



Arkansas Valley Conduit participants listen to presentations about the AVC at a meeting in La Junta on Thursday, November 17, 2017.



Kevin Meador (right), Chief Engineer for the Southeastern Colorado Water Conservancy District and Patrick Fischer of the Bureau of Reclamation discuss the AVC at the November 17, 2017 meeting in LaJunta.

### SE District to launch AVC "New Concept" study

The Southeastern Colorado Water Conservancy District (District) hosted a meeting with Arkansas Valley Conduit (AVC) participants on Thursday, November 16, to explain the "New Concept" for the AVC, and an \$80,000 study that will help the Bureau of Reclamation (Reclamation) evaluate the proposal.

The meeting was attended by about 20 people, including four District board members: Kevin Karney, Carl McClure, Bub Miller and Dallas May.

The participants indicated the District needs to do a better job of informing them of changes in the plan, and this newsletter will help that process.

It was also suggested that we have more frequent meetings, and those will now occur quarterly as

The Southeastern Colorado Wa-Conservancy District (District) Warch, 2018, but a date has not ted a meeting with Arkansas been set.

The meeting began with brief remarks by Karney, who explained the importance of the AVC. He said the District has made good progress in the last year.

Chris Woodka, Issues Management Program Coordinator for the District, talked about the history of the AVC:

The AVC is part of the Fryingpan-Arkansas Project that was authorized by Congress and signed into law by President John F. Kennedy in 1962. It was postponed in 1979, when some communities opted for short-term solutions to water quality problems.

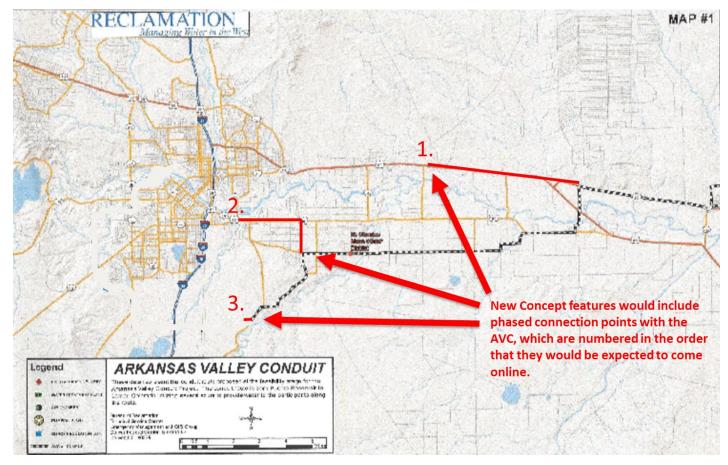
As state and federal water quality standards increased in the late 1990s, interest in the AVC was rekindled. The District was asked to actively develop the AVC in 2001, and has been working to make it a reality for more than 15 years.

The appraisal level cost for the AVC was \$400 million in 2011, but that number has increased. Reclamation is finalizing the feasibility level cost estimates, which should be released in the near future.

The Record of Decision for the AVC was completed in 2014, after the Final Environmental Impact Statement was done in 2013.

But since then, Congress has annually appropriated \$3 million or less, which has meant limited progress.

During the past year, the District has worked with Reclamation and Pueblo Water to develop the "New Concept," which would speed up the process.



This graphic shows connection points from Pueblo Water's system to the AVC. The options would be phased in to allow construction of the pipeline east of Pueblo to begin sooner.

### What is the "New Concept"?

Kevin Meador, Engineer for the SECWCD, explained the New Concept, which would be a way to get water east of Pueblo more quickly, and hopefully at far less cost.

The idea developed in the past year, and was first explained to participants at a meeting in August.

In the North Comanche alternative, chosen as the preferred alternative by Reclamation in the Record of Decision, a treatment plant would be constructed at Whitlock Treatment Plant, water pumped uphill to a regulating tank and sent through a gravity-fed pipeline to St. Charles Mesa first, and then to other communities beginning with Boone and Fowler.

The "New Concept" would include phased connections to the AVC route, using excess capacity in Pueblo Water's system rather than constructing new facilities.

The first hookup would be from the eastern edge of the Airport Industrial Park to a point near the Pueblo Chemical Depot.

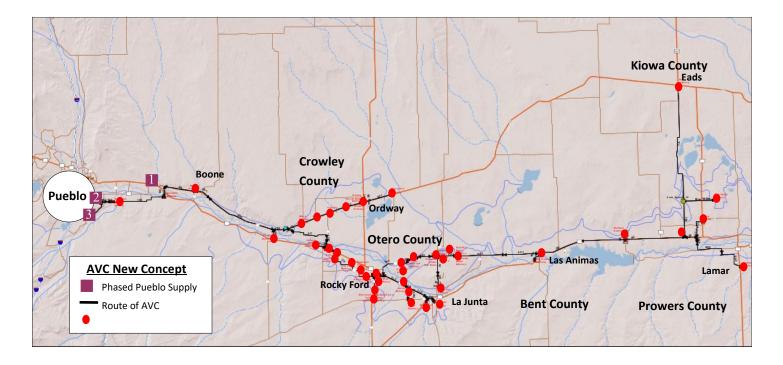
The red lines in the map above show the pipeline that would have to be built in order to connect with the AVC route, shown by dashed black lines. Those AVC lines have yet to be built.

Phase 1 would require a pipeline approximately 6 miles long from the Airport to the Depot. This pipeline propbably would be smaller than the 30-inch diameter line to St. Charles Mesa in the North Comanche alternative. Additionally, the lines on St. Charles Mesa would not be needed until later in the project, allowing for accelerated construction of the line beginning at the Depot.

There would also be the need to construct a small treatment plant to remove residual chloramine from the water at some point.

Finally, there may be a need to be a pump station, storage tank and some sort of treatment plant near the point where the 6-mile connection line meets the AVC.

A more complete explanation is shown in an attached PowerPoint.



### New study needed

Meador explained that an \$80,000 study is needed to evaluate the hydraulics and water treatment under the "New Concept."

The study will look at water pressures to connection points, and water flow or capacity at the connection points. The water treatment will look at the removal of chloramine residual.

Patrick Fischer, Project Manager for Reclamation, indicated that Reclamation expects to make a decision about whether to proceed with the "New Concept" within six months of completion of the study.

The participants are obligated to bear the cost of the study through the AVC Memorandum of Agreement executed in 2014 with participants. These costs fall under the development costs outlined in Section V.A.2. of the agreement. Because the "New Concept" is not yet part of Reclamation's official investigation of the AVC, and Pueblo Water has no obligation to fund this study, it is the District's responsibility.

Reclamation has indicated in several meetings that the New Concept could work, might save money and would save time. Negotiations with Pueblo Water have not begun.

Meador said the goal is to have "dirt flying" by 2020, but this study is a necessary first step.

### **AVC Participants**

### **Pueblo County**

Boone

St. Charles Mesa Water

### **Crowley County**

96 Pipeline Company Crowley County Water Association

Crowley
Olney Springs
Ordway
Sugar City

### **Bent County**

Hasty Water Company Las Animas

McClave Water Assn.

### **Prowers County**

Lamar

May Valley Water Assn. Wiley

### **Kiowa County**

Eads

### **Otero County**

Beehive Water Assn. Bents Fort Water Co.

Town of Cheraw

East End Water Assn.

Eureka Water Co.

**Fayette Water Assn.** 

Fowler

Hancock Inc.

Hilltop Water Co.

**Holbrook Center Soft Water** 

**Homestead Improvement** 

La Junta

Manzanola

**Newdale-Grand Valley** 

**North Holbrook Water** 

Patterson Valley

Riverside Water Co.\*

**Rocky Ford** 

South Side Water Assn.

South Swink Water Co.

Swink

Valley Water Co.

**Vroman** 

West Grand Valley Water West Holbrook Water

RED: Enforcement action from CDPHE Colorado Water Quality Division for radionuclides.

**GREEN: Non-Enforceable radionuclide contamination.** 

\* New to AVC

(As of 2017)



### Will we have control over future rate increases by Pueblo Water?

No contract with Pueblo water has been negotiated. In preliminary discussions, Pueblo Water has indicated it would like to treat the AVC as a large customer, although the AVC brings its own water, so the rate is not known.

### Why not start building the line out east now?

Funding has not been sufficient to start construction. AVC appropriations have been about \$3 million for the last few years, which has been used to develop the feasibility level design, and to begin work on geotechnical investigations along the route.

### Would savings in capital costs mean more O&M costs for participants?

At this point, we do no know the difference in O&M costs under the "New Concept" and Comanche North, but we will try to analyze these at some point.

### Could treatment facilities be located east of Fowler?

A point was raised that Fowler now is being required by the state to treat water in such a way that chloramine would be removed at its delivery point, so there is no need to remove it before it gets there. Boone apparently is in the same situation. This was new information that will be taken into account.

### Will there be more testing costs associated with chloramine removal?

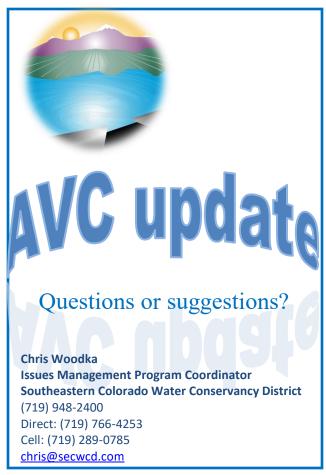
There are always testing costs. The study will look at the efficiency of one method of chloramine removal. Discussions on testing with the Colorado Department of Public Health and Environment are needed.

### Were any grants available to fund the \$80,000 study?

Given the timeframe in which this study is needed, the District chose to seek participant funding, matched with budgeted consultant funds.

### Included with this report:

- Attachment 1. Information Report to SECWCD Board November 9, 2017, detailing the potential costs of the \$80,000 to participants.
- ◆ Attachment 2 Agenda for November 16, 2017 AVC Participants meeting
- Attachment 3: Attendees at Participants meeting on November 16, 2017.
- ◆ Attachment 4: November 16 Power Point presentation
- Attachment 5: Minutes of August 1, 2017, AVC
   Committee and Participants meeting.
- Attachment 6: Draft MOA Between SECWCD and AVC Participant (blank copy)
- Attachment 7: AVC Presentation For August 1, 2017 meeting.
- ♦ Attachment 8: New Concept paper, June 2017
- Attachment 9: Draft 2018 budget for AVC, SECWCD Enterprise.





### Southeastern Colorado Water Activity Enterprise Board of Directors Meeting

### Arkansas Valley Conduit/Excess Capacity Master Contract Update

### **Information Report**

Date: November 9, 2017 Agenda Item: VI.a.

### **STAFF RECOMMENDATIONS:**

Information

#### **BUDGET IMPLICATIONS:**

Excess Capacity Master Contract: Pre-payment of \$265,959 to the Bureau of Reclamation (Reclamation), with corresponding deferred revenue from participants.

Arkansas Valley Conduit (AVC): An \$80,000 payment is needed for an engineering report to advance the New Concept proposal.

### PREVIOUS BOARD ACTION AND/OR ACTIVITY:

Information.

#### **ISSUE SUMMARY DESCRIPTION:**

**Excess Capacity Master Contract:** Payment from participants for \$265,959 for 6,525 acre-feet of storage in 2018 was received in full shortly after the October 1 deadline. An invoice was obtained from Reclamation so that the payment could be made prior to the November 1 deadline in the Contract.

**Arkansas Valley Conduit:** An \$80,000 engineering study is needed in order to advance the New Concept proposal. The proposal would use excess capacity in Pueblo Water's system in a phased approach to reduce the amount of time needed to build the AVC.

The proposal by Black and Veatch would accomplish the following:

- 1. Hydraulic Analysis to model Pueblo's system in order to determine if additional pumping would be needed for Phase 1 (3 million gallons per day at the southeastern corner of the Airport Industrial Park in Pueblo).
- Preliminary suggestions for chloramine removal. Because Pueblo Water uses chloramine
  in its process, and the AVC will deliver filtered water, chlorine and/or ammonia must be
  removed from the water entering the AVC.

Arkansas Valley Conduit/Excess Capacity Master Contract Update

### November 9, 2017

3. Reclamation's Technical Service Center could use the engineering report to more quickly evaluate the feasibility of the New Concept.

The goal of the analysis is to develop enough information for Reclamation to make a decision to proceed with this alternative, rather than the Comanche North alternative in the 2014 Record of Decision.

There is \$20,000 in the 2017 Enterprise budget for AVC consultants, and \$20,000 in the 2018 proposed Enterprise budget. This could leave either \$40,000 or \$60,000 to be paid by AVC participants through quarterly billings in 2018.

An AVC participants meeting is being planned for mid-November to explain the 2018 charges and the progress of the New Concept proposal. The meeting is necessary because an estimate of the 2018 budget sent to participants with 3<sup>rd</sup> quarter billings did not reflect this payment.

The attached table shows the impact of additional charges, along with the estimated amount that will be paid by participants for AVC activities in 2017 (fourth quarter billings are estimated). Percentages are calculated by the participants' requested maximum acre-feet capacity in the AVC in 2070.

