
Key Water Rights

**Division 2**

Storage Rights: Turquoise Lake, Twin Lakes Reservoir, Mount Elbert Forebay, Pueblo Reservoir, 575,036 acre-feet absolute.

Other Structures: Mount Elbert Conduit, Halfmoon Diversion, 520 cfs.

Conditional Diversions: Six, 350-725 cfs.

Exchange Rights: Project water into Pueblo Reservoir, Twin Lakes Reservoir, and Turquoise Reservoir. Arkansas River exchanges.

Priority Date: February 10, 1939

**Division 5**

Fryingpan-Arkansas Divide Tunnel (aka Boustead Tunnel, including all tunnels from North Side and South Side Collection Systems: 900 cfs unless Ruedi will fill, then 945 cfs.

(Stipulation generally precludes enlargement claims)

Priority Date: July 29, 1957

| Water Rights Protection | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Included in Legal Engineering budget | $235,000 | $235,000 | $235,000 | $235,000 |

# Colorado River Programs


**Water Supply Protection and Water Efficiency**

Programs in the Colorado River basin support Fryingpan-Arkansas Project water rights owned by the District. These programs are operated through partnerships with the Bureau of Reclamation, Colorado Water Conservation Board, Front Range Water Council, Colorado River Water Users Association and Colorado Water Congress. They include fish recovery, drought contingency planning, weather modification , and communication.

District Operations

Water & Storage


Fishing below Ruedi Dam/Ann Stonehouse

## Hooking Up With Our Source of Water Supply

The Colorado River basin provides the supplemental water that is brought into the Arkansas River basin as an annual supplemental supply. In Colorado, about 80 percent of the water is located west of the Continental Divide, while 80 percent of the population is on the eastern side.

In the 1900s, many projects were developed to deliver Colorado River water to cities and farms in the Arkansas River and South Platte River basins. The Fryingpan-Arkansas Project was the last to be developed, and also the largest importer of water to the Arkansas River basin.

The Fryingpan-Arkansas Project Operating Principles were adopted by the Southeastern Colorado Water Conservancy District, Colorado River Water Conservation District, Southwestern Colorado Water Conservation District and the Colorado Water Conservation Board in 1960.

The Operating Principles were deemed necessary to ensure protection of water resources for all purposes on the western slope.

The Operating Principles establish a 34-year limit of 2,352,800 acre-feet of diversions by the Fryingpan-Arkansas Project, based on a model of hydraulic conditions from 1911-1944, compiled by Reclamation. The annual limit of 120,000 acre-feet also is specified.

The Operating Principles also set minimum stream flows on the Fryingpan River or its tributaries, a 3,000 acre-foot exchange to Twin Lake Reservoir and Canal Company for equivalent releases from the headwaters of the Roaring Fork River, and specific minimum releases of water for the protection of fish and wildlife.

The Operating Principles also required the construction of Ruedi Reservoir as compensatory storage for Colorado River interests.

The District's many ongoing collaborative programs include the 10,825 program to provide water for endangered fish species, weather modification programs, fish habitat recovery programs, as well as operation of the Fry-Ark Project in a socially and environmentally responsible manner.

As a lingering drought continues in the Colorado River basin, the District has been an active participant in statewide discussions on drought contingency planning.

| Colorado River Programs | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Budgeted expenditures | $83,380 | $77,234 | $79,165 | $81,154 |

# Water Conservation Plan


## Water Supply Protection and Water Efficiency

The Water Conservation plan is completed every five years, as required under the Repayment Contract with the Bureau of Reclamation. The Colorado Water Conservation Board requires a Conservation plan every seven years as well.

The District completed its last Conservation Plan in 2017. The plan may be viewed in its entirety at www.secwcd.com.

District Operations

## District Remains Steward of a Precious Resource

The Fryingpan-Arkansas Project Principles were adopted in 1961, prior to construction of the Project itself. They spell out the District's obligations to Colorado and the United States in managing the water rights of the Project.

Since the construction of the Project, state and national environmental laws have changed as well.

The District produced its first Conservation Plan in 2005, detailing the history of the Project and the many activities the District is engaged in to support the Project. The Conservation Plan became a valuable resource key to understanding the role of the District, the operation of the Project, and the partnerships that are important to the Operation of the District. Included in each plan is a summary of municipal and agriculture conservation efforts of individual entities.

The 2017 Conservation Plan was a step forward, in that it not only updated past Conservation Plans,


but took a fresh approach to make the plan more readable and user-friendly.

The printed summary of the plan is 32 pages, but hundreds of pages of supporting documents are included in the appendices in DVD format.

| Water Conservation Plan | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Next due in 2022 | — | — | — | — |

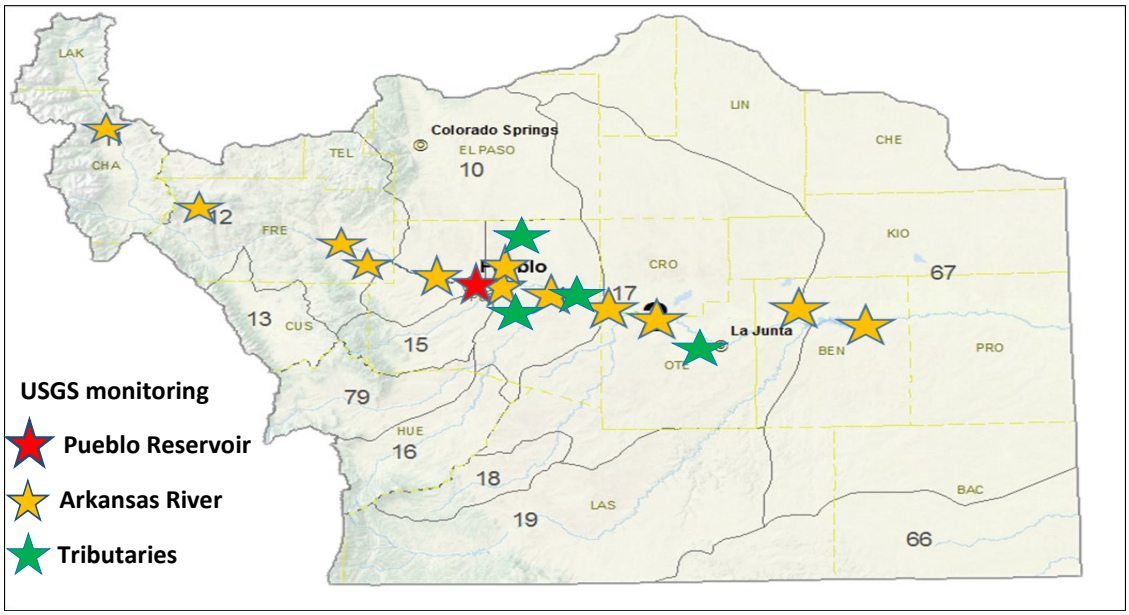
# Partnerships: Water Quality Monitoring


**Water Supply Protection and Water Efficiency**

The Enterprise is a cooperating agency with the U.S. Geological Survey in the maintenance of stream gauges at key points in the Arkansas River basin. The Enterprise pays about 70 percent of the total costs, while Special Projects (Master Contract, AVC and Enlargement) participants pay about 80 percent of the Enterprise costs.

Water & Storage

AVC



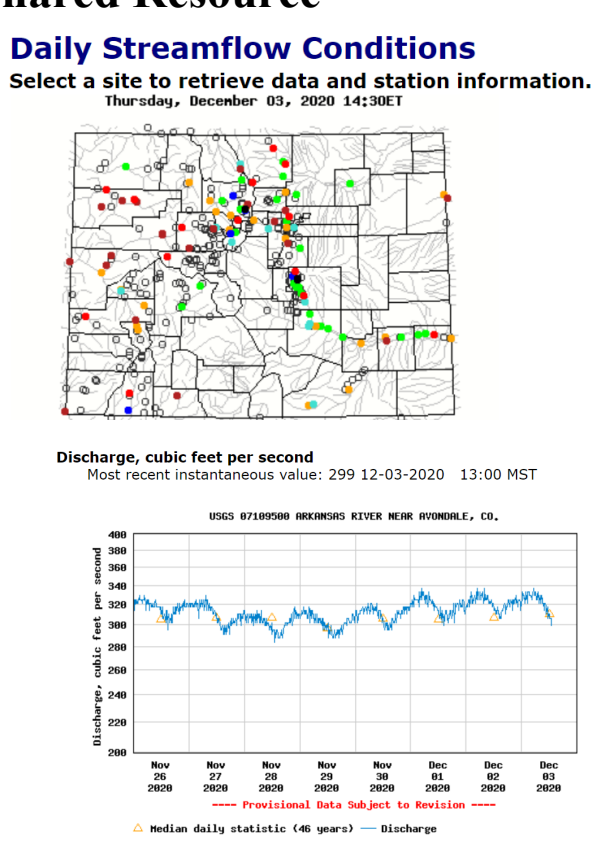

## Partnering to Protect a Shared Resource

The U.S. Geological Survey (USGS) monitors long-term water quality, collects continuous specific-conductance data, measures baseline changes, collects streamflow data, measures suspended sediment, and tracks reservoir quality at mainstem Arkansas River sites, major tributaries, and Pueblo Reservoir.

Under one Joint Funding Agreement (JFA), 10 sites on the mainstem of the Arkansas River and one at Pueblo Reservoir are monitored for some or all of the activities listed above. Enterprise funding is paid by participants in the Enlargement, Excess Capacity and Arkansas Valley Conduit programs.

Under a second JFA, there are four monitoring sites on tributary streams. Payments for those sites is collected as part of the Environmental Surcharge on water sales and storage.

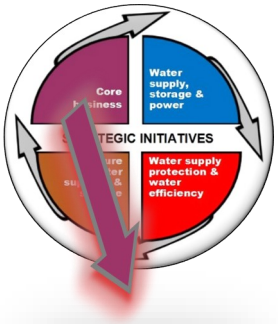
Agreements in the early years of the 2000s set up these programs as a baseline to measure the changes in water quality as anticipated water projects were developed. Moving into the future, those changes will continue to be tracked.




**Data collected by the USGS are used for wide-ranging statewide comparisons (top) or site specific information (below), and can be found on the Internet.**

| Water Quality Expenditures | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| U.S. Geological Survey Contracts | $177,013 | $197,049 | $174,866 | $180,047 |

# Financial Studies




Executive Committee Workshop/SECWCD

## Charting a Course for the Future...

The Financial Strategy and Sustainability Study in 2019 helped the District and Enterprise define their fund structures and develop future steps for financial planning, budgeting and strategic development.

At the conclusion of the study, the Board chose to raise water rates for the 2020 year, and to look at the possibility of revising surcharges in 2020 under the direction of the Finance Committee.

After the first session on surcharges, the District was forced into remote meetings under statewide COVID-19 restrictions, and the surcharge work is still pending.

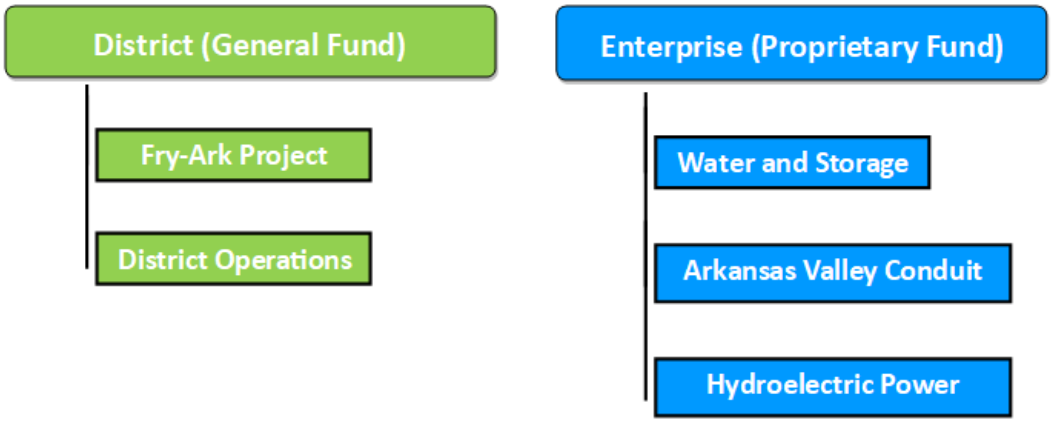
The Board also has deferred decisions on issues raised by the study, such as the appropriate charge for storage, Winter water charges, reserve targets and funding sources until more information is available.

One of the recommendations from the Financial Study was to do a follow-up study in three years, or 2022.

During the 2021 year, it is anticipated that the District's efforts will be directed toward finishing the Surcharge Study, and gearing up for the next financial study in 2022. Rates will remain the same as 2020 in 2021.

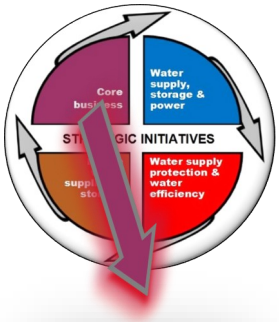
### Core Business

In 2019, the District performed its first Financial Plan and Cost of Service Study, providing a better understanding of finances, and a more solid rate structure. A major recommendation was to do a follow-up study after three years, in 2022. The financial study is important for the long-range financial health of the District, as well as assuring fair and equitable treatment of all customers.




| Water Rate Study | 2020 | 2021 | 2022 | 2022 |
|---|---|---|---|---|
| Update every 3 years | $100,000 | — | $100,000 | — |

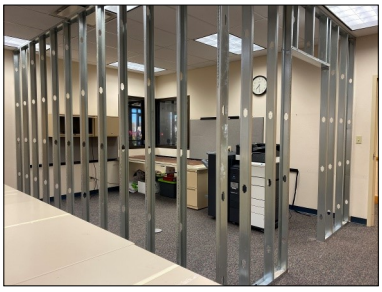
# District: Headquarters




### Core Business

The headquarters for the Southeastern Colorado Water Conservancy District was built in 2000 at the Pueblo Airport Industrial Park. A balance of upgrades and upkeep keeps it going.





**After being fully closed for more than a month earlier in the year, the District Headquarters saw some needed improvements inside and out in 2020.**

## COVID-19 requires change of plans for offices

Nobody anticipated the strange turn of events in 2020 that reshaped how many sectors of society do business. Millions of people were suddenly introduced to a new world where meeting by and large occurred on a computer screen and employees learned how to work from home rather than travel to an office.

During the entire month of April, District Headquarters was shut down, as all employees worked from home, other than to attend to essential errands that required their presence in the office. As businesses slowly opened, staff presence was limited to 10-50 percent.

In-person meetings and gatherings that once seemed routine were turned into logistical puzzles, requiring masks, sanitizer, social distancing and keeping the numbers low.

The District shifted its focus from upgrading presentation systems within the building to obtaining the right technology and electronic platforms to conduct meetings. Within headquarters, offices were remodeled to emphasize employee safety for the day when we are able to return to the building in full strength.

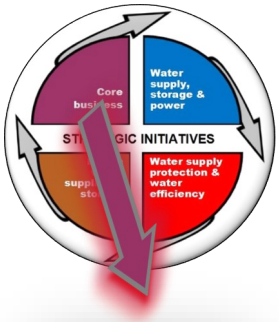
At the same time, the remodeled offices will increase security for record-keeping and general business activities.

In-person meetings will return at some point, and the changes made in 2020, which of necessity will carry into 2021, will provide a safe, reliable environment for the business of the District.

District Operations

| Headquarters Operation | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Operations and Recurring Capital | $294,336 | $380,173 | $391,294 | $400,695 |

# District: Fleet Management




### Core Business

The District maintains three vehicles, which are replaced every six years on a rotational basis. Vehicles are needed for staff attendance at meetings, and during working hours while on official District business.


2017 Toyota RAV4/SECWCD

## Driven for Success

The District supplies a car for the use of the Executive Director, as well as two vehicles for staff. The latest purchase was a Toyota Highlander in 2019. Another vehicle will be purchased in 2021 to replace the District vehicle purchased in 2015.

Due to COVID-19 restrictions in 2020, travel was cut back from normal levels. However, as restrictions are eased, it is anticipated that travel will resume.

In normal times, District staff routinely travels to events throughout Colorado. The vehicles are also used for shorter trips closer to headquarters on official District business.

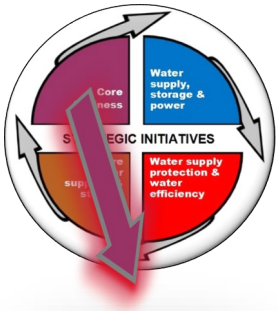
The District makes it a priority to purchase energy-efficient cars that are practical for business travel.

Vehicle purchases are listed as recurring capital in the District Operations fund.

District Operations

| District Vehicles | 2020 | 2021 | 2021 | 2022 |
|---|---|---|---|---|
| 3 vehicles, 6-year rotation | — | $45,000 | — | — |

# District: Information Technology




**Core Business**

The District contracts for its information technology services. It is important to all facets of District and Enterprise operations to have up-to-date, reliable, and compatible information systems.

District Operations

## Technology gains new importance in COVID-19 era

Through the COVID-19 pandemic, the District has reacted and implemented change quickly and effectively.

The District is currently using Zoom as a communication platform. But, as in any new process improvement can only enhance the efficiencies, productivity and effectiveness of any program.

It is hard to argue that in-person meetings are the best way to interact and make decisions as a Board of Directors, but recent worldwide events have proven that in-person meetings are not always going to be an option.

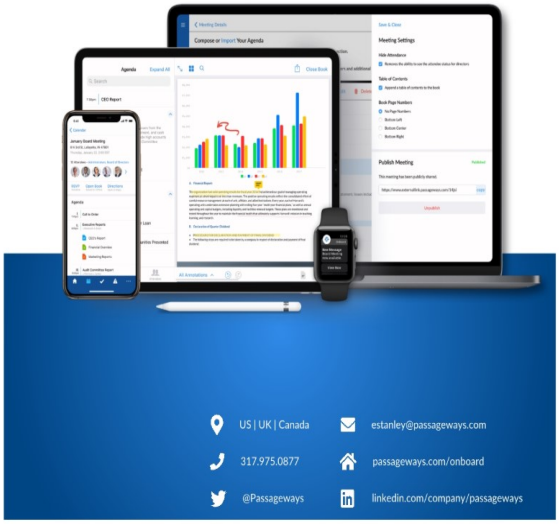
As a society, we are in a transition period, from in-person meetings to virtual meetings and or a combination, where some participants may choose to attend virtually as the safest option.

District staff formed a team to investigate alternatives for onsite and offsite Board of Directors and Committee meetings. District staff investigated different ways to ensure efficacy and a standard communication platform.

