

RECORD OF PROCEEDING

**SOUTHEASTERN COLORADO WATER
ACTIVITY ENTERPRISE**

MINUTES

August 16, 2018

A regular meeting of the Board of Directors of the Southeastern Colorado Water Activity Enterprise (Enterprise) was held on Thursday, August 16, 2018 at 10:46 at the District office, 31717 United Avenue, Pueblo, Colorado.

President Long announced a quorum was present.

DIRECTORS PRESENT:

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

DIRECTOR(S) ABSENT AND EXCUSED:

None

ENTERPRISE OFFICIALS PRESENT:

Executive Director James Broderick; General Counsel Lee Miller; Administrative Manager Toni Gonzales; Principal Engineer Kevin Meador; Water Resources Engineer Garrett Markus; Issues Management Program Coordinator Chris Woodka; Finance Manager Leann Noga; and Federal Lobbyist Christine Arbogast.

VISITORS PRESENT:

Roy Vaughan, Bureau of Reclamation-Pueblo Office; Doug Fitzgerald, U.S. Congressman Scott Tipton's office; Bill Banks, U.S. Geological Survey; Curt Thompson, AECOM; Judy Leonard and Kim Swearingen, Pueblo West Metropolitan Board; Bill Tyner, Division Engineers Office; Tom Simpson, Aurora Water; Fortney Kelly, Fountain Valley Authority; Taylor Murphy, City of Fountain; Brent Gardner-Smith, Aspen Times; Mark Scott, GHD, Kevin Bergschneider, HDR; Bob Hilton, retired SECWCD; Bob White, Arkansas Headwaters recreation Area; and Jason Meyer and Tom McClernan, GMS.

APPROVAL OF MINUTES:

President Long said the minutes of the June 21, 2018 Board meeting were posted to the Board website for review, and asked if there were any corrections or additions. Hearing none, Mr. Felt moved, seconded by Mr. Karney, to approve the minutes. Motion unanimously carried.

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FINANCE COMMITTEE REPORT:

Treasurer Nichols reported the financial statements for June and July 2018 were posted to the Board website for review. Treasurer Nichols moved, seconded by Mr. Clayton, for acceptance of the June and July 2018 financial statements and payment of the August 2018 bills. Motion unanimously carried.

CONSENT ITEMS:

None

PRESENTATIONS:

FEDERAL LEGISLATION UPDATE

Christine Arbogast reported Congress continues to move forward with the FY '19 appropriations process. It is unknown if they will get most of the bills done before the end of the fiscal year on September 30, but they are working hard toward that goal.

In addition, Conference Committee discussions continue on the Farm Bill, with provisions in it for forest management. A call is scheduled next week with staff of the Senate Agriculture Committee to see if there are ways to help Colorado further than what the current bills in conference provide.

As we all know, this has been a very difficult fire year. Reports are that Interior and Agriculture do have funds remaining for firefighting, but they do not expect them to be enough and that an emergency request for an additional \$2 billion is in the offering.

PUEBLO DAM HYDROELECTRIC PROJECT UPDATE

Kevin Meador reported construction of the Pueblo Dam Hydroelectric Project continues on schedule for a Fall 2018 start-up. Mr. Meador provided the Board a chart showing the project summary. He then presented a PowerPoint showing the following pictures:

- Three Week Schedule-Pueblo Hydroelectric Project
- View of the Powerhouse
- Colorado Springs Utilities Visit-July 30, 2018
- Construction Team Meeting-August 1, 2018
- Workers Inside Powerhouse
- “Baby Bear” Generator in Place
- “Mama Bear” and “Papa Bear” Base
- Turbine Shutoff Valve for “Papa Bear”
- Wicket Gates, Scroll Case

AVC UPDATE

Chris Woodka reported the Bureau of Reclamation (Reclamation) found “no fatal flaws” with the Southeastern Colorado Water Conservancy District (District) New Concept proposal. The New Concept allows the Arkansas Valley Conduit (AVC) to reach communities affected by water quality enforcement

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issues more quickly through a phased approach that uses existing and future capacity in the Pueblo Board of Water Works (Pueblo Water) system.

Reclamation in November requested a study of how hydraulics and treatment would change in the New Concept. District staff, with assistance from Black & Veatch Engineering, completed the “New Concept Technical and Costing Evaluation Report” (Report) in March 2018. Reclamation technical staff evaluated the Report, completing its review in May 2018. Changes suggested by Reclamation were incorporated in the Report.

The Report indicates that at least \$30.4 million could be saved under the New Concept, as compared to the Comanche North alternative. Time to reach communities affected by radionuclides in groundwater would be reduced by at least eight (8) years.

On July 13, 2018, Reclamation requested two pieces of additional information:

1. Confirmation from the Colorado Department of Public Health and Environment (CDPHE) that the New Concept is an acceptable method of water treatment and transmission.
2. Assurances from Pueblo Water that deliveries of water can be completed as described in the Report.

On June 21, 2018, District staff met with CDPHE, Reclamation, and Pueblo Water staff, indicating the New Concept would be acceptable. Written communication would follow.

On July 25, 2018, District staff met with Pueblo Water to confirm that it can make the deliveries as described in the Report. Further meetings were scheduled.

On July 27, 2018, Reclamation gave the District verbal approval to proceed with the New Concept. The AVC Committee met at 1:30 p.m. on August 16, 2018, to review the Report and plan a path forward.

2018 FRYINGPAN-ARKANSAS PROJECT WATER ALLOCATION AND BUDGET IMPLICATIONS

Garrett Markus reported the Board allocated Project water and Return Flows on May 17, 2018 and amended the allocation June 21, 2018 at the Southeastern Colorado Water Activity Enterprise Board of Directors meeting.

Reclamation forecasted 58,200 acre-feet (AF) of imports based on the snowpack of May 1, 2018; which would net 43,050 AF for allocation.

The final Project water imports for allocation year 2018 were 39,125 AF which was 67 percent of forecasted imports. Sixty-seven (67) percent of the projected imports produced an allocation of 27,599 AF of Project water which is below the 2018 budgeted amount. The Project water sales and surcharges for municipal, agriculture, and Return Flows was \$172,377 short of the 2018 budget projection. The

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Board was provided a chart showing the final 2018 Project water sales and surcharges actual versus budget. The surcharges associated with storage produced \$57,654 more revenue than the budgeted amount.

The Enterprise Water Stabilization Fund was created to cover shortfalls in revenue from Project water sales and surcharges and the Enterprise has the capacity to cover the shortfall of \$169,897. Considering surcharges from storage above the budgeted amount offset the revenue loss due to a short water year, the Enterprise Water Stabilization Fund is expected to be drawn down \$100,824 to cover lost revenue. This transaction will be part of a year-end analysis through the District's auditing process.

Mr. Markus presented a PowerPoint titled, *2018 Fryingpan-Arkansas Project Water Imports Status Report*, reviewing the following:

- Fry-Ark Imports, Reclamation Forecasts, and May 1 Official Forecast
- Design Yield-Budget Yield-May 1 Projection
- Fry-Ark Allocation
 - Municipal, East of Pueblo, and Agricultural
- 2018 Fryingpan-Arkansas Project Water Allocation Budget Implications

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 11:14 a.m.

Respectfully submitted,

Toni Gonzales
Administrative Manager

Secretary

