Northern Water
Northern Colorado Water Conservancy District

2024 ANNUAL REPORT

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MANAGER'S MESSAGE

Welcome to Northern Water's review of key activities and accomplishments in 2024. Not uncommon in the management of such a vital regional resource, the topics highlighted are the culmination of years, if not decades, of unwavering commitment by Northern Water, its Board, former staff and regional water enthusiasts. After all, it is imperative we keep the "long game" in mind.

Our highlights promote a theme of heightened collaboration. At times, collaborative processes may seem inefficient, overly bureaucratic and flat-out unnecessary. However, if implemented properly, and with a commitment to an otherwise improved outcome, collaboration can be the secret sauce that achieves the impossible. The Colorado River Connectivity Channel Project exemplifies the inherent leveraging that collaboration can reveal. For more than a decade, dozens of sometimes disparate stakeholders gathered to dream big, with an eye toward riverine reclamation while preserving the essential functionality of the Windy Gap Project. Determination, patience, understanding and a commitment to overcome conflict proved successful. The triumph of the CRCC Project can be a demonstrated model of collaboration – and one we strive to repeat again and again throughout all of Colorado's water basins.

On behalf of Northern Water's Board of Directors and staff, thank you for taking time to review our 2024 Annual Report. Please feel free to contact us as we embark on important initiatives in water year 2025.

Bradley D. Wind
General Manager

Colorado Gov. Jared Polis appointed Northern Water General Manager Brad Wind to the Colorado Water Conservation Board (CWCB) as its representative from the South Platte River Basin. The CWCB's mission is to conserve, develop, protect and manage Colorado's water for present and future generations.

BOARD OF DIRECTORS

Dennis Yanchunas
Boulder County, President

Bill Emslie
Larimer County

Jennifer Gimbel
Larimer County

Sue Ellen Harrison
Boulder County

Don Magnuson
Weld County

Gene Manuello
Logan County

Rob McClary
Sedgwick County

Dave Nettles
Weld County

John Rusch
Morgan & Washington Counties

Dave Stewart
Larimer County

Dale Trowbridge
Weld County, Vice President

Todd Williams
Boulder County

Dick Wolfe
Broomfield County

Mike Applegate
Director Emeritus

Northern Water continued collaborating with its partners across the state on the Colorado Airborne Snowpack Monitoring Program, which uses airborne snow observatory technology to collect precise snowpack data and make that vital information available to water providers.

2024 WATER YEAR IN REVIEW

A year of near average snowpack and streamflows, followed by a summer drought throughout Northern Water boundaries, led to increased deliveries from the Colorado-Big Thompson (C-BT) Project reservoirs, but those reservoirs remained at 115 percent of average by the end of the 2024 water year.

The C-BT Project started the year at 127 percent of long-term average storage. Despite storms in October and December 2023, both precipitation and snowpack were generally below average until storms between Jan. 9 and 19, increased snow water equivalent in the Upper Colorado Headwaters by about 3 inches, bringing the snowpack up to average. Conditions improved slightly throughout the rest of the snow accumulation season. By April 1, statewide snowpack was at 109 percent of average, with local snowpack readings of 111 percent of average in the South Platte River's northern tributaries and 106 percent of average in the Upper Colorado River Basin. Late April and early May brought significant storms and below-average temperatures, which led to a late snowpack peak on May 13 in the Upper Colorado River Basin and the filling of Lake Granby.

Above-average precipitation, average regional streamflow forecasts and above-average local storage conditions in Northeastern Colorado prompted the Board of Directors to set the 2024 C-BT Project delivery quota at 70 percent, its most common quota throughout the history of project deliveries. However, conditions degraded, especially for the northern Front Range, throughout the summer. Well-below-average precipitation from May through July led to drought development throughout the region, and the Board increased the C-BT quota by an additional 10 percent to 80 percent at their August Board meeting. Precipitation continued to be below average for the rest of the water year, leaving Northern Water boundaries mean areal precipitation at 79 percent of average for water year 2024.

