

SECOND ANNUAL REPORT OF HUERFANO COUNTY
WATER CONSERVANCY DISTRICT

The District's 2019 Annual Report to the District Court follows:

Organization and Governance

There have been several changes in the District's organization and governance.

1. Appointment of board member from outside the Director district. The Court amended the District's organic decree to provide that, if there is no applicant from the director district for which a vacancy exists, the Court may appoint a new director from elsewhere in the County. The amendment to the decree is available on the District's website,

https://3d9d8629-d3a8-4621-8635-0a4c65ecd880.filesusr.com/ugd/c647df_3dd626d92c4d4145ae5c8d1258d76551.pdf
2. Updated bylaws. The board adopted revised bylaws that reflect current board operations. They are available on the District's website: [Bylaws](#).
3. Board review of board applicants. While the board understands that appointments to the board are made only by the Court, future advertised notices of a board opening will indicate that applications to the Court are to be copied to the District and that, when applications have closed, the District board may promptly share its evaluation of the applicants with the Court.
4. Current District personnel. With the Court's reappointment of Lonnie Brown and Sandy White, the makeup of the District's current board has not changed since the last report. The terms of the remaining board members, Scott King (chair), Lewis

“Beaver” Edmundson and Kent Mace (vice-chair), will expire on 9/30/2020. The District’s staff and consultants remain the same.

Meetings, Outreach and Planning

5. District Meetings. The District board currently typically meets monthly at the Walsenburg Housing Authority on the fourth Monday evening of the month at 6 p.m, as well as for sporadic special meetings as events require. The District is subject to the Open Meetings Law; consequently its meetings are appropriately noticed and open to the public. Meeting agendas and a 2020 meeting schedule are posted at, https://3d9d8629-d3a8-4621-8635-0a4c65ecd880.filesusr.com/ugd/c647df_3c8b8b03b8414aef95fc9b174ece48c3.pdf
6. District Website. The District continues to operate and update its own website, <https://www.hcwcd.net/>. It is intended to make District activities more transparent to our constituents.
7. Arkansas Basin Roundtable. The District continues an active role with two board members (Scott King and Sandy White) also serving on the Arkansas Basin Roundtable (ABRT). The Roundtable is a governmental entity formed under C.R.S. § 37-75-101 *et seq.*, and one of the gatekeepers for water project planning and funding in the Arkansas Basin. <https://www.arkansasbasin.com/>
8. Water Day 2019. On September 14, 2019, the District conducted “Huerfano Water Day,” a day-long program on water developments in the County. Coming from within and without the County, fifteen knowledgeable speakers made presentations on water projects and issues. Attendance reached almost 100, with many staying for

the whole day while others came only for those presentations of particular interest to them. All managed to show up for lunch. The response was uniformly favorable, provided valuable input for our upcoming strategic planning workshop, and contained numerous requests for similar future events. The District board is considering how to conduct this event in the future since there is a limit to our time and energy. The board is considering holding a full-day event in the next two or three years, holding a half day program sooner, or combining this half-day event with a half day event of another local organization, *e.g.* La Veta Trails.

9. Strategic Planning Workshop. In May, 2013, the District adopted its first written “Goals and Strategic Plan.” Those goals now being largely achieved, the District will hold another strategic plan workshop on February 21, 2020 to update the Strategic Plan, inviting approximately 25 diverse participants from the local community and regional water entities. The workshop will be conducted by a professional facilitator.

District Finances

10. Current Budget, Audit. In 2019 the District operated with a budget of \$4,623,421, adopted a 2020 budget of \$2,540,246, and received a clean audit for 2018. All budget and financial documents may be found on the District’s website.
11. Mill Levy. At the moment, the District sees no need to increase its current mill levy (2.128) which is anticipated to generate approximately \$267,500 in tax revenue during 2020. An increase in the mill levy will be necessary in the future to support the District’s future projects.

12. De-Brucing and last year's grants. In November, 2013, voters “de-Bruced” the District, allowing it to retain all funding including grants. The District’s 2019 grant proceeds from all sources was \$517,389.

