MINUTES
SECOND REGULAR JOINT QUARTERLY MEETING OF THE
BOARD OF DIRECTORS OF THE
COLORADO RIVER WATER CONSERVATION DISTRICT
AND OF THE
COLORADO RIVER WATER CONSERVATION DISTRICT
ACTING BY AND THROUGH ITS COLORADO RIVER WATER PROJECTS ENTERPRISE

April 18, 2017

Pursuant to notice duly and properly given, the Second Regular Joint Quarterly Meeting of the Board of Directors of the Colorado River Water Conservation District (CRWCD) and of the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise was held on Tuesday April 18, 2017 at the Hotel Denver, 402 7th Street, Glenwood Springs, Colorado.

Directors present during all or part of the meeting:
Tom Alvey, President   David H. Merritt, Vice President
Mike Ritschard        William S. Trampe
Kathy Chandler-Henry   John Ely
Doug Monger            Mark Stiegelmeier
Alden Vanden Brink     Martha Whitmore
Tom Gray               Steve Acquafresca
Rebie Hazard

Directors not present:
Marc Catlin            Stan Whinnery

Others present 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
Audrey Turner, Administrative Chief, CRWCD
Laurie DePaolo, Executive Assistant, CRWCD
Jim Pokrandt, Director, Community Affairs, CRWCD
Ray Tenney, Deputy Chief Engineer, CRWCD
Dave Kanzer, Deputy Chief Engineer, CRWCD
Don Meyer, Sr. Water Resources Engineer, CRWCD
Ian Philips, Senior Accountant, CRWCD
Mike Eytel, Sr. Water Resources Specialist, CRWCD
Hunter Causey, Water Resources Engineer, CRWCD
Dave Smith, Engineering Technician, CRWCD
Lora Nichols, Paralegal, CRWCD
Martha Moore, Public Affairs Specialist, CRWCD
Mark Harris, Grand Valley Water Users Association
Steve Harris, Southwestern Water Conservation District
Carrie Lile, Southwestern Water Conservation District

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 Hawes, The Nature Conservancy
Aaron Derwingson, The Nature Conservancy
Angie Fowler, SGM Consulting
Diane Johnson, Eagle River Water & Sanitation District
Luke Gingerich, S-U-B Engineers
Jackie Brown, Tri-State Transmission and Generation Association
David Mau, USGS
Ryan Christianson, USBR
Tyler Snyder, Fish and Cross Ranch
Lisa Pfalzgraff
Brent Gardner Smith, Aspen Journalism

Quorum.
President Alvey found a quorum and called the meeting to order at 9:06 a.m.

Review Meeting Agenda and Objectives.
Eric Kuhn requested the addition of Delegation of Authority to Staff for Execution of Construction Contract, re: CRWCD Meeting Space Remodel as agenda item 6.e. Director Monger moved, seconded by Director Whitmore, to approve the agenda as amended. Motion carried unanimously.

Presentation and Report of Director Credentials for Saguache County.
Director Ely moved, seconded by Director Vanden Brink, to accept director credentials for Saguache County (Hazard) as presented. Motion carried unanimously. (The credentials are attached as Appendix A.).

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

a. Approval of Minutes and Actions Taken:
   ii. Minutes of Information and Outreach Committee Meeting, January 18, 2017.
   vi. Minutes of Executive Committee Meeting, March 16, 2017.


General Counsel’s Report:
Matters Proposed for Executive Session:
Peter Fleming reported that the following matters qualify for discussion in Executive Session pursuant to C.R.S. §§ 24-6-402(4)(a)(acquisition of real property)(b)(legal advice) and (e)(negotiations):
   i. Federal Court’s March 22, 2017 Order in Denver’s Blue River Decree Diligence Case.
   ii. CRCA Implementation Matters.
   iii. Diligence Application of Colorado Springs Utilities, Case No. 15CW3019, Water Division 5.
iv. Windy Gap Firming Project and Windy Gap Connectivity Channel.

vii. Analysis of River District Property in Eagle and Moffat Counties.
viii. Option to Purchase Inundation Easement.
ix. Elkhead Reservoir Stem Bolt Installation. (An Enterprise Matter).
x. Colorado River Compact, Interstate, and International Negotiations.

