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RECORD OF PROCEEDING

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**SOUTHEASTERN COLORADO WATER  
ACTIVITY ENTERPRISE**

**MINUTES**

**November 13, 2008**

The regular meeting of the Board of Directors of the Southeastern Colorado Water Activity Enterprise was held on Thursday, November 13, 2008 at 9:35 a.m., at the District office, 31717 United Avenue, Pueblo, Colorado.

President Long announced a quorum was present.

**DIRECTORS PRESENT:**

Bill Long	Harold Miskel	Scott Reed
Lissa Pinello	Edward Bailey	Greg Johnson
Gibson Hazard	Carl McClure	Ann Nichols
Reed Dils	Lee Simpson	Kevin Karney
Shawn Yoxey (arrived at 9:45 a.m.)		
Alan Hamel-Advisory Board Member		

**DIRECTORS ABSENT AND EXCUSED:**

Howard "Bub" Miller and Vera Ortegón.

**ENTERPRISE OFFICIALS PRESENT:**

Executive Director James Broderick; Administrative Manager Toni Gonzales; Projects Manager Phil Reynolds; Chief Financial Officer Kathie Fanning; Director of Engineering and Resource Management Bob Hamilton; Engineering Support Specialist Margie Medina; Conservation Outreach Coordinator Jean Van Pelt; Attorneys Lee Miller and Alix Joseph; and Federal Lobbyists Ray Kogovsek and Christine Arbogast.

**VISITORS PRESENT:**

Roy Vaughan, U.S. Bureau of Reclamation; Chris Woodka, The Pueblo Chieftain; Steve Witte, Colorado Division of Water Resources-Division 2; Michael Fink, City of Fountain Water Utility; Brett Gracely, Colorado Springs Utilities; Kevin Meador, Black & Veatch; Bob Hartzman, City of Cañon City; Roy Heald, Security Water District; Steve Howell, Ninyo & Moore; Curt Thompson, Merrick & Co; Rick Stevens, Fountain Valley Authority; H.E. Cap Proal, Security Water District; Scott Lorenz, AGUA; and Larry Patterson, City of Fountain.

**APPROVAL OF MINUTES:**

President Long asked if the members of the Board had received their copy of the minutes of October 16, 2008, and whether there were any corrections or additions. Hearing none, Mr. Johnson moved, seconded by Mr. Hazard, to approve the minutes. Motion unanimously carried.

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**TREASURER REPORT:**

Treasurer Ann Nichols moved for the acceptance of the financial report for October and the payment of the November bills for the Enterprise, seconded by Mr. Simpson. Motion unanimously carried.

**CONSENT ITEMS:**

NONE

**ACTION ITEMS:**

**SOUTHEASTERN'S RETURN FLOW EXCHANGE (Case No. 01CW151)**

Alix Joseph reported the Enterprise Board approved a proposal for settlement of Southeastern's return flow exchange case (Case No. 01CW151, Water Division 2) with the Ft. Lyon, Holbrook and District 67 ditches, on the condition that all three of them agree to settle their objections not only in this case, but also in Southeastern's pending cases for conditional storage rights for the proposed Pueblo Reservoir Enlargement and Turquoise Reservoir Enlargement (Case Nos. 00CW138 and 139).

In response, the attorneys for Ft. Lyon, Holbrook, and District 67 have told Southeastern's legal counsel that their clients are willing to stipulate to the proposed compromise settlement of the return flow exchange, by which Southeastern would withdraw its claim to exchange agricultural Fry-Ark return flows from below the Ft. Lyon main canal headgate, and would provide for retained jurisdiction on the quality of return flows that are exchanged. However, they are not ready, at this time, to execute settlement stipulations in the storage enlargement cases; because they still have questions they would like Southeastern to address regarding the proposed reservoir enlargements, and possibly other elements of Southeastern's Preferred Storage Options Plan (PSOP).

Alix Joseph recommended that the Enterprise Board modify its conditions of settlement approval for the return flow exchange case, removing the requirement that Ft. Lyon, Holbrook and District 67 execute simultaneous settlement stipulations in the enlargement cases, but requiring as conditions that all three of them execute the proposed compromise settlement stipulation in the return flow exchange case, and that they advise Southeastern's legal counsel of their remaining questions and concerns regarding the enlargement cases. Mrs. Pinello moved, seconded by Mr. Bailey, to approve the recommendation. Motion unanimously carried.

