MINUTES
THIRD REGULAR QUARTERLY MEETING OF THE
BOARD OF DIRECTORS OF THE
COLORADO RIVER WATER CONSERVATION DISTRICT
July 15-16, 2013

Pursuant to notice duly and properly given, the Third Regular Quarterly Meeting of the Board of Directors of the Colorado River Water Conservation District (CRWCD) was held on Monday and Tuesday, July 15-16, 2013 at the Hotel Denver, 402 7th Street, Glenwood Springs, Colorado.

Directors participating during all or part of the meeting:
James Newberry, President
Tom Alvey
William S. Trampe
Stephen M. Mathis
John Ely
Thomas R. Sharp
Gary Martinez

Jon Stavney, Vice President
David H. Merritt
Steve Acquafresca
Andrew A. Mueller
Kai Turner
Rebie Hazard
Tom Gray

Directors not participating:
Stan Whinnery

Others participating during all or part of the meeting:
Eric Kuhn, General Manager, CRWCD
Peter Fleming, General Counsel, CRWCD
Dan Birch, Deputy General Manager, CRWCD
John Currier, Chief Engineer, CRWCD
Mary Kalmes, Chief Accountant, CRWCD
Chris Treese, Manager, External Affairs, CRWCD
Jason Turner, Senior Counsel, CRWCD
Laurie DePaolo, Executive Assistant, CRWCD
Jim Pokrandt, Communication & Education Specialist, CRWCD
Ray Tenney, Deputy Chief Engineer, CRWCD
Dave Kanzer, Sr. Water Resources Engineer, CRWCD
Don Meyer, Sr. Water Resources Engineer, CRWCD
Ian Philips, Accountant, CRWCD
Dave Smith, Engineering Technician, CRWCD
Denise Hussain, Records Specialist, CRWCD
Lorra Nichols, Paralegal, CRWCD
Martha Moore, Public Affairs Specialist, CRWCD
Alesha Fredrick, Business Support Specialist, CRWCD
Russell George, Colorado Water Conservation Board
John McClow, Colorado Water Conservation Board
Jay Gallagher, Colorado Water Conservation Board
James Eklund, Colorado Water Conservation Board
Ted Kowalski, Colorado Water Conservation Board
Kevin McBride, Upper Yampa River Water Conservancy District
John Carron, Hydros Consulting

1 An audio recording has been made of the meeting. The motions described herein may not necessarily represent a verbatim transcription. The audio recordings are available for listening at the CRWCD offices during regular office hours. These minutes are the official record of the Colorado River Water Conservation District's meeting.
Taylor Adams, Hydros Consulting
Rachel Richards, Pitkin County Commissioner
Hannah Holmes, Colorado Water Center
Stanley Cazier, Middle Park Water Conservancy District
T. Wright Dickinson
Robert Wigginton, The Nature Conservancy
Dave Little, Denver Water
Michelle Pierce, Upper Gunnison River Basin Roundtable
Diane Johnson, Upper Eagle River Watershed Council
Larry Sweeney, Colorado Soil Conservation Board
Kathay Rennels, Colorado State University
Gregory Graff, Colorado State University
Lori Weigel, Public Opinion Strategies
Amy Hadden Marsh, KDNK Radio

Quorum.
President Newberry found a quorum and called the meeting to order at 1:34 p.m.

Review and Approve Meeting Agenda and Objectives.
Eric Kuhn requested the addition of Approval of AccuFund Accounting Software Purchase as agenda item 7.g. with Service Anniversaries Recognition to be re-lettered as agenda item 7.h. Director Merritt moved, seconded by Director Trampe, to approve the agenda as amended. Motion carried unanimously.

Colorado River Modeling Presentation by John Carron of Hydros Consulting.
John Carron and Taylor Adams presented an overview of the hydrologic determination model (HD model) examining various scenarios to determine the amount of Colorado River water that may be available for future development, the risk of a future Colorado River Compact curtailment, and the feasibility of trigger-based demand management strategies within the Upper Basin.

