

**ALLOCATION & STORAGE COMMITTEE
MINUTES
January 8, 2026**

A meeting of the Allocation & Storage Committee was held on Thursday, January 8 at 10:02 a.m. at the District Office 31717 United Avenue, Pueblo, Colorado 81001 and via Zoom virtual conference.

Chairman Andy Colosimo announced a quorum was present.

COMMITTEE MEMBERS PRESENT:

Andy Colosimo – Chairman, Matt Heimerich - Vice-Chairman, Alan Hamel (remote), Cutis Mitchell (remote), Greg Felt (remote), Mike Bartolo (remote), Bill Long and Leann Noga.

COMMITTEE MEMBERS ABSENT AND EXCUSED:

Tom Goodwin and Justin DiSanti.

OTHERS PRESENT:

Abby Ortega (remote), District Board; Roy Vaughn, H2O Consultants; Mitch (remote) Frischmeyer, Wilson Water Group; Lonnie Spady (remote), Noah Friesen (remote), Bethany Arnold (remote at 10:06), Division of Water Resources; Greg Sekera (remote), Kennedy Jenks; Chris Woodka, Gordon Dillon, Peter Levish, Trevor Singleton, Margie Medina and Robert Banham, District staff.

APPROVAL OF MINUTES:

Mr. Colosimo confirmed that members of the Committee received their copy of the November 6, 2025 Allocation & Storage Committee minutes and asked if there were any corrections or discussions. Matt Heimerich moved, Bill Long seconded to approve the minutes. Motion passed unanimously.

PRESENTATIONS:

Water Resources Update

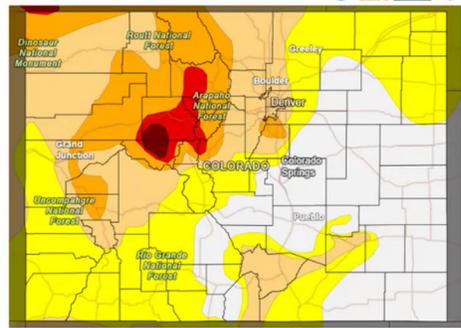
Robert Banham gave a summary of weather conditions in the state of Colorado, concentrating on the Collection System of the Fryingpan-Arkansas Project. Colorado has seen minimal precipitation over the past 7 days, and the 60-day outlook shows conditions trending drier, with percent-of-normal precipitation below average. The upper basin in Colorado currently has less soil moisture compared to the lower basin. Despite this difference, both basins are close to normal soil moisture levels for this time of year. Streamflow has been low and is starting to improve slightly.

The one-month outlook shows persistent drought conditions remain on the west slope. U.S. Drought monitor for Colorado reports exceptional drought (D4) in the collection basin, conditions are increasing.

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U.S. Drought Monitor: Colorado



Drought & Dryness Categories	% of CO
D0 - Abnormally Dry	33.1%
D1 - Moderate Drought	22.4%
D2 - Severe Drought	12.5%
D3 - Extreme Drought	2.2%
D4 - Exceptional Drought	0.5%
Total Area in Drought (D1-D4)	37.6%

Precipitation outlook, next 7 days the Upper Colorado River Basin is expected to receive more precipitation than the lower basin, in the next seven days. The next 60 days lower basin forecast will be slightly wetter than the upper basin. Upper basin shows less soil moisture compared to the lower basin. Both upper and lower basins are close to normal levels for this time of year regarding soil conditions. Current vs. Forecast: Streamflow levels are currently low but are expected to improve over the next 28 days. The trend: Positive

outlook for streamflow recovery compared to previous conditions.

Drought for the Colorado River in the Fry-Ark collection system is under exception drought (D4) at .18% for December 2025, the only area of exceptional drought in the entire Colorado River Basin is in our collection area unfortunately.

Robert then reported on the SNOTEL sites, under information item. In the collection system and in the Arkansas Basin, both are below average for all sites. The most recent year on the SNOTEL graphs was 2018, and you can see that we're even below the 2018 conditions.

