

RESOURCE AND ENGINEERING PLANNING COMMITTEE
MINUTES
June 11, 2018

A meeting of the Resource and Engineering Planning Committee was held on Monday, June 11, 2018 at 10:00 a.m. at the District Office, 31717 United Avenue, Pueblo, Colorado.

Chairman Mitchell announced a quorum was present.

COMMITTEE MEMBERS PRESENT:

Curtis Mitchell - Chairman,
Tom Goodwin, Gibson Hazard, and James Broderick

COMMITTEE MEMBERS ABSENT AND EXCUSED:

Seth Clayton - Vice-Chairman and Andy Colosimo

OTHERS PRESENT:

Jenny Bishop and Keith Riley, Colorado Springs Utilities; Garrett Markus, Kevin Meador, Leann Noga, and Chris Woodka, Southeastern Colorado Water Conservancy District (District) staff

APPROVAL OF MINUTES:

Chairman Mitchell asked for approval of the April 5, 2018 minutes, and if there were any corrections or additions. Hearing none, Tom Goodwin moved, seconded by Gib Hazard, to approve the minutes. Motion carried unanimously.

PRESENTATIONS:

SECOM PROPERTY EASEMENT REQUEST

Leann Noga showed the Committee the location of the property easement request. As proposed, SECOM will pay a fee for the easement, which will cover the District's current and possible legal fees as a result of negotiation of the easement agreement, as well as the value of the property easement. The current legal fee is \$1,000 and the value of the property easement is \$400 totaling \$1,400. Upon agreement the District could incur additional legal fees for final processing, which would be added to the total cost.

General and Special Water Counsel and District staff have investigated the possible easement of the northern portion of the District's office building property to SECOM, Inc. for the purpose of installing and maintaining a fiber optic line to service the neighboring property to the east. The owners of the property to the east of the District's office property have sought fiber optic cable service from SECOM. In order to service the property, SECOM must pull a line off its main line located near Reyes Street. To get from Reyes Street to the property, the line must cross the

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District's property. Therefore, SECOM has requested an easement to install and maintain the line.

The easement agreement, as revised by the District's Special Water Counsel, would be across the northern 10 feet of the District's property. All of SECOM's work in the easement would be at its own expense, and SECOM would be required to repair any damage to the property and return it to the condition that existed prior to entry. The Proposed Right of Way Easement Contract *draft* with map was provided.

BUREAU OF RECLAMATION QUARTERLY REPORT ON INCLUSION

Garrett Markus reviewed the Bureau of Reclamation Quarterly report dated April 2, 2018. Colorado Springs-Utilities True-Up is still sitting with the Advisory Council of the Historic Society. Jenny Bishop with Colorado Springs-Utilities responded that the delay was a dispute between Bureau of Reclamation and the State Historical Preservation office (SHPO) regarding anticipatory demolition of properties.

The next items on the report are the assents that have been completed. Upon completion of the annexations they are submitted to District Court for a decree once a year. Pending projects are older inclusions via the old process that have been left incomplete. Staff will work with the Bureau of Reclamation to address the pending projects.

PUEBLO DAM HYDROELECTRICT PROJECT UPDATE

Kevin Meador updated the Committee with a PowerPoint showing photos of the construction progress on the Pueblo Dam Hydroelectric Project (PDHP). Notable progress specifics are the erection of the frame of the building, turbine parts are arriving on site, and the installation of five-ton bridge crane as a permanent feature of the project used to place or remove parts. Next step is to install metal siding panels.

In terms of contracts Black Hills will be drafting the interconnection agreement for District review, an operations agreement with Colorado Springs which was dropped in May is being reconsidered by Colorado Springs, the Power Scheduling Contract is being negotiated with MEAN (Municipal Energy Agency of Nebraska), and an insurance broker proposal is expected in the next couple of weeks and we're expecting to be in place by October.

The District staff is working with the Bureau of Reclamation addressing North Outlet Works operations and different options in regard to additional valving. Bureau of Reclamation is concerned with the application of a shut off valve. The District is researching the amount of flow restriction due to a "choking" effect occurring during a rare catastrophic event the two valves in each penstock fail to shut off.

