

RECORD OF PROCEEDING

---

---

**SOUTHEASTERN COLORADO WATER  
ACTIVITY ENTERPRISE**

**MINUTES**

**April 18, 2019**

A regular meeting of the Board of Directors of the Southeastern Colorado Water Activity Enterprise (Enterprise) was held on Thursday, April 18, 2019 at 9:37 a.m., at the District office, 31717 United Avenue, Pueblo, Colorado. The meeting was recessed at 9:46 a.m. and reconvened at 11:43 a.m.

President Long announced a quorum was present.

**DIRECTORS PRESENT:**

Bill Long	Curtis Mitchel	Carl McClure
Tom Goodwin	Alan Hamel	Seth Clayton
Mark Pifher	Kevin Karney	Andy Colosimo
Patrick Garcia	Howard "Bub" Miller	Dallas May
Gibson Hazard		

**DIRECTOR(S) ABSENT AND EXCUSED:**

Greg Felt and 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; Senior Policy and Issues Manager Chris Woodka; and Finance Manager Leann Noga

**VISITORS PRESENT:**

Doug Fitzgerald, U.S. Congressman Scott Tipton's office; Roy Vaughan, U.S. Bureau of Reclamation; Judy Leonard and Kim Swearingen, Pueblo West Metropolitan District; Phil Reynolds, Colorado Division of Water Resources; Krystal Brown, U.S. Geological Survey; Jack Goble, Lower Arkansas Valley Water Conservancy District; Bob Hamilton, citizen; Brett Gracely, Matrix Design Group; Jenny Bishop, Colorado Springs Utilities; Terry Scanga, Upper Arkansas Water Conservancy District; Mitch Downs and Hillary Carlson, Osborne, Parsons & Rasacker, LLP; Kevin Niles, Arkansas Groundwater Users Association; Jerry Peña, GEI Consultants; Greg Hazard, citizen; and Kathryn Carrithers, citizen

**APPROVAL OF MINUTES:**

President Long said the minutes of the March 21, 2019 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. Goodwin, to approve the minutes. Motion unanimously carried.

RECORD OF PROCEEDING

---

---

**FINANCE COMMITTEE REPORT:**

Mr. Karney reported the financial statements for March 2019 were posted to the Board website for review. Mr. Karney moved, seconded by Mr. Goodwin, for acceptance of the March 2019 financial statements and payment of the April 2019 bills. Motion unanimously carried.

**CONSENT ITEMS:**

None

**PRESENTATIONS:**

**2018 ANNUAL AUDIT**

President Long convened the Enterprise Board meeting to order to be held in conjunction with the District Board meeting to present the 2018 Annual Audit presentation.

President Long introduced Mitchell Downs and Hillary Carlson, from Osborne, Parsons & Rosacker, LLP, who represent the firm that conducted the 2018 audit. Mr. Downs read the Independent Auditor's Report.

**FEDERAL LEGISLATION**

Ms. Arbogast submitted the following written report:

I regret that a scheduling conflict keeps me from attending the April 18, 2019 Board meeting. However, I thought a brief written report would be helpful.

Appropriations season for FY '20 is getting into full gear. The House has passed what is called a "deeming" resolution which, sets discretionary spending caps for the coming fiscal year. The cap was set high enough to preclude "sequestration" or across the board spending cuts required after the expiration of the two year spending deal which raised both defense and domestic spending. The deeming resolution was passed narrowly and in lieu of a new two-year spending plan to increase funding levels, which did not have the support of the progressive block of House Democratic members. Now that spending caps are set, the appropriations subcommittees can begin marking up legislation. Our delegation has submitted requests to the Energy and Water Development Subcommittees for an increase in funding for the Bureau of Reclamation over the Administration's request.

With no funding for the Arkansas Valley Conduit (AVC) in the Administration's budget proposal, the only two options for funding for next fiscal year are from "plus-ups" in the Bureau's budget which the Bureau and OMB will direct; and reprogramming of FY '19 funding towards the end of this fiscal year. The delegation is aware of these two options and is planning a concerted effort to move funds to the AVC.