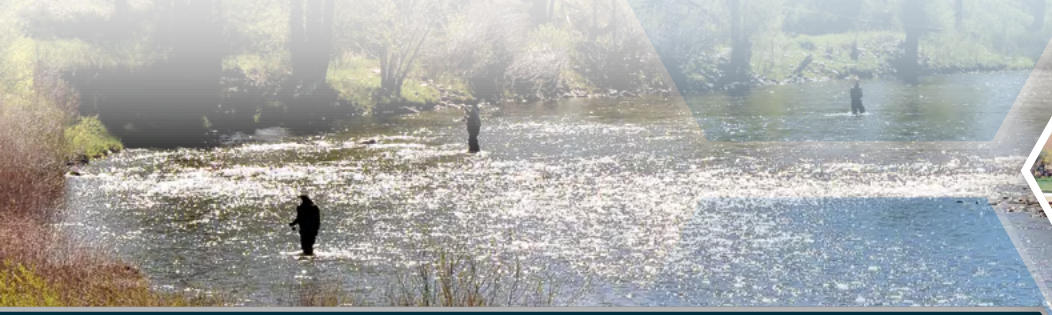
Statewide, water year 2024 total precipitation was near normal, but by the conclusion of the water year, much of the northeastern half of the state was abnormally dry, with the most significant drought being along the northern Front Range.

WATER IS A FUNDAMENTAL BUILDING BLOCK OF A PROSPEROUS COMMUNITY

Some Colorado communities have already seen the damaging effects of dried-up land and struggling economies due to water exports. By 2050, Colorado could lose 1,000 square miles of irrigated farmland, many in the South Platte Basin, now used for food production to meet population growth demands.

Northern Water plans to continue this important conversation with leaders in the region and C-BT allottees as increasing pressure mounts from entities outside of Northeastern Colorado. These entities are looking to export appropriated water far beyond the present-day uses and remove benefits enjoyed for well over a century in the northern Front Range and counties to the east.

Learn more at www.northernwater.org/safeguarding-water-resources.



Northern Water awarded $303,000 in Water-Efficient Landscape Grants Program funding to 19 new projects that, once fully implemented, will together save an estimated 4.7 million gallons of water annually across approximately 500,000 square feet of landscape. Northern Water has now awarded a total of about $1.2 million in grants over the past six years to 82 projects within Northern Water's boundaries.

NORTHERN INTEGRATED SUPPLY PROJECT

The Northern Integrated Supply Project (NISP) continued advancing toward construction in 2024, with work on the project design and environmental mitigation. In October, the Town of Windsor celebrated the dedication of its river restoration project at Eastman Park. The construction of wetlands, boardwalks and other features, paid in part by NISP, will help to offset impacts to Glade Reservoir wetlands while also educating the public about the river system and its ecology. The project joins the Watson Lake Fish Passage as completed portions of NISP environmental commitments.

In fall 2024, the Colorado Court of Appeals affirmed the decision by the Larimer County Commissioners to issue a 1041 land use permit for the location of Glade Reservoir and its conveyance pipelines. However, in early 2024 a coalition of groups sued the U.S. Army Corps of Engineers for issuing its federal permit for the project.

In 2025, project engineers anticipate completing the design for the main dam at Glade Reservoir, the rerouted U.S. Highway 287 and other components.

The 15 participants remain committed to development of the project and look forward to additional milestones on the administration and financing of the project in 2025 and beyond.

Learn more at www.NISPwater.org.

CHIMNEY HOLLOW RESERVOIR PROJECT

With the final full year of construction at Chimney Hollow wrapping up, many project components are finished or nearing completion. In 2024, crews safely worked almost 1 million hours with safety incident rates of about one-third of the national average.

Dams: Significant progress on the dams was made this year. The main dam reached just over 300 feet tall, which leaves only about 50 feet to go to the final height of 350 feet. Crews have placed about 5.7 million cubic yards of rockfill and 30,000 cubic yards of asphalt in 2024. The embankment of the 40-foot-tall saddle dam began in May and was completed in mid-November. About 45,000 cubic yards of clay was sourced on-site and placed on the dam, along with nearly 110,000 cubic yards of rockfill.

Grouting: The grouting program, which began in May 2022, wrapped up in fall 2024. The grouting team drilled 32 miles of holes injected with cement grout.