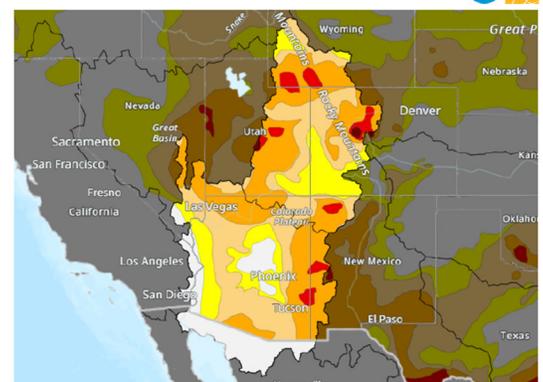
Some sites that are closer to normal compared to others, but as you average them out, we are below the 2018 threshold. The last couple of years have been wetter than this year so far.

ACTION ITEM

Policy 1 Redline – Late Allocation Applications/Payments

Robert Banham identified the Water Allocation Policy amendment suggestions to paragraph 21:

U.S. Drought Monitor: Colorado River Basin



Drought & Dryness Categories	% of Colorado River Basin
D0 - Abnormally Dry	16.29%
D1 - Moderate Drought	36.43%
D2 - Severe Drought	37.24%
D3 - Extreme Drought	3.96%
D4 - Exceptional Drought	0.18%
Total Area in Drought (D1-D4)	77.81%

Source(s): NDMC, NOAA, USDA
Data Valid: 12/30/25

Drought.gov

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21: Late Payment and Application (1-15-25)

a) Late Application Policy

- i. The Board acknowledges that applications may occasionally be received up to five business days after the published deadline. Any application submitted during this late period will be considered only if the applicant pays the late application fee specified in the Rate Sheet.
- ii. Applications received after the published deadline will be treated as late applications. The District will notify the applicant and provide an opportunity to submit the required late application fee. Failure to submit the fee upon notification will result in the application being ineligible for review.
- iii. The Board reserves the right to modify or waive this policy, either at its discretion or upon receipt of a written request for consideration.

a) Late Payment Policy

- i. The Board recognizes that, on occasion, payments for Project Water may be submitted after the published deadline. Once the late payment and any applicable charges are received, Project Water will be made available to the participant. All late payment fees are listed on the current Rate Sheet.
- ii. Once a request for Project Water is made, participants remain responsible for payment, even if they later withdraw from the allocation.
- iii. Failure to submit payment, including any applicable late fee, will result in the participant being deemed ineligible for all future Project Water allocations until the outstanding balance is paid in full.

The existing policy, adopted in 1993, strictly prohibits consideration of any application received after the published deadline and automatically voids approved allocations if payment is not received on time. While this approach provides clarity, it does not allow flexibility for minor delays and does not provide a mechanism to address late submissions in a consistent or enforceable manner.

Under the current “hard deadline” policy, applicants who miss the deadline by a short period are automatically excluded, even when the delay is administrative in nature. As a result, otherwise eligible participants may lose access to Project Water, and staff have limited options to address late submissions without formal policy direction. In addition, the current policy does not clearly define participant responsibility once a Project Water request has been made, nor does it establish consequences for unpaid balances beyond voiding the current allocation.

District staff proposes revising Section 21 to establish a formal Late Application and Late Payment Policy that introduces limited flexibility while maintaining accountability and protecting District operations. As part of this revision, late application and late payment fees would be established through the Rate Sheet, where none currently exist. The proposed policy framework would be as follows:

- Applications may be submitted up to five business days after the published deadline and will be considered only upon payment of a late application fee, to be established in the Rate Sheet.

