DeWeese-Dye Ditch & Reservoir Company

2025 INFORMATIONAL MEETING

PREPARED BY: ANNETTE REED-PUGH

Board Members & Staff

ARLIN BOLKEMA, PRESIDENT
KENN ESTES, VICE PRESIDENT
BILL BROGOITTI, DIRECTOR/SUPERINTENDENTMARC
THOMPSON, DIRECTOR/SUPERINTENDENT
LEO FRENCH, DIRECTOR

ANNETTE REED-PUGH, SECRETARY/TREASURER

HISTORY

➤ In 1896, Dall DeWeese and C.R.C. Dye incorporated the DeWeese-Dye Ditch and Reservoir Company to bring water from Grape Creek to the 1,500 acres of land they were developing with 200,000 fruit trees and 500,000 shade trees in Lincoln Park, just south of Canon City, Colorado. Today, water from DeWeese-Dye Ditch and Reservoir Company continues to irrigate lands and growers in Lincoln Park -- serving properties located below the ditch from Grape Creek Drive to Brookside

HISTORY

DeWeese-Dye Ditch water comes from the Grape Creek drainage in the, Westcliffe and South Colony area of Custer County, southwest of Canon City. In addition to direct flow rights on Grape Creek, we store water for our use in DeWeese Reservoir, unlike other ditch companies in the Canon City area that take water directly from the Arkansas River.

After leaving the reservoir, water is diverted from Grape Creek (approximately a mile above the confluence with the Arkansas River) into our system, where it flows about seven miles through open ditch, pipes, tunnels and siphons, providing water for the three small reservoirs located in Lincoln Park.

The small reservoirs are filled during the night and the water is released to the various divisions below each reservoir during the day. In the evening, the water is directed back to the reservoirs and the cycle begins again. The water travels approximately thirty hours from the DeWeese Reservoir to the diversion point on Grape Creek, then another four hours to reach 9th Street.

WATER SOURCE AND HOW WATER GETS TO SHAREHOLDERS

- WATER FOR THE DEWEESE-DYE DITCH AND RESERVOIR COMPANY COMES FROM THE GRAPE CREEK DRAINAGE SOUTHWEST OF CANON CITY. WE ALSO STORE WATER FOR OUR USE IN DEWEESE RESERVOIR. THE DIVERSION ON GRAPE CREEK DIRECTS THE WATER INTO OUR SYSTEM WHERE IT FLOWS ABOUT SEVEN MILES IN OPEN DITCH, PIPES, TUNNELS AND SIPHONS INTO THREE SMALL RESERVOIRS LOCATED IN LINCOLN PARK. THE MAIN DITCH FEEDS DIFFERENT AREAS EACH DAY AND IN THE EVENING THE WATER IS DIRECTED BACK TO THE RESERVOIRS AND THE CYCLE BEGINS AGAIN. PEOPLE WHO WONDER WHY WE ARE RUNNING WATER WHILE IT IS RAINING DON'T REALIZE THE WATER TRAVELS 36 MILES MAKING IT IMPOSSIBLE TO TURN IT ON AND OFF WITH THE WEATHER.
- WE ARE ALLOWED TO STORE WATER FROM NOVEMBER 15 TO MARCH 15 EACH YEAR UNDER A WINTER WATER STORAGE AGREEMENT. UNDER THIS PROGRAM WE CAN CLOSE OUR HEADGATE AND STORE ALL OF THE WATER COMING DOWN GRAPE CREEK FROM NOVEMBER 15 TO MARCH 15. WITHOUT THIS AGREEMENT, WE COULD NOT STORE UNLESS THE CALL ON THE RIVER WAS OVER 1901. OUR SHAREHOLDERS SHOULD UNDERSTAND THE BENEFIT WE RECEIVE FROM THE PROGRAM AND RECOGNIZE WITHOUT THIS AGREEMENT; THERE WOULD BE WINTERS WHEN WE COULD STORE VERY LITTLE WATER.

