

HUERFANO COUNTY WATER CONSERVANCY DISTRICT  
ANNUAL REPORT

HCWCD 2025 Annual Report to the District Court follows:

Organization and Governance

HCWCD personnel and governance.

1. Current HCWCD personnel. The makeup of HCWCD board has not changed since the last report. Board members and their term expiration dates are: Scott King, president (9/30/28); Kent Mace, vice-president (9/30/28); Lonnie Brown (9/30/27), Jacque Sikes (9/30/28), and David Steffan (9/30/27).

HCWCD contract staff includes: Applegate Group (Denver), water engineering consultant; Monson, Cummins, Shohet & Farr, water-related legal representation; La Veta Carpentry/Richard Dunn, Water Analyst and website manager; Doug Brgoch, Water Consultant; Sadie Wardell, Water Operations on William Craig ditch as part of the HCWCD Huerfano Basin Augmentation Plan; Mace Water & Land, LLC, Sheep Mountain Augmentation Facility operations; Dunn Write/Carol Dunn, Administrator.

Meetings, Outreach and Planning

2. HCWCD Meetings. The HCWCD board meets monthly on the fourth Monday of each month at 6:00 pm, plus occasional special meetings as required. HCWCD is subject to the Open Meetings Law. Meetings are appropriately noticed and open to the public. Meeting agendas and the current year's meeting schedule are posted on HCWCD website: [www.hcwcd.net](http://www.hcwcd.net) . Board meetings are currently being held in person at the Walsenburg Housing Authority activity room, 220 Russell Street. An online Teams component is typically arranged for Applegate Group to participate in meetings, as well as congressional representatives and citizens that request the online meeting link.
3. HCWCD Website. HCWCD continues to operate and update its website, <https://www.hcwcd.net/>. It is intended to make HCWCD activities more transparent to taxpayers and constituents.
4. Arkansas Basin Roundtable. HCWCD remains active in the Arkansas Basin Roundtable, with board members Scott King and Lonnie Brown and water consultant Doug Brgoch serving on the roundtable. The Roundtable is a

governmental entity formed under C.R.S. § 37-75-101 *et seq.* and is one of the gatekeepers for water project planning and funding in the Arkansas Basin. <https://www.arkansasbasin.com/>.

5. Goals and Strategic Plan. HCWCD is working from its written “Goals and Strategic Plan,” updated in 2020 through a workshop with partners and cooperating agencies. The goals are:
  - To become financially self-sufficient (action steps from one to ten years).
  - To develop and foster good relationships with all HCWCD partners.
  - To educate the public about water development (ongoing). A series of newspaper articles from 2022 about ongoing HCWCD projects can be found on the HCWCD website.
  - Continue HCWCD projects that are in progress.
  - Develop strategies that reflect the Board’s actions to shape the future of HCWCD.
  - Develop strategies to recruit future Board members and staff.

Specifics are available on the HCWCD website. Plans are to update the strategic plan in 2026.

#### HCWCD Finances

6. Current Budget, Audit. In 2025 HCWCD operated with a budget of \$2,569,514.07, adopted a 2026 budget of \$ \$3,340,495.84 and received a clean audit report for 2024 financials. Budgets and financial documents are on the HCWCD website.
7. Mill Levy. Like other special districts, HCWCD has been affected by Colorado legislative actions regarding property taxes. An increase in the mill levy (now 2.128) will likely be necessary to support HCWCD future projects.

### **PROJECTS**

#### Huerfano River Basin Augmentation Program

This was the first significant project of HCWCD. Begun in 2009 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.

8. Program status. In 2025, HCWCD performed additional maintenance on the recharge pond on the William Craig Ranch northwest of Walsenburg, as well as at the Sheep Mountain Ranch facilities, two miles northwest of Gardner.

The recharge pond continues to require remediation from high sediment loads and algae. Over the past six years, sediments have clogged subsurface drainage pipes and reduced recharge substantially. A filtration system installed in 2023 has been cleaned in 2024 and 2025. HCWCD is now considering installing an aeration system to reduce algae load.