Just a note of interest: the young man who has been the examiner for Reclamation at OMB has told people in the consulting/lobbying world he is leaving OMB. We are monitoring this carefully so that we can request a meeting with his replacement to educate him on the AVC, its funding needs and why there

RECORD OF PROCEEDING

---

---

is a federal interest in the project. A change at OMB will hopefully help us obtain Administration requests in the future.

With lightning speed, Congress passed the Drought Contingency Plan legislation, allowing the seven Colorado River Basin states to proceed with drought planning. Lee Miller will report further on this and the CWCB's plans. All 14 Basin state Senators cosponsored the bill, and nearly all of the House members from the Basin states.

Farm bill implementation is still dragging on, and it appears that some hemp questions still remain. Again, I anticipate Lee Miller will discuss this further.

Senator Gardner has drafted legislation which various entities are reviewing which seeks to boost water infrastructure. The provisions are being considered as a stand alone bill, but could be incorporated into a broader infrastructure bill if the "pay for" could ever be agreed on to fund it. The provisions could also be incorporated in the next water resources development bill, scheduled for consideration next year.

Finally, by the time you read this report, it is likely that David Bernhardt, a Colorado native, will be confirmed as the Secretary of the Interior.

**PUEBLO DAM HYDROELECTRIC PROJECT UPDATE**

Kevin Meador reported the Pueblo Dam Hydroelectric Project testing and start-up began on April 8, 2019. The table below summarizes the status of major construction items:

**Progress of Work**

<b>March 2019</b>			
	<b>Progress Completed</b>	<b>Anticipated Completion</b>	<b>Additional Notes</b>
Powerhouse Electrical	Complete		
Set and Install HPU Skids	Complete		
SCADA Interface		Apr 2019	To be completed by BHE by Apr 19
Dan Batdorf to Complete Offsite Programming for Hydro PLC	95% Complete	Apr 2019	
Golden Automation LLC to Complete Offsite Programming for Reclamation PLC	95% Complete	Apr 2019	
Phase 1 Dry Checkouts		Apr 2019	Completed week of Apr 1
Phase 2 Wet Checkouts		Apr 2019	Completed week of Apr 8

RECORD OF PROCEEDING

Phase 3 Operation Checkout – Manual Operation		Apr 2019	Scheduled for Apr 22-25
Phase 4 and 5 Operation Checkout – Auto Mode and Reclamation Demo		Apr 2019	Scheduled for Apr 29-May 3
Operational		May 2019	Starting May 4
Board Tour		May 2019	

The Board was provided the Pueblo Dam Hydroelectric Project Status Report.

**AVC UPDATE**

Mr. Woodka provided an update on the Arkansas Valley Conduit (AVC) reviewing the following:

1. Funding: A discussion is planned between Senator Cory Gardner, District officials, and selected AVC participants at the Arkansas River Basin Water Forum on April 24, 2019. The intent is to emphasize strong support for the AVC in the Lower Arkansas Valley. District staff estimates the Bureau of Reclamation (Reclamation) has the ability to spend \$4.6 million in 2020, and as much as \$38 million in 2021.
2. Contract negotiations: Contract negotiations have not been scheduled. Reclamation is still working on the Basis of Negotiation. Conversations continue between the District and Pueblo Water on points we would like to see addressed in the Contract.
3. Regionalization: Reclamation, District staff, and CDM Smith continue to meet regularly on Regionalization, or interim measures which can improve water service until the AVC is built.
4. Final Design: Reclamation will continue work on final design of the Boone reach (12 miles) and the break-point chlorination plant near Boone.
5. Boone-Avondale area: Staff has continued to keep tabs on state enforcement actions at the town of Boone and the Avondale Water and Sanitation District.