2250 WINTER WATER STORAGE PROGRAM

- HISTORICALLY THE LARGE CANALS EAST OF PUEBLO CONSISTENTLY STORED AND IRRIGATED THROUGHOUT THE WINTER SEASON. IN SPITE OF THE DIFFICULTIES INVOLVED, WINTER IRRIGATION WAS FOUND TO BE BENEFICIAL TOWARDS MAINTAINING SOIL MOISTURE FOR THE NEXT SEASON'S CROP. ULTIMATELY IT WAS DETERMINED THAT THE SAME OR GREATER BENEFIT COULD BE DERIVED BY STORING THESE SAME WATERS DURING THE WINTER AND HAVING THIS ADDITIONAL WATER AVAILABLE DURING THE SUMMER IRRIGATION SEASON.
- THE DESIGN OF THE FRYINGPAN-ARKANSAS PROJECT INCLUDED PUEBLO RESERVOIR AS ITS PRINCIPAL REGULATING RESERVOIR. PUEBLO RESERVOIR WAS DESIGNED TO HAVE SUFFICIENT STORAGE SPACE TO ALLOW FOR THE STORAGE OF THESE WINTER WATERS.
- FOLLOWING COMPLETION OF PUEBLO RESERVOIR IN THE 1970'S THE CANAL COMPANIES EAST OF PUEBLO BEGAN A WINTER STORAGE PROGRAM INSTEAD OF THE HISTORIC PRACTICE OF DIRECT WINTER IRRIGATION. EACH COMPANY WAS ALLOCATED A CERTAIN PERCENTAGE OF TOTAL DIVERSIONS TO STORAGE FROM THE RIVER. IN 1990 THIS "WINTER WATER STORAGE PROGRAM" WAS FINALLY DECREED BY THE WATER COURT. ONE OF THE THINGS THIS DECREE REQUIRED WAS A FIXED CALL DATE FOR WATER ON THE RIVER OF MARCH 1, 1910.
- HISTORICALLY THE CALL DURING THE EARLIER PERIODS OF WINTER IRRIGATION WAS TYPICALLY ANYWHERE FROM 1884-1906.
- THE COLORADO CANAL COMPANY WAS OFTEN ONE OF THESE CALLING WATER RIGHTS WITH A 1890 CALL DATE.
- THIS MORE JUNIOR 1910 FIXED CALL WOULD ALLOW UPSTREAM JUNIOR STORAGE RIGHTS TO STORE MORE WATER THAN HISTORICALLY OCCURRED OR WAS ALLOWED. THIS WOULD INCLUDE THE 1901 STORAGE RIGHT FOR DEWEESE RESERVOIR.
- IN EXCHANGE FOR THIS GREATER OPPORTUNITY TO STORE WATER THESE UPSTREAM STORAGE ENTITIES AGREED TO PAY BACK TO THE COLORADO CANAL COMPANY A TOTAL OF 2,250 ACRE-FEET OF THE TOTAL AMOUNT OF WATER THAT THESE UPSTREAM ENTITIES STORED EACH SEASON.
- THIS 2,250 ACRE-FOOT REPAYMENT AMOUNT IS DIVIDED PROPORTIONALLY BETWEEN THE UPSTREAM ENTITIES
 RELATIVE TO THE AMOUNT OF WATER EACH ENTITY STORED THAT WINTER. THIS 2,250 ACRE-FOOT REPAYMENT IS
 TYPICALLY RELEASED OR TRADED TO THE COLORADO CANAL COMPANY FOLLOWING THE WINTER STORAGE
 SEASON IN MARCH OR APRIL BY EACH UPSTREAM ENTITY.

ONE-DAY-A-WEEK POLICY DURING DROUGHT CONDITIONS

THE BOARD OF DIRECTORS HAS THE RESPONSIBILITY TO THE REDUCE WATER CONSUMPTION IN ORDER TO MAKE THE WATER LAST AS LONG AS POSSIBLE. DURING THESE RARE OCCURANCES, WE IMPLEMENT A ONE-DAY-A-WEEK WATER POLICY.

THERE IS A MISCONCEPTION THAT IF THE DAM IS FULL WE HAVE PLENTY OF WATER, THIS IS NOT TRUE. THE SPRING RUNOFF, SNOW PACK REMAINING ON THE MOUNTAINS AND SUMMER RAIN AROUND WESTCLIFFE IS THE CRITICAL FACTOR IN DETERMINING HOW MUCH STREAM FLOW IS AVAILABLE AND HOW LONG IT WILL LAST. WITHOUT THE CREEK FLOW THERE IS LESS THAN SIXTY DAYS OF WATER STORED IN THE RESERVOIR.

