

ARKANSAS VALLEY CONDUIT COMMITTEE
MINUTES
February 10, 2022

A meeting of the Arkansas Valley Conduit (AVC) Committee was held on Thursday, February 10, 2022 at 10:00 a.m. at District Headquarters and via electronic and telephonic means.

Chairman Kevin Karney designated Bill Long to chair the meeting. Howard “Bub” Miller concurred. Mr. Long announced a quorum was present for the AVC Committee.

AVC COMMITTEE MEMBERS PRESENT:

Kevin Karney – Chairman (remote), Howard “Bub” Miller – Vice Chairman (remote), Dallas May, Carl McClure (remote), Bill Long, and Jim Broderick

AVC COMMITTEE MEMBERS ABSENT AND EXCUSED:

None

OTHERS PRESENT:

Mark Pifher, SECWCD Board Member; Jason Meyer, P.E., GMS Inc.; Kevin Meador, Lee Miller (remote), Peter Levish (remote), Leann Noga, Garrett Markus, Chris Woodka, and Patty Rivas, SECWCD staff; Christine Arbogast, Kogovsek & Associates, and Ryan Tortella, CDM Smith.

APPROVAL OF MINUTES:

Kevin Karney moved, and Jim Broderick seconded approval of the February 4, 2021, AVC meeting minutes. Motion passed unanimously.

PRESENTATIONS:

AVC Planning and Design Update:

Mr. Meador provided information on the federal and Enterprise AVC projects. He said the Enterprise is pushing Reclamation to expedite design plans in anticipation of increased federal infrastructure funding.

Reclamation has almost completed the design for the Boone Reach, from the connection point with Pueblo Water’s system (36th Lane at U.S. Highway 50) to Boone. That will mean that the first AVC federal contract will go out for bid this spring, and will be awarded by September 2022. Other contracts under design include a contract that completes the Boone reach, the injection site, regulating tank located just north of Fowler, and the Boone to Rocky Ford reach.

Reclamation has the goal of completing the design to Lamar as quickly as possible. The expedited plan calls for completion of the AVC trunk line in 7-8 years, rather than 15 years. Design work for the expedited plan will take 2-3 years, Mr. Meador explained.

ARKANSAS VALLEY CONDUIT COMMITTEE

February 10, 2022

Reclamation has been working on land acquisition. Ms. Arbogast asked if property owners have been engaged, and Mr. Meador explained they have been generally cooperative. Mr. Woodka, who has made many of the contacts with landowners, said every landowner has supported the AVC process, but some are concerned about direct impacts to their property. Mr. Broderick said some difficulties with landowners have changed Reclamation's approach in some cases. Mr. Meador explained that only about 15 percent of the land needed for AVC is privately owned, but much of this is in the Fowler to Rocky Ford reach.

The three-party contract (Reclamation, Pueblo Water and the Enterprise) is in the final stages of negotiations and should be completed in the spring. The remaining pieces are to include the environmental commitments, and to finalize the joint operating agreement, which relate to incoming pressures, water flows and water quality standards in order to protect all parties.

On the Enterprise AVC project, there are discussions to consolidate operations in two places. The Crowley County Water System (CCWS), operated by Crowley County Commissioners, already serves most of the participants in Crowley County. An ongoing discussion is reviewing the possibility of using the CCWS rather than the Sugar City spur line. Savings would be about \$10 million. There are also technical discussions with La Junta about the possibility of using La Junta's water system to continue serving Bents Fort, Homestead and Swink, and then to add South Swink as part of the La Junta system. This would eliminate the La Junta spur and save as much as \$8 million.

American Rescue Plan Act Of 2021 (ARPA) funds will support the Avondale and Boone delivery lines design and construction, and the next steps are request for qualifications (RFQ) and request for proposals (RFP). RFQs and RFPs for design of delivery lines east of Pueblo County will be in 2022 and 2023.

Discussions are being held regarding the governance and possibly an authority to work with the Enterprise for the AVC Project. This is at the infancy stage and will be brought back to the Committee in the near future.

Mr. Meador said construction costs are currently higher than earlier estimates, due to supply, labor and inflation issues. The financial model is being updated to take this into account.

American Rescue Plan Act Funds

Mrs. Noga updated the Committee on ARPA funds.

ARPA, which President Biden signed on March 11, 2021, includes federal funding to support several specific eligibilities including water infrastructure. The federal government allocated these funds to counties, cities, and towns all over America. The ARPA funds have a specific timeline for use fund must be obligated by December 31, 2024 and expended in full by December 31, 2026. The use of ARPA funds does not require a matching fund source, is not a loan and is treated like federal grant funds.