The Team viewed demonstrations of a number of software solutions. And possible hardware solutions, with technological equipment that could be issued by the District to each member of the Board of Directors. The staff considered the Board member experience as well as the attendance of the public or stakeholders in accordance with all Colorado open records and meeting standards.

OnBoard is a Board of Directors Management software that offers one standard location to maintain the governance, collaboration, communication, and administration of the Board and each Committee. The software is easy to use with a dashboard platform that can be accessed on any device (PC, smartphone, tablet, etc.) by login through an Internet browser.

Staff have ensured that OnBoard works with the District's current communication software Zoom and has a connection for any interested stakeholder or member of the public to attend meetings.



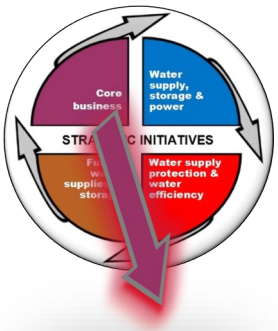

### Technology helps advance other District goals

**Although the COVID-19 pandemic illustrated the need for change in the way the District does business, software upgrades tie into ongoing District activities:**

1) **Communications Upgrade: The OnBoard software would allow for an informational dashboard for at-a-glance monitoring.**
2) **Records Management: Unlimited storage of documents would allow the District to begin building a records library.**
3) **Technology Upgrade: This would be the first step toward future technology goals.**
4) **State Laws: Increasingly, the state is demanding more electronic access to public notifications and record. OnBoard provides the tools needed for this job.**

| Information Technology | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Annual Budgets & Estimates | — | $8,000 | $8,000 | $8,000 |

# District: Records Management




### Core Business

There is a treasure trove of information about southern Colorado water available at District Headquarters. Moving the information into a digital format will save countless hours of research time when information is needed. The District is investigating the best method to transfer records to a digital format.

District Operations

**Files, reports and maps stored at District offices need to be electronically available.**

## Moving Mounds of Material into Machines

Hundreds of reports, maps, meeting records and other documents are on file at District Headquarters, and moving them into easily searchable electronic files continues to be a goal for the District.

Investigation into the best way to do this will continue in 2021, but we are moving cautiously so that the best solution can be reached.

While migrating the paper records into the digital realm seems like a simple suggestion, District staff have been careful about leaping into a document imaging system for several reasons.

Scanning the documents is expected to be a labor-intensive process. In checking with similar entities that have tried to implement electronic libraries, it is easier to move forward than to attempt to image past documents.

For example, the District already has electronic records going back 15-20 years for budgets, meeting minutes and presentations to the Board. It is still a tremendous challenge to prioritize records prior to 2000, when computers more often were used to prepare printed materials rather than recording those materials.

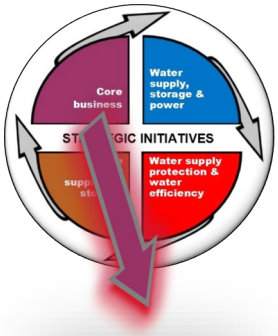
Secondly, a standard format and naming system need to be established in order to make filed records relevant to future statt and Boards. Right now, if one wishes, it is possible to go into the library and read the minutes of every Board meeting since 1958. However, you have to flip through hundreds of pages in bound folders to find that information prior to 2004, when the electronic versions are more accessible.

Additionally, the right format needs to be chosen. In the early days of the District, the height of information technology was an IBM Selectric Typewriter. By the 1980s, technology had advanced to bulky computers with enough memory to store the equivalent of one modern Word document. Today, information can be retrieved nearly instantaneously from vast storehouses on the Internet.

Finally, information should be available on the Internet, in a public or protected form, depending on whichever is appropriate.

| Records Management | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Annual Budgets & Estimates | $50,000 | $50,000 | $70,000 | — |

# District: Human Resources





## Core Business

The District has a small staff that has been carefully assembled by matching the right skill sets with the tasks which are most critical to the District. Because staff must work well collaboratively, as well as independently, within and outside the organization, it is essential to have a qualified, motivated workforce.

District staff has grown from just 3 people in the 1960s to 11 in 2019. Increasingly, employees work with consultants to accomplish more complex tasks as well.

District Operations

## Putting the Right Tools in Hands of the Right People

District staff has grown in recent years as tasks have grown more complex, and new skill sets are needed.

The District also relies on consultants to provide vital services.

Salary surveys are performed every three years to compare District salaries with similar agencies throughout the region.

Benefit surveys are done every six years.

**STAFF CHANGES**
**Administrative Manager Toni Gonzales (left) retired after 40 years with the District in 2020. Garden Coordinator Liz Catt (center) also retired in 2020, after 13 years with the District. Lynette Holt (right) joined the staff in 2020 as an accounting specialist.**

While the District has a relatively small staff, it still emphasizes principles which are used in larger organizations.

The District supports continuing education in order for its employees to gain new skills to benefit the District.

In 2019, the Board approved a plan that increased responsibilities and duties of some staff members, along with job classifications that more accurately reflect the nature of their work.

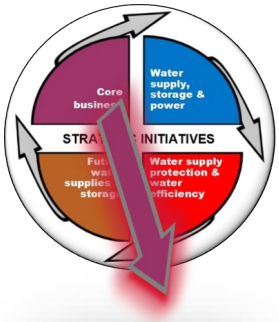
Additional, the Human Resources Committee looked at an Emergency Succession Plan in 2019.

And, in anticipation of key retirements in the next few years, the Committee looked at Workforce Planning.

Human Resources also is responsible for employment law compliance, benefit management, wellness programs, employee relations, and performance evaluation.

| Staff Salaries and Benefits | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Annual Budgets & Estimates | $1,710,556 | $1,751,367 | $1,795,150 | $1,840,030 |

# District: Communication & Outreach Plan




### Core Business

The District participates in many activities that complement its primary mission to provide high-quality supplemental water to the people of the Arkansas River basin. In 2020, many traditional activities were altered to a virtual format or even canceled as a result of the COVID-19 pandemic. Outside presentations, water tours and conventions provide the District with an opportunity to share activities, as well as to learn and grow. Spending will increase in 2022 as the Fry-Project celebrates its 60th Anniversary.

District Operations

**Southeastern Colorado Water Conservancy District President Bill Long speaks at the Department of Interior's groundbreaking ceremony on October 3, 2020 at Pueblo Dam.**

## Maintaining Outreach Activities in a Difficult Time

In February 2020, plans were well underway for the annual Arkansas River Basin Water Forum to be held in April in Salida. The District was among the many participants who would play a role in presentations that help inform and educate water users.

Then, in March 2020, Colorado Governor Jared Polis ordered all but essential workers to stay home. At the time, no one knew how long the orders would remain in place. The Forum was canceled for the first time in its 26-year run.

It soon became apparent that all of the typical activities of water groups, ranging from the monthly meetings of the Arkansas Basin Roundtable to the Washington D.C. spring fly-in to Washington D.C. to the summer convention of the Colorado Water Conservation Board could not occur in person.

Those groups switched to an online format.

The District coped with its own outreach difficulties.

As funding and planning for the Arkansas Valley Conduit ramped up, large-scale community meetings to share information could not be held. Communications shifted to smaller scale meetings of no more than 10 participants.

In October, the Department of Interior was able to stage a groundbreaking event for the Arkansas Valley Conduit. Attendance was limited under Colorado health safety guidelines.

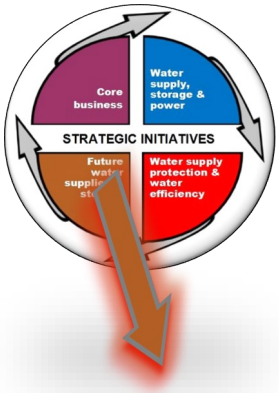
It was a successful event that drew attention to importance of finally beginning construction on a project that is so vitally needed.

In 2021, it is likely health safety restrictions will remain in place for at least part of the year. District staff will strive to develop new, creative ideas to share our message even in the toughest of times.

**U.S. Senator Michael Bennet at a briefing on the Arkansas Valley Conduit in Lamar on August 27, 2020.**

| Community Outreach & Conservation | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Annual Budgets & Estimates | $22,617 | $25,230 | $47,359 | 27,918 |

# Enterprise: Excess Capacity Master Contract




### Future Water Supplies & Storage

The Enterprise manages the Excess Capacity Master Contract with the Bureau of Reclamation. The contract provides the opportunity for stakeholders in the District to store non-Project water in Pueblo Reservoir over a 40-year period that began in 2017. There are 16 participants, with 21 more expected when the Arkansas Valley Conduit is built.

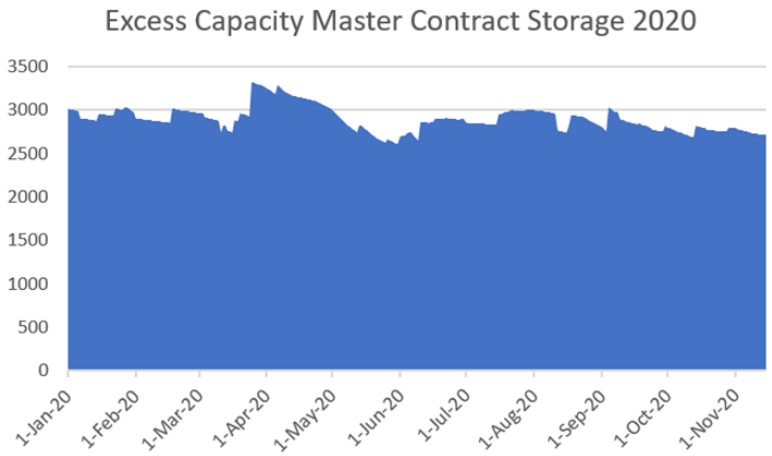
Water & Storage


Pueblo Reservoir/Brent Gardner-Smith, Aspen Journalism

## Making the Most of a Valuable Reservoir

The Excess Capacity Master Storage Contract allows District stakeholders the opportunity to store non-Project water in Pueblo Reservoir.

Under a 40-year contract signed with Reclamation in 2016, the District has reserved excess capacity space in Pueblo Reservoir. This is also known as "if and when" space, meaning the storage space is available if and when it is not needed for Project water, which always has priority.




**This chart shows how the District's Excess Capacity Master Contract was used in 2020.**

Under the terms of the contract, storage space can be increased over time, but cannot be decreased. This gives both the participants and Reclamation more certainty about how Pueblo Reservoir is used. It also allows participants to use the program without annual environmental review, since a 2013 Environmental Impact Statement covers the entire amount for 40 years.

**Maximum Storage:**

**29,938** af

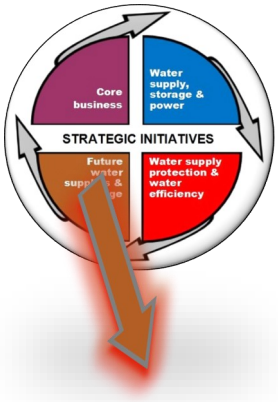
2021 Storage:

**6,575** af

Participants also help to fund ongoing USGS water quality monitoring activities under the contract, and the Enterprise provides Reclamation with an environmental report annually.

| Excess Capacity Master Contract | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Payments to Reclamation | $277,662 | $282,659 | $287,722 | $292,851 |

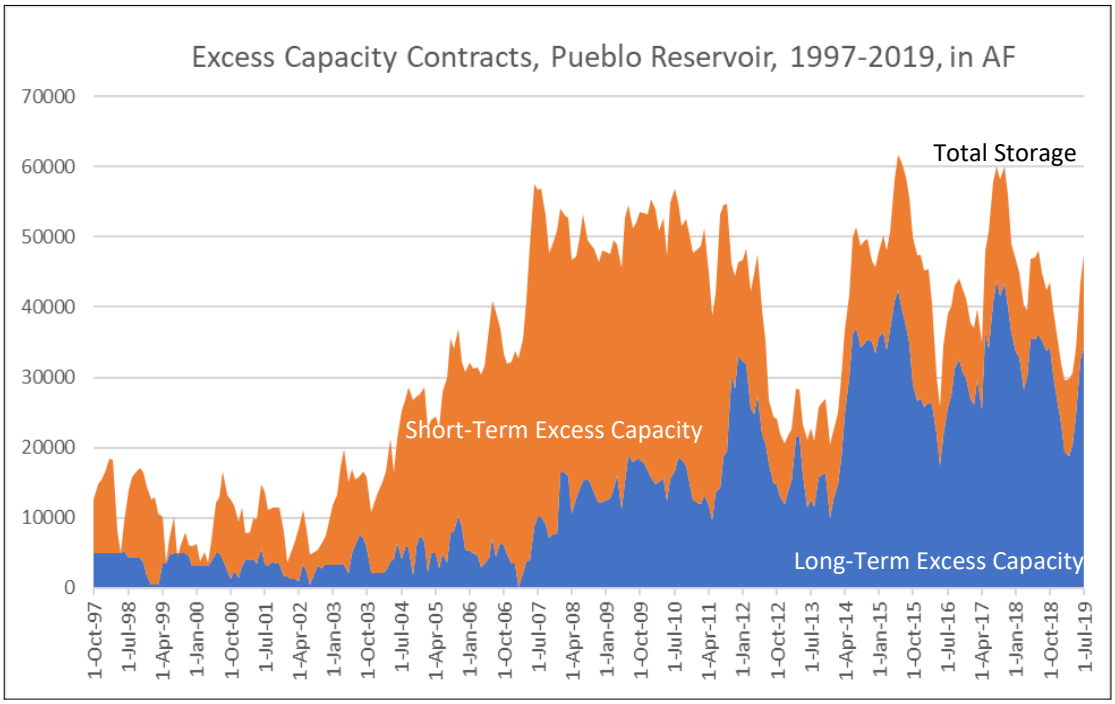
# Long-Term Excess Capacity Storage




### Future Water Supplies and Storage

Pueblo Reservoir rarely fills with Fryingpan-Arkansas Project water. In 1986, the Bureau of Reclamation began "if-and-when" contracts that allow non-Project water to be stored in Pueblo Reservoir. Long-term contracts (25-40 years) began in 2000, and in 2020, there are a potential 100,000 acre-feet under long-term contracts. Contracts total more than $3 million annually.

Water & Storage




## Storage Patterns are Changing

The Bureau of Reclamation sells space in Pueblo Reservoir to store non-Project water.

Patterns of storage have changed in recent years as municipalities are keeping more water in storage after droughts in the early 2000s.

Most of the storage is now under long-term contracts, and payments are made directly to Reclamation. The Enterprise currently collects surcharges on top of the payments.

The long-term rate for entities within the District is $42.99 per acre-foot, except for Pueblo Water, which pays $17.35 per acre-foot. Out-of-District storage is charged $55.12 per acre-foot.

Other than Pueblo's rate, the charges increase by 1.79 percent annually.

All of the contracts have a maximum amount of storage available, and the actual storage ramps up over time.

Water is subject to "spill," or released from the reservoir, according to priorities established by the District's Repayment Contract with Reclamation. Spills occur when Project water fills available space in the reservoir. Water users have worked collaboratively in recent years to avoid such spills.

Collectively, the long-term contracts total nearly 98,000 acre-feet. Revenues in 2021 are expected to be $3.4 million, which will be applied to the Fountain Valley Authority (FVA) debt. Once the FVA debt is retired, revenues from contracts can be applied to the Arkansas Valley Conduit. The Enterprise also collects surcharges on this storage.

| Long-Term Contracts | Period | Maximum af | Contracted af |
|---|---|---|---|
| Pueblo Water | 2000-2025 | 15,000 | 15,000 |
| Aurora Water (Out of District) | 2007-2047 | 10,000 | 10,000 |
| Southern Delivery System | 2010-2048 | 42,000 | 34,025 |
| SECWCD Excess Capacity Master Contract | 2017-2056 | 29,938 | 6,575 |
| Donala (Out of District) | 2019-2058 | 499 | 499 |
| Bureau of Land Management | 2019-2058 | 400 | 400 |

| Water Storage Revenue | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Miscellaneous Contract Revenue (PL 111-11) | $3.2 million | $3.3 million | $3.5 million | $3.6 million |

# Enterprise: Arkansas Valley Conduit


**Future Water Supplies & Storage**

The Arkansas Valley Conduit is an original feature of the Fryingpan-Arkansas Project, but was never built because participants could not afford the cost. Changes in federal law in 2009 opened a new path to build the drinking water supply pipeline. The first contract for construction of the AVC pipeline is expected in late 2022.

**AVC**

## Bring Clean Drinking Water to the Lower Ark Valley

Federal funding for the Arkansas Valley Conduit (AVC) got a big boost in 2020, when Congress allocated $28 million to the project.

It is the largest single appropriation for the AVC to date, and designed to begin construction on the long-awaited drinking water pipeline.

The Colorado General Assembly, Governor Jared Polis and the Colorado Water Conservation Board also chipped in money for the AVC, in the form of a $100 million finance package that will be applied over the life of the 15-year, $600 million project.

An additional $4.8 million from the 2003 Aurora settlement also was made available by the Enterprise Board to fund costs associated with AVC.

The Bureau of Reclamation and District developed a new plan for AVC that will use Pueblo Water transmission lines to move AVC water from Pueblo Dam to the eastern edge of Pueblo Water's system, just east of the Airport Industrial Park.

From there, Reclamation will build a 130-mile trunk line to Lamar, with the District overseeing construction of about 100 miles of spurs and delivery lines to the 40 communities in the project.

The first step in the process is a three-way contract among the District, Reclamation and Pueblo Water. The contract will allow Pueblo Water to provide initial treatment of water that is provided by the District or AVC participants. None of Pueblo Water's water rights will be affected.

Because Pueblo Water uses chloramine to disinfect water, a Dechloramination plant will be constructed at Boone to remove any residuals. Avondale, which rejoined the AVC in 2020, will have its own smaller scale treatment system.

As the trunk line is built, communities will have the opportunity to hook up to AVC almost immediately, with the District's assistance. This will especially benefit those communities facing state enforcement action for the presence of radionuclides in their water supply.

When the AVC is complete, it will provide a source of clean drinking water to 50,000 people living in the Lower Arkansas Valley.

| Arkansas Valley Conduit | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Expenditures | $355,344 | $2.95 million | $4.36 million | $10.5 million |

# Arkansas Valley Conduit Groundbreaking: What they said

Interior Secretary David Bernhardt, Senator Michael Bennet and Senator Cory Gardner were among dignitaries who gathered at Pueblo Dam for the groundbreaking of the Arkansas Valley Conduit on Saturday, October 3, 2020. Several state lawmakers, Department of Natural Resources Director Dan Gibbs and Colorado Water Conservation Board Executive Director Becky Mitchell attended. Southeastern Board members and AVC participants came as well.

