

RECORD OF PROCEEDING

**SOUTHEASTERN COLORADO WATER
ACTIVITY ENTERPRISE**

MINUTES

July 18, 2019

A regular meeting of the Board of Directors of the Southeastern Colorado Water Activity Enterprise (Enterprise) was held on Thursday, July 18, 2019 at 12:03 p.m., at the District office, 31717 United Avenue, Pueblo, Colorado.

President Long announced a quorum was present.

DIRECTORS PRESENT:

Bill Long	Curtis Mitchell	Ann Nichols
Seth Clayton	Howard "Bub" Miller	Tom Goodwin
Alan Hamel	Kevin Karney	Dallas May
Andy Colosimo	Mark Pifher	Greg Felt

DIRECTOR(S) ABSENT AND EXCUSED:

Patrick Garcia and Carl McClure

ENTERPRISE OFFICIALS PRESENT:

Executive Director James Broderick; General Counsel Lee Miller; Administrative Manager Toni Gonzales; Senior Policy and Issues Manager Chris Woodka; Finance Manager Leann Noga; Margie Medina, Administrative Support Specialist; and Federal Lobbyist Christine Arbogast.

VISITORS PRESENT:

Doug Fitzgerald, U.S. Congressman Scott Tipton's office; Cathy Garcia and John Orona, U.S. Senator Cory Gardner's office; Dwight Gardner, U.S. Senator Michael F. Bennet's office; Roy Vaughan, U.S. Bureau of Reclamation; Judy Leonard and Kim Swearingen, Pueblo West Metropolitan District; Bill Tyner, Colorado Division of Water Resources; Andy Klakulak, Suzanne Paschke, and Krystal Brown, U.S. Geological Survey; Jenny Bishop and Earl Wilkinson, Colorado Springs Utilities; Brett Gracely, Matrix Design Group; Kevin Niles, Arkansas Groundwater Users Association; and Bob Hamilton, citizen

APPROVAL OF MINUTES:

President Long said the minutes of the June 20, 2019 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. May, to approve the minutes. Motion unanimously carried.

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FINANCE COMMITTEE REPORT:

Treasurer Nichols reported the financial statements for June 2019 were posted to the Board website for review. Treasurer Nichols moved, seconded by Mr. Clayton, for acceptance of the June 2019 financial statements and payment of the July 2019 bills. Motion unanimously carried.

CONSENT ITEMS:

None

PRESENTATIONS:

FEDERAL LEGISLATION

Christine Arbogast reported the FY '20 appropriations process is reaching a critical deciding point. Negotiations continue on a two-year budget deal. This is tied to a vote to increase the debt ceiling, and it has been determined by the Department of the Treasury that this needs to be done in early September.

Congress is preparing to leave for its long August break in the next week to 10 days and so an agreement will need to happen quickly.

Predictions are that the level of domestic spending increase will lie somewhere between no increase sought by the Republican side to the seven percent increase sought by the Democrats.

This matters to the District because the availability of plus-up money to be available for the Arkansas Valley Conduit depends on an appropriations bill.

In addition, we are working with the delegation on the FY'21 budget proposal by the Administration...hoping that the current talks Mr. Woodka described will help to get us back into the budget request after two years of no funding.

Also of note, the House Interior appropriations bill does not provide any funding for the Department of Interior (DOI) reorganization, and it rescinds funding from FY '19. In the meantime, DOI has proceeded with one major reorganization piece—moving most Bureau of Land Management functions out west, which remains to be seen if that or any other reorganization pieces move forward.

JAMES W. BRODERICK HYDROELECTRIC POWER FACILITY UPDATE

Mr. Woodka reported the James W. Broderick Hydropower Plant (JWBHP) generated at near full capacity in June. Full capacity generation for the flow conditions (825 cfs) in June was approximately 7 Megawatts (MW). Following is a summary of the first five weeks of full operation:

Month	Scheduled (MWh)	Delivered (MWh)
May	1,032	765
June	4,512	4,495

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The average generation in June was 150 MWh per day compared to the maximum output capacity of 168 MWh per day or 89 percent of full capacity. There were two unplanned outages in June. On June 3, 2019 a Black Hills Energy relay malfunctioned and required replacing. Estimated lost generation during the outage was about 56 MWh. On June 7, 2019 a thrust bearing cooling issue required us to shut down Unit 1 (the large turbine) for about four days. Unit 2 continued to run during this time. Lost generation was estimated at 400 MWh or about \$19,000. Since this was a warranty item, we are working with Mountain States Hydro to be reimbursed for the lost generation. Since the cooling issue was resolved, Unit 1 has been running efficiently. Full generation is expected to continue through July.

