

RECORD OF PROCEEDING

---

---

**SOUTHEASTERN COLORADO WATER  
ACTIVITY ENTERPRISE**

**MINUTES**

**November 15, 2018**

A regular meeting of the Board of Directors of the Southeastern Colorado Water Activity Enterprise (Enterprise) was held on Thursday, November 15, 2018 at 9:45 a.m. at the District office, 31717 United Avenue, Pueblo, Colorado. The meeting was recessed at 10:09 a.m. and reconvened at 11:27 a.m.

President Long announced a quorum was present.

**DIRECTORS PRESENT:**

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

**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:**

Shane Hayden, Bureau of Reclamation-Pueblo Office; Krystal Brown, U.S. Geological Survey; Curt Thompson, AECOM; Bill Tyner, Division Engineers Office; Mark Scott, GHD; Jerry Peña, GEI; Jenny Bishop, Colorado Springs Utilities; Cathy Garcia, Senator Cory Gardner's office; Kim Swearingen and Judy Leonard, Pueblo West Metropolitan District; Jim Olson and Dean Stockert, AE25 Engineering; Bob Hamilton, citizen; and Christi Tenter, CPS HR Consulting.

**APPROVAL OF MINUTES:**

President Long said the minutes of the October 18, 2018 Board meeting were posted to the Board website for review, and asked if there were any corrections or additions. Hearing none, Mr. Clayton moved, seconded by Mr. Pifher, to approve the minutes. Motion unanimously carried.

RECORD OF PROCEEDING

---

---

**FINANCE COMMITTEE REPORT:**

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

**CONSENT ITEMS:**

None

**PRESENTATIONS:**

**PUBLIC HEARING ON 2019 PROPOSED BUDGET**

President Long convened the Public Hearing on the 2019 Proposed Budget at 9:45 a.m. The Enterprise meeting was called to order to be held in conjunction with the District meeting for the Public Hearing.

Leann Noga thanked all the staff for their part in preparing the 2019 Proposed Budget, and recognized Stephanie Shipley for her assistance in this year's process.

Leann Noga presented a PowerPoint presentation titled, *2019 Proposed Budget Public Hearing*, reviewing the following:

- Budget Process
- December 6 Action: Adoption of Budget
- Fry-Ark Contract Amendment 11
- 2018 Year End Estimates
- Overview of the District 2019 Proposed Budget
- Enterprise 2018 Year End Estimates
- Overview of the Water Fund 2019 Proposed Budget
- Overview of the Hydroelectric Power 2019 Proposed Budget
- Government Wide Presentation

**FEDERAL LEGISLATION UPDATE**

Christine Arbogast reported the Arkansas Valley Conduit (AVC) received no funding from the appropriations plus up in spite of the efforts of our delegation. In conversations with the delegation, it can be concluded that it may be because of carryover funding that is allowing Reclamation to continue its work.

In the FY 20 budget process, BuRec is waiting for passback budget numbers from OMB. In the meeting with Commissioner Burman at NWRA it was asked that she fight hard in the passback process for AVC funds. We'll see a budget first week in February. We are also asking the delegation for help as well as Deputy Secretary Bernhardt.

RECORD OF PROCEEDING

---

---

We are post-election and waiting to see what the lame duck session will bring. The Farm bill is said to be a priority and there are some reports that the GOP will give way on the SNAP work requirements and allow the bill to move forward. We will be watching for final provisions for forest management.

There is again talk of an infrastructure package. Everyone wants one but no one knows how to reach agreement on paying for it.

Post-election, we will be planning outreach to new folks including the Governor's office, and our two new delegation members Jason Crow and Joe Neguse.

#### 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:

- Transformer in Place on North Side of Powerhouse. The Rock Surrounding the Plant was Excavated from the Hydro Site.
- Scroll Cases are in Place, and Concrete Thrust Block are Placed at the Ends.
- Draft Tubes have Been Located in the Tailrace Exits, but Must Still be Calibrated Before They are Encased in Concrete.
- Close-up of Discharge Side of Mama Bear Turbine.
- Flywheels on Baby Bear and Mama Bear Turbines.

#### AVC UPDATE

Chris Woodka reviewed the following:

1. President Bill Long, Executive Director Jim Broderick and staff met with Reclamation Commissioner Brenda Burman on November 8, 2018, to discuss federal funding of the AVC. The District is emphasizing that AVC funding is needed in the FY 2020 federal budget.
2. Work continues by Reclamation on bringing the new alignment of the Arkansas Valley Conduit (AVC) from the eastern side of Pueblo Memorial Airport. The work plan for this year includes getting the pipeline from Pueblo to Boone at the final design stage, and beginning final design on the treatment and pumping plant.
3. Technical discussions with Reclamation and Pueblo Water on a service contract for using capacity in Pueblo Water's system will resume in January.
4. The Regionalization study by CDM-Smith continues to progress. The study is looking at interim steps to develop strategies for drinking water issues prior to the arrival of the AVC, and to help assess readiness of communities to connect to AVC. CDM-Smith is in the process of planning visits to water providers with facilitation by District staff.
5. The Board is being asked to approve later in this meeting the withdrawal of St. Charles Mesa Water District from the AVC Project. This will not have an immediate impact on the design of the project. Delivery points from Pueblo Water are at three locations, and two of those are on St. Charles Mesa. The delivery of water to a point south of the Pueblo Chemical Depot (Depot) is through a 30-inch pipeline across St. Charles Mesa. The line's size is needed to deliver the

