

RECORD OF PROCEEDING

**SOUTHEASTERN COLORADO WATER
CONSERVANCY DISTRICT
MINUTES
November 17, 2022**

A meeting of the Board of Directors of the Southeastern Colorado Water Conservancy District (District) was held on Thursday, November 17, 2022, at 9:36 a.m., at the District office, 31717 United Avenue, Pueblo, Colorado. The ZOOM platform was also made available for Board members and visitors.

DIRECTORS PRESENT:

Alan Hamel	Curtis Mitchell	Pat Edelmann
Andy Colosimo	Kevin Karney	Seth Clayton
Ann Nichols	Mark Pifher	Tom Goodwin
Bill Long	Matt Heimerich	

DIRECTOR(S) ABSENT AND EXCUSED:

Dallas May, Greg Felt, Howard “Bub” Miller, and Patrick Garcia

President Long asked all present to introduce themselves. President Long asked Margie Medina for a roll of those connected via ZOOM. A quorum was present.

DISTRICT OFFICIALS PRESENT:

Executive Director James Broderick; Senior Policy and Issues Manager Chris Woodka; Water Resource Engineer Garrett Markus; Principal Engineers Kevin Meador (remote) and Mark Scott; Administrator of Finance and Administration Leann Noga; General Counsel Lee Miller; Administrative Support Specialists Margie Medina and Patty Rivas (remote); Staff Attorney Peter Levish; Accountant Stephanie Shipley; Christine Arbogast (remote), Kogovsek & Associates; and Roy Vaughan, H2O Consultants (left @ 12:00).

VISITORS PRESENT:

Bobby Bandham and Jarid Prowell, Pueblo West Metro District; Jeff Rieker, Mike Holmberg, USBR; Kelly Roesch, Ryan Maecker, Scott Lorenz and Kevin Gortz, Colorado Springs Utilities; Rachel Zancanella, Colorado Division of Water Resources; Oliver Wesley, JHL Constructors; Krystal Brown, USGS.

VISITORS CONNECTED REMOTELY:

Luke Mecklenburg, (9:41-12:12) Assistant Attorney General; Jerry Pena, Kennedy Jenks; Curtis Thompson, AECOM; Roy Heald (9:37), Security Water and Sanitation; and Lisa Brown, Wilson Water Group (logged off @ 11:10).

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APPROVAL OF MINUTES:

President Long said the minutes of the October 20, 2022, District Board meeting were posted to OnBoard and the Board website for review and asked if there were any corrections or additions. Mr. Hamel moved, seconded by Mr. Pifer to approve the minutes. Motion unanimously carried.

TREASURER REPORT:

Ann Nichols reported the financial statements for October 2022 were posted to OnBoard and the Board website for review. Ms. Nichols moved, seconded by Mr. Clayton for acceptance of the October 2022 financial statements and payment of the November 2022 bills. Motion unanimously carried.

There was time available before the 9:45 a.m. budget hearing, President Long reviewed:

INFORMATIONAL ITEMS:

Items that were posted to the Board website:

- Water Court Resume
- 2023 Budget Calendar
- December Board Meeting, Dec 8, 2022
- CRWUA Conference December 14-16, Las Vegas NV

President Long also reminded the Board that an order for SECWCD Jackets is going to be placed, asked all that haven't already, to try on the jackets to get an accurate fit.

ACTION ITEMS:

Mr. Broderick presented an action item recommending the Board authorize the Executive Director to execute an agreement with the Pueblo Urban Renewal Authority to provide tax increment financing for an urban renewal project: West Pueblo Urban Renewal Area.

The West Pueblo Urban Renewal Area ("URA" or "Plan Area") is in the City of Pueblo's West side an unincorporated Pueblo County. The Plan Area is comprised of eight parcels. Five parcels are within the City of Pueblo and three are in unincorporated Pueblo County on approximately 385 acres, with eight parcels making up 354.6 acres. The purpose of this Plan is to reduce, eliminate, and prevent the spread of blight within the Plan Area through private development. The Plan sets goals to achieve this through implementing established objectives for the Area and assisting with the eligible costs of environmental mitigation, redevelopment, promoting economic growth and private investment through the tools available within the context of urban renewal tools, laws, and guidelines, including, without limitation, tax increment financing (TIF).

