Manager’s Message by Bradley D. Wind

Welcome to our 2018 annual report, providing highlights of Northern Water’s accomplishments last year.

It has been my honor to serve as General Manager since April 2018 upon the retirement of Eric Wilkinson, Northern Water’s fifth General Manager. Eric left a strong foundation that enables us to continue to move toward the construction of two major water storage projects, as well as constructing additional pipeline capacity for water users within the southern portion of our service area in Boulder County.

With the support and guidance of our dedicated 12-member Board of Directors, we made some modifications to our organizational structure that reflect the upcoming transition from project planning to project construction. New staff have been added as we gear up to build and operate an additional 300,000 acre-feet of storage in the next decade.

For more information on Northern Water and our projects please visit northernwater.org.

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Board of Directors

- **Mike Applegate**
  Larimer County

- **Bill Emeslie**
  Larimer County

- **William Fischer**
  Larimer County

- **Sue Ellen Harrison**
  Boulder County

- **Todd Williams**
  Boulder County

- **Dennis Yanchunas**
  Boulder County

- **Dave Nettles**
  Weld County

- **Don Magnuson**
  Weld County

- **Dale Trowbridge**
  Weld County

- **Gene Manello**
  Logan County

- **Rob McClary**
  Sedgwick County

- **John Rusch**
  Morgan & Washington Counties
Corps of Engineers releases Final Environmental Impact Statement

Officials from the U.S. Army Corps of Engineers in July released a Final Environmental Impact Statement, marking a major milestone in the project’s 15-year federal permitting process. The FEIS follows release of a draft EIS in 2008 and a supplemental DEIS in 2015. It outlines NISP-related impacts and analyzes in great detail the effects to the environment when NISP is approved, constructed and becomes operational.

Northern Water staff and the NISP participants were encouraged that the FEIS showed no new significant issues and that the impacts can and will be mitigated as partially set forth in the NISP Fish and Wildlife Mitigation and Enhancement Plan approved in 2017.

Work gets underway on Poudre River fish bypass

A collaborative effort among the NISP participants, Bellvue-based Morning Fresh Dairy and noosa yoghurt and Colorado Parks and Wildlife got underway in 2018.

Crews broke ground in December on an $850,000 fish bypass, which will reconnect two segments of the Poudre River and provide upstream fish movement through the existing Watson Lake diversion dam for all riverine species present within the river reach.

The Watson Lake fish bypass is one of the projects outlined in NISP’s mitigation and enhancement plan and will be completed by spring 2019.

NISP website launched

In its continued efforts to keep the public informed about NISP, Northern Water launched a website for the project. The website, found at gladereservoir.org, provides an array of details about the project, such as maps, documents, timelines and more.
Construction Begins on SWSP II

Construction began on the Southern Water Supply Project II in August. The $44 million project will create a new pipeline from Carter Lake to the Boulder Reservoir Water Treatment Plant, which will deliver high-quality Colorado-Big Thompson and Windy Gap project water to the City of Boulder, Town of Berthoud, Left Hand Water District and Longs Peak Water District.

Prior to construction, Northern Water launched swsp2.org as a way to inform the general public of ongoing and upcoming project activity. The website also provides the public with an interactive map that shows areas affected by construction, such as road and trail impacts.

2018 project highlights:
- 2-plus miles of pipe installed
- Nearly 1,000 linear feet of tunnel bored
- 7 appurtenances (blow off and air valves) installed
- 7,000 linear feet of temporary fencing installed to contain and protect livestock
- Identified over 40 bird nests along the pipeline route to monitor and protect

Construction of the project also includes protection of raptor species (bald eagles, ospreys, hawks, etc.), prairie dogs and other wildlife. Wetlands and natural areas will be revegetated with a mix of native plants developed specifically for each property’s needs.

The project is expected to be completed by spring 2020.

Windy Gap Firming Project Update

The Windy Gap Firming Project continued toward construction and celebrated milestones on both sides of the Continental Divide in 2018.

