

RECORD OF PROCEEDING

**SOUTHEASTERN COLORADO WATER
ACTIVITY ENTERPRISE**

MINUTES

May 17, 2018

A regular meeting of the Board of Directors of the Southeastern Colorado Water Activity Enterprise (Enterprise) was held on Thursday, May 17, 2018 at 10:58 a.m., 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	

DIRECTOR(S) ABSENT AND EXCUSED:

Howard “Bub” Miller

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; Abby Ortega, Colorado Springs-Utilities; Doug Fitzgerald, U.S. Congressman Scott Tipton’s office; Cathy Garcia, U.S. Senator Cory Gardner’s office; Dwight Gardner, U.S. Senator Michael Bennet’s office; Jerry Peña, GEI Consultants; Tom Simpson, Aurora Water; Bill Banks, U.S. Geological Survey; Curt Thompson, AECOM; Kestnel Felt; Ken Cooper, retired; Bob Hamilton, retired; Mark Scott, GHD; and Steve Witte, Division Engineers Office.

APPROVAL OF MINUTES:

President Long said the minutes of the April 19, 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.

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FINANCE COMMITTEE REPORT:

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

CONSENT ITEMS:

None

PRESENTATIONS:

FEDERAL LEGISLATION

Christine Arbogast reported good news came our way when the Bureau of Reclamation sent their plan to spend “plus up” money from the FY ’18 appropriations bill to Capitol Hill. It is likely to be approved, and so \$2 million more will be made available for work on the Arkansas Valley Conduit (AVC), including the regional approach which is taking more form through the good work of Mr. Broderick and the District staff.

The FY ’19 appropriations process is in full swing. The House Energy and Water Appropriations bill was marked up in full committee yesterday and is expected to go to the floor after consideration of the farm bill. The Senate energy and water appropriations bill will be the first of 12 bills to be marked up in the Senate, now scheduled for the week of May 20, 2018. Bills are including riders on issues like the Waters of the United States. Unlikely to make it into whatever the final bill is, whenever we get a final bill.

Majority Leader McConnell is said to be considering cancelling the August recess to do appropriations bill. This is considered highly unlikely, particularly in an election year.

A meeting with Deputy Commissioner Alan Mikkelsen is now scheduled for June 7, 2018, to discuss the AVC funding.

On the authorizing side, bills are moving forward under the Water Resources Development Act or WRDA moniker. It is thought that what might be viewed as a piece of an infrastructure package could occur in this process.

A House bill is under consideration which would create a project financing process modeled after WIFIA, which is for Corps of Engineers Projects. The “RIFIA” version would fund Reclamation programs via loans guarantees for about half of a project’s cost, with the balance coming from non-federal sources. One potentially controversial provision is that to pay for this new program, Reclamation would develop a list of projects which Congress could consider “eligible” for deauthorization. Criteria would include things like failure to secure any federal funding in the last five fiscal years. Ms. Arbogast will continue to monitor this process.

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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:

- Early 2018 Some Assembly Required for the Turbines
- Turbine Testing
- May 14: Stem Wall of Powerhouse
- May 14: Stairs and Handrail Outside Powerhouse
- May 14: Pouring Concrete
- May 17: Metal Building Construction Begins
- May 17: Environmentally Friendly

AVC UPDATE

Chris Woodka gave the following updates:

Arkansas Valley Conduit (AVC)

1. Funding: The AVC received a “plus-up” of \$2 million from the Bureau of Reclamation (Reclamation), which was announced on Monday, May 7, 2018. The purpose of the money is part of an additional \$134 million Reclamation was awarded through the Coordinated Appropriations Act (P.L. 115-141) for Additional Funding for Ongoing Work in Water and Related Resources. The purpose is for “investigation of regionalization of local water treatment facilities.”
2. Regionalization: District staff met with Reclamation on Friday, May 11, 2018, to determine what “regionalization” means. The intent is to develop the parts of the AVC that would be put into use under a phased approach, and to include the New Concept in the definition of regionalization.
3. New Concept: Reclamation is in the final stage of its evaluation of the New Concept proposal to deliver water more quickly to the east end of Pueblo Water’s system. The initial indication is that it will be technically acceptable as an alternative to the Comanche North alignment.
4. Reclamation Contracts: The next step in implementing the New Concept will be contract negotiations among the District, Pueblo Water and Reclamation for use of excess capacity in Pueblo Water’s system for the AVC, including the method of payments to Pueblo Water. The goal is to begin formal negotiations in early 2019.

An additional repayment contract (which also covers operation, maintenance and replacement) between the District and Reclamation will be needed to begin work on the AVC. The goal is to begin formal negotiations by late 2019.

Excess Capacity Master Contract

1. Spills: As discussed at the April Board meeting, there was a danger in March that reservoir levels would cause spills of excess-capacity account water in Pueblo Reservoir. That did not happen, however.

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2. Participants: So far, 16 participants have signed up for the program, with six at the minimum level of 10 acre-feet (a.f.), and 10 using a portion of space requested under the 2013 Environmental Impact Statement (EIS). A total of 6,525 a.f. of space is under contract.
3. Usage: A tally of the activity within our excess capacity accounts shows that they have been very active in 2018. Accounts can be filled, depleted, and refilled throughout the year, with the limitation that the amount can be raised to the amount requested under the 2013 EIS. The amount paid for in the contract each year cannot be reduced in subsequent years, however, the table below shows how the program has been used so far in 2018:

Contract Amount	Minimum	Maximum	Jan. 1, 2018	May 7, 2018
6,525 AF	1,262 AF	4,872 AF	3,377 AF	1,731 AF

FRYINGPAN-ARKANSAS PROJECT WATER AND RETURN FLOW ALLOCATION

Garrett Markus presented a PowerPoint reviewing the following:

- Fry-Ark Collection Basin Snowpack vs Annual Basin Average w/Assoc. Fry-Ark Imports
- Fry-Ark Collection Basin Snowpack w/Individual Sites
- Fry-Ark Imports (Reclamation Forecasts)
- Fry-Ark Allocation
- Fry-Ark Municipal Allocation
- Fry-Ark Agricultural Allocation
- Fort Lyon First Right of Refusal Pilot Project Allocation

ACTION ITEMS:

FRYINGPAN-ARKANSAS PROJECT WATER AND RETURN FLOW ALLOCATION

Garrett Markus reported Reclamation has forecasted an import basis for allocation of 58,200 a.f. based on the snowpack of May 1, 2018; which will net 43,050 a.f. for allocation. The recommended municipal allocation is 7,781 a.f. of Project water with 1,545 a.f. of NPANIW to total 9,326 a.f. for municipal. The agricultural allocation calculates to be 33,724 a.f. of Project water producing 11,901 a.f. of Return Flows.

Mr. McClure moved, seconded by Mr. Hamel, the Board allocate 43,050 a.f. of Project water and 11,901 a.f. of Return Flows. Project water allocations would be available initially at seventy-three percent (73%) of the projected import amount available to municipal and agricultural entities following payment for 100 percent (100%) of the allocation. The remaining twenty-seven percent (27%) would be made available when the District is confident that imports will meet Project obligations. If any portion of the twenty-seven percent (27%) of allocated Project water is not available to the entities at that time, that portion of their Project water payments will be refunded. Motion passed with Mr. Garcia abstaining.

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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 11:47 a.m.

Respectfully submitted,

Toni Gonzales
Administrative Manager

Secretary

