

ARKANSAS VALLEY CONDUIT COMMITTEE
MINUTES
November 7, 2019

A meeting of the Arkansas Valley Conduit (AVC) Committee was held on Thursday, November 7, 2019 at 1:34 p.m. at the Southeastern Colorado Water Conservancy District (District or SECWCD) office.

Chairman Bill Long announced a quorum was present.

COMMITTEE MEMBERS PRESENT:

Bill Long - Chairman, Howard "Bub" Miller – Vice Chairman, Carl McClure, Kevin Karney, Dallas May.

COMMITTEE MEMBERS ABSENT AND EXCUSED:

Jim Broderick

OTHERS PRESENT:

Alan Hamel, SECWCD Board Member; Leann Noga, Garrett Markus and Chris Woodka, SECWCD staff.

APPROVAL OF MINUTES:

Chairman Bill Long confirmed that members of the Committee received their copy of the June 20, 2019 minutes, and asked if there were any corrections or additions. Hearing none, Carl McClure moved, seconded by Kevin Karney, to approve the minutes. Motion unanimously carried.

PRESENTATIONS:

Leann Noga reviewed the proposed 2020 Budget for the AVC. The participants will pay a maximum of \$178,449 in 2019, divided among 38 participants. Chris Woodka explained that he will be going off the Reclamation Intergovernmental Personnel Agreement (IPA) in 2020, and the District has requested to reinstate Kevin Meador's IPA Agreement.

Chris Woodka gave updates on the following AVC developments:

- 1) State Actions:** The Colorado Water Conservation Board (CWCB) will hear a presentation from the Southeastern District to request a \$100 million loan/grant package for AVC in the 2020 CWCB Projects bill on November 20, 2019.

The District is requesting what amounts to an extension of the \$60 million loan approved by the CWCB in 2006, along with a grant component called a non-

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reimbursable loan. The higher amount reflects the increase in the cost of the AVC since the 2006 request.

District staff has worked with CWCB staff to develop the proposal, and we are awaiting the CWCB report. Our presentation will be along these lines:

- ✓ Alan Hamel, a former CWCB board member and District Board member now, will review the CWCB's history with this project, current progress, and the need for action.
- ✓ Christine Arbogast, District lobbyist, will explain the need for strong state participation in federal funding decisions for the AVC.
- ✓ Either Jim Broderick or Chris Woodka will explain the current configuration of AVC.
- ✓ District President Bill Long will emphasize the importance of AVC to the Lower Arkansas Valley, and introduce our panel of water providers who will describe what they must go through to treat water.
- ✓ Our panel of water providers includes Tom Seaba, La Junta; Norman Noe, Swink; Ryan Hemphill, McClave; and Rick Jones, May Valley.

Mr. Hamel and the committee discussed the requested, and talked about ways the AVC could use the \$10 million grant portion of the package, through either a fund held by the state, grants to participants, smaller annual payments or grants to counties that have de-Bruced. Mrs. Noga explained the District or Enterprise are limited to \$300,000 each under TABOR.

- 2) Regionalization:** The first phase of the Regionalization Study is complete, and the report was made available to Committee members in written form at the October Board meeting. The report is also available online on the District web site, and includes all appendices. Future phases of Regionalization depend on the direction of the Value Planning recommendation.
- 3) Value Planning:** Mr. Long, Mr. Broderick, Mr. Woodka, Lee Miller, and Kevin Meador met with Reclamation Deputy Commissioner David Palumbo, Senior Advisor Ron Klawitter, Regional Director Michael Black, Area Manager Jeff Rieker, and Assistant Regional Director Chris Beardsley on October 31, 2019, to discuss the Value Planning Report, which has not been released.

The report looked at how to reduce overall AVC costs, as well as the need for appropriated dollars to Reclamation to build the AVC. While providing a new source of water to communities affected by radionuclide contamination was the primary issue, the Value Planning team also was tasked with providing supplies to fulfill 2070 water demands.