Chimney Hollow Reservoir design continued in 2018. The Municipal Subdistrict’s conveyance and C-BT connections proposal was accepted by the U.S. Bureau of Reclamation. Staff made significant progress in preparing the dam safety permit which should be completed and approved by the state in early 2019.

On the West Slope, the permitting and design process for the Colorado River Connectivity Channel at Windy Gap Reservoir progressed. This feature will connect the Colorado River above and below Windy Gap Reservoir to develop a more natural aquatic ecosystem in a channel around the reservoir. As part of the Learning By Doing agreement the Subdistrict has contributed to improvement of a section of the Fraser River at Fraser Flats. This stretch of river was reconfigured to allow for improved fish habitat and increased the fish biomass by 45 percent.

A lawsuit on administrative procedures filed against the U.S. Bureau of Reclamation and the U.S. Army Corps of Engineers awaits a decision in Federal District Court.
2018 Water Year

The 2018 water year began in November 2017 with Colorado-Big Thompson Project reservoir storage levels in very good shape at 20 percent above the long-term average.

Below normal snowpack levels and spring runoff produced below average inflows into the C-BT Project. However, the above average C-BT reservoir storage resulted in a normal 2018 water year for C-BT allottees.

Drier than average conditions prompted the Northern Water Board of Directors to issue an 80 percent quota allocation in April, slightly above the long-term average quota declaration of 72 percent. In March, the Board also allocated 15,000 acre-feet from Northern Water’s Regional Pool Program.

Warm spring and summer temperatures and below average summer precipitation led to an expansion of drought conditions across Colorado. Statewide, temperatures were the third-warmest and precipitation was the fourth-driest on record.

The warm, dry conditions were reflected in C-BT Project deliveries of nearly 225,000 acre-feet, the highest since 2012. Despite this, C-BT reservoir storage levels at the end of the 2018 water year were slightly above normal leading into the 2019 water year.

Total Deliveries (Acre-Feet)

Colorado-Big Thompson Project Deliveries

Total C-BT Project deliveries between 2010 and 2018 that include C-BT, Regional Pool, Noncharge and Carryover water.
Fiscal Year 2018: By the Numbers

Revenues
Northern Water receives revenue from a variety of sources. Each year, allottees of the C-BT Project pay assessments for the management and delivery of water, and these charges comprise more than one-fourth of Northern Water’s revenue. The largest component is a 1-mill ad valorem tax levied on property within Northern Water’s boundaries. Revenues in 2018 included:

- Property and specific ownership taxes: $21.28 million
- Assessments on allottees: $12.24 million
- Charges for services: $6.31 million
- Energy sales from hydropower: $1.11 million
- Income on investments: $390,000
- Other revenue sources: $5.35 million

Total revenue: $46.68 million

2018 Operating and Nonoperating Expenses

Expenses
Northern Water spends money each year across a variety of categories, most notably in the operations and maintenance of the C-BT Project, its engineering and environmental services and Northern Water’s administration. Expenses in 2018 included:

- Operations: $14.12 million
- Engineering: $7.69 million
- Administration: $6.76 million
- Depreciation: $4.56 million
- Other nonoperating expenses: $1.75 million

Total expenses: $34.88 million

More Highlights from 2018

- The Colorado-Big Thompson Project delivered its most water since 2012.
- Northern Water and the Municipal Subdistrict took part in celebrating a Fraser River channel restoration.
- Northern Water launched its new water-efficient landscape grant program.
- Collaborative enforcement efforts helped prevent the spread of invasive mussels at C-BT reservoirs.
- The Reservoir Release Bill, critical for NISP operations, passed the state legislature and was signed into law.
- The Northern Water-supported Irrigation Innovation Consortium launched, with plans to create a local Irrigation Technology Center.
- Northern Water-funded forest-health efforts limited wildfire damage near Grand Lake.