Director Monger moved, seconded by Director Gray, to proceed into Executive Session pursuant to C.R.S. § 24-6-402(4)(a)(acquisition of real property)(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 Alvey reconvened into Public Session at 11:05 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. Federal Court’s March 22, 2017 Order in Denver’s Blue River Decree Diligence Case.
ii. CRCA Implementation Matters.
iii. Diligence Application of Colorado Springs Utilities, Case No. 15CW3019, Water Division 5.
iv. Windy Gap Firming Project and Windy Gap Connectivity Channel.

vii. Analysis of River District Property in Eagle and Moffat Counties.
viii. Option to Purchase Inundation Easement.
ix. Elkhead Reservoir Stem Bolt Installation. (An Enterprise Matter).
x. Colorado River Compact, Interstate, and International Negotiations.

Director Trampe moved, seconded by Director Whitmore, to confirm the Board’s intent to maintain the conditional water rights decree for the Moser Consumptive Use Exchange to Wolford Mountain Reservoir decreed in Case No. 05CW265, Water Division 5, and to direct staff and counsel to take the steps necessary to complete the appropriation in a reasonably expedient and efficient manner, consistent with Colorado law, and to further direct staff to file an application seeking a finding of reasonable diligence for the remaining conditional portion of the Moser Consumptive Use Exchange to Wolford Mountain Reservoir decreed in Case No. 05CW265, Water Division 5 and a claim to make the exchange absolute in whole or in part. Motion carried unanimously.

Peter Fleming reported that the Colorado Water Conservation Board (CWCB) staff, has agreed to recommend that the lower terminus of the proposed Elkhead Creek instream flow be moved upstream to avoid interference with a future enlargement of Elkhead Reservoir. Director Acquafresca moved, seconded by Director Gray, to authorize counsel to execute a stipulation and agreement with the CWCB consistent with the aforementioned
discussion. Motion carried unanimously.

**Compact Water Bank Update.**
Grand Valley Water Users Association (GVWUA) general manager Mark Harris provided an overview of the GVWUA Conserved Consumptive Use Pilot Project. Ten producers in the association are participating in the project by either fallowing or under-irrigating 1,252 acres in order to save approximately 3,200 acre-feet of water. The pilot project is designed to produce saved water with the goal of sending more water to Lake Powell to improve low reservoir levels and understand how these practices affect project participants. The concern is that if low levels at Lake Powell force demand management or a curtailment on the Colorado River, agricultural water rights could be severely impacted by municipalities buying those rights and converting them to municipal use.

Board comments included a recognition that while lower elevation row crops recover from fallowing or under-irrigating relatively quickly, high country hay fields and pastures do not, which might prove to be problematic for cattle ranchers. Also noted was there may not be sufficient amounts of conserved water produced from water banking to reduce or prevent demand management or a compact curtailment.

**General Manager’s Report.**
**Proposed Approval of Strategic Plan:**
Eric Kuhn referred the Board to the latest draft version of the River District’s strategic plan. The plan has been under development since the July 2016 quarterly meeting. Director Whitmore proposed the following edits: Under the Strategic Initiatives in the Climate and Hydrologic Uncertainty section changing the fourth bullet point from “The River District will work with water users to ensure maximum practicable and cost-effective water use efficiencies in all sectors” to “The River District will work with water users to ensure practicable and cost-effective water use efficiencies where appropriate for the local conditions.” Under the Strategic Initiatives in the Agricultural Water Use section Director Whitmore requested the addition of “voluntary and compensated” in the first bullet point addressing the study of a compact water bank.

Director Whitmore moved, seconded by Director Ritschard, to adopt the strategic plan as edited. Motion carried unanimously. (The Strategic Plan is attached as Appendix B.).

**Long Term Financial Outlook:**
Mr. Kuhn relayed that the