

RECORD OF PROCEEDING

**SOUTHEASTERN COLORADO WATER
ACTIVITY ENTERPRISE**

MINUTES

April 21, 2016

A regular meeting of the Board of Directors of the Southeastern Colorado Water Activity Enterprise (Enterprise) was held on Thursday, April 21, 2016 at 11:05 a.m., at the District office, 31717 United Avenue, Pueblo, Colorado.

President Long announced a quorum was present.

DIRECTORS PRESENT:

Bill Long	Ann Nichols	Gary Bostrom
Gibson Hazard	Kevin Karney	Carl McClure
Howard "Bub" Miller	Pat Edelmann	Jay Moore
David Simpson	Curtis Mitchell	Tom Goodwin
Dallas May	Mark Pifher	
Alan Hamel-Advisory Board Member		

DIRECTOR(S) ABSENT AND EXCUSED:

Vera Ortegon

ENTERPRISE OFFICIALS PRESENT:

Executive Director James Broderick; General Counsel Lee Miller; Administrative Manager Toni Gonzales; Water Resource Specialist/Engineer Garrett Markus ; Finance Coordinator/IT Leann Noga; Special Water Counsel Steve Leonhardt and Alix Joseph; and Federal Lobbyists Ray Kogovsek and Christine Arbogast.

VISITORS PRESENT:

Chris Woodka, The Pueblo Chieftain; Tom Simpson, Aurora Water; Dwight Gardner, U.S. Senator Michael Bennet's office; Scott Lorenz, Colorado Springs Utilities; Doug Fitzgerald, U.S. Congressman Scott Tipton's office; Roy Vaughan, U.S. Bureau of Reclamation; Philip Reynolds, Colorado Division of Water Resources-Division 2; Curt Thompson, AECOM; Bill Banks, U.S. Geological Survey; Bob Hamilton, retired; Paul Blanchard, Northwest Pipe Company; Bob Hamel, Arkansas River Outfitters Association; Katiana Dillon, Wells Fargo Securities; Bob Hartzman, Canon City Water Department; Kortney Kelly, Fountain Valley Authority; and Mark Scott, GEI Consultants.

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APPROVAL OF MINUTES:

President Long said the minutes of the February 18, 2016 Board meeting were posted to the Board website for review, and asked if there were any corrections or additions. Hearing none, Mr. Karney moved, seconded by Mr. Bostrom, to approve the minutes. Motion unanimously carried.

FINANCE COMMITTEE REPORT:

Treasure Nichols reported the financial statements for February and March were posted to the Board website for review. Ms. Nichols moved, seconded by Dr. Moore, for acceptance of the February and March financial statements and payment of the April 2016 bills. Motion unanimously carried.

CONSENT ITEMS:

None

PRESENTATIONS:

FEDERAL LEGISLATION

Christine Arbogast reported the appropriations process for Energy and Water Development is off to a quick start. The Senate bill is expected on the floor as early as this week and maybe next. The House has marked up as well with floor action expected soon.

Both bills include language which makes it possible for the Arkansas Valley Conduit (AVC) to receive funds added to Reclamation's budget above the President's request. In the Senate, the plus up was more than \$150 million, most of which will go to drought in California but the same \$10 million allocated to the category in which we received extra money this current fiscal year. The House plus up is more modest--\$27.5 million above the administration's request. Historically, the Senate has prevailed in the increased numbers. In addition, both bills preserve the \$3 million which was specifically requested for the AVC by the Administration for next fiscal year.

The long-term process for enactment remains unknown although public statements by committee chairmen suggest a plan to move this bill to enactment on its own. This has not happened in many years. But we are on a path for a much better funding picture.

In addition, the Senators are pushing a bill which would provide even more flexibility in the use of the miscellaneous revenues generated by the project for the conduit. Senator Gardner is a member of the Energy and Natural Resources Committee and is pushing for a hearing on the bill as soon as possible. Work is being done in advance on testimony so that we are prepared for President Long to testify when a hearing date is set.