### **SUGGESTED MOTION:**

Information

#### **ATTACHMENTS:**

Attachment 1: Estimated 2018 Costs to Arkansas Valley Conduit Participants

**Attachment 1: Estimated 2018 Costs to Arkansas Valley Conduit Participants** 

AVC Participant	AF	Percent	Plu	s \$40,000	Plus	\$60,000	PAIC	D IN 2017
City of La Junta	2,040	22.4521%	\$	8,980.85	\$	13,471.27	\$	19,084.31
City of Las Animas	570	6.2734%	\$	2,509.36	\$	3,764.03	\$	5,332.38
St. Charles Mesa Water District	1,800	19.8107%	\$	7,924.28	\$	11,886.42	\$	16,839.09
96 Pipeline Company	27	0.2972%	\$	118.86	\$	178.30	\$	252.59
Beehive Water Association	18	0.1981%	\$	79.24	\$	118.86	\$	168.39
Bents Fort Water Company	106	1.1666%	\$	466.65	\$	699.98	\$	991.64
Crowley County Water Association	824	9.0689%	\$	3,627.56	\$	5,441.34	\$	7,708.56
Town of Eads	250	2.7515%	\$	1,100.59	\$	1,650.89	\$	2,338.76
Fayette Water Association	7	0.0770%	\$	30.82	\$	46.22	\$	65.49
Hill Top Water Company	45	0.4953%	\$	198.11	\$	297.16	\$	420.98
Holbrook Center Soft Water Association	18	0.1981%	\$	79.24	\$	118.86	\$	168.39
Homestead Improvement Association	7	0.0770%	\$	30.82	\$	46.22	\$	65.49
Town of Manzanola	62	0.6824%	\$	272.95	\$	409.42	\$	580.01
May Valley Water Association	410	4.5124%	\$	1,804.97	\$	2,707.46	\$	3,835.57
Newdale-Grand Valley Water Co.	55	0.6053%	\$	242.13	\$	363.20	\$	514.53
Town of Olney Springs	45	0.4953%	\$	198.11	\$	297.16	\$	420.98
Town of Ordway	146	1.6069%	\$	642.75	\$	964.12	\$	1,365.84
Patterson Valley Water Company	15	0.1651%	\$	66.04	\$	99.05	\$	140.33
City of Rocky Ford	503	5.5360%	\$	2,214.40	\$	3,321.59	\$	4,705.59
South Swink Water Company	86	0.9465%	\$	378.60	\$	567.91	\$	804.53
Southside Water Association	7	0.0770%	\$	30.82	\$	46.22	\$	65.49
Valley Water Company	38	0.4182%	\$	167.29	\$	250.94	\$	355.49
Vroman Water Company	32	0.3522%	\$	140.88	\$	211.31	\$	299.36
West Grand Valley Water Incorporated	25	0.2751%	\$	110.06	\$	165.09	\$	233.88
Town of Boone	60	0.6604%	\$	264.14	\$	396.21	\$	561.30
Town of Cheraw	30	0.3302%	\$	132.07	\$	198.11	\$	280.65
Town of Crowley	22	0.2421%	\$	96.85	\$	145.28	\$	205.81
East End Water Association	11	0.1211%	\$	48.43	\$	72.64	\$	102.91
Eureka Water Company	74	0.8144%	\$	325.78	\$	488.66	\$	692.27
Town of Fowler	210	2.3112%	\$	924.50	\$	1,386.75	\$	1,964.56
Hasty Water Company	33	0.3632%	\$	145.28	\$	217.92	\$	308.72
City of Lamar	1,200	13.2071%	\$	5,282.85	\$	7,924.28	\$	11,226.06
Mc Clave Water Association, Inc.	56	0.6163%	\$	246.53	\$	369.80	\$	523.88
North Holbrook Water Company	7	0.0770%	\$	30.82	\$	46.22	\$	65.49
Riverside	20	0.2201%	\$	88.05	\$	132.07	\$	187.10
Town of Sugar City	82	0.9025%	\$	360.99	\$	541.49	\$	767.11
Town of Swink	74	0.8144%	\$	325.78	\$	488.66	\$	692.27
West Holbrook Water Pipeline	,4	5.614470	۰	323.70	ڔ	700.00	Ą	JJ2.21
Association	14	0.1541%	\$	61.63	\$	92.45	\$	130.97
Town of Wiley	57	0.6273%	\$	250.94	\$	376.40	\$	533.24

# Arkansas Valley Conduit Participants Agenda 7:00 p.m. November 16, 2017 La Junta Municipal Building, 601 Colorado Avenue, La Junta

- 1) CALL MEETING TO ORDER Chris Woodka
- 2) INTRODUCTIONS
- 3) OPENING REMARKS
  Bill Long or Kevin Karney
- 4) PRESENTATIONS:
  - A) New Concept Power Point, Chris Woodka & Kevin Meador
  - B) An \$80,000 study is needed in 2018 to evaluate hydraulics and water treatment needs under the New Concept proposal, Kevin Meador
  - C) Explanation of Reclamation process for evaluation of New Concept,
    Patrick Fischer
- 5) OTHER BUSINESS
- 6) QUESTIONS FROM PARTICIPANTS
- 7) ADJOURN

### AVC PARTICIPANTS MEETING

### **Thursday November 16, 2017**

NAME	ORGANIZATION	EMAIL	PHONE		
BulMill	5ECWD				
Shirley Herman			719-254-6242		
Darrell Hermon	HilltopWaterCo		719-254-6242		
Kuin Lang	SECUL		719-980-5018		
Keith Goodwin	OTENO Country	Kgoodwa Coterozovara	719-469-7001		
Everret BALL	Brand's Fontwater				
gol-9. Hackelle	Sand LSwirk Water		719-384-5514		
Roy Davis	Las Animas	roydavis la @gmail.com	719-456-2571		
Entt Boughady	Best Fort water	bentsfortwater@bresnon.net	719-384-7405		
Gary Doughung	Banks Fait Water		7193848249		
Kelly Lotnich	1 •	town_clerkefowler colorado.com	263-4461		
Andra: Lotvil	Town of Founder	andra lotral Ega il. cun	(505)400-2882		
Loten Johnson	Beesive	1) elway @ Xuboolo	468-8600		
milse Mustain	Beelive Water	mikemustainnagmail			
572NB Jehi	Holbroch consi	subutch er a consider			

NAME	ORGANIZATION	EMAIL	PHONE
0 0		1.1.2000.11.1	7:0 901-1046
Doug Bay	Holbrook Center water	dongbay 29@gmil/. am	719-980-1066
7	, ــر	Formalines C-	2307
Day Hyor	Four TECULA	100/(10001111282,000	
Carl William	Olney Springs		267-3111
Dallas May	Lamar CO		
Brenda May	1)		
	South Swink Water		469-5031
Norman Noe	Homestead Implovement	NOTMAN 77 nd gman	1-com
Atta 18 are	ULSTD	6 meterred lita	354-1458
	7	Jain C	

## AVC timeline: Past

- 1962: Arkansas Valley Conduit approved in Fry-Ark Project.
- 1979: AVC stalled as communities explored short-term options.
- 2001: AVC revived by Southeastern Board, as issues of Water Quality emerged.
- 2010: STAG process fleshes out needs, cost.
- 2013: Reclamation completes Environmental Impact Statement, choosing North Comanche route.
- 2014: Record of Decision.

### AVC timeline: Present

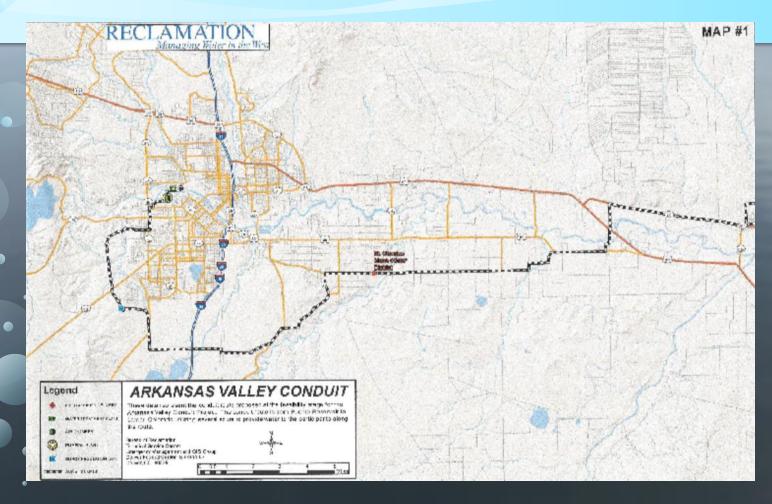
- December 2016: District staff determines it will take too long (10-12 years) to get around Pueblo under North Comanche.
- January 2017: New Concept idea discussed with Pueblo Water, Reclamation.
- May 2017: Initial meetings with Reclamation to sound out New Concept, design-build and public-private partnerships.
- August 2017: Planning meeting with Reclamation.
- November 2017: Technical meeting with Reclamation.

## AVC timeline: Future

- 2018: District will work with Pueblo Water, Reclamation to evaluate hydraulics, treatment options
- 2018: Reclamation will determine if New Concept can proceed, determine what type of environmental evaluation is needed. 2019: Contract negotiations for excess capacity in Pueblo Water system.
- 2020: "Dirt flying" on AVC