**PRESENTATION:**

**FEDERAL LEGISLATION UPDATE**

Mrs. Arbogast reported that the Southeastern District has received a lot of support for the Arkansas Valley Conduit from Congresswoman Musgrave and Mr. Kogovsek has called her and wished her well in her future endeavors and thanked her for that work. A letter of thanks will be sent to her also. Congresswoman-elect Betsy Markey from the fourth District, who will replace Congresswoman Musgrave, will be contacted to discuss Southeastern's issues. Senator Allard has also been a supporter of Southeastern's issues, and his leadership will be missed.

Mrs. Arbogast reported post-election activities will include requests for meetings with new members of the Colorado congressional delegation to introduce Southeastern's issues to them. Senator-elect Udall is familiar

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with the issues given previous interest and his recent statewide campaign. Meetings will also be scheduled with Congressmen-elect Mike Coffman, who now represents Aurora, and Jared Polis, who will take Mr. Udall's place.

At this time, it is not certain what committee assignments the new members of our delegation will seek, or when those assignments will be finalized. Congress will hold organizational meetings next week during the lame duck session.

On the administration front, new appointees to federal agencies will begin to take shape in the next few weeks. Clearly key to Southeastern's interests and water interests will be those appointments to the Department of the Interior posts. Two names have surfaced consistently for the Assistant Secretary for Water and Science position: Mike Connor from the Senate Energy and Natural Resources Committee, and Betsy Rieke who once held the position during the first Clinton administration. No clear indications have been forthcoming for the Commissioner of Reclamation.

Christine Arbogast reported Congress is expected to reconvene next week for a lame duck session of unknown duration and an uncertain agenda. However, reports do indicate that the omnibus natural resources measure, which includes numerous Colorado bills like our Arkansas Valley Conduit legislation and Tamarisk, will be brought up on the Senate floor.

Members and staff of the Senate Energy and Natural Resources Committee have been working on the provisions of the legislation during the election cycle, which just concluded. Mr. Kogovsek and Mrs. Arbogast spoke with Mike Connor of the staff, and their hope is to have sufficient support for the bill to overcome the objections of a small number of Senators. Senator Salazar is working diligently with Chairman Bingaman to see this measure enacted.

Mr. Kogovsek and Mrs. Arbogast also spoke with Jim Zoia, who serves as Chief of Staff on the House Natural Resources Committee. He confirmed that if the Senate sends the bill over to the House, the committee will support it as is. Committee Chairman Nick Rahall has signaled to the House leadership that they would like to see the bill come to the House floor so that its many provisions can be dealt with and not carried over to next year. In addition, Mr. Kogovsek and Mrs. Arbogast worked with other resources groups to generate "Dear Colleague" letters to the House leadership asking for a vote on the bill if the Senate passes it.

Mrs. Arbogast reported the longer the lame duck lasts the more opportunity there is for the omnibus bill to move forward. The economic stimulus packages and incorporating help for the auto industry into the already-passed economic bailout package are the big issues on the table. But as details of those are being worked out, other bills like the omnibus can be brought forward for a vote.

Congress is not expected to change course on appropriations matters during the lame duck, and so the continuing resolution under which the government is operating now is likely to remain in place until late February or early March. That allows for additional opportunity to seek the language that has been worked on allowing credit for the previous studies as part of the non-federal match required for the STAG grant.

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**INFORMATIONAL ITEMS:**

The Board was provided written reports on the following:

- Arkansas Valley Conduit Committee Report
- Legal Matters

President Long recessed the Enterprise meeting at 9:51 a.m., reconvened at 9:59 a.m. to hold the Public Hearing for the 2009 Proposed Budget in conjunction with the District Board meeting.

President Long asked if there were any other matters to come before the meeting, and hearing none, adjourned the meeting at 10:58 a.m.

Respectfully submitted,

Toni Gonzales  
Administrative Manager

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Secretary

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