



SOUTHEASTERN COLORADO
Water Conservancy District
"Your investment in water"

February 18, 2020

Dear Stakeholders,

In 2019, the Southeastern Colorado Water District and Jacobs Engineering conducted a Financial Strategy and Sustainability Study (Finance Study) which included a financial plan, revenue requirement analysis, cost of service analysis, and rate design.

All members of the Board recognized that the District needs additional revenue to meet the requirements identified in the cost of service analysis which was a part of the study. The Southeastern Colorado Water Activity Enterprise (Enterprise) Board voted at its November 21, 2019 meeting to implement a portion of rate recommended in the Finance Study. The 2020 rate and surcharges are listed in the table below.

Board Approved Rates – FY 2020 (adopted November 21, 2019)

Description	2020 Rates and Surcharges (\$/ac-ft)					
	Proposed 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 used for Well Augmentation	13.14	0.50	0.75	0.75	2.60	17.74
Municipal used 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

* \$2.80 transferred to Reclamation

The only elements that were not studied in the Finance Study were the surcharges assessed on water and storage sales. The Board voted to amend and extend Jacobs service contract to study each of the four surcharges in detail. The Jacobs scope of work includes research and analysis of the impact of the future elimination or modification of each surcharge.

The Study of Surcharges will be a fast-moving task, with a timeline to complete the task by April 2020. The Study of Surcharges will be held in the Finance Committee. The Finance Committee will then make recommendations to the Board for further consideration and discussion. The Board and staff would like to invite any interested customer or stakeholder interested in attending meeting. A schedule of meetings and timeline is enclosed with this letter. All information can also be located at the District website.

We would like to thank all of our stakeholders who have attended the past outreach meetings and public hearings associated with the financial elements over the past year. This is the most comprehensive effort by the District to understand its financial position, and to consider options moving forward into the future.

As the Fryingpan-Arkansas Project approaches its 60th year, the infrastructure needs are growing. Climate variability has created a greater need to more closely manage our precious water resources. Most of all, we intend to continue to provide all of our stakeholders, responsive and reliable service.

If you have questions please contact the District office (719) 948-2400 or visit www.seewcd.com.

Sincerely,

A handwritten signature in blue ink that reads "James W. Broderick". The signature is written in a cursive style with a large, stylized initial 'J'.

James W. Broderick
Executive Director
Southeastern Colorado Water Conservancy District

Branch Name	Start Time	End Time
Surcharge Study (Finance Committee and Board of Director Activity)	Feb 7, 2020	Aug 20, 2020
1. Jacobs: Start study work	Feb 3, 2020	Feb 3, 2020
2. Jacobs: Study Period Surcharge Investigation and Research	Feb 3, 2020	Feb 15, 2020
3. Finance Committee for Surcharges Study Meeting	Feb 7, 2020	Feb 7, 2020
3.1 Work Plan, Timeline & Communication	Feb 7, 2020	
4. Jacobs: Study Period for Financial Analysis, Options and Recommendations	Feb 17, 2020	Mar 24, 2020
5. Finance Committee for Surcharges Study Meeting (Jacobs attend via phone)	Feb 20, 2020	Feb 20, 2020
5.1 SOD Surcharge Findings on Research	Feb 20, 2020	
5.2 Environmental Surcharge Findings on Research	Feb 20, 2020	
5.3 Enterprise Surcharge Findings on Research	Feb 20, 2020	
5.4 5.4 Augmentation Surcharge Findings and Research	Feb 20, 2020	
5.5 Discussion	Feb 20, 2020	
6. Finance Committee for Surcharges Study Meeting (Jacobs attend via phone)	Mar 19, 2020	Mar 19, 2020
6.1 SOD Surcharge Findings on Analysis, Preliminary Options and Recommendations	Mar 19, 2020	
6.2 Environmental Surcharge Findings on Analysis, Preliminary Options and Recommendations	Mar 19, 2020	
6.3 Enterprise Surcharge Findings on Analysis, Preliminary Options and Recommendations	Mar 19, 2020	
6.4 Augmentation Surcharge Findings on Analysis, Preliminary Options and Recommendations	Mar 19, 2020	
6.5 Discussion	Mar 19, 2020	
7. Finance Committee (no meeting): Draft Surcharge Report & Workshop Presentation Provided	Mar 31, 2020	Mar 31, 2020
8. Board of Directors Meeting	Apr 16, 2020	Apr 16, 2020
8.1 Workshop Presentation of Surcharge Study Findings - Jacobs	Apr 16, 2020	
9. Finance Committee for Surcharges Study Meeting (Jacobs attend via phone)	May 21, 2020	May 21, 2020
9.1 Discuss Surcharge Study Options	May 21, 2020	
9.2 Determine Recommendations to the Board of Directors	May 21, 2020	
10. Board of Directors Meeting	Jun 18, 2020	Jun 18, 2020
10.1 Finance Committee Report & Recommendation for Surcharges to the Board of Directors	Jun 18, 2020	
10.2 Board Discussion	Jun 18, 2020	
11. Board of Directors Meeting	Jul 16, 2020	Jul 16, 2020
11.1 Board Discussion on Surcharges	Jul 16, 2020	
12. Board of Directors Meeting	Aug 20, 2020	Aug 20, 2020
12.1 Action on Surcharges Option	Aug 20, 2020	
12.2 Acceptance for the Final Surcharge Report (Action will be added to Final Report)	Aug 20, 2020	

*Finance Committee for Surcharge Study Meetings will meet 30 minutes after the Board Meeting on the above schedule dates.

**The above scheduled Board of Directors Meetings begin at 9:30 a.m. as regular scheduled.

***Finance Committee Meetings regarding regular business will meet as normal at 9:00 a.m. before each Board Meeting (not listed on this schedule).

Surcharge Study Timeline



FINANCE COMMITTEE



BOARD OF DIRECTORS

Date	Activity	Finance Committee	Board of Directors
February 3, 2020	Start study work Surcharge Investigation and Research		
February 7, 2020		Kick off meeting for study	
February 17, 2020	Financial analysis, options, and recommendations		
February 20, 2020	Work with Committee	Surcharge Investigations and findings: SOD, Environmental, Enterprise, and Augmentation	
March 17, 2020		Preliminary financial analysis, options and recommendations: SOD, Environmental, Enterprise, and Augmentation	
March 19, 2020	Work with Committee		
March 31, 2020		Draft report and workshop presentation provided	
April 16, 2020	Workshop: Present findings		Workshop Presentation of findings to Board
May 21, 2020		Discuss options and determine recommendation to Board	
June 18, 2020		Present recommendation to Board	
July 16, 2020			Board Discussion
August 20, 2020			Board Discussion
August 20, 2020			Board Action on Surcharges Final Surcharge Report Acceptance