

RECORD OF PROCEEDING

**SOUTHEASTERN COLORADO WATER
CONSERVANCY DISTRICT**

MINUTES

November 10, 2011

A regular meeting of the Board of Directors of the Southeastern Colorado Water Conservancy District was held on Thursday, November 10, 2011 at 10:41 a.m., at the District office, 31717 United Avenue, Pueblo, Colorado.

President Long announced a quorum was present.

DIRECTORS PRESENT:

Bill Long	Ann Nichols	Harold Miskel
Scott Reed	Kevin Karney	Howard "Bub" Miller
Carl McClure	Vera Ortigón	Reed Dils
Gibson Hazard	David Simpson	Shawn Yoxey
Tom Goodwin		

DIRECTORS ABSENT AND EXCUSED:

Gary Bostrom, Greg Johnson, and Alan Hamel-Advisory Board Member

DISTRICT OFFICIALS PRESENT:

Executive Director James Broderick; General Counsel Lee Miller; Administrative Manager Toni Gonzales; Finance Coordinator Tina White; Conservation Outreach Coordinator Jean Van Pelt; Legal Counsel Steve Leonhardt; and Federal Lobbyist Ray Kogovsek.

VISITORS PRESENT:

Roy Vaughan, U.S. Bureau of Reclamation; Doris Morgan, U.S. Congressman Gardner's office; Bill Tyner, Colorado Division of Water Resources-Division 2; Jay Winner, Lower Arkansas Valley Water Conservancy District; Tom Simpson, Aurora Water; Paul Flack, Resource Based International; Curtis Mitchell, City of Fountain; Sean Chambers, Cherokee Metro District; Bill Stoner, Black & Veatch; Tony Keenan, Arkansas River Outfitters Association; and Ken Weber.

INTRODUCTION OF VISITORS:

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

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APPROVAL OF MINUTES:

President Long asked if the members of the Board had received their copy of the minutes of the October 20, 2011 Board meeting, and if there were any corrections or additions. Hearing none, Mrs. Yoxey moved, seconded by Mr. Goodwin, to approve the minutes. Motion unanimously carried.

FINANCE COMMITTEE REPORT:

Treasurer Ann Nichols reported the financial statement for October has not been prepared because of the early meeting date. They will be posted later this month to the Board website for review. Treasurer Nichols moved for payment of the November 2011 bills, seconded by Howard Miller. Motion unanimously carried.

CONSENT ITEMS:

None

ACTION ITEMS:

WATER COURT RÉSUMÉ

Lake Minnequa Augmentation Plan-Board of Water Works of Pueblo and City of Pueblo (Case No. 11CW57 Division 2)

Mr. Leonhardt reported this is an Application by the Board of Water Works of Pueblo, Colorado and the City of Pueblo for Approval of a Plan for Augmentation (Case No. 11CW57 Division 2). The plan is to temporarily raise the water level in Lake Minnequa to create a Tamarisk Control Pool, future wetlands, and Water Quality Control pools. Fry-Ark Project water is listed as one of many sources of augmentation water for replacing evaporative losses due to increased surface area of the Tamarisk Control Pool and other future changes in Lake Minnequa. Staff and legal counsel believe first use Fry-Ark Project water should be the last source of water used in the Plan for Augmentation after all other sources including Fry-Ark Project water Return Flow have been exhausted, and this should be stated in the decree. Legal counsel is requesting authorization to execute a two (2) month extension agreement with Applicant's counsel and to negotiate a stipulation in lieu of filing a Statement of Opposition in this case; or if this is not possible, to file a Statement of Opposition in this case.

Mrs. Ortégón moved, seconded by Mr. Simpson, that legal counsel be authorized to execute a two month extension in Board of Water Works of Pueblo and City of Pueblo Case No. 11CW57 and negotiate a Stipulation in lieu of filing a Statement of Opposition in this case to ensure appropriate terms and conditions for use of Fry-Ark Project water as a supplemental supply for this augmentation plan; and if this is not possible, to file a Statement of Opposition. Motion unanimously carried.

GREII (Case No 11CW117 Division 5)

Mr. Leonhardt reported this is an Application by GRE II, for Storage Water Right, Right of Exchange, Plan for Augmentation, and Change of Water Rights (Case No. 11CW117). This application seeks to use water from the Red Mountain Ditch which diverts from Hunter Creek near Aspen, and a Basalt Water Conservancy District contract including Ruedi Reservoir, as sources of augmentation water. The Red Mountain Ditch is senior to the District's Hunter Creek Fry-Ark rights, and the project has to

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bypass sufficient water to maintain at least 21 cfs at the confluence of Hunter Creek and the Roaring Fork River. Staff recommends authorizing legal counsel to file a Statement of Opposition, to ensure that any decree entered will have terms and conditions similar to those the District has previously negotiated with the Basalt District and other similar Red Mountain Ditch entities' changes and augmentation plans. Water Division 5 does not approve Stipulations in lieu of Statements of Opposition.

Mr. McClure moved, seconded by Mr. Howard Miller, that legal counsel be authorized to file a Statement of Opposition in Water Division 5, Case No. 11CW117. Motion unanimously carried.