 AT TIMES THERE IS WATER IN THE RESERVOIR THAT DOES NOT BELONG TO DEWEESE, DUE TO MORE STREAM FLOW COMING IN THAN IS BEING RELEASED. THE WATER COMMISSIONER KEEPS AN ACCOUNT OF HOW MUCH WATER WE HAVE AND HOW MUCH WE HAVE USED; PERIODICALLY THE HEAD GATE IS ADJUSTED TO COMPENSATE FOR THIS.

CONSERVATION POOL AGREEMENT

- 2. GAME AND FISH PAID \$500,000 FOR 500 AF FOR A CONSERVATION POOL, WE PAY THE EVAPORATION ON THEIR STORED WATER THIS WATER IS UNUSABLE FOR IRRIGATION BECAUSE OF THE MUD DISCHARGED WHEN THE LAKE IS THAT LOW. IN ADDITION TO OWNING HALF OF THE BOATING RIGHTS AND THE FISHING RIGHTS ON THE LAKE THEY PRESENTLY LEASE THE SURROUNDING PROPERTY FOR A RECREATION AREA.
- 3. BLM CAN STORE UP TO 500 AF OF WATER IF SPACE IS AVAILABLE, THEY USE THEIR WATER TO KEEP SOME WATER IN THE CREEK DURING OUR STORAGE PERIOD, WE USED TO SHUT THE HEAD GATE OFF AND DRY UP THE CREEK. THEY HAD WATER IN THE PUEBLO RESERVOIR THEY WANTED TO USE FOR THIS PROGRAM. WE AGREED THAT WE WOULD GET 30% OF ANY WATER THEY STORED IN THE LAKE. SO THE WATER THEY HAD IN PUEBLO WAS USED TO HELP MAKE OUR 2250 OBLIGATION TO THE COLORADO CANAL (COLORADO SPRINGS) WE THEN TRANSFER THE SAME AMOUNT TO BLM FROM OUR STORED WATER IN THE LAKE LESS 30 % IN A NORMAL YEAR WE BUY WATER FROM SEWCD AND THEN BLM REIMBURSES US FOR THE WATER, THIS WATER IS THEN EXCHANGED UP TO THE LAKE IN LATE SUMMER WHEN THE LAKE IS DOWN AND ROOM IS AVAILABLE, WHATEVER IS EXCHANGED WE GET 30%. ANOTHER BENEFIT TO USING THERE WATER FOR PAYBACK IS WE DO NOT HAVE THE 5% TRANSPORTATION LOSS IF WE RELEASED THE WATER FROM THE LAKE AND SENT IT TO THE COLORADO CANAL.
- 4. UAWCD WE GAVE THEM 10 AF OF STORAGE IN EXCHANGE FOR 100 AF OF WATER EACH YEAR
- 5. 358 ACRE FEET OF STORAGE SPACE WAS PURCHASE BY ROUND MOUNTAIN WATER DISTRICT AT A COST OF \$358,000 TO COMPENSATE FOR THE WATER THEY ARE REMOVING FROM THE CREEK THROUGH THEIR WELLS. THEIR PURCHASED WATER IS STORED IN THE RESERVOIR AND IS RELEASED BY THE WATER COMMISSIONER DURING THE YEAR, MAKING UP FOR THE WATER THAT ROUND MOUNTAIN DOES NOT RETURN TO THE CREEK
- 6. HALF OF THE BOATING RIGHTS ARE OWNED BY THE OWNERS OF THE PROPERTY AT THE DEWEESE VILLAGE, THIS ALLOWS THE PROPERTY OWNERS WATER SKI AND USE OTHER CRAFT MAKING WAKES.