Huerfano River Basin Augmentation Program

This augmentation program was the District’s first significant project. Begun in 2008 to protect vital but previously unadjudicated and unlawful well withdrawals by small communities and schools, the program has expanded to include new commercial and industrial users essential to economic development.

13. Program status. Construction of the of the program’s final component, the Sheep Mountain Augmentation Facility, should be completed in 2020. It is a small reservoir having a storage capacity of approximately 50 a.f. for augmentation water. Based on a pending application to purchase augmentation certificates, the program may be approaching full subscription for the provision of permanent augmentation water.
14. CWCB Loan. The augmentation program requires a senior water right, which was acquired through the purchase of the William Craig Ranch. Grants and loans provided most of the funding to acquire the William Craig Ranch and its water rights. as well as to construct the necessary augmentation facilities on the ranch and upstream. The Colorado Water Conservation Board (CWCB) loan is for \$2,666,400 for 30 years at 2.25%. Repayment of principal begins one year after “substantial completion” of all construction.
15. Sale of William Craig Ranch. Since the District is uninterested in perpetually operating the William Craig Ranch, the ranch is listed for sale (without its senior

water right) at an asking price of \$1,375,000. If a sale closes, the District will be able to pay off about half of the remaining principal amount of the CWCB loan. In addition, full subscription of augmentation certificates has the potential to generate additional funds (\$2,000,000 plus), allowing payoff of most of the loan. That will eliminate future interest expenses, free up a portion of the District's tax revenue for other purposes, and totally free up the District's borrowing capacity – all important for the District's future plans.

Infrastructure Improvement Program

To more carefully manage the County's scanty water resources, this cooperative project on the Cucharas and Huerfano Rivers was jointly initiated by the District and the Colorado Division of Water Resources (DWR, the administrator of water rights in Colorado). Its purpose is to upgrade and increase water right administration capabilities and facilities in the county – stream flow gages and alluvial monitoring wells – and to support the Division Engineer in the development of a “futile call” model.

16. Total project cost is \$312,400 primarily funded by the CWCB and DWR. The project is a cooperative effort between the District (main sponsor), DWR, Water Division 2 (DWR-2), and the Interstate and Federal Section of the CWCB (DSS), with additional support from local funding sources including the Huerfano County Board of County Commissioners, Cucharas Sanitation & Water District, Huerfano County Federal Mineral Lease District, the Town of La Veta, the City of Walsenburg and the District.
17. Most of the existing river gages in the county were decrepit or inoperable and have now been rehabilitated. Additionally, three new gages are to be constructed: one on

the Huerfano River near its crossing of I-25 (now operating) and one on the lower Huerfano near Undercliff Road (waiting for the contractor to complete work). The third gage is on the Cucharas River near its crossing of U.S. Highway 10; it is installed and operating.

18. Monitoring wells were to be placed in each of the two rivers' alluvium at strategic locations to measure groundwater levels to be reviewed in connection with stream flows. Two wells have been installed and are operating on the upper and lower Huerfano River. The well on the Cucharas River, to be located near the breached dam of Cucharas No. 5 reservoir, awaits landowner permission.

19. Finally, using data from the gages and monitoring wells, a model is being developed by the Division Engineer to assist in making futile call decisions under C.R.S. § 37-92-502(2)(a). Those are important because it would be pointless to curtail diversions by junior water rights on the Huerfano and Cucharas rivers in order to meet the call of downstream seniors on the Arkansas mainstem if the water bypassed by the juniors never reached the seniors. If the model demonstrates that the senior call is futile, Huerfano County junior water rights will be allowed to continue their diversions.

Cucharas Storage Collaborative

In 2015 the District initiated the Cucharas Basin Storage Collaborative (Collaborative) to address an acute shortage of water storage capacity in the basin. Roughly 70% of that capacity was lost through non-use and abandonment after World War II, providing little insurance against drought and capability for water development.