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- All applications received after the published deadline will be treated as late applications, and the District will notify the applicant and provide an opportunity to submit the required late application fee.
- Failure to submit the late application fee upon notification will result in the application being deemed ineligible for review.
- Payments for Project Water may be accepted after the published deadline with an applicable late payment fee, to be established in the Rate Sheet, and Project Water will be made available once payment is received.
- Once a request for Project Water is made, participants remain financially responsible for the allocation, even if they later withdraw.
- Failure to submit payment, including any applicable late fees, will result in the participant being ineligible for all future Project Water allocations until the outstanding balance is paid in full.
- The Board retains the discretion to modify or waive the Late Application and Late Payment Policy, either at its discretion or upon receipt of a written request for consideration.

The proposed revision replaces the current absolute prohibition on late applications and payments with a structured policy framework, provides clear authority to establish late fees, and improves administrative consistency while preserving Board discretion and protecting District financial interests.

The change in policy will go into effect in 2027 while communicating this to the applicants this year with the application process. The fees will be determined later or with the next resolution/Water and Storage Rate Structure approval.

The District will work on getting the water applications out right after the February Board meeting. The Board acknowledges that applications may occasionally be received up to five business days after the public published date deadline. Any application submitted during this late period will be considered only if the applicant pays the late application fee specified in the rate sheet, to be determined in the next nine months. This can change every year as the board sees fit. Applications received after the publication deadline will be treated as late applications. The District will notify the applicant and provide the opportunity to submit the required Late application fee, failure to submit fee upon notification will result in the application being ineligible for review. Lastly, which is very important, the board always reserves the right to modify or waive this policy either at its discretion or upon written request for consideration. The Board can always override the policy later or waive the fee if the Board feels it's appropriate.

Regarding the late payment policy, the Board recognizes that on occasion, payments for Project Water may be submitted after the published deadline. Once the late payment and any applicable charges are received, Project Water will be made available to the participant. All late fees/ are listed on the current rate sheet. Then once a request for Project Water is made, participants

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remain responsible for payment, even if they later withdraw from the allocation. Failure to submit payment, including any applicable fees, results in the participant being deemed ineligible for all future Project Water allocation until outstanding balance is paid in full.

There are occasions the District allocates water, and an entity chooses not to take it the water then that water reverts to the District when it could have been allocated to another individual that year. Also discussed was when a second allocation is done, is it done for 50- or 5,000-acre feet?

Peter Levish explained under Title 37, we're only allowed to charge 1% interest on whatever that late fee is. This addressed any compounding interest, it will be maximum 1% interest, by statute.

Payment on past due invoices is required prior to receiving another allocation from the process.

Bill Long moved to adopt the two redlined changes in the policies with the edit that the number three item be added to item 21:a) iii from the Late Application Policy to be added to the Late Payment Policy as item iv. that the Board approve the proposed redlined changes to the Allocation Policy, including revisions to Section 21 addressing late applications and late payments, as presented by staff, with the understanding that no late application or late payment fines will be assessed during the 2026 allocation year and that such fines will begin in the 2027 allocation year. Matt Heimerich seconded the motion. Motion passes unanimously.

INFORMATION ITEMS

SNOTEL Update – discussed in presentation item titled, *Water Resources Update*.

OTHER BUSINESS

Four Mile Creek

Leann Noga informed the Committee that work on the Four Mile Creek entities is ongoing, after attorney counsel decided more research is needed and recommended the District hold off on the agreement and prepare for it in the 2027 water year. Peter Levish explained there were tons of moving parts, a municipal and agricultural component (imply different agreements), district boundaries, to not allow entities that are outside of the District to have this kind of agreement. Situation involves exchange potential. Discussion was had about exchange potential with Aurora purchasing shares in Pisgah.

Planning Session

Matt Heimerich shared information about a conversation with Alan Ward regarding better utilizing the Fry-Ark Project. The Committee agreed it is important to investigate this, and Leann Noga suggested this be part of the Strategic Planning process.

NEXT MEETING

Thursday, February 5, 2026, at 10:00 a.m.

ADJOURN

Mr. Colosimo adjourned the meeting at 10:59 a.m.

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Respectfully submitted,

Margie Medina

Water Resources Administrative Analyst