

RECORD OF PROCEEDING

---

---

**SOUTHEASTERN COLORADO WATER  
CONSERVANCY DISTRICT**

**MINUTES**

**September 20, 2018**

A regular meeting of the Board of Directors of the Southeastern Colorado Water Conservancy District (District) was held on Thursday, September 20, 2018 at 9:34 a.m. at the District office, 31717 United Avenue, Pueblo, Colorado.

President Long announced a quorum was present.

**DIRECTORS PRESENT:**

Bill Long	Curtis Mitchell	Gibson Hazard
Kevin Karney	Carl McClure	Howard "Bub" Miller
Tom Goodwin	Dallas May	Greg Felt
Mark Pifher	Alan Hamel	Seth Clayton
Andy Colosimo	Patrick Garcia	

**DIRECTOR(S) ABSENT AND EXCUSED:**

Ann Nichols

**DISTRICT OFFICIALS PRESENT:**

Executive Director James Broderick; General Counsel Lee Miller; Administrative Manager Toni Gonzales; Principal Engineer Kevin Meador; Water Resources Engineer Garrett Markus; Issues Management Program Coordinator Chris Woodka ;and Finance Manager Leann Noga.

**VISITORS PRESENT:**

Roy Vaughan and Shane Hayden, Bureau of Reclamation-Pueblo Office; Krystal Brown, U.S. Geological Survey; Curt Thompson, AECOM; Bill Tyner, Division Engineers Office; Daniel Dilts and Kortney Kelly, Fountain Valley Authority; Mark Scott, GHD, Steve Howell, Kleinfelder; Abby Ortega, Colorado Springs Utilities; Kevin Niles, Arkansas Groundwater Users Association; Dwight Gardner, U.S. Senator Michael Bennet's office; and Jerry Peña, GEI Consultants.

**INTRODUCTION OF VISITORS:**

President Long welcomed the visitors to the meeting, and asked them to introduce themselves and identify the organization they represented.

RECORD OF PROCEEDING

---

---

**APPROVAL OF MINUTES:**

President Long said the minutes of the August 16, 2018 Board meeting were posted to the Board website for review, and asked if there were any corrections or additions. Hearing none, Mr. Howard “Bub” Miller moved, seconded by Mr. Garcia, to approve the minutes. Motion unanimously carried.

**FINANCE COMMITTEE REPORT:**

Mr. Karney reported the financial statements for August were posted to the Board website for review. Mr. Karney moved, seconded by Mr. Clayton, for acceptance of the August financial statements and payment of the September 2018 bills. Motion unanimously carried.

**CONSENT ITEMS:**

None

**PRESENTATIONS:**

**DISTINGUISHED BUDGET PRESENTATION AWARD FOR THE 2018 BUDGET PUBLICATION**

President Long reported the Government Finance Officers Association (GFOA) awards the Distinguished Budget Presentation Award to governments with very high quality that reflects both the guidelines established by the National Advisory Council on state and local budgeting and the GFOA’s best practices on budgeting. The District has earned the award for a seventh time for the 2018 Budget publication. The 2018 Budget publication earned the highest rating so far with this 2018 publication.

President Long recognized Leann Noga for taking the lead. The Budget Team was presented the Certificate of Recognition for Budget Presentation. The Budget Team was made up of James Broderick, Leann Noga, Toni Gonzales, and Chris Woodka. President Long presented the Distinguished Budget Presentation Award to the Budget Team. Mrs. Noga acknowledged the Budget Team for working together and providing the document that was submitted and said each year the Budget Team will work on the suggested improvements.

Mrs. Noga thanked the team and gave a special recognition to Chris Woodka for his writing skills that produced a clearer understanding of the publication material. In 2019 Stephanie Shipley will be added to the team.

Mr. Broderick recognized Stephanie Shipley for attending the GFOA training on Governmental Accounting and the knowledge she brings to the District. Mrs. Shipley thanked the Board for the opportunities she is granted to increase her knowledge.

