

RESOURCE AND ENGINEERING PLANNING COMMITTEE
MINUTES
November 2, 2017

A meeting of the Resource and Engineering Planning Committee was held on Thursday, November 02, 2017 at 10:07 a.m. at the District Office, 31717 United Avenue, Pueblo, Colorado.

Vice Chairman Mitchell announced a quorum was present.

COMMITTEE MEMBERS PRESENT:

Vice Chairman, Curtis Mitchell – Vice Chairman
Seth Clayton, Greg Felt, Tom Goodwin, and James Broderick

COMMITTEE MEMBERS ABSENT AND EXCUSED:

Chairwoman, Vera Ortegon and Gibson Hazard

OTHERS PRESENT:

Jenny Bishop, Colorado Springs Utilities; Alan Ward, Board of Water Works of Pueblo; Carl McClure, Garrett Markus, Leann Noga and Chris Woodka, Southeastern Colorado Water Conservancy District (District); Garrett Markus, Leann Noga, and Chris Woodka, District staff.

APPROVAL OF MINUTES:

Vice Chairman Mitchell asked for approval of the October 5, 2017 minutes, and if there were any corrections or additions. Hearing none, Tom Goodwin moved, seconded by Greg Felt, to approve the minutes. Motion carried unanimously.

PRESENTATIONS:

2018 PROPOSED BUDGET

Garrett Markus started with the Hydropower CWCB loan of \$10,363,609, expensed were capital equipment procurement at \$10,000,000, outside and professional services \$20,000, personnel and overhead \$114,609, interest during construction \$223,000, and other at \$12,200. In 2018 the project will be completed.

The 10,825 Project, which is the biological assessment for Ruedi Reservoir, allows for \$1,000 for 2018 through 2020. This program is funded with the Environmental Stewardship Surcharge (ESS).

Regional Resource Planning Group (RRPG) Joint Funding Agreement with USGS is to establish water quality baseline for reaches on the Arkansas River basin in Colorado. Participants are Aurora, Board of Water Works of Pueblo, Colorado Springs – Utilities, Lower Arkansas Valley Water Conservancy District, Upper Arkansas Water Conservancy District and the Southeastern Colorado Water Activity Enterprise (Enterprise). The 2017 and 2018 funding contracts covered the study from Pueblo Reservoir to John Martin. Total annual contract of \$135,000 will be paid by the Enterprise which will be refunded \$110,000 from the other participants. The Enterprise's responsibility is \$25,000 in 2018. These costs are projected to be the same in 2019 and 2020.

RESOURCE AND ENGINEERING PLANNING COMMITTEE MINUTES

November 2, 2017

The District has budgeted \$250,000, which encompasses \$120,000 for engineering work to evaluate the potential development of conditional East and West slope water rights and \$130,000 for the ongoing Division 2 and projected Division 5 diligence. Wilson Water Group has been contracted to do these evaluations. These costs will carry into 2019 and 2020.

The Enterprise contributes \$2,000 to the annual operations and maintenance supporting the Upper Arkansas Water Conservancy District in its COAgMet monitoring. The Enterprise will continue support in 2018 at that rate.

Restoration of Yield (ROY) is the six party IGA designed to recover foregone exchanges curtailed by the Pueblo Recreational In-Channel Diversion (RICD). The ROY cost sharing agreement has the Enterprise's contribution at 4.76 percent, but for budget purposes five percent has been used. The operational expenses budget of \$10,000 is comprised of \$1,000 for ROY operations in Holbrook Reservoir's excess capacity space and \$9,000 for RJH & ERO's study of the Haynes Creek site for potential reservoir construction. The ROY partners executed a lease-purchase option on Haynes Creek site for \$150,000, which the Enterprise budgeted five percent or \$7,500 for 2018. After this year of the lease, the ROY Group intends to initiate the purchase option of the contract for \$2.85 million. The Enterprise's portion of the purchase is budgeted at \$142,500. Project year 2019 and 2020 budget amounts are \$50,000 for construction, \$10,000 for operations per year.

In relation to Reliable Future Water Supply, the Enterprise holds two USGS Joint Funding Agreements (JFA). The first JFA, denoted as the Enterprise JFA, is \$37,867 for stream flow monitoring covering St. Charles at Vineland, Huerfano near Boone, Timpas Creek at mouth near Swink, and Fountain Creek confluence. The ESS covers the funding for this program. The second JFA, denoted as the Special Projects JFA, entails water quality monitor in the upper Arkansas River. Special projects such as the Excess Capacity Master Contract, Enlargement, and Arkansas Valley Conduit fund this program through the participants at the projected rates of \$67,584, \$73,918, and \$6,335 respectively.

The Fountain Creek Transit Loss Program breaks cost out in two pieces, an annual base fee that is constant for each member and a flow-based fee which is relative to the amount of water transferred through the model. The 2018 costs were \$2,165 for the annual base fee and no charge for the flow-based fee considering the Enterprise didn't need to use the model in 2017. Model updates were also performed to update the FORTRAN coding. Each member was charged an additional \$1,227 to cover those costs. A Pikes Peak Regional Water Authority associate membership is required as a participant and costs \$715. Budget for 2018 totals \$4,107. In 2019 and 2020 proposed budget includes a flow-based fee of \$20,000, a base fee of \$2,285, and a membership fee at \$715.

PROJECT WATER AND STORAGE RATES DISCUSSION

The Enterprise relies on water sales and surcharge revenues as the primary funding mechanism to keep its programs and projects functioning. With water rates stagnant for 20 years and surcharges not covering the remaining costs, the Enterprise has pulled from reserves to cover the year end deficits. A "How Do We Rate" pamphlet was distributed to the committee for internal discussion and feedback. The proposal suggested a \$1 per acre-foot (AF) increase for Fryingpan-Arkansas Project water (Project water) per year until 2020, a \$2/AF increase for

**RESOURCE AND ENGINEERING PLANNING COMMITTEE MINUTES
November 2, 2017**

Project water Return Flows and a \$1/AF increase per year for 2019 and 2020, and a \$1/AF increase for Project water Carryover per year until 2020. The Well Augmentation Surcharge would be converted to a Full Consumable Surcharge and the price would be adjusted to purchase the Return Flow portion as well. The proposal was designed alleviate the need to draw from reserves and be within the Consumer Price Index (CPI) when the water rates were set. In the meantime, the Enterprise would gather data and initiate a Cost of Service analysis to set water rates in 2021. District staff will be looking for Board of Director and stakeholder comments before acting on this subject.

ACTION ITEMS:

None

INFORMATION ITEMS:

None

OTHER BUSINESS:

None

NEXT MEETING

Thursday, February 1, 2018 at 10:00 a.m.

ADJOURN

Vice Chairman Mitchell adjourned the meeting at 12:02 p.m.

Respectfully submitted,

Garrett J. Markus, P.E.
Water Resources Engineer