The most significant term of the proposed Agreement is the waiver of the right to receive incremental increased property tax payments on the property for twenty-five years. The Plan Area located within Southeastern Colorado Water Conservancy District has a 0.839 mill levy. The District's share of the current property tax base is \$293,538 and will continue to be collected by the District.

Copies of the Impact report as well as the agreement were provided to the Board.

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Mr. Hamel moved, seconded by Mr. Clayton, the Executive Director execute an agreement with the Pueblo Urban Renewal Authority to provide tax increment financing for West Pueblo Urban Renewal Plan.

Motion passed unanimously.

President Long convened the Enterprise meeting @ 9:48, to be held in conjunction with the District meeting.

PRESENTATION ITEMS:

2023 PROPOSED BUDGET HEARING

Mrs. Noga presented a PowerPoint that reviewed the following:

- Southeastern Colorado Water Conservancy District Fund
 1. 2023 Mill Levy Tax Revenues
 2. 2023 Fry-Ark Project Budget
 3. Fry-Ark Project 2022 Vs. 2023 Budgets
 4. 2023 District Operation and Capital Budget
 5. 2023 District Operation Planning and Development
 6. 2023 District Capital Outlay
 7. District Operation 2022 Vs 2023 Budget
 8. District General Funds Estimated Fund Balance

- Southeastern Colorado Water Activity Enterprise Fund
 1. 2023 Enterprise Operations, to include the Enlargement & Excess Capacity Project Budgets
 2. 2023 Enterprise Operation Capital
 3. Enterprise Operation 2022 Vs 2023 Budgets
 4. 2023 Water Sales & Storage Rates
 5. 2023 Arkansas Valley Conduit
 6. 2023 Hydroelectric Power
 7. Enterprise Operations Estimated Fund Balance

- District General Fund 2023 Budget Resolution
- Enterprise Proprietary Fund 2023 Budget Resolutions
- Enterprise 2023 Water Sales and Storage Rate Resolution

President Long recessed the Enterprise meeting at 10:24 a.m.

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COLORADO SPRINGS UTILITIES WATER SHARING AGREEMENT

Mr. Broderick introduced some background on the agreement. He introduced Mr. Scott Lorenz to present. Topics covered were:

- Background
 1. Customers of Colorado Springs Utilities
 - a. City Boundary – 195 square miles
 - b. Service area population of 520,000 (estimated in 2021)
 - c. Ute pass communities
 - d. Military bases
 - e. Other suburban areas outside City limits
 - f. 154,000 service connections
 2. Colo Springs Utilities Water Supply:
 - a. South Platte River Basin = 5%
 - b. Arkansas River Basin & Local Sources = 30%
 - c. Colorado River Basin = 65%
 3. Water Use
 - a. 68 million gallons of water served daily
 - b. 80 gallons per person, per day
 - c. 45% commercial use/55% residential use
 - d. Charts for total annual water use
- Future Planning
 1. Current system capacity = 95,000 AF
 2. Expected population in service area by 2070 = 900,000
 3. Forecasted demand = 129,000 AF
 - a. 10,000-15,000 AF/yr Finish Colorado River Projects (new supply)
 - b. 15,000 to 25,000 AF/yr Agricultural Transfers (new supply)
 - c. 10,000 – 11,000 AF/yr Demand Management (savings)
 - d. 90,000-120,000 AF Storage (new or enlarged)
 - e. 1,200 to 2,500 AF (reuse)
- Bent County Intergovernmental Agreement
 1. Goals of Agreement
 - a. 2018, C-SU and Bent County began discussions on how future water projects could be developed to preserve and enhance the local economy
 2. Goals were
 - a. Meet the requirements for Bent County 1041 permits
 - b. Provide Bent County appropriate mitigation as C-SU develops additional water supply within the county
 - c. Provide C-SU an identified path and process to receive Bent County approval of future water supply projects
 - d. Protect, preserve, and enhance Bent County economy
 - e. Do the above while respecting the private property rights of Farmers
 3. Key Terms
 - a. Applies to 15,000 of new water supply delivered to C-SU system in either Colorado Canal or Pueblo Reservoir

