

RECORD OF PROCEEDING

**SOUTHEASTERN COLORADO WATER
CONSERVANCY DISTRICT
MINUTES**

April 15, 2021

A virtual meeting of the Board of Directors of the Southeastern Colorado Water Conservancy District (District) was held on Thursday, April 15, 2021 at 9:30 a.m. via ZOOM.

President Bill Long welcomed all in attendance to the virtual meeting. Mr. Long asked Patty Rivas to do a roll call. Mr. Long established that a Quorum was present.

DIRECTORS CONNECTED:

Alan Hamel	Curtis Mitchell	Mark Pifher
Andrew Colosimo	Dallas May	Pat Edelmann
Ann Nichols	Greg Felt	Patrick Garcia
Bill Long	Howard “Bub” Miller	Seth Clayton
Carl McClure 9:34 <i>connected</i>	Kevin Karney	Tom Goodwin

DIRECTOR(S) ABSENT AND EXCUSED:

None

DISTRICT OFFICIALS CONNECTED:

Executive Director James Broderick; General Counsel Lee Miller; Principal Engineer Kevin Meador; Senior Policy and Issues Manager Chris Woodka; Water Resource Engineer Garrett Markus; Finance Manager Leann Noga; Administrative Support Specialist Margie Medina; Accounting Specialist Stephanie Shipley; Accounting Support Specialist Lynette Holt; Patty Rivas Administrative Support Associate; and Christine Arbogast, Kogovsek and Associates.

VISITORS CONNECTED:

Abba Ahmed, Aurora Water; Barbara Crockett, Jacobs Engineering Group; Bill Tyner, Division Engineers Office; Brandon Bernard Widefield Water & Sanitation; Cathy Garcia and Clarice Navarro, Congress Woman Lauren Boebert’s office; Dustin Mueller and Mitch Downs Osborne, Parsons & Rosaker; Jeffery Deherrera, Pueblo West Metro District; Jenny Bishop, Colorado Springs Utilities; Jerry Pena, Kennedy Jenks; John Dawson and Warren Paul, Mott MacDonald; Kevin Salter Kansas Department of Ag; Kevin Bergschneider, HDR Engineering; Krystal Brown, USGS; Mark Scott, Providence Infrastructure; Mike Holmberg, USBR; Toni Gonzales; Tom Waters Arkansas Headwaters Recreation Area.

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ACTION ITEM:

SWEARING IN OF APPOINTED BOARD MEMBERS

Lee Miller said he had received a Court Order appointing Seth Clayton, Greg Felt, Andy Colosimo, Carl McClure, and Howard “Bub” Miller to four-year terms on the District Board. He asked that Mr. Clayton, Mr. Felt, Mr. Colosimo, Mr. Miller and Mr. McClure unmute their microphones and turn their cameras on and repeat the oath. Carl McClure was able to verbally connect via ZOOM. After reading the oaths, Mr. Miller asked to have Lynette Holt (authorized Notary) acknowledge she heard each Board member swear their oath. Mrs. Holt confirmed this information. The reappointed Board members were asked to sign the oath and send back electronically, then follow up by mailing in a hard copy to the District for filing with the court. Mr. Lee Miller congratulated the reappointed members.

President Long thanked the reappointed members Mr. Clayton, Mr. Felt, Mr. Colosimo, Mr. Howard Miller, and Mr. McClure.

PUBLIC HEARING 799 EVELYN DRIVE PETITION FOR INCLUSION

Mr. Long called to order the Public Hearing @ 9:48 AM. :

This is the Public Hearing on the petition for inclusion filed by Irmina & Marek Solak for the 799 Evelyn Drive petition for inclusion, which consists of 120 acres of property south of Canon City into the Southeastern Colorado Water Conservancy District.

Is a representative of the petitioner present? The petitioner was not present.

Mr. Long called on Mr. Markus to provide the staff report on this inclusion:

This is the Public Hearing on the petition for inclusion of 120 acres of property filed by Irmina and Marek Solak south of Canon City into the Southeastern Colorado Water Conservancy District, pursuant to Colorado Revised Statutes, Section 37-45-136.

