
RECORD OF PROCEEDING

**SOUTHEASTERN COLORADO WATER
ACTIVITY ENTERPRISE**

MINUTES

June 17, 2010

The regular meeting of the Board of Directors of the Southeastern Colorado Water Activity Enterprise (SECWAE) was held on Thursday, June 17, 2010 at 9:35 a.m., at the District office, 31717 United Avenue, Pueblo, Colorado.

President Long announced a quorum was present.

DIRECTORS PRESENT:

Bill Long	Harold Miskel	Ann Nichols
Scott Reed	Gibson Hazard	Greg Johnson
Lissa Pinello	Howard "Bub" Miller	Carl McClure
Reed Dils	Gary Bostrom	David Simpson
Kevin Karney	Vera Ortega	
Alan Hamel-Advisory Board Member		

DIRECTOR ABSENT AND EXCUSED:

Shawn Yoxey

ENTERPRISE OFFICIALS PRESENT:

Executive Director James Broderick; Administrative Manager Toni Gonzales; Project Manager Phil Reynolds; Finance Coordinator Tina White; Director of Engineering and Resource Management Bob Hamilton; Engineering Support Specialist Margie Medina; Conservation Outreach Coordinator Jean Van Pelt; Legal Counsel Steve Leonhardt and Lee Miller.

VISITORS PRESENT:

Roy Vaughan, U.S. Bureau of Reclamation; Steve Witte and Janet Garoutte, Colorado Division of Water Resources-Division 2; Chris Woodka, The Pueblo Chieftain; Kevin Meador, Bill Stoner, and Dave Mahaffay, Black & Veatch; Curt Thompson, Merrick & Company; Bob Hartzman, City of Cañon City; Bill Hower, Beulah Water District; Shirley Klipfel; Dwight Gardner, Senator Bennet's office; Christina Thiebaut, Senator Udall's office; Jim Sandoval, Otero County; Mark Carmel, Merrick & Co.; Tom Simpson and Rick Kienitz, Aurora Water; Roy Heald, Security Water District and Fountain Valley Authority; Dan Henrichs, High Line Canal Company; Scott Stevens, URS Corporation; Tony Keenan, Arkansas River Outfitters Association; and Ken Weber.

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APPROVAL OF MINUTES:

President Long asked if the members of the Board had received their copy of the minutes of May 20, 2010 and whether there were any corrections or additions. Hearing none, Mrs. Pinello moved, seconded by Mr. Dils, to approve the minutes. Motion unanimously carried.

FINANCIAL REPORT:

Treasurer Ann Nichols reported the financial statement for May was posted to the Board website for review. Treasurer Nichols moved for acceptance of the May 2010 financial statement and payment of the June bills. Mr. Johnson seconded the motion, the motion unanimously carried.

CONSENT ITEMS:

None

PRESENTATIONS:

FEDERAL LEGISLATION

Arkansas Valley Conduit

Mr. Broderick said the House Appropriations Committee will be meeting on June 24 for mark up.

10825 Legislation

Mr. Broderick said he will be going to Washington, D.C. June 25 to participate in 10825 legislative discussions.

ACTION ITEMS:

A combined meeting of the Finance, Conduit, Resource & Planning, and Excess Capacity Committees met June 11, 2010 to discuss each of the action items in detail.

STAG REPORT ON FINAL DRAFT

The Board members were provided a copy of the Arkansas Valley State & Tribal Assistance Grant (STAG) monthly report for activities through April 30, 2010.

DISTRICT REIMBURSEMENT BY RECLAMATION

In November 2009 the Board approved an accelerated schedule for the State and Tribal Assistance Grant (STAG) that allowed the pre-NEPA work to be completed by March 2010. The Board also authorized a temporary use of Enterprise reserve funds to cover a cash flow shortfall for the Conduit that will be reimbursed by the participants by 2011.

Mr. Broderick reported between October 1, 2009 and April 30, 2010 about \$134,467 in expenses related to the Conduit have been incurred. In the long-term, if additional legislation passes, revenues will be forthcoming to the District to cover the cash float and administrative, legal, and engineering expenses. In the short-term, changes will depend upon the actions decided by the Board. A revised 2010 budget will need to be approved once the funding mechanisms are decided.

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The District Conduit Committee met on June 11, 2010, at 10:00 a.m. at the District offices. A presentation with discussion of long-term and short-term funding solutions, including suggested legislative language, was held at the Committee meeting. This legislation is necessary because Reclamation has decided that they do not have authority to transfer money from the 2010 appropriations to the District.

