

---

RECORD OF PROCEEDING

---

**SOUTHEASTERN COLORADO WATER  
ACTIVITY ENTERPRISE**

**MINUTES**

**May 19, 2011**

The regular meeting of the Board of Directors of the Southeastern Colorado Water Activity Enterprise (SECWAE) was held on Thursday, May 19, 2011 at 9:45 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
Scott Reed	Kevin Karney	David Simpson
Carl McClure	Vera Ortégón	Reed Dils
Howard "Bub" Miller	Lissa Pinello	Gary Bostrom
Shawn Yoxey (arrived at 9:49)		

**DIRECTORS ABSENT AND EXCUSED:**

Gibson Hazard, Greg Johnson, and Alan Hamel-Advisory Board Member

**ENTERPRISE OFFICIALS PRESENT:**

Executive Director James Broderick; Administrative Manager Toni Gonzales; Project Manager Phil Reynolds; Finance Coordinator Tina White; Director of Engineering and Resource Management Bob Hamilton; Conservation Outreach Coordinator Jean Van Pelt; Legal Counsel Steve Leonhardt and Lee Miller; and Federal Lobbyists Ray Kogovsek and Christine Arbogast.

**VISITORS PRESENT:**

Roy Vaughan, U.S. Bureau of Reclamation; Mark Carmel, Merrick & Company; Curtis Mitchell and Larry Patterson, City of Fountain; Chris Woodka, The Pueblo Chieftain; Kevin Meador, Black & Veatch; Jerry Peña, MWH; Doris Morgan, Congressman Cory Gardner's office; Dan Henrichs, High Line Canal Company; Jim Baldwin and Keith Goodwin, Otero County; Sean Chambers, Cherokee Metro; Roy Heald, Security Water District and Fountain Valley Authority; Christine Thiebaut, Senator Udall's office; Bob Hartzman, City of Canon City; Rick Kienitz, Aurora Water; Bill Hower, Beulah Water; Shirley Klipfel, Pueblo; Greg Williams, Catlin Canal; Bret Gracely, Colorado Springs Utilities; Jay Winner, Lower Arkansas Valley Water Conservancy District and Eric Norwood, Wilson & Company, Inc.

**APPROVAL OF MINUTES:**

President Long asked if the members of the Board had received their copy of the minutes of March 17, 2011 and whether there were any corrections or additions. Hearing none, Mrs. Ortégón moved, seconded by Mr. Howard Miller, to approve the minutes. Motion unanimously carried.

---

RECORD OF PROCEEDING

---

**FINANCIAL REPORT:**

Treasurer Ann Nichols reported the financial statements for March and April were posted to the Board website for review. Treasurer Nichols moved for acceptance of the March and April financial statements and payment of the May 2011 bills. Mrs. Pinello seconded the motion, the motion unanimously carried.

**CONSENT ITEMS:**

None

**PRESENTATIONS:**

**FEDERAL LEGISLATION**

Arkansas Valley Conduit

Ms. Arbogast reported Congress took its first big step in the Fiscal Year 2012 appropriations process, which would be a process which includes significant cuts in discretionary (called "non-security" in today's vernacular) spending. Of the \$46 billion proposed in the spending ceilings proposed for the House appropriations subcommittees, more than \$3 billion will come from energy and water programs and EPA and other resource programs. In the Energy and Water subcommittee jurisdiction alone, the proposed cuts represent about a \$1.4 billion reduction from what Congress finally enacted for FY 2011, and about \$6 billion below the President's budget request. The Energy and Water subcommittee's jurisdiction is much broader than the Bureau of Reclamation (Reclamation); it includes the Corps of Engineers and several Department of Energy and Department of Defense accounts.

Bill Long, Harold Miskel, Lee Miller, and James Broderick met with the appropriations committee staff in early April to provide background and a status report on the Arkansas Valley Conduit (Conduit). They expressed the need for the nearly \$3 million in the Administration's proposal to allow the NEPA process to move to completion.

