

RECORD OF PROCEEDING

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**SOUTHEASTERN COLORADO WATER  
ACTIVITY ENTERPRISE**

**MINUTES**

**August 15, 2019**

A regular meeting of the Board of Directors of the Southeastern Colorado Water Activity Enterprise (Enterprise) was held on Thursday, August 15, 2019 at 9:55 a.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
Patrick Garcia	Carl McClure	Patrick Edelmann

**DIRECTOR(S) ABSENT AND EXCUSED:**

None

**ENTERPRISE OFFICIALS PRESENT:**

Executive Director James Broderick; General Counsel Lee Miller; Administrative Manager Toni Gonzales; Senior Policy and Issues Manager Chris Woodka; Principal Engineer Kevin Meador; Water Resource Engineer Garrett Markus; Finance Manager Leann Noga; Accountant Stephanie Shipley; Special Water Counsel Stephen Leonhardt and April Hendricks; and Federal Lobbyist Christine Arbogast

**VISITORS PRESENT:**

Cathy Garcia and John Orena, U.S. Senator Cory Gardner’s office, Dwight Gardner, U.S. Senator Michael Bennet’s Office; Bill Tyner, Colorado Division of Water Resources; Andy Klakulak and Krystal Brown, U.S. Geological Survey; Abby Ortega, Colorado Springs Utilities; Curt Thompson, AECOM; and Rick Kienitz, Aurora Water

**APPROVAL OF MINUTES:**

President Long said the minutes of the July 18, 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. Hamel, to approve the minutes. Motion unanimously carried.

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**FINANCE COMMITTEE REPORT:**

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

**CONSENT ITEMS:**

None

**PRESENTATIONS:**

**FEDERAL LEGISLATION**

Christine Arbogast reported before leaving for the August break, Congress approved a new two-year budget deal, splitting increased spending equally between domestic and defense spending.

This then allows the Senate to begin writing its appropriations bills for FY '20, and what that means for the Arkansas Valley Conduit (AVC) is seeing how much plus up is made available to the Bureau of Reclamation (Reclamation). Then our delegation can begin working with the Administration to try to have some of those funds dedicated to the AVC.

They are hoping to pass as many bills as possible by the end of the fiscal year. Upon enactment of the energy and water appropriations bill, Reclamation has 45 days to determine how to spend the plus up.

In addition, work is underway on developing the FY '21 budget. I have very strong reason to believe a budget request for the AVC is included in the proposal that is now in the Secretary's office. It will go to OMB in September. If we get zero in the Administration's budget proposal, we will have confirmed that our problem is not Reclamation but OMB as we have suspected.

Jim Broderick and Ms. Arbogast met with Commissioner Burman in Portland at the NWRA summer meeting. She will also attend the dedication of the James W. Broderick Hydropower Plant on September 16, 2019.

The Senate drought resiliency bill has had a hearing and is likely to be marked up in September, or October. This is meaningful to us because it has some infrastructure components. Senator Gardner is a lead sponsor of this bill.

**ACTION ITEMS:**

**JAMES W. BRODERICK HYDROPOWER PLANT CHANGE ORDERS 3, 4, AND 5 TO CONTRACT WITH MOUNTAIN STATES HYDRO, LLC**

Kevin Meador reported Board approval is required for the Change Orders 3, 4, and 5 to the Contract. The Change Orders are described as follows:

1. Change Order No. 3 is the cost of extending the Builders Risk Insurance through May 6, 2019. The substantial completion date was extended from March 31, 2019 as a result of project delays relating to approval of the mechanical plug valves and issues relating to the control system

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programming changes. The cost increase of \$5,876.00 is a direct pass through of the insurance cost.

2. Change Order No. 4 is for the cost of extending the Builders Risk Insurance through June 3, 2019. The substantial completion date was extended from May 6, 2019 as a result of project delays relating to Black Hills Energy equipment delivery required for project start-up. The cost increase of \$4,607.00 is a direct pass through of the insurance cost.
3. Change Order No. 5 includes additional costs for labor and materials related to the following items:
  - a. Items 1 and 2 - The original contract completion date was December 31, 2018. During the project, construction was slowed during the resolution of several issues as described in the Change Order. These issues resulted in a five-month delay of the project to May 24, 2019. The additional labor and equipment costs amounts to \$187,768 and \$129,950, respectively.
  - b. Item 3 – Additional surveying costs were required to prepare the Lease Area descriptions as required by Reclamation to meet their standards in the amount of \$1,616.
  - c. Items 4 and 5 – During resolution of the auto-control valve (emergency isolation of the powerhouse) issue with Reclamation, additional construction measures were required to allow the contractor to continue construction with site restrictions. Items 4 and 5 reflect the additional labor and materials to work around the valve issue in the amounts of \$8,353 and \$53,902, respectively.
  - d. Item 6 - Replacement of Turbine Shutoff Valves (TSV) flow control valves were required by Reclamation due to design concerns of using needle valves. The costs total \$14,692.
  - e. Item 7 – In order to resolve the auto-control valve issue, Reclamation required that the project provide emergency mechanical plugs and pressure domes to provide isolation of the powerhouse in case of TSV and/or wicket gates failures. Item 7 includes the design, material, and delivery costs of the pressure domes and rack in the amount of \$53,886. The mechanical plugs are still in the design process and will be included in a future change order.
  - f. Item 8 – The final route of the power transmission line resulted in a decrease in the total distance and costs for installation in the amount of \$100,103.
  - g. Item 9 – Black Hills Energy required an additional fiber optic cable for communication purposes. Item 9 includes the material and labor to install the upsized fiber optic cable in the amount of \$1,695.
  - h. Item 10 – Delivery of the switchgear was expedited to meet the start-up schedule and prevent further delays. Item 10 reflects the expedited delivery charge in the amount of \$16,950.
  - i. Item 11 – Reclamation required additional hydro communication programming to address needs identified late in the project construction. Item 11 reflects the additional labor and materials needed to address the communications and control related issues in the amount of \$62,454.
  - j. Item 12 – Black Hills Energy required a transmission relay be added to the project design late in the project due to an oversight in the facility plan. Long delivery timeframes

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resulted in a month delay for the project and required electrical and mechanical crews to make separate trips for the project start-up. Item 12 shows the costs for the extra project trips to the site over and above the original contract requirements in the amount of \$16,950.

All cost increases were negotiated with Mountain States Hydro, LLC. The Change Orders represents the negotiated value of the work. The change orders include a 3 percent Bond markup and a 10 percent Overhead and Profit markup as allowed by the Contract. Cost backup for the Change Orders is available upon request. The Change Orders represents a 2.8 percent increase to the total contract amount. The total of Change Orders 1-5 resulted in an 8.3 percent increase to the contract cost.

Mr. Mitchell reported that the Resource and Engineering Planning Committee has met to discuss and review this issue, and recommend approval of Change Orders 3, 4, and 5.

Mr. Mitchell moved, seconded by Mr. Garcia, to approve James W. Broderick Hydropower Plant Change Orders 3, 4, and 5 to the Design and Construction Contract with Mountain States Hydro, LLC in the amount of \$458,596.00. Motion unanimously carried. Mr. Pifher was not in the meeting at the time of the vote.

**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
- James W. Broderick Hydropower Plant Update
- 2019 Fryingpan-Arkansas Project Water Imports Status Report

**OTHER BUSINESS MATTERS:**

President Long asked if there were any other matters to come before the meeting, and hearing none, adjourned the meeting at 10:08 a.m.

Respectfully submitted,

Toni Gonzales  
Administrative Manager

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Secretary