CONDITIONS OF OUR AGING SYSTEM

OUR WATER DELIVERY SYSTEM IS IN DESPERATE NEED OF CRITICAL, COSTLY REPAIRS. THE MOST COSTLY REPAIR THAT IS MANDATED BY THE STATE OF COLORADO IS THE REPAIR OF THE OUTLET PIPE LOCATED ON THE DAM. DEWEWESE REACHED OUT TO RJH, WHO HAS BEEN INVOLVED MANY TIMES OVER THE YEARS IN COMPLETING REPAIRS TO OUR DAM. THE ESTIMATED COST OF REPAIRS WE RECEIVED FROM RJH WAS IN THE AMOUNT OF \$418,965.00 DEWEESE APPLIED FOR AND RECEIVED WRSF (COLORADO WATER SUPPLY RESERVE FUND) GRANT FUNDING IN THE AMOUNT OF \$314,224. THE GRANT WAS AWARDED ON NOVEMBER 1, 2024. OF THIS AMOUNT, ROUND MOUNTAIN IS RESPONSIBLE FOR \$12,610.85 AND DEWEESE IS RESPONSIBLE FOR \$92,130.00. WE HAVE UNTIL NOVEMBER 1, 2029 TO COMPLETE THIS PROJECT.

DEWEESE ALSO APPLIED FOR AND RECEIVED GRANT FUNDING IN THE AMOUNT OF \$3,000.00 FROM OUR LOCAL NRCS OFFICE. THIS FUNDING WILL BE APPLIED TO THE PURCHASE OF PIPE.

IN THE MEANTIME, WE HAD A VERY COSTLY, CRITIAL REPAIR OF OUR PIPE LOCATED AT GRAPE CREEK. THE AMOUNT OF THIS REPAIR WAS \$61,500.00. HAD THIS REPAIR TO OUR MAIN PIPE NOT BEEN COMPLETED, THE WATER WOULD HAVE BEEN SHUT DOWN AND SHAREHOLDERS WOULD NOT HAVE RECEIVED WATER UNTIL THE PIPE WAS REPAIRED.

THESE ARE JUST A COUPLE OF THE SUBSTANTIAL REPAIRS THAT ARE NEEDED ALONG OUR 100+ YEAR OLD SYSTEM. THE ONLY WAY TO ENSURE DEWEESE REMAINS A HEALTHY VIABLE WATER DELIVERY COMPANY IS TO PARTNER WITH THOSE ENTITIES WHO CAN HELP US TO ACCOMPLISH THIS. RAISING ASSESSMENTS WOULD NOT COVER WHAT NEEDS TO BE DONE.

WATER IS BECOMING AN INCREASINGLY VALUABLE RESOURCE TO ALL PEOPLE. DEWEESE WOULD LIKE TO SEE OUR WATER STAY IN OUR AREA AND SERVE OUR SHAREHOLDERS, AS WELL AS STAY IN COLORADO. UPPER ARKANSAS WATER CONSERVANCY DISTRICT HAS THE POWER TO ENSURE THE FUTURE OF OUR WATER. WE WOULD LIKE TO PARTNER WITH THEM TO IMPROVE OUR SYSTEM AND ENSURE FUTURE REVENUE FOR OUR WATER DELIVERY OPERATIONS.

UPPER ARKANSAS PROPOSAL

UPPER ARKANSAS CONSERVANCY DISTRICT (THE DISTRICT) IS PROPOSING THE PURCHASE OF A SMALL (4%) PORTION OF THE AVAILABLE STORAGE SPACE IN DEWEESE RESERVOIR. THE PURCHASE DOES NOT INCLUDE ANY PART OF THE DEWEESE WATER RIGHTS NOR DOES IT AFFECT DEWEESE DYE'S DECREE.

THE DEWEESE DYE DITCH AND RESERVOIR COMPANY (THE COMPANY) STORAGE RIGHTS ALLOW THE COMPANY ANNUALLY TO DIVERT AND STORE A SPECIFIED QUANTITY OF WATER. IF IN PRIORITY, IN A GIVEN YEAR THE COMPANY CANNOT STORE MORE THAN THE VOLUMETRIC LIMIT OF THE WATER RIGHTS.

• THE COMPANY HAS 3 STORAGE WATER RIGHTS IN DIFFERENT VOLUMETRIC AMOUNTS THAT ARE NOT ALL IN PRIORITY AT THE SAME TIME, OFTEN LEAVING UNUSED SPACE IN THE RESERVOIR. THE 1931 RIGHT TO STORAGE UP TO 1564 AF IS RARELY IN PRIORITY TO FILL.