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- b. Limited amount of acreage may be removed from irrigation permanently
- c. Bent County will have the opportunity to participate in water storage and water supply projects that C-SU develops within the county
- d. Bent County will become signatories to the Arkansas Valley Preservation Principles
- e. Monetary mitigation
 1. C-SU will reimburse Bent County for expenses incurred in negotiating the IGA
 2. C-SU has made an upfront payment of \$2,500,000
 3. C-SU will fund a Land Use administrator position and development of a countywide GIS system for Bent County
 4. C-SU will make two payments to Bent County as it develops new projects for Economic Mitigation, funds will be released to the County when water is successfully delivered to Colorado Springs system
 5. C-SU will pay Bent County a perpetual per acre-foot payment for water developed and delivered under the IGA

- Next Steps

1. Bent County approved IGA, September 1, 2022
2. Colorado Springs City Council approved IGA, October 11, 2022
3. 3rd party contractor is working with Bent County on setting up a GIS system
4. Bent County has hired a new land administrator
5. In 2023 C-SU will submit the Wertz Project as first request under the IGA

Kelly Roesch took over the next part of the presentation.

- Arkansas Basin Water Sharing

1. Wertz Project, its location, project Overview
 - a. 707 Ft. Lyon Canal Co. shares
 - b. 399 Flood irrigated acres
 - c. 1.77 FLCC shares/Flooded Acre
 - d. 3 center pivots installed
 - e. 279 Acres covered by pivot
 - f. 120 Acres outside the pivot
 - g. 120 acres x 1.77 shares per acre = 213 corner shares
 - h. Wertz retains Ownership of 494 FLCC shares
 - i. 298 shares 3/10 lease
 - j. 168 acres not irrigated by FLCC shares in lease years
 - k. 494 FLCC shares ties permanently to the farm through deed restrictions

Q & A was opened to the audience.

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ACTION ITEMS (CON'T):

APPROVAL OF STIPULATION IN THE APPLICATION OF PONCHA SPRINGS, CASE NO. 21CW3086, WATER DIVISION 2

Mr. Lee Miller presented an action item recommending the Board authorize Special Water Counsel to execute a stipulation with the Town of Poncha Springs (“Poncha Springs”) in Case No. 21CW3086, Poncha Springs’ application to change a portion of the Poncha Springs Acequia water rights, consenting to entry of a decree that is no less restrictive on Poncha Springs and no less protective of the District’s water rights than the proposed decree dated November 7, 2022.

Poncha Springs seeks to change the historical consumptive use of a portion of the Poncha Springs Acequia water right from irrigation use to municipal and augmentation uses, to supplement the Town’s existing augmentation plans and exchanges decreed in Case Nos. 82CW104, 99CW183, and 07CW111 for the replacement of the Town’s depletions to the South Arkansas River. Poncha Springs requests that the Poncha Springs Acequia water right be changed from its decreed and historical place of use to use as consumptive credit to the South Arkansas River and Arkansas River as augmentation and for bypass water, including storage at O’Haver Reservoir, North Fork Reservoir, Boss Lake, on the Friend Ranch and in Pueblo Reservoir. Poncha Springs’ application stated that the augmentation plan decreed in Case No. 82CW104 provides for the annual purchase of 45-acre feet of Fryingpan-Arkansas Project water or such greater amount as the growth of Poncha Springs’ water demands requires, and exchange of part of that Project water to storage in Boss Lake Reservoir, North Fork Reservoir and O’Haver Reservoir. The proposed augmentation plan adds new wells and includes Project water as a replacement source for those wells; the application also referenced Poncha Springs’ first right of refusal to purchase return flows from its use of Project water.