Ms. Arbogast said that Mr. Broderick and she serve as co-chairs of the National Water Resources Association's authorization and appropriations committee, and they have been working with its chairman to communicate to appropriators and congressional delegations throughout the west the need to maintain current levels of funding for Reclamation. They will further reinforce the need for the \$3 million for the Conduit with Congressmen Gardner and Tipton in the coming days, leading up to the Subcommittee on Energy and Water's scheduled markup on June 2, followed by full committee markup on June 15.

Appropriations leadership in the House has pledged to move bills through the process by the end of the fiscal year on September 30 and avoid using continuing resolutions well into the new fiscal year. However, Congress has not yet passed a final budget resolution, and the upcoming fight over raising the debt ceiling is likely to impact the entire process.

**ARKANSAS VALLEY CONDUIT/NEPA/ EXCESS CAPACITY MASTER CONTRACT UPDATE**

Mr. Reynolds reported a joint meeting of the Conduit committee and the Excess Capacity committee was held on March 24, 2011. The final Memorandums of Agreement (MOAs) were reviewed by District's legal counsel Alix

---

RECORD OF PROCEEDING

---

Joseph, and Mr. Reynolds provided updated costs spreadsheets. It was announced that the MOAs would be sent out on March 29 and they needed to be signed and returned to the District by May 15.

On March 29, Mr. Reynolds mailed out 78 MOAs. As of today, May 18, 30 of the 37 Excess Capacity MOAs have been signed and returned and 35 of 37 Conduit MOAs have been returned. Hancock Water Company has been absorbed by Rocky Ford; therefore, they will not be participating in the Conduit. The issue of moving their allocation and storage space will be an item of discussion and future action item for the Conduit Committee, Allocation Committee, and District board.

Mr. Reynolds thanked the Lower Arkansas Valley Water Conservancy District for hosting an informational meeting with Conduit participants to clarify any issues and questions they may have before signing the MOAs. About 50 people attended and Board member Kevin Karney also attended. A lot of questions were answered for those in attendance.

On Thursday, May 5, Mr. Reynolds, Kevin Karney, and Otero County Commissioners Keith Goodwin and Jim Baldwin attended a meeting with Fowler. The meeting provided a very frank and open discussion on the Conduit and MOA issues. Fowler had earlier decided to not participate in the Conduit. After the May 5 meeting, the Fowler Town Council reversed their decision and agreed to stay in the Conduit but voted not to stay in the Excess Capacity Master Contract process. Mr. Reynolds thanked Mr. Long and Mr. Karney for their assistance in this matter.

Reclamation in conjunction with MWH is ready to issue two Requests for Proposals (RFP) for engineering support for the EIS on water treatment and mapping. These RFPs are expected to go out shortly.

The amendment to MWH's contract to include the Master Contract was signed this past month. Due to several issues, the completion date for the EIS process has been pushed back to March 2013.

The engineering support work being performed by the Technical Services Center of Reclamation was to the point of needing more precise tie-in locations for all the spur lines. Mr. Reynolds, set up appointments with all 37 Conduit participants and over four days, covering over 1,000 miles, he was able to get all the locates completed. In addition to getting the locate information, the trips provided Mr. Reynolds an opportunity to answer questions on the Conduit and the MOAs, with some participants even signing the MOAs while he was doing the locate. An additional benefit of the visits, were that many of the participants really started the thinking and planning process of how their entities were going to operate once the Conduit started delivering water.

**ACTION ITEMS:**

**ALLOCATION OF PROJECT WATER**

Mr. Hamilton reported Reclamation has forecasted that, based on the higher than average snowpack, there will be 75,000 acre-feet (AF) of Fry-Ark Project water (Project water) available for allocation. Staff has calculated the proposed allocations for Municipal and Ag entities based upon this 75,000 AF of water and requests received from District entities. This year, the requests for M&I Project water are significantly less than the water the M&I

---

RECORD OF PROCEEDING

---

entities are entitled to by the Allocation Principles, and the NPANTW allocation. Project water not requested by the municipal entities is then allocated to agriculture.

The Allocation Committee also recommends the requests by some ditches to utilize first use Fry-Ark Project water for well augmentation be satisfied with unallocated Project water return flows. The calculated Project water return flows are approximately the same as the request for first use Project water for well augmentation. The first use Project water made available by this action will be allocated to all of the ditches and added to their allocation on an acre-foot per eligible acre basis.