Approval of Contract Amendment with Hydros Consulting:
Director Stavney moved, seconded by Director Trampe, to approve a contract amendment with Hydros Consulting in an amount not to exceed $20,000 for continued development of the hydrologic determination modeling tool. Motion carried unanimously.

Discussion of Future Colorado River Development Issues.
Eric Kuhn reviewed a series of questions about future Colorado River development issues that were examined by the HD model. Those questions include the following: How sensitive is the risk of a curtailment to the Lee Ferry delivery obligation? Will the development of new projects increase the risk to existing post-compact uses? Are there strategies available to minimize or mitigate the risk of new development on existing post-compact uses? Can we reduce the risk of a future curtailment by building additional CRSP storage (storage dedicated to compact compliance)?

Discussion with Colorado Water Conservation Board (CWCB) on Statewide Water Plan.
A discussion ensued with CWCB West Slope directors Russell George, John McClow and Jay Gallagher as well as CWCB Executive Director James Eklund and staff member Ted Kowalski, regarding the Governor’s executive order directing the CWCB to formulate and submit a draft Colorado water plan to the Governor’s Office by December 2014. Both CWCB board and staff members emphasized that this effort, which is focused on closing the statewide water supply gap projected by various studies, will require participation and input from all roundtables, the IBCC and other stakeholders throughout Colorado.
Concerns relayed by the River District Board ranged from the “disconnect” that appears to be happening with the East Slope roundtables between what shortages do exist and the specific needs they have, to what agency or group should be coordinating and facilitating discussions among all the roundtables, inclusion of West Slope input into the final water plan, and how would intrastate compacts among the four basins within the Colorado River Basin be created and administered to address Colorado River issues.

**Discussion of Draft Strategic Plan.**

Dan Birch reviewed the River District’s draft strategic plan highlighting several areas of future District involvement including acting as a catalyst for unification of West Slope entities in the drafting process for a Colorado water plan, exploring and assisting with water supply development in all the basins within the River District, continuing studies such as the Compact Water Bank and demand management studies to address the risk of overdevelopment of the Colorado River, and continued involvement in water quality issues and conservation efforts.

Board suggestions for the strategic plan included expansion of water efficiency and conservation efforts on the West Slope citing projects such as the Orchard Mesa Irrigation District Improvement Project which is projected to save approximately 17,000 AF of water per year through irrigation efficiency improvements.

**General Manager’s Report.**

**Approval of Agreement for Paradox Alternatives Study and EIS:**

Director Gray moved, seconded by Director Mathis, to authorize the General Manager and General Counsel to enter into a cooperating agency agreement with the Bureau of Reclamation for the Paradox Alternatives Study and EIS subject to final approval of the agreement by the General Manager and General Counsel. Motion carried unanimously.

**Proposed Changes to Personnel Policy Manual:**

Director Stavney moved, seconded by Director Mueller, to approve proposed changes to the Personnel Policy Manual as presented by staff. Motion carried unanimously.

**Anticipated 2014 Budget Issues:**

Eric Kuhn reported that the assessed valuation for 2013 has decreased which will result in reduced River District tax revenues of approximately $300,000 for 2014. Lower valuations are also expected in 2014 which will impact the 2015 and 2016 budgets.

**Technical Staff Update:**

Eric Kuhn referred the Board to memos from Dave Kanzer updating conditions in the Gunnison River Basin and Mike Eytel on the Camp Hale-Eagle River Headwaters Collaborative, a stakeholder group convened by the National Forest Foundation and the U.S. Forest Service, to consider the restoration, conservation, development, and stewardship of Camp Hale. The River District owns and has interests in water rights and projects located in the Camp Hale vicinity.

*President Newberry recessed the meeting at 4:55 p.m.*

*Tuesday July 16, 2013*

*President Newberry found a quorum and reconvened the meeting at 8:07 a.m.*

**General Counsel’s Report – Executive Session.**

Peter Fleming reported that the following matters qualify for discussion in Executive Session pursuant to C.R.S. §§ 24-6-402(4)(b)(legal advice) and (e)(negotiations):

i. Colorado River Cooperative Agreement-Implementation Issues.

iii. Kobe Project.
iv. Colorado River Compact and Interstate Issues.
v. Application of Busk-Ivanhoe, Inc., Case Nos. 09CW142, 09CW186, and 09CW272, Consolidated, Water Division 2.