20. Collaborative membership has included: Cucharas Sanitation and Water District, Town of La Veta, City of Walsenburg, Maria Lakes Grazing Association, the District and Huerfano County, all of which have provided local matches, as have the La Veta Fire Protection District and the Huerfano County Federal Mineral District. The Colorado Division of Water Resources has provided invaluable in-kind assistance. Sporadically participating in the thirteen meetings of the Collaborative have been representatives of the United States Forest Service, the United States Natural Resources Conservation Service, the Colorado Department of Parks and Wildlife and the Colorado State Forest Service
21. The Collaborative's first step was a storage needs analysis, which identified five preferred storage sites to be developed and estimated their cost and yield. Initial geotechnical studies on all five sites led to the initial selection of three sites under a phased development approach for which a 30% design will be completed in early 2020. Total storage collaborative costs to date are approximately \$460,000. About 20% of the Collaborative's work has been supported by local matches that have included the District.
22. At this time, the District has three additional grant applications pending with the Colorado Water Conservation board, totaling approximately \$123,215 with local matches by all participants of \$39,804, to support the completion of a 50% design on two of the preferred sites, again under a phased development approach, being Bruce Canyon Reservoir and Maria Stevens Reservoir Enlargement. The Arkansas Basin Roundtable is supportive of these applications, and consideration by the Colorado Water Conservation Board is pending.

23. In December, 2017, in Water Court Case #2017CW3075, as part of the Collaborative the District applied for adjudication of conditional junior storage rights in the five preferred sites and appropriative rights of exchange of water to and between them. Settlement discussions proceed in anticipation of trial set before the water court for the week of March 9, 2020.

Spring Creek Fire

In early summer 2018, the Spring Creek Fire burned about 84,000 acres in the headwaters of the Cucharas and Huerfano River basins, leaving a mess for property owners within the burn scar and the threat of serious flooding downstream from hydrophobic soils.

24. Warning gages. During early spring 2019, seven advanced flood warning gages were rapidly acquired and installed below the burn scar and above La Veta and Walsenburg. They were financed through the District by CWCB and Colorado Division of Homeland Security and Emergency Management grants (total c. \$179,000) with very substantial in-kind assistance and expertise from DWR. During the 2019 monsoon season and summer, the gages worked as designed. Refinement of their use continues.

25. Headgate Restoration Program. Following the fire, over one hundred irrigation headgates located below the Spring Creek Fire burn scar were in jeopardy from flooding, including sediment and debris flow. Thanks to a grant from CWCB (\$76,951) and armed with information provided by DWR and NRCS, the District contracted with Dr. Gerald Blackler, P.E., of Enginuity. Working with a model he developed to predict flooding below the burn scar, Dr. Blackler added sediment and

debris to the model allowing him to evaluate the consequences of flooding to each point of diversion. The result of his work were interactive risk maps (Google) covering all headgates on the Cucharas and Huerfano rivers. Risk information for each headgate was also provided in tabular form, along with information on acceptable temporary headgates, USACE permitting exemptions and designs for permanent replacements. Public meetings were held on February 11, 2019 (organizational, La Veta) and June 8, 2019 (final report, Walsenburg).

26. Burn scar work.

a. In early 2019, the District received a \$470,000 grant from the Colorado Water Conservation Board (CWCB) to fund flood mitigation work within the burn scar. The work was divided into three phases.

i. Phases 1 and 2 have been completed. The final reports of that

work can be found on the District's website: Phase 1 at

[https://3d9d8629-d3a8-4621-8635-](https://3d9d8629-d3a8-4621-8635-0a4c65ecd880.filesusr.com/ugd/c647df_2d523b4b248b45c2977ccf80864f80e0.pdf)

[0a4c65ecd880.filesusr.com/ugd/c647df_2d523b4b248b45c2977cc](https://3d9d8629-d3a8-4621-8635-0a4c65ecd880.filesusr.com/ugd/c647df_2d523b4b248b45c2977ccf80864f80e0.pdf)

[f80864f80e0.pdf](https://3d9d8629-d3a8-4621-8635-0a4c65ecd880.filesusr.com/ugd/c647df_2d523b4b248b45c2977ccf80864f80e0.pdf) and Phase 2 at [https://3d9d8629-d3a8-4621-](https://3d9d8629-d3a8-4621-8635-0a4c65ecd880.filesusr.com/ugd/c647df_c259b3ec0702438ab6b5010e980e67f9.pdf)

[8635-](https://3d9d8629-d3a8-4621-8635-0a4c65ecd880.filesusr.com/ugd/c647df_c259b3ec0702438ab6b5010e980e67f9.pdf)