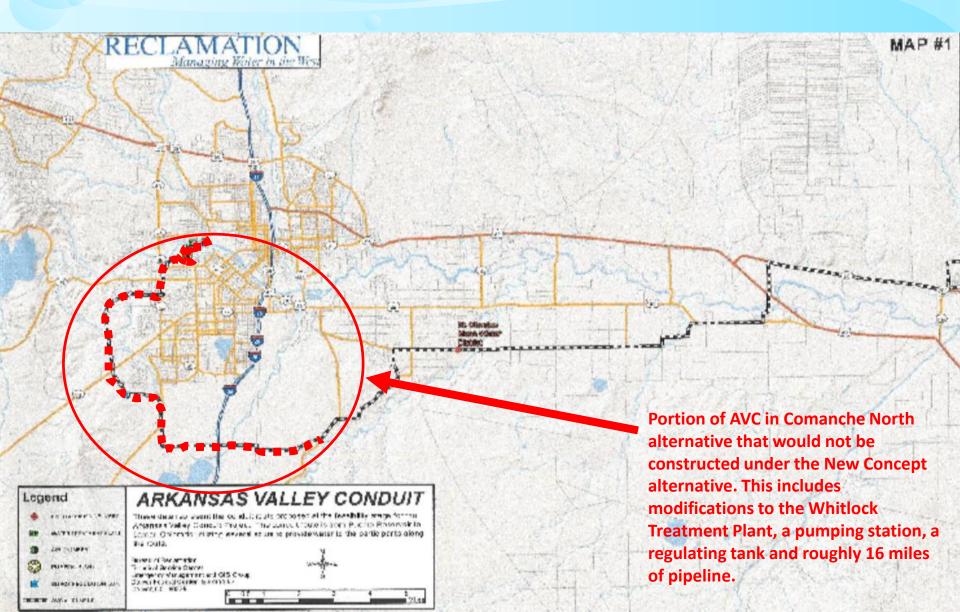


# North Comanche Route

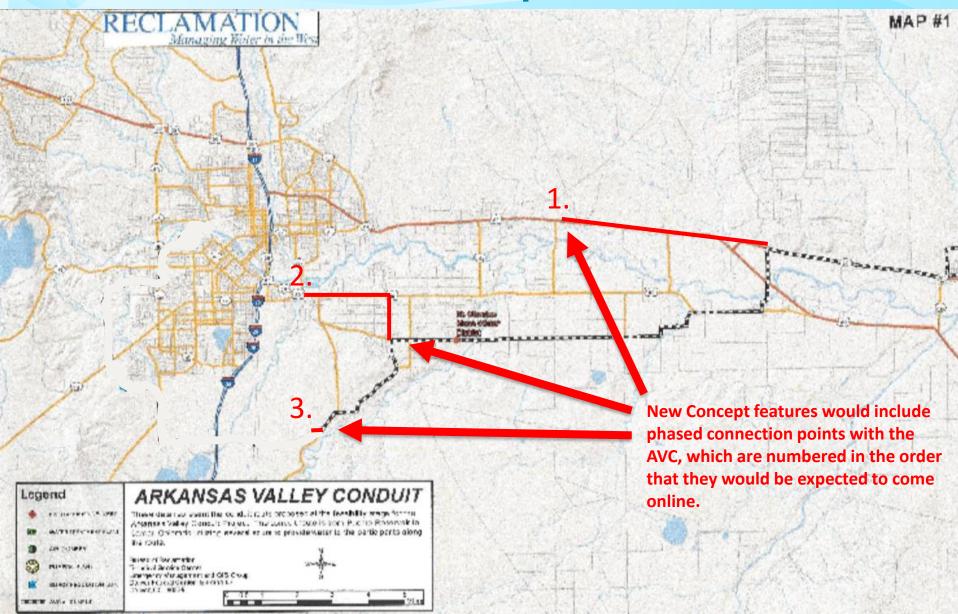


This route for the AVC was chosen in the FEIS

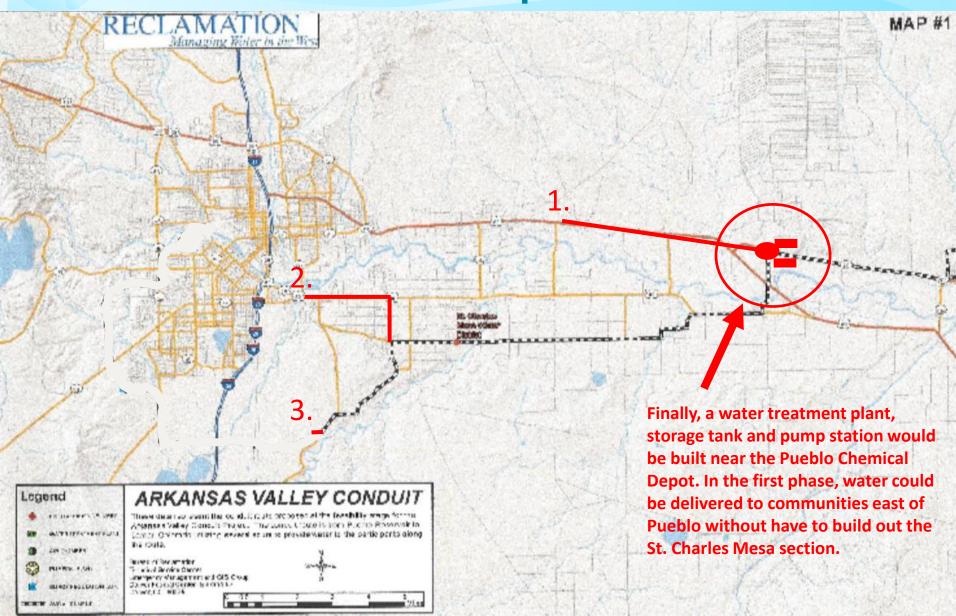
# **AVC New Concept**



# **AVC New Concept**



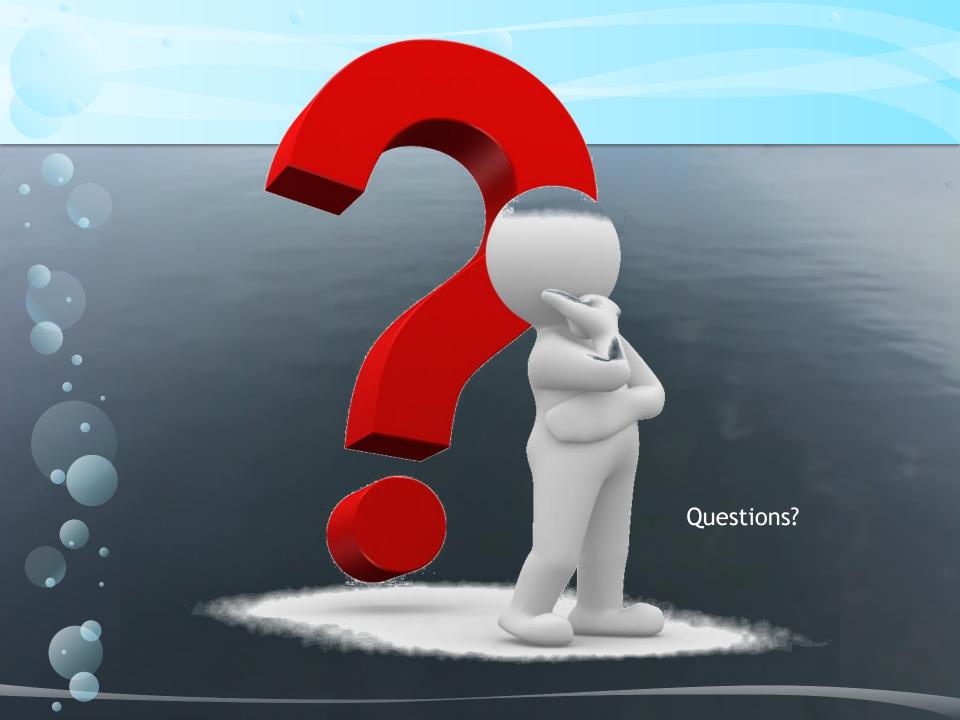
# **AVC New Concept**



### New Concept Technical Evaluation Issues

Focus is on two technical issues:

- 1. Hydraulic Conditions
  - a. Water Pressures to AVC Connection Points
  - b. Water Flow/Capacity Available to Connection Points
- 2. Water Treatment Considerations to Remove Chloramine Residual



### ARKANSAS VALLEY CONDUIT COMMITTEE AND PARTICIPANT MINUTES

August 1, 2017

A meeting of the Arkansas Valley Conduit Committee and Participants was held on Tuesday, August 01, 2017 at 1:10 p.m. at the Southeastern Colorado Water Conservancy District (SECWCD or District) office.

Chairman Bill Long announced a quorum was present.

#### **COMMITTEE MEMBERS PRESENT:**

Bill Long - Chairman, Howard "Bub" Miller – Vice Chairman, Carl McClure, Dallas May and Jim Broderick

### **COMMITTEE MEMBERS ABSENT AND EXCUSED:**

**Kevin Karney** 

### **OTHERS PRESENT:**

Participants: Nick Koch, Town of Cheraw; Larry and Maxine Adcock, Riverside Water Co.; Claude Schultz, May Valley Water; Calvin Hostetler, Patterson Valley Water; Gary Cox, Newdale-Grand Valley and City of Rocky Ford; Joe Kelley, La Junta; Ken Wagner and Roy Davis, City of Las Animas; Van Brown, Eads; and Norman Noe, South Swink Water and Homestead Improvement.

Alan Hamel, SECWCD Board member; Patrick Fischer, Bureau of Reclamation; Keith Goodwin, Otero County Commissioner; Bill McDonald, SECWCD consultant; Christine Arbogast, SECWCD consultant; Lee Miller, SECWCD General Counsel; and Kevin Meador, Leann Noga and Chris Woodka, SECWCD staff.

#### **APPROVAL OF MINUTES:**

Chairman Bill Long confirmed that members of the Committee received their copy of the June 15, 2017 minutes, and if there were any corrections or additions. Hearing none, Carl McClure moved, seconded by Bub Miller, to approve the minutes. Motion unanimously carried.

#### **PRESENTATIONS:**

Chairman Long welcome Patrick Fischer of the Bureau of Reclamation Eastern Colorado Area Office. Mr. Fischer is the new Project Manager for the Arkansas

# Page 2 ARKANSAS VALLEY CONDUIT COMMITTEE AND PARTICIPANTS August 1, 2017

Valley Conduit (AVC), and he told the group about his past experience and goals for the AVC.

Chris Woodka, SECWCD staff, gave a PowerPoint presentation about the progress of the AVC during the past year, funding to date and funding still needed to complete the AVC. The three major innovations are:

- 1. Looking at a New Concept that will allow the AVC to reach the east side of Pueblo sooner than envisioned in the Comanche North alternative endorsed in the 2014 Record of Decision.
- 2. Working with Reclamation to use a design-build approach that would reduce contract procurement time, while increasing flexibility of how funding can be applied.
- 3. Public-private partnerships.

Jim Broderick explained how the New Concept proposal by SECWCD was developed in February, with the cooperation of the Pueblo Board of Water Works. Reclamation gave the District and Pueblo Water the nod to develop the New Concept and the three agencies met in May to discuss how the New Concept plan could move forward. Mr. Broderick said it would save about 8 years and money as well. "We'll be throwing dirt by 2020," Mr. Broderick said.

While Reclamation has not decided to proceed on the New Concept, the District believes the New Concept will be how the AVC is built. Mr. McDonald noted the use of Pueblo Water infrastructure already had been contemplated in the Comanche North proposal, and the New Concept uses more of Pueblo Water's infrastructure. Mr. Broderick said we will have a good idea by the end of the year if the New Concept will proceed.

Mr. Broderick and Mr. Woodka explained in greater detail the New Concept proposal and how it would be phased in. In response to questions from participants, Mr. Broderick said there are advantages to Pueblo Water, but the New Concept makes big savings possible for the AVC.

Kevin Meador and Mr. Broderick explained in greater detail the design-build approach and public-private partnerships. The design-build idea would expedite construction and remove the "all-or-nothing" funding approach that results from purely funding-driven projects. The public-private partnership could address both construction and funding issues.

# Page 3 ARKANSAS VALLEY CONDUIT COMMITTEE AND PARTICIPANTS August 1, 2017

Mr. Woodka, Joe Kelley, and Norman Noe talked about how greater efficiencies could be gained as the AVC is being constructed by employing ideas such as consolidating delivery points.

Mr. Meador asked participants to return technical survey information which was delivered to them in 2016. He also asked for updates on the contact list used by the District. "Now is the time to let us know if you are planning changes," Mr. Meador said.

Carl McClure asked if the hydraulics at delivery points would change. Mr. Meador said Reclamation is working to assure that the water quality and pressure at delivery points does not change.

Christine Arbogast reviewed the challenge with appropriations. She explained the main hurdle has been convincing the Office of Management and Budget (OMB) of the need to fund the project. One of the problems has been OMB asking "what's the federal interest?" OMB replies the federal mandates for clean water should be funded by the Environmental Protection Agency (EPA), but the EPA does not fund water projects.

Ms. Arbogast explained that Congress removed earmarked legislation about 10 years ago, which limits how appropriations may be steered toward the AVC. Funding has been difficult in the early stages of AVC, and will be difficult during the construction phase. However, the District continues to receive strong support for the AVC from the congressional delegation.

Ms. Arbogast said that the District is hoping for greater momentum for the AVC, particularly as a result of the New Concept increasing efficiency in the project. Upfront funding is the difficulty, because this project has no political opposition.

Mr. Broderick clarified that miscellaneous revenues may be used to pay federal construction costs and local participant costs, but not for such things as repaying a state loan. He reviewed the District's attempt last year to obtain new federal legislation that would have allowed the change. That legislation was not successful.

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ARKANSAS VALLEY CONDUIT COMMITTEE AND PARTICIPANTS
August 1, 2017

### **ACTION ITEMS:**

None

### **INFORMATION ITEMS:**

A. Committee report on Arkansas Valley Conduit Update.

### **OTHER BUSINESS:**

None

### **NEXT MEETING**

Not determined

### **ADJOURN**

Chairman Bill Long adjourned the meeting at 2:41 p.m.

Respectfully submitted,

Chris Woodka, Issues Management Program Coordinator

# MEMORANDUM OF AGREEMENT BETWEEN SOUTHEASTERN COLORADO WATER CONSERVANCY DISTRICT AND ARKANSAS VALLEY CONDUIT PARTICIPANT

This Memorandum of Agreement ("MOA") is entered into this day of,
2014, by and between the Southeastern Colorado Water Conservancy District ("SECWCD"),
acting by and through the Southeastern Colorado Water Activity Enterprise, and
Town of Cheraw ("Participant").

### I. Purpose.

The purpose of this MOA is to establish a framework for the joint efforts of the SECWCD, the Participant, and other Arkansas Valley Conduit ("AVC") Participants to implement an AVC Agreement (as defined below).

#### II. Definitions.

- A. "Arkansas River Flow Management Program" refers to the Exhibit 1 to the Intergovernmental Agreement among the City of Pueblo, the City of Aurora, the Southeastern Colorado Water Conservancy District, the City of Fountain, the City of Colorado Springs, and the Board of Water Works of Pueblo, Colorado ("IGA") executed by the parties to the agreement on various dates in May 2004, including any documents supplementing or interpreting the IGA.
- B. "AVC" refers to the Arkansas Valley Conduit as authorized by Public Law 87-590 as amended by Public Law 111-11.
- C. "AVC Agreement" refers to a future agreement between SECWCD and Participant that will evidence any rights and responsibilities associated with construction, repayment and operation of the AVC pursuant to a Contract between SECWCD and Reclamation.
- D. "Conveyance Contract" means a contract between the United States and SECWCD for conveyance service through the AVC.
- E. "Excess Capacity Storage" shall mean capacity within Project facilities that is in excess of the needs of the Project, if and when available, as determined solely by Reclamation, within the bounds of applicable laws and regulations, to store water.
- F. "Long-Term Water Quality Monitoring Program" means that Long-Term Water Quality Monitoring Program originally described in the Implementation Committee Report dated April 19, 2000. This program has operated for PSOP Participants since 2002 in coordination with the United States Geological Survey

("USGS") according to Joint Funding Agreements, including that attached hereto as **Exhibit1**.

- G. "NEPA" refers to the National Environmental Policy Act, 42 U.S.C. § 4321, as amended.
- H. "Project" means the Fryingpan Arkansas Project, as authorized by Public Law 87-590 (76 Stat. 389), as amended.
- I. "Reclamation" means the United States Bureau of Reclamation.
- J. "Repayment Contract" is Contract No. 5-07-70-W0086, as amended, between SECWCD and the United States.