"For nearly 60 years, Colorado's leaders of both political parties have been working to move the Arkansas Valley Conduit forward. This project will provide reliable clean water for 50,000 people living in 40 rural communities across southern Colorado."

*Secretary of Interior David Bernhardt*

"We have an important decision to make in this country, and that's if we're going to have a rural America or not. And you can't have a rural America without having rural hospitals, you can't have a rural America without schools, you can't have rural America if you don't have clean water or agriculture and that's what this project is all about. And it makes possible that rural America can thrive and not just survive."

*Senator Michael Bennet*

"The communities of the Lower Arkansas Valley deserve clean drinking water, which the Arkansas Valley Conduit will supply for generations to come. It's exciting to see dirt moving on this project for the first time since Congress authorized it and President Kennedy promised completion nearly six decades ago."

*Senator Cory Gardner*

"The Arkansas Valley Conduit is a lifeline for folks in the Lower Arkansas Valley. It is extremely satisfying to see the level of support we have witnessed from both political parties in the state and federal government. I cannot tell you how happy I am to finally see this become a reality. I'd like to thank all the members of our Congressional delegation and the Colorado General Assembly for their continued support of the AVC."

*Bill Long, SECWCD President*

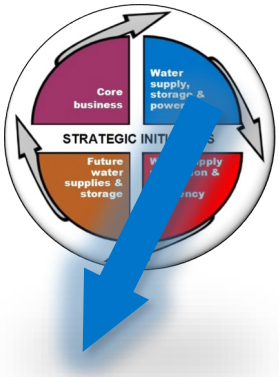
"As chairman of the Arkansas Valley Conduit committee for the Southeastern District, I would like to stress the importance of this project to the participants. So many communities are overwhelmed by the regulatory requirements of running a water system, and also of disposal of by-products from treating that water. The AVC has long been seen as the most cost-effective, sustainable way to meet the drinking water needs of the Lower Arkansas Valley."

*Kevin Karney, SECWCD AVC Committee Chair*

"We have had a wonderful partnership with the federal government in breathing new life back into a project that some said would never happen. In the past few months, we have begun to roll up our sleeves and begin the real work of completing the Arkansas Valley Conduit. The Bureau of Reclamation has shown a new level of energy toward getting this project done and the District is more than ready to do its part."

*Jim Broderick, SECWCD Executive Director*

# Enterprise: James W. Broderick Hydropower Plant




### Water Supply, Storage and Power

Hydroelectric Power is clean, green energy, and has received more attention as the nation looks for sustainable energy sources. In 2019, the District began operating the James W. Broderick Hydropower Plant at Pueblo Dam. The Enterprise operates the Hydro Plant under a Lease of Power Privilege (LoPP), signed by the District and Reclamation in 2017.

**Hydropower**

## Talking About Some Generation...

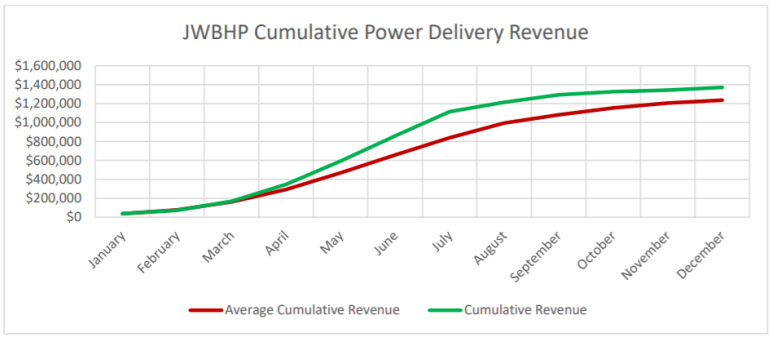
The James W. Broderick Hydropower Plant completed its first full year of electric power generation in 2020.

Despite one of the driest years in Project history, the Hydro Plant generated more revenue than budgeted because of the timing of releases from Pueblo Dam.

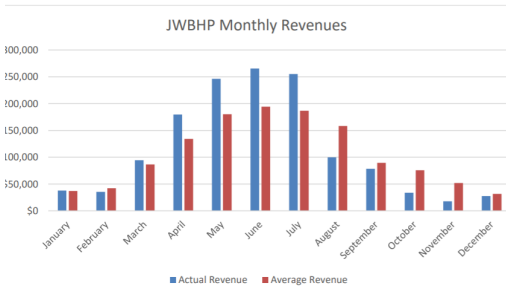
The Hydro Plant relies on water coming out of the North Outlet Works, which operates year-round to match native flows and release water stored in accounts. About 60 percent of the total releases from Pueblo Dam come through this outlet.

The elevation of Pueblo Reservoir and the Arkansas River also affect the head pressure of the plant.

Three turbines and two generators are capable of producing up to 7.5 megawatts at flows ranging from 35 to 810 cubic feet per second.


**Hydro Plant revenues are estimated based on historic releases at Pueblo Dam. Revenues tracked well in 2020, despite seasonal variability in the amount of releases.**




| Hydroelectric Expenses | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Annual Budgets & Estimates | $1,453,867 | $1,257,590 | $1,292,004 | $1,322,336 |

# Enterprise: New Water Sources


### Future Water Supplies and Storage

One function of the Southeastern Colorado Water Conservancy District, under state statute, is to purchase water rights for the benefit of stakeholders. The District Board has discussed this possibility in the past, but no action has resulted. There may be situations in the future where the District could purchase water rights to fill gaps in its portfolio.

**Water & Storage**

## Does the District need to shore up its portfolio?

The District owns the water rights associated with the Fryingpan-Arkansas Project in both the Colorado River and Arkansas River basins. As a source of supplemental water, there is no "minimum" level of supply.

While the Board has looked at purchasing water in the past, there has not been a true need for an additional supply of water. There have been years when very little water was available for allocation — none at all in 1977.

At times, the water market outside the Fryingpan-Arkansas Project has been very active, but the Board has never chosen to participate, cities, towns, well associations, other conservancy districts, and even irrigation companies have purchased water rights for varying purposes over the years. The Southeastern District has remained focused on its mission to manage water from the Project, and has not seen the need to expand supplies.

Yet there are scenarios where it would be advantageous for the Enterprise to own water rights beyond those needed for the Project.

For example, the Allocation Principles allot about 54 percent of Project water to municipalities, but in most years not all of that is claimed. About 14 percent will be available to the Arkansas Valley Conduit when it is complete.

In a dry year, however, the 14 percent may not be enough to meet the needs of the AVC, and more water might have to be acquired. Owning water rights is one way to achieve that,

Purchase of water rights is listed in the Business Plan as a placeholder for decisions by future Boards.

| Water Rights Purchase | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| (Requires Board action) | — | — | — | — |

# Enterprise: Recovery of Storage


**Water Supply , Storage and Power**

In October 2019, the Board voted to begin a Recovery of Storage program to regain space lost to sedimentation in Pueblo Reservoir.

Mott MacDonald completed phase 1 of the Recovery of Storage study in September 2020.

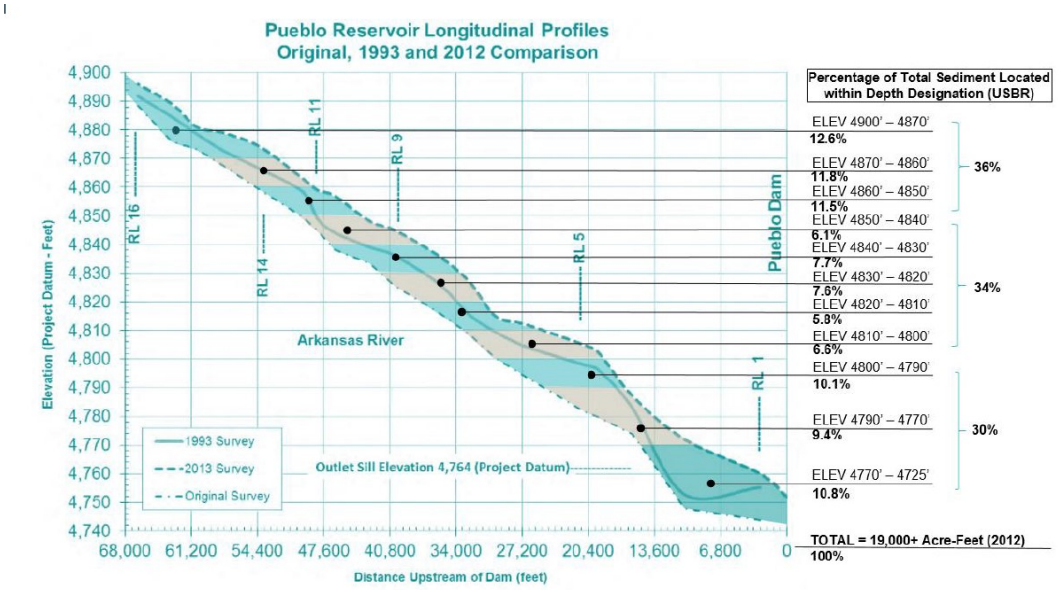



**Figure 4.3: Sediment Distribution with the Pueblo Reservoir Study Area Limits (Modified from USBR, 2015)**

## Regaining Precious Storage Space in Pueblo Reservoir

Pueblo Reservoir has likely lost more than 20,000 acre-feet of storage space to sedimentation since beginning operations in 1975. What's more, it appears the rate of loss is accelerating.

The Enterprise hired Mott MacDonald in 2020 to begin looking at ways to recover storage in Pueblo Reservoir, which serves as terminal storage for the Fryingpan-Arkansas Project, and is relied upon by Municipal & Industrial and Irrigation water providers for seasonal deliveries of non-Project water.

The study fount that about 940,000 cubic yards of sediment enter Pueblo Reservoir annually.

The releative costs of dredging and enlargement were calculated during the first phase of this study. Some field work analyzed the nature of materials that are washing into Pueblo Reservoir.

The next phase of the study will look at other factors throughout the entire watershed, as well as examine other methods such as new stoarage and diversion of sediment upstream of Pueblo Reservoir.

Because of the complexity of issues, and expertise among Board members, the study has been moved into committee. Additionally, the Bureau of Reclamation will be an active participant.

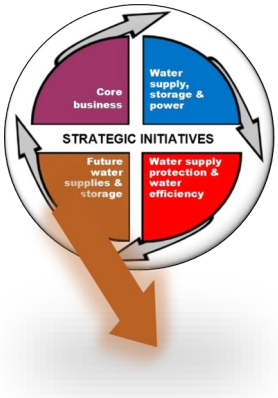
Fry-Ark Project

Water & Storage

| Period (Month-Year to Month-Year) | Period (Years) | Pueblo Reservoir Drainage Area (square miles) | Estimated Sediment Yield per Annum (Acre-Feet per square mile) | Approximate Annual Capacity Loss (Acre-Feet) | Approximate Sediment Volume Deposited per Annum (cubic yards) |
|---|---|---|---|---|---|
| **January-1974 to May 1993** | 19.3 | 4,669 | 0.087 | 410 | 660,000 |
| **May 1993 to May 2012** | 19.0 | 4,669 | 0.125 | 583 | 940,000 |
| **January 1974 to May 2012** | 38.3 | 4,669 | 0.106 | 496 | 800,000 |

| Recovery of Storage | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Based on Phase 1 recommendations | $200,000 | $300,000 | $300,000 | $300,000 |

# Enterprise: Expansion of Storage




**Future Water Supplies & Storage**

Part of the discussion by the Resource Engineering and Planning Committee and Allocation Committee in November 2019 was whether expansion of storage is as critical as outlined in the 1998 Water and Storage Needs Assessment. The conclusion was that the major municipalities are proceeding with other options, excess capacity storage has been developed, and growth has not occurred at the predicted pace. That's not to say that more storage could be needed in the future.

**Water & Storage**

## Storage needs have changed in 20 years

Two factors have lowered the M&I demand projected in the 1998 Water and Storage Needs Assessment:

- **Population growth:** While El Paso and Chaffee counties have significantly increased population since 1998, growth has been slower than projected in Pueblo and Fremont counties. Counties east of Pueblo generally lost population.
- **Conservation:** Per capita water use, particularly in El Paso and Pueblo counties, has dropped significantly.

| PROJECTIONS | Population | Water Use |
|---|---|---|
| 1998 | 620,917 | 148,114 af |
| 2019 (Actual) | 893,261 | 165,682 af |
| 2020 (Low) | 973,927 | 213,572 af |
| 2020 (High) | 1,107,661 | 244,072 af |
| 2040 (Low) | 1,192,598 | 243,470 af |
| 2040 (High) | 1,626,678 | 335,013 af |

The 1998 study was completed at the end of two decades of the largest population growth and wettest weather on record in the Arkansas River basin.

In addition, growth rates in the region were higher overall (about 47 percent from 1980-2000) and particularly in El Paso County (68 percent from 1980-2000). In the 2000-2017 period, growth overall has slowed to 26 percent, and El Paso County to 34 percent.

During the severe drought of 2002, many communities were on water restrictions. Following the drought, there was an increase in active conservation programs by cities within the District. There was also direction from the Colorado Water Conservation Board to conserve water, and it was included as a statewide goal in the 2015 Colorado's Water Plan.

Strategies for reducing water use included increasing block water rates, reducing outdoor use through education programs and realizing savings through more efficient appliances.

Many residential customers have reduced water use on their own as a response to drought or pricing. For instance, a study by Pueblo Water found water use decreased by about 17 percent from 1996-2007. Fountain water users cut back on use when rates increased as a result of Southern Delivery System.

The outcome has been a reduction in total water use despite an increase in population. The downside of the conservation trend is "demand hardening" that will reduce municipal options in times of shortage. This is a major reason for increasing the amount of water in storage to manage growth.

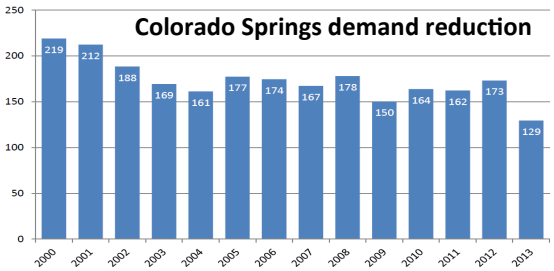
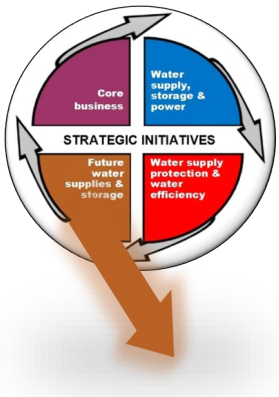



*Figure 8: System-wide per capita use has declined significantly since 2000*

| Expansion of Storage | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| For future consideration only | — | — | — | — |

# Restoration of Yield




### Future Water Supplies & Storage

In 2004, there was concern that water exchanges into Pueblo Reservoir had the potential to dry up the Arkansas River through Pueblo. To settle the issues, the entities with exchange rights entered into the Pueblo Flow Management Program. One goal of the program is to capture foregone exchanges downstream, through the Restoration of Yield program.

Water & Storage


Pueblo Whitewater Park/Chad Parsons

## District supports Pueblo Flow Management Program

The District is a participant in the six-party intergovernmental agreement (IGA) signed in 2004. Part of the IGA involves development of storage downstream from Pueblo Reservoir in order to capture releases for future exchange, known as Restoration of Yield (ROY).

| ROY Participants | |
|---|---|
| Pueblo Water | 28.58% |
| Colorado Springs | 28.57% |
| Aurora | 28.57% |
| SECWCD | 4.76% |
| Fountain | 4.76% |
| Pueblo West | 4.76% |

A ROY planning subcommittee looked at 25 potential sites beginning in 2014, and narrowed the list to four. One of the other top contenders was sold in 2020 to the Triview Metropolitan District.

In 2020, the larger participants in the group solidified plans to buy land on Haynes Creek near Boone for future construction of a reservoir. The cost of the purchase is expected to be about $2.8 million, and the Enterprise share would amount to $142,500. This amount is reflected in the 2021 Capital Improvement Plan.

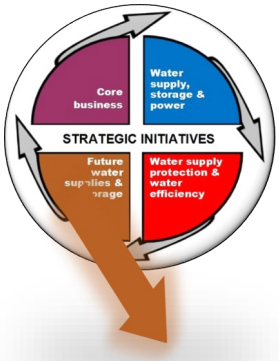
The construction of the 4,350 acre-foot reservoir would likely occur in about 10 years, and the Enterprise share would be about $2 million, giving the enterprise time to accumulate the needed funds to fully participate in the ROY program to construct and operate the reservoir at Boone. Besides fulfilling the obligations of the 2004 agreement, the reservoir could be useful in deliveries of Fryingpan-Arkansas Project water or other Enterprise functions.

Enterprise staff revised the capital improvement plan based on this new information.

Additionally, it was determined during investigation into use of some of the 2003 Aurora Intergovernmental Agreement funds for the Arkansas Valley Conduit that as much as $1 million of those funds could be applied toward ROY or other Enterprise projects.

| Restoration of Yield | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| 2020 Budget is full share of purchase | $1,050,000 | $142,500 | $200,000 | $200,000 |

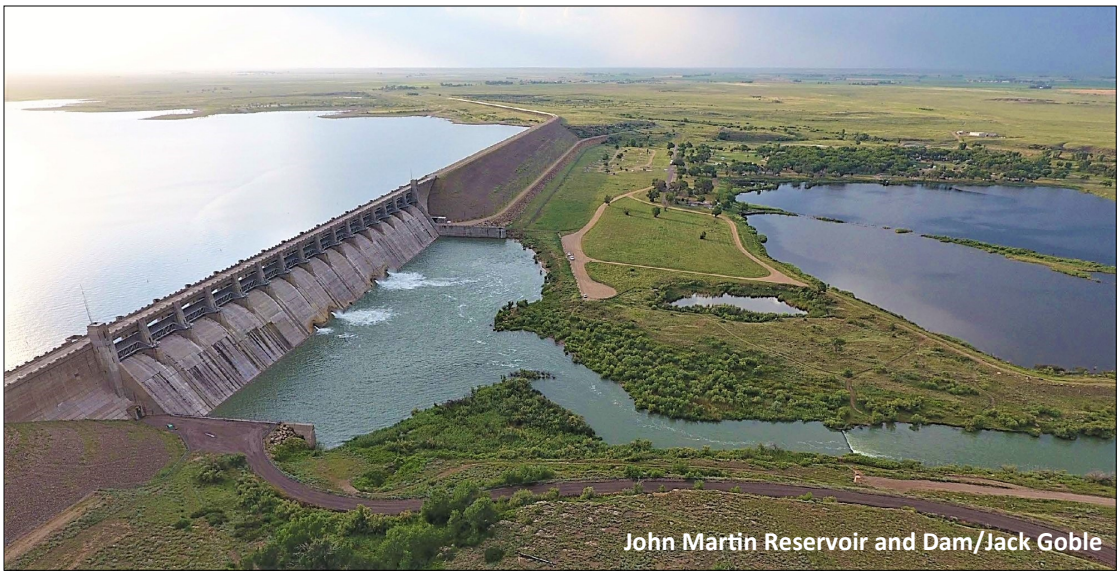
# John Martin Reservoir Storage




**Future Water Supplies & Storage**

The U.S. Supreme Court battle between Kansas and Colorado over the Arkansas River Compact ended in 2009, opening the possibility that the largest reservoir in the Arkansas River basin could be open for excess-capacity storage for certain Colorado entities. The Arkansas River Compact Administration is deliberating, but has made no decision.