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In general, the Value Planning report indicates that interim Regionalization solutions will only add costs to the ultimate solution, which is building the AVC.

In what the Value Planning team dubbed the “Modified New Concept,” it was determined that the Pueblo Airport Connection Point 1 (from the New Concept study) could be upgraded to provide all of the water for the AVC (maximum day 15 million gallons). This is possible because St. Charles Mesa has dropped out of the AVC project for now. A “trunk line” was identified as the most direct route for AVC deliveries, and other sources of funding were identified for connections.

Using other funding, such as USDA and EPA, for parts of the projects aligns with a philosophy discussed by assistant secretaries of Interior, USDA and EPA at the Colorado River Water Users Association annual convention in Las Vegas in 2018. The idea is to combine interests from various departments in water projects. Mr. Klawitter refers to this as the “subcabinet” and expressed optimism that AVC might be a worthy pilot program for this.

- 4) **Path Forward:** At the October 31, 2019, meeting, it was decided that a smaller group will meet to develop a statement of a path forward for the AVC. The District is promoting a vision that would use water treatment plants at La Junta and Las Animas to fulfill some interim needs, concentrate Reclamation resources on trunk line and AVC components (pumps, treatment, and surge tanks), and draw in other sources of funding for connections. This idea combines elements of the AVC preferred alternative, New Concept, Modified New Concept, and Regionalization.

District and Reclamation staff will begin this process on November 14, 2019.

- 5) **Contracts:** Contract activity will begin again, it was decided in a separate meeting among District and Reclamation officials on October 31, 2019. At this time, however,

we are bumping up against the time needed to negotiate the new Fryingpan-Arkansas Project, which has a 2021 deadline. We are encouraged that the new Area Director is very familiar with contracts from his previous assignment.

For AVC, Reclamation is working on a Basis of Negotiation (BON) for a three-party contract, with a Part B that allows Pueblo Water to use credits for storage in Pueblo Reservoir as a method of payment for capacity in its system to deliver AVC water.

In order to begin construction on the AVC, we will also need to negotiate an AVC repayment contract. For that contract, we need to finalize the AVC plan, and do any additional NEPA work that is required.

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- 6) **Budget Issues:** Reprogramming or “plus-up” money could be available in 2020, but our focus at this time is to obtain state support through the CWCB loan, and administration support through the Value Planning modifications to AVC. Mr. Klawitter emphasized that the subcabinet approach may sway OMB to alter its approach to rural water policies.

In a discussion at the end of the presentation Committee and Board members made several comments.

Mr. May said he is more optimistic about the future of AVC under the current approach, compared with past reports about progress.

Mr. Long agreed and stated that Reclamation is working more closely with the District than in the past, and he is encouraged by this latest effort

Mr. Hamel said the timing seems right for CWCB, Reclamation, and District actions to coincide in order to begin building the AVC.

Mr. McClure said he would like to see more of a regional approach in Crowley County, noting that the Crowley County Water Association has a pipeline from the Arkansas River well to Sugar City that could deliver water to all users. However, the water systems along the way are not integrated.

Mr. Karney said he is concerned that communities have delayed infrastructure improvements waiting for the AVC to arrive, making it more critical to build AVC.

Mr. Woodka added there may also be opportunity to fund AVC under the State Water Plan because it is the top-rated project in the Arkansas Basin Roundtable’s Basin Implementation Plan (BIP). Proposition DD, which was supported by the Southeastern Board, passed by a small margin statewide, and will contribute funds to the Water Plan. No other sources of funding have been identified. The District will give the Roundtable an update on AVC in January.

Mr. Hamel agreed that the BIP is important and could be helpful in obtaining future funding for AVC under the State Water Plan.

ACTION ITEMS:

None

INFORMATION ITEMS:

None

OTHER BUSINESS:

None

NEXT MEETING

Not determined

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ADJOURN

Chairman Long adjourned the meeting at 2:53 p.m.

Respectfully submitted,

Chris Woodka,
Senior Policy and Issues Manager