### III. Background.

- A. SECWCD is a statutory water conservancy district pursuant to C.R.S. §§ 37-45-101 et seq.
- B. SECWCD has formed a Water Activity Enterprise in compliance with C.R.S. § 37-45.1-101 et seq.
- C. SECWCD is the agency responsible for the repayment and oversight of the Municipal and Industrial (M&I) and Irrigation portions of the Project.
- D. The AVC is an authorized feature of the Project, but has not been constructed. It is anticipated that the AVC will transport water at or below Pueblo Dam to downstream communities along the Arkansas River to near Lamar, Colorado.
- E. On March 30, 2009, the Omnibus Public Land Management Act of 2009 (Pub. L. 111-11) amended Public Law 87-590, the original Project authorization. Public Law 111-11 authorized annual appropriations as necessary for construction of the AVC, and included a cost-sharing plan.

### IV. AVC Development Process.

- A. The AVC is designed to improve water supplies and quality to users of municipal water supplies located within SECWCD and east of Pueblo.
- B. Southeastern is working with Reclamation on NEPA compliance and planning for the location and operation of the AVC. SECWCD will incur additional costs (including but not limited to engineering, environmental, legal, accounting, lobbying and other consulting fees and administrative costs) in development and planning for the AVC.

- C. Participant is a municipal or quasi-municipal entity that supplies water for municipal purposes.
- D. The availability of use of the AVC to Participant ultimately will depend on whether Reclamation agrees to a Conveyance Contract and the terms of an AVC Agreement between Participant and SECWCD, as further described in paragraph V.A.4, below.

### V. Responsibilities.

SECWCD and Participant shall cooperate in the development and planning for the AVC as set forth in this MOA. Specifically, the Participant and SECWCD each shall have the following responsibilities:

### A. Participant's responsibilities:

- 1. Participant represents and warrants that it is an "Enterprise" as defined in Article X, Section 20(2)(d) of the Colorado Constitution, and that it is authorized to enter into the multiple-fiscal year financial obligations provided in this MOA, notwithstanding Article X, Section 20(4)(b) of the Colorado Constitution.
- 2. Participant shall participate in the development and planning costs and resulting benefits of the AVC as set forth in this MOA. Prior to execution of any AVC Agreement, development of the AVC will require expenditures of money by SECWCD (including engineering, legal, accounting, lobbying and other consulting fees and administrative costs) to identify appropriate contract terms and rates, and for associated activities in compliance with NEPA and related statutes. Participant agrees to reimburse SECWCD its share of these development and planning costs. Participant's share of such costs, including payment of a proportionate share of costs accrued by SECWCD and other AVC Participants prior to Participant's entry into this agreement, shall be based on section B of the spreadsheet attached hereto as Exhibit2. The allocation of operation and maintenance costs among AVC Participants shall be separately determined.
- 3. To comply with NEPA and related statutes, it shall be Participant's responsibility to provide, at its own expense, any further engineering or other information necessary to document Participant's existing water supplies, present and future water uses, and need for additional water storage space, as well as any necessary analysis of other storage space and/or conveyance alternatives available to Participant.
- 4. Participant anticipates that, if and when SECWCD executes a contract with the United States, Participant or its assign, consistent with Section VII below, will agree to enter into an AVC Agreement with SECWCD to utilize a portion of the AVC.

- 5. Participant intends that any AVC Agreement shall provide for conveyance of water at rates established by the United States, after consultation with SECWCD, and agrees that such rates must be sufficient to assure that construction of the AVC will not result in any adverse impacts to the financing, repayment, operation, maintenance and replacement of the Project.
- 6. Participant shall be solely responsible for any change of water rights proceeding or other adjudication that may be necessary in order to store or convey its water in Project facilities.
- 7. To the extent that any action by the Participant requires compliance by SECWCD with the Arkansas River Flow Management Program, Participant agrees that it will comply with the requirements of the Arkansas River Flow Management Program, to the same extent that SECWCD is obligated to comply.
- 8. For the term of this MOA, Participant shall participate in the Long-Term Water Quality Monitoring Program. These costs shall include that portion of funding under the Joint Funding Agreements as well as any administrative or operating costs incurred by SECWCD. Participant's share of these expenses, including payment of a proportionate share of costs accrued by SECWCD and other AVC Participants prior to Participant's entry into this agreement, shall be based on section G of the spreadsheet attached hereto as **Exhibit2**.
- 9. Participant will provide information to SECWCD, as requested, in order to track the effectiveness of implemented water conservation plans, whether the Participant has its own water conservation plan or participates in a regional water conservation plan.

#### B. SECWCD responsibilities:

- 1. SECWCD represents and warrants that it is an "Enterprise" as defined in Article X, Section 20(2)(d) of the Colorado Constitution, and that it is authorized to enter into the multiple-fiscal year financial obligations provided in this MOA, notwithstanding Article X, Section 20(4)(b) of the Colorado Constitution.
- 2. SECWCD shall provide to Participant all estimates and accounting reasonably necessary to facilitate the payments referred to in Part VI of this MOA, and shall provide to Participant an annual report documenting all costs and expenditures, and summarizing progress to date and anticipated future work.
- 3. SECWCD will prepare and submit an annual budget to all AVC Participants.

- 4. SECWCD will deposit funds received from Participant in an interest-bearing account, for use to pay implementation and development costs of the AVC as such costs are incurred.
- 5. SECWCD shall work with Reclamation on the NEPA process necessary for the AVC. Following Reclamation approval to negotiate, SECWCD shall negotiate the terms of a Conveyance Contract with Reclamation.
- 6. SECWCD shall be responsible for facilitating the implementation and administration of the Flow Management Program.
- 7. SECWCD, in cooperation with the USGS, shall be responsible for facilitating the implementation and administration of the Long-Term Water Quality Monitoring Program.SECWCD's undertaking and fulfillment of its responsibilities described above is dependent upon its receipt of the financial contributions of the Participant and other AVC Participants as set forth in this MOA.

### VI. Payment Requirements.

- A. Payment of a proportionate share of costs accrued by SECWCD and other AVC Participants prior to Participant's entry into this agreement must be made at the time of execution of this agreement. Future payments for planning and development costs as described in paragraph V.A.2, above shall be made in advance, on a quarterly basis.
- B. In addition, Participant shall make payments to SECWCD prior to execution of an AVC Agreement for Participant's share of participation in the Long-Term Water Quality Monitoring Program.
- C. Payments are due and payable within 30 days upon receipt of the request for payment from SECWCD.
- D. Participant shall be credited for any advance payments made but not expended in the previous quarter, and shall be charged for its share of any expenditures in excess of advance payments in the previous quarter.

### VII. Assignment and Sublease.

Participant may assign its rights and obligations under this MOA only upon approval of SECWCD. Such approval is within the sole discretion of SECWCD, and determination of whether Participant may assign or sublease will be made on a case-by-case basis. In any case, Participant may only request to assign or sublease its rights and obligations to another municipal water supplier within SECWCD boundaries. In the event Participant wishes to assign its rights and obligations under this MOA to another municipal water supplier within SECWCD boundaries and east of Pueblo that already participates in the AVC, such assignment shall not

require the approval of SECWCD, but shall require notification to SECWCD within thirty (30) days of such assignment.

#### VIII. Term.

- A. Subject to the termination provisions below, this MOA will remain in effect until the execution of a Conveyance Contract or a determination by Reclamation that a Conveyance Contract is not feasible.
- B. This MOA may be terminated upon (1) mutual agreement; or (2) determination by Reclamation that a Conveyance Contract is not feasible. If this MOA is terminated, any unexpended funds previously advanced to SECWCD shall be accounted for and returned to Participant within ninety (90) days of the termination of this MOA, along with an accounting of the costs incurred by SECWCD and a summary description of the completed elements.

### IX. Exchanges Applied for in Case No. 06CW8

SECWCD's Application in Case No. 06CW8 (Water Division 2) requests conditional appropriative rights of exchange for water owned, controlled or leased by SECWCD or by a constituent entity of SECWCD that is stored in Holbrook Reservoir No. 1 or Dye Lake, or diverted at the Catlin Canal Headgate, High Line Canal Headgate, Holbrook Canal Headgate, the Oxford Farmers Ditch Headgate or the Rocky Ford Ditch Headgate. When it filed the Application in Case No. 06CW8, SECWCD recognized that Participant may have an interest in participating in SECWCD's exchanges of non-Project water into Pueblo Reservoir. SECWCD recognizes that Participant is a constituent entity of SECWCD, as that term is defined in the Application in Case No. 06CW8. If and when a decree is entered in Case No. 06CW8, the Board may allocate the exchanges among eligible constituents. Participant understands that any decree in Case No. 06CW8 will not adjudicate any particular source of exchange water. Any source of non-Project water may be used in the exchange in Case No. 06CW8 only if such use is authorized, either by decree or other approval. To the extent Participant wishes to use its non-Project water in the exchange decreed in Case No. 06CW8, it shall be responsible for any ditch company, Water Court and/or administrative approval necessary to do so.

#### X. Reduction Clause.

This MOA represents the entire agreement of the parties, and neither party has relied on any fact or representation not expressly set forth herein. This MOA supersedes all prior agreements and understandings of any type, both written and oral among the parties with respect to the subject matter hereof.

#### XI. General Provisions.

A. Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given:

(a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); or (c) on the date sent by facsimile (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section XI.A):

To SECWCD:

**Executive Director** 

Southeastern Colorado Water Conservancy District

31717 United Avenue Pueblo, CO 81001

Facsimile: (719) 948-0036

To Participant:

Town of Cheraw
220 Railroad Ave.
Cheraw, CO 81030
Facsimile: (719)

- **B.** Headings for Convenience Only. Paragraph headings and titles contained in this MOA are intended for convenience and reference only and are not intended to define, limit or describe the scope or intent of any provision of this MOA.
- C. Amendment. This MOA may be modified, amended or changed in whole or in any part only by an agreement in writing duly authorized and executed by Participant and SECWCD with the same formality as this MOA.
- **D.** Non-Severability. Each paragraph of this MOA is intertwined with the others and is not severable unless by mutual consent of Participant and SECWCD.
- E. Effect of Invalidity. If any portion of this MOA is held invalid or unenforceable for any reason by a court of competent jurisdiction as to either party or as to both parties, the parties agree to use their best efforts to reform as soon as possible any such invalidity and achieve a valid agreement that accomplishes the purposes of this MOA as originally set forth.

- **F.** Governing Law. This MOA and its application shall be construed in accordance with the laws of the State of Colorado.
- G. Multiple Originals. This MOA may be simultaneously executed in any number of counterparts, each of which shall be deemed original but all of which constitute one and the same MOA.
- H. No Attorneys' Fees. In the event of any litigation, mediation, arbitration or other dispute resolution process arising out of this MOA, the parties agree that each shall be responsible for their own costs and attorneys' fees associated with any such activities, with the exception of any claims found by the courts to be frivolous or groundless as per Colorado statutes.
- I. Intent of Agreement. This MOA is intended to describe the rights and responsibilities of and between Participant and SECWCD and is not intended to, and shall not be deemed to, confer rights upon any persons or entities not signatories hereto; nor to limit, impair or enlarge in any way the powers, regulatory authority and responsibilities of Participant or SECWCD, or any other governmental entity not a party hereto.
- J. Non-Business Days. If the date for any action under the MOA falls on a Saturday, Sunday or a day this is a "holiday" as such term is defined in C.R.C.P. 6, then the relevant date shall be extended automatically until the next business day.
- K. Successors and Assigns. This MOA and the rights and obligations created hereby shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns in the event assignment is allowed.

Southeastern Colorado Water Conservancy District	Town of Cheraw			
By:	By:			
Printed Name:	Printed Name:			

### EXHIBIT 1

Form 9-1366 (Oct. 2005)

### U.S. Department of the Interior **U.S. Geological Survey** Joint Funding Agreement

Customer No: CO011 Agreement No: I CluCOII o 72000 **Project No:** 

TIN #: 84-6012143

ixed Cost Agreement	X	Yes	No
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FOR WATER RESOURCES INVESTIGATIONS SPECIAL PERIFCES

THIS AGREEMENT is entered into as of the 1st day of January, 2011 by the U.S. GEOLOGICAL SURVEY, UNITED STATES DEPARTMENT OF THE INTERIOR, party of the first part, and the Southeastern Colorado Water Activity Enterprise, party of the second part.