The Sheep Mountain Augmentation Facility (SMAF) enables HCWCD to pump water from the Huerfano River into storage and then return it to the river by gravity flow at scheduled times to replace the depletions by the Plan's participants. The Facility includes the 45.42 acre-feet (af) Sheep Mountain Reservoir, plus a substantial concrete diversion structure, fish ladder, wet well, and pumphouse on slab. From 2021 through 2025, the pump, power and remote-activated controls were key in executing critically-timed exchanges to the reservoir of water leased from Pitkin County.

Abnormally high winds and wave runup in 2021 and 2022 impacted the top ten feet of the SMAF Reservoir, threatening the stability of the reservoir liner and storage capacity and requiring ballast stabilization using riprap. In 2023, HCWCD received approval for community project funding through Congresswoman Boebert's office to install the stabilization measures. The grant funding is being coordinated by USDA Rural Development (RD) through its Water and Environmental Programs. An environmental review and a preliminary engineering report for the project have been submitted to RD in 2025, and the national RD office is in the process of releasing those funds to the Colorado office, which will then begin releasing \$1,576,000 to HCWCD. The title of the project is "Water Infrastructure Improvement." Everything is in place to begin the project when funding is released.

Colorado Water Conservation Board (CWCB) Loan. The augmentation program required a senior water right, which was acquired through the purchase of the William Craig/Camp Ranch. Grants and loans provided most of the funding to acquire the ranch and its water rights, as well as to construct the augmentation facilities at Sheep Mountain Ranch. The CWCB loan total was \$2,640,000 for 30 years at 2.25% beginning on the date of substantial completion, 12/31/2021. After paying accrued interest during construction (IDC) in the amount of \$360,587 plus principal of \$632,766 from proceeds of the sale of the Wm. Craig Ranch, payments covering principal and interest have been made in 2023 through 2025 and will continue every February on a CWCB schedule. Eventual full subscription of augmentation certificates will generate additional funds (\$1,600,000 plus), enabling most, if not all, of the remaining loan balance to be paid off. That will eliminate future interest

expenses, free up a portion of HCWCD tax revenue for other purposes and restore HCWCD borrowing capacity – all important for HCWCD future plans.

9. Augmentation Plan Participants.

- a. As of December 2025, HCWCD had committed 48 af of replacement water – out of 52 available – for 2025 under the Huerfano River Basin Regional Augmentation Plan. This includes purchased certificates and annual leases.
- b. A Plan Participant has a contractual right to receive replacement water to replace out-of-priority depletions, which is represented by an Augmentation Certificate issued by HCWCD. HCWCD Rules and Regulations and its Rates and Fees Resolution (available on the HCWCD website) allow for the outright purchase of Augmentation Certificates by Plan Participants, as well as a lease-to-purchase option, where the purchase price is amortized over 5 annual payments. HCWCD also assesses a per-acre-foot Annual Administration Fee for Plan Participants in accordance with HCWCD Rules and Regulations. This is designed to cover annual HCWCD engineering, legal and clerical costs in the administration of the Regional Augmentation Plan.
- c. As of the end of 2025, all but one of the Plan Participants are in good standing with their annual administration fees. The exception has been sent a “notice of pending default” for their one acre-foot augmentation certificate.

Infrastructure Improvement Program

To more carefully manage the County’s scant water resources, this cooperative project was jointly initiated by HCWCD and the Colorado Division of Water Resources (DWR, the administrator of water rights in Colorado). Its purpose was to upgrade and increase water right administration 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, the topic of which is now under debate at the State level.

10. Total project cost was \$312,400 primarily funded by the CWCB and DWR. The project is a cooperative effort among HCWCD (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: Huerfano County Board of County Commissioners, Cucharas Sanitation & Water District, Huerfano County Federal Mineral Lease District, Town of La Veta, City of Walsenburg, and HCWCD.

11. Most of the existing river gages in the county that were decrepit or inoperable have been rehabilitated. Three new gages were also constructed and are operating: Huerfano River near its crossing of I-25, lower Huerfano near Undercliff, and Cucharas River near its crossing of U.S. Highway 10.
12. The plan was to install monitoring wells in each of the two rivers' alluvia at strategic locations to measure groundwater levels. While two wells were installed and are operating on the upper and lower Huerfano River. The well on the Cucharas River, near the breached dam of Cucharas No. 5 Reservoir, never received landowner permission after lengthy negotiations.
13. Using data from the gages and monitoring wells, a final model has been developed by the Division Engineer. It is intended to assist in making futile call decisions under C.R.S. § 37-92-502(2)(a). The futile call has been important historically in Huerfano County. It was 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 that bypassed those juniors never actually reaches the seniors. The model was designed to demonstrate when the senior call is futile, so Huerfano County junior water rights could be allowed to continue their diversions.

