

RECORD OF PROCEEDING

**SOUTHEASTERN COLORADO WATER
ACTIVITY ENTERPRISE**

MINUTES

July 16, 2020

A virtual meeting of the Board of Directors of the Southeastern Colorado Water Activity Enterprise (Enterprise) was held on Thursday, June 16, 2020 at 9:53 a.m., via ZOOM.

President Bill Long welcomed all in attendance to the virtual meeting. Mr. Long asked Garrett Markus to do a role call. Mr. Long established that a quorum was present.

DIRECTORS CONNECTED:

Bill Long	Curtis Mitchell	Patrick Garcia
Alan Hamel	Howard “Bub” Miller	Seth Clayton
Andrew Colosimo	Kevin Karney	Tom Goodwin
Ann Nichols	Mark Pifher	
Carl McClure	Pat Edelman	

DIRECTOR(S) ABSENT AND EXCUSED:

Dallas May, and Greg Felt

ENTERPRISE OFFICIALS PRESENT:

Executive Director James Broderick; General Counsel Lee Miller; Principal Engineer Kevin Meador; Senior Policy and Issues Manager Chris Woodka; Water Resource Engineer Garrett Markus; Finance Manager Leann Noga; Administrative Manager Toni Gonzales; Administrative Support Specialist Margie Medina; Accounting Specialist Stephanie Shipley; Administrative Support Associate Patty Rivas; and Federal Lobbyist Christine Arbogast.

VISITORS PRESENT:

Kalsoum Abbasi, Colorado Springs Utilities; Brandon Bernard, Widefield Water & Sanitation; Rachel Duran, State of Kansas Department of Agriculture; Cathy Garcia, Senator Cory Gardner’s Office; Kim Swearingon, Pueblo West Metro District; Brett Gracely, LRE Water; Jerry Pena, Kennedy Jenks.

APPROVAL OF MINUTES:

President Long said the minutes of the May 21, 2020, Board meeting were posted to the Board website for review and asked if there were any corrections or additions. Hearing none, Mr. Karney moved, seconded by Mr. Edelman, to approve the minutes. Motion unanimously carried.

RECORD OF PROCEEDING

TREASURER REPORT:

Treasurer Nichols reported the financial statements for May and June 2020 were posted to the Board website for review. Ms. Nichols moved, seconded by Mr. Clayton, for acceptance of the May and June 2020 financial statements and payment of the July 2020 bills. Motion unanimously carried.

PRESENTATIONS:

FEDERAL LEGISLATION UPDATE

Ms. Arbogast reported Congress continues to do its work under the limitations we have right now.

The House is moving appropriations bills, including the energy and water development bill which contains the \$8 million for the Arkansas Valley Conduit. The House is expected to pass this bill before they adjourn for the summer break on August 8. The bill contains a robust plus up for the Bureau of Reclamation. The Senate is expected to begin taking up its appropriation bills next week and make some progress on them before the August break. However, it is unlikely they will pass and enact bills before the end of the fiscal year, so we are likely going to see a continuing resolution for some period of time.

While there is not an infrastructure "stimulus bill" there are many vehicles which provide for water infrastructure investment moving through the process, including the Water Resources Development Act and others. And the Interior/EPA appropriations bill in the House provides for large plus ups for the safe and clean water state revolving fund.

The Administration released yesterday its final NEPA modernization rule. The two key provisions are limiting permitting to two years and "One Federal Decision" which prevents multiple federal agencies from having NEPA jurisdiction. Ms. Arbogast invited Mr. Pifher and Mr. Colosimo to make any additional comments to these provisions.

Governor Polis signed the CWCB projects bill, which includes the \$100 million funding for the Arkansas Valley Conduit. The timing is very good, because the Administration is working through its FY '22 budget proposal to be released early next year. OMB knowing that that non-federal funding is indeed available will be very helpful to keeping us in the Administration's budget.

Mr. Long asked if resolution continues, where the funding for the Conduit is at. Mrs. Arbogast advised it will be dependent on wording of the resolution: at the current time our funding is safe.

Mr. Broderick asked if the continued resolution included the 28 million dollars, which was already given for the project. Ms. Arbogast advised, "No, that is not included, that 28 million is in hand, solid, does not have a must be spent by date attached to it."

RECORD OF PROCEEDING

JAMES W. BRODERICK HYDROPOWER PLANT UPDATE

Mr. Meador reported the James W. Broderick Hydropower Plant (JWBHP) generated at 97 percent of full capacity in June 2020. Following is a summary of the operations:

Month	Scheduled (MWh)	Delivered (MWh)
Jan	744	732
Feb	696	556
Mar	1,860	2,169
Apr	3,544	3,500
May	5,012	4,021
June	5,232	5,122

The average daily generation in June was 7.3 MWh (scheduled) and 7.1 MWh (delivered) MWh per day compared to the average expected output for June of 5.3 MWh per day or 138 percent and 134 percent of average capacity, respectively.