RECORD OF PROCEEDING

---

---

ultimate capacity (20 million gallons per day) to the Depot location. The sizing of the line to all points east of the Depot would remain the same because of delivery requirements.

6. The Avondale Water and Sanitation District has approached District staff about rejoining the District. This would likely occur in 2019. No formal action has occurred.

**ACTION ITEM:**

**AGRICULTURAL OFF SEASON STORAGE FOR PROJECT WATER**

Garrett Markus reported the 80/20 Rule requires that agricultural entities receiving an allocation of Fryingpan-Arkansas Project water (Project water) must use at least 80 percent of their allocation by November 15 of the year allocated and the remaining 20 percent must be used by May 1 of the following year. The Rule was formally adopted by the District Board as an amendment to the Allocation Policy on January 15, 1998 for the purpose of the Safety of Dams restrictions.

Even with the abnormally dry water year for 2018, the content levels in Pueblo Reservoir are 137 percent of average. In the past the Enterprise has enacted the 80/20 Rule to limit large amounts of agricultural Project water stored during the winter months when space is needed for the Winter Water Storage Program and Project water deliveries from the upper reservoirs. Ag stakeholders have planned on a 20 percent carryover enforcement and most entities have already executed plans to meet the current conditions of the 80/20 Rule for the 2018 Project water allocation year. The Allocation Committee recommends to enact the Agricultural 80/20 Rule for the 2018 Project water year

Mr. Goodwin moved, seconded by Mr. Hamel, the District Board of Directors enact the Agricultural 80/20 Rule for Project water storage for the 2018-2019 agricultural off season. Motion unanimously carried.

**ST. CHARLES MESA WATER DISTRICT WITHDRAWAL FROM AVC**

Mr. Woodka reported on May 9, 2018, St. Charles Mesa Water District (Mesa Water) sent the Southeastern Colorado Water Conservancy District (District) a letter indicating that their Board of Directors had voted unanimously to withdraw as a participant in the Arkansas Valley Conduit (AVC). The letter from President John Dorsch and Manager David Simpson explained that Mesa Water supports delivery of water via the AVC to communities east of Pueblo, but does not itself face the same sorts of water quality issues those communities face. Additionally, Mesa Water saw efficiencies from a new supply of raw water, but did not want treated water delivered through Pueblo Water's system.

On August 16, 2018, the District replied to this letter, explaining the following points:

- 1) The 2011 MOA can be terminated either by mutual agreement or determination by the Bureau of Reclamation that an AVC Contract is not feasible.
- 2) The 2018 annual payment for water quality studies and AVC engineering reports must be paid in full.
- 3) Allocation of water under the Not Previously Allocated Non-Irrigation (NPANI) water provision is restricted to AVC participants. Allocation Principles reserve 12 percent for municipal water

RECORD OF PROCEEDING

---

---

east of Pueblo, while NPANI water reserves 2.18 percent of allocations for AVC participants alone.

- 4) The letter asked for reconsideration of Mesa Water's decision.

On September 24, 2018, District staff and legal counsel met with Mr. Dorsch and Mr. Simpson, along with their legal counsel. An oral understanding was reached on the following points:

- 1) Mesa Water intends to withdraw and no longer wishes to participate in the AVC.
- 2) Mesa Water no longer is entitled to NPANI water.
- 3) Mesa Water intends to pay the estimated \$14,144.13 still owed to the District in 2018, and will be billed for this amount in quarterly installments.
- 4) Withdrawal from the AVC will require action by the District Board to terminate the 2011 MOA.

On October 18, 2018, the AVC Committee unanimously recommended to the Board approval of the withdrawal of Mesa Water from the AVC.

Mesa Water pays about 19.8 percent of Arkansas Valley Conduit (AVC) participant payments annually. This amounted to \$16,839 in 2017.

Mr. Clayton moved, seconded by Mr. Garcia, the Board approve the withdrawal of St. Charles Mesa Water District from the Arkansas Valley Conduit project, subject to payment of all charges owed in 2018 to the Southeastern Colorado Water Conservancy Water Activity Enterprise. Further, the May 11, 2011, Memorandum of Agreement is terminated. Motion unanimously carried.

**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 11:45 a.m.

Respectfully submitted,

Toni Gonzales  
Administrative Manager

---

Secretary

RECORD OF PROCEEDING



---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---