

RECORD OF PROCEEDING

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**SOUTHEASTERN COLORADO WATER  
ACTIVITY ENTERPRISE**

**MINUTES**

**February 21, 2019**

A regular meeting of the Board of Directors of the Southeastern Colorado Water Activity Enterprise (Enterprise) was held on Thursday, February 21, 2019 at 11:50 a.m., at the District office, 31717 United Avenue, Pueblo, Colorado.

President Long announced a quorum was present.

**DIRECTORS PRESENT:**

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

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

Patrick Garcia, Greg Felt, Alan Hamel, Gibson Hazard, Kevin Karney, and Howard “Bub” Miller,

**ENTERPRISE OFFICIALS PRESENT:**

Executive Director James Broderick; General Counsel Lee Miller; Administrative Manager Toni Gonzales; Principal Engineer Kevin Meador; Water Resources Engineer Garrett Markus; Issues Management Program Coordinator Chris Woodka; Finance Manager Leann Noga; and Federal Lobbyist Christine Arbogast

**VISITORS PRESENT:**

Earl Wilkinson and Jenny Bishop, Colorado Springs-Utilities; Doug Fitzgerald, U.S. Congressman Scott Tipton’s office; Cathy Garcia, U.S. Senator Cory Gardner’s office; Dwight Gardner, U.S. Senator Michael Bennet’s office; Roy Vaughan and Monica Griffitt, U.S. Bureau of Reclamation; Jerry Peña, GEI Consultants; Mark Scott, GHD Inc.; Gordon Dillon and Steve Howell, Kleinfelder; Judy Leonard and Jim Quam, Pueblo West Metropolitan District; Bill Tyner and Rachel Zancanella, Colorado Division of Water Resources; Krystal Brown, U.S. Geological Survey; Tom Simpson, Aurora Water; Praxie Vigil and Chanse Weiss, Vigil Farms; Philip Chavez, Diamond A Farms; Joel Lundquist, Lundquist Farms; Ryan Wainer, Rocky Ford Hemp Co; Jay Yaklich, Rick Young and Rhett Proctor, High Line Canal; Jack Goble, Lower Arkansas Valley Water Conservancy District; Ron Fillmore, citizen; Bob Hamilton, citizen; Shawn Yoxey, citizen; Kent Ricken, Colorado Water Protective Development Association; Brett Gracely, Matrix Design Group; Kevin Niles, Arkansas Groundwater Users Association

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**APPROVAL OF MINUTES:**

President Long said the minutes of the January 17, 2019 Board meeting were posted to the Board website for review, and if there were any corrections or additions. Hearing none, Mr. Pifher moved, seconded by Mr. May, to approve the minutes. Motion unanimously carried.

**FINANCE COMMITTEE REPORT:**

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

**CONSENT ITEMS:**

None

**PRESENTATIONS:**

**FEDERAL LEGISLATION**

Christine Arbogast reported she traveled to Washington, D.C. with President Long and Jim Broderick . They visited with the four key offices on the Arkansas Valley Conduit (AVC) funding picture. They are working on a meeting with Commissioner Burman to discuss future funding needs.

They also met with the Democratic offices who do not represent the AVC service area, and asked for their assistance in obtaining funding support. This is an important step because Democrats now hold the majority in the House. Specifically, they asked them to contact Appropriations Subcommittee on Energy and Water Development Chair Marcy Kaptur. They all agreed to be supportive and make that contact.

Ms. Arbogast, Mr. Long, and Mr. Broderick will be returning to Washington, D.C. at the end of March, after the Administration's budget is released.

The Upper Colorado Fish Recovery Program's extended authority was approved in the recently passed Lands Package. Important to any Upper Basin user of Colorado River water. Appropriations to follow.

Delegation, along with delegations from the other basin states, are waiting for final sign off from California folks before moving forward with the DCP legislation. In the meantime, CWCB will take its drought management work plan to the board at its March meeting.

Awaiting the consideration of nomination of David Bernhardt to be Secretary of the Interior.

Revised WOTUS rule is in comment period, with NWRA, CWC, and other western water organizations preparing comments.