- 1. The parties hereto agree that subject to the availability of appropriations and in accordance with their respective authorities there shall be maintained in cooperation the Special Projects which includes monitoring streamflow, water-quality and sediment. hereinafter called the program. The USGS legal authority is 43 USC 36C; 43 USC 50; and 43 USC 50b.
- 2. The following amounts shall be contributed to cover all of the cost of the necessary field and analytical work directly related to this program, 2(b) includes in-Kind Services in the amount of \$0.00.
  - (a) \$58.505.00 by the party of the first part during the period January 1, 2011 to December 31, 2011
  - \$91,315.00\* by the party of the second part during the period January 1, 2011 to December 31, 2011 \*includes unmatched funding in the amount of \$32,810,00
  - (c) Additional or reduced amounts by each party during the above period or succeeding periods as may be determined by mutual agreement and set forth in an exchange of letters between the parties.
  - (d) The performance period may be changed by mutual agreement and set forth in an exchange of letters between the parties.
- 3. The costs of this program may be paid by either party in conformity with the laws and regulations respectively governing each party.
- 4. The field and analytical work pertaining to this program shall be under the direction of or subject to periodic review by an authorized representative of the party of the first part.
- 5. The areas to be included in the program shall be determined by mutual agreement between the parties hereto or their authorized representatives. The methods employed in the field and office shall be those adopted by the party of the first part to ensure the required standards of accuracy subject to modification by mutual agreement.
- 6. During the course of this program, all field and analytical work of either party pertaining to this program shall be open to the inspection of the other party, and if the work is not being carried on in a mutually satisfactory manner, either party may terminate this agreement upon 60 days written notice to the other party.
- 7. The original records resulting from this program will be deposited in the office of origin of those records. Upon request, copies of the original records will be provided to the office of the other party.
- 8. The maps, records or reports resulting from this program shall be made available to the public as promptly as possible. The maps, records or reports normally will be published by the party of the first part. However, the party of the second part reserves the right to publish the results of this program and, if already published by the party of the first part shall, upon request, be furnished by the party of the first part, at cost, impressions suitable for purposes of reproduction similar to that for which the original copy was prepared. The maps, records or reports published by either party shall contain a statement of the cooperative relations between the parties,
- 9. USGS will issue billings utilizing Department of the Interior Bill for Collection (Form DI-1040). Billing documents are to be rendered guarterly. with last bill submitted by Dec. 15. 2008. Payments of bills are due within 60 days after the billing date. If not paid by the due date, interest will be charged at the current Treasury rate for each 30 day period, or portion thereof, that the payment is delayed beyond the due date. (31 USC 3717; Comptroller General File B-212222, August 23, 1983.).

	USGS Point of Co		Customer Point of Contact			
Name:	James E. Kircher		Name:	Bob Hamilton		
Address:	Denver Federal Center, Mail Stop 415		Address:	Southeastern Colorado Water Co	onservancy Dis	rict
	Denver, CO 80225-0048			31717 United Avenue, Pueblo, C		
Telephone	e: (303) 236-4882 ext. 258		Telephone:			<del></del>
Email:	jkircher@usgs.gov		Email:	bob@secwcd.com		
By _ Name:	James E. Kircher Director, USGS Colorado Water Science Center	Date (-3-201)	-	pout W Hamilton b Hamilton gineer	> Date	;-//-20;/
Ву _		Date	Ву		Date	
Name: Title:	Ċ.		Name: Title:	Ð	KHIBIT 1	

	2.			

#### SUMMARY OF SPECIAL PROJECTS BETWEEN SECWAE/USGS

Program Element	SECWAE Funding	USGS Funding	Total Funding
1. Long-term water-quality monitoring	\$83,090	\$55,390	\$138,480
2. Update of web site	3,550	0	3,550
Collection of streamflow data for voluntary flow program	1,385	925	2,310
4. Daily suspended sediment Fountain Ck at Pueblo	3,290	2,190	5,480
Total cooperative program	\$91,315	\$58,505	\$149,820

#### LONG-TERM WATER-QUALITY MONITORING

#### Background:

Data are needed to monitor salinity and determine possible effects of changes in implementation of excess capacity or other changes to landuse or water operations on salinity in the Arkansas River basin. Specific conductance is directly related to salinity. Continued collection of specific conductance and dissolved solids data provides the information necessary to evaluate changes in salinity in the basin and may be used as a broad indicator of other water quality changes. Real-time data from these sites are also available on the worldwide web at <a href="http://water.usgs.gov">http://water.usgs.gov</a>.

#### Program for Calendar Year 2011:

Monitoring will include operation of continuous specific conductance monitors at eight sites, monthly measurements of specific conductance at two additional sites, and collection of water samples for major-ion analysis at seven sites and total dissolved solids four times per year at ten sites (see following table). Water-quality data will be stored in NWIS database and assessible via the WEB.

Station	Continuous specific conductance monitor	Monthly specific conductance measurements	Samples for major ions, 4 times per year	Samples for total dissolved solids, 4 times per year	
Arkansas River at Granite	yes	yes	no	yes	
Arkansas River near Wellsville	no	yes	no	yes	
Arkansas River at Portland	yes	yes	no	yes	
Arkansas River above Pueblo	yes	yes	yes	yes	
Arkansas River at Moffat Street	yes	yes	yes	yes	
Fountain Creek at Pueblo	yes	yes	yes	yes	
Arkansas River near Avondale <sup>2</sup>	yes	yes	yes	yes	
Arkansas River at Catlin Dam	yes	yes	yes	yes	
Lake Meredith outlet works	yes	yes	yes	yes	
Arkansas River near Rocky Ford	no	yes	yes	yes	

Funding for operation and maintainence of continuous specific conductance monitor shared by SECWAE and St. Charles Mesa Water District.

#### Program Cost for Calendar Year 2011:

	Cooperator	USGS	
Cooperator	funding _	funding	TOTAL
Southeastern Colorado Water Activity Enterprise	\$83,090	\$55,390	\$138,480

<sup>&</sup>lt;sup>1</sup> Note: Operation and maintainence of continuous water-quality monitor at Arkansas River at Moffat St is shared by St. Charles Mesa under separate agreement.

<sup>&</sup>lt;sup>2</sup> Continuous specific conductance monitor funded by Pueblo Board of Water Works under a separate agreement

## UPDATE OF WEB SITE USED TO DETERMINE SHORT- AND LONG- TERM WATER-QUALITY CHANGES

#### Background:

An annual update to the real time water-quality indicator website is needed to estimate missing record for data served on the web site. The website provides a tool for evaluating real-time and long-term changes in water quality using dissolved solids (salinity) as an indicator.

#### Program for Calendar Year 2011:

In 2003, methods (<a href="http://co.water.usgs.gov/projects/ArkQW/index.cfm">http://co.water.usgs.gov/projects/ArkQW/index.cfm</a>) were developed to determine water-quality threshold levels on the Arkansas River and one site on Fountain Creek using real-time specific conductance data collected from five sites in the long-term water-quality monitoring network. However, as a result of probe fouling and instrument problems, a small percentage of daily record is lost. Estimation techniques need to be applied to estimate the missing record and populate the data needed to compute annual loads.

#### Program Cost for Calendar Year 2011:

Cooperator	Cooperator Funds	Total
Southeastern Colorado Water Activity Enterprise	\$3,550	\$3,550

#### COLLECTION OF STREAMFLOW DATA FOR VOLUNTARY FLOW PROGRAM

#### Background:

Monitoring streamflow is needed per IAG for the voluntary flow program for the Arkansas River between Pueblo Reservoir and Fountain Creek. In addition, these data supplement State and Federal streamgaging programs needed to meet short- and long-term objectives of water management in the Arkansas River basin.

#### Program for Calendar Year 2011:

Streamflow is needed to support management and appropriation of surface flows, monitor potential flooding in the basin, and to better understand the hydrology of the river system. Specifically, daily streamflow at Arkansas River at Moffat Street is needed to make management decisions regarding streamflow between Pueblo Reservoir and Fountain Creek.

#### Program Cost for Calendar Year 2011:

		USGS		
		Matching		Surface-water
Cooperator	Cooperator Funds	funds	Total	Prioritization'
Southeastern Colorado Water Activity Enterprise	\$1,385	\$925	\$2,310	MEDIUM

Surface-water prioritization SECWAE/USGS match ratio: Medium 60%/40%. Funding for this gage is split equally among 7 cooperators: City of Aurora, City of Pueblo, City of Fountain, SECWAE, Colorado Springs Utilities, Pueblo Board of Water Works, and St Charles Mesa Water District.

#### SUSPENDED-SEDIMENT AT FOUNTAIN CREEK AT PUEBLO, CO

#### Background:

The objective of this monitoring is to collect data needed to better understand sediment transport and compute suspended-sediment loads in Fountain Creek near the confluence with the Arkansas River particularly from March to October. Fountain Creek is the dominant source of sediment loading to the Arkansas River in the vicinity of Pueblo. Sediment transport has resulted in channel aggradation in various locations. Channel aggradation in the Arkansas River downstream from Fountain Creek can affect the carrying capacity of the river particularly at high flows. The aggradation of the channel can also affect water level changes in the alluvial aquifer of the Arkansas River valley and stream aquifer interactions. Suspended-sediment load has been determined at selected gages upstream in and near Colorado Springs since 1995. The daily suspended-sediment load is computed using samples collected automatically with sediment samplers which are analyzed for suspended-sediment concentration combined with mean daily streamflow.

Program for Calendar Year 2011: An automatic sediment sampler at the gage is activated by change in stream stage. Samples are collected on a timed daily basis with extra samples collected on rises in flow to define sediment concentrations. The automatic sampler is calibrated periodically by field personnel who collects field samples using a hand sampler. The sampler will be operated from March to October and daily suspended-sediment load will be computed. Periodic suspended-sediment samples will be collected manually during the winter months.

#### Program Cost for Calendar Year 2011:

The cost for operation and maintenance is shared equally by SECWAE, Pueblo County, and the City of Pueblo Department of Utilities (see table below).

		USGS	
Cooperator	Cooperator	Matching	Total
	Funds	funds	
Southeastern Colorado Water Activity Enterprise	3,290	2,190	5,480

#### **EXHIBIT 2**

Town of Cheraw  Project  Arkansas Valley Conduit (AVC) per Acre Feet of Demand Total Acre Feet of Demand for all 38 Participants  Share of Arkansas Valley Conduit (AVC) per Acre Feet of Demand Total Acre Feet of Demand for all 38 Participants  Share of Arkansas Valley Conduit Environmental Impact Study Costs   B SE Water Activity Engerprise (WAE) Development & Planning Costs for AVC per Acre Feed of Demand Total Acre Feet of Demand for all 38 Participants  Share SE WAE Development & Planning Costs for AVC  Subsection 1 Arkansas Valley Conduit participation costs incurred from May 2011 to June 2014  Subsection 1 Arkansas Valley Conduit participation costs Town of Cheraw share of Arkansas Valley Conduit participation costs Town of Cheraw share of Arkansas Valley Conduit participation costs Town of Cheraw catch up payment for participation in the Arkansas Valley Conduit		Community:	Pro	ogram Level:
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# Arkansas Valley Conduit

#### Attachment 7





August 1,2017

Southeastern Colorado Water Conservancy District



olorado is known for crystal clear I that sustains our communities from generation to generation. But for access to fresh drinking water is a chal-

lenge.
That's why I requested, with Republican and Democratic House colleagues from Colorado, that the Subcommittee on Energy and Water Development provide funding for the Arkansas Valley Conduit Project.
This important project will transfer fres!

Project.
This important project will transfer fresh water from its source — the mountains that feed the Pueblo Reservoir — to the Southeastern plains. Traveling down a 30-mile delivery system, the conduit will follow alongside the Arkansas River to communities like La Junta, Las Animas, Lamar and Eads, offering an alternative to the groundwater wells that currently provide most of their drinking water supply. But news of this project shouldn't be a surprise for residents in Southeastern Colorado, You probably have heard of the

But now our local communities are committed to completing the project. If Congress includes a federal contribution in the upcoming funding bill, then Southeast-ern Colorado finally could taste the fresh water for which they've been waiting for

decades.

And the project couldn't come fast enough, Right now, the state has ordered several water providers to identify new sources of fresh drinking water or pay for costly treatment for their current water sources. Without an alternative water source, the cost for water providers to source, the cost for water providers to see the contract of th

The conduit will offer that alternative source of water.

The conduit will offer that alternative source of water.

The conduit's water source also will feature a lower dissolved salt content. When too high, it can change water flavor and damage water-based appliances such as dishwashers and water heaters, driving up the cost of living as citizens are forced to replace these appliances.

We can't just tell people to stop drinking and using water. We have to stand up and do something about it. Coloradans expect

I know Coloradans want to invest their moony wisely. This project will be built in from local government and the federal government. The federal government to help cause funds to local governments to help was found to local governments to help was found to local government to help cause funds to local governments to help was found through contract poyments for non-project house for the local governments will lepay those funds through contract poyments for non-project healthy was found to local governments will be proposed to local governments will be proposed to local governments will be considered to local governments of the local government of

water. That's why I am championing this effort to win funding for the completion of the Arkansas Valley Conduit.

Ken Buck represents Colorado's 4th Con-ressional District in Washington, D.C.