In 2023, the new Division 2 Engineer (DE) and the State Engineer (SE) established a new policy with plans to discontinue the practice of futile call throughout Colorado. That has not been done yet. HCWCD expressed its disagreement with the planned new policy.

#### Cucharas Storage Collaborative.

Since 2015 HCWCD has been working with partners in 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 lack of maintenance and abandonment after World War II, providing little insurance against drought.

14. The membership of the Collaborative has included: Cucharas Sanitation and Water District, Town of La Veta, City of Walsenburg, Maria Lakes Grazing Association, HCWCD, and Huerfano County, all of which have provided local grant matches, as have the La Veta Fire Protection District, Upon the Rock Camp and the Huerfano County Federal Mineral Lease District. The Colorado Division of Water Resources has provided valuable in-kind assistance. Sporadically participating in over a dozen 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.

15. Still in progress is a 2021 CWCB grant to study the feasibility of dredging the Maria Stevens Reservoir to achieve 642 af of additional capacity, rather than increasing the height of the dam. The grant amount is \$14,795, with a total project cost of \$19,727 including match. The study is anticipated to be completed by Summer 2026.
16. The Collaborative undertook a storage needs analysis, identifying five preferred storage sites to be developed, including cost and yield estimates. Geotechnical studies led to the selection of three sites, based on cost per af of yield. A 30% engineering design was completed on these three options. In 2021, a 50% design was completed for the Bruce Canyon site. The 50% design on Maria Stevens Reservoir Enlargement followed in 2022. Total costs on Collaborative Storage projects to date are \$618,317. Over 20% of the work of the Collaborative has been supported by local matching funds.

In 2022 on behalf of the Collaborative, HCWCD applied to the USDA Natural Resources Conservation Service (NRCS) for designation of a USDA PL-566 Small Watershed Project in the Cucharas River watershed. The proposed combined project would build Bruce Canyon Reservoir (1233 af) and enlarge Maria Stevens Reservoir (642 af). A feasibility study was completed by Utah-based engineering firm Jones & DeMille and a recommendation submitted to NRCS in late 2023. Under PL-566, further engineering design for both reservoirs by NRCS would be covered at 100%, with the cost of eventual construction – estimated today at \$32-million – covered at 75%. When the PL-566 project is designated by NRCS, HCWCD will be researching possible sources for the \$8-million required in non-federal matching funds.

17. Walsenburg and Collaborative exchange litigation.
  - a. Collaborative storage and exchange decree. As of 2020, adjudication of conditional junior storage rights in the five preferred reservoir sites mentioned in #17 and rights of exchange among them was achieved in Division 2 Water Court Case #2017CW3075. Co-applicants with HCWCD in the case were the Town of La Veta and Cucharas Sanitation & Water District.
  - b. Intergovernmental agreement. The 2020 intergovernmental agreement (IGA) among the Applicants and the City of Walsenburg (“IGA”) is still in effect. It incorporates the decreed rights from Case No. 17CW3075 and the decreed rights in Walsenburg Case No. 17CW3063, for

storage and exchange rights along the Cucharas River as well. The overall goal of Case No. 17CW3075 and the IGA is to integrate the operations of the large water users in the Cucharas Basin to maximize the water resources of the basin.

### Spring Creek Fire

The 2018 Spring Creek Fire in the headwaters of the Cucharas and Huerfano River basins caused intensive runoff from the burn scar, which continues to plague property owners in the watershed with flooding and debris flows.

18. Warning gages. The final year of satellite communication monitoring was 2025; the six remaining flood warning gages (installed in 2019) are being decommissioned and removed in 2026. At a cost of about \$179,000, the gages were financed through HCWCD by CWCB and CDHSEM grants, with substantial in-kind assistance and expertise from DWR.