At the Board Meeting held on March 18, 2021 the Board ordered that notice of the filing of this petition to be published in a newspaper of general circulation within the county where the land is located, which notice consisted of 2 publications, and that the notice stated the filing of this petition, the name of the petitioner, and a descriptions of lands -- giving notice to all persons interested to appear at this time and location to show cause in writing why the petition should not be granted, and that this Hearing must be held within 30 days of the last publication --pursuant to Colorado Revised Statute Section 37-45-136(2).

This notice was published twice in the Canon City Daily Record, a newspaper of general circulation in Fremont County. A copy of the newspaper’s affidavit of publication is in the public record. The last publication date was April 14, 2021 which was less than 30 days ago.

BACKGROUND, HISTORY AND STAFF RECOMMENDATION

A petition was received in 2021 from Irmina and Marek Solak, requesting that its property be annexed into the District. The petition for inclusion included land in Fremont. Legal Counsel, per the inclusion manual, determined it was in compliance with the Water Conservancy inclusion statute found in Colorado Revised Statutes, Section 37-45-136. Staff has determined the following:

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- The Legal description is adequate.
- The total area included in this petition is 120 acres. (A map is in posted material)
- The assessed valuation for 2021 is \$90,000.00.
- The Administrative Fee for processing is \$1,500.00
- The back tax amount assessed is \$1751.00
- Required signatures were properly notarized, as required by statute.

BUREAU OF RECLAMATION

The Southeastern District administers the Fryingpan-Arkansas Project which is a federally authorized Reclamation project. Under Southeastern's Repayment Contract with Reclamation, and applicable federal reclamation law, no changes can be made to Southeastern's boundaries through inclusions of land - except upon the Secretary of Interior's written permission. As Petitioner, the petitioner will bear the responsibility and costs for obtaining this federal permission. Any favorable action Southeastern takes on this petition is subject to Department of the Interior's approval. If the Board approves the petition, staff will file the appropriate documents with Reclamation.

STAFF RECOMMENDATION

After review, District staff is recommending that this petition be approved, subject to Department of Interior assent. That concluded Mr. Markus' my report.

Mr. Long thanked Mr. Markus, and once again asked for confirmation if the petitioner was present. The petitioner was not present. Mr. Long asked if any Board members had any questions for Mr. Markus, there were no questions. Mr. Long asked if there were any objections made, Mr. Markus confirmed the District had not received any.

Mr. Goodwin moved, seconded by Mr. Garcia , that Board approve the Resolution 2021-01D INCL-PT and Petition for 799 Evelyn Drive land subject to Department of Interior assent and direct staff to file the appropriate documents with the Bureau of Reclamation.

Mr. Long closed the hearing at 9:55 A.M. Motion unanimously carried.

APPROVAL OF MINUTES:

President Long said the minutes of the March 18, 2021 Board meeting were posted to the Board website for review and asked if there were any corrections or additions. Mr. Karney moved, seconded by Mr. Pifer approve the minutes. Motion unanimously carried.

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TREASURER REPORT:

Treasurer Nichols reported the financial statements for March 2021, were posted to the Board website for review. Ms. Nichols moved, seconded by Mr. Clayton for acceptance of the March 2021 financial statements and payment of the April 2021 bills. Motion unanimously carried.

PRESENTATION ITEM:

2020 ANNUAL AUDIT

President Long convened the Enterprise Board meeting to order at 9:37 A.M. to be held in conjunction with the District Board meeting to present the 2020 Annual Audit presentation.

Mrs. Noga introduced Mitchell Downs and Justin Mueller, from Osborne, Parsons & Rosacker, LLP, who represent the firm that conducted the 2020 audit. Mr. Downs read the Independent Auditor's Report.

ACTION ITEMS (continued):

APPROVAL OF 2020 ANNUAL AUDIT

Mr. Edelmann moved seconded by Mr. May, the audit of the 2020 financial statement of the District and Enterprise be approved as presented. Motion unanimously carried.

Leann Noga gave a special thank you to Stephanie Shipley, for the great work she did in the audit process.

APPROVAL OF 2020 FINANCIAL STATEMENTS

Mr. Edelmann moved, seconded by Mr. Hamel, the 2020 financial statements of the District and Enterprise be approved as audited. Motion unanimously carried.