Because of the extremely high snowpack and the late runoff, staff and local Reclamation staff are unsure how the runoff will come off. Because of this uncertainty, staff is recommending that the water be allocated as was done in 2010, allocating 100 percent (100%) but only allowing the entities to use 80 percent (80%) of their allocation until after July 21, 2011.

Conversely, if the Project yield is higher than the forecast, there may be an increased chance of having to spill non-Project water. For this reason, staff is recommending that 100 percent of the 2011 Agricultural allocation must be used before November 15, 2011.

The Board was provided the following attachments:

- Attachment 1: Proposed 2011 Project Water Allocation Distribution Worksheet
- Attachment 2: Proposed 2011 Municipal Project Water Allocation Worksheet
- Attachment 3: Proposed 2011 Ag Project Water Allocation

As the allocation is based on 75,000 AF, which is significantly higher than the 43,863 AF used for the 2011 Budget, the revenues from Project water sales and surcharges also will be proportionately higher than budgeted revenues.

Mr. McClure moved, seconded by Mr. Simpson, the Board allocate 75,000 AF of Fry-Ark Project water, and as was done last year (2010), making eighty percent (80%) of the allocation available to M&I and Ag entities following payment for 100 percent (100%) of the allocation, the remaining 20 percent would be made available no later than July 21, 2011 as presented in amended attachments 1, 2, and 3; and

That requests by some ditches to utilize first use Fry-Ark Project water for well augmentation be satisfied with unallocated Project water return flows; and

All Agricultural Project water allocated in 2011 must be used before November 15, 2011.

Motion passed, with Mr. Reed recusing.

#### ALLOCATION OF REUTRN FLOWS

Mr. Hamilton reported he has completed the calculations necessary for the allocation of Ag Fry-Ark return flows. These numbers are based on the Ag allocations, with the majority of unrequested Ag return flows being allocated to the Ditch companies that wanted to use first use Project water for well augmentation. The total requests for Ag

---

---

RECORD OF PROCEEDING

---

---

return flows are less than the total calculated return flows to supply the Ag requests for first use water for well augmentation. The Ag Project water return flow allocations to Riverside Dairy Ditch and Reed-BLSH are based on the same distribution as the ditches receiving return flows instead of first use Project water for well augmentation. This allocation does not consider any Municipal Project water return flows that may be generated by Colorado Springs Utilities this year.

The Board was provided the following attachments:

- Attachment 1:
  - Table 1: Proposed 2011 Fry-Ark Project Water Ag Return Flow Allocation Based on 75,000 AF Forecast Allocation = 20,022 AF of Ag Return Flow
  - Table 2: Ditches Requesting 1<sup>st</sup> Use Water for Well Augmentations Allocation of Fry-Ark Return Flows in Lieu of 1<sup>st</sup> Use Water

As the allocation is based on 75,000 AF is significantly higher than the 43,863 AF used for the 2011 Budget, the revenues from return flow sales and surcharges also will be proportionately higher than budgeted revenues.

Mr. McClure moved, seconded by Mrs. Yoxey, the Board allocate Ag Project water return flows as shown in Attachment 1, and the City of Manitou Springs and the Fountain Valley Authority entities, excluding Colorado Springs Utilities, exercising their right of first refusal shall be billed in arrears for the Fry Ark return flow they generate. Motion passed, with Mr. Reed recusing.

**INFORMATIONAL ITEMS:**

The Board members were provided written reports on the following, which were posted to the Board website:

- Arkansas Valley Conduit Committee Report
- System Wide Water Audits to Support Arkansas Valley Conduit Conservation Plan
- Quarterly Legal Update

**OTHER BUSINESS**

President Long asked that if Board members need to order business cards to inform Toni Gonzales, so she can put in an order.

President Long asked if there were any other matters to come before the meeting, and hearing none, adjourned the meeting at 10:30 a.m.

Respectfully submitted,

Toni Gonzales  
Administrative Manager

---

Secretary