Flows during June 2020 were in the range of 850-950 cubic feet per second (cfs). Flows are expected to decrease in the 650 - 800 cfs range in July 2020 as the snow runoff ended late in June.

Revenue generated in June was \$265,419 compared to an average June generation of \$194,300 or 137 percent of average. Cumulative revenue through June was \$858,932 compared to average budgeted revenue of \$657,598 or 131 percent of average. The figures on pages 2 and 3 (the Board was provided copies) show the actual generation compared to the average generation for the year and the cumulative generation for the year-to-date.

ARKANSAS VALLEY CONDUIT UPDATE

Mr. Chris Woodka reported that the AVC Committee last met on July 9, 2020, to review the information that is included in the presentation and report below.

State Funding

The Colorado Water Conservation Board (CWCB) approved the \$100 million funding package at its November 20, 2019 meeting. The General Assembly approved the package in the CWCB Project Bill on June 13, 2020. Governor Jared Polis signed the bill into law on the District's plan is to use this money over the estimated 15-year life of the AVC construction project to build local connections to a trunk line being constructed. The state funding is also seen as "leverage" for federal funding, as similar projects in other states have substantial state support.

Even though the Legislature was seeking ways to transfer funds to make up shortfalls, caused by the COVID-19 crisis in other programs, the AVC funding remained in the Project Bill and experienced no opposition. The next step in state funding will be to develop a plan on how CWCB funds will be accessed. We will try to coordinate this with the AVC construction schedule.

RECORD OF PROCEEDING

Federal Funding

On February 4, 2020, Congress announced passage of \$28 million in funding for the AVC. On February 10, 2020, the President's Budget Message included an additional \$8 million for AVC. These funds are specifically for design and construction.

This marked the largest appropriation AVC has received to date. Up until 2020, about \$30 million has been spent by Reclamation on AVC, with an additional \$1 million contributed by participants. The key to federal funding was Cabinet-level discussions meant to satisfy the objections of the Office of Management and Budget, as well as intervention by members of Congress to get funding for the AVC. State funding was a crucial part of this.

Project Development

Immediately following the restoration of federal funding for AVC, Reclamation and District staff began a series of meetings to begin planning for AVC. Under the Path Forward, adopted following the Value Planning sessions in 2019, Reclamation would be primarily responsible for building the trunk line, while the District would build what are generically referred to as spurs. In this way, the need for appropriations is reduced.

The District's portion will be built using the CWCB funding, as well as funding from other sources such as USDA rural development or the Colorado Water Resources and Power Development Authority. A Project Charter was signed on April 2, 2020, and a Project Management Plan was signed on April 17, 2020. Since that time, there have been weekly meetings covering design issues, land acquisition, and other details of the AVC. A schedule workshop was held June 23-25, 2020, to determine how the AVC will be built. Meetings since mid-March have all been virtual because of the COVID-19 crisis, but we have remained on-schedule.

Regionalization

During the process, District and Reclamation staff discussed how the ongoing regionalization study by CDM Smith would be used. The study looks at interim solutions for the AVC. One of the benefits of the study is a more complete understanding of how the water systems in the Lower Arkansas Valley work. This will provide good data for the District when it comes time to build connections.

Pueblo Water Contract

The first segment of the AVC will be from Pueblo Dam through the Pueblo Water system to a point at the east end of the Airport Industrial Park. Initially, we will use capacity already in Pueblo Water's system to move AVC water (either Project water or water owned/obtained by participants). As demand on the AVC increases, Pueblo Water can deliver the additional volume with certain upgrades.

The Boone Reach

The next segment of the AVC will be the Boone Reach, about 12 miles of 30-inch line along U.S. Highway 50/Colorado 96. Final design, easement acquisition, and environmental review already are underway.

RECORD OF PROCEEDING

Avondale

The Avondale Water and Sanitation Board met with Bill Long, Kevin Karney and District staff to get more information about participating in AVC on June 25, 2020. Back costs were enumerated, and the Board was given a copy of the Memorandum of Agreement which would be needed for Avondale to rejoin the AVC. Mr. Woodka reported that Avondale Board has decided to rejoin the AVC project.

PuebloPlex

PuebloPlex has submitted a request to tap into the AVC for future needs. There have been no meetings scheduled and no clear path how the facility would join AVC.

Participant Outreach

District staff has begun a plan to reach out to AVC participants beginning in July. Materials have been developed, including a PowerPoint presentation and a four-page brochure explaining the AVC project.

District Funding Plan

Enterprise expenditures for the AVC will increase as construction progresses. President Bill Long and AVC Committee Chairman Kevin Karney are recommending a joint meeting of the AVC Committee and the Finance Committee in the near future to discuss a plan for integration of funding from various sources.