**FRAMING THE FUTURE OF FINANCES**

Leann Noga presented a PowerPoint presentation, *Framing the Future of Finances Fund Obligation Accounts*, reviewing the following:

- What is Fund Obligation Accounts For?
- Strategic Fund Obligation Framework
- Capital Improvement Plan

RECORD OF PROCEEDING

---

---

- Future Financial Planning
- District Fund Obligation Account Targets
- Enterprise Fund Obligation Account Targets
- We Know
- Today's Action in the District and Enterprise
- We Will Bring You

**ACTION ITEMS:**

**CREATE FUND OBLIGATION ACCOUNTS AND TARGETS FOR SPECIFIC PURPOSES IN THE DISTRICT FUND**

Mrs. Noga reported on September 13, 2018, the Executive Committee received a full presentation on the Framing the Future of Finances regarding the creation of accounts for assigned funds and setting targeted totals for these accounts.

The Framing the Future of Finances presentation is designed to align the Strategic Plan with targeted total dollar amounts that are believed to be necessary to accomplish the plan elements in the District's future. This action creates the accounts and set a targeted total. The targeted totals are estimates and can and will be adjusted in the future. Staff plans to bring this to the Board of Directors in the budget process each year.

In a future presentation staff will provide an account balance and percentage to target for each element listed in the table. We will also align a proposed timeline to each account.

The table of the accounts discussed:

- 2017 Target: Targets that were presented at the Framing the Future meetings in 2017
- 2018 Target: Revised Targets presented in Framing the Future of Finance meetings (September 2018)

RECORD OF PROCEEDING

District Fund Balance Reserve Accounts	2017 Target	2018 Target
Restricted		
TABOR	\$150,000	\$150,000
Committed Funds (Board Resolution)		
Fry-Ark Repayment	\$5,000,000	\$1,500,000
Enlargement	\$2,000,000	\$2,000,000
Non-Spendable	\$1,850,000	\$2,300,000
Unassigned	\$500,000	\$500,000
Assigned Funds		
<b>Water Supply Storage &amp; Power</b>		
Fry-Ark System Improvements	\$0	\$1,000,000
Cost of Service Study	\$300,000	\$300,000
<b>Water Supply Protection &amp; Efficiency</b>		
Water Rights Protection & Legal Cases	\$750,000	\$750,000
Water Shed Management & Healthily Forest	\$300,000	\$300,000
Conservation	\$50,000	\$300,000
Environmental Recovery	\$600,000	\$1,000,000
Safety of Dams	\$0	\$1,560,000
<b>Future Water Supply &amp; Storage</b>		
Fry-Ark Assets Evaluation	\$0	\$40,000
Fry-Ark Condition Assessment	\$1,000,000	\$150,000
Recovery of Storage	\$750,000	\$180,200,000
Interconnect on Pueblo Dam	\$0	\$16,000,000
<b>Core Business</b>		
Operation	\$600,000	\$300,000
Headquarters Capital Improvements	\$600,000	\$600,000
Reclamation Reform Act	\$50,000	\$25,000
<b>Total</b>	<b>\$14,500,000</b>	<b>\$208,975,000</b>

Mr. Clayton moved, seconded by Mr. Hamel, the Board of Directors approve the creation of assigned accounts and targeted amounts, with the understanding that many target amounts are estimates and will change in the future. Motion unanimously carried.

**APPOINTMENT OF BUDGET OFFICER**

The first action the governing board must take under the Budget Law is to designate or appoint a Budget Officer to prepare and submit a proposed budget (Section 29-1-104 C.R.S).

Mr. Goodwin moved, seconded by Mr. Pifher, to appoint Finance Manager Leann Noga as the Budget Officer for the 2019 District budget preparation. Motion unanimously carried.

**SET PUBLIC HEARING FOR 2019 PROPOSED BUDGET**

Mr. Karney reported the Board conducts a Public Hearing each year prior to adopting the annual budget, which a published notice is required.

RECORD OF PROCEEDING

---

---

Mr. Karney moved, seconded by Mr. Clayton, the Board set November 15, 2018 at 9:45 a.m. at the office of the Southeastern Colorado Water Conservancy District for a Public Hearing for the 2019 Proposed Budget of the District. Motion unanimously carried.

**AMENDED RESOLUTION AND ORDER DETERMINING THE AMOUNT OF COMMITTED FUND BALANCE FOR A SPECIFIED PURPOSE**

Mrs. Noga reported in 2011 Resolution No. 2011-2DF was passed by the District Board of Directors adopting Governmental Accounting Standards Board Statement (GASB) No. 54. In accordance with GASB No. 54 all Governmental Committed Fund balance must be approved through Board Resolution.