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ACTION ITEMS:

PUEBLO DAM HYDROELECTRIC PROJECT CHANGE ORDER NO. 1 TO CONTRACT WITH MOUNTAIN STATES HYDRO, LLC

Kevin Meador provided history regarding Mountain States Hydro, LLC change order. Board approval is required for the Change Order No. 1 to the Contract. There are three parts to the Change Order as follows:

1. Increased labor and material costs associated with delays in starting construction from original anticipated contract date of September, 2016 to actual contracted date of September, 2017. The construction was delayed due to issues related to executing the project's Power Purchase Agreements. These issues, in turn, delayed release of loan funds for the project and subsequently delayed construction. The cost increase of \$684,514 includes \$522,806 (76 percent) in material costs increases as a direct pass through and \$161,708 (24 percent) in labor increases.
2. Increased material and labor costs due to delays relating to blasting work. In September, 2017, several issues relating to the blasting work had to be addressed with Reclamation. Blasting work had already started, resulting in down time for blasting crews and equipment of nine days while Reclamation issues were resolved. The cost increase of \$64,557.53 includes \$49,198 (76 percent) for labor and \$15,360 (24 percent) for material costs.
3. Increased costs for surveying related to blasting monitoring and revisions to the Lease of Power Privilege Lease Area of \$10,631. Reclamation would have normally provided (still at PDHP cost) the blasting monitoring surveys. Reclamation survey crews were not immediately available, so Mountain States Hydro contracted a local surveyor (with Reclamation approval) to provide these services.

All cost increases were negotiated with Mountain States Hydro, LLC. The Change Order No. 1 represents the negotiated value of the work. The total change order includes a 3 percent Bond markup and a 10 percent Overhead and Profit markup as allowed by Contract.

District staff and counsel recommends that the Resource and Engineering Planning Committee recommend approval of Change Order No. 1 to the Pueblo Dam Hydroelectric Project (PDHP) Design and Construction Contract with Mountain States Hydro, LLC in the amount of \$759,703, which includes increased costs and services due to construction delays beyond the scope and control of the design-builder. Costs are well within the District's financial plan that was presented earlier this year.

Tom Goodwin moved, seconded by Gib Hazard in a motion to recommend approval of Change Order No. 1 to the Design and Construction Contract with Mountain States Hydro, LLC in the amount of \$759,703. Motion approved with all in favor.

INCLUSION OF LANDS ANNEXED BY COLORADO SPRINGS

Garrett Markus showed a video of the proposed inclusion in relation to the District boundaries. The annexation is outside Colorado Springs Utilities service area, contiguous with the District boundaries.

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Tom Goodwin moved, seconded by Gib Hazard that the Committee recommend the Board approve, by Resolution, the inclusion of the Briargate Church Assembly of God annexed by Colorado Springs subject to the following terms and conditions:

1. Approval of these inclusions into the Southeastern Colorado Water Conservancy District will not increase the amount of Fryingpan-Arkansas Project water available to the city. Any Fryingpan-Arkansas Project water used on these included lands will need to come from the water allocated to the city through Fryingpan-Arkansas Project water allocations made pursuant to the District's Allocation Principles and Policies; and
2. Any use of Fryingpan-Arkansas Project water on the included lands is subject to the decrees for the Fryingpan-Arkansas Project, and to all lawful rules, regulations, principles, policies, and contractual obligations of the District; and
3. The annexed lands will be subject to ad valorem taxes levied by the District as any other similarly situated lands in the District at the time of this inclusion; and
4. Prior to the District filing a petition for District Court approval of this inclusion, the Municipality, and/or owner(s) of the annexed lands shall have paid all the costs charged by the United States in connection with the contracting officer's assent to this inclusion.

Motion passed with all in favor.

INFORMATION ITEMS:

None

OTHER BUSINESS:

None

NEXT MEETING

Thursday, July 5, 2018 at 10:00 a.m.

ADJOURN

Chairman Mitchell adjourned the meeting at 11:09 a.m.

Respectfully submitted,

Garrett J. Markus, P.E.

Water Resources Engineer