

**MINUTES<sup>1</sup>**  
**FOURTH REGULAR QUARTERLY MEETING OF THE**  
**BOARD OF DIRECTORS OF THE**  
**COLORADO RIVER WATER CONSERVATION DISTRICT**

**October 21, 2014**

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Pursuant to notice duly and properly given, the Fourth Regular Quarterly Meeting of the Board of Directors of the Colorado River Water Conservation District (CRWCD) was held on Tuesday October 21, 2014 at the Hotel Denver, 402 7<sup>th</sup> Street, Glenwood Springs, Colorado.

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**Directors participating during all or part of the meeting:**

James Newberry, President	Jon Stavney, Vice President
Tom Alvey	David H. Merritt
William S. Trampe	Andrew A. Mueller
Stephen M. Mathis	John Ely
Doug Monger	Gary Martinez
Tom Gray	

**Directors not participating:**

John Justman	Kai Turner
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  
Chris Treese, Manager, External Affairs, CRWCD  
Jason Turner, Senior Counsel, CRWCD  
Mary Kalmes, Chief Accountant, CRWCD  
Audrey Turner, Administrative Chief, 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  
Hunter Causey, Water Resources Engineer, CRWCD  
Dave Smith, Engineering Technician, CRWCD  
Ian Philips, Accountant, CRWCD  
Denise Hussain, Records and Information Specialist, CRWCD  
Lorra Nichols, Paralegal, CRWCD  
Martha Moore, Public Affairs Specialist, CRWCD  
Alesha Fredrick, Business Support Specialist, CRWCD  
Brent Gardner Smith, Aspen Journalism  
Dennis Webb, Daily Sentinel  
Larry Sweeney, Colorado Association of Conservation Districts

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<sup>1</sup>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.

**Quorum.**

President Newberry found a quorum and called the meeting to order at 9:03 a.m.

**Review Meeting Agenda and Objectives.**

No changes to the agenda were recommended.

**Consent Agenda.**

Director Mathis requested that agenda item 2.a.iv, Minutes of Special Meeting in Conjunction with Southwestern Water Conservation District, September 18, 2014, be corrected to reflect his attendance at the meeting. Director Stavney moved, seconded by Director Hazard to approve the consent agenda as presented with the correction included. Motion carried unanimously.

Approval of Minutes and Actions Taken:

- a.
  - i. Minutes of Special Joint Meeting, Telephone Conference, June 23, 2014.
  - ii. Minutes of Third Regular Quarterly Meeting, July 15-16, 2014.
  - iii. Minutes of Special Joint Meeting/2015 CRWCD Budget Workshop, September 18, 2014.
  - iv. Minutes of Special Meeting in Conjunction with Southwestern Water Conservation District, September 18, 2014.
- b. Acceptance of Treasurer's Reports and Check Registers for June, July and August 2014.

**Personnel Review Matters.**

Peter Fleming recommended that the following matters qualify for discussion in Executive Session pursuant to C.R.S. §§ 24-6-402(4)(f)(personnel):

3. Personnel Review Matters with General Manager.
4. Personnel Review Matters with General Counsel.

Director Merritt moved, seconded by Director Trampe, to move into Executive Session pursuant to C.R.S. §§ 24-6-402(4)(f)(personnel). Motion carried unanimously.

Mr. Fleming stated that discussions on personnel matters would be recorded and retained for 90 days.

*President Newberry reconvened into Public Session at 11:14 a.m.*

**Personnel Review Matters - Public Session.**

Peter Fleming reported that during Executive Session the Board discussed the following:

3. Personnel Review Matters with General Manager.
4. Personnel Review Matters with General Counsel.

Director Mueller moved, seconded by Director Alvey, to increase the General Manager and General Counsel's salaries by 3.2% effective January 1, 2015 contingent upon approval of the 2015 budget. Motion carried unanimously.

**General Manager's Report.**

**Approval of Proposed Changes to Bill Paying/Check Signing Procedures:**

Director Mueller moved, seconded by Director Trampe, to approve proposed changes to the River District's bill paying and check signing procedures that include requiring the signature of either the President or Vice President along with the approval of the General Manager, Deputy General Manager, or Property Manager for checks over \$5,000 and migrating to an electronic bill paying system. Motion carried unanimously.

