

RECORD OF PROCEEDING

**SOUTHEASTERN COLORADO WATER
ACTIVITY ENTERPRISE**

MINUTES

September 20, 2018

A regular meeting of the Board of Directors of the Southeastern Colorado Water Activity Enterprise (Enterprise) was held on Thursday, September 20, 2018 at 11:01 a.m. at the District office, 31717 United Avenue, Pueblo, Colorado.

President Long announced a quorum was present.

DIRECTORS PRESENT:

Bill Long	Curtis Mitchell	Gibson Hazard
Kevin Karney	Carl McClure	Howard “Bub” Miller
Tom Goodwin	Dallas May	Greg Felt
Mark Pifher	Alan Hamel	Seth Clayton
Andy Colosimo	Patrick Garcia	

DIRECTOR(S) ABSENT AND EXCUSED:

Ann Nichols

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; and Finance Manager Leann Noga.

VISITORS PRESENT:

Roy Vaughan and Shane Hayden, Bureau of Reclamation-Pueblo Office; Krystal Brown, U.S. Geological Survey; Curt Thompson, AECOM; Bill Tyner, Division Engineers Office; Daniel Dilts and Kortney Kelly, Fountain Valley Authority; Mark Scott, GHD, Steve Howell, Kleinfelder; Abby Ortega, Colorado Springs Utilities; Kevin Niles, Arkansas Groundwater Users Association; Dwight Gardner, U.S. Senator Michael Bennet’s office; and Jerry Peña, GEI Consultants.

APPROVAL OF MINUTES:

President Long said the minutes of the August 16, 2018 Board meeting were posted to the Board website for review, and asked if there were any corrections or additions. Hearing none, Mr. Howard “Bub” Miller moved, seconded by Mr. Garcia, to approve the minutes. Motion unanimously carried.

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FINANCE COMMITTEE REPORT:

Mr. Karney reported the financial statements for August 2018 were posted to the Board website for review. Mr. Karney moved, seconded by Mr. Goodwin, for acceptance of the August 2018 financial statements and payment of the September 2018 bills. Motion unanimously carried.

CONSENT ITEMS:

None

PRESENTATIONS:

FEDERAL LEGISLATION UPDATE

Mr. Broderick reported that the FY19 “minibus” appropriations bill regarding the “plus up” for FY19 which adds money to Reclamation’s Water and Related Resources account above and beyond the President’s budget request. Insofar as potential funding for the AVC is concerned, \$244 million is added to the “water conservation and delivery category”, but \$134 million is earmarked for WINN storage projects and \$15 million for water conservation in areas experiencing extreme drought. This leaves \$95 million for other projects.

PUEBLO DAM HYDROELECTRIC PROJECT UPDATE

Kevin Meador reported construction of the Pueblo Dam Hydroelectric Project continues on schedule for a Fall 2018 start-up. Mr. Meador provided the Board a chart showing the project summary. He then presented a PowerPoint showing the following pictures:

- Penstocks Are Now Fully Encased in Concrete
- Cofferdam has Been Completely Removed, the River is at a Very Low Level, About 28 cfs
- Oil Separation Unit; Cathodic Protection Anode Bed
- Overall View of Installation to Date
- “Baby Bear” and “Mama Bear” will Share a Generator Positioned Between the Units
- Some Assembly Still Required
- “Papa Bear” to be Installed During the Next Few Weeks

AVC UPDATE

Chris Woodka presented a PowerPoint reviewing the following:

- Reports Complete
- AVC Action Plan
- State Enforcement
- State Efforts
- Contract Discussions
- Regionalization

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ACTION ITEMS

CREATE FUND OBLIGATION ACCOUNTS AND TARGETS FOR SPECIFIC PURPOSES IN THE ENTERPRISE FUND

Mrs. Noga reported on September 13, 2018, the Executive Committee received a full presentation on the Framing the Future of Finances regarding the creation of accounts for assigned funds and setting targeted totals for these accounts.

The Framing the Future of Finances presentation is designed to align the Strategic Plan with targeted total dollar amounts that are believed to be necessary to accomplish the plan elements in the District’s future. This action creates the accounts and set a targeted total. The targeted totals are estimates and can and will be adjusted in the future. Staff plans to bring this to the Board of Directors in the budget process each year.