19. Burn scar work.

- a. The 2019 grant from the CWCB in the amount of \$470,000 was a 3-phase flood mitigation project. Reports of phases 1 and 2 can be found on HCWCD website: [www.hcwcd.net](http://www.hcwcd.net) . Links to the phase 3 digital elevation and hydraulic models for the Indian and Middle Creek Geomorphic Analysis and associated prioritization summary are located at: <https://engenuity.egnyte.com/fl/4pPv2z4hva>. Technical reports include prioritization summary, hydrology, hydraulics, fluvial hazard zones. An ArcGIS live webmap of associated data can be found at:  
<https://www.arcgis.com/apps/View/index.html?appid=afcb4afd904449c796eb64fc9087b52c>

The technical evaluations were used to prioritize projects identified by the Arkansas River Watershed Collaborative throughout both basins based on existing hazards and risk.

- b. The second CWCB grant in the amount of \$500,000 funded projects from 2021 through 2024. HCWCD worked in partnership with Huerfano County and a core stakeholder group that included participants from Arkansas River Watershed Collaborative (ARWC), Spanish Peaks Alliance for Wildfire Protection, CWCB, Colorado Parks and Wildlife, NRCS, HCWCD, Town of La Veta, and Upon the Rock Camp.
- c. During a pause in work in 2022, treatment alternatives were studied using a \$100,000 CWCB grant. The Strategic Analysis determined

which projects to install for the best chance of success to protect and enhance the watershed, water quality, stream assets, and habitat. Partners contributed \$35,000 in match toward the assessment, including: Huerfano County, Town of La Veta and City of Walsenburg. Work that ended in late 2024 finished projects that included Indian Creek drainage recovery and debris sink, fortifying the Middle Creek flood warning gage, stream cleaning, channel restoration, Toll Gate ditch repair, rebuilding floodplains, seeding, tree planting, and fencing. Complementary Huerfano County EWP projects in Indian, South Abeyta and Middle Creek were considered match.

### Water Infrastructure Improvements

At the end of 2025 HCWCD was in final negotiations with Huerfano County for purchase of Thorne Ranch, near Badito. The potential purchase is now in the diligence phase. Thorne Ranch has water rights that HCWCD wants to protect. The HCWCD engineering and legal teams will be studying how to put these water resources to beneficial – ideally augmentation – use for the citizens and businesses of both river basins. Potential work on Thorne Ranch ditches, diversion and related water structures are planned as part of a larger water infrastructure improvements plan envisioned for Huerfano County, including the repairs to Sheep Mountain augmentation reservoir. HCWCD is actively seeking funding sources to achieve this larger project.

### Future Plans

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

20. Future actions which fall to HCWCD include:

- a. Acquire water rights and establish a regional augmentation program in the Cucharas basin similar to that on the Huerfano. This will require money which HCWCD presently does not have. Full subscription of augmentation certificates is expected to free up HCWCD borrowing capacity – necessary for the several million dollars needed for this effort.
- b. Develop storage in the Cucharas basin. If the PL-566 project designation is not received, HCWCD will need to complete final design, permitting, construction engineering, and construction of Bruce Canyon Reservoir and enlargement of Maria Stevens Reservoir. Land

acquisition or leases will also be required, whether or not a PL-566 project is designated.

- c. Augment "Wildcat" Ponds. HCWCD continues to process applications for augmentation water for pond evaporation in impoundments that do not have adequate water storage rights or that are not exempt under State law. After the Division 2 Engineer began regulating these "wildcat" ponds in late 2021, investigations showed the potential need for as much as 8,900 af of total augmentation water in the Huerfano and Cucharas River basins. The need far exceeds the current capacity of HCWCD to provide augmentation water. Consequently, there is an urgent need for the acquisition of senior water rights and storage capacity as described above on the Cucharas. On the Huerfano the available augmentation water is nearly fully committed.
- d. Oppose export of water from Huerfano County. HCWCD continues to monitor pending plans by others to export water out of the county. HCWCD is prohibited from participating in any such scheme and is alert for occasions to oppose attempts by others to export water.

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

Respectfully submitted,

Dated this 31st day of March, 2026.

HUERFANO COUNTY WATER  
CONSERVANCY DISTRICT



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Scott King, President