Water & Storage


John Martin Reservoir and Dam/Jack Goble

## Window of Opportunity for downstream storage

John Martin Reservoir was completed in 1948 as the regulating reservoir for the Arkansas River Compact between Kansas and Colorado.

The Compact was signed by both states and ratified by Congress shortly after completion. After a 24-year Supreme Court battle ended in 2009, the Arkansas River Compact Administration (ARCA) again began talking about the possibility of opening accounts for Colorado users in John Martin Reservoir.

John Martin Reservoir often has excess capacity space, filling to its conservation and recreation storage capacity of 341,000 acre-feet only during extremely wet years.

In 2015, the Colorado Water Conservation Board asked the Lower Arkansas Valley Water Conservancy District to sponsor a feasibility and scoping study. Deere & Ault Consultants completed Phase I of the study in 2017. Nine groups, including the Southeastern Colorado Water Conservancy District, have expressed an interest in using John Martin for storage.

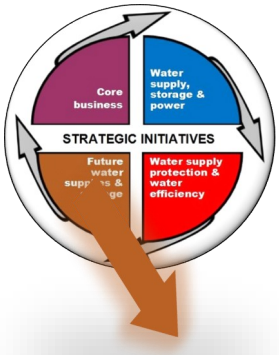
Others include four augmentation groups, the cities of Lamar and La Junta, the Lower Arkansas District, and Tri-State Generation & Transmission Co. Tri-State owns about half of the Amity Canal shares, and Amity stores some water in John Martin now.

The study identified benefits for Colorado and Kansas. Augmentation flows, fully consumable flows from the Fry-Ark Project, and capturing releases from Pueblo Reservoir to avoid spills or move water would benefit Colorado. Kansas would receive a 5 percent storage charge (in water), reduce evaporation on its water, and receive better quality water.

Phase II of the study will be to provide a draft proposal of the study to Kansas for review, recommend changes in the 1980 Operating Plan and accounting system, and present the plan to ARCA.

| John Martin Reservoir Storage | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| For future consideration only | — | — | — | — |

# Upper Basin Storage




**Future Water Supplies & Storage**

Future storage in the Upper Arkansas River basin will allow the District to better time delivery of imported water, provide more efficient delivery to entities west of Pueblo, and to release water for the Upper Arkansas Voluntary Flow Management Program.

Water & Storage


Trout Creek Project/UAWCD

## Upper Ark District pursues underground storage

Innovative projects by the Upper Arkansas Water Conservancy District propose to add integrated surface and underground storage in the Upper Arkansas River.

Two projects also will explore new concepts for an interruptible water supply for cities in order to avoid "buy and dry" of irrigated farmland; enhance recreational and environmental opportunities; provide low-impact hydroelectric power generation; educate the public; and encourage public-private collaboration.

The two projects share many of the same components, but different in scale. Currently, the Upper Ark District is doing a feasibility study at Lake Ranch. The Trout Creek Multi-Use Project, for which the Upper Ark District is seeking funds in the form of partnerships, is a larger, more complex version of the Lake Ranch Multi-Use Project.

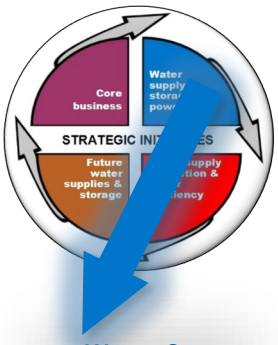
The project is located just west of Trout Creek Pass near Buena Vista, in an area that presently contains wetlands, wildlife habitat, and irrigated agriculture. The goal is to keep all of those values in a sustainable project.

Crucial to that is the need for storage. Surface storage, underground storage, and aquifer recharge ponds will all work in concert to fulfill the goal.

The Upper Arkansas District is actively pursuing the Trout Creek project and Southeastern has some upper basin storage goals that would fit in with the project.


| Upper Arkansas Storage | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Trout Creek Partnership | $25,000 | $25,000 | $25,000 | $25,000 |

# Fryingpan-Arkansas Project: Winter Water




**Water Supply , Storage and Power**

Revenues from Winter water storage are passed through to the Bureau of Reclamation by Contract. Estimates of revenue are based on a rolling 20-year average of storage in Pueblo Reservoir, now at 42,000 acre-feet.

**Fry-Ark Project**


## Saving something up for a sunny day

Irrigating in winter months is not only painfully unpleasant for farmers, but does not put water to its most beneficial use. One of the great features of the Fryingpan-Arkansas Project allows native flows owned by Canal Companies to be stored from November 15-March 15 annually.

The Winter Water Storage Program allows farmers to store water from November 15-March 15, during which few crops that require irrigation water are growing. Water can be stored in Pueblo Reservoir, John Martin Reservoir, or downstream reservoirs owned by canal companies.

Winter water fees historically have been applied to Fry-Ark Project Contract costs, and are collected by the District and passed through to the Bureau of Reclamation. Under Amendment 11 to the Fry-Ark Project Contract, these fees may be applied to the Arkansas Valley Conduit.

The District assesses surcharges on Water water stored in Pueblo Reservoir.

The Engineering Department works with the Colorado Division of Water Resources to administer the program. The District coordinates at least one annual meeting.

### WINTER WATER PROGRAM

**Participants:**

- The Southeastern Colorado Water Conservancy District
- Amity Mutual Irrigation Company
- Bessemer Irrigating Ditch Company
- Catlin Canal Company
- The Colorado Canal Company
- The Fort Lyon Canal Company
- The High Line Canal Company
- The Holbrook Mutual Irrigating Company
- Lake Henry Reservoir Company
- Lake Meredith Reservoir Company
- Las Animas Consolidated Canal Company
- Oxford Farmers Ditch Company
- Riverside Dairy Ditch

West Pueblo Ditch

**2019-2020 Report:**

Total Yield: 116,840 acre-feet

Pueblo Reservoir: 44,486 acre-feet

John Martin Reservoir: 11,995 acre-feet.

| Winter Water Revenue | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Pass-through to Reclamation | $117,600 | $117,600 | $117,600 | $117,600 |

# Fryingpan-Arkansas Project: Safety of Dams


**Water Supply , storage and Power**

Pueblo Reservoir is terminal storage for the Fryingpan-Arkansas Project, and offers excess-capacity storage space to District stakeholders. The ability of the dam to operate at its Project design capacity is critically important to District operations.

Fry-Ark Project

Safety of Dams work in 1998/SECWCD

## Protecting Critical Infrastructure Pays Dividends

The Enterprise assesses a surcharge which pays for a potion of the work to stabilize Pueblo Dam in 1998-99. At the time, rock bolts were installed to anchor the concrete buttresses. In addition, a 22-foot thick concrete cap was installed in the stilling basin below Pueblo Dam.

The District's share of the cost was 13.63 percent, or $2.4 million. Irrigation's share was 8.21 percent, while Municipal and Industrial paid 5.42 percent.

Payment for the Safety of Dams (SOD) surcharge began in 2000. The obligation will be paid off in 2024.

The District Board opted to pay the M&I portion of costs in a lump sum to avoid interest payments, while the Irrigation payments are $60,000 per year.

Staff research how payments are being made in 2020, and recovered the following information:

In a 1998 Board Resolution, there was a one-time transfer of reserves from the District to the Enterprise for "activities and obligations of the Activity Enterprise" in the amount of $2,800,000. The District made the transfer in anticipation of SOD repayments, which was the major activity at the time. However, there is no mention of repayment of the money.

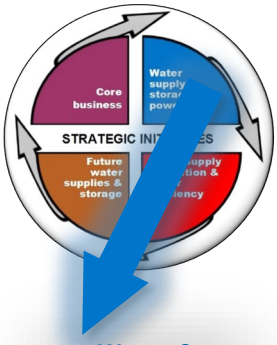
In 1999, the Board transferred $1,000,000 in District reserves to the Enterprise to pay for the M&I portion of the SOD repairs as they were incurred to avoid the interest portion of repayment. Thus, a total of $3.8 million was transferred from the District to the Enterprise for SOD.

For the actual work completed, Irrigation payments totaled $1,450,819, and have no interest component.

Over a 25-year period this totals $58,032 annually and is covered by annual payments of $60,000 to Reclamation. The final payment in 2024 will be less than $60,000.

| Safety of Dams | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Payments to Reclamation | $60,000 | $60,000 | $60,000 | $60,000 |

# Project Water Sales: Municipal and Agricultural




**Water Supply , storage and Power**

Along with storage fees, water sales are the primary source of revenue for the Enterprise Activity. The District adopted a new rate structure for 2020, after more than 20 years without a rate increase.

Water & Storage

## Water sales prices will remain unchanged in 2021

The sale of Project water, Return Flows and storage are the major source of revenue for the District's Business Activity Enterprise. The Enterprise was established in 1996 for the purpose of managing revenues from Return Flows alone. Surcharges were added beginning in 2002. Aurora payments under the 2003 Intergovernmental Agreement added more funds to the Enterprise. Water sales funds became available to the Enterprise in 2010.

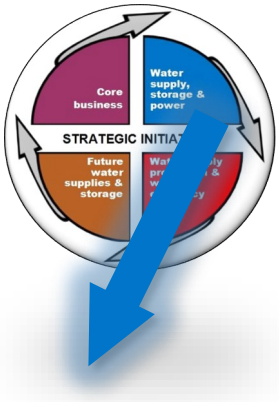
Each year, the Board adopts a resolution for the next year's Water and Storage rates. In 2021, storage, water sale and surcharge rates will remain the same as 2020.

The Board continues to study surcharges, and rates will be studied again in the 2022 Financial Study.

| Description | WATER RATES FOR 2021 | | | | | |
|---|---|---|---|---|---|---|
| | Water Rate ($) | Safety of Dams ($) | Water Activity ($) | Environmental Stewardship ($) | Augmentation ($) | Proposed Total Charge ($) |
| ***Project Water Sales*** | | | | | | |
| Irrigation | 13.14 | 0.50 | 0.75 | 0.75 | -- | 15.14 |
| Municipal | 13.14 | 0.50 | 1.50 | 0.75 | -- | 15.89 |
| ***Project Water Sales used for Well Augmentation*** | | | | | | |
| Irrigation for Well Augmentation | 13.14 | 0.50 | 0.75 | 0.75 | 2.60 | 17.74 |
| Municipal for Well Augmentation | 13.14 | 0.50 | 1.50 | 0.75 | 2.60 | 18.49 |
| ***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 and When Storage*** | | | | | | |
| In District | -- | 0.50 | 0.50 | 0.75 | -- | 1.75 |
| Out of District | -- | 2.00 | 4.00 | 0.75 | -- | 6.75 |
| Aurora | -- | -- | 10.00 | -- | -- | 10.00 |
| ***Project Water Return Flows*** | | | | | | |
| Irrigation | 12.00 | 0.50 | -- | 0.75 | -- | 13.25 |
| Municipal | 12.00 | 0.50 | -- | 0.75 | -- | 13.25 |

| Water Sales, Storage & Surcharge Revenue | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Based on 20-year average (2020 actual) | $1,655,535 | $1,425,714 | $1,426,589 | $1,427,989 |

# Municipal Carryover Storage




**Water Supply, Storage and Power**

Allocation principles allow municipal water to be stored in Pueblo Reservoir for multiple years. There has not been a charge for that, but the cost of service study that was part of the Financial Strategy and Stability Study recommended that such charges should be phased in over a five-year period.

Water & Storage


Pueblo Reservoir/SECWCD

## Storage charges to be considered by Board

Pueblo Reservoir was primarily built to store water brought into the Arkansas River basin until it could be put to beneficial use.

Recognizing the variability of the region's hydrology, it was always intended to fill, release water, and refill again.

Storage patterns by municipalities began to change following the severe drought of 2002, however, municipal users have kept greater volumes of water in storage.

The result has caused a change in the amount of Return Flows, and reduced demand for municipal Project water.

In the Financial Strategy and Sustainability Study, Jacobs Engineering attempted to assign a cost to storage, based on the number of acre-feet stored in Pueblo Reservoir and the "opportunity cost" to the District.

This led to a discussion by the Board of whether that was an appropriate method to use in assigning costs to storage, and how much storage should be charged.

The Board will take up the question of how storage should be paid for in the future. Under Allocation Principles, only municipalities may carry Project water over for more than one year, and they already bear the costs for evaporation.

Ad valorem taxes repay construction costs, as well as OM&R for the Project. However, just as users pay annually for water that is imported, there is an appropriate cost for storage beyond the first year for water that is not used.

| Municipal Carryover Storage | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Under Board Review | — | — | — | — |

# Return Flows/ First Right of Refusal


**Water Supply , Storage and Power**

The District has sold Return Flows from Project water since 1972. Return Flows provide revenue to support the Water Activity Enterprise.

The Board voted in to increase the rate for Return Flows to $12, up from $6 in prior years.

Fry-Ark Project

## Return Flows Complete the Water Cycle

When water is diverted, whether for Irrigation or M&I use, it is not fully consumed. Water returns to the Arkansas River through runoff from fields, percolation through soil, off city streets, and through sanitary sewers.

Project water Return Flows are calculated through models, and in some cases measured, and can be reused "to extinction," because they are generated from non-native water that has been brought into the Arkansas River basin.

As the owner of the water rights to the Fryingpan-Arkansas Project, it is the District's obligation to make sure those flows are reused for beneficial purposes.

Irrigation Return Flows are sold as augmentation water, either for wells or for surface water that is stored in head stabilization ponds for large-scale sprinklers.

Augmentation plans are designed to return 100 percent of the non-consumptive use to the Arkansas River.

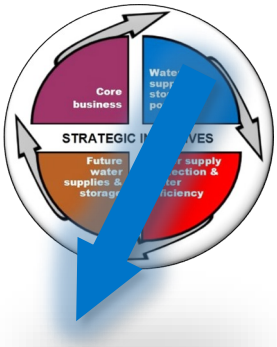
### Agricultural First Right of Refusal

In 2014, farmers on the Fort Lyon Canal asked to reuse their Return Flows, a provision of the allocation principles which had never been implemented. The Board agreed to a five-year pilot program to determine how this would work. The pilot showed that Return Flows can be allocated for augmentation plans, with proper accounting procedures. In 2019, Return Flows were used by the Rocky Ford High Line Canal and Oxford Farmers Ditch as well, after mechanisms to apply to Return Flows were identified. In 2021, other large canals in the Lower Arkansas Valley will be evaluated to determine whether more ditches can take advantage of first right of refusal.

The revenue from Return Flows is a funding stream that supports the District's Water Activity Enterprise, and was in fact the reason the Enterprise was formed in 1996.

| Return Flow Sales/Irrigation, M&I | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Based on 20-year average (2020 Actual) | $185,096 | $94,614 | $94,614 | $94,614 |

# Water Sales & Storage: Surcharges




**Water Supply , storage and Power**

The Board voted in October, 2019, to study the impact of removing surcharges and incorporating those revenues into the water sales and storage rate structure.

Surcharges will remain in place for 2021, pending the Surcharge Study.


## Board continues study of surcharges in 2021

Surcharges were added to water charges in 1998, when the Board faced extraordinary expenses in order to repay the Bureau of Reclamation for Safety of Dams work on Pueblo Dam.

Over the course of the next 15 years, the Board found it necessary to add surcharges for other purposes as well.

In some cases, certain classes of water sales or storage pay different rates of surcharges.

Like water sales, the revenue from surcharges varies according to imports.

During the Financial Strategy and Sustainability Study in 2019, the Board voted to study the impact on water rates from removing or altering surcharges in 2021 and beyond. The task will be added to the Jacobs Engineering contract for the Financial Study, and will be discussed in the future by the Finance Committee and Board.

Enterprise surcharges include:

- **Safety of Dams** (1998)
- **Water Activity Enterprise** (2002)
- **Aurora IGA** (2003)
- **Well Augmentation** (2005)
- **Environmental Stewardship** (2014)

Jacobs did not include the surcharges in the cost of service analysis that was part of the 2019 Financial Study because the surcharges had been put in place by past Board actions.

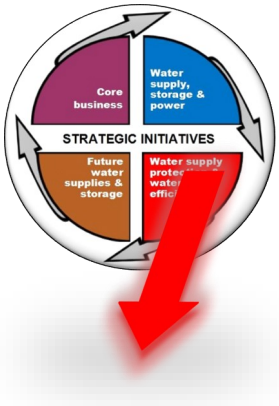
Surcharges are sometimes used by municipal water providers or other governmental agencies to meet specific needs.

The Finance Committee is conducting a Surcharge Study to determine if surcharges will remain, or if they can be included in water sales and storage rates.

Water & Storage

| Water Sales and Storage Surcharges | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Budget based on 20-year averages | $594,356 | $632,965 | $633,840 | $635,240 |

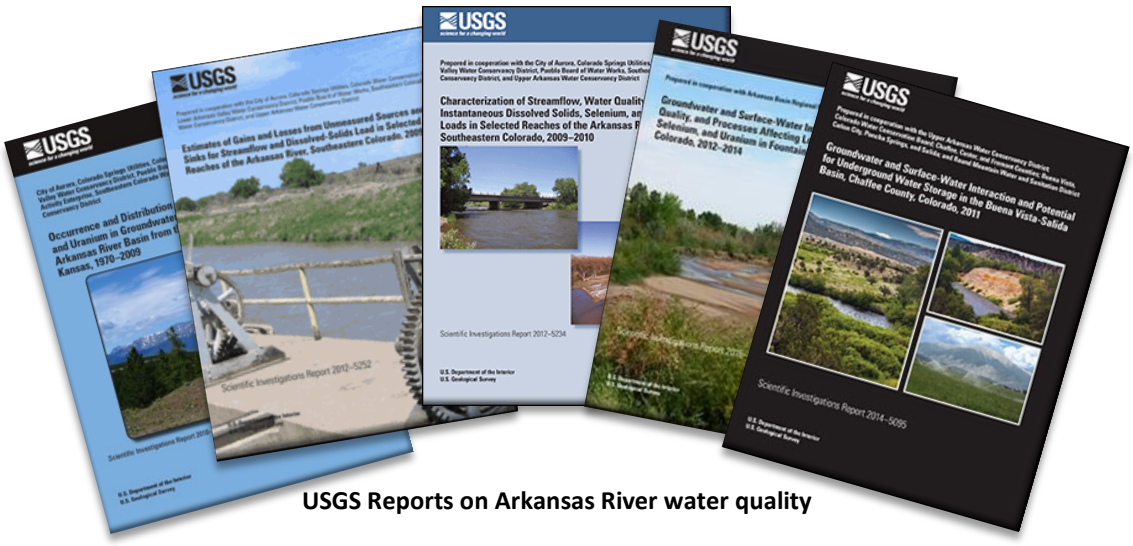
# Regional Resource Planning Group




**Water Supply Protection and Water Efficiency**

More than a decade of studies guided by the Regional Resource Planning Group have produced clearer understanding of water quality issues in the Arkansas River basin. The group is now considering a future course of action that will guide future studies.