Special Water Counsel, General Counsel, and District Staff believe that the November 7, 2022, Proposed Decree satisfies the District’s objectives for this case, as follows:

Paragraphs 22 and 25.A of the Proposed Decree include appropriate terms addressing Poncha Springs’ use of Project Water and Project Water return flows, in accordance with the District’s Policies. Paragraphs 14.C and 14.D also confirm that Poncha Springs will not use Project Water to maintain historical return flows or to replace ditch losses from the changed Poncha Springs Acequia water rights. Paragraphs 16.E, 62, and 63 include appropriate terms addressing Poncha Springs’ storage of the changed Poncha Springs Acequia water right in Pueblo Reservoir. Paragraph 65 includes appropriate Standard Language for the protection of the Winter Water Storage Program. The terms that Poncha Springs included in its proposed decree for the protection of Project Facilities and the use of Project Water are mostly variations on the District’s current Standard Language terms, based on similar language that was included in Poncha Springs’ previous decrees in Case Nos. 07CW111 and 09CW138, with revisions that Reclamation has previously requested in other cases regarding the use of Pueblo Reservoir.

Paragraph 64 of the Proposed Decree includes an alternative version of the District’s Standard Language Term V.B, which has been modified to address Poncha Springs’ releases of water from Pueblo Reservoir for return flow replacement when the Voluntary Flow Management Program (VFMP) is in effect. This modified term is similar to language that Upper Arkansas Water Conservancy District

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included in its proposed decree in Case No. 19CW3089 and is sufficient to ensure that Poncha Springs' releases from Pueblo Reservoir to replace historical return flows will not injure the VFMP.

Paragraph 29 of the Proposed Decree addresses Poncha Springs' bypass obligations for the replacement of municipal sewer return flows to the South Arkansas River. Because Poncha Springs delivers these return flows by pipeline from Poncha Springs to the City of Salida's wastewater treatment plant, the return flows bypass and deplete the intervening reach on the South Arkansas River. Paragraph 29 states that Poncha Springs must provide bypass water to replace these depletions during the irrigation season when there is a senior call in the intervening reach of the South Arkansas River. Special Water Counsel requested, and Poncha Springs included, specific language in its proposed stipulation with the District providing that Poncha Springs will provide bypass water when District places a valid call for water under its South Arkansas River exchange right decreed in Case No. 97CW160.

The board was provided copies of the Proposed Stipulation as well as the Proposed Decree.

Mr. Pifher moved, seconded by Mr. Hamel to authorize Special Water Counsel to enter into a stipulation as proposed with the Town of Poncha Springs, consenting to entry of a decree in Case No. 21CW3086 that is no less restrictive on Poncha Springs and no less protective of the District's water rights than the proposed decree dated November 7, 2022. Motion passed unanimously.

2022 COMPENSATION REVIEW

Mr. Broderick presented an action item to recommend approval of the 2022 Compensation review.

This Southeastern Colorado Water Conservancy District conducts a compensation salary review every three years. The purpose of the compensation review is to determine how closely the District's salary ranges align with its competitive pay target and setting salary range midpoints to the 70th percentile of prevailing wages. The HR Committee met on October 20, 2022, and after review of the 2022 Compensation Review document, prepared by District staff, it was recommended by the Committee to recommend to the Board approval of the Compensation Review and setting salary ranges that incorporate a 40 percent spread with an 8 percent increase for the 2023 budget period and to maintain competitive ranges, the District will age the salary range annually.

Mr. Hamel moved, seconded by Ms. Nichols the Board of Directors approve the 2022 Compensation Study and salary ranges that incorporate a 40 percent spread with an 8 percent increase for the 2023 budget period, and to maintain competitive ranges, the District will age the salary ranges annually. Motion passed unanimously.