#### Pueblo now needs a full-time mayor



At the urging of the Committee Organized to Elect a Mayor, the Pueblo City Council has agreed to submit to the voters of Pueblo a charter amendment that would result amendment that would result in the election of a full-time mayor to lead our city. There are lots of questions about this proposal, and over tions and engage in a commu-nitywide discussion about the merits of an elected full-time

sential and why the status quo has to change, stake about it, this will be an important election for the future of our community. Will we decide to char a new course with the char a new course with the decident of the course o seats to criticize citizens who essentially volunteer their time to serve their community on City Council. However, the world is not as simple as it

campaign, we will discuss why a full-time mayor is necessary, why the proposed salary is es-sential and why the status quo

our leaders to perform their duties part time and on the cheap. That has been very expensive for the city of Pueblo. more complicated and complex than they were 1954 and they demand more than part-time on the cheap leadership.

was in 1954 when we adopted our charter and its part-time system of leadership and idyllic memories of days of yesteryear is not a vision for the future. It is the system and SEE MAYOR AD

Member of Congress

Member of Congress

Respectfully,

Congress of the United States

The Honorable Mike Simpson Chairman Subcommittee on Energy and water Vevelopmen Committee on Appropriations Washington, D.C. 2051 5-6016

The Honorable Marcy Kappur The Honorable Marcy Kapful
Ranking Member
Subcommittee on Energy and Water Development Committee on Appropriations Washington, D.C. 20515-6016

In the recently released flureau of Reclamation FY 2018 budget request, the Administration to the Reclamation of the Reclamatio

We write to request you include this request in your ry '18 tegislation for Energy and Water conduit.

We write to request you include this request in your ry include this property funding for the Eurem of Reciamation is which funding for the Eurem projects the the conduit.

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We are distinctly aware that the mission of the Bureau of Reclamation is changing and thou the past.

We are distinctly aware that the mission of the Bureau of Reclamation and providers remains critical in our years are supply projects using sold relative the resource is absolutely construction of targe water supply projects used to distinct the finite resource is absolutely construction of targe water supply projects used to an area generate of this finite resource is absolutely construction of targe water supply projects and management of this finite resource is absolutely aware the development, conservation and management of this finite resource is absolutely aware the development, conservation and management of this finite resource is absolutely aware the development, conservation and management of this finite resource is absolutely aware that the mission of the projects are the development of the projects and provides remains critical in the projects are the projects and provides remains critical in the projects and provides remains critical in the projects are the projects are the projects and provides remains critical in the projects are the projects and provides remains critical in the projects are the projects and provides remains critical in the projects are the projects and provides remains critical in the projects are the projects and provides remains critical in the projects are the p

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Since an amendment to the 1962 authorization of the Fry-Ark Project was enacted in 2009, it.

The current schedule would likely committee and the one of the provided funding which complete would likely committee and the Administration have provided funding work. The current schedule would likely committee and the analysis and the one of 2020.

Member of Congress

Limited States Senate We write to Reclamation in request your help to ensure that the total function of the state of the property of The federal government has legislation was signed committed by Reclamation was signed committing to the planet of the Bureau of Reclamation bearing to find a substantial this conduit.

And the planet is an and part over \$20 in all substantial share of conduit. In the Bureau of Reclamation prior to the Bureau of Reclamation prior to the Bureau of Reclamation with the planet with the project of the Bureau of Reclamation with the find the first of the Bureau of t Ver the last request for FY 2018 is promising.

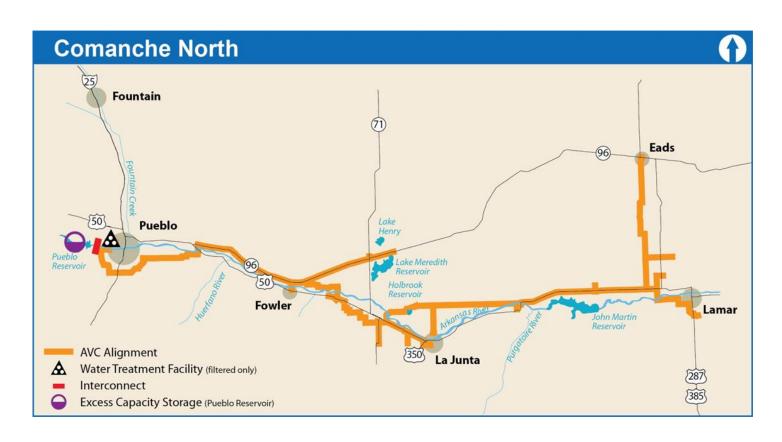
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Pueblo's City Hall.

## **Arkansas Valley Conduit: Description**

- 40 communities in six counties have signed on. A total of 20,000 taps and population of about 50,000 would be served.
- By 2070, 22,000 taps and 70,000 people.
- 10,000 acre-feet of water delivered each year
- The Comanche North route was chosen as the Preferred Alternative in 2014 Record of Decision.
- 230 miles of pipeline from Pueblo Dam to Lamar and Eads.
- Features include a water filter plant at Whitlock Treatment Plant at Pueblo; pumping stations at Pueblo, and at the spur to Eads; and surge tanks near Fowler and La Junta.



Assessment level cost: \$400 million (includes 40% "contingency")

**Arkansas Valley Conduit: Funding** 

To date: \$22 million

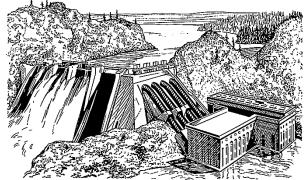


Federal: Appropriations, \$3 million-\$5 million annually, so far...

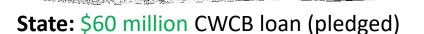
### **Participants:**

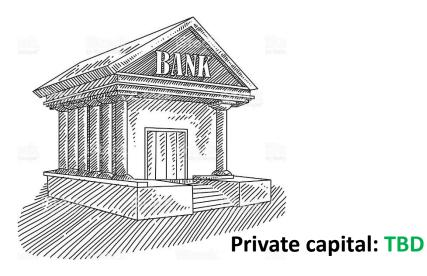
\$700,000 since 2011





Miscellaneous Revenues: \$3.4 million annually beginning in 2022, increasing to \$12.5 million annually by 2070. For construction or to repay federal costs.





PL 111-11 requires 35% local match

## **Arkansas Valley Conduit: Progress**

- In December 2016, the Bureau of Reclamation delivered a three-volume Feasibility Design Report to the Southeastern Colorado Water Conservancy District.
- The Feasibility Design Report covers all parts of the Arkansas Valley Conduit east of the Regulating Tank to be built south of Pueblo.
- The Feasibility Design Report for the connection to Pueblo Dam, the Interconnect at Pueblo Dam, the Treatment Plant at Pueblo and the Pumping Station at Pueblo is due later this year, hopefully by September.
- The preliminary cost estimates in the reports are likely to be higher than the Assessment Design level. Those costs, however, reflect a "worst-case" scenario in which engineers imagine everything that could go wrong.
- The final design has not yet been developed. This will likely take two years to develop, provided we can get funding.
- Land must be acquired.
- Construction could begin in 2022.

## RECLAMATION

Managing Water in the West

Technical Memorandum No. 382-AVC-8140-FEA-2016-01 Volume 1 – Primary Feasibility Design Report & Appendices A-M

### **Arkansas Valley Conduit**

Fryingpan-Arkansas Project, Colorado Great Plains Region



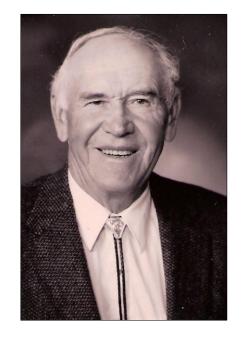


U.S. Department of the Interior Bureau of Reclamation Technical Service Center Denver, Colorado

## **Arkansas Valley Conduit: Alternatives?**

How much water could you purchase *annually* for \$1 per day?





The late Orville
Tomky once told
me: "You could
buy a lot of
bottled water for
\$300 million!"
(The estimated
cost for the AVC in
2005.) So can you?

## **Arkansas Valley Conduit: Alternatives?**

How much water could you purchase *annually* for \$1 per day?

Arkansas Valley Conduit: 108,123 gallons/ full cost 308,923 gallons/ @ 35%

The AVC costs assume \$500 million total debt repaid over 50 years among 20,000 taps, with an annual volume of 10,000 acre-feet.

With any of these systems, there are additional O&M costs, of course



## **Arkansas Valley Conduit: Innovation?**

- 1. Pueblo Water's system. In the EIS, part of Pueblo's infrastructure from Pueblo Dam to the Whitlock Treatment Plant would be used. We are investigating whether more efficiencies can be found.
- 2. Design-build strategy. We are working with Reclamation on streamlining how elements of the AVC are contracted.
- 3. Public-private partnerships. There could be an opportunity to accelerate both financing and the construction schedule. This is a new area for water systems.



Note: At this point, these are all just ideas, which may or may not pan out as we begin investigations.

## **Arkansas Valley Conduit: Next Steps**

- 1. Community Awareness/Marketing: The AVC has been authorized for 55 years. It is taking generations to build and continued support is needed.
- **2. Compliance Issues:** AVC is the most costeffective way to deal with state and federal water quality compliance.
- **3. Funding Sources:** Federal appropriations need to increase, state funding mobilized and private funding considered.
- **4. Economic Development and Growth:** Clean water is key to livability in rural areas.
- **5. Political Will:** Community leadership is needed to keep the AVC on the front burner.





# Questions?

## **AVC New Concept**

The alignment (Figure 1) for the Arkansas Valley Conduit (AVC) was selected as the proposed action in the 2014 Record of Decision by the Bureau of Reclamation. However, the time needed to build a pipeline southwest of Pueblo would be a minimum of 10 years, assuming that funding would be available.

Parts of Pueblo Water's system were previously incorporated into the original AVC, including the Joint Use Manifold, Joint Use Pipeline (JUP), and modification of Whitlock Water Treatment Plant. Under the New Concept, Pueblo Water could provide the amount of water that AVC requires in stages at different points from its system (Figure 2). Those points are east of Pueblo Memorial Airport Industrial Park, east of the Greenhorn Industrial Park, and near Blende on the St. Charles Mesa.

Each of those delivery points would require new pipeline in order to reach the alignment of the AVC, but the total amount of pipeline to reach the AVC route will decrease to about 9 miles from the 20 miles

that the Comanche North plan calls for. Additionally, some construction obstacles such as building through part of Pueblo, and crossing I-25 would be eliminated.

More importantly, by staging the connections, the time required to begin making deliveries to communities facing enforcement action for radionuclide contamination of well water could be reduced.

The first phase, connecting to Pueblo Water's system at the east end of the airport, would provide about 3 million to 4 million gallons per day for the AVC and could be completed relatively quickly.

This would be sufficient to meet the water demand needs of 16 communities in Otero County currently under enforcement actions, as well as meet the AVC supply for communities between Boone and LaJunta, with the exception of St. Charles Mesa.

An initial meeting among Reclamation, Southeastern District and Pueblo Water representatives on this New Concept was held on May 17, 2017.

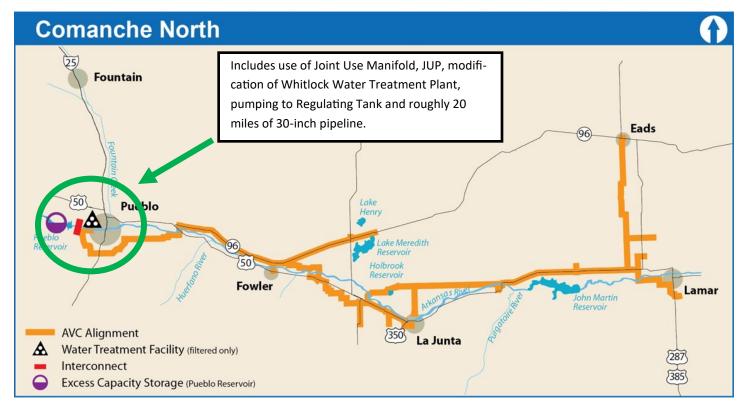


Figure 1: The original AVC alignment. The area circled shows the route through Pueblo addressed in the New Concept proposal to use more of Pueblo Water's infrastructure.

## **AVC: Pueblo New Concept**

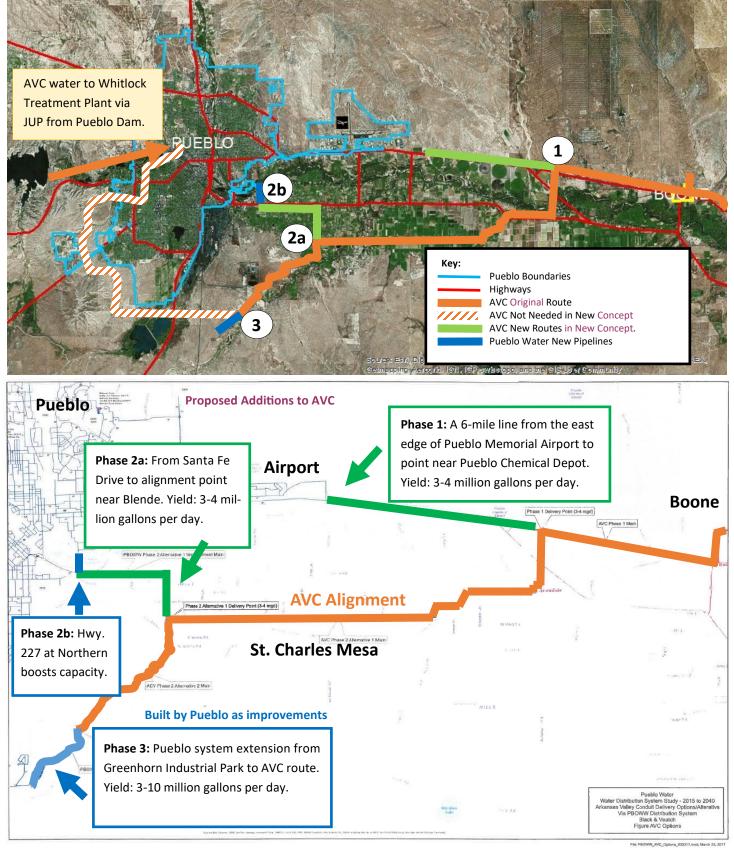


Figure 2: The New Concept proposal would deliver water from three points of Pueblo's System to the AVC. The top map shows the route of the original AVC eliminated if approved by Reclamation. Two new pipelines (green) would be added to the AVC route, while Pueblo Water would construct two pipelines (blue) as part of its system planning needs.