**IBCC/Roundtable Update:**

Eric Kuhn reported that a meeting of the four West Slope basin roundtables will be held in Grand Junction on December 18<sup>th</sup>. Topics for discussion include the implications to and potential response from the West Slope concerning the IBCC's seven point concept regarding potential future transmountain diversion projects. The concept is that if there is a new transmountain diversion, it would not have a "firm yield." It would only divert during surplus or wet years in order to not increase the risk of compact curtailment to existing uses. There would also be an "insurance plan" to cover existing uses and some level of new West Slope uses to avoid an involuntary curtailment under the 1922 Compact. Another topic for discussion is the Yampa/White/Green River Basin Roundtable's position that there be an equitable apportionment of Colorado River water set aside by roundtables for current uses and future development.

**Colorado River Interstate Issues:**

Mr. Kuhn relayed that the Bureau of Reclamation is currently examining hydrologic models related to the Upper Basin's contingency plan to independently confirm modeling work done by Hydros Consulting. Development of the plan is in response to the ongoing basin-wide drought with the goals of maintaining the minimum power level at Lake Powell and avoiding a Colorado River Compact curtailment. The three elements of the contingency plan – in order of priority - are: supply augmentation through cloud seeding and tamarisk removal; extended operations of the Colorado River Storage Project reservoirs upstream of Lake Powell; and demand management of consumptive uses upstream of Lake Powell.

**Proposed Meetings with Lower Basin Entities:**

Eric Kuhn proposed a meeting among Upper and Lower Basin agricultural entities including the Palo Verde Irrigation District and Imperial Irrigation District to discuss California water districts' experience with interruptible supply agreements and the future of agriculture in the Colorado River Basin.

**Camp Hale Collaborative Project Update:**

John Currier outlined the Camp Hale Collaborative Project the goal of which is to restore a portion of the Eagle River and wetlands impacted by the original construction of Camp Hale. There are over 40 stakeholders and interested parties participating in the project including the River District.

**Service Anniversaries Recognition:**

Dan Birch expressed the River District's appreciation to Mary Kalmes for her 10 years of service at the River District.

**Directors' Concerns.**

No concerns were expressed.

**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 Matters.
- ii. Windy Gap Firming Project.
- iii. Agreement with Twin Lakes Reservoir and Canal Co. and City of Aspen, re: Implementation of Case No. 95CW321, Water Division 5.
- iv. Appeal in Grand Valley Water Users Association v. Busk-Ivanhoe, Inc., 14SA303.
- v. Colorado River Compact and Interstate Issues.
- vi. Colorado State Water Plan and Colorado Compact Bank.

Director Mathis moved, seconded by Director Mueller, 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 1:17 p.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 Matters.
- ii. Windy Gap Firming Project.
- iii. Agreement with Twin Lakes Reservoir and Canal Co. and City of Aspen, re: Implementation of Case No. 95CW321, Water Division 5.
- iv. Appeal in Grand Valley Water Users Association v. Busk-Ivanhoe, Inc., 14SA303.
- v. Colorado River Compact and Interstate Issues.
- vi. Colorado State Water Plan and Colorado Compact Bank.

Director Alvey moved, seconded by Director Trampe, to authorize entering into a West Slope Common-Interest and Cost-Share Agreement related to Shoshone Power Plant work. Motion carried unanimously.

Director Mueller moved, seconded by Director Ely, to authorize the General Manager to execute the September 26, 2014 Letter Agreement between the Twin Lakes Reservoir and Canal Company, the City of Aspen, and the River District, and authorize counsel to work with the parties to the agreement to draft and file a petition invoking the Division 5 Water Court's retained jurisdiction to implement the terms of the agreement. Motion carried unanimously.

Director Monger, moved, seconded by Director Martinez, to authorize Counsel and staff to make non-substantive changes to the Windy Firming Project IGA to ensure consistency with the 2014 Windy Gap Carriage Contract and confirm authorization of the General Manager to execute the Windy Gap Firming Project IGA. Motion carried unanimously.

