

**ALLOCATION COMMITTEE
MINUTES
May 4, 2017**

A meeting of the Allocation Committee was held on Thursday, May 04, 2017 at 1:00 p.m. at the District Office 31717 United Avenue, Pueblo, Colorado 81001.

Chairman McClure announced a quorum was present.

COMMITTEE MEMBERS PRESENT:

Carl McClure - Chairman, Howard "Bub" Miller – Vice Chairman
Gary Bostrom and Tom Goodwin

COMMITTEE MEMBERS ABSENT AND EXCUSED:

None

OTHERS PRESENT:

Jack Goble, LAVWCD; Ryan Hemphill, Fort Lyon Canal Company; Abby Ortega, Colorado Springs Utilities; Kevin Niles, AGUA; Kent Ricken, CWPDA; Alan Ward, Pueblo Water; and, Garrett Markus, Lee Miller, Chris Woodka, Southeastern Colorado Water Conservancy District (District) staff.

APPROVAL OF MINUTES:

Chairman McClure confirmed that members of the Committee received their copy of the September 15, 2016 minutes, and asked if there were any corrections or additions. Hearing none, Tom Goodwin moved, seconded by Howard "Bub" Miller, to approve the minutes. Motion carried unanimously.

PRESENTATIONS:

FORT LYON PILOT PROJECT UPDATE

Garrett Markus updated the Committee regarding the Fort Lyon Canal Company (FLCC) Pilot Project that has operated for three of the five years exclusive to the Fort Lyon Canal and its shareholders. In those three years, District staff, Fort Lyon Canal Company, Colorado Water Protective and Development Association (CWPDA), Lower Arkansas Water Management Association (LAWMA), Lower Arkansas Valley Water Conservancy District (LAVWCD), and Colorado Division of Water Resources (DWR) have worked through several issues ensuring the equitable utilization of Return Flows, identifying beneficiaries, and improving mechanisms of delivery.

The 2017 FLCC Pilot Project will mark the fourth year of operation of the Pilot Project and will continue to be exclusive to the Fort Lyon Canal and operate on a similar premise of the previous three years. However, in 2017, the District will also begin holding stakeholder

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meetings in June to discuss current operations and how each group envisions how the program takes shape in the future. These discussions will broaden to the other eight ditch companies that have the ability to generate a Return Flow. Discussions have already started and many of these other ditch companies are looking at mechanisms available to their situation that may help facilitate the agricultural first right of refusal under each of their systems. By fall, all the ditch companies that are interested in claiming their first right of refusal would have a vetted strategy that will be implemented in the 2018 allocation year. The 2018 allocation year will be the fifth and final year of the FLCC Pilot Project. As directed, this final year will attempt to explore and develop District wide policy for the agricultural first right of refusal.

The District will cooperate with Division of Water Resources to use data obtaining ownership for particular land/well parcels. This will aide in developing policy.

ACTION ITEM:

REVISION TO POLICY CONCERNING SALE OF RETURN FLOWS

Lee Miller reported the proposed revisions by eliminating Special Provisions B and C and renumber Special Provision A as Policy No. 20. Special Provision B is deleted in its entirety, thus eliminating reference to storage of Return Flows in Project space, since Reclamation's and the Enterprise's current practice is to require Return Flows to be stored in excess capacity accounts. Special Provision C is deleted in its entirety to eliminate a requirement for water rights decrees to include language that is not included in the District's current Standard Language Memorandum. In compiling the Standard Language memo, Burns, Figa & Will advised the General Counsel that the language in Special Provision C was never required to be included in any decrees and does not reflect the District's preferred approach to addressing the issues addressed by Special Provision C.

Gary Bostrom moved, seconded by Tom Goodwin, that the Committee recommend to the Board adopting the proposed revisions to the Policy Concerning Sales of Return Flows dated May 18, 2017. Motion passed unanimously.

FRYINGPAN-ARKANSAS PROJECT WATER AND RETURN FLOW ALLOCATION

Garrett Markus presented a PowerPoint of the 2017 Project Water and Return Flow Allocation. Snowpack graphs were shown indicating average compared to last 7 years. The estimated May 1 forecast for Fryingpan-Arkansas (Fry-Ark) imports from the Bureau of Reclamation was 68,000 acre-feet (AF). Total water available for allocation of Fry-Ark Project water (Project water) totaled to be 55,044 AF for allocation, water available for allocation at 80 percent to be 44,035. The designated Municipal allocation is 28,072 AF at 51 percent, NPANIW 1,976 AF at 3.59 percent and 24,995 AF at 45.41 percent. The municipal allocation is 9,372 AF of Project water with 1,976 AF of NPANIW to total 11,348 AF for municipal. Fountain Valley Authority (FVA) requested 7,052 AF, versus the authorized 14,009 AF. West of Pueblo requested 1,164 AF, authorized amount was 2,350 AF. Pueblo, Manitou Springs, and Pueblo West did not request Project water. The agricultural allocation calculates to be 43,696 AF of Project water producing 15,454 AF of Return Flows.

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The recommend Return Flow allocation was 15,243 AF of which 4,929 AF was recommended for the Fort Lyon Canal Company Pilot Project for the Fort Lyon Canal Company first right of refusal.

Howard "Bub" Miller moved, seconded by Gary Bostrom, to recommend to the Enterprise Board to approve the Project water and Return Flow allocation for 2017 as presented and amended. Motion passed unanimously.

NEXT MEETING

Thursday, June 1, 2017 at 10:00 a.m.

ADJOURN

Chairman McClure adjourned the meeting at 2:04 p.m.

Respectfully submitted,

Garrett J. Markus

Water Resources Engineer