Director Mueller moved, seconded by Director Mathis, to proceed into Executive Session pursuant to C.R.S. §§ 24-6-402(4)(b)(legal advice) and (e)(negotiations). Motion carried unanimously.

Peter Fleming stated that no further record of the Executive Session need be kept based on his opinion that the discussion will constitute privileged attorney-client communications.

*President Newberry reconvened into Public Session at 9:37 a.m.*

**General Counsel’s Report – Public Session.**

Peter Fleming reported that during Executive Session, the Board provided guidance to staff and General Counsel on the following matters:

i. Colorado River Cooperative Agreement- Implementation Issues.
iii. Kobe Project.
iv. Colorado River Compact and Interstate Issues.
v. Application of Busk-Ivanhoe, Inc., Case Nos. 09CW142, 09CW186, and 09CW272, Consolidated, Water Division 2.

Mr. Fleming also reported that he was not present during the discussion of agenda item 6. a.v., Application of Busk-Ivanhoe, Inc., Case Nos. 09CW142, 09CW186, and 09CW272, Consolidated, Water Division 2.

Director Trampe moved, seconded by Director Acquafresca, to authorize staff and Counsel to take all actions necessary to join as a co-applicant and co-petitioner in the Division 5 Water Court and Federal District Court pleadings required for implementation of the Green Mountain Reservoir Protocol Agreement, based on the draft versions of those pleadings presented by staff. Motion carried unanimously.

A discussion ensued regarding a recent amendment to the Colorado Governmental Immunities Act which increased the governmental immunity waiver from $600,000 to $990,000. A modification to the River District’s standard form contract was proposed, increasing the insurance requirements for general liability, auto liability and where applicable, professional liability from $1,000,000 to $2,000,000. Director Mueller moved, seconded by Director Alvey, to approve the proposed River District standard form contract modification.

After further discussion, Directors Mueller and Alvey withdrew the motion, and the discussion was tabled for a future meeting with directions to staff to research what approach similar organizations are considering and the impacts to River District consultants if the waiver limit is increased in the District’s standard form contracts.

**General Manager’s Report - (Cont’d.).**

**Review of 2013 Goals and Objectives:**

Eric Kuhn reviewed the addition of the following to 2013 Goals and Objectives: “the River District shall promote a Colorado Water Plan that provides benefits to and protects the interests of the River District and its constituents.” The addition goes on to state that the Board and staff will work with constituents and other West Slope entities to develop and promote the River District’s input to the Colorado Water Plan.
Ruedi Reservoir Update:
Director Sharp moved, seconded by Director Stavney, to approve entering into a contract with the Bureau of Reclamation for 4,683.5 AF of Ruedi Reservoir water in an amount not to exceed $5,806,603, subject to approval of non-substantive changes to the contract by the General Manager and General Counsel. Motion carried unanimously.

Approval of AccuFund Accounting Software Purchase:
Director Mueller moved, seconded by Director Stavney, to approve the purchase of AccuFund accounting software and accompanying technical support in an amount not to exceed $37,000. Motion carried unanimously.

Service Anniversaries Recognition:
John Currier expressed the River District’s appreciation to Dave Smith for 5 years of service. Peter Fleming followed suit by expressing the River District’s appreciation to Jason Turner for 5 years of service. Mr. Fleming also announced Mr. Turner’s promotion to Senior Counsel.

Grant Program Policy Issues.
As directed by the Board at the April 2013 quarterly meeting, staff presented recommendations for modifications to the Grants Program Policy and the evaluation process for applications. Some proposed changes are: a prohibition against grants for projects in which the River District has a majority ownership interest; eliminating the specific reference to funding tamarisk control projects in order to authorize projects eliminating other invasive species such as Russian olive; the continuation of funding completed large projects; and not funding out-of-cycle grant requests. The Board will revisit the recommendations at its October 2013 quarterly meeting.

Consent Agenda.
Director Stavney moved, seconded by Director Mueller, to approve the following consent agenda as presented. Motion carried unanimously.