Water & Storage




USGS Reports on Arkansas River water quality

## Collaborative Effort to Understand Water Impacts

The Regional Resource Planning Group (RRPG) was created with the signing of the October 3, 2003 Intergovernmental Agreement (IGA) between the Southeastern Colorado Water Conservancy District and Aurora.

It was a time of contentious water issues in the Arkansas River basin, and Southeastern provided leadership toward identifying collaborative projects that would answer questions about changes in water quality brought on by changes in how water moves throughout the basin.

In the IGA, Aurora agreed to fund the startup of the RRPG with a $50,000 annual contribution to the Southeastern Colorado Water Activity Enterprise for five years, with the provision that a work program be adopted by May 1, 2008.

The agreement did not specify the members of the RRPG, but instead listed examples of who might participate.

Meetings began on May 21, 2004, with representatives from Aurora, Pueblo Water, Colorado Springs Utilities, the Lower Arkansas Valley Water Conservancy District, the Upper Arkansas Water Conservancy District and the Southeastern Colorado Water Conservancy District. Since that time, these groups have comprised the RRPG.

During the first five years, $250,000 in projects were funded, including a U.S. Geological Survey (USGS) water quality study, a fen research project, a water transfers study, and mapping of water rights in the Arkansas River basin.

The RRPG met from 2008-2010 to develop a scope of work for future projects. In 2010, a plan was agreed upon that would require annual contributions from the seven participants totalling $135,000.

Studies ranged from underground storage in the Upper Arkansas River basin to Fountain Creek water quality to selenium sources in the Lower Arkansas River basin.

Though cooperative funding agreements with the USGS, six additional water quality studies were completed. A total of $1.9 million was spent on the studies, with RRPG members contributing 58 percent of the costs.

RRPG members were unable to reach consensus for future projects at the last meeting of the group in late 2018, and discussions are continuing about the path forward.

| Regional Resource Planning Group | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Annual Budget (2020 actual) | — | $135,000 | $135,000 | $135,000 |

# Arkansas Basin Roundtable/Water Forum


**Water Supply Protection and Water Efficiency**

The Arkansas Basin Roundtable formed in 2005 under the *Water for the 21st Century Act* as a way to promote open discussion of water issues. The first Arkansas River Basin Water Forum was in 1995, as a way to provide education about water issues to a diverse group. Both of the programs continue to provide information and topical discussion about regional water issues.

District Operations


**Greg Felt, a member of both the Southeastern Colorado Water Conservancy District and Upper Arkansas Water Conservancy District Boards, was interviewed by a Pueblo television station in 2019 at the Arkansas River Basin Water Forum.**

## Creating an environment for meeting of the minds

The **Arkansas Basin Roundtable** meets monthly, and considers issues that affect multiple water users. Funding for water projects is available through Water Supply Reserve Fund grants administered by the Colorado Water Conservation Board (CWCB).

The Roundtable created a Basin Implementation Plan in April 2015, as part of Colorado's Water Plan. The plan looks at the consumptive (Municipal & Industrial and Agriculture) and non-consumptive (Environment and Recreation) water needs in the Arkansas River Basin.

The plan is being updated in 2021, and Southeastern has been involved in discussions.

Membership is defined by state statute, and includes one seat for the Southeastern Colorado Water Conservancy District, as well as all other conservancy districts, counties, and municipal entities within each county. There are also 10 at-large seats and a legislative appointee. The basin's CWCB representative is a member of the Roundtable.

The Roundtable chooses two appointees to the Interbasin Compact Committee (IBCC), a statewide group also formed under the *Water for the 21st Century Act.* The IBCC is studying how to provide water for future needs, sometimes referred to as "the gap."

The Roundtable has met virtually since March 2020, and will continue to do so in the first part of 2021.

The **Arkansas River Basin Water Forum** meets annually in different cities within the basin, and traditionally has been supported by the Southeastern District.

The Forum originally focused on providing a basic education to attendees about the various federal, state, regional and local water agencies in the Arkansas River basin. In recent years, the Forum was held in April, but was canceled in 2020 and 2021 because of COVID-19 restrictions.

The Forum will change its focus in 2021, to include newsletters about key water issues, and tours of key water features when it is safe to have public gatherings again.

| Roundtable/Water Forum | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Water Forum Sponsorship | $2,500 | $2,500 | $2,500 | $2,500 |

# Upper Ark Voluntary Flow Management Program


**Water Supply Protection and Water Efficiency**

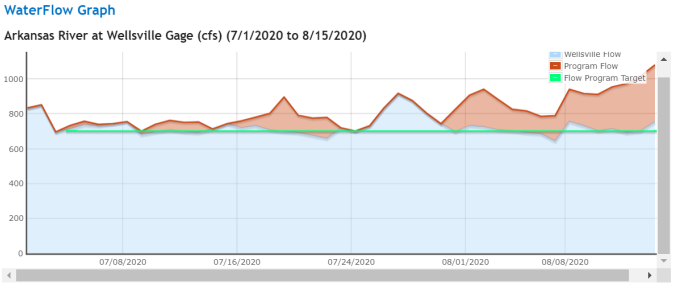
The Voluntary Flow Management Program on the upper Arkansas River began in 1991 in an effort to time water releases in a way that is beneficial both to the boating industry and fish in the Arkansas River.

## Recreation, Wildlife Benefit from Project Flows

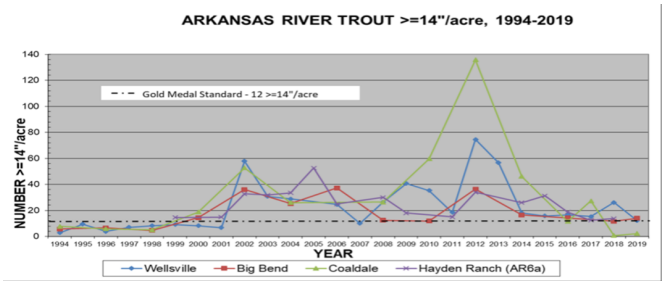
The Voluntary Flow Management Program (VFMP) on the Upper Arkansas River began in 1991 in response to increased recreational use of the Arkansas River.

The 30th anniversary of the program will be celebrated in 2021. This is also the year for renewal of the VFMP five-year agreement among the Southeastern District, Colorado Parks and Wildlife, Chaffee County, Arkansas Rivers Outfitters Association and Trout Unlimited. No major changes are foreseen.

The program originated shortly after the Arkansas Headwaters Recreation was formed in 1989, and formalized in the Chaffee County court case for Recreational In-Channel Diversions. The five-year agreements began in 2006.




**The chart above shows 2020 flow augmentation.**




**Annual gains in the fish population are shown above. The dotted line is the Gold Medal fishery standard.**

The program times the delivery of Project water from Twin Lakes and Turquoise Reservoir in Lake County to Pueblo Reservoir. Up to 10,000 acre-feet of water may be released between July 1 and August 15 to maintain a level of 700 cfs at Wellsville. During the rest of the year, flows are kept at optimum levels for fish.

Fry-Ark Project

District staff works with Reclamation as well as the partners in the VFMP throughout the year to assure that the guidelines for the program are being met, while protecting the Fry-Ark Project water rights, which are owned by the District.

| Voluntary Flow Management Program | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| District legal, administrative involvement | — | — | — | — |

# Watershed Health


**Water Supply Protection and Water Efficiency**

Large wildland fires in Colorado have destroyed thousands of acres in the past 20 years, spurring statewide efforts to better understand the cause, treatment, and recovery from disastrous fires.

**Water & Storage**


Beetle-killed trees/Colorado State Forest Service

## Fires pose new challenges for water managers

With the increase in number and severity of wildland fires, water providers across the West face new issues associated with watershed health. A fire in the forested areas that surround the high-mountain reservoirs of the Fryingpan-Arkansas Project could be devastating. Even lower elevation fires near Pueblo Reservoir pose a risk.

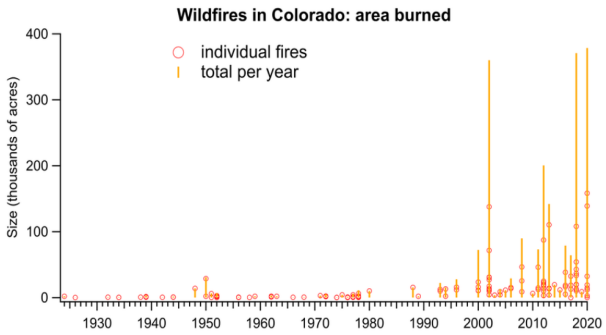
The Southeastern District historically has relied on its partnership in the Fry-Ark Project with the Bureau of Reclamation to pay for costs associated with Watershed Health.

The Arkansas Basin Roundtable formed the Arkansas River Watershed Collaborative (ARWC), a non-profit organization, to look at preventive programs and mitigation for wildland fires in the basin. The 2020 budget for ARWC included $200,000 in partner contributions from water utilities, municipalities, counties, and water districts. That money was used to leverage $1.467 million in state and federal grants.

The Southeastern District has not committed any funding to ARWC, but in the future could choose this option. One facet of the Recovery of Storage study may be to look at fire prevention strategies as a way to reduce the likelihood of future sedimentation into Project reservoirs.

**The District has chosen to rely on its funding of the Project through Reclamation to protect watersheds, but could consider other partnerships.**

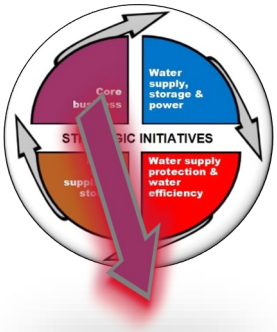
Wildfires in Colorado over time: area burned




**The Decker Fire near Salida, 2019 (Gazette photo).**

| Watershed Health | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Budget expenditures | $10,000 | $30,000 | $30,000 | $60,000 |

# RESERVES




## CORE BUSINESS

The Board in 2018 set up categories for reserves. In 2019, the Board adopted reserve policies based on recommendations from Jacobs Engineering in the Financial Study.

In 2021, the Board may choose to take up the issue of how to fund the reserves, structure of the reserve funds, and what level of funding will be maintained.

District Operations

| Reserve Category | Purpose | Target Funding Level |
|---|---|---|
| **Cash Reserve** | Working cash sufficient to fund cash-flow variations in a typical operating cycle. | (To be determined) |
| **Operating Reserve** | Covers potential interruptions in District Operations and District Enterprise Fund revenue streams; and may be used to smooth and stabilize water rates over the short term. | (To be determined) |
| **Capital Reserve** | Funds capital repair, replacement, or betterment of SECWCD properties; funds other capital activities that may be undertaken by SECWCD. | (To be determined) |
| **Exposure Reserve** | Covers extraordinary, unforeseen events not otherwise covered by reserves or insurance. | (To be determined) |

## District considers new approach to funding reserves

A new approach to fund reserves was recommended in the 2019 Financial Study to create broad categories of reserves that would allow the District and Enterprise to meet extraordinary costs in the future — including costs that are known and those that are unexpected.

While the Board approved the categories, the target levels are yet to be determined.

Further studies are anticipated to better define reserves, but the Board was unable to continue discussion in 2020 because of COVID-19 restrictions.

### The Need for Reserves

The Board identified the following reserve categories in September 2018:

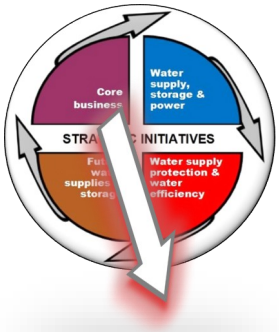
**District Fund**

- Fry-Ark repayment
- Fry-Ark improvements
- Fry-Ark asset evaluation
- Fry-Ark condition assessment
- Recovery of storage
- Enlargement
- Pueblo Dam interconnect
- Financial studies
- Water rights protection
- Watershed management/healthy forests
- Conservation
- Environmental recovery
- Water rights purchase
- Safety of Dams
- District operations
- Headquarters improvements

**Enterprise Fund**

- Water sales and storage revenue
- Rocky Ford Ditch settlement (Aurora)
- Excess Capacity Master Contract
- Fountain Creek transit loss
- Safety of Dams
- Restoration of Yield
- Upper Basin Storage
- Arkansas Valley Conduit
- Hydroelectric Power

# Fund Balances: District and Enterprise




**Strategic Goals**

As the District looks to the future, it must have the resources to meet its goals in all areas.

Such events as drought, system outages, and economic downturns all have the potential for impacting revenues in the District and Enterprise.

The Board in 2021 will look at future reserve spending, and a full accounting of fund balances is a necessary first step.

## Healthy year for fund balances in District, Enterprise

The year-end 2020 estimates can be found in below. This estimation is based on actual revenues and expenditures as of month end December 31, 2020, prior to year-end entries.

In 2020, the Fry-Ark Project estimated fund balance is expected to increase $1,481,400.

In 2020 the District was able to make the December 2019, June 2020 and December 2020 payments of the Fry-Ark Project. The year-end 2020 balance in the Fry-Ark reserve is estimated to reach $5,135,160.

The District is expected to experience an decrease of $94,005 in general fund balance. This is a direct result of planned recurring capital expenditures. The $94,005 decrease would create a year-end 2020 balance in the District of $12,424,984.

The Enterprise estimated fund balance is forecasted to increase $248,811, due to Project water sales.

The 20-year average for water sales is 42,000 acre-feet and the amount that was sold in 2020 was 42,902 acre-feet. The 2020 year-end estimated fund balance for the Enterprise totals $7,449,971. Of course this takes into consideration the $4.8 million transfer from the Enterprise to the Arkansas Valley Conduit (AVC).

The 2021 budget will be the first year that the AVC will hold an independent budget and fund balances within the activities of the Enterprise.

In September 2020, the Board voted to reserve $4.8 million for the Aurora settlement funds for the AVC. The AVC used an estimated $112,659 of this amount in 2020, this would place the estimated fund balance at $4,687,341.

The Hydroelectric Project estimated fund balance is forecasted to increase by $642,365. This is due to energy generation for 2020.

Also the table below applies the 2019 audited financial fund balances, applies the 2020 estimated fund balances and then applies the 2021 Adopted Budget.

Please note that this is an estimate and the final year-end fund balance can be found in the 2020 Annual Financial Report (audit).

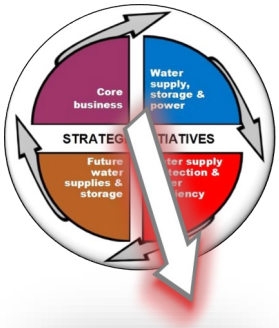
*2020 Estimated Year-End Government Wide Detail*

| | Government Activity | | Enterprise Activity | | | |
|---|---|---|---|---|---|---|
| | Fry-Ark | District | Water and Storage | Arkansas Valley Conduit | Hydroelectric Power | Government Wide Total |
| **Operating Revenue** | | | | | | |
| Fry-Ark Activity | 13,827,512 | - | - | - | - | 13,827,512 |
| Grant Activity | - | - | - | - | - | - |
| Loan Activity | - | - | - | - | - | - |
| Operating Revenue | - | 2,839,163 | 2,039,665 | 338,097 | 1,388,777 | 6,605,702 |
| **Total Revenue** | **$ 13,827,512** | **$ 2,839,163** | **$ 2,039,665** | **$ 338,097** | **$ 1,388,777** | **$ 20,433,214** |
| **Operating Expendures** | | | | | | |
| Fry-Ark Activity | 13,438,234 | - | - | | - | 13,438,234 |
| Grant Activity | - | - | - | | - | - |
| Operating Expenses | - | 2,933,168 | 1,783,714 | 377,984 | 739,712 | 5,834,578 |
| Capital Expenses | - | - | 7,140 | 72,772 | 6,700 | 86,612 |
| **Total Expenditures** | $ 13,438,234 | $ 2,933,168 | $ 1,790,854 | $ 450,756 | $ 746,412 | $ 19,359,424 |
| **Net Total Revenues over (under) Expendi** | **$ 389,278** | **$ (94,005)** | **$ 248,811** | **$ (112,659)** | **$ 642,365** | **$ 1,073,790** |

*2020 Fund Balance Estmate*

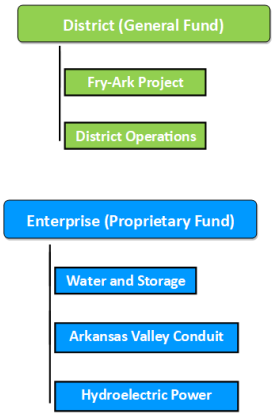
| | Fry-Ark | District | Water and Storage | Arkansas Valley Conduit | Hydroelectric Power | Government Wide Total |
|---|---|---|---|---|---|---|
| 2019 Audiuted Fund Balance | 4,745,882 | 12,518,989 | 12,001,160 | - | (2,313,360) | 26,952,671 |
| 2020 Estimted Year-End Fund Balance | 389,278 | (94,005) | 248,811 | (112,659) | 642,365 | 1,073,790 |
| AVC Funds Transfer | - | - | (4,800,000) | 4,800,000 | - | - |
| **2020 Forcasted Year-End Fund Blanace** | **5,135,160** | **12,424,984** | **7,449,971** | **4,687,341** | **(1,670,995)** | **28,026,461** |
| 2021 Adopted Budget | 4,508,028 | (972,689) | (369,770) | (304,774) | 462,200 | 3,322,995 |
| **2021 Estimated Enging Fund Balance** | **9,643,188** | **11,452,295** | **7,080,201** | **4,382,567** | **(1,208,795)** | **31,349,456** |

# Capital Outlay




**Strategic Initiatives**

During the Financial Strategy and Sustainability Study, the District separated recurring capital costs from planned capital improvement projects. Activities listed on this page are more fully discussed elsewhere in the Business Plan.