DEWEESE-DYE RESERVOIR STORAGE WATER RIGHTS				
Storage	Priority	SEO		Water Court
Amount (AF)	Date	Admin No	Use	Case No
1771.0	1901-10-08	18908.00000	Irrigation	CA2602
991.6	1914-03-01	29584.23435	Irrigation	CA5015
1564.0	1931-03-14	31776.29657	Irrigation	CA5469
4326.6	Total			

UPPER ARKANSAS PROPOSAL

THE COMPANY HAS SEEN A DECLINE IN REVENUE DUE TO DEVELOPMENT OF LANDS PREVIOUSLY SERVED BY THE DITCH. THERE ARE FEWER SHAREHOLDERS PAYING IN EACH YEAR. AND THE BOARD PERCEIVES STRONG RESISTANCE TO INCREASING THE ANNUAL FEES. THE COMPANY HAS ALSO SEEN A DECLINE IN WATER ACTUALLY DELIVERED TO THE SHAREHOLDERS DUE TO THE IMPACTS OF DEFERRED MAINTENANCE ON AGING INFRASTRUCTURE. COMPANY STAFF ESTIMATE THAT SIGNIFICANTLY MORE THAN 150 AF OF YIELD ARE LOST EACH YEAR TO LEAKS IN THE DITCH DELIVERY SYSTEM. THE REVENUE FROM THE DISTRICT FOR THE PURCHASE OF 150 AF OF STORAGE (\$1,425,000) COULD BE USED FOR DELIVERY SYSTEM IMPROVEMENTS AND MAINTENANCE THAT WOULD INCREASE YIELD TO THE SHAREHOLDERS, MORE THAN OFFSETTING THE IMPACT OF THE STORAGE SPACE SOLD TO THE DISTRICT.

IN THE PURCHASE PROPOSAL FOR 150AF OF EXISTING STORAGE, THE DISTRICT'S USE OF THAT STORAGE WOULD NOT IMPACT THE DEWEESE RESERVOIR WATER RIGHTS. THE DISTRICT OWNS A DIVERSE PORTFOLIO OF WATER RIGHTS, INCLUDING SEVERAL LOCATED IN CUSTER COUNTY, AND WILL DELIVER THAT WATER TO THE RESERVOIR FOR STORAGE.

 THE \$1,425,000 CAN BE FURTHER LEVERAGED AS MATCH FOR STATE/FEDERAL INFRASTRUCTURE GRANTS. WITH A TYPICAL 50/50 MATCH RATIO, THE COMPANY COULD DOUBLE THE FUNDS AVAILABLE TO \$2,850,000. IN THE PAST, THE DISTRICT HAS OFFERED GRANT-WRITING SERVICES AND FISCAL AGENCY TO THE COMPANY TO HELP WITH GRANT APPLICATIONS AND MANAGEMENT. THAT OFFER OF SUPPORT STILL STANDS.

UPPER ARKANSAS PROPOSAL

THE DISTRICT IS OBLIGATED AND WILL CONTINUE THE FEASIBILITY STUDIES OF THE ENLARGEMENT TO THE RESERVOIR. FURTHER THE DISTRICT WILL SHOULDER ALL THE FINANCIAL RESPONSIBLY OF THE ENLARGEMENT WITH THE COMPANY RECEIVING 40% OF THE ADDITIONAL ENLARGED STORAGE SPACE.

• BY SELLING THE DISTRICT 4% OF ITS CURRENT STORAGE (150 AF), AND ENTERING INTO THE PROPOSED AGREEMENT REGARDING ENLARGEMENT OF THE RESERVOIR, THE COMPANY WILL ACQUIRE A PARTNER IN THE OWNERSHIP AND MANAGEMENT OF THE RESERVOIR IN PERPETUITY. THIS IS NOT JUST FINANCIAL SUPPORT. IT INCLUDES THE PROFESSIONAL CAPACITY OF THE DISTRICT, INCLUDING LEGAL, ENGINEERING, WATER ACCOUNTING, GRANT-WRITING, PROJECT MANAGEMENT, ETC...

This concludes The DeWeese-Dye Ditch & Reservoir Company 2025 INFORMATIONAL SHAREHOLDER MEETING