Director Ely moved, seconded by Director Mathis, to authorize an expenditure of up to \$20,000 of the proposed 2014 budget line item for "legal assistance to others" carrying into 2015 in order to reimburse the Grand Valley Water Users Association (GVWUA) for work undertaken by the GVWUA's legal counsel for researching how and if water rights of the Grand Valley Project might be used in a compact water bank or related effort. Motion carried unanimously.

It was reported that the comment period on the United States EPA and ACOE's "Waters of the United States" proposed rule has been extended to November 2014. Also, the Bureau of Land Management has announced that due to issues related to sage grouse management plans, it will not be finalizing those plans nor the Wild and Scenic Alternative Management Plan in the Upper Colorado River Basin at this time.

**Presentation of Gunnison River Basin Regional Conservation Partnership Projects.**

Dave Kanzer provided an update of a funding request for \$20 million under the 2014 Farm Bill for increased water use efficiency and water quality improvement projects in the Lower Gunnison Basin. As the lead partner, the River District coordinated and drafted the request on behalf of four water districts within the basin. A decision on the request is expected by November 14, 2014.

**Discussion of Draft State Water Plan and Draft Basin Implementation Plans.**

Dan Birch reported that the River District submitted comments expressing concerns that the draft plan did not appear to reflect elements of the four West Slope Basin Implementation Plans and focuses disproportionately on the South Platte's Basin Implementation Plan.

**Compact Water Bank Update.**

It was reported that the water bank feasibility study will start phase II.c.. This is being done in conjunction with Colorado State University's scope of work and study plan on split season irrigation on larger acreages in Delta, Gunnison Mesa, Montezuma and Montrose Counties.

**External Affairs.**

**Proposed Contract Approvals:**

Director Mathis moved, seconded by Director Mueller, to approve a Continuing Services Agreement with Ajax Design in an amount not to exceed \$400,000 over a period of four years for photography, video, graphics, publication design web services and advertising instruments. Subsequent discussion led to Directors Mathis and Mueller amending the motion to approve a one-year contract with Ajax Design in an amount not to exceed \$100,000 subject to approval of the 2015 budget. Motion carried unanimously.

Staff was directed to research other entities providing the same services as Ajax Design to compare services and pricing.

Director Mueller moved, seconded by Director Trampe, to approve Continuing Services Agreements with Dan Williams and Robert Simpson in an amount not to exceed \$100,000 (combined) over a period of four years for lobbying services in Denver subject to annual appropriations. Motion carried unanimously.

**State Issues:**

Chris Treese reminded the Board of its extensive discussion of **SB14-023** with Senator Schwartz and Representative Becker, sponsors of **SB14-023** at the July quarterly meeting. SB023 would have allowed an irrigator to loan or permanently transfer non-consumptive water savings due to efficiency improvements to instream flow uses. The River District opposed the bill which was vetoed by the Governor. Since that time the River District has been participating with a group to develop consensus legislation for development of a pilot program to explore the benefits and impacts of the concept.

It was reported that legislation may be introduced as the result of an ad hoc group of water attorneys discussing the development of statutory guidelines for the Water Court's use regarding calculation of historical consumptive uses of water. River District staff participated in the group until the group decided to pursue legislation, at which point the River District withdrew from further participation.

Mr. Treese referred the Board to six water-related bills approved by the Interim Water Committee for introduction during the 2015 legislative session which were included with the Board's meeting materials.

**Federal Issues:**

Mr. Treese reported that the U.S. Fish & Wildlife Service has listed the yellow billed cuckoo as threatened under the ESA. The listing could have adverse consequences on future water development since key areas of western Colorado are included in the cuckoo's proposed critical habitat.

### **Future Meetings.**

- a. First Regular Quarterly Meetings, **January 20-21, 2015, Glenwood Springs, CO.**
- b. Executive Committee Meeting, **March 12, 2015, Glenwood Springs, CO.**
- c. Second Regular Quarterly Meetings, **April 21, 2015, Glenwood Springs, CO.**
- d. Third Regular Quarterly Meetings, **July 21-22, 2015, Glenwood Springs, CO.**
- e. Special Meeting/2016 CRWCD Budget Workshop, **September 17, 2015, Location TBD.**
- f. CRWCD Seminar, **September 18, 2015, Grand Junction, CO.**
- g. Fourth Regular Quarterly Meetings, **October 20, 2015, Glenwood Springs, CO.**
- h. Other Meetings:
  - i. CRWUA Convention, **December 10-12, 2014, Las Vegas, NV.**
  - ii. CWC Annual Convention, **January 28-30, 2015, Denver, CO.**
  - iii. Western State Water Workshop, **mid-June 2015, Gunnison, CO.**
  - iv. CWC Summer Convention, **August 19-21, 2015, Vail, CO.**