## Laying a solid foundation for the future

The District's Financial Plan recognizes two types of Capital Improvement expenses:

**Recurring Capital** expenditures allow the District to fund activities outside the day-to-day operations of the District, but which occur on an annual or periodic basis.

**Capital Investment** expenditures are for a one-time funding of additions or upgrades.

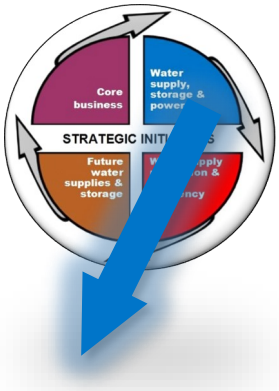
| District Recurring Capital Budget | 2021 |
|---|---|
| Core Business | |
| Vehicle | $45,000 |
| Facilities Update | 52,000 |
| Landscape | 15,000 |
| Information Technology (Records System) | 95,000 |
| Future Water Supply & Storage | |
| Colorado River Issues | 10,000 |
| Recovery of Storage | 300,000 |
| Fry-Ark Features & Assets Valuation | -- |
| Fry-Ark Condition Assessment | 300,000 |
| Watershed Management | 10,000 |
| Healthy Forest | 20,000 |
| Water Supply, Protection & Efficiency | |
| Water Right Protection | 235,000 |
| District Boundaries | 15,000 |
| Water Supply, Storage and Power | |
| Streamflow Forecasting | 10,000 |
| Total | $1,107,000 |

| Enterprise Recurring Capital Budget | 2021 |
|---|---|
| Interfund Transfer | $ 300,000 |
| Upper Basin Storage | 25,000 |
| Restoration of Yield | 7,500 |
| Total | $ 332,500 |

| Enterprise Capital Improvement Budget | 2021 |
|---|---|
| ROY Storage Project | $ 142,500 |

| Capital Needs Budget | 2021 | 2022 | 2023 |
|---|---|---|---|
| District Recurring Capital | $1,107,000 | $583,000 | $403,000 |
| District Capital Projects | 0 | 0 | 0 |
| Enterprise Recurring Capital | $332,500 | $332,500 | $332,500 |
| Enterprise Capital Projects | $142,500 | $200,000 | $200,000 |
| Arkansas Valley Conduit Recurring Capital | 0 | 0 | 0 |
| Arkansas Valley Conduit Capital | $2,443,720 | $3,809,003 | $9,816,144 |
| Hydro Recurring Capital | 0 | 0 | $20,000 |
| Hydro Capital Projects | 0 | 0 | 0 |

# Fryingpan-Arkansas Project: Miscellaneous Revenues




**Water Supply , storage and Power**

Public Law 111-11, passed and signed in 2009, allows miscellaneous revenues from the Fryingpan-Arkansas Project to fund Project features. In 2019, the remaining debt on the South Outlet Works at Pueblo Dam and Ruedi Reservoir have been paid off. The Fountain Valley Authority debt will be repaid in 2021, freeing up revenues for the Arkansas Valley Conduit in 2022.

Fry-Ark Project


Ruedi Reservoir

## Fry-Ark Contracts Renew Public Investment in Project

Public Law 111-11 provided a funding track for the Arkansas Valley Conduit (AVC), as well as the unpaid portions of the South Outlet Works, Ruedi Reservoir and the Fountain Valley Conduit. The Southeastern District repays Reclamation for the local share of joint-use features of the Fry-Ark Project, but not those that benefit only some stakeholders.

Three of the four Fryingpan-Arkansas Project features including in the federal legislation will be paid off by the end of 2021.

The South Outlet Works supply water to the Fountain Valley Conduit, Pueblo Board of Water Works, Pueblo West and the future AVC. At the time PL111-11 passed, $2.2 million was still owed, and was paid off in 2011 ahead of the other features.

Ruedi Reservoir was paid off in 2019, after West Slope water users agreed in 2013 to pay off $34 million in interest payments since completion of the reservoir in 1968. Ruedi's primary purpose is to provide compensatory storage to the West Slope. The Southeastern District paid off remaining construction costs.

The Fountain Valley Authority still owed $59.2 million in 2010, and was making annual payments of about $5 million to pay the debt and interest on a pipeline completed in 1985. Payments from miscellaneous revenues accelerated the payoff schedule.

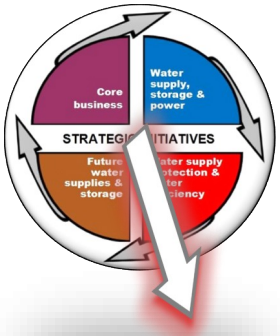
Beginning in 2022, miscellaneous revenues can be used for either construction or repayment of the AVC. Construction of the AVC trunk line by Reclamation is estimated to take at least 15 years.

**Miscellaneous Revenues Available for AVC Construction**

| | | |
|---|---|---|
| 2021 | $ | — |
| 2022 | $ | 3,333,806 |
| 2023 | $ | 3,494,542 |
| 2024 | $ | 3,581,612 |
| 2025 | $ | 3,684,085 |
| 2026 | $ | 4,328,079 |
| 2027 | $ | 4,435,125 |
| 2028 | $ | 4,543,805 |
| 2029 | $ | 4,655,089 |
| 2030 | $ | 4,768,850 |
| 2031 | $ | 4,900,506 |
| 2032 | $ | 5,018,782 |
| 2033 | $ | 5,139,777 |
| 2034 | $ | 5,235,624 |
| 2035 | $ | 5,333,271 |

| Miscellaneous Revenues | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|
| Bureau of Reclamation collections (est.) | $3,240,802 | $3,251,402 | $3,333,806 | $3,494,542 |

# Financial Policies




**Strategic Initiatives**

During discussions with the Board and Executive Committee in 2017, it was determined that water rates do not reflect the true cost of doing business in the District. Financial Strategy and Sustainability Study is expected to more closely align revenues and expenses for the District and Enterprise. The District also adopted practices, based on the Study's recommendation. Previously, the District had an investment policy, as well as guidelines and procedures, which are listed in the accompanying table.

## Rate-Setting Policy

Water rates are set to recover costs, on a long-term basis, net of other revenue sources for the Southeastern Colorado Water Activity Enterprise (SECWAE).

SECWAE will review rates, at least, annually as part of the long-term planning process.

A cost-of-service study will be performed every three years, or as necessary, to forecast the revenue requirement. The cost-of-service study is based on a 10-year planning horizon, called the Forecast Period. Rates are set for one year only, called the Firm Year. The second and third years are Advisory Years and align with the District's three-year Business Plan.

Costs shall be allocated to two customer groups: Municipal and Irrigation customer groups.

Rates, under general circumstances, should only be set following public announcement and an adequate provision of time for public comment.

The Board retains its authority permitted under water delivery contracts to adjust rates, as deemed necessary, if rates prove inadequate to cover cost.

## Debt Management Policy

This policy is a guide to the Southeastern Colorado Water Conservancy District (SECWCD) and its Activity Enterprise (SECWAE) for the issuance and use of debt to fund capital projects or to refund/refinance/restructure outstanding debt. SECWCD and SECWAE will ensure compliance with all laws, legal agreements, contracts, best practices, and adopted policies related to debt issuance and management.

SECWCD and SECWAE will promote cooperation and coordination with all stakeholders in the financing and delivery of services by seeking the lowest cost of capital reasonably available and minimizing financing costs for capital projects and other debt issuances.

SECWCD's and SECWAE's Board is responsible for authorizing all debt issuance via a Board resolution. The Board is also responsible for approving the Debt Policy and any material changes to it. SECWCD and SECWAE Board members and staff, District officials, and outside advisors are critical in the debt issuance process.

## Other Policies, Practices and Guidelines

| Policies | Practices | Guidelines | |
|---|---|---|---|
| Investment | Rate Setting | Accounting | Financial Reporting |
| | Debt Management | Auditing | Internal Control |
| | Unrestricted Reserves | Budgeting | Records Management |
| | Capital Planning | Cash Management | Other Issues |

# Financial Policies



## Unrestricted Reserves

The Southeastern Colorado Water Conservancy District (SECWCD) and its Water Activity Enterprise (SECWAE) have established Unrestricted Reserve funds for: (i) operations and maintenance activities in years of below average income due to drought or other events or contingencies, (ii) major infrastructure or equipment failures, (iii) extraordinary expenses associated with major maintenance and rehabilitation projects, and (iv) new capital projects and programs.

| Reserve Category | Purpose | Target Funding Level |
|---|---|---|
| **Cash Reserve** | Working cash sufficient to fund cash-flow variations in a typical operating cycle. | (To be determined) |
| **Operating Reserve** | Covers potential interruptions in District Operations and District Enterprise Fund revenue streams; and may be used to smooth and stabilize water rates over the short term. | (To be determined) |
| **Capital Reserve** | Funds capital repair, replacement, or betterment of SECWCD properties; funds other capital activities that may be undertaken by SECWCD. | (To be determined) |
| **Exposure Reserve** | Covers extraordinary, unforeseen events not otherwise covered by reserves or insurance. | (To be determined) |

Reserve policies are to be established and accomplished in accordance with statutory and contractual requirements. This policy does not modify or supersede requirements to maintain certain levels of restricted reserves as specified within various existing and future agreements, including but not limited to Amendment No. 11 to Contract No. 5-07-70-W0086, Between the United States of America and the Southeastern Colorado Water Conservancy District, Fryingpan-Arkansas Project, Colorado, as it may be amended, supplemented or converted. The Board has the discretion to change funding priorities.

The SECWCD and SECWAE Board will establish funding targets and priorities of Unrestricted Reserves, and will adjust periodically as necessary.

The Executive Director is authorized to commit and expend reserve funds as necessary in his/her judgment to protect life and property, provided that as soon as practicable, the Executive Director shall notify the Board of such action and obtain Board approval for such commitment and expenditure in a timely manner.



## Capital Planning

The Southeastern Colorado Water Conservancy District (SECWCD) Capital Improvement Program (CIP) is a 20-year capital investment plan that encompasses all annual capital expenditures on individual capital projects—generally nonrecurring investments in new or existing infrastructure, including new construction, expansion, renovation, or replacement projects, with a useful life of at least 10 years.

This policy applies to the SECWCD and its Water Activity Enterprise.

The Executive Director, in consultation with the Board President, will be responsible for development of the CIP. The Finance Committee, a standing committee of the Board, will review the CIP annually and forward it to the Board for approval

The CIP presents the 20-year rolling plan for capital allocation and prioritization. The CIP will be updated and published each year. Capital projects will be required to identify benefits to justify the requested capital investment.

# 3-Year Budget Projections

## 2021

### January

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | | | 1 | 2 |
| 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| 31 | | | | | | |

### February

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 28 | | | | | | |

### March

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
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| 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 28 | 29 | 30 | 31 | | | |

### April

| Su | Mo | Tu | We | Th | Fr | Sa |
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| | | | | 1 | 2 | 3 |
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| 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 | |

### May

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| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| 30 | 31 | | | | | |

### June

| Su | Mo | Tu | We | Th | Fr | Sa |
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| 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 27 | 28 | 29 | 30 | | | |

### July

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | | 1 | 2 | 3 |
| 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 | 31 |

### August

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | 31 | | | | |

### September

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | |
| 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | 29 | 30 | | |

### October

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | | | 1 | 2 |
| 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| 31 | | | | | | |

### November

| Su | Mo | Tu | We | Th | Fr | Sa |
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| 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 28 | 29 | 30 | | | | |

### December

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 |
| 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | 29 | 30 | 31 | |

## 2022

### January

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | | | | 1 |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| 30 | 31 | | | | | |

### February

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 27 | 28 | | | | | |

### March

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 27 | 28 | 29 | 30 | 31 | | |

### April

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | | | 1 | 2 |
| 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 24 | 25 | 26 | 27 | 28 | 29 | 30 |

### May

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | 31 | | | | |

### June

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 |
| 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | 29 | 30 | | |

### July

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | | | 1 | 2 |
| 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| 31 | | | | | | |

### August

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 28 | 29 | 30 | 31 | | | |

### September

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | | 1 | 2 | 3 |
| 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 | |

### October

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | | | | 1 |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| 30 | 31 | | | | | |

### November

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 27 | 28 | 29 | 30 | | | |

### December

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | | 1 | 2 | 3 |
| 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 | 31 |

## 2023

### January

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | 31 | | | | |

### February

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 |
| 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | | | | |

### March

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 |
| 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | 29 | 30 | 31 | |

### April

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | | | | 1 |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| 30 | | | | | | |

### May

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 28 | 29 | 30 | 31 | | | |

### June

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | | 1 | 2 | 3 |
| 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 | |

### July

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | | | | 1 |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| 30 | 31 | | | | | |

### August

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 27 | 28 | 29 | 30 | 31 | | |

### September

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | | | 1 | 2 |
| 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 24 | 25 | 26 | 27 | 28 | 29 | 30 |

### October

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | 31 | | | | |

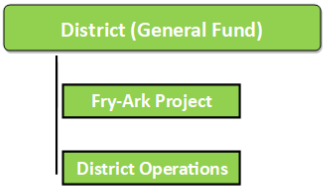
### November

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 |
| 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | 29 | 30 | | |

### December

| Su | Mo | Tu | We | Th | Fr | Sa |
|---|---|---|---|---|---|---|
| | | | | | 1 | 2 |
| 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| 31 | | | | | | |

# 3-Year Budget Projections




## Southeastern Colorado Water Conservancy District

### 2021 Business Plan

### District General Fund (Fry-Ark Project & District Operations)

Statement of Revenues and Expenditures

| | | 2021 Adopted Budget | 2022 Estimated Budget | 2023 Estimated Budget |
|---|---|---|---|---|
| Fry-Ark Project Revenue | | | | |
| Tax Collections | | | | |
| Contract Mill Levy Collections | 4510 | 8,625,941 | 8,803,148 | 8,979,211 |
| Abatement and Refund of Tax Collections | 4530 | 67,091 | 68,469 | 69,838 |
| Prior Year Tax | 4540 | (6,623) | (6,755) | (6,891) |
| County Collection Fees | 6340 | (144,226) | (147,111) | (150,788) |
| Total Tax Collections | | 8,542,183 | 8,717,751 | 8,891,370 |
| Fountain Valley Authority | | | | |
| Fountain Valley Authority | 4340 | 5,365,000 | 5,365,000 | 4,917,781 |
| Total Fountain Valley Authority | | 5,365,000 | 5,365,000 | 4,917,781 |
| Winter Water Storage | | | | |
| Winter Water Storage | 4330 | 117,600 | 117,600 | 117,600 |
| Total Winter Water Storage | | 117,600 | 117,600 | 117,600 |
| Excess Capacity Master Contract | | | | |
| Excess Capacity Master Contract | 4360 | 282,659 | 287,722 | 292,851 |
| Total Excess Capacity Master Contract | | 282,659 | 287,722 | 292,851 |
| Collection of RRA Fees | | | | |
| RRA Fee Reimbursement | 4135 | 20,000 | 2,000 | 2,000 |
| Total Collection of RRA Fees | | 20,000 | 2,000 | 2,000 |
| Total Fry-Ark Project Revenue | | 14,327,442 | 14,490,073 | 14,221,602 |
| Fry-Ark Project Expenditures | | | | |
| Contract Payments | | | | |
| Fry-Ark Debt Payment | 5010 | 1,467,572 | 1,467,572 | 1,467,572 |
| Fry-Ark OM&R Charges | 5060 | 3,300,928 | 2,855,114 | 2,409,003 |
| Fry-Ark OM&R Credits | 5061 | (734,345) | (473,771) | (404,850) |
| Total Contract Payments | | 4,034,155 | 3,848,915 | 3,471,725 |
| Fountain Valley Authority | | | | |
| Payment - Fountain Valley Authority | 5040 | 5,365,000 | 5,365,000 | 4,917,781 |
| Total Fountain Valley Authority | | 5,365,000 | 5,365,000 | 4,917,781 |
| Winter Water Storage | | | | |
| Payment - Winter Water Storage - USBR | 5030 | 117,600 | 117,600 | 117,600 |
| Total Winter Water Storage | | 117,600 | 117,600 | 117,600 |
| Excess Capacity Master Contract | | | | |
| Payment - Excess Capacity Master Contract - USBR | 5065 | 282,659 | 287,722 | 292,851 |
| Total Excess Capacity Master Contract | | 282,659 | 287,722 | 292,851 |
| RRA Fees | | | | |
| Reclamation Reform Act Audit | 6025 | 20,000 | 2,000 | 2,000 |
| Total RRA Fees | | 20,000 | 2,000 | 2,000 |
| Total Fry-Ark Project Expenditures | | 9,819,414 | 9,621,237 | 8,801,957 |
| Total Fry-Ark Revenues Over (Under) Expenditures | | 4,508,028 | 4,868,836 | 5,419,645 |
| | | | | |
| Grant Revenue | | | | |
| State | | | | |
| Grant Revenue - Contingency | 4170 | 400,000 | 400,000 | 400,000 |
| Total State | | 400,000 | 400,000 | 400,000 |
| Total Grant Revenue | | 400,000 | 400,000 | 400,000 |
| Grant Expenditures | | | | |
| Expenditures | | | | |
| Contingency - Grants | 7260 | 400,000 | 400,000 | 400,000 |
| Total Expenditures | | 400,000 | 400,000 | 400,000 |

# 3-Year Budget Projections

District (General Fund)