## **AVC: New Concept Changes**

#### **Background of Proposal**

In late 2016, the District began looking for ways to expedite construction to reduce time and costs for the AVC.

The District approached Reclamation in January 2017 with a concept to maximize use of Pueblo Water's system. Subsequent to this meeting, Southeastern and Pueblo Water staff met to determine if the concept had any merit.

The use of Pueblo Water's system was discussed during earlier studies, but dismissed because the only option explored was a dedicated pipeline, rather than using infrastructure already in place, except for the Joint Use Manifold, JUP, and modified Whitlock Water Treatment Plant.

#### **Pueblo New Concept Alternative**

Pueblo Water, working with Black & Veatch Engineering on long-range water system planning, determined it could immediately deliver 3 million gallons per day at the end of its system near the Pueblo Memorial Airport Industrial Park.

Points of delivery are detailed in Figure 2. The top map shows the path of the original AVC route through Pueblo in a broken orange line.

This part of the AVC would include moving water through the JUP, existing Whitlock Water Treatment Plant, a pumping station that would pump water to a regulating tank south of Pueblo, the regulating tank itself, about 7 miles of pipe to the tank, and about 13 miles of 30-inch pipeline to the delivery point on St. Charles Mesa.

The timing of deliveries would be phased, with the AVC responsible for pipelines outside Pueblo Water's service area.

This approach would provide benefits to the AVC participants, who are facing enforcement actions, as quickly as possible.

Pueblo Water could deliver water sufficient to meet

#### **AVC Participants**

#### **Pueblo County**

Boone

St. Charles Mesa Water

#### **Crowley County**

96 Pipeline Company Crowley County Water Association

Crowley

Olney Springs Ordway

Sugar City

#### **Bent County**

Hasty Water Company

Las Animas McClave Water Assn.

#### **Prowers County**

Lamar

May Valley Water Assn. Wiley

#### **Kiowa County**

Eads

#### Otero County

Beehive Water Assn.
Bents Fort Water Co.

Town of Cheraw

East End Water Assn. Eureka Water Co.

Fayette Water Assn.

Fowler

Hancock Inc.
Hilltop Water Co.

**Holbrook Center Soft Water** 

**Homestead Improvement** 

La Junta Manzanola

Newdale-Grand Valley

North Holbrook Water Patterson Valley

**Riverside Water Co.\*** 

**Rocky Ford** 

South Side Water Assn.

South Swink Water Co. Swink

Valley Water Co.

**Vroman** 

West Grand Valley Water West Holbrook Water

RED: Enforcement action from CDPHE Colorado Water Quality Division for radionuclides.

GREEN: Non-Enforceable radionuclide contamination.

\* New to AVC (As of 2017)

the needs of the Otero County participants where radionuclides have been identified in groundwater, as well as participants along the first part of the route. The AVC would not reach May Valley Water Association in this phase, since that community is near the end of the 130-mile pipeline.

Going through Pueblo by using its entire water system offers the possibility of eliminating up to 10 years to reach the first Participant, provided that sufficient funding is available.

The timing of each phase of the Pueblo Water Alternative is not yet known. That will depend on the levels and sources of funding, as well as the contractual arrangements needed to provide the service.

### **AVC: New Concept Issues**

During the May 2017 meeting, several technical, contractual and environmental issues were identified. These are summarized below:

#### **Technical Issues**

- A. **Hydraulics** Water system pressures at the points of Pueblo Water's connections to the AVC will determine the need for pumping and regulating tank locations at the connection points with Pueblo.
- **B.** Chloramine Pueblo Water would deliver water with a chloramine residual that would have to be removed by a process yet to be identified. The location(s) and cost has to be determined.
- C. Age and Reliability Reclamation raised concerns about the age and reliability of Pueblo Water's system. Maintenance of Pueblo Water's system would remain its responsibility.

#### **Contractual Issues**

- **A.** Contract Reclamation would need to negotiate a treatment and conveyance contract with Pueblo Water.
- **B.** Volumetric Rate Pueblo Water prefers a

- volumetric rate (see item C. above) which could be adjusted to reflect the fact that Southeastern owns the water that would be delivered.
- C. Phasing of Payments Capacity and timeframe of deliveries would be negotiated as part of the Reclamation contract.
- **D.** Length of Contract Reclamation would consider a contract in perpetuity to deliver up to 20 million gallons of treated water per day (maximum day capacity for AVC).

#### **National Environmental Policy Act (NEPA)**

- A. Impacts of Proposed Improvements Reclamation will have to evaluate how the impacts of the New Concept compares to the original AVC evaluated in the 2013 EIS. However, Pueblo Water anticipates improvements over time would occur in areas that already have been disturbed, with the exception of the 6-mile line from the Airport to the Pueblo Chemical Depot.
- B. **Type of NEPA Action** Reclamation contracting with Pueblo Water for water treatment and conveyance would be a federal action subject to the requirements of NEPA. The level of NEPA compliance has yet to be determined.

#### **Costs Under New Concept Eliminated:**

- 1. One mile of pipe from Whitlock Water Treatment Plant to Pumping Plant
- 2. Arkansas River Crossing
- 3. 6.67 miles of high-pressure steel pipe from Pumping Plant to Regulating Tank south of Pueblo
- 4. Cost of building through Pueblo (golf course, Pueblo Boulevard, Red Creek Springs Road, etc.)
- 5. 12.9 miles of 30-inch pipe between Regulating Tank and St. Charles Mesa delivery point
- 6. Crossing Interstate 25
- 7. An old and fragile steel mill water pipe crossing
- 8. Building through the new energy complex east of

#### Interstate 25

#### **Costs Under New Concept Reduced:**

- Pushing St. Charles Mesa Water District delivery back to a later date since the need for water is not as urgent, according to the St. Charles District
- 2. No immediate Whitlock Water Treatment Plant improvements would be needed

#### **AVC Cost Impact Unknown:**

- 1. Disinfection Contact Basin or other Disinfection Removal Process needed
- 2. Pumping Plant(s) and surge tanks relocated
- 3. Other appurtenances to be determined after hydraulic analysis.

## **AVC: Next Steps for New Concept**

The following actions were agreed upon at the May 2017 meeting:

- Reclamation will complete a conceptual evaluation of the Pueblo Water Concept with the cooperation of Southeastern and Pueblo Water.
- 2. A Memorandum of Understanding is being developed between Reclamation and Pueblo Water to evaluate using existing infrastructure.
- 3. The study of the New Concept will not affect

- completion of the Feasibility Design Reports underway by Reclamation.
- 4. Evaluation of the New Concept will be completed to appraisal level design.
- 5. Reclamation will develop a list of questions and issues to be addressed, while the District will provide a draft scope of services.
- 6. Reclamation will evaluate the New Concept in FY 2018-19.

### **AVC: Funding Status**

For FY 2017, Congress appropriated \$3 million for the AVC. The project is also eligible for an allocation of additional "plus-up" money which Congress provided to Reclamation for its use on on-going projects. Reclamation's decision as to how to allocate this additional "plus-up" money among eligible projects is expected shortly.

For FY 2018, the Administration has requested \$3 million for the AVC. Congress is working on FY 2018 appropriations at this time.

In January, the District developed the following budget scenario for funding, assuming of the original AVC. These figures could be adjusted to incorporate the New Concept:

FY2018 \$3.0M (Administration Budget)
FY2019 \$9.5M
FY2020 \$9.5M
FY2021 \$12.0M
FY2022 \$15.5M

### **AVC: Project Status**

The Feasibility Level Design Reports for the original AVC will be complete in September and the Summary Cost Report in November 2017.

Reclamation is completing the Feasibility Level Design Reports for the modification of Whitlock Water Treatment Plant, pumping plant and pipeline to the regulating plant and Interconnect (connection between Pueblo Dam's North and South Outlet Works.

All other portions of the AVC have been completed and were detailed in a Feasibility Design Report Technical Memorandum released in late 2016.

### **AVC: Public-Private Partnership Exploration**

In May, Reclamation and the District presented an overview of the AVC at a Reclamation's Water Infrastructure and Alternative Financing Forum that explored the concept of public-private partnerships (P3) for financing, construction and operation of Reclamation projects.

Reclamation sent industry representatives a Re-

In May, Reclamation and the District presented an quest for Information seeking feedback on potential water resource projects for P3 financing.

Reclamation and the District are considering making the AVC a pilot program under some sort of P3 arrangement.

We are awaiting responses from industry representatives in June 2017.

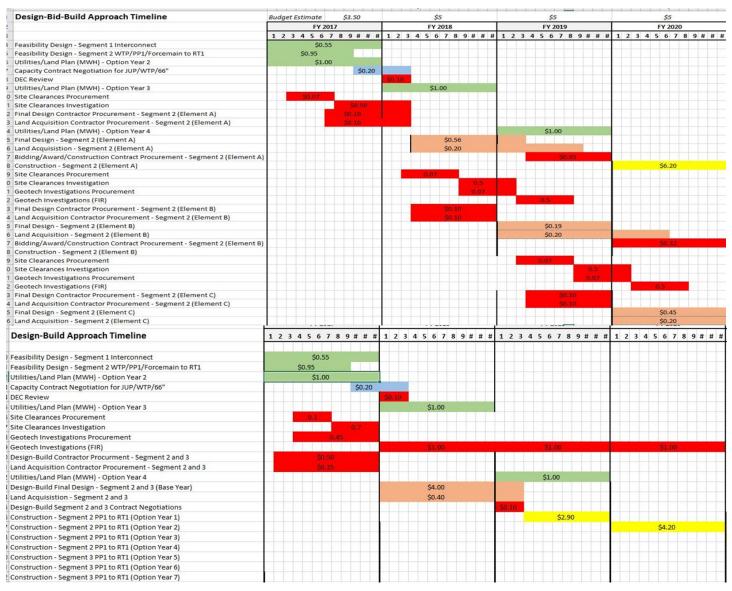


Figure 3: The top timeline shows how the AVC would be built under traditional Reclamation procedures. The red areas represent preparatory activities such as contract procurement and site investigations. The orange areas are design phases. The yellow areas are construction. Under a design-build approach, construction would begin earlier.

### **AVC: Design-Build Approach**

The District has approached Reclamation with an idea that would potentially reduce the time needed to procure contracts and design segments of the AVC. Called "design-build," this concept is being employed in the District's hydropower project at Pueblo Dam.

For the AVC, up to five years of construction could be covered in one design-build contract, greatly reducing the time that would be required to design each segment separately.

Design-build contracts allow for multi-year con-

tracts, which would reduce the time needed for design and procurement.

Reclamation is receptive to this idea, and sees the value of reducing the number of contracts for this large and complicated project.

By contracting with Pueblo Water for phased water deliveries, a design-build approach could be used to begin construction of the AVC elements at the eastern edge of Pueblo. This could include a pumping plant, storage and treatment as well as pipe in the ground.

### **AVC: Congressional Support**

The AVC continues to receive exceptional support from the Colorado Congressional delegation.

On March 7, U.S. Rep. Scott Tipton testified in Congress on the need for the AVC.

On May 31, Tipton was joined by his colleagues Ken Buck, Ed Perlmutter and Doug Lamborn in supporting funding for the AVC during the Congressional budget hearings (see joint letter below).

The AVC also continues to be supported by U.S. Sens. Cory Gardner and Michael Bennet, who wrote a letter on June 6 requesting additional funding for the AVC.

Tipton's remarks (in part) and both letters from the delegation are printed here. The District appreciates the efforts of our Congressional delegation.

## Statement of Congressman Scott Tipton (CO-03) Before theHouse Appropriations Subcommittee on Energy and Water Development

### Regarding Appropriations for the Arkansas Valley Conduit March 07, 2017

... Like the people of Flint, Michigan, the communities of the Lower Arkansas Valley in Southeastern Colorado deserve access to a safe, reliable source of drinking water. While the threat is not from lead, they face the daunting issue of naturally occurring, cancer-causing radioactive materials in drinking water supplied primarily from wells. The means to address this problem is construction of the Arkansas Valley Conduit (AVC), an original feature of the Fryingpan-Arkansas Project, authorized in 1962.