In a future presentation staff will provide an account balance and percentage to target for each element listed in the table. We will also align a proposed timeline to each account.

The table of the accounts discussed:

- 2017 Target: Targets that were presented at the Framing the Future meetings in 2017
- 2018 Target: Revised Targets presented in Framing the Future of Finance meetings (September 2018)

Enterprise Fund Balance Reserve Accounts	2017 Target	2018 Target
Unrestricted Accounts		
Rocky Ford Settlement Fund		
Aurora Contract Upper & Lower	\$4,000,000	\$2,000,000
Water Supply Storage & Power		
Excess Capacity Master Contract	\$300,000	\$300,000
Fountain Creek Transit Loss	\$60,000	\$60,000
Water Purchase	\$1,000,000	\$1,000,000
Project Water & Return Flow Revenue	\$3,010,000	\$3,000,000
Hydroelectric Power	\$1,000,000	\$1,500,000
Water Supply Protection & Efficiency		
Safety of Dams (2024)	\$370,820	\$370,820
Future Water Supply & Storage		
Restoration of Yield	\$1,807,500	\$1,807,500
Upper Basin Storage	\$100,000	\$100,000
Arkansas Valley Conduit	\$0	\$250,000
Core Business		
Fund Transfer	\$600,000	\$600,000
Unrestricted Fund Balance	\$500,000	\$500,000
Total	\$12,748,320	\$11,488,320

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Mr. Goodwin moved, seconded by Mr. Felt, the Board of Directors approve the creation of assigned accounts and targeted amounts, with the understanding that many target amounts are estimates and will change in the future. Motion unanimously carried.

APPOINTMENT OF BUDGET OFFICER

The first action the governing board must take under the Budget Law is to designate or appoint a Budget Officer to prepare and submit a proposed budget (Section 29-1-104 C.R.S).

Mr. Goodwin moved, seconded by Mr. May, to appoint Finance Manager Leann Noga as the Budget Officer for the 2019 Enterprise budget preparation. Motion unanimously carried.

SET PUBLIC HEARING FOR 2019 PROPOSED BUDGET

Mr. Karney reported the Board conducts a Public Hearing each year prior to adopting the annual budget, which a published notice is required.

Mr. Clayton moved, seconded by Mr. Pifher, the Board set November 15, 2018 at 9:45 a.m. at the office of the Southeastern Colorado Water Conservancy District for a Public Hearing for the 2019 Proposed Budget of the Enterprise. Motion unanimously carried.

RATIFICATION OF INTERCONNECT AGREEMENT FOR SMALL GENERATING FACILITY BETWEEN BLACK HILLS ENERGY AND SOUTHEASTERN COLORADO WATER ACTIVITY ENTERPRISE

Kevin Meador reported on September 13, 2018 the Executive Committee approved the Black Hills Energy Interconnect Agreement between Black Hills Energy (BHE) and Southeastern Colorado Water Activities Enterprise.

An interconnection agreement is required with Black Hills Energy in order to be able to transmit the Pueblo Dam Hydroelectric Facility's generated power through the BHE distribution system to the high voltage transmission power lines. Highlights of the Agreement include:

1. The Agreement is based on standard terms and conditions approved by the Public Utilities Commission.
2. BHE will own the meter and transformer near the substation. The PDHP will own and maintain all of the remaining electrical equipment.
3. The term of the Agreement is 25 years and is automatically renewed for another 25 years unless terminated earlier by either party.
4. BHE will furnish and install the metering and associated equipment to make the final connection near the BHE substation. The Enterprise will compensate BHE for the connection at a cost of \$63,498. This cost was included in the original Fixed Price provided by Mountain States Hydro, LLC, so there is no cost increase to the project.

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Mr. Mitchell moved, seconded by Mr. Hamel, to ratify the draft Interconnect Agreement for Small Generating Facility between Black Hills Energy and the Southeastern Colorado Water Activity Enterprise, subject to final legal review. Motion unanimously carried.

INFORMATION ITEMS:

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

- AVC and Excess Capacity Master Contract Update

OTHER BUSINESS MATTERS:

President Long asked if there were any other matters to come before the meeting, and hearing none, adjourned the meeting at 11:30 a.m.

Respectfully submitted,

Toni Gonzales
Administrative Manager

Secretary