Fry-Ark Project

District Operations

## Southeastern Colorado Water Conservancy District

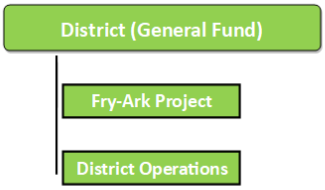
### 2021 Business Plan

### District General Fund (Fry-Ark Project & District Operations)

Statement of Revenues and Expenditures

| | | 2021 Adopted Budget | 2022 Estimated Budget | 2023 Estimated Budget |
|---|---|---|---|---|
| Total Grant Expenditures | | 400,000 | 400,000 | 400,000 |
| Total Grant Revenues Over (Under) Expenditures | | 0 | 0 | 0 |
| Operating Revenue | | | | |
| Tax Revenue for Operations | | | | |
| Specific Ownership Tax Collections | 4420 | 776,145 | 791,668 | 807,501 |
| Operating Tax Revenue | 4520 | 335,453 | 342,345 | 349,192 |
| Total Tax Revenue for Operations | | 1,111,598 | 1,134,013 | 1,156,693 |
| Interfund Reimbursements | | | | |
| Enterprise Admin Reimbursement | 4440 | 1,590,010 | 1,629,761 | 1,670,503 |
| Total Interfund Reimbursements | | 1,590,010 | 1,629,761 | 1,670,503 |
| Investment Revenue | | | | |
| Interest Income | 4040 | 20,750 | 20,958 | 21,167 |
| Interest on Bonds | 4042 | 113,811 | 114,949 | 116,099 |
| Total Investment Revenue | | 134,561 | 135,907 | 137,266 |
| Total Operating Revenue | | 2,836,169 | 2,899,681 | 2,964,462 |
| Operating Expenditures | | | | |
| Human Resources | | | | |
| Staff Payroll | 5110 | 1,199,604 | 1,229,594 | 1,260,334 |
| Incentive/Performance Capacity | 5120 | 23,678 | 24,270 | 24,877 |
| Directors Payroll | 5140 | 36,000 | 36,900 | 37,823 |
| Payroll Taxes | 5210 | 89,599 | 91,839 | 94,135 |
| HSA Contributions | 5220 | 39,600 | 40,590 | 41,605 |
| 401 Retirement Contribution | 5230 | 115,660 | 118,551 | 121,515 |
| 457 Retirement Contribution | 5235 | 69,396 | 71,131 | 72,909 |
| Health Insurance | 5250 | 141,973 | 145,522 | 149,160 |
| Life Ins - Staff & Directors | 5254 | 8,188 | 8,393 | 8,603 |
| Medical Reimbursement Expense | 5255 | 4,950 | 5,074 | 5,201 |
| LT Disability Ins | 5256 | 7,052 | 7,228 | 7,409 |
| Employee Assistance Program | 5258 | 739 | 757 | 776 |
| Dental Insurance | 5260 | 10,386 | 10,646 | 10,912 |
| Vision Insurance | 5265 | 1,742 | 1,786 | 1,830 |
| Worker's Compensation Insurance | 5270 | 2,800 | 2,869 | 2,941 |
| Total Human Resources | | 1,751,367 | 1,795,150 | 1,840,030 |
| Headquarter Operations | | | | |
| Admin Fees for Human Resources | 6015 | 4,867 | 4,988 | 5,113 |
| Bank Fees | 6030 | 3,904 | 4,001 | 4,101 |
| Board Awards/Gifts | 6040 | 102 | 104 | 107 |
| Board Memberships/Subscriptions | 6070 | 9,050 | 9,276 | 9,508 |
| Board Printing | 6090 | 556 | 570 | 585 |
| Board Room Presentation Equipment and Maintenance | 6100 | 1,019 | 1,044 | 1,071 |
| Board Room Accessories | 6110 | 306 | 313 | 321 |
| Board/Committee Meals | 6120 | 6,345 | 6,503 | 6,666 |
| Building Heating/Cooling | 6130 | 2,038 | 2,089 | 2,141 |
| Building Other/Misc Maintenance | 6140 | 2,547 | 2,610 | 2,675 |
| Building Plumbing & Electrical | 6150 | 2,418 | 2,479 | 2,541 |
| Building Tools & Equipment | 6160 | 204 | 209 | 214 |
| Computer - General Contracts | 6250 | 27,818 | 28,514 | 29,227 |
| Computer - Supplies | 6260 | 172 | 177 | 181 |
| Computer - Hardware | 6270 | 16,289 | 16,696 | 17,113 |

# 3-Year Budget Projections




## Southeastern Colorado Water Conservancy District

### 2021 Business Plan

### District General Fund (Fry-Ark Project & District Operations)

Statement of Revenues and Expenditures

| | | 2021 Adopted Budget | 2022 Estimated Budget | 2023 Estimated Budget |
|---|---|---|---|---|
| Computer - Software and Licenses | 6280 | 24,730 | 25,348 | 25,982 |
| Insurance - Automobile | 6580 | 1,894 | 1,942 | 1,990 |
| Insurance - Excess Liability/Umbrella | 6590 | 3,402 | 3,488 | 3,575 |
| Insurance - General Liability | 6600 | 14,598 | 14,963 | 15,337 |
| Insurance - Property & Liability | 6610 | 5,384 | 5,519 | 5,657 |
| Insurance - Public Official Liability | 6620 | 1,340 | 1,373 | 1,408 |
| Legal Notices | 6630 | 676 | 692 | 710 |
| Maintenance - Backflow Testing | 6640 | 143 | 146 | 150 |
| Maintenance - Fire Extinguisher | 6650 | 357 | 366 | 375 |
| Maintenance - Janitorial Services | 6660 | 3,610 | 3,701 | 3,793 |
| Maintenance - Pest Control | 6670 | 309 | 316 | 324 |
| Maintenance - Waste Disposal | 6680 | 1,841 | 1,887 | 1,935 |
| Maintenance - Security | 6690 | 1,223 | 3,253 | 3,335 |
| Maintenance - Snow Removal | 6700 | 1,916 | 1,964 | 2,013 |
| Maintenance - Window Cleaning | 6710 | 1,182 | 1,212 | 1,242 |
| Maintenance Facilities - Blacktop | 6720 | 1,019 | 1,044 | 1,071 |
| Office - Equipment (New and Maintenance) | 6730 | 1,566 | 1,605 | 1,645 |
| Office - Coffee/Snacks | 6740 | 685 | 702 | 719 |
| Office - Copy Machine Color | 6752 | 8,720 | 8,938 | 9,161 |
| Office - General/Staff Memberships | 6760 | 8,852 | 9,073 | 9,300 |
| Awards & Gifts - Other | 6765 | 429 | 440 | 451 |
| Office - Printing | 6770 | 3,537 | 3,625 | 3,716 |
| Office - Publications & Subscriptions | 6780 | 907 | 930 | 953 |
| Phone - Cell | 6790 | 5,000 | 5,125 | 5,253 |
| Phone - Equipment Maintenance | 6800 | 1,579 | 1,619 | 1,659 |
| Phone & Internet | 6810 | 14,429 | 14,790 | 15,160 |
| Postage & Shipping | 6820 | 4,718 | 4,836 | 4,957 |
| Staff Awards and Gifts | 6850 | 1,081 | 1,108 | 1,136 |
| Supplies - Janitorial | 7020 | 537 | 550 | 564 |
| Supplies - Office | 7030 | 3,954 | 4,053 | 4,154 |
| Supplies - Paper | 7040 | 1,075 | 1,102 | 1,129 |
| Supplies - Toner | 7050 | 1,149 | 1,178 | 1,208 |
| Utilities | 7070 | 18,592 | 19,056 | 19,533 |
| Utilities - Airport Fee | 7075 | 968 | 992 | 1,017 |
| Vehicle R&M - 2014 Rav4 | 7112 | 415 | 425 | 436 |
| Vehicle R&M - 2017 Rav4 | 7114 | 608 | 624 | 639 |
| Vehicle R&M - 2019 Highlander | 7115 | 352 | 360 | 369 |
| Web Contracts - Design & Support | 7120 | 1,997 | 2,047 | 2,098 |
| Web Hosting | 7130 | 376 | 385 | 395 |
| Landscape - Materials, Supplies and Plants | 7170 | 2,547 | 2,611 | 2,676 |
| Landscape Maintenance & Contracts | 7180 | 13,024 | 13,349 | 13,683 |
| Contingency - Operating | 7250 | 141,817 | 144,984 | 148,223 |
| Total Headquarter Operations | | 380,173 | 391,294 | 400,695 |
| Meetings and Travel | | | | |
| Directors - Other Travel (Tip, Fax, Parking, Tel, etc.) | 6370 | 352 | 361 | 370 |
| Directors Airfare | 6390 | 2,041 | 2,092 | 2,144 |
| Directors Hotels | 6400 | 6,436 | 6,597 | 6,762 |
| Directors Meals | 6410 | 370 | 379 | 389 |
| Directors Meeting Registrations | 6420 | 6,417 | 6,578 | 6,742 |
| Directors Mileage Reimbursement | 6430 | 12,310 | 12,618 | 12,933 |
| Executive - Airfare | 6480 | 1,264 | 1,295 | 1,328 |

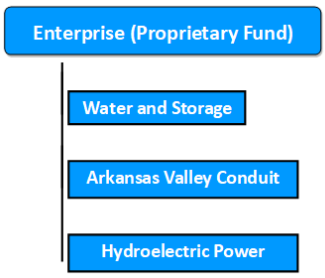
# 3-Year Budget Projections

District (General Fund)
- Fry-Ark Project
- District Operations

## Southeastern Colorado Water Conservancy District
### 2021 Business Plan
### District General Fund (Fry-Ark Project & District Operations)
Statement of Revenues and Expenditures

| | | 2021 Adopted Budget | 2022 Estimated Budget | 2023 Estimated Budget |
|---|---|---|---|---|
| Executive - District Vehicle Gas | 6490 | 1,274 | 1,306 | 1,339 |
| Executive - Hotels | 6500 | 3,302 | 3,384 | 3,469 |
| Executive - Meals | 6510 | 587 | 602 | 617 |
| Executive - Meeting Registrations | 6520 | 3,041 | 3,117 | 3,195 |
| Executive - Other Travel Expense | 6530 | 263 | 270 | 277 |
| Meeting Expense | 6725 | 1,419 | 1,455 | 1,491 |
| Meeting Meals - Non Staff Member | 6727 | 300 | 308 | 315 |
| Staff Travel -Airfare | 6860 | 5,000 | 5,125 | 5,253 |
| Staff Travel - District Vehicle Gas | 6870 | 1,726 | 1,770 | 1,814 |
| Staff Travel - Hotels | 6880 | 8,264 | 8,470 | 8,682 |
| Staff Travel - Meals | 6890 | 1,955 | 2,004 | 2,054 |
| Staff Travel - Registrations | 6900 | 9,055 | 9,279 | 9,513 |
| Staff Travel - Other Travel | 6910 | 994 | 1,019 | 1,044 |
| Staff Professional Certification /Licenses | 6960 | 2,504 | 2,566 | 2,630 |
| Staff Education (General Skills) | 7010 | 10,000 | 15,250 | 15,631 |
| Total Meetings and Travel | | 78,874 | 85,845 | 87,992 |
| Outside and Professional Services | | | | |
| Annual Audit | 6020 | 42,531 | 43,595 | 44,684 |
| Consultant HR Breadbasket | 6328 | 10,000 | 0 | 0 |
| Consultant/Lobbying Services - Federal | 6330 | 43,337 | 44,420 | 45,531 |
| Colorado River Services | 6350 | 20,000 | 20,500 | 21,012 |
| Legal Representation | 6440 | 300,605 | 308,120 | 315,823 |
| Water Policy Management Consultants | 6455 | 30,000 | 30,750 | 31,519 |
| Total Outside and Professional Services | | 446,473 | 447,385 | 458,569 |
| Water Conservation and Education | | | | |
| Tours & Anniversary Events | 6540 | 3,309 | 25,000 | 5,000 |
| Sponsorships, Exhibits & Ads | 6840 | 21,411 | 21,839 | 22,385 |
| ANS - Aquatic Nuisance Species Program | 6845 | 19,750 | 19,750 | 19,750 |
| Xeriscape Ed Programs & Publications | 7240 | 510 | 520 | 533 |
| Total Water Conservation and Education | | 44,980 | 67,109 | 47,668 |
| Recurring Capital | | | | |
| Recurring Capital - Core Business | 6200 | 207,000 | 115,000 | 25,000 |
| Recurring Capital-Future Water Supply & Storage | 6210 | 640,000 | 590,000 | 620,000 |
| Recurring Capital - Water Supply Protection & Efficiency | 6211 | 250,000 | 250,000 | 250,000 |
| Recurring Capital - Water Supply Storage & Power | 6212 | 10,000 | 110,000 | 10,000 |
| Total Recurring Capital | | 1,107,000 | 1,065,000 | 905,000 |
| Total Operating Expenditures | | 3,808,867 | 3,851,783 | 3,739,954 |
| Total Operations Revenues Over (Under) Expenditures | | (972,698) | (952,102) | (775,492) |
| Total Revenues Over (Under) Expenditures | | 3,535,330 | 3,916,734 | 4,644,153 |

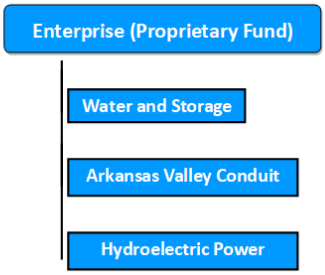
# 3-Year Budget Projections




## Southeastern Colorado Water Conservancy District
### 2021 Business Plan
### Enterprise Operations
Statement of Revenues and Expenditures
(In Whole Numbers)

| | | 2021 Adopted Budget | 2022 Estimated Budget | 2023 Estimated Budget |
|---|---|---|---|---|
| Total Grant Revenues Over (Under) Expenditures | | 0 | 0 | 0 |
| Operating Revenue | | | | |
| Water Sales, Surcharges and Fees | | | | |
| Return Flow Water Sales | 4010 | 94,164 | 94,164 | 94,164 |
| Well Augmentation Surcharge | 4030 | 13,671 | 13,671 | 13,671 |
| Surcharge Revenue | 4050 | 632,965 | 633,840 | 635,240 |
| Storage Fees | 4100 | 100,000 | 100,000 | 100,000 |
| Project Water Sales | 4320 | 584,914 | 584,914 | 584,914 |
| Total Water Sales, Surcharges and Fees | | 1,425,714 | 1,426,589 | 1,427,989 |
| Investment Revenue | | | | |
| Interest Income | 4040 | 19,740 | 19,938 | 20,137 |
| Interest on Bonds | 4042 | 88,253 | 29,159 | 29,450 |
| Total Investment Revenue | | 107,993 | 49,097 | 49,587 |
| Partnership Contributions | | | | |
| Regional Resource Planning Payments | 4205 | 110,000 | 110,000 | 110,000 |
| Total Partnership Contributions | | 110,000 | 110,000 | 110,000 |
| Other Operating Revenue | | | | |
| Aurora IGA - Administration Fee | 4090 | 50,000 | 50,000 | 50,000 |
| Total Other Operating Revenue | | 50,000 | 50,000 | 50,000 |
| Total Operating Revenue | | 1,693,707 | 1,635,686 | 1,637,576 |
| Operating Expenditures | | | | |
| Headquarter Operations | | | | |
| Contingency - Operating | 7250 | 84,685 | 81,784 | 81,879 |
| Total Headquarter Operations | | 84,685 | 81,784 | 81,879 |
| Outside and Professional Services | | | | |
| Consultant/Lobbying Services - Federal | 6330 | 48,705 | 49,922 | 51,170 |
| Colorado River Services | 6350 | 57,234 | 58,665 | 60,133 |
| Engineering Outside Contracts | 6470 | 10,000 | 10,250 | 23,000 |
| Transit Loss Study Expenses | 6826 | 3,201 | 23,281 | 23,863 |
| Research Project Support | 6830 | 2,000 | 2,050 | 2,101 |
| Total Outside and Professional Services | | 121,140 | 144,168 | 160,267 |
| Personnel and Overhead | | | | |
| Office Overhead | 6762 | 435,633 | 446,524 | 457,687 |
| Project Directors Allocation | 6821 | 24,120 | 24,723 | 25,341 |
| Project Personnel | 6822 | 711,053 | 728,829 | 747,050 |
| Total Personnel and Overhead | | 1,170,806 | 1,200,076 | 1,230,078 |
| Partnerships | | | | |
| Safety of Dams - Pueblo | 6170 | 60,000 | 60,000 | 60,000 |
| Water Quality | 7060 | 15,318 | 15,778 | 16,251 |
| RRPG Project Costs | 7065 | 135,000 | 135,000 | 135,000 |
| Total Partnerships | | 210,318 | 210,778 | 211,251 |
| Other Payments | | | | |
| Reimbursement to Other Project/Fund | 5047 | 1,528 | 1,566 | 1,605 |
| Total Other Payments | | 1,528 | 1,566 | 1,605 |
| Recurring Capital | | | | |
| Recurring Capital - Core Business | 6200 | 300,000 | 300,000 | 300,000 |
| Recurring Capital-Future Water Supply & Storage | 6210 | 32,500 | 25,000 | 25,000 |
| Total Recurring Capital | | 332,500 | 325,000 | 325,000 |
| Total Operating Expenditures | | 1,920,977 | 1,963,372 | 2,010,080 |

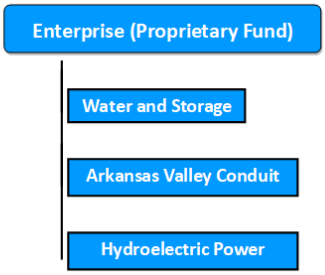
# 3-Year Budget Projections




## Southeastern Colorado Water Conservancy District
### 2021 Business Plan
### Enterprise Operations
Statement of Revenues and Expenditures
(In Whole Numbers)

| | | 2021 Adopted Budget | 2022 Estimated Budget | 2023 Estimated Budget |
|---|---|---|---|---|
| Total Operations Revenues Over (Under) Expenditures | | (227,270) | (327,686) | (372,504) |
| Capital Outlay and Improvements | | | | |
| Capital Outlay-Future Water Supply & Storage | 7910 | 142,500 | 200,000 | 200,000 |
| Total Capital Outlay and Improvements | | 142,500 | 200,000 | 200,000 |
| Total Revenues Over (Under) Expenditures | | (369,770) | (527,686) | (572,504) |

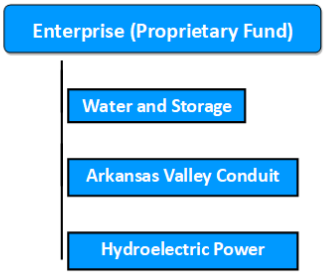
# 3-Year Budget Projections




## Southeastern Colorado Water Conservancy District
### 2021 Business Plan
### Enlargement Project
Statement of Revenues and Expenditures
(In Whole Numbers)

| | | 2021 Adopted Budget | 2022 Estimated Budget | 2023 Estimated Budget |
|---|---|---|---|---|
| Operating Revenue | | | | |
| Participant Payments | | | | |
| Payments - Participants | 4130 | 98,593 | 86,989 | 89,558 |
| Total Participant Payments | | 98,593 | 86,989 | 89,558 |
| Interfund Reimbursements | | | | |
| Matching Project Contribution | 4140 | 1,528 | 1,566 | 1,605 |
| Total Interfund Reimbursements | | 1,528 | 1,566 | 1,605 |
| Total Operating Revenue | | 100,121 | 88,555 | 91,163 |
| Operating Expenditures | | | | |
| Personnel and Overhead | | | | |
| Office Overhead | 6762 | 4,787 | 4,907 | 5,029 |
| Project Personnel | 6822 | 4,468 | 4,580 | 4,694 |
| Total Personnel and Overhead | | 9,255 | 9,487 | 9,723 |
| Partnerships | | | | |
| Water Quality | 7060 | 90,866 | 79,068 | 81,440 |
| Total Partnerships | | 90,866 | 79,068 | 81,440 |
| Total Operating Expenditures | | 100,121 | 88,555 | 91,163 |
| Total Operations Revenues Over (Under) Expenditures | | 0 | 0 | 0 |
| Total Revenues Over (Under) Expenditures | | 0 | 0 | 0 |