President Long thanked Leann Noga and the finance team.

Mr. Long recessed the Enterprise Board meeting at 10:09 A.M. that was held in conjunction with the District Board meeting.

INCLUSION OF LAND ANNEXED BY COLORADO SPRINGS

Mr. Markus presented an action item suggesting the Board approve the inclusion of the Date Joint Venture Add. No. 1 into the Southeastern Colorado Water Conservancy District (District) with the standard terms and conditions. Once approved by the Board of Directors, staff will send the annexation to Bureau of Reclamation (Reclamation) for assent. The District will submit the inclusion to the District Court for final decree.

Mr. Garcia Moved, seconded by Mr. Pifher that the Board approve by resolution, the inclusion of the Date Joint Venture Add. No. 1 annexed by Colorado Springs subject to the following terms and conditions:

1. Approval of these inclusions into the Southeastern Colorado Water Conservancy District will not increase the amount of Fryingpan-Arkansas Project water available to the city. Any Fryingpan-Arkansas Project water used on these included lands will need to come from the water allocated to the city through Fryingpan-Arkansas Project water allocations made pursuant to the District's Allocation Principles and Policies; and

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2. Any use of Fryingpan-Arkansas Project water on the included lands is subject to the decrees for the Fryingpan-Arkansas Project, and to all lawful rules, regulations, principles, policies, and contractual obligations of the District; and

3. The annexed lands will be subject to ad valorem taxes levied by the District as any other similarly situated lands in the District at the time of this inclusion; and

4. Prior to the District filing a petition for District Court approval of this inclusion, the Municipality, and/or owner(s) of the annexed lands shall have paid all the costs charged by the United States in connection with the contracting officer's assent to this inclusion.

Motion unanimously carried. Mr. Long asked of Mr. Markus to inform the Board the difference between Inclusion by Annexation vs. Inclusion by Petition. Mr. Markus complied.

MONTHLY/QUARTERLY REPORTS:

U.S. BUREAU OF RECLAMATION REPORT

Mr. Mike Holmberg presented report reviewing the following, as of April 7, 2021:

- There were 211,223 acre-feet stored in Pueblo Reservoir; 126,156 acre-feet of Project water; 42,090 acre feet of Excess Capacity water; 32,779 acre-feet of Winter Water.
- There is currently 119,217 acre-feet of Project space in Pueblo Reservoir and 45,937 acre-feet of space in Turquoise and Twin Lakes Reservoirs
- Charts illustrating storage amounts in Turquoise, Twin Lakes, and Pueblo Reservoir
- Project Reservoirs: Turquoise 121%, Twin Lakes 87%, Pueblo 97% as of April 7, 2021
- First Use Project + PCO Municipal Water
- Total M&I PW in the system is 126,659 acre-feet as of March 31, 2021
- Snowpack Summaries for Arkansas River Basin, and the Colorado River Basin

DIVISION ENGINEER REPORT

Mr. Bill Tyner presented a report titled - Economic Aspect of Supplemental Supplies to Mainstream Ditches Below Pueblo Reservoir. The presentation built on information that was presented at the February 2021 SECWCD Meeting related to the value of supplemental irrigation supplies in the lower Arkansas Valley.

A question following the February presentation is "What is the economic value of supplemental water supply for gross farm revenues?" In order to arrive at a reasonable estimate for this purpose the prior data on diversion amounts per ditch was put to use along with the crop percentages by ditch used in the H-I Model over the past five-year period. The revenue values were derived for each of four comparison ditches by utilizing recent crop yield and price data and generating a weighted gross revenue value per acre for each of the four ditches evaluated.

Both the Bessemer Canal and Catlin Canal are interesting in terms of the slightly higher percentage of vegetable crops as compared to other ditches. A variety of vegetables are grown under the Bessemer Canal with chili peppers, sweet corn, and onions being prominent. Catlin Canal's vegetable contribution

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is dominated a little more by the world-famous Rocky Ford melons including cantaloupe, watermelons and honeydew melons. Catlin Canal also has a fairly dominant alfalfa hay production.