The House included riders prohibiting funding for the implementation of the Clean Water Act rule but the Senate bill does not include such a rider. Previous attempts to enact these riders have failed. The waters of the United States rule remains in the judicial system at this time. Mark Pifher said he had some positive conversations in Washington, D.C. last week regarding the Clean Water Act.

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Ms. Arbogast reported the Drought bill still in limbo.

ACTION ITEMS:

RESTORATION OF YIELD (ROY EXCHANGE (CASE NO. 06CW120): APPROVAL OF STIPULATION WITH COLORADO PARKS AND WILDLIFE

Steve Leonhardt reported the Enterprise Board authorized legal counsel to join with the other co-applicants (the Board of Water Works of Pueblo and the Cities of Colorado Springs, Aurora, and Fountain) to file the application in this case in late 2006, and approved stipulations with several parties, most recently with Otero County and the Holbrook Mutual Irrigating Company in June 2015.

The co-applicants filed a revised proposed decree and engineering report with their expert witness disclosures on January 26, 2016, and then provided a proposed decree with a few further revisions dated January 27, 2016. The January 27, 2016 proposed decree includes the revisions we have negotiated and agreed to with the attorney for the United States (pending final approval of settlement by the United States). The main substantive change from the March 14, 2014 proposed decree (agreed to by the co-applicants and other parties in several previously approved stipulations) is to add subparagraph 15.5, a 100 c.f.s. flow requirement below Pueblo Dam. The United States requested this condition, which is consistent with the co-applicants' previous commitments in their 2004 IGA with the City of Pueblo, and in several storage contracts with Reclamation. The January 2016 proposed decree contains appropriate terms and conditions on the operation of the exchange in paragraph 15, including language agreed to with the United States' attorney on the co-applicants' use of Pueblo Reservoir in subparagraph 15.10.

Special water counsel recommends the Board approve a standard stipulation by which CPW will consent to entry of a decree in the form of co-applicants' January 27, 2016 proposed decree. Counsel for co-applicant Pueblo Water is circulating the stipulation for signature, and CPW has signed.

Mr. Goodwin moved, seconded by Mr. Bostrom to authorize special water counsel to execute a Stipulation with Colorado Parks and Wildlife and the co-applicants, consenting to entry of the co-applicants' proposed decree dated January 27, 2016. Motion unanimously carried.

AMENDED AGREEMENT BETWEEN AURORA AND ROY PARTICIPANTS FOR USE OF THE HOLBROOK SYSTEM FACILITIES

Lee Miller reported the Enterprise entered into a previous version of the agreement, which has since expired, with the cities of Aurora, Fountain, Colorado Springs, and the Board of Water Works of Pueblo (the ROY participants) for use of Holbrook Mutual Irrigating Company storage space to recover foregone diversions caused intergovernmental agreement (six-party IGA) with the City of Pueblo, signed in 2004. The Enterprise approved the ROY Cost Sharing Agreement in June 2015, that addresses costs for the joint water exchange application and development of permanent ROY storage.

The ROY participants are parties to the 2004 six-party IGA with the City of Pueblo, which provides for the ROY participants to forego certain diversions to maintain specified flow levels on the Arkansas River through Pueblo. They can then recover the foregone yield through downstream storage, followed

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by exchanges to upstream storage (mainly Pueblo Reservoir) when the flows are sufficient. Until the ROY participants can develop permanent water storage for this purpose, Aurora, on behalf of the ROY participants, has been leasing storage space in Holbrook facilities. The Enterprise pays 1 percent of the costs under this agreement.

Mr. Pifher moved, seconded by Mr. Bostrom, to authorize the District to execute the Amended Agreement between Aurora and ROY Participants for Use of the Holbrook System Facilities. Motion unanimously carried.

INFORMATION ITEMS:

None

OTHER BUSINESS MATTERS:

President Long asked if there were any other matters to come before the meeting, and hearing none, adjourned the meeting at 11:30 a.m.

Respectfully submitted,

Toni Gonzales
Administrative Manager

Secretary