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**PUEBLO DAM HYDROELECTRIC PROJECT UPDATE**

The Pueblo Dam Hydroelectric Project continues to progress towards a March, 2019 start-up and April 8, 2019 commissioning target date. A start-up plan has been approved by Reclamation. Work continues on finalizing an operator agreement and a facility maintenance agreement. The Board was provided a chart that summarizes the project’s schedule and financial information and a chart that shows the Design-Builder’s current completion schedule. The table below summarizes the status of major construction items:

**Progress of Work**

<b>January 2019</b>			
	<b>Progress Completed</b>	<b>Anticipated Completion</b>	<b>Additional Notes</b>
<b>Powerhouse Electrical</b>	95% Complete	Feb 2019	
<b>Generation Units Concrete Encasement</b>	98% Complete	Jan 2019	Sack and patch around draft tubes to be completed
<b>Install Monorail Trolley</b>	90% Complete		Electrical hookup to be completed
<b>Install Catwalk, Handrail and Stairs</b>	98% Complete	Jan 2019	Steel work complete. Painting to be completed
<b>Set and Install HPU Skids</b>	30% Complete	Jan 2019	
<b>Large Turbine/Generator Installation</b>	Complete		
<b>Small/Medium Turbine/Generator Installation</b>	Complete		
<b>Grade Parking Lot</b>	95% Complete	Jan 2019	
<b>Trim Out Roof Hatches</b>	75% Complete	Jan 2019	
<b>Repair Foam at Flow Meter Sensors</b>	20% Complete	Feb 2019	
<b>Install Switchgear</b>	50% Complete	Feb 2019	
<b>Transmission Line</b>	40% Complete	Feb 2019	Underground complete
<b>Interconnect</b>	0% Complete	Feb 2019	To be completed by Black Hills

Mr. Meador presented a PowerPoint showing pictures of the following:

- Inside the Powerhouse February 13, 2019
- Papa Bear
- Mama Bear
- Baby Bear
- Electrical Equipment Being Installed

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**ACTION ITEMS:**

**PUEBLO DAM HYDROELECTRIC PROJECT POWER SCHEDULING SERVICES AGREEMENT**  
Mr. Meador reported during the term of this Agreement, Colorado Springs Utilities (Utilities), in its role as the Scheduling Agent, will provide the power scheduling services necessary to enable the energy produced from the hydro project to be delivered from the interconnection point to the delivery point. This includes reservation of short-term firm transmission service on behalf of the Enterprise. Utilities will provide these services at no cost to the Enterprise. The Board was provided a copy of the Scheduling Services Agreement between Colorado Springs Utilities and Southeastern Colorado Water Conservancy District acting by and through its Water Activity Enterprise

Mr. Meador reported on February 7, 2019, the Resource Planning and Engineering Committee recommended that the Board approve the agreement.

Mr. Clayton moved, seconded by Mr. Goodwin, to approve the Scheduling Services Agreement with Colorado Springs Utilities for the Pueblo Dam Hydroelectric Project. Motion unanimously carried.

**PUEBLO DAM HYDROELECTRIC PROJECT AMENDATORY LEASE OF POWER PRIVILEGE BETWEEN THE UNITED STATES AND THE SECWAE**

Mr. Meador reported the Amendatory Lease of Power Privilege (LoPP) amends and replaces the original LoPP executed in August 2017. The Amendatory LoPP was prepared to reflect and define changes made to the project during final design and construction. The major revisions included:

1. The Auto Control Valve provisions of the LoPP were redefined to include the Pueblo Dam Hydroelectric Project (PDHP) as a “functional equivalent” to auto control valves.
2. Blind flanges and mechanical pipe plugs were added to the project for emergency isolation of the Delivery Manifold to maintain flows to the Southern Delivery System (SDS) project.
3. A Cathodic Protection System was added to the project.
4. Operation and Maintenance provisions were clarified.
5. The Lease Area descriptions were updated to reflect actual constructed conditions.

Mr. Meador reported on February 7, 2019, the Resource Planning and Engineering Committee recommended that the Board approve the agreement.

Mr. Goodwin moved, seconded by Mr. Clayton, to approve the Amendatory Lease of Power Privilege substantially similar to the copy the Board was provided. Motion unanimously carried.

**AMENDED 2018 BUDGET-HYDROELECTRIC POWER**

Leann Noga reported the Board of Directors adopted the Resolution No. 2017-05EF for the 2018 Budget of the Hydroelectric Power fund on December 7, 2017 for total expenditures amount of \$9,976,089.

In November 2018, staff performed an analysis to determine if an Amended Hydroelectric Power Budget would be needed as a result of the \$780,000 Board approved change order for the construction of the project. The forecasted analysis of year-end invoices provided that the expenditure total would

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remain within expenditure limits. Upon receipt of the final year-end invoices in December and January, which were all accrued to 2018, expenditure limits were exceeded by \$109,021.

**Hydroelectric Power Expenditures: Actual Compared to Original Budget Resolution**

	<b>2018 Actual</b>	<b>2018 Adopted Budget</b>	<b>Difference</b>
<b>Operating Expenditures</b>	\$318,880	\$507,889	\$189,009
<b>Capital Outlay Construction Expenditures</b>	\$9,766,229	9,468,200	(\$298,029)
	\$10,085,109	\$9,976,089	(\$109,021)

The 2018 Hydroelectric Power project expenditures totaled \$10,085,110. As a result of expenditure limits, the amended Resolution No. 2019-01EF increases the expenditure total by \$109,021 for an amended expenditure limit of \$10,085,110.