*President Newberry recessed the meeting at 2:58 p.m.*

*President Newberry found a quorum and reconvened the meeting at 3:20 p.m.*

### **Budget Hearing**

President Newberry opened the 2015 budget hearings.

Eric Kuhn reported that the budget notice was published in local papers and that copies of the budget were sent to each county to be posted and was available to the public at the district office and on the district's website. Comments were requested from the public on the River District website. No public comment was received.

### **Resolution for 2014 General Fund Budget Amendments:**

Director Monger moved, seconded by Director Mueller, to adopt a resolution summarizing expenditures and revenues for the General Fund and adopting an amended budget for the Colorado River Water Conservation District, Colorado for the calendar year beginning on the first day of January 2014 and ending on the last day of December 2014. Motion carried unanimously.

### **Resolution to Adopt 2015 General Fund Budget:**

Director Stavney moved, seconded by Director Trampe, to adopt a resolution summarizing expenditures and revenues for the General Fund and adopting a budget for the Colorado River Water Conservation District, Colorado for the calendar year beginning on the first day of January 2015 and ending on the last day of December 2015. Motion carried unanimously.

### **Resolution for 2014 Capital Projects Fund Budget Amendments:**

Director Alvey moved, seconded by Director Hazard, to adopt a resolution summarizing expenditures and revenues for the Capital Projects Fund and adopting an amended budget for the Colorado River Water Conservation District, Colorado for the calendar year beginning on the first day of January 2014 and ending on the last day of December 2014. Motion carried unanimously.

### **Resolution to Adopt 2015 Capital Projects Fund Budget:**

Director Mathis moved, seconded by Director Trampe, to adopt a resolution summarizing expenditures and revenues for the Capital Projects Fund and adopting a budget for the Colorado River Water Conservation District, Colorado for the calendar year beginning on the first day of January 2015 and ending on the last day of December 2015. Motion carried unanimously.

**Resolution to Appropriate Sums of Money:**

Director Mueller moved, seconded by Director Trampe, to adopt a resolution appropriating sums of money to the various funds in the amounts and for the purposes set forth below, for the Colorado River Water Conservation District, Colorado for the 2015 budget year: General Fund \$5,684,280 and Capital Projects Fund \$2,951,007. Motion carried unanimously.

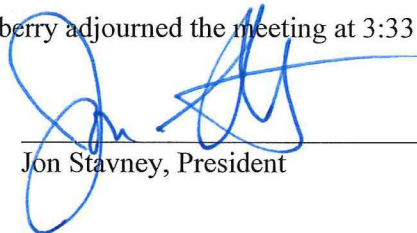
**Resolution to Transfer Unspent 2014 Balances:**

Director Mueller moved, seconded by Director Mathis, to adopt a resolution to authorize and direct the transfer of monies to the Capital Projects Fund from the General Fund in the amount of revenues less expenditures and an amount sufficient to cover expenses prior to the receipt of 2015 tax revenues. This resolution further authorizes and directs that the funds be transferred no later than December 31, 2014. Motion carried unanimously. . (The resolutions are attached as Appendices A-F.).

President Newberry closed the budget hearings.

**Adjourn.**

There being no other business before the Board, President Newberry adjourned the meeting at 3:33 p.m.



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Jon Stavney, President

ATTEST:

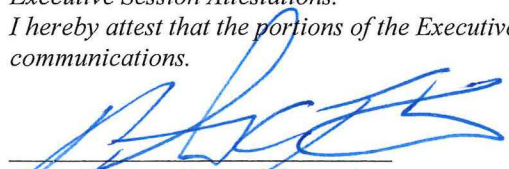


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R. Eric Kuhn, Secretary/General Manager

*Executive Session Attestations.*

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



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Peter Fleming, General Counsel