The legislative adjustment could take several months. In the interim the District has looked at short-term solutions to provide funding to keep the Conduit process moving and recommends a short-term cash float be authorized.

Mr. McClure moved, seconded by Mr. Hazard, that long-term legislation language be forwarded to the Colorado delegation for inclusion with other legislation to provide funding for the Arkansas Valley Conduit process to include expenses for staff, legal, and engineering. Motion unanimously carried.

Mr. McClure moved, seconded by Mr. Karney, that the Enterprise provide a temporary cash float of up to \$210,000 to cover Conduit expenses incurred in 2010 until long-term legislative solution is resolved. Motion unanimously carried.

REGIONAL RESOURCE PLANNING GROUP (RRPG) WATER QUALITY STUDY

The Board authorized the Enterprise's participation the RRPG/USGS "Phase I Water Quality Study in 2009." Previous studies were funded by Aurora IGA payments to the District for the RRPG. The Aurora IGA payments were for a period of five years only.

Numerous entities have expressed concerns about a wide range of water quality issues in the Arkansas River basin. As a result of these concerns the USGS, in cooperation with the RRPG, developed a strategy to address multiple water-quality concerns. This strategy was developed by: 1) synthesizing electronically available data and studies that could be integrated to help provide a basin-wide understanding of water-quality conditions; 2) identifying and prioritizing water-quality issues within the Arkansas River basin based on concerns of stakeholders; and 3) identifying gaps in existing data.

To a large extent, in 2010, the approach for this study phase will be a continuation of data-collection that began in 2009. Emphasis will be given to the collection of samples during high-flow periods that were not captured in the 2009's sampling efforts. Due to continued funding constraints, the scope has been scaled back for 2010. The sampling activities on Fountain Creek will be discontinued and will be reduced on the upper and lower Arkansas River study reaches.

In 2009 there was \$50,000 in CWCB funding which is not available in 2010. Fortunately negotiations by the City of Aurora and the Lower Arkansas Valley Water Conservancy District have made \$75,000 available between those two entities, which lowered the amounts of the contribution of the other four entities. Attachment 1 outlines the contributions of the different RRPG Participants.

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The total cost of the 2010 RRPg – Arkansas Basin Water-Quality Study is \$282,000 which includes \$160,000 from the RRPg participants and \$122,000 from the USGS. The proposed Enterprise contribution to the study is \$25,000. There is \$20,000 in the 2010 Enterprise Budget for this study.

Mrs. Ortegón moved, seconded by Mr. Johnson, that the Board authorize the Board President or the Executive Director to execute the Ratification of the Regional Resource Planning Group Policy Committee Action of authorizing the Enterprise to enter into a Joint Funding Agreement with the USGS for the 2010 RRPg – Arkansas Basin Water-Quality Study and that the Enterprise contribute \$25,000 toward the study. Motion unanimously carried.

AURORA AND RESTORATION OF YIELD (ROY) AGREEMENT FOR USE OF HOLBROOK FACILITIES

Mr. Broderick reported in May 2004, the District executed the Six-Party IGA between the District, the City of Pueblo, Colorado Springs, Aurora, Fountain, and the Board of Water Works of Pueblo. Also in 2004 the Board authorized the payment of \$2,870 for the Enterprise’s portion of a study of gravel pit wells for long-term ROY storage. In February 2005, the Board authorized the President of the Board to execute the first five-year agreement.

Article II of the May 27, 2004 Six-Party IGA provides for the recapture and storage for later use of water owned or controlled by one or more of the ROY participants. The ROY participants are the City of Aurora, Southeastern Colorado Water Activity Enterprise, City of Fountain, Colorado Springs Utilities, and the Board of Water Works of Pueblo. In the attached agreement, collectively these parties are referred to as the “ROY participants.”

The percentages of participation are listed below:

<u>Participant/Entity</u>	<u>Percent of Participation Pro Rata Share</u>
City of Fountain	5%
Southeastern Colorado Water Activity Enterprise	1%
Board of Water Works of Pueblo	2%
Colorado Springs Utilities	46%
<u>City of Aurora</u>	<u>46%</u>
Total	100%

The use of excess capacity in the Holbrook System allows the ROY participants to forego exchanges into Pueblo Reservoir when the exchange will reduce the flows through Pueblo below the threshold developed in the City of Pueblo RICD. The water from the foregone exchanges will be diverted at the Holbrook system headgate near Manzanola and stored in Holbrook or Dye Reservoirs, if space is available. This water is then exchanged back to Pueblo Reservoir when the exchange capacity is available or released downstream as part of a Project water delivery. This is basically the same agreement that the ROY participants have been operating under since 2005.