Inlet/Outlet Works: The Chimney Hollow Conduit and inlet/outlet tunnel were completed in 2024. Moving into 2025, crews will complete the valve house and inlet/outlet tower, as well as finish installation of conduit from the valve house through the tunnel. As work areas are completed, crews are constructing the final grade for the project, including removing temporary construction roads. Disturbed areas are covered with topsoil and vegetated with native seed mix for a successful establishment in future years.

Spillway: All of the reinforced concrete for the spillway was completed in 2024, with the final backfill wrapping up in early 2025. Additionally, the Carter Lake interconnect is now complete and will allow Northern Water to send water to Carter Lake from Chimney Hollow Reservoir or Pinewood Reservoir.

Quality Control: The quality control program performed almost 3,400 earthworks tests and about 2,000 concrete tests, maintaining quality measures required on site.

Despite some setbacks in 2024, including six adverse weather delays and four days lost to mandatory evacuations from nearby wildfires, the project is still a couple of weeks ahead of schedule. As construction wraps up in summer 2025, project managers plan to begin filling the reservoir, which is expected to take about three years. Larimer County will manage the reservoir's recreation and is expected to begin construction of trails and parking lots after the reservoir is complete.

Learn more at www.chimneyhollow.org.

Photo credit: Rick Turley, Fort Collins

ENVIRONMENTAL STEWARDSHIP AND WATER EFFICIENCY INITIATIVES

Northern Water is committed to providing a high-quality raw water supply for Northeastern Colorado by prioritizing river and watershed health, and to advancing water efficiency. In 2024, the U.S. Environmental Protection Agency recognized Northern Water with the WaterSense Sustained Excellence Award for the second consecutive year. Northern Water also partnered with various agencies to advance environmental and water efficiency initiatives, reinforcing its commitment to environmental stewardship and sustainable water use.

Three Lakes Water Quality and Grand Lake Clarity – Northern Water reconvened a collaborative group focused on improving water quality in the Three Lakes system (Lake Granby, Shadow Mountain Reservoir and Grand Lake). The group made significant upgrades to its modeling platforms, set for completion in 2025, to support the adaptive management of Grand Lake clarity.

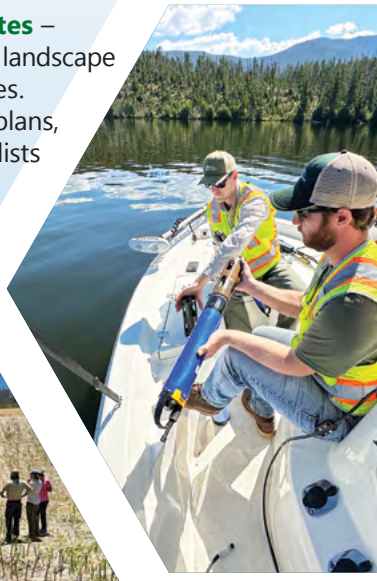
Nutrient Mitigation for the Windy Gap Firming Project (WGFP) – As Chimney Hollow Reservoir construction reaches completion in summer 2025 and the project begins operating, Northern Water is working to fulfill its permit-required mitigation commitments for the WGFP, including offsetting nutrient loading to the Three Lakes system from additional pumping. In 2024, Northern Water developed an Implementation Plan, as required by the approved WGFP Nutrient Reduction Plan, to outline mitigation measures. The plan will be submitted for final review by the U.S. Bureau of Reclamation in spring 2025.

East Troublesome Fire Watershed Restoration – In the fourth year following the 2020 East Troublesome Fire, recovery efforts focused on U.S. Forest Service lands. Crews constructed post-assisted log structures along Kauffman and Stillwater creeks to promote overbank flooding, restore wetlands and protect riparian areas.

Kawuneeche Valley Restoration Collaborative (KVRC) – The KVRC partners are focused on restoring ecosystem functions within the Kawuneeche Valley, located on the west side of Rocky Mountain National Park. After years of planning and fundraising, large-scale restoration projects started in 2024 and crews constructed 29 wooden structures along Beaver Creek to mimic the ecological benefits of beaver dams, such as wetland creation and water quality improvement.

Regional Water Messaging – Northern Water completed the scoping phase of a regional water messaging campaign, concluding two years of outreach, focus groups and interviews with municipal allottees to inform future efforts.