A PowerPoint reviewing the following:

1. 2019: Value Planning and Path Forward Discussion
2. Purposes
3. Methods
4. Strategies and Changes
5. Reductions in the need for Reclamation Appropriations
6. November 20, 2019: CWCBA approves 100 Million finance Package
7. February 4, 2020: Congress announced 28 million in funding for AVC in 2020
8. February 10, 2020: President requests 8 million for AVC FY 2021
9. Construction Outlook
 - a. Preconstruction Activities
 - b. Construction Activities
10. The next steps

Mr. Woodka also provided to the Board an AVC informational Brochure, AVC Project Charter, and AVC Project Management Plan.

2020 MID-YEAR FINANCIAL REPORT

Mrs. Noga presented a PowerPoint entitled *2020 Mid-Year Financial Report*. In that Mrs. Noga covered:
For the Enterprise.

1. Water & Hydroelectric
2. Water Operating Revenues & Expenditures

RECORD OF PROCEEDING

3. Hydroelectric Revenues & Expenditures

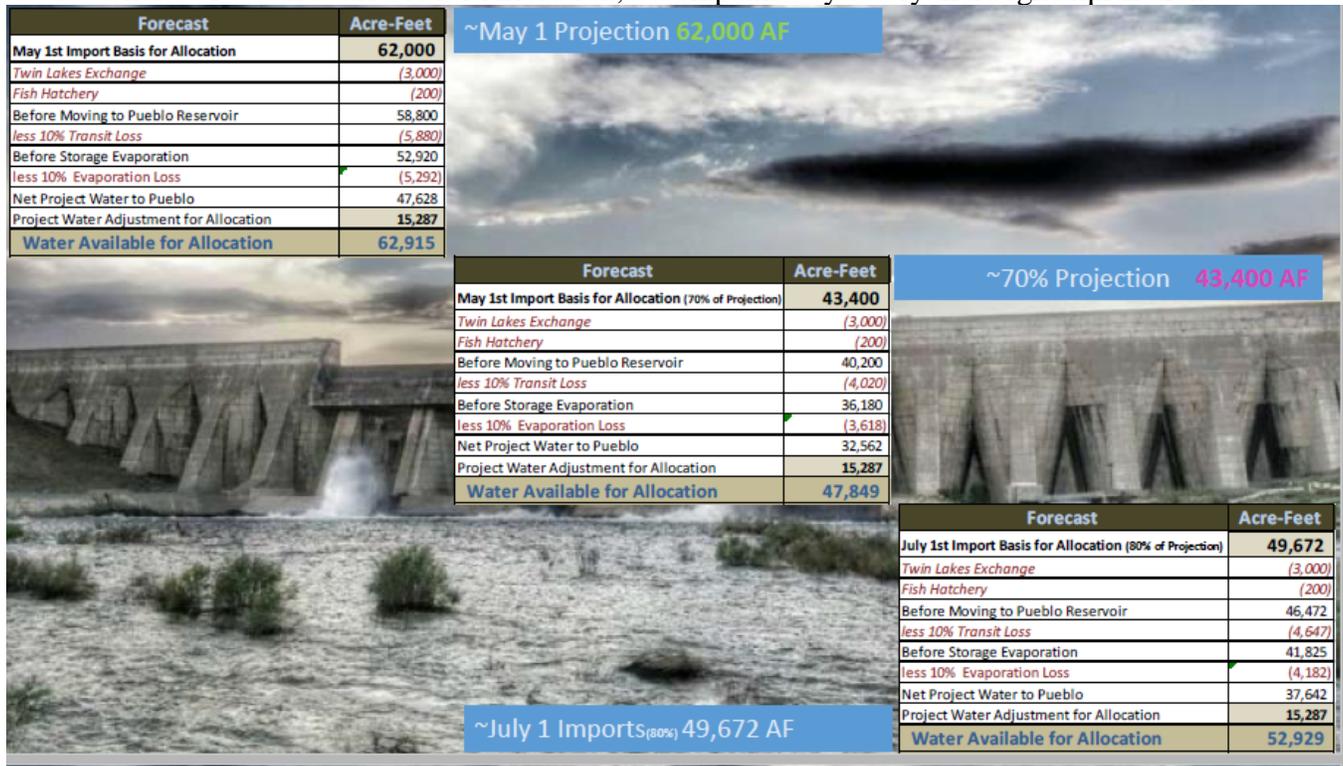
2020 FRY-ARK IMPORT UPDATE

Mr. Markus provided a report stating Reclamation has forecasted an import basis for allocation of 62,000 AF based on the snowpack of May 1, 2020. With the additional 2019 unallocated Project water, 62,915 AF were made available for allocation.