The Rocky Ford Highline Canal and Fort Lyon Canal have relatively small amounts of vegetable acre and are more predominant in alfalfa hay and other hay, corn and grains. During drought years the percentage of corn drops off and hay and grains pick up. Hay production yield was measured in tons per acre and the pricing was in dollars per ton. Corn and grain yields are predominantly in bushels per acre with pricing in dollars per bushel. Corn silage is in tons per acre with pricing in dollars per ton. Vegetables can be priced by the bushel (peppers), 100# weight (onions) or box (cantaloupe). Data is a bit more sparse for vegetable production and revenue.

The unit cost of gross revenue per acre is influenced by vegetable production since both the revenue per acre and the unit input per acre are considerably higher for vegetable crops than for the more traditional feed crops like alfalfa, corn and grain. These charts show the unit cost for 2020 utilizing yield and cost data. The weighted gross revenue per acre is based on the five-year average crop percentages from the H-I Model data.

The Highline Canal and Fort Lyon Canal have a smaller gross revenue per acre largely due to very low percentages of vegetable crops.

The revenue by source of water is derived utilizing the data presented in February which showed the percentage of headgate water delivered by type. This slide pulls together that data with the actual number of acres irrigated in 2020 for the Bessemer Ditch and estimates the relative contribution of each type of supply in acres and total gross revenue using the weighted unit cost per acre from the prior slides.

U.S. GEOLOGICAL SURVEY REPORT

Ms. Krystal Brown presented a report that covered:

- Monthly Streamflow Comparison Maps for March 2020 and March 2021
- Drought Conditions as of April 8, 2021
- Water Supply Forecasts- Lower Arkansas Basin
- USGS Colorado Real-Time Streamgage Network with a link to the data
- Real-time Weather Conditions
- Transit Times for Fountain Creek at:
 - a. Pinon and Pueblo
 - b. Arkansas River above Pueblo and Moffat St
 - c. Avondale
- The USGS Water Alert System

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STATE LEGISLATION UPDATE

Mr. Lee Miller provided a report updating the participation in the Colorado Water Congress State Affairs Committee (CWC), which meets most Mondays during the legislative session. Legislators have always been invited to participate in the discussion of water-related legislation during these meetings. Since 2015, the legislator who most consistently attended Committee meetings was Representative Jenni Arndt. On Tuesday, April 6, 2021, Representative Arndt, who is currently the Chair of the House Agriculture, Livestock and Water Committee, was elected mayor of the city of Fort Collins. Representative Arndt will leave her position as a State Representative the day following the Board meeting. A committee will be formed to select a Democrat to fill Arndt's seat for the remainder of her term.

As discussed during last month's Board meeting, for the second time in less than a year, Water Quality Control Division (WQCD) officials plan to ask lawmakers to fast-track permitting authority to address the "dredge and fill" of waters that would no longer be covered by federal permitting requirements. Last May Colorado Attorney General Phil Weiser sued the U.S. Environmental Protection Agency and won a temporary injunction against the new rules, which would have taken effect in June 2020. A federal appeals court overturned that decision last month. As a result, the rules are set to take effect in Colorado April 23, 2021. Though many expect the Biden Administration to alter the new rules, once again, state health officials say new legislation is needed to ensure the state has the permitting authority and the funds needed to protect streams.

The WQCD is holding work group sessions and seeking public comment on a proposed bill that is likely to be introduced in the next two weeks, officials said. The District has asked Burns Figa and Will to participate in the work group sessions and to evaluate any bill introduced because of their expertise in participating in the federal appeals court case on behalf of the CWC.

For information on the status of other water bills of interest, please see <https://www.cowatercongress.org/state-issues.html>. If you have questions regarding any bill or proposal, please let Lee know and he will do his best to address your questions.

COLORADO RIVER ISSUES STATUS

Mr. Lee Miller presented a report providing information on the Upper Colorado River Endangered Fish Recovery Program. The District participates as an Executive Committee Member of the Colorado Water Congress' Colorado River special project that provides water user input into the activities related to the Program. The information attached is the same material that has been provided to Congressional staff working on the Program. In addition, we recommend viewing a video of the 2017 Colorado Water Congress Annual Convention, where Tom Chart provides an update on the Upper Colorado River Endangered Fish Recovery Program. That video can be accessed at <https://www.cowatercongress.org/endangered-species.html>.