Mr. Clayton moved, seconded by Mr. Pifher, the Board of Directors approve Resolution and Order No. 2019-01EF for the Hydroelectric Power Project for the amended expenditure limit of the 2018 Budget as presented. Motion unanimously carried.

**PRESENTATIONS CONTINUED:**

**AVC UPDATE**

Chris Woodka presented a PowerPoint reviewing the following:

1. The second technical session among the Bureau of Reclamation (Reclamation), the Pueblo Board of Water Works (Pueblo Water), and the Southeastern Colorado Water Conservancy District (District) was held on January 22, 2019. It was agreed that a three-way contract would be negotiated to provide water service through Pueblo. The technical sessions are not negotiations, but simply set up the Basis of Negotiation for Reclamation.

Pueblo Water is considering accepting payment in the form of credits against long-term storage in Pueblo Reservoir, in the same way that Southern Delivery System (SDS) credits were used for the upsizing of the Municipal Service Line at the North Outlet of Pueblo Dam. This would require a separate contract between Reclamation and Pueblo Water.

A third contract will be needed between the District and Reclamation for AVC repayment, and operations, maintenance, and replacement.

This is an important step that allows the AVC to have the equivalent of 25 miles of pipe in the ground from Pueblo Dam to the eastern end of Pueblo Water's system at 36<sup>th</sup> Lane, east of the Airport. This would be accomplished without the need for federal appropriations, using the credit proposal.

2. Reclamation is working on final design of the approximately 12-mile pipeline from 36<sup>th</sup> Lane to Boone. A site for the break-point chlorination treatment plant is being studied near Boone. This route

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includes about six miles of pipeline from 36<sup>th</sup> Lane to Puebloplex, where it intersects the route identified in the preferred alternative for AVC. The site would allow Boone to be served quickly, and offers the possibility that Avondale could join the AVC.

Hooking up Boone and Avondale in the next few years would be a huge boost for the AVC, showing folks in the Arkansas Valley, Colorado, and Washington D.C. that the AVC is moving ahead in a positive direction.

3. The Regionalization study progresses. We continue regular meetings with Reclamation and CDM-Smith to strengthen this as a complement to the AVC. During a tour of some of the AVC water systems in December 2018, we learned the AVC is seen as a real solution for water quality issues up and down the valley. The regionalization study will be a tool for local improvements that will help water systems hook up to the AVC when it is built.

4. The Colorado Senate Joint Memorial passed the House Rural Affairs and Agriculture Committee unanimously on February 11, 2019. The measure urges Congress to fulfill its commitment to provide sufficient funding for the AVC. Large upfront appropriations will allow construction of the AVC to start, now that Reclamation has begun final design work on the first portion to Boone.

#### 2019 FRYINGPAN-ARKANSAS PROJECT WATER SUPPLY OUTLOOK

Garret Markus reported the Fryingpan-Arkansas (Fry-Ark) Project utilizes the Boustead Tunnel to import Fryingpan-Arkansas Project water (Project water) for allocation each year. The 20-year average for Project water imports is 55,124 acre-feet (AF) and is highly dependent on snow pack. Snow pack reports are published weekly and display the four Snotel sites that are most relative to the Fry-Ark collection system. The snow pack reports also compare the current snow pack to the 30-year average of those four sites and to seven other years with the corresponding Fry-Ark Project water import for each year. Even though Project water imports are highly dependent on snow pack, there are several key variables that highly effect the actual import amount. Several of those considerations are how fast the snow melts and whether we are legally and available to divert those amounts, excessive sublimation (evaporation of snow without runoff), weather during diversion season, local and basin wide river calls, and precipitation not associated with snow pack.

The snow pack sites give a great amount of information but they are located at or below the elevation of our collection system and do not represent the full tributary area of our collection basin. In the 2020 budget, the District has budgeted for the installation of two new Snotel sites at \$35,000 per site. The Natural Resource Conservation Service (NRCS) who is the federal agency that is responsible for the Snotel program is investigating the Fry-Ark collection basin in 2019 to determine if there are a more representative locations to install the proposed Snotel sites to produce the best data possible.

Mr. Markus provided charts to explain the Fryingpan-Arkansas Project water supply outlook for 2019.

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**INFORMATION ITEMS:**

The Board was provided written material on the following topics, which were posted to the Board website:

- AVC and Excess Capacity Master Contract Update

**OTHER BUSINESS MATTERS:**

President Long asked if there were any other matters to come before the meeting, and hearing none, adjourned the meeting at 12:19 p.m.

Respectfully submitted,

Toni Gonzales  
Administrative Manager

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Secretary

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