

RECORD OF PROCEEDING

**SOUTHEASTERN COLORADO WATER
ACTIVITY ENTERPRISE**

MINUTES

January 16, 2014

A regular meeting of the Board of Directors of the Southeastern Colorado Water Activity Enterprise (Enterprise) was held on Thursday, January 16, 2014 at 9:40 a.m., at the District office, 31717 United Avenue, Pueblo, Colorado.

President Long announced a quorum was present.

DIRECTORS PRESENT:

Bill Long	Harold Miskel	Vera Ortegon
Ann Nichols	Greg Johnson	Kevin Karney
Gibson Hazard	Tom Goodwin	Leonard Pruett
Jay Moore	Carl McClure	Shawn Yoxey

Howard "Bub" Miller (arrived 10:10)
Alan Hamel-Advisory Board Member

DIRECTOR(S) ABSENT AND EXCUSED:

Gary Bostrom and David Simpson

ENTERPRISE OFFICIALS PRESENT:

Executive Director James Broderick; General Counsel Lee Miller; Administrative Manager Toni Gonzales; Project Engineer Kevin Meador; Director of Engineering and Resource Management Bob Hamilton; Project-Program Coordinator Jean Van Pelt; Special Water Counsel Steve Leonhardt and Alix Joseph; and Federal Lobbyists Ray Kogovsek and Christine Arbogast.

VISITORS PRESENT:

Chris Woodka, The Pueblo Chieftain; Terry Book, Board of Water Works of Pueblo; Rick Kienitz, Aurora Water; Christina Thiebaut, U.S. Senator Mark Udall's office; Doris Morgan, U.S. Congressman Cory Gardner's office; Dwight Gardner, U.S. Senator Michael Bennet's office; Ian Lyle, U.S. Congressman Scott Tipton's office; Roy Vaughan, U.S. Bureau of Reclamation; David Mau, U.S. Geological Survey; Curtis Mitchell, City of Fountain; Dick Brown, Pikes Peak Regional Water Authority; Tim Payne, Fremont County; Terry Scanga, Upper Arkansas Water Conservancy District; Steve Harris, Southwestern Colorado IBCC representative; Curt Thompson, Consultant; Jerry Peña, CDM Smith and Mark Scott, GEI Consultants.

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APPROVAL OF MINUTES:

President Long said the minutes of the December 5, 2013 Board meeting were posted to the Board website for review, and if there were any corrections or additions. Hearing none, Mr. Hazard moved, seconded by Mrs. Ortegon, to approve the minutes. Motion unanimously carried.

FINANCE COMMITTEE REPORT:

Treasurer Nichols reported the financial statements for November and December were posted to the Board website for review. Treasurer Nichols moved, seconded by Dr. Moore, for acceptance of the November and Draft December 2013 financial statements and payment of the January 2014 bills. Motion unanimously carried.

CONSENT ITEMS:

None

PRESENTATIONS:

FEDERAL LEGISLATION

Christine Arbogast reported Congress is on a path to pass an omnibus appropriations bill for FY '14, rather than the now customary Continuing Resolution. The House has passed the bill with only 67 votes in opposition. The Senate is expected to do so by week's end.

Because of the delays in dealing with FY '14, it is expected that the FY '15 administration budget request is likely to be delayed beyond the February 1 historical date. Thus, it is not known imminently what the budget for the Arkansas Valley Conduit (AVC) will be.

In the omnibus the Bureau of Reclamation is relatively stable and the rural water program received an additional nearly \$30 million.

Commissioner Mike Connor's nomination to be deputy secretary of the Interior is moving out of committee for the second time today (January 16, 2014) and they are hoping to clear Mr. Connor by President's Day.

It is the Connor delay and the budget complications which have affected the issuance of a Record of Decision (ROD) for the AVC. In conversations with Reclamation, they indicate it will be a matter of weeks and not months before the ROD is signed.

Senator Barrasso of Wyoming has introduced S. 1800, which would require Reclamation to provide a report to the Senate every year on aging infrastructure needs and backlog and how much money would be required to meet those needs. The process seems simple, but has generated some controversy.

Ms. Arbogast said she has been honored to accept the chair of the federal affairs committee of National Water Resources Association (NWRA), and Ian Lyle who was present at the Board meeting on behalf of

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Congressman Tipton, will be joining the team at NWRA as director of federal affairs. Colorado will have a good team to heighten NWRA's influence and effectiveness.

AVC, EXCESS CAPACITY MASTER CONTRACT, AND NEPA UPDATE

Mr. Broderick reported since the ROD has not been signed by Reclamation yet, projects associated with the AVC and the Master Contract cannot move forward.

PUEBLO DAM HYDROELECTRIC PROJECT UPDATE

Kevin Meador reported on the completed and upcoming activities regarding the Pueblo Dam Hydroelectric Project, reviewing the following:

Activities Completed to Date:

- Executed Partner Agreements (July, 2013).
- Executed Reclamation Agreement (July, 2013).
- Updated Partners and Resource and Engineering Planning Committee (November).
- Submitted request and granted Preliminary Lease of Power Privilege (LoPP) Extension (August 29, 2013).
- Submitted Special Use Permit application to Reclamation (August, 2013).
- Completed draft Feasibility Report Update (January, 2014).
- Completed draft Categorical Exclusion Report (January, 2014).

Upcoming Activities:

- Submit Categorical Exclusion Report with regard to environmental reviews (January, 2014).
- Initiate Preliminary Design for powerhouse facilities (January, 2014).
- Initiate Power Purchase and Interconnection discussions with energy provider (February, 2014).
- Complete Preliminary Design (May, 2014).

Mr. Meador also reviewed:

- Policy/Finance
- Legal
- Technical

Mr. Meador will provide an update to the Resource and Engineering Planning Committee at their next meeting.

ACTION ITEMS:

ENVIRONMENTAL STEWARDSHIP SURCHARGE RESOLUTION NO. 2014-01EF

Bob Hamilton reported Resolution No. 2014-01EF implementing the Environmental Stewardship Surcharge to begin January 2014 to finance environmental commitment of the Southeastern Colorado Water Conservancy District acting by and through its Water Activity Enterprise. The surcharge is included in the 2014 Budget and is projected to generate \$174,476 in 2014.

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Mr. Hamilton said that beginning in January 2014, and in each year thereafter, an Environmental Stewardship Surcharge of seventy-five cents (\$0.75) per acre-foot be assessed on the following types of water sales, water storage, and water storage contracts:

- All Municipal and Agricultural Fryingpan-Arkansas Project water allocations and sales.
- All Municipal and Agricultural Fryingpan-Arkansas Project water return flow allocations and sales.
- All water stored in Pueblo Reservoir under the Winter Water Storage Program.
- All Municipal and Agricultural Fryingpan-Arkansas Project water carried over past April 30 of the year following the allocation of the Project water.
- The contract amounts of all Excess Capacity Storage Contracts for the storage of non-Project water in east slope Fryingpan-Arkansas Project facilities, unless another agreement controls.

Mr. McClure moved, seconded Mr. Hazard to adopt Resolution No 2014-01EF implementing the Environmental Stewardship Surcharge effective January 2014. Motion unanimously carried.

INFORMATIONAL ITEMS:

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

- AVC, Excess Capacity Master Contract, and NEPA Update

EXECUTIVE SESSION

None

OTHER BUSINESS MATTERS:

President Long asked if there were any other matters to come before the meeting, and hearing none, adjourned the meeting at 10:21 a.m.

Respectfully submitted,

Toni Gonzales
Administrative Manager

Secretary