[0a4c65ecd880.filesusr.com/ugd/c647df_c259b3ec0702438ab6b50](https://3d9d8629-d3a8-4621-8635-0a4c65ecd880.filesusr.com/ugd/c647df_c259b3ec0702438ab6b5010e980e67f9.pdf)

[10e980e67f9.pdf](https://3d9d8629-d3a8-4621-8635-0a4c65ecd880.filesusr.com/ugd/c647df_c259b3ec0702438ab6b5010e980e67f9.pdf).

ii. Phase 3 involves development of a digital elevation model and a hydraulic model to identify appropriate projects within the Indian and Middle Creek watersheds in the first half of 2020. Work on Phase 3 awaits a contract from CWCB.

- b. The District in conjunction with the County has applied for a second CWCB grant, in the amount of \$668,566 to (1) develop a stakeholder group which, based on the modeling in Phase 3, above, will determine the projects within the burn scar to be implemented and (2) implementation of those projects within the grant's budget constraints. The CWCB is expected to act on this application at its January, 2020, meeting. It will fund activities through 2021.
- c. These types of CWCB grants require a 1:1 match from private or Federal sources. For the two grants above, the District used Federal funding from the County's Emergency Watershed Protection funding through NRCS. That funding to the county has expired. We are actively looking for other private and Federal sources.
- d. Through its consultant, Arkansas River Watershed Collaborative (ARWC), the District has begun seeking funding from the Colorado Department of Public Health and Environment (CDPHE) which passes through Federal funds. So far, matching has not been required.
 - i. The District received an \$85,000 grant from CDPHE for work within the burn scar. The report of that work can be found on the District's website: Spring Creek Fire Response Action Report https://3d9d8629-d3a8-4621-8635-0a4c65ecd880.filesusr.com/ugd/c647df_c259b3ec0702438ab6b5010e980e67f9.pdf.
 - ii. The District has submitted another application in cooperation with ARWC for a CDPHE grant from its Nonpoint Source Program; in our

situation the nonpoint source is the burn scar which discharges sediment and debris. The grant application is for \$1,550,000 covering thirteen projects. Action on the grant is expected by mid-2020.

Future Plans

With the accelerating activity of the District, experience suggests that certain changes would be beneficial. Some can be accomplished by the District itself; others will require action by this Court.

27. Those future actions which fall to the District include:

- a. Adjudication of storage and exchange rights on the Cucharas. These are requested by an application now before the Water Court; a decree should be entered sometime in 2020. The District will continue to work with fellow collaborators to develop the IGA/MOUs necessary for the coordinated and shared operation of these reservoirs and exchanges.
- b. Acquire water rights and establish a regional augmentation program in the Cucharas basin similar to that on the Huerfano. This will require money which the District presently does not have. Full subscription of augmentation certificates for the Huerfano River augmentation plan along with sale of the William Craig Ranch (without its senior water right) is expected to free up the District's borrowing capacity to assist with this program.
- c. Develop storage in the Cucharas basin. By the end of 2019, the District and other collaborative participants, largely through grants, have expended approximately \$460,000 for the identification and planning of water storage

facilities in the Cucharas River basin, having selected two of the five preferred storage locations for initial phased development. Further engineering work will continue to estimate and refine construction costs.

28. Those future actions which the District will ask this Court to take during 2020 include:

- a. Increasing board members' annual stipend to \$2400. Under the Court's order in this matter on May 1, 1986, director compensation was set at \$1200 per annum, the then statutory maximum. It is now appropriate to increase that stipend to the current statutory maximum, \$2400. C.R.S. § 37-45-115(3) While no director takes on his role for the money, an increase in the stipend would reflect the dramatic increase in the amount of director work (30-60 hours per month) and may serve as an added inducement to potential applicants for the job.

Since the District is a creation of and is supervised by this Court, the board welcomes any questions which the Court may have. The Court's primary contact with the board should be its chair, Scott King, 719-742-3124 or 719-680-0784.

Respectfully submitted,

Huerfano County Water Conservancy District

by: _____
Scott King, District Board President

Dated this 17th day of February, 2020.