FAMILY AND MEDICAL LEAVE INSURANCE PROGRAM (FAMLI)

Mr. Broderick presented to the Board an action item that recommends the Board decline all participation in the FAMLI program. Employees may choose to enroll in the FAMLI program by self-reporting and paying premiums directly to the FAMLI Division.

The FAMLI program allows up to 12 weeks of paid family and medical leave funded through a payroll tax paid by employers and employees in a 50/50 split. An additional four weeks of leave

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are allowed for pregnancy or childbirth complications. The first premiums will be paid beginning on January 1, 2023, and benefits will begin to be available on January 1, 2024.

The Board was provided details on the new FAMILI program, as well as what the District currently has in place.

Mr. Hamel moved, seconded by Mr. Clayton that the District decline all participation in the Family and Medical Leave Insurance Program by the adoption of resolution 2022-01HR. Motion passed unanimously.

PUEBLO URBAN RENEWAL AUTHORITY COLORADO SMELTER REVITALIZATION PROJECT TAX INCREMENTAL FINANCING.

Mr. Broderick presented an action item that recommends the Board authorize the Executive Director to execute an agreement with the Pueblo Urban Renewal Authority to provide tax increment financing for an urban renewal project: Colorado Smelter Revitalization Project Urban Renewal Area.

The Colorado Smelter Revitalization Project Urban Renewal Area (“URA” or “Plan Area”) encompasses 2,642-acres within the City of Pueblo. This area includes 4,343 parcels. The Plan sets goals to achieve this through implementing established objectives for the Plan Area and assisting with the eligible costs of environmental mitigation, redevelopment, promoting economic growth and private investment through the tools available within the context of urban renewal tools, laws, and guidelines, including, without limitation, tax increment financing (TIF).

The most significant term of the proposed Agreement is the waiver of the right to receive incremental increased property tax payments on the property for twenty-five years. The Plan Area located within Southeastern Colorado Water Conservancy District has a 0.839 mill levy. The District’s share of the current property tax base is \$557,000 and will continue to be collected by the District. The base amount is expected to grow to approximately \$1,840,000 over the 25-year period.

Copies of the Impact report as well as the agreement were provided to the Board.

Mr. Clayton moved, seconded by Mr. Karney the Board of Directors recommend the Executive Director to execute an agreement with the Pueblo Urban Renewal Authority to provide tax increment financing for the Colorado Smelter Urban Renewal Plan. Motion passed unanimously.

COLORADO SPRINGS URBAN RENEWAL AUTHORITY GOLD HILLS MESA TAX INCREMENTAL FINANCING

Mr. Broderick presented to the Board an action item recommending the Board authorize the Executive Director to execute an agreement with the Colorado Springs Urban Renewal Authority to provide tax increment financing for an urban renewal project: Gold Hills Mesa Tax Sharing Agreement.

The Gold Hill Mesa Urban Renewal Area (“URA” or “Plan Area”) is in the City of Colorado

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Springs in El Paso County. The Plan Area is comprised of 19 parcels on approximately 106.7 acres of land plus adjacent right-of-way (ROW). The boundaries of the Plan Area to which this Plan applies includes Highway 24 to the northeast, South 21st Street to the west, and existing Villa De Mesa and Gold Hill Mesa residential developments to the south as shown in Figure 1 of the Draft Report Gold Hill Mesa Commercial Urban Renewal Plan and more particularly described on Exhibit A attached. All properties within the Plan Area are zoned as a Traditional Neighborhood Development (TND), which is a residential zoning classification that encourages a diversity of housing types integrated with commercial and other uses with a pedestrian-friendly environment and street connectivity. The land uses proposed in the Study Area align with the zoning classifications and will include a variety of residential housing types for ownership and rent as well as a commercial node with neighborhood uses potentially including restaurants, grocery, hotel, and other entertainment retail uses.