A Resource and Engineering Planning Committee meeting was held at 8:45 a.m. today, to discuss the change orders, and the memorandum that was sent out explaining each one. Curtis Mitchell expressed that both Fort Carson and Fountain have experienced a rate reduction with the energy they are receiving from the hydro project. There will be a Resource and Engineering Planning Committee meeting on August 1, 2019.

AVC UPDATE

Mr. Woodka reviewing the following:

AVC Committee: The Arkansas Valley Conduit (AVC) Committee met on June 20, 2019, to review progress made in recent months, and to outline work that still needs to be done. The top priority is to receive a federal appropriation in the FY2021 budget and beyond. Several other processes have to occur at the same time, meaning that we cannot solely concentrate on funding and expect that to solve the AVC dilemma. The following steps have been identified by staff since the meeting, and work plans in each area are being developed:

1. **Value Planning:** This process needs to be completed prior to Reclamation's basis of negotiation for contract talks.
2. **Environmental Assessment:** Reclamation will have to complete this prior to signing a contract, but the two processes may occur simultaneously.
3. **Three-way Contract:** A contract among the District, Reclamation, and Pueblo Water is needed to use Pueblo Water's capacity to supply Project and participants' water to the AVC.
4. **Federal Funding:** The District is looking for a path to ensure that a stream of appropriated funds can be obtained for AVC. This requires working with federal elected and appointed officials.
5. **Other sources of funding:** The District is investigating how other sources of funding (federal or state) could be brought into parts of the AVC.
6. **State funding:** The District has \$43 million remaining in a Colorado Water Conservation Board loan for AVC. We are looking at how and when this could be applied. The District has told Reclamation that it wants assurances of federal funding before the state money is accessed.
7. **Final Design of the Boone Reach:** This is important as the last step prior to construction of the AVC. The dilemma at this time is finding the estimated \$6 million to complete this task.
8. **AVC Repayment Contract:** The District will need a Repayment Contract for AVC before construction can begin.

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The AVC Committee also discussed the ability of communities to fund construction and operation of the AVC, and whether it might be more cost-effective to look at private construction, but agreed there would be disadvantages as well as advantages to that type of plan.

Value Planning: Value Planning is a structured problem-solving process that looks at alternatives to meet the needs of a project. The team is meeting in mid-July to examine the AVC route east of Pueblo to see how efficiencies could be incorporated. A “site visit,” or group orientation meeting, was hosted by the District on July 11, 2019. The Value Planning team is meeting in Denver the week of July 15-19, 2019. Value Planning may be a factor in restoring federal funding to the AVC, because it will show other federal agencies how the District and Reclamation are looking at efficiencies that will reduce expenditures for the AVC, yet maintain a quality product. Garrett Markus is attending Value Planning meetings July 15-19, 2019.

Regionalization: Regionalization is an attempt to develop strategies for AVC stakeholders to comply with water quality standards until the AVC is built. The second workshop for the AVC Regionalization contract between the Bureau of Reclamation (Reclamation) and CDM Smith was held on June 26, 2019. The workshop developed alternatives that will be considered in the first phase of the Regionalization study. Kevin Meador and Chris Woodka attended on behalf of the District, and both expressed a preference for an alternative that anticipates construction of the entire AVC, rather than one that focuses on regulatory issues alone. The focus of the study for the next month is to update information on potential regional providers.

Mr. Woodka and Ms. Arbogast thanked the Colorado delegation along with Mr. Black for the support in the pushing and assistance in moving the AVC.

ACTION ITEMS:

None

INFORMATION ITEMS:

The Board was provided written material on the following topics, which were posted to the Board website:

- AVC and Excess Capacity Master Contract Update

OTHER BUSINESS MATTERS:

President Long asked if there were any other matters to come before the meeting, and hearing none, adjourned the meeting at 12:18 p.m.

Respectfully submitted,

Toni Gonzales
Administrative Manager

Secretary

