

RECORD OF PROCEEDING

**SOUTHEASTERN COLORADO WATER
ACTIVITY ENTERPRISE**

MINUTES

February 19, 2015

A regular meeting of the Board of Directors of the Southeastern Colorado Water Activity Enterprise (Enterprise) was held on Thursday, February 19, 2015 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	Ann Nichols	Harold Miskel
Kevin Karney	Gibson Hazard	Gary Bostrom
Carl McClure	Howard "Bub" Miller	Leonard Pruett
Jay Moore	David Simpson	Pat Edelmann
Tom Goodwin	Curtis Mitchell	
Alan Hamel-Advisory Board Member		

DIRECTOR(S) ABSENT AND EXCUSED:

Vera Ortegon

ENTERPRISE OFFICIALS PRESENT:

Executive Director James Broderick; General Counsel Lee Miller; Administrative Manager Toni Gonzales; Principal Engineer Kevin Meador; Program-Project Coordinator Jean Van Pelt; Finance Coordinator/IT Leann Noga; Administrative Support Specialist Margie Medina; Special Water Counsel Steve Leonhardt and Alix Joseph; and Federal Lobbyist Ray Kogovsek.

VISITORS PRESENT:

Chris Woodka, The Pueblo Chieftain; Tom Simpson, Aurora Water; Doug Fitzgerald, U.S. Congressman Scott Tipton's office; Dwight Gardner, U.S. Senator Michael Bennet's office; Roy Vaughan, U.S. Bureau of Reclamation; Steve Witte, Colorado Division of Water Resources-Division 2; Curt Thompson, AECOM; Bob Hartzman, City of Canon City Water; Paul Blanchard, Northwest Pipe Company; Greg DeYoung and Lucy Harrington, Westervelt Ecological Services; Henry Schnabel, Prowers County; Rodger Ortiz, U.S. Geological Survey; Kevin Niles, AGUA; Jim Baldwin, Otero County; Bob Hamilton, civilian; Kevin Bergschneider, HDR Engineering; and Matt Brown, Wilson Water Group.

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APPROVAL OF MINUTES:

President Long said the minutes of the January 15, 2015 Board meeting were posted to the Board website for review, and if there were any corrections or additions. Hearing none, Mr. Howard “Bub” Miller moved, seconded by Dr. Moore, to approve the minutes. Motion unanimously carried.

FINANCE COMMITTEE REPORT:

Treasure Nichols reported the financial statements for January were posted to the Board website for review. Ms. Nichols moved, seconded by Mr. Goodwin, for acceptance of the January 2015 financial statements and payment of the February 2015 bills. Motion unanimously carried.

Leann Noga reported that each member of the Board was provided a copy of the 2015 Adopted Budget. If anyone would like an electronic version of the document, she asked them to contact the District office, and request it. It will also be posted on the website in the future. Mrs. Noga encouraged any feedback, so that the Finance Team can improve each year’s document.

CONSENT ITEMS:

None

PRESENTATIONS:

FEDERAL LEGISLATION

Christine Arbogast submitted a written report, which Mr. Broderick reported the following:

As previously reported, Reclamation reprogrammed \$2 million in FY 2014 monies from other projects into the Arkansas Valley Conduit (AVC) at the very end of the fiscal year. This money has been carried forward to continue ongoing work in what is now FY 2015. This redirection of limited funding resources was important and a signal of Reclamation support for the project.

The District has been anxiously awaiting two funding decisions since then: the release of the Administration’s FY 2016 budget request for the AVC and the spending plan for the funds Congress appropriated to Reclamation in the final FY 2015 omnibus appropriations bill that were over and above the President’s request for FY 2015. The District is unfortunately disappointed on both fronts.

The budget request for FY 2016 (beginning October 1 of this year) was \$500,000, the same as for FY 2015. Further, the FY 2015 spending plan, which was released later in the week, did not designate any additional funds for the AVC for the remainder of the current fiscal year.

It is extremely difficult to pinpoint one reason for this “flat-lining” in the Administration’s budget. It is known that the Office of Management and Budget (OMB) believes that funding to meet the water quality standards set by EPA should, at least in part, come from EPA or other sources. OMB is also not eager to support new construction projects with large future funding requirements. It is also known that there are significant pressures on Reclamation’s budget, including completing the rural water and Indian water settlement projects already under construction (with the total estimated cost to complete being

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roughly \$2 billion), addressing the needs of aging project infrastructure, complying with increasingly expensive environmental regulatory requirements, and the severe California drought. Finally, there were key personnel changes at OMB. The message being sent by our delegation may have been lost to a degree in the transition between the outgoing and incoming personnel.