In 2011, the Board approved Committed Fund in the amount of \$5 million for the Fryingpan-Arkansas Project Repayment Obligation and \$2 million for the Development of Enlargement Space.

On September 13, 2018, the Executive Committee acted to recommend that the Board of Directors adopt the Certified Amended Resolution and Order Determining the Amount of Committed Fund Balance for Specified Purpose, Resolution No. 2018-01DF.

As a result of the 11<sup>th</sup> Amendment of the Contract No. 5-07-70-W0086 between the United States of America and the Southeastern Colorado Water Conservancy District regarding the Fryingpan-Arkansas Project, a realignment of committed funds is necessary. The 11<sup>th</sup> Amendment of the contract amortizes the outstanding debt of Project over the remaining repayment period at zero percent interest. Annual payment to the Bureau of Reclamation has changed from nearly \$6.9 million to \$1,467,572 annually.

The District has historically reserved the amount of one annual payment as a committed fund reserve for this Fryingpan-Arkansas repayment obligation. The suggested motion and resolution will adjust the amount of the Project repayment obligation \$5 million to \$1.5 million as a direct result of the reduction in payment.

Mr. Pifher moved, seconded by Mr. May, the Board of Directors adopt the Certified Amended Resolution and Order Determining the Amount of Committed Fund Balance for Specified Purpose by the Southeastern Colorado Water Conservancy District, Resolution and Order No. 2018-01DF. Motion unanimously carried.

**MONTHLY/QUARTERLY REPORTS:**

**U.S. BUREAU OF RECLAMATION REPORT**

Shane Hayden provided a PowerPoint presentation reviewing the following:

- As of September 16, 2018 there were 195,333 acre-feet stored in Pueblo Reservoir; 133,576 acre-feet of Project water; 45,164 acre-feet of Excess Capacity water; 14,968 acre-feet of Winter water
- There is currently 111,797 acre-feet of Project space in Pueblo Reservoir and 38,916 acre-feet of space in Turquoise and Twin Lakes Reservoirs

RECORD OF PROCEEDING

---

---

- Charts illustrating storage amounts in Turquoise, Pueblo, and Twin Lakes
- Total M&I Project Water in the System
- Project Reservoirs: Turquoise 94%; Twin Lakes 83%; Pueblo 142%
- What Happened with the Forecast?
- How Dry was it in 2018?
- Warm and Dry Winds = Bye Bye Snow
- U.S. Drought Monitor-West/Colorado September 11, 2018

DIVISION ENGINEER'S REPORT

Mr. Tyner presented a PowerPoint reviewing the following:

- What's Just Past- Low Flows Above Pueblo Reservoir
- Low Flows Result in Senior Calls
- Low Precipitation in Calendar Year 2018
- What's in Store – Winter Water Storage Expectations
- Ditch Diversions Pueblo – John Martin
- Irrigation Diversions Pueblo-John Martin (Jan-Oct) versus Winter Water Storage

U.S. GEOLOGICAL SURVEY

Krystal Brown, presented a PowerPoint titled, *USGS Update-Evaluation of Selected Water-Quality Issues*, reviewing the following:

- Historical Perspective
- Arkansas River at Parkdale
- Daily TDS Concentrations from Real-Time Specific Conductance Locations
  - Arkansas River at Portland 2018
  - Arkansas River Above Pueblo 2018
- 2018, 2017, and 2012 Pueblo Reservoir Profiles
- Water-Quality Summaries for Major River Basins
  - Arkansas River Basin 2000-2016
  - Arkansas River Near Portland, CO

Ms. Brown stated that the data will be updated with the 2017 data in a couple of weeks.

STATE LEGISLATIVE UPDATE

Lee Miller reported the Water Resources Review Committee (WRRC) will meet at the Capitol on September 27, 2018, to consider several draft bills and vote whether to move them forward for consideration in next year's General Assembly. Senator Larry Crowder requested drafting of a Senate Joint Memorial urging the federal government to fund the Arkansas Valley Conduit. Lee Miller will report on the WRRC's action relating to these bills at a future Board meeting.