Approval of Minutes and Actions Taken:
   b. Minutes of Second Regular Quarterly Meeting, April 16-17, 2013.
   c. Minutes of Litigation Committee Meeting, Telephone Conference, June 25, 2013.
   d. Acceptance of Treasurer’s Reports and Check Registers for February, March, April and May 2013.

Directors’ Concerns.
No concerns were expressed.

Future Meetings.
   a. CRWCD 2014 Budget Workshop, September 12, 2013, Grand Junction, CO.
   b. CRWCD Annual Seminar, September 13, 2013, Grand Junction, CO.
   c. Fourth Regular Quarterly Meetings, October 15-16, 2013, Glenwood Springs, CO.
   d. Other Meetings:
      i. Western State Water Workshop, July 18-20, 2013, Gunnison,
      ii. CWC Summer Convention, August 21-23, 2013, Steamboat Springs, CO.
      iii. CRWUA Convention, December 11-13, 2013, Las Vegas, NV.

Value Chain of Colorado Agriculture Presentation by Kathay Rennels and Dr. Gregory Graff of CSU.
Kathay Rennels and Dr. Gregory Graff presented a recent report titled “The Value Chain of Colorado Agriculture.” The report examines Colorado’s agricultural sector, highlighting the ways that Colorado
agriculture drives innovation and economic activity throughout the state. It also illustrates the interconnections among the more than 125 markets and industry sub-sectors and shows how agriculture is vital to both rural and urban economies.

**CRWCD 2013 Survey Presentation by Lori Weigel of Public Opinion Strategies.**
Lori Weigel presented the CRWCD constituent survey that was conducted in June 2013. While the survey results did not indicate a meaningful increase in River District name recognition from 2009 (9% as opposed to 7%), it did, however, find that once the respondent was told our name and mission 81% of the respondents had favorable response. The survey also showed much more awareness of water-related issues such as inadequate water supplies, more frequent droughts, climate change, lower snowpack levels, etc. among River District constituents.

**External Affairs.**

**State Affairs:**
Chris Treese recapped water-related bills for the 2013 legislative session that were signed by the Governor including **SB13-041** which provided a legislative response to the Supreme Court’s ruling in its Upper Yampa Conservancy District decision and **SB13-019** that prohibits a discount to a water users’ historical use record when those water rights are the subject of approved conservation measures.

Mr. Treese noted that development of the Colorado State Water Plan may dominate the 2014 legislative agenda as well as bills related to agricultural water conservation and a bill requiring Colorado retailers to sell only ultra low flush toilets. Denver Water is a proponent of this bill. After considerable discussion, the Board reached consensus that it should support such conservation legislation, subject to review and formal action on the introduced legislation.

**Approval of Water Conservation Program:**
A provision in **SB13-019** requires participation in a federal land conservation program or in water conservation programs approved by a state agency, water conservation district, water district, water authority, etc. by an agricultural water rights owner who wants to employ conservation measures and retain their historical use record. Since the bill pertains only to Water Divisions 4, 5 and 6, the River District will have approval authority of water conservation programs submitted to it.

After extensive discussion of the proposed application, instructions for application submission, and potential guidelines for approval by the River District, the Board deferred further discussion to the October 2013 quarterly meeting.

**Federal Affairs:**
Chris Treese reported that the Senate Water & Power Subcommittee recently held an oversight hearing on the Colorado River Basin Study. He also reported that small hydropower bills sponsored by Representatives Tipton and DeGette have passed the House and the Senate Energy and Natural Resources Committee. The bills are currently on the Senate’s consent calendar. Finally, Mr. Treese reported that S.335 has been introduced, the “Water Infrastructure Finance and Innovation Act” (WIFIA). This proposal has the potential to offer cities and towns low-cost water infrastructure financing options.

**Adjourn.**
There being no other business before the Board, President Newberry adjourned the meeting at 2:40 p.m.

James Newberry, President
ATTEST:

R. Eric Kuhn, Secretary/General Manager

Executive Session Attestations.
I hereby attest that the portions of the Executive Session that were not recorded constituted privileged attorney-client communications.

Peter Fleming, General Counsel