The purpose of this Plan is to reduce, eliminate, and prevent the spread of blight within the Plan Area through private development. The Plan sets goals to achieve this through implementing established objectives for the Area and assisting with the eligible costs of environmental mitigation, redevelopment, promoting economic growth and private investment through the tools available within the context of urban renewal tools, laws, and guidelines, including, without limitation, tax increment financing (TIF).

The most significant term of the proposed Agreement is the waiver of the right to receive incremental increased property tax payments on the property for twenty-five years. The Plan Area located within Southeastern Colorado Water Conservancy District has a 0.920 mill levy. The district's share of the current property tax base is \$131.00 and will continue to be collected by the District. The base amount is expected to grow at 3.0 percent every two years resulting in an annual amount of \$187.00 in year 25 and generating a total of approximately \$3,919 over the 25-year period.

Copies of the Impact report as well as the agreement were provided to the Board.

Mr. Clayton moved, seconded by Mr. Colosimo the Board of Directors recommend the Executive Director to execute an agreement with the Colorado Springs Urban Renewal Authority to provide tax increment financing for Gold Hill Mesa Commercial Urban Renewal Plan. Motion passed unanimously.

MONTHLY/QUARTERLY REPORTS:

U.S BUREAU OF RECLAMATION REPORT

Mr. Mike Holmberg provided a Presentation reviewing the following:

- There were 178,369 acre-feet stored in Pueblo Reservoir; 120,328 acre-feet of Project water; 46,481 acre-feet of Excess Capacity water; 3,952 acre-feet of Winter water and winter carryover
- There is currently 125,045 acre-feet of Project space in Pueblo Reservoir and 34,869 acre-feet of space in Turquoise and Twin Lakes Reservoirs.
- Charts illustrating storage amounts in Turquoise Lake, Twin Lakes, and Pueblo Reservoir
- Project Reservoirs as of Nov 8, 2022: Turquoise 84%, Twin Lakes 106%, Pueblo 112%
- Project Reservoirs as of Nov 8, 2021: Turquoise 77%, Twin Lakes 99%, Pueblo 112%

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- As of October 31, 2022, Total M&I in the System = 119,140 AF
 1. East = 18,091
 2. West = 8,912
 3. Pueblo = 17,276
 4. Other = 3,483
 5. FVA = 71,378
 - a. CSU = 52,009
 - b. Fountain = 6,626
 - c. Security = 5,588
 - d. Stratmoor = 2,102
 - e. Widefield = 5,052

- Snowpack as of November 14, 2022

Mr. Holmberg introduced Jeff Rieker. Mr. Rieker reviewed some updates with the Board:

- Funding for the Arkansas Valley Conduit from the Infrastructure Plan
- Construction on the Boone reach
- Final design work for reaches past Boone
- Eastern Regional Office has appointed a new manager for the Resources Division: Tracy Roth
- Mt. Elbert, contracting efforts remain for a permanent replacement for one of the two rotors at the hydro plant
- Final contracting process for replacement of the Leadville mine drainage tunnel treatment plant
- Watching closely the Colorado River Basin, meeting monthly and biweekly to stay in tune with the pulse of what's going on

President Long thanked the Bureau for their continued efforts in regard to funding of the AVC project.

Q & A was opened to the audience.

U.S. GEOLOGICAL SURVEY REPORT

Mrs. Krystal Brown's presentation covered the following topics:

- A historical perspective of monthly streamflow comparison for the month of April 2022 – September 2022
- Water Supply Forecasts of the Lower Arkansas Basin in Colorado
- Daily average for discharge (cubic feet per second) for:
 1. Arkansas River Near Leadville & cumulative streamflow hydrograph
 2. Arkansas River near Avondale & cumulative streamflow hydrograph
 3. Arkansas River at Las Animas & cumulative streamflow hydrograph
 4. Purgatoire River at Las Animas & cumulative streamflow hydrograph
 5. Monitoring Resources

Q&A was opened to the Board.

COLORADO RIVER ISSUES

Mr. Lee Miller reminded the Board that the Colorado River Committee will be meeting ½ hour after the Board Meeting adjourns.