Sustainable Landscapes Templates – Northern Water created six scalable landscape templates for residential properties. These templates include irrigation plans, water-wise, low-flammability plant lists and cost estimates to encourage homeowners to adopt sustainable landscaping practices.



NORTHERN WATER OPERATIONS WORK

Northern Water and U.S. Bureau of Reclamation crews performed inspections and conducted work in 2024 that highlights the robust condition of the Colorado-Big Thompson Project, while indicating the challenges ahead for all water infrastructure into the future.

Annual inspections of the C-BT and Windy Gap project components showed that the projects remain in remarkable shape after decades of use. However, in some locations, sediment created by recent wildfires continues to work its way into some project features. Thousands of tons of sediment were removed from the Hansen Feeder Canal after being transported there by runoff from the Big Thompson River watershed, which is recovering from the 2024 Alexander Mountain Fire and the 2020 Cameron Peak and East Troublesome fires.

Northern Water crews also addressed an ongoing challenge on the C-BT Project's Collection Systems near Willow Creek Reservoir, improving a section of the Willow Creek Pump Canal with new concrete lining to address seepage that had been occurring at the site.

2024 BUDGET SUMMARY – NORTHERN WATER

Northern Water maintains a strong financial position while continuing its commitment to provide a reliable and high-quality water supply.

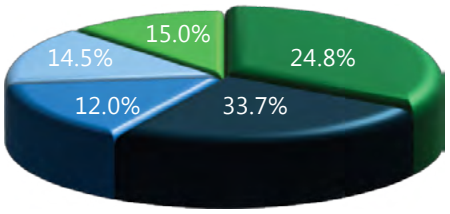
Revenues to Northern Water come from a variety of sources, with the main component being a 1-mill ad valorem tax levied on property within Northern Water's boundaries. In addition, Colorado-Big Thompson Project allottees pay assessments annually to offset certain maintenance projects and for water management and water delivery services. In total, project assessments comprise more than one-fourth of Northern Water's overall revenue. Revenues in excess of expenses help Northern Water continue to build additional reserves for future operating and capital requirements. Of the expenditures, 66.4 percent are attributed to operating costs, initiatives and programs. The 2024 budget numbers below reflect the Northern Water budget only during the fiscal year, from Oct. 1 to Sept. 30. Learn more and view Northern Water's 2024 budget report at www.northernwater.org/finance.

Northern Water and the Municipal Subdistrict were awarded the Government Finance Officers Association's Distinguished Budget Presentation Awards for 2023 for meeting the highest principles in budgeting, as well as the Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Reports.

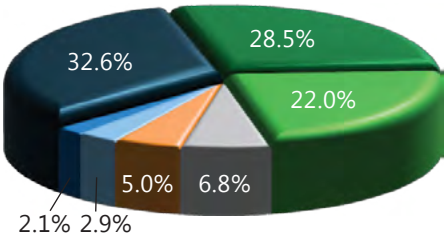
Fiscal Year 2024 Budget

Note: Does not include Southern Water Supply Project, Pleasant Valley Pipeline, Northern Integrated Supply Project, Hydropower, Windy Gap and Windy Gap Firming enterprises.

Property and Specific Ownership Tax	$37,248,041
Intergovernmental Grants and Initiatives (incl. fire recovery)	27,461,174
Other Revenues (incl. revenue from enterprise funds)	16,615,265
Cash/Bond Proceeds	16,050,968
Water Assessments	13,256,134
TOTAL SOURCES	**$110,631,582**



Administrative, Environmental and Engineering Programs	$36,013,626
Capital Assets and Projects (incl. Campus Development)	31,537,077
Other Initiatives (incl. fire recovery)	24,370,000
Operation and Maintenance	7,550,705
Debt Service	5,579,179
Fleet and Facilities	3,240,741
Operating Reserve Funding	2,340,254
TOTAL USES	**$110,631,582**



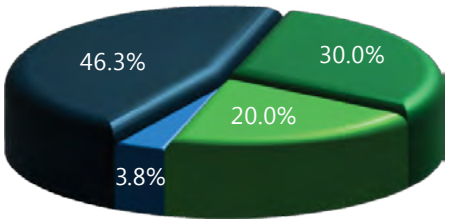
2024 BUDGET SUMMARY – MUNICIPAL SUBDISTRICT

Northern Water's Municipal Subdistrict is a separate and independent conservancy district initially formed by six municipalities in 1970 to build and operate the Windy Gap Project. The annual budget is one part of a long-term commitment to provide quality services while preserving long-term financial viability of the Municipal Subdistrict. Construction of Chimney Hollow Reservoir advanced significantly in 2024 with completion set by mid-2025.