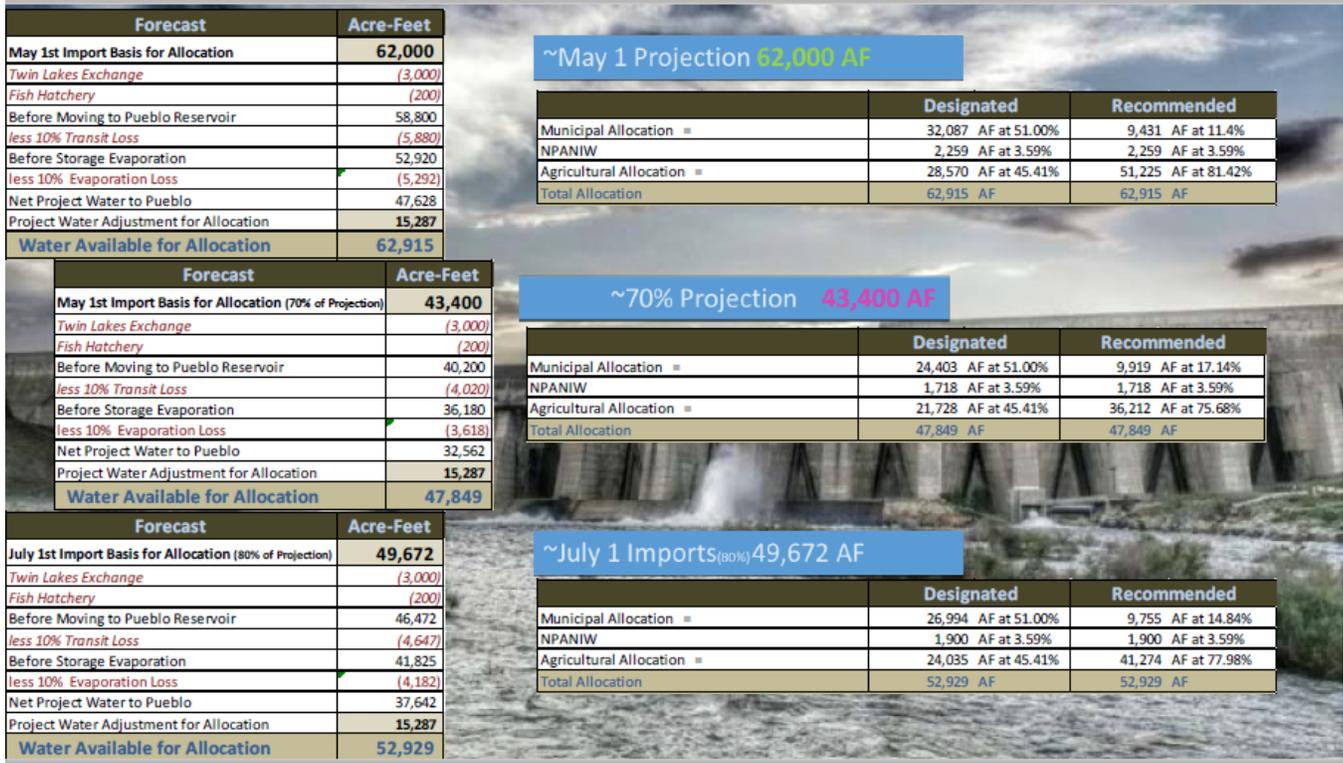
The Fryingpan-Arkansas Project water imports for allocation year 2020 are still accruing but are dwindling and have not accrued to the May 1, 2020 Bureau of Reclamation forecast of 62,000 AF. As of June 30, 2020, the Fry-Ark imports were 49,672 AF, which is approximately 80 percent of the May 1 projection. The Project water imports above the initial release of 70 percent was distributed and made available in the Project water accounts July 1, 2020.

Mr. Markus provided a PowerPoint that reviewed:

1. The Upper Colorado River Basin, soil moisture and water year precipitation. April – July 2020
Unregulated inflow to Lake Powell
2. Fry-Ark collection basin snowpack vs. annual basin average with Associated Fry-Ark Imports
3. Fry-Ark Imports, Reclamations forecasts
4. Boustead stored cumulative imports
5. Charts of Water available for Allocation, accompanied by a very thorough explanation:



RECORD OF PROCEEDING



INFORMATION ITEMS:

The Board was provided written material on the following topic, which was 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 Board. Mr. Long asked of Mr. Broderick if he anticipated having an August Board Meeting. Mr. Broderick replied that the District is being kept abreast on all COVID-19 policies thru Legal Counsel Lee Miller. He advised that as it stands now, there will not be an August Board meeting. Hearing no other comments, Mr. Long adjourned the meeting at 10:57 a.m.

SECWAE
July 16, 2020
8

RECORD OF PROCEEDING

Respectfully submitted,

Patty Rivas
Administrative Support Associate

Secretary

