

ARKANSAS VALLEY CONDUIT COMMITTEE

MINUTES

September 26, 2024

A meeting of the Arkansas Valley Conduit (AVC) Committee was held at 10:01 a.m. September 26, 2024, at District offices and via electronic and telephonic means.

Chairman Kevin Karney announced a quorum was present for the AVC Committee.

AVC COMMITTEE MEMBERS PRESENT:

Kevin Karney – Chairman, Howard “Bub” Miller – Vice Chairman, Dallas May, Justin Di Santi, Bill Long and Leann Noga

AVC COMMITTEE MEMBERS ABSENT AND EXCUSED:

Matt Heimerich.

OTHERS PRESENT:

Seth Clayton (via Zoom), Mark Pifher, Ann Nichols (via Zoom), SECWCD Board members; Christine Arbogast, Kogovsek & Associates (via phone); Curtis Thompson, AECOM (via Zoom); Bill McDonald, McDonald Water Policy Consulting LLC; Kevin Meador, Gordon Dillon, Chris Woodka, Garrett Markus, Lee Miller, and Peter Levish and Patty Rivas (via Zoom), SECWCD staff.

APPROVAL OF MINUTES:

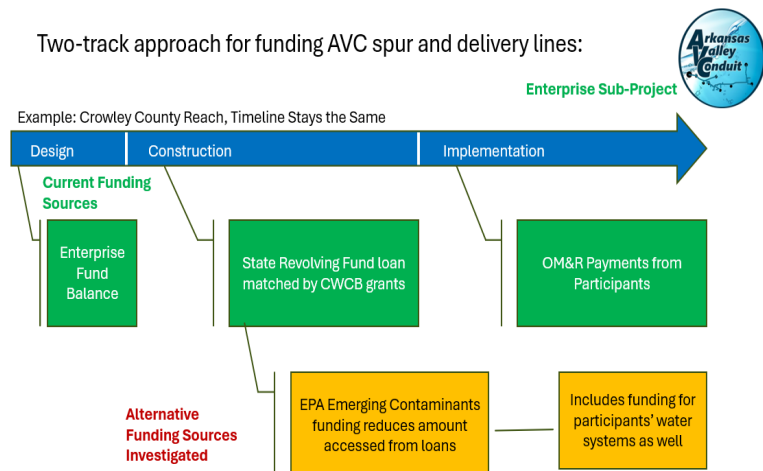
Howard “Bub” Miller moved, and Justin DiSanti seconded approval of the August 18, 2024, AVC Committee meeting minutes. Motion passed unanimously.

PRESENTATIONS:

Chris Woodka explained that staff members would give reports on various topics following the format of Enterprise Sub-Project, Reclamation Sub-Project and Participant Information.

Enterprise Sub-Project:

Leann Noga explained the AVC Funding Plan, showing the Committee a graphic which explains the current path of funding and possible alternative funding applied to the Fowler-Crowley County design and construction. This approach illustrates how additional funding sources could be incorporated without slowing existing work.



The reason for concentrating on the Fowler-Crowley County area at the moment, allows the Enterprise to move the AVC Project forward while taking advantage of possible new funding sources, without the risk of insufficient funding. After the Updated Cost Estimate, the likelihood of the Reclamation Sub-Project reaching that area is extremely high. The Enterprise is exploring a four-party agreement among the Colorado Water Resources and Power Development Authority (CWRPDA), the Colorado Water Conservation Board (CWCB), the Enterprise and Otero County that would leverage \$30 million in CWCB grants to pay the principal on \$60 million in CWRPDA loans, which are up to 50 percent forgivable loans.

Principal Engineers Kevin Meador and Gordon Dillon explained EPA grants for systems that test positive for emerging contaminants such as PFAS (per- and polyfluoroalkyl substances) is available to cover testing for PFAS, design of system improvements to eliminate the contaminants, and construction of those system improvements. According to a 2020 survey, at least 14 of the 39 AVC participants could benefit from this, with the cost of delivery lines and water system improvements needed to connect to AVC totaling \$32 million. Some of the participants might also access this funding for needed improvements within their water systems. This could address the funding gap between the estimated cost of \$75 million in spur and delivery lines and the \$60 million covered in the funding plan. In response to a question from the Committee, Mr. Dillon said all of the participants are receptive to testing and seeking remedy for PFAS.

Upon further discussion between the engineers and the Committee, it was noted that the communities which rely on shallow aquifers tied to surface water sources are experiencing issues related to PFAS. Another 18 AVC participants have issues with radionuclides, which are tied to deep aquifers with naturally high levels of uranium, radium and similar materials. Mr. Meador explained that the emerging contaminants funding is separate from a class-action lawsuit against PFAS manufacturers that some AVC participants might also be involved in.

Mr. Meador gave an overview of AVC Operations, Maintenance and Replacement (OM&R) that will be needed once the AVC is built. Service on the first portion of AVC to Crowley County could mean that nine water systems could be online as soon as 2029. He explained that OM&R includes administration, billing, repayment, water resources, water quality requirements as well as operating and maintaining pipelines, tanks and pumping stations and secure monitoring. OM&R is part of the AVC Repayment Contract. A viable plan is needed to satisfy Reclamation requirements. Potential OM&R options are outside contract(s), Enterprise staff, partners or participants or a combination of methods. There have been some estimated numbers for O&M costs, but no final amount.