And so, the concerted effort made by our delegation to get a better request for FY 2016 and to direct some of the additional appropriations to the AVC was not successful, nor were the District's repeated efforts within the agency and in Congress. What has been a challenge remains a challenge into the next fiscal year.

As a result of the recent visit to Washington, D.C., on February 4, our next steps include:

- Senators Bennet and Gardner meeting with Commissioner Lopez to stress that the Conduit is the top priority to them.
- Senator Bennet plans to have further discussions with the new personnel at OMB and the Administration.
- Congressman Tipton will be (is) circulating a letter to Congressman Buck and both Senators to send to Deputy Secretary of the Interior Mike Connor and his political appointee counterpart at OMB expressing their strong concern about funding for a project intended to allow rural, economically depressed communities to efficiently meet federally mandated drinking water standards. This letter is intended to set the stage for further reprogramming at the end of the current fiscal year and for a better Administration request for FY 2017, which is already in the process of being developed. The letter will be followed up repeatedly by calls and meetings with agency and department officials from the regional level to the top of both OMB and Interior.
- In anticipation of another possible meeting with OMB by the District and the State of Colorado, we will embark on a series of meetings to explore potential "alternative" or additional funding sources. These meetings will include the regional office of the EPA; the Colorado Water Resources and Power Development Authority; the Colorado Water Conservation Board; and the Colorado Department of Public Health and Environment. The most important criteria will be funding which does not require repayment but comes in the form of direct grants or appropriations.
- Finally, our delegation will be asked to become even more involved in the Congressional appropriations process for FY 2016, seeking as specific language as possible to direct funding to the AVC and to increase Reclamation's funding to allow that to happen. As is known, this is a bit of a tightrope walk because the delegation and Congress must still operate under their self-imposed earmark ban on directing funds to specifically named projects.

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It had certainly been Ms. Arbogast's hope to report in February that efforts to increase the Administration's request had been at least moderately successful, and that the efforts in the last appropriations process by Senators Udall and Bennet and Congressmen Tipton and Gardner had resulted in additional funding directed to us by Reclamation.

With far too little funding being spent on infrastructure in this fiscal climate, it has always known that the challenge would be significant. It certainly will be for the next two years and beyond. We can only work hard to obtain every bit of funding possible through various mechanisms to reach the construction phase of the project, and to await the completion of other Reclamation construction projects which might allow for greater funding availability for the District when we are ready to begin building the AVC.

Mr. Broderick reported that Kevin Meador and he had met with Reclamation and Colorado Department of Public Health and Environment (CDPHE) regarding AVC water treatment concepts.

AVC AND EXCESS CAPACITY MASTER CONTRACT UPDATE

Jean Van Pelt reported:

- The Notice to Proceed (NTP) was received from Colorado Water Conservation Board for the Working Group grant
 - Anticipate organizing and meeting with the preliminary "reading" group in March
- Received Non-Disclosure Agreements from Colorado Department of Transportation and the City of Pueblo to share GIS and other data
 - As of February 19, 2015 Pueblo County has not signed an agreement and District staff has not notified Reclamation for direction
- Reclamation and District staffs are meeting with Pueblo County participants and Crowley County officials February 24, 2015. Followed by a meeting February 25, 2015 with the Crowley County participants.
 - Purpose of the meeting is to review the conduit alignment through Crowley County, gather information on existing and new infrastructure, and construction regulations and permits
 - Will begin coordinating meetings in Otero County for March/April
- Provided the final conduit delivery points for all of the participants, except for 96 Pipeline to Technical Service Center
- Kevin Meador continues to work with Black and Veatch to develop a water quality strategy for the conduit water treatment.
 - The strategy was presented to the Board of Water Works-Pueblo, Reclamation, and CDPHE and received positive feedback
 - Mr. Meador is also working on an Operation Plan for the conduit
- On March 2, 2015 Reclamation will distribute letters in Pueblo County requesting permission to enter private property
 - Permission is needed to conduct land, utility, environmental, cultural, and geotechnical surveys.

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- The District has requested the Master Contract participants to provide the amount of acre-feet of storage they will need in the Master Contract space for the first five years (2016 - 2020) of the contract.
 - This information is needed as we prepare for negotiations with Reclamation.
 - Plan.
- The District submitted a new grant request to Reclamation the end of January for 2015 funding to continue the implementation of the Regional Water Conservation Plan.

ACTION ITEMS:

None

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 10:20 a.m.

Respectfully submitted,

Toni Gonzales
Administrative Manager

Secretary
