



## **Southeastern Colorado Water Activity Enterprise**

### **Arkansas Valley Conduit Update Information Report**

**Date:** August 19, 2021

**Agenda Item:** VI.A

#### **STAFF RECOMMENDATIONS:**

Information

#### **BUDGET IMPLICATIONS:**

Information

#### **PREVIOUS BOARD ACTION AND/OR ACTIVITY:**

Information

#### **ISSUE SUMMARY DESCRIPTION:**

##### **American Rescue Plan Funding:**

Southeastern Colorado Water Conservancy District President Bill Long, Arkansas Valley Conduit (AVC) Committee Chairman Kevin Karney, staff, and GMS, Inc., Consulting Engineers (GMS) met with county commissioners in the AVC counties (Pueblo, Crowley, Otero, Bent and Prowers) to explore the possibility of using federal infrastructure money under the American Rescue Plan (ARP), to pay for costs associated with AVC.

ARP includes funding for water, wastewater, and broadband projects, all of which will be incorporated into the AVC. The Enterprise is responsible for building delivery lines and spurs of the AVC, and is approaching county commissioners to assist in keeping those costs as low as possible for participants.

The Enterprise has also met with the largest participants to reacquaint them with the AVC, changes that have been made, and more accurate cost details. Municipalities that receive ARP funding are being encouraged to contribute ARP funds to AVC design and engineering. If desired, the Enterprise also will assist participants in seeking funds for their own water systems, through needs identified by GMS.

Meetings with participants so far:

- June – Pueblo County Commissioners
- July 8 – Avondale Water and Sanitation District
- July 19 – Town of Boone
- July 20 – Otero County Commissioners
- July 21 – Crowley County Commissioners
- July 27 – Prowers County Commissioners

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- July 27 -- May Valley Water Company
- July 28 – City of Las Animas
- August 3 – Bent County (with Las Animas, May Valley, McClave, Hasty)
- August 10 – Ordway (with 96 Pipeline, Town of Crowley)
- August 10 - Crowley County Water Association
- August 12 – City of La Junta
- August 12 – Fowler
- August 13 – Rocky Ford
- August 13 – Lamar

A formal request for ARP funding has been sent to Pueblo County, and staff is working on submissions for the other counties as well.

Funding must be used to cover costs incurred by December 31, 2024, so the Enterprise has asked for design, engineering, and construction funds for AVC delivery lines in Pueblo County, and will be seeking design and engineering funds in the other counties.

### **Funding:**

Funds allocated in 2020 and 2021 are sufficient to keep all AVC work on schedule in 2021. Funding in 2020 totaled \$28 million. Funding in 2021 is \$11.05 million (\$8.05 million in the administration budget request, with a \$3 million plus-up). The Biden administration is requesting \$10.05 million in 2022. The \$10.05 million request is included in an infrastructure bill making its way through the U.S. Senate.

A subfund for the AVC has been created for the 2021 budget as part of the Enterprise fund. The AVC subfund includes a reserve fund created from the \$4.8 million of Aurora funding, which the Board dedicated to AVC in September.

Staff continues to work with the Colorado Water Conservation Board (CWCB) staff to determine guidelines for submitting applications for \$90 million in loans and \$10 million in grants that were approved as part of the 2020 CWCB Water Projects Bill.

As mentioned, the Enterprise is looking at American Rescue Plan funding as a source for the design, engineering, and construction of the Enterprise side of AVC.

### **National Environmental Policy Act (NEPA):**

Reclamation released its Supplemental Information Report on the Arkansas Valley Conduit on June 14, 2021. A draft Environmental Assessment is expected in September 2021.

### **Three-Party Contract:**

Reclamation is developing a Basis of Negotiation (BON) for the three-party contract with Pueblo Water. There have been technical meetings over the past three years. Negotiations among Reclamation, the District, and Pueblo Water are expected to begin in 2021.

### **Boone Reach:**

Reclamation will complete final design of the Boone reach in 2021. Once the three-party contract and National Environmental Policy Act (NEPA) work are complete (late 2021 or early

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2022), procurement for construction can begin. Completion of the Boone reach will allow service to Avondale and Boone. Construction should begin in 2022 and be completed by 2024.

### **Planning meetings:**

Staff is meeting with Reclamation on a regular basis. Our goal remains to accelerate construction activities to the greatest extent possible in order to begin construction by 2022. The first reach will be from the east end of Pueblo Water's system (36<sup>th</sup> Lane at U.S. 50) to Boone. Also under discussion are the SCADA system and OM&R plan.

### **Participant Assistance:**

GMS has been hired by the Enterprise to work with AVC participants on behalf of the Enterprise. Tasks include:

- Connections, assuring designs are compatible with existing systems.
- Individual meetings to review water systems for water loss, water quality, pressure, distribution, and storage.
- Define recommended improvements for connection to the AVC pipeline to include disinfection, corrosion control, booster pumping or pressure reduction, system improvements to reduce water loss, and integration with existing facilities.

Those factors would define the financial impact and which federal, state, or local funding is available, and define a funding scenario for participants. That, coupled with AVC charges, will give a picture of the impact on user rates. Finally, those factors can be used with the timeline of construction for the AVC to assist with financial planning. GMS and staff are working on a communication plan to begin assessing water systems and financial planning for the AVC.

### **Colorado Department of Public Health and Environment (CDPHE):**

Staff, Reclamation and Enterprise consultants met with the CDPHE on July 13, 2021, in a continuing series of quarterly meetings. The input from the state on water quality is important in helping the Enterprise and participants understand what sort of treatment will be needed as systems convert from well water to AVC water (or a blend of both in some cases).

The next meeting will be October 12, 2021.

### **USDA Rural Development:**

Funding from USDA is available to all AVC participants, and could be used for connections to the AVC, as well as for in-system improvements. About \$15-20 million in loans statewide are available at the beginning of the federal fiscal year (October 1), but applications for grants or loans may be submitted at any time during the year. Payment is based on income levels of the communities seeking assistance.

### **Broadband Capacity**

The Bureau of Reclamation (Reclamation) and the Enterprise are considering broadband capacity to the AVC as a result of comments made in July 2020 by U.S. Senator Michael Bennet, who suggested the addition as an added benefit of the AVC.

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The concept is to add a conduit for future fiber optic cable on the trunk line, spurs and delivery lines as the AVC is being built. This would allow broadband providers the opportunity to expand service to rural communities.

Broadband would also provide an alternative for SCADA systems, which are currently anticipated to be via radio.

Staff has had preliminary meetings with a broadband provider to explore how this could be accomplished.

### **Planning meetings:**

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### **Regionalization Study:**

CDM-Smith has completed the regionalization study for Reclamation. Four areas were studied: Crowley County, Rocky Ford, La Junta and Lamar. The goal was to develop potential interim solutions for each of the areas until AVC reaches them. The information in the studies also will be useful to the Enterprise as it develops ways for communities to hook up to AVC. The study, and data from the study, have been made available to GMS with consent from Reclamation and CDM-Smith.

### **PuebloPlex Discussion:**

PuebloPlex, a state agency that is managing the closure of the Pueblo Chemical Depot, has expressed a desire to connect to the AVC at some point. While this may happen in the future, it has not been included in the initial planning.

### **SUGGESTED MOTION:**

Information

### **ATTACHMENTS:**

None