Mr. Meador reviewed the increase in costs for the Enterprise Sub-Project. The 2022 cost was estimated at \$67.14 million but has increased to \$75 million to build spur and delivery lines. The reasons for the \$7.86 million increase are:

- Contingency, \$1 million, 13%

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- Additional Scope (Crowley County line), \$4.3 million, 55%
- Design and Non-Contract Costs, \$1.3 million, 16%
- Inflation, \$1.26 million, 16%

Mr. Meador said potential cost reductions are also possible.

Mrs. Noga explained that there were numerous inquiries, but no responses to a request for proposals for an AVC program manager. This position will not be filled in 2024.

Lee Miller said no progress was made in the effort to form a governance authority, since the legal team has been concentrating on federal legislation for the past three months.

Mrs. Noga said the feasibility of AVC is being reaffirmed. GMS, which completed preliminary engineering studies for all participants, will be working on questions of the cost of alternative strategies in light of the update cost estimates. A report by Hazen and Sawyer for the City of La Junta shows that the AVC is the most cost-effective way to reduce wastewater selenium concentrations to meet regulatory requirements.

Reclamation Sub-Project

Legislation to reduce the interest rate and extend the time period for AVC repayment was reviewed by Lee Miller. A U.S. Senate hearing was held on September 11, 2024, and the legislation introduced by Senators Michael Bennet and John Hickenlooper was scheduled for markup by the Senate Committee on Energy and Natural Resources on September 26, 2024. This was delayed until after the election by a continuing resolution. Bill MacDonald explained calculations that show that AVC repayment is possible under the legislation.

Mr. Dillon gave an update on federal construction. On Boone Reach 1, 21,000 feet are installed, and 5,500 feet are awaiting installation through the horizontal directional drilling bore. On Boone Reach 2, 14,600 feet are installed, and dewatering wells are being decommissioned. Vaults have been approved by Pueblo County and the town of Boone. Reclamation is preparing to award a contract for design of the AVC Trunk Line from Reg Tank 1 to Lamar under an Architectural and Engineering (A&E) Contract.

Participant Information

Garrett Markus gave an update on upcoming meetings with participants on water resources and OM&R estimates.

Mr. Meador said the Enterprise is planning to have a joint meeting in mid-October with participants and stakeholders such as county commissioners, to discuss funding opportunities for improvements within water systems.

ACTION ITEMS:

ARKANSAS VALLEY CONDUIT
SRF FUNDING PACKAGES



Enterprise Sub-Project

PACKAGE 1	PACKAGE 2	PACKAGE 3
Complete by 2029	Complete by 2032	Complete by 2039
20 Participants	12 Participants	7 Participants
Avondale to Rocky Ford	Riverside to La Junta	East End to Lamar
\$32.4 million	\$18.8 million	\$23.8 million
5 Loan Applications	4 Loan Applications	3 Loan Applications

AVC Funding Package No. 1 Application Support Services for Spur and Delivery Lines

This contract is to provide AVC funding application support for a revised Funding Package No. 1 (Avondale to Rocky Ford) with the State Revolving Fund (SRF). Swiftwater Solution LLC performed work on the pre-application for the Enterprise AVC submittal to SRF for all spur and delivery lines and was the sole bidder. The total amount is \$40,854, with \$16,820 in 2024 and includes the Project Needs Assessment for all 20 participants in Package No. 1 and \$24,034 in 2025 for subsequent tasks for only Fowler and Crowley County. The total cost of this portion is expected to be about \$16.6 million. Two other funding requests are expected to complete all of Package 1.

Dallas May made the following motion, seconded by Justin DiSanti:

“I move the AVC Committee recommend for approval by the Enterprise Board the *Agreement for Services Between the Southeastern Colorado Water Activity Enterprise and Swiftwater Solutions LLC* for the Arkansas Valley Conduit Funding Package No. 1 Application Support Services for Spur and Delivery Lines in a form substantially similar to Attachment I.”

Motion passed unanimously.

City of Lamar Rescue Plan Act Funding

More than \$3 million in American Rescue Plan Act (ARPA) funding has already been committed to the AVC by cities and county commissioners previously. The City of Lamar discussed ARPA funding with the Enterprise in 2021, and in March 2024 contacted the Enterprise to discuss the

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use of \$90,000 in ARPA funds for design of the AVC. The funds would be used to design the vault at the end of the AVC Trunk Line.

Howard "Bub" Miller made the following motion, seconded by Justin DiSanti:

"I move Arkansas Valley Conduit recommend to the Board of Directors to ratify the American Rescue Plan Act Funding Subrecipient Agreement for the City of Larmar for Arkansas Valley Conduit vault design." Motion passed unanimously.

OTHER BUSINESS:

None

NEXT MEETING

Thursday, October 24, 2024, 10 a.m.

ADJOURN

Kevin Karney adjourned the meeting at 11:52 a.m.

Respectfully submitted,

Chris Woodka
Senior Policy and Issues Manager