ARKANSAS VALLEY CONDUIT COMMITTEE

February 10, 2022

In June 2021, a team made up of Jim Broderick, Bill Long, Kevin Karney, Chris Woodka, Leann Noga and Jason Meyer met with each Pueblo County Commissioner to provide an update of the AVC Project and to request \$1.2 million in ARPA funds for the design and construction of the AVC Project delivery lines within Pueblo County.

The team continued meeting with Crowley, Otero, Bent, and Prowers Counties as well as the 39 AVC participants regarding the same update and in some cases an ARPA funds request for design of spur and delivery only.

In September 2021, the team presented the AVC Project and funds request to the Pueblo County Commissioners during an official work session. The Commissioners unanimously agreed to support the AVC Project and commit the requested ARPA funds of \$1.2 million for both design and construction of the Avondale and Boone delivery lines of the AVC Project.

Over the past nine months the Enterprise has received ARPA funding commitments as listed below:

- Pueblo County Commissioners \$1.2 million (Design and Construction)
- Ordway, Town of \$12,000 (Design only)
- Bent County Commissioners \$178,000 (Design only)
- Las Animas, City of \$193,000 (Design only)
- Prowers County Commissioners \$250,000 (Design only)

Enterprise staff continues to work with Otero and Crowley counties and anticipates additional ARPA fund commitment in the future.

District staff have worked with Pueblo County to develop a scope of work, spending timeline, and contract for the use of the ARPA funds for the design and construction of the Avondale and Boone water delivery lines.

Due to nature of the Federal ARPA funds the Enterprise will not encounter TABOR issues. But the Enterprise will embark on regulations aligned in the agreement such as Davis Bacon provisions and single audit accommodations. The District is aware that detailed tracking of these grant funds is needed, and has planned resources in the 2022 Adopted Budget to accommodate these requirements.

If the Enterprise has more than \$750,000 in expenditures, a single audit would be necessary.

Mr. Pifher asked whether the ARPA money came as a lump sum to the state, and was distributed to counties and cities. Mrs. Noga said the counties and cities will get two payments. Mrs. Arbogast explained that the ARPA money was allocated directly to counties and cities by Congress.

ARKANSAS VALLEY CONDUIT COMMITTEE

February 10, 2022

Federal Update

Ms. Arbogast said there are multiple buckets of federal money available for water infrastructure projects in the current activity at the federal level. There is currently dispute over the FY2022 budget, but this should be resolved soon. There is \$10.5 million for the AVC in the FY 2022 appropriations, which would be added to the \$28 million in FY 2020 and \$11.5 million in FY 2022.

The FY 2023 federal budget process is underway, and AVC will be a line item in that budget. The amount will depend on the AVC work plan chosen by Reclamation. Reclamation has a funding plan to complete all AVC work under a five-year schedule that is under consideration. Reclamation also must demonstrate the ability to spend money or could risk slowdown of funding from the Office of Management and Budget (OMB).

Mr. Long said it is also important that the Enterprise AVC project continues to remain on schedule to assure the pace of federal funding.

A congressional delegation briefing is planned next week. Senators Michael Bennet and John Hickenlooper are taking the lead. Representatives Lauren Boebert and Ken Buck are being informed as well.

ACTION ITEM:

Mrs. Noga reviewed the \$1.2 million contribution from Pueblo County ARPA funds (see presentation report above). The Committee reviewed the contract.

Mr. Broderick explained that the contract would be used as a template for other ARPA agreements that will be made.

Mr. May moved, and Mr. Karney seconded the following motion:

“I move that the Arkansas Valley Conduit Committee recommend to the Board of Directors the approval and execution of the Pueblo County American Rescue Plan Act Funding Subrecipient Agreement, which will fund the design and construction of the Arkansas Valley Conduit Avondale and Boone delivery lines.

“Further, the Pueblo County Subrecipient Agreement will be used as a template for all future American Rescue Plan Act Funding Subrecipient Agreements used for Arkansas Valley Conduit Project design of delivery and spur lines. The Committee also moves to recommend to the Board of Directors approval and execution of these future American Rescue Plan Act Funding Subrecipient Agreements.”

Motion passed unanimously.

INFORMATION ITEMS:

None

February 10, 2022

OTHER BUSINESS:

None

NEXT MEETING

Mr. Broderick explained that AVC Committee meetings will be more frequent and committee members will be informed of the next meeting.

ADJOURN

Mr. Long adjourned the meeting at 11:21 a.m.

Respectfully submitted,

Chris Woodka,
Senior Policy and Issues Manager