**2019 FRYINGPAN-ARKANSAS PROJECT WATER SUPPLY OUTLOOK**

Mr. Markus reported the Fryingpan-Arkansas (Fry-Ark) Project utilizes the Boustead Tunnel to import Fryingpan-Arkansas Project water (Project water) for allocation each year. The 20-year average for Project water imports is 55,124 acre-feet (AF) and is highly dependent on snow pack. Snow pack reports are published weekly and display the four SNOTEL sites that are most relative to the Fry-Ark collection system. The snow pack reports also compare the current snow pack to the 30-year average of those four sites and to seven other years with the corresponding Fry-Ark Project water import for each year. Even though Project water imports are highly dependent on snow pack, there are several key variables that highly effect the actual import amount. Several of those considerations are how fast the snow melts and whether we are legally and available to divert those amounts, excessive sublimation (evaporation of snow without runoff), weather during diversion season, local and basin wide river calls, and precipitation not associated with snow pack.

RECORD OF PROCEEDING

---

---

The snow pack sites report a great amount of valuable information, but they are located at or below the elevation of our collection system and do not represent the full tributary area of our collection basin. In the 2020 budget, the District has budgeted for the installation of two new SNOTEL sites at \$35,000 per site. The Natural Resource Conservation Service (NRCS) who is the federal agency that is responsible for the SNOTEL program is investigating the Fry-Ark collection basin in 2019 to determine if there are a more representative locations to install the proposed SNOTEL sites to produce the best data possible.

Mr. Markus presented a PowerPoint reviewing the following:

- Upper Colorado River Basin by NOAA
- Colorado Monthly Snowpack Summary March 1, 2019 and Colorado Monthly Precipitation Summary End of February 2019
- Colorado Monthly Snowpack Summary April 1, 2019 and Colorado Monthly Precipitation Summary End of March 2019
- Fry-Ark Collection Basin Snowpack vs Annual Basin Average w/Assoc. Fry-Ark Imports April 18, 2019 and Individual Sites
- May 1 Official Forecast
- One Month Outlook Temperature Probability and Precipitation Probability Feb 28
- Three Month Outlook Temperature Probability and Precipitation Probability Feb 21
- One Month Outlook Temperature Probability and Precipitation Probability Apr 18
- Three Month Outlook Temperature Probability and Precipitation Probability Apr 18

**ACTION ITEMS:**

**APPROVAL OF 2018 ANNUAL AUDIT**

Leann Noga gave a special thank you to Stephanie Shipley, for the great work she did in the audit process.

Mr. Clayton moved seconded by Mr. Hamel, the audit of the 2018 financial statement of the District and Enterprise be approved as presented. Motion unanimously carried.

**APPROVAL OF 2018 FINANCIAL STATEMENTS**

Mr. Goodwin moved, seconded by Mr. Clayton, the 2018 financial statements of the District and Enterprise be approved as audited. Motion unanimously carried.

President Long thanked Leann Noga and the finance team for a job well done.

**AGRICULTURAL FIRST RIGHT OF REFUSAL**

Mr. Markus reported the Fort Lyon Canal Company Pilot Project has operated for five years exclusive to the Fort Lyon Canal and its shareholders. In those five years, Southeastern Colorado Water Conservancy District (District) staff, Fort Lyon Canal Company, Colorado Water Protective and Development Association (CWPDA), Lower Arkansas Water Management Association (LAWMA), Lower Arkansas Valley Water Conservancy District (LAVWCD), and Colorado Division of Water Resources (DWR)

RECORD OF PROCEEDING

---

---

have worked through several issues ensuring the equitable utilization of Return Flows, identifying beneficiaries, and improving mechanisms of delivery.

For 2019, the Pilot Project will encompass more than the FLCC. Two ditch companies that have expressed interest in claiming their agricultural first right of refusal (AFRR) and have similar, broader benefits to each of their members. The Rocky Ford High Line and Oxford Farmers Ditch have company wells, or wells that pump into the ditch for all members to use. This is a new and exciting model for AFRR.

Mr. McClure moved, seconded by Mr. Hamel, the Board approve the agricultural first right of refusal for the Rocky Ford High Line, Oxford Farmers Ditch, and Fort Lyon Canal Company under the Fort Lyon Pilot Project and extend the Fort Lyon Pilot Project one additional year for the 2019 allocation season. Motion passed, with Mr. May recusing.

**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 12:02 p.m.

Respectfully submitted,

Toni Gonzales  
Administrative Manager

\_\_\_\_\_  
Assistant Secretary

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_