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The District's annual obligations will be one percent (1%) of the \$50,000 readiness to serve payment plus a 15 percent (15%) administration and management fee to Aurora. The total projected costs for years 2010 through 2014 will range from \$575 to \$1,000 per year. The Enterprise paid \$635.59 in 2008 and \$666.68 in 2009.

Mrs. Pinello moved, seconded by Mrs. Ortegón, the Board authorize the President of the Board or the Executive Director to execute the Renewed Agreement. Motion unanimously carried.

LONG-TERM EXCESS CAPACITY STORAGE MASTER CONTRACT

Mr. Broderick reported that at the March 10, 2010 meeting of the Southeastern's Long-Term Master Contract (SLTMC) portion of the Preferred Storage Options Plan, discussion was held regarding moving the NEPA process in conjunction with the Arkansas Valley Conduit (AVC). There are two alternatives for moving the Southeastern's Long-Term Master Contract (SLTMC) process. One is to move it forward with its own NEPA evaluation. If this track is chosen, it would still have to be considered in the AVC NEPA because they would be running concurrently – thus cumulative effects and foreseeable actions would be cause for this to be evaluated in AVC NEPA. If Southeastern's Master Contract were to run its own environmental study it could slow down the AVC NEPA process if the Master Contract process was performed slower or was held up for some reason.

A second alternative is to include the SLTMC NEPA process in the AVC NEPA Environmental Impact Statement (EIS). Since the AVC NEPA process was started in late April and to prevent the AVC NEPA from being delayed due to a concurrent action, it is plausible to include the SLTMC in the AVC NEPA. These environmental reviews have two common elements; 1) the Excess Capacity storage element, and 2) a common service area. It would facilitate the AVC EIS process if the SLTMC was included in the AVC EIS. A contract would have to be worked out with Reclamation and an accounting method will need to be determined to handle the cost allocations. This alternative would provide significant savings compared to running a separate NEPA process just for the SLTMC.

District staff met with Reclamation on the Arkansas Valley Conduit on May 11, 2010. Included in that meeting was a discussion on the Scoping for the NEPA for the Project. Included in NEPA is an analysis of the long-term Excess Capacity contracts that the participants would utilize in the operations of the Conduit. Reclamation is moving forward with the AVC NEPA and needs an answer shortly on whether to include the SLTMC as they prepare the Scoping for the AVC NEPA.

The original budget for SLTMC was \$2 million. The cost of including the Master Contract NEPA process in the Arkansas Valley Conduit Environmental Impact Statement (EIS) is estimated to be \$500,000. Thus, the inclusion into the AVC NEPA would provide a significant cost savings for the Excess Capacity Storage Master Contract participants. These costs are paid for by the participants. The participants pay three months in advance of the expected costs which coincides with the expected payments to Reclamation for the environmental study. A budget revision will be forthcoming once the costs and participants are finalized.

The 2010 Budget as adopted by the Board reflects the intention of the District to move forward with obtaining a Master Contract for Long-Term Excess Capacity Storage with Reclamation. Mr. Reynolds reminded the Board

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that this discussion and the associated costs are for the environmental process only of the Excess Capacity project. There are still costs accruing to the other aspects of the Excess Capacity project.

Mr. Miskel moved, seconded by Mrs. Ortegón, that Southeastern's Long-Term Excess Capacity Storage Master Contract be included in the NEPA review of the Conduit. Included with this recommendation is that the chairman of the Excess Capacity Committee meet with the participants to review the arrangement of who will be included in the Master Contract process, how the funding will be handled, and that the environmental analysis will be included in the Arkansas Valley Conduit Environmental Impact Statement. Motion unanimously carried.

INFORMATIONAL ITEMS:

The Board was provided a written report on the following, which was posted on the Board website:

- Arkansas Valley Conduit

OTHER BUSINESS MATTERS:

None

President Long asked if there were any other matters to come before the meeting, and hearing none, adjourned the meeting at 10:14 a.m.

Respectfully submitted,

Toni Gonzales
Administrative Manager

Secretary