MONTHLY/QUARTERLY REPORTS:**U.S. BUREAU OF RECLAMATION REPORT**

Roy Vaughan presented a PowerPoint presentation reviewing the following:

- As of November 8, there were 169,334 acre-feet stored in Pueblo Reservoir; 114,431 acre-feet of Project water; 45,192 acre-feet of Excess Capacity water; 9,061 acre-feet of Winter water.
- There is currently 142,518 acre-feet of Project space in Pueblo Reservoir and 11,112 acre-feet of space in Turquoise and Twin Lakes Reservoirs.
- Project Reservoirs: Turquoise 109%; Twin Lakes 93%; Pueblo 136%.
- Winter Operations
 - Currently moving 100 cfs from Twin Lakes to Pueblo
 - Will be moving 55,000 to 60,000 acre-feet from October 2011 through March 2012
 - Movement of water will be adjusted according to the forecast and customers needs

DIVISION ENGINEER'S REPORT

Bill Tyner presented a PowerPoint presentation reviewing the following:

- River and Reservoir Conditions
- Administration
 - Pueblo Side Channel Detention Project
 - Lake Minnequa
 - Board of Water Works of Pueblo and City of Pueblo filed an application for a Substitute Water Supply Plan in September
 - Also filed an Application to Water Court in Case No 11CW57 on September 9, 2011
 - State/Division Engineers have not decided whether to file an objection in this case
- Arkansas River Compact Meeting
 - Wednesday, December 7-Committee Meeting
 - Thursday, December 8-Annual Meeting
- Compact Compliance Update
 - Post Compact Wells
 - Surface Water Irrigation System Improvement Rules

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U.S. GEOLOGICAL SURVEY REPORT

None

President Long recessed the meeting at 11:15 a.m. to hold the Public Hearing on the Proposed 2012 Budget.

PRESENTATIONS:

PUBLIC HEARING ON PROPOSED 2012 BUDGET

Finance Coordinator/Budget Officer Tina White presented a PowerPoint presentation titled, *Proposed 2012 Budget, Bridging the Next 50 Years*, reviewing the following:

- District Proposed Budget
- Fryingpan-Arkansas Project Repayment Analysis
- Operating Revenue
- District Expenditure
- Effect of Adding Full-Time Positions
- District Expenditure
- Enterprise Revenue
- Enterprise Expenditure

Tom Goodwin left the meeting at 11:35 a.m.

Mr. Broderick reviewed how the strategic plan is presented in the Proposed 2012 Budget. He explained the budgeted amounts for the programs and projects that will be implemented in 2012.

MONTHLY/QUARTERLY REPORTS CONTINUED:

President Long reconvened the meeting at 12:19 p.m.

ARKANSAS BASIN ROUNDTABLE

Mr. Broderick reported that the dollars coming in for non-consumptive and consumptive use are still holding and have not been pulled back. The legislation for the fallowing issue has been held up because of the Arkansas Basin Roundtable request to try and resolve the issues before legislation is presented.

Mr. Karney reported on the Ag and M&I gap. He said Dr. Pritchard from CSU gave a presentation at the Arkansas Basin Roundtable November 9. Dr. Pritchard has performed work in the South Platte. Reeves Brown is heading a committee for the Arkansas Basin Roundtable that is seeking to build statewide support for securing future water supplies for agriculture. The committee will try to establish a baseline value for the use of Ag water. Mr. Karney reviewed the Ag values. The State Water Supply Initiative (SWSI) report indicated that the M & I always defaults to the Ag.

COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY

Ann Nichols reported loan activity in the State Revolving Fund (SRF) funds is typically light during the latter part of the year. There is continuing activity in the Small Hydropower Loan Program, both in

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terms of matching grants and actual Project Loans, including a \$2.0 million loan to the Tri-County Water Conservancy District for a portion of the cost of a hydro unit on the Ridgeway Dam.

The Water Quality Control Division (WQCD), in conjunction with Authority staff, has proposed a number of changes to the SRF Intended Use Plans for 2012 and 2013. The proposed 2012 changes to both SRF Programs would modify the deadlines for submitting loan applications. The proposed 2013 changes are to the priority system for the Water Pollution Control Revolving Fund (WPCRF) loans only. The WQCD has engaged in an extensive stakeholder process – using Northbridge Consultants – to identify significant changes to the priority system that would increase priority points for projects intended to enhance water quality – and that would also streamline the points awarded for other project characteristics. These proposed changes are still in the process of discussion and would not be presented to the Water Quality Control Commission (WQCC) until the fall of 2012. The proposed changes would increase the priority ranking for most non-point pollution mitigation projects.

Given the continuing unavailability of grants for small, low income systems, the Authority Board is continuing to discuss the possible creation of a small grant program, using Authority resources, to assist low income communities with critical water and wastewater compliance issues.

The Authority Board was briefed on the CDM developed cost-benefit study of the proposed Nutrient Standards. There was extensive discussion regarding areas of the study that could be expanded if the Authority Board approved additional funding for such purposes. Ultimately the Authority Board declined to provide additional funding. The results of this study will be considered by the WQCC in their March 2012 Nutrients rule-making.

The Authority Board was briefed on the status of discussions with the low bid contractor for the proposed Long Hollow Dam. Value engineering discussions with this contractor are continuing and the Board will hear further information on this matter at its December meeting.

The Authority Board discussed the draft 2012 Budget and directed that certain additional funds be provided to the WQCD to support their SRF program activities. The 2012 Budget will be formally considered at the December meeting.

INFORMATIONAL ITEMS:

The Board was provided written material on the following topics, which were posted to the Board website:

- Water Court Résumé
- Winter Water Storage Program Board of Trustees Annual Meeting
- Upcoming Meetings and Conferences

OTHER BUSINESS MATTERS:

President Long reminded the Board members that the December Board meeting will be held on December 8, 2011, with the time to be announced at a later date.

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President Long asked if there were any other matters to come before the meeting, and hearing none, adjourned the meeting at 12:28 p.m.

Respectfully submitted,

Toni Gonzales
Administrative Manager

Secretary