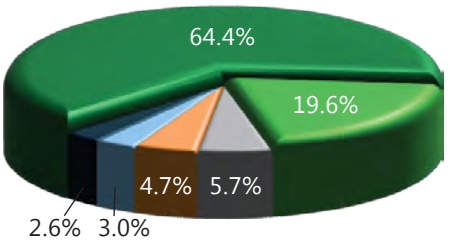
Fiscal Year 2024 Budget

Note: Does not include Chimney Hollow Reservoir construction.

Intergovernmental Grants (incl. Connectivity Channel)	$9,742,000
Water Assessments and Contributions (incl. Connectivity Channel)	6,307,071
Cash/Bond Proceeds	4,209,824
Other Revenues	796,391
TOTAL SOURCES	**$21,055,286**



Capital Assets & Projects (incl. Connectivity Channel)	$13,556,788
Carriage Delivery	4,125,350
Programs	1,200,050
Pumping, Energy and Wheeling	1,000,098
Other Operating Expenses	623,000
Pump Plant and Pipeline	550,000
TOTAL USES	**$21,055,286**



PROJECT PROPONENTS CELEBRATE COMPLETION OF LONG-AWAITED CONNECTIVITY CHANNEL

Descriptions such as "historic" and "momentous" filled the air as each speaker took to the podium at the Colorado River Connectivity Channel (CRCC) dedication ceremony on Oct. 15, 2024. The event brought together a diverse set of project proponents and dignitaries to celebrate a long-awaited and broadly supported river-health project.

After having been envisioned for decades, the CRCC is now complete, and has reconnected two segments of the Colorado River around Windy Gap Reservoir for the first time since the reservoir was built in the 1980s.

The new Connectivity Channel diverts water from the Colorado River above Windy Gap Reservoir and carries it around the reservoir before releasing it back into the Colorado River channel downstream of the Windy Gap dam. According to state fisheries biologists, trout and sculpin almost immediately started using the new channel once water was flowing through it.

The recently completed Connectivity Channel is part of a package of environmental measures valued at $90 million, associated with construction of Chimney Hollow Reservoir, which is where Windy Gap water will be stored once the reservoir is completed in 2025.

In addition to the environmental benefits, once vegetation at the site is established, portions of the Connectivity Channel will be open for public fishing access in the coming years, once vegetation at the site is established.

Northern Water hosted tours of its facilities and projects throughout the year, with a total attendance of nearly 1,500 people that included project participants, local residents, representatives of partnering organizations and agencies, and delegates from across the country and even other parts of the world.

CAMPUS DEVELOPMENT PROJECT

In June 2024, Northern Water wrapped up Phase II of the Berthoud Campus Development project. This phase largely consisted of the expansion and renovation of Building A, the main administration building, at the Berthoud headquarters. New water-efficient garden demonstrations and an education pavilion were also added during this phase to the Conservation Campus west of Building A. The Campus Development efforts began in May 2021 and included the construction of the Willow Creek Campus near Granby and Phase I on the Berthoud campus which was the addition of an operations and maintenance building, new training spaces and storage.

To celebrate this milestone achievement, the Northern Water Board of Directors hosted a ribbon-cutting ceremony in Berthoud on June 13, followed by a public open house on Oct. 4.

With an ever-growing Front Range community and consequent new water supply projects under way, as well as a broadening scope of initiatives necessary to protect our water supply, it was necessary for Northern Water to expand its office footprint to house additional staff. In the last five years, the organization has grown from about 130 to nearly 200 full-time employees.

Not only were new offices created, but more storage space was built for added fleet and equipment, additional meeting rooms were incorporated to further support collaboration and other technological enhancements were made across campus.

The completed Campus Development project will allow Northern Water to continue its mission of providing a reliable water supply to Northeastern Colorado while also meeting future demands within the region.

Learn more at www.northernwater.org/campusdevelopment.