The need for this local-federal partnership could not be clearer than in the pursuit of the Arkansas Valley Conduit. Since an amendment to that original authorization was enacted in 2009, this committee and the Administration have provided funding which completed the required environmental analysis and the ongoing feasibility work. The current schedule would likely allow for construction to begin in 2019 or 2020.

When completed, the AVC will serve 50,000 people who rely on nearly 40 water systems. This worthy project to protect rural America is sponsored by the Southeastern Colorado Water Conservancy District (District).

The need for the AVC was recognized when prominent local leaders from the Lower Arkansas Valley banded together in the 1930s. These visionary rural advocates recognized the need to improve their water supply, and that the effort to do so would be a long process. The plan then, as it is today, was to provide clean water to their citizens through a regional approach. Currently, Lower Arkansas Valley residents get their water from small water systems, all with less than 5,000 customers and some with fewer than 100 taps, and all of them struggling to remain viable in a world where water quality standards are becoming ever more restrictive.

Most of the communities east of Pueblo rely on well water, because the surface flows in the Arkansas River are historically intermittent. The dissolved solids in both the surface and ground water are above the levels for human consumption at most times during the year, a problem that can be overcome

by using Pueblo Reservoir as a source of clean water, as is planned with the AVC. The alternative solution to remove these particles from the water is reverse osmosis, which some AVC participants are already employing. This is costly, energy intensive and produces byproducts that require additional disposal methods.

More than one-third of the water systems in the Lower Arkansas Valley already are facing state enforcement actions, guided by federal EPA standards, for naturally occurring radioactive contaminants such as radium and uranium in their water supplies. Several others have elevated levels that do not violate state standards.

Those communities could be forced to spend millions of dollars above and beyond the cost of the AVC until the pipeline is built. More and more towns have found that their groundwater contains naturally occurring cancercausing radioactive contaminants, such as radium and uranium. A total of 14 towns have water supplies containing radioactive elements in concentrations that exceed primary drinking water standards, as mandated by the federal Safe Drinking Water Act.

... The regional approach is the most cost-effective way to deal with this complex problem. Were each of these small water providers to fix their water quality issues alone, the cost of meeting the federally mandated standard would cumulatively be much more than the cost of the regional conduit being developed. However, recognizing the size and scope of the project, the District continues to work with Reclamation to improve both functional and fiscal efficiencies as the AVC nears its final design.

All of the participants of the project, as well as the District and Reclamation, have worked to contain costs for the AVC, by using some existing infrastructure and making appropriate modifications as the project is being designed.

... They remain committed to seeing the AVC built so that it can fulfill its purpose. While this revenue stream is guaranteed, the District, in cooperation with the State of Colorado and the Bureau of Reclamation, continues to look at every method of reducing the overall cost of the project to build it in a fiscally responsible manner.

... I strongly urge my colleagues to continue to provide funding to move the Conduit into the construction phase as soon as possible. ...



WASHINGTON, DC 20510

June 6, 2017

Senator Lamar Alexander Chairman Subcommittee on Energy and Water Development Senate Committee on Appropriations United States Senate Washington, D.C. 20510

Senator Dianne Feinstein Ranking Member Subcommittee on Energy and Water Development Senate Committee on Appropriations United States Senate Washington, D.C. 20510

Dear Chairman Alexander and Ranking Member Feinstein:

We write to request your help to ensure that the total funding allotted for the Bureau of Reclamation in fiscal year (FY) 2018 will keep the planning and construction of Colorado's Arkansas Valley Conduit on schedule. The Conduit project is our top priority and after years of insufficient funding, we hope this year's increased funding request will allow the project to move forward to the engineering and construction phase as quickly as possible.

The Arkansas Valley Conduit is a planned 130-mile water-delivery system from the Pueblo Dam to communities throughout the Arkansas River Valley in Southeast Colorado. The Conduit is the final phase of the Fryingpan-Arkansas Project, which Congress authorized in 1962. When completed, it will help bring clean drinking water to more than 50,000 people in over 40 communities in the lower Arkansas Valley.

The federal government has repeatedly promised to build this Conduit. In 2009, bipartisan legislation was signed committing to fund a substantial share of the project costs. The Bureau of Reclamation has already spent over \$20 million to fund detailed planning and feasibility studies, and helping to design and plan the project. While the project will require funding over the next decade, the Bureau of Reclamation will fully recoup these costs over time through non-federal repayments, a mechanism also approved by Congress.

The President's budget request for FY 2018 is promising. After close consultations with the community over the last year, the Bureau of Reclamation budgeted \$3 million for the Conduit. This is the same level as appropriated for FY 2017 and will go a long way toward moving the project toward the construction phase.

The Conduit's planners estimate that the Bureau of Reclamation has an additional \$2 million of capability to perform engineering and design work. In the past, the Conduit project has benefited from additional funding categories through some of the Bureau's water-related programs. One of those categories is entitled "Water Conversation and Delivery," under "Additional Funding for Water and Related Resources Work." We ask the Subcommittee to fund this category at least at the level appropriated in FY 16, which was \$10 million.

We also ask it to include the following language (underlined) in the committee report, which was included in the FY17 committee report:

Additional Funding for Water and Related Resources Work. — The Committee recommendation includes an additional \$\_\_\_\_\_\_ above the budget request for Water and Related Resources studies, projects, and activities. Priority in allocating these funds should be given to advance and complete ongoing work; improve water supply reliability; improve water deliveries; enhance national, regional, or local economic development; promote job growth; advance tribal and nontribal water settlement studies and activities; or address critical backlog maintenance and rehabilitation activities. Funding provided under the heading Additional Funding for Ongoing Work may be utilized for on-going work, including pre-construction activities, on projects which provide new or existing water supplies through additional infrastructure; provided, however, that priority should be given in allocating funds to on-going work on authorized projects for which environmental compliance has been completed. ...

If we work together, we are confident we can start construction of the Conduit on schedule. Thank you for your consideration.

Sincerely,

Michael F. Bennet

United States Senator

Cory Gardner

United States Senator

#### Congress of the United States Washington, DC 20515

May 30, 2017

The Honorable Mike Simpson Chairman Subcommittee on Energy and Water Development Committee on Appropriations Washington, D.C. 20515-6016 The Honorable Marcy Kaptur Ranking Member Subcommittee on Energy and Water Development Committee on Appropriations Washington, D.C. 20515-6016

Dear Chairman Simpson and Ranking Member Kaptur:

In the recently released Bureau of Reclamation FY 2018 budget request, the Administration proposes to spend \$3 million next year on continued work on the Arkansas Valley Conduit, the final component of the Fryingpan-Arkansas Project serving southeastern Colorado.

This request matches the FY '17 Administration request and the enacted amount included in the 2017 Consolidated Omnibus Appropriations bill.

We write to request you include this request in your FY '18 legislation for Energy and Water Development, and that you consider additional funding for the Bureau of Reclamation's Water and Related Resources account in amounts which further important projects like the conduit.

We are distinctly aware that the mission of the Bureau of Reclamation is changing, and that the construction of large water supply projects using only federal dollars is likely a thing of the past. But the partnership the Bureau has with local water districts and providers remains critical in our state, where the development, conservation and management of this finite resource is absolutely essential.

The need for this local-federal partnership could not be clearer than in the pursuit of the Arkansas Valley Conduit.

Since an amendment to the 1962 authorization of the Fry-Ark Project was enacted in 2009, this committee and the Administration have provided funding which completed the required environmental analysis and the ongoing feasibility work. The current schedule would likely allow for construction to begin in 2019 or 2020.

The \$3 million request would provide for a final feasibility design report and cost summary analysis; further refinement of engineering, developing plan and profile drawings, and completing additional field investigation; design work aimed toward completion for the joint use of the Pueblo Board of Water Works Whitlock Treatment Plant, which will save considerable construction costs.

We strongly encourage you to support continued Reclamation funding to move this and other projects forward in a timely and therefore economical fashion. Your support will recognize the interest and responsibility the federal government has in building this project in particular: to provide safe drinking water to rural communities whose water does not currently meet federally mandated standards.

The Arkansas Valley Conduit, as a regional rather than piecemeal solution, is a more functional and a more fiscally effective way to meet the challenge of safe drinking water.

Please note that revenues generated locally can repay the entire cost of the project, under provisions of the 2009 legislation. Revenues are generated by contract payments for storage of non-project water in Pueblo Reservoir, maximizing the utilization of the federal Reclamation reservoir.

In addition, the State of Colorado has approved a \$60 million loan if it is necessary to move the project forward in partnership with the Bureau of Reclamation. The local water providers are paying for administration, planning and environmental compliance through quarterly assessments, and working closely with the Southeastern Colorado Water Conservancy District to move the project forward.

The Southeastern District, the State of Colorado, Reclamation and the Colorado congressional delegation are examining potential cost-saving measures, including use of existing facilities for treatment and delivery wherever possible, and possible design-build processes.

We look forward to working with you as you begin the FY 2018 appropriations process.

Respectfully,

Scott Tipton

Member of Congress

Ed Perlmutter

Member of Congress

Douglamborn

Member of Congress

Ken Buck

Member of Congress

Attachment 9

#### **Southeastern Colorado Water Conservancy District**

#### 2018 Proposed Budget

## Arkansas Valley Conduit Project Statement of Revenues and Expenditures

Draft as of 11/8/2017

(In Whole Numbers)

	2016 Budget	2016 Actual	2017 Budget	2017 Actual (Sep 30)	2018 Proposed Budget
Grant Revenue					
State	000.000				
Grant Revenue State/Local	200,000	0	0	0	0
Total State	200,000	0	0	0	0
Total Grant Revenue Grant Expenditures	200,000	U	U	U	U
Expenditures					
Project/Grant Expenses	200,000	0	0	0	0
Total Expenditures	200,000	0	0	0	0
Total Grant Expenditures	200,000	0	0	0	0
Total Grant Revenues Over (Under)	0	0	0	0	0
Expenditures					
Operating Revenue					
Participant Payments					
Payments - Participants	159,760	121,418	147,910	36,979	234,760
Total Participant Payments	159,760	121,418	147,910	36,979	234,760
Federal Appropriations & USBR					
Federal IPA USBR Contract	205,475	36,941	173,444	29,640	165,912
Total Federal Appropriations & USBR		36,941_	173,444	29,640	165,912
Total Operating Revenue	365,235	158,359	321,354	66,619	400,672
Operating Expenditures					
Headquarter Operations				_	
Board/Committee Meals	100	0	100	0	102
Total Headquarter Operations	100	0	100	0	102
Meetings and Travel	7 000	4.000	7 000	0	7 000
Directors Airfare	7,200	1,668	7,200	0	7,329
Directors Hotels Directors Meals	9,600 2,400	0	9,600 2,400	0	9,715
Directors Mileage Reimbursement	2,400 1,200	0	2,400 1,200	0	2,443 1,221
Executive - Airfare	3,600	577	3,600	0	3,664
Executive - Hotels	4,800	192	4,800	0	4,886
Executive - Meals	1,200	6	1,200	0	1,221
Executive - Other Travel Expense	1,200	36	1,200	0	1,221
Meeting Expense	500	0	500	0	509
Meeting Meals	500	0	500	0	509
Staff Business and Traning- Airfare	0	597	0	846	0
Staff Business and Traning- District Vehicle Gas	5,500	70	5,500	99	5,598
Staff Business and Traning- Hotels	1,600	10	1,600	318	1,629
Staff Business and Traning- Meals	400	43	400	70	407
Staff Business and Traning- Other Travel	200	73	200	24	204
Total Meetings and Travel Outside and Professional Services	39,900	3,274	39,900	1,357	40,556
Consultant/Lobbying Services - Federal	30,000	30,297	30,000	21,479	30,000
Water Policy Management Consultants	25,000	20,345	25,000	12,308	25,000
Engineering Outside Contracts	50,000	46,204	25,000	0	25,448
Project Studies	0	0	0	0	80,000

#### **Southeastern Colorado Water Conservancy District**

#### 2018 Proposed Budget

## Arkansas Valley Conduit Project Statement of Revenues and Expenditures

Draft as of 11/8/2017

(In Whole Numbers)

	2016 Budget	2016 Actual	2017 Budget	2017 Actual (Sep 30)	2018 Proposed Budget
Total Outside and Professional Services	105,000	96,845	80,000_	33,787_	160,448
Personnel and Overhead					
Office Overhead	2,429	2,429	6,802	5,102	9,386
Project Personnel	209,474	48,034	186,220	46,789	181,598
Total Personnel and Overhead Partnerships	211,903	50,463	193,022	51,890	190,984
U.S.G.S. Co-op Programs	8,332	7,802	8,332	4,462	8,582
Total Partnerships	8,332	7,802	8,332	4,462	8,582
Total Operating Expenditures	365,235	158,384	321,354	91,496	400,672
Total Operations Revenues Over (Under) Expenditures	0	(26)	0	(24,877)	0
Total Revenues Over (Under) Expenditures	0	(26)	0	(24,877)	0
Beginning Fund Balance					
	0	(19,930)	0	0	0
Total Beginning Fund Balance	0	(19,930)	0	0	0
Ending Fund Balance	0	(19,956)	0	(24,877)	0