# 3-Year Budget Projections




## Southeastern Colorado Water Conservancy District
### 2021 Business Plan
### Excess Capacity Project
### Statement of Revenues and Expenditures
(In Whole Numbers)

| | | 2021 Adopted Budget | 2022 Estimated Budget | 2023 Estimated Budget |
|---|---|---|---|---|
| Operating Revenue | | | | |
| Participant Payments | | | | |
| Payments - Participants | 4130 | 100,678 | 90,110 | 92,730 |
| Total Participant Payments | | 100,678 | 90,110 | 92,730 |
| Total Operating Revenue | | 100,678 | 90,110 | 92,730 |
| Operating Expenditures | | | | |
| Personnel and Overhead | | | | |
| Office Overhead | 6762 | 4,787 | 4,907 | 5,029 |
| Project Personnel | 6822 | 11,378 | 11,662 | 11,954 |
| Total Personnel and Overhead | | 16,165 | 16,569 | 16,983 |
| Partnerships | | | | |
| Water Quality | 7060 | 84,513 | 73,541 | 75,747 |
| Total Partnerships | | 84,513 | 73,541 | 75,747 |
| Total Operating Expenditures | | 100,678 | 90,110 | 92,730 |
| Total Operations Revenues Over (Under) Expenditures | | 0 | 0 | 0 |
| Total Revenues Over (Under) Expenditures | | 0 | 0 | 0 |

# 3-Year Budget Projections

Enterprise (Proprietary Fund)

- Water and Storage
- Arkansas Valley Conduit
- Hydroelectric Power

## Southeastern Colorado Water Conservancy District
### 2021 Business Plan
### Arkansas Valley Conduit Project
Statement of Revenues and Expenditures
(In Whole Numbers)

| | | 2021 Adopted Budget | 2022 Estimated Budget | 2023 Estimated Budget |
|---|---|---|---|---|
| Operating Revenue | | | | |
| Participant Payments | | | | |
| Payments - Participants | 4130 | 248,439 | 253,230 | 258,143 |
| Total Participant Payments | | 248,439 | 253,230 | 258,143 |
| Federal Appropriations & USBR | | | | |
| Federal IPA USBR Contract | 4163 | 218,000 | 223,450 | 229,037 |
| Total Federal Appropriations & USBR | | 218,000 | 223,450 | 229,037 |
| Loan Revenue | | | | |
| Loan Revenue | 4230 | 1,969,443 | 3,288,198 | 8,700,874 |
| Total Loan Revenue | | 1,969,443 | 3,288,198 | 8,700,874 |
| Grant Revenue | | | | |
| Grant Revenue | 4175 | 218,827 | 365,355 | 959,819 |
| Total Grant Revenue | | 218,827 | 365,355 | 959,819 |
| Investment Revenue | | | | |
| Interest Income | 4040 | 0 | 4,500 | 4,545 |
| Interest on Bonds | 4042 | 0 | 59,977 | 60,577 |
| Total Investment Revenue | | 0 | 64,477 | 65,122 |
| Total Operating Revenue | | 2,654,709 | 4,194,710 | 10,212,995 |
| Operating Expenditures | | | | |
| Headquarter Operations | | | | |
| Board/Committee Meals | 6120 | 116 | 119 | 122 |
| Contingency - Operating | 7250 | 54,774 | 83,894 | 204,260 |
| Total Headquarter Operations | | 54,890 | 84,013 | 204,382 |
| Meetings and Travel | | | | |
| Directors Airfare | 6390 | 1,000 | 1,025 | 1,051 |
| Directors Hotels | 6400 | 500 | 512 | 525 |
| Directors Meals | 6410 | 200 | 205 | 210 |
| Directors Mileage Reimbursement | 6430 | 200 | 205 | 210 |
| Executive - Airfare | 6480 | 1,000 | 1,025 | 1,051 |
| Executive - Hotels | 6500 | 500 | 512 | 525 |
| Executive - Meals | 6510 | 200 | 205 | 210 |
| Executive - Other Travel Expense | 6530 | 200 | 205 | 210 |
| Meeting Expense | 6725 | 2,180 | 2,234 | 2,290 |
| Staff Travel - District Vehicle Gas | 6870 | 6,329 | 6,487 | 6,650 |
| Staff Travel - Hotels | 6880 | 500 | 513 | 525 |
| Staff Travel - Meals | 6890 | 460 | 471 | 483 |
| Total Meetings and Travel | | 13,269 | 13,599 | 13,940 |
| Outside and Professional Services | | | | |
| Consultant/Lobbying Services - Federal | 6330 | 39,919 | 40,917 | 41,940 |
| Legal Representation | 6440 | 25,000 | 25,000 | 25,000 |
| Water Policy Management Consultants | 6455 | 25,000 | 25,000 | 25,000 |
| Total Outside and Professional Services | | 89,919 | 90,917 | 91,940 |
| Water Conservation and Education | | | | |
| Tours & Anniversary Events | 6540 | 2,180 | 2,234 | 2,290 |
| Total Water Conservation and Education | | 2,180 | 2,234 | 2,290 |
| Personnel and Overhead | | | | |
| Office Overhead | 6762 | 19,149 | 19,628 | 20,118 |
| Project Personnel | 6822 | 330,004 | 338,254 | 346,711 |
| Total Personnel and Overhead | | 349,153 | 357,882 | 366,829 |
| Partnerships | | | | |
| Water Quality | 7060 | 6,352 | 6,479 | 6,609 |

# 3-Year Budget Projections

Enterprise (Proprietary Fund)

- Water and Storage
- Arkansas Valley Conduit
- Hydroelectric Power

## Southeastern Colorado Water Conservancy District
### 2021 Business Plan
### Arkansas Valley Conduit Project
### Statement of Revenues and Expenditures
(In Whole Numbers)

| | | 2021 Adopted Budget | 2022 Estimated Budget | 2023 Estimated Budget |
|---|---|---|---|---|
| Total Partnerships | | 6,352 | 6,479 | 6,609 |
| Total Operating Expenditures | | 515,763 | 555,124 | 685,990 |
| Total Operations Revenues Over (Under) Expenditures | | 2,138,946 | 3,639,586 | 9,527,005 |
| Capital Outlay and Improvements | | | | |
| Water Policy Management Consultants | 7800 | 25,000 | 25,000 | 25,000 |
| Engineering Outside Contracts | 7810 | 2,413,270 | 3,778,553 | 9,785,694 |
| Project Studies | 7820 | 5,450 | 5,450 | 5,450 |
| Total Capital Outlay and Improvements | | 2,443,720 | 3,809,003 | 9,816,144 |
| Total Revenues Over (Under) Expenditures | | (304,774) | (169,417) | (289,139) |

# 3-Year Budget Projections

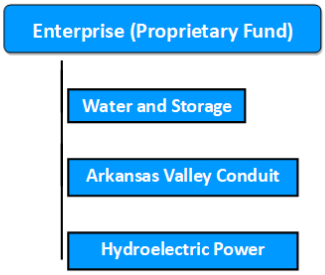
Enterprise (Proprietary Fund)

- Water and Storage
- Arkansas Valley Conduit
- Hydroelectric Power

## Southeastern Colorado Water Conservancy District
### 2021 Business Plan
### Hydroelectric Power Project
### Statement of Revenues and Expenditures
(In Whole Numbers)

| | | 2021 Adopted Budget | 2022 Estimated Budget | 2023 Estimated Budget |
|---|---|---|---|---|
| Operating Revenue | | | | |
| Investment Revenue | | | | |
| Interest Income | 4040 | 600 | 606 | 612 |
| Total Investment Revenue | | 600 | 606 | 612 |
| Hydroelectric Generation Revenue | | | | |
| Hydroelectric Power Loan | 4200 | 172,200 | 0 | 0 |
| Hydroelectric Generation Revenue-CS-U | 4201 | 607,941 | 622,470 | 637,347 |
| Hydroelectric Generation Revenue-Fountain | 4202 | 629,269 | 639,966 | 655,261 |
| Hydroelectric Power Transmission | 4203 | 20,380 | 29,002 | 29,728 |
| Total Hydroelectric Generation Revenue | | 1,429,790 | 1,291,438 | 1,322,336 |
| Total Operating Revenue | | 1,430,390 | 1,292,044 | 1,322,948 |
| Operating Expenditures | | | | |
| Headquarter Operations | | | | |
| Bank Fees | 6030 | 3,171 | 3,250 | 3,332 |
| Building Tools & Equipment | 6160 | 4,277 | 4,384 | 4,493 |
| Insurance - Automobile | 6580 | 404 | 414 | 424 |
| Insurance - Excess Liability/Umbrella | 6590 | 18,734 | 19,203 | 19,683 |
| Insurance - General Liability | 6600 | 15,362 | 15,747 | 16,140 |
| Insurance - Property & Liability | 6610 | 36,274 | 37,181 | 38,111 |
| Phone & Internet | 6810 | 1,218 | 1,248 | 1,279 |
| Postage & Shipping | 6820 | 100 | 103 | 105 |
| Supplies - Office | 7030 | 100 | 103 | 105 |
| Utilities | 7070 | 15,283 | 15,665 | 16,057 |
| Landscape Maintenance & Contracts | 7180 | 2,800 | 2,870 | 2,942 |
| Contingency - Operating | 7250 | 71,520 | 64,602 | 66,147 |
| Total Headquarter Operations | | 169,243 | 164,770 | 168,818 |
| Meetings and Travel | | | | |
| Staff Travel - District Vehicle Gas | 6870 | 102 | 104 | 107 |
| Staff Travel - Hotels | 6880 | 611 | 624 | 639 |
| Staff Travel - Meals | 6890 | 102 | 104 | 107 |
| Staff Travel - Other Travel | 6910 | 102 | 104 | 107 |
| Total Meetings and Travel | | 917 | 936 | 960 |
| Outside and Professional Services | | | | |
| Engineering Outside Contracts | 6470 | 12,814 | 13,134 | 13,463 |
| Total Outside and Professional Services | | 12,814 | 13,134 | 13,463 |
| Personnel and Overhead | | | | |
| Office Overhead | 6762 | 14,362 | 14,721 | 15,089 |
| Project Personnel | 6822 | 30,269 | 31,026 | 31,801 |
| Total Personnel and Overhead | | 44,631 | 45,747 | 46,890 |
| Debt Service | | | | |
| Hydroelectric CWCB Loan Payment | 7300 | 0 | 428,716 | 428,716 |
| Hydroelectric Interest During Construction | 7301 | 347,844 | 347,844 | 347,844 |
| Total Debt Service | | 347,844 | 776,560 | 776,560 |
| Annual Project Expense | | | | |
| Energy Transmission (BH) | 7302 | 56,590 | 58,005 | 59,455 |
| Operations & Maintenance Operator | 7310 | 54,009 | 55,359 | 56,743 |
| Operations & Maint Lubrication & Rountine | 7311 | 14,524 | 14,887 | 15,259 |
| Operation & Maintenance (USBR & OM&R) | 7312 | 5,639 | 5,780 | 5,925 |
| Lease of Power Privilege-Annual Fee | 7315 | 48,830 | 50,051 | 51,303 |
| Scheduling & Firming | 7325 | 40,760 | 41,779 | 42,823 |
| Total Annual Project Expense | | 220,352 | 225,861 | 231,508 |

# 3-Year Budget Projections




## Southeastern Colorado Water Conservancy District
### 2021 Business Plan
### Hydroelectric Power Project
### Statement of Revenues and Expenditures
(In Whole Numbers)

| | | 2021 Adopted Budget | 2022 Estimated Budget | 2023 Estimated Budget |
|---|---|---|---|---|
| Total Operating Expenditures | | 795,801 | 1,227,008 | 1,238,199 |
| Total Operations Revenues Over (Under) Expenditures | | 634,589 | 65,036 | 84,749 |
| Capital Outlay and Improvements | | | | |
| Capital Improvement - Hydroelectric (CWCB) | 6171 | 172,200 | 0 | 0 |
| Total Capital Outlay and Improvements | | 172,200 | 0 | 0 |
| Total Revenues Over (Under) Expenditures | | 462,389 | 65,036 | 84,749 |

# Progress Report

| Fry-Ark Operations | Lead Office (s) | Description/Goals | 2020 Progress | 2021 Target |
|---|---|---|---|---|
| Debt Repayment | Finance/Legal | Repayment of Fry-Ark Debt by 2031 | 81% | 83% |
| Project Reserve Fund | Finance/Legal | Establish Project Reserves | 25% | 50% |
| Fry-Ark OM&R | Finance | Payments for District share of Project | 100% | 100% |
| Asset Valuation | Engineering Water Resources | Inventory of Fry-Ark features | 75% | 100% |
| Condition Assessment | Engineering Water Resources | Condition assessment of Fry-Ark features | 0% | 50% |
| Hydrologic Variability | Engineering Water Resources | Streamflow Forecast Improvement | 25% | 50% |
| Pueblo Dam Interconnect | Engineering Planning | Connect North and South Outlets at Pueblo Dam | 5% | 5% |
| **Fry-Ark Administration** | **Lead Office (s)** | **Description/Goals** | **2020 Progress** | **2021 Target** |
| Reclamation Reform Act | Engineering Water Resources | Ongoing program to track irrigated acres | 100% | 100% |
| Transit Loss Modeling | Engineering Water Resources | Ongoing program to track Fountain Creek flows | 100% | 100% |
| Boundaries & Inclusion | Engineering Water Resources | Accurate District boundaries and inclusions | 75% | 80% |
| Water Rights Protection | Legal | Diligence filings in Districts 2 and 5 | 100% | 100% |
| Colorado River Programs | Legal | Ongoing programs for Colorado River activities | 90% | 90% |
| Conservation Plan | Communications | Completion of next plan in 2022 | 40% | 60% |
| Water Quality Monitoring | Engineering Water Resources | USGS cooperative monitoring programs | 90% | 100% |
| **District Operations** | **Lead Office (s)** | **Description/Goals** | **2020 Progress** | **2021 Target** |
| Financial Studies | Finance | Financial study initiated in 2019 | 75% | 100% |
| Headquarters | Administration | Operation and maintenance of building and grounds | 100% | 100% |
| Fleet Management | Administration | Replace three vehicles, 6-year rotation | 100% | 100% |
| Information Technology | Administration | Hardware, software, broadband, phones | 100% | 100% |
| Records Management | Communications | Develop electronic filing system | 5% | 50% |
| Human Resources | Administration | Transitional planning and sustainability | 90% | 100% |
| Communication & Outreach | Communications | Develop Communication Plan | 75% | 100% |
| **Enterprise Operations** | **Lead Office (s)** | **Description/Goals** | **2020 Progress** | **2021 Target** |
| Hydroelectric Power | Engineering Planning | Construct, operate James W. Broderick Hydropower | 100% | 100% |
| Excess Capacity Contract | Programs | Institute contract for Pueblo Reservoir accounts | 100% | 100% |
| Arkansas Valley Conduit | Programs/Engineering | Begin construction of Arkansas Valley Conduit | 25% | 50% |
| New Water Sources | Engineering Water Resources | Investigate acquisition of new water rights | 0% | 0% |
| **Storage Programs** | **Lead Office (s)** | **Description/Goals** | **2020 Progress** | **2021 Target** |
| Recovery of Storage | Engineering Planning | Recover storage lost to sedimentation (study) | 10% | 40% |
| Excess Capacity Contract | Programs | Institute contract for Pueblo Reservoir accounts | 100% | 100% |
| Long-Term Excess Capacity | Programs | Monitor all excess capacity accounts | 100% | 100% |
| Expansion of Storage | Engineering Planning | Develop additional storage | 5% | 5% |
| Restoration of Yield | Engineering Water Resources | Develop storage east of Pueblo | 20% | 60% |
| John Martin Reservoir | Engineering Water Resources | Establish account in John Martin Reservoir | 10% | 25% |
| Upper Basin Storage | Engineering Water Resources | Participate in Upper District storage program | 10% | 25% |
| Winter Water | Engineering Water Resources | Coordinate Winter water storage program | 100% | 100% |
| Safety of Dams | Finance | Repayment obligation by 2024 | 84% | 88% |
| **Water Sales and Storage Fees** | **Lead Office (s)** | **Description/Goals** | **2020 Progress** | **2021 Target** |
| Project Water Municipal | Finance | Establish rates per Financial Study | 80% | 100% |
| Project Water Irrigation | Finance | Establish rates per Financial Study | 80% | 100% |
| Municipal Carryover Storage | Finance | Establish rates per Financial Study | 20% | 100% |
| Return Flows | Finance | Establish rates per Financial Study | 80% | 100% |
| First Right of Refusal | Engineering Water Resources | Develop guidelines | 75% | 100% |
| Winter Water | Finance | Establish rates per Financial Study | 20% | 100% |
| Surcharges | Finance | Establish rates per Financial Study | 25% | 100% |
| **Partnerships** | **Lead Office (s)** | **Description/Goals** | **2020 Progress** | **2021 Target** |
| Fountain Creek Transit Loss | Engineering Water Resources | Ongoing program to track Fountain Creek flows | 100% | 100% |
| Water Quality Monitoring | Engineering Water Resources | USGS cooperative monitoring programs | 100% | 100% |
| Regional Resource Planning | Engineering Water Resources | Annual meeting to determine work plan | 0% | 100% |
| Water Basin Forum | Communications | Participate in planning for April event (canceled in 2020) | 50% | 100% |
| Ark Basin Roundtable | Communications | Participate in basin planning activities | 75% | 100% |
| Voluntary Flow Program | Engineering Water Resources | Coordinate summer boating flow augmentation | 100% | 100% |
| Watershed Health | Engineering Water Resources | Protection of watersheds above reservoirs | 25% | 100% |
| **Reserves** | **Lead Office (s)** | **Description/Goals** | **2020 Progress** | **2021 Target** |
| Fry-Ark Reserves | Finance | Establish Project Reserves | 25% | 50% |
| Cash Reserve | Finance | Establish Targets, Funding mechanisms | 50% | 100% |
| Operating Reserve | Finance | Establish Targets, Funding mechanisms | 50% | 100% |
| Capital Reserve | Finance | Establish Targets, Funding mechanisms | 50% | 100% |
| Exposure Reserve | Finance | Establish Targets, Funding mechanisms | 50% | 100% |
| District Fund Balance | Finance | Track Revenues and Expenditures | 100% | 100% |
| Enterprise Fund Balance | Finance | Track Revenues and Expenditures | 100% | 100% |

**KEY**

**Completion**

**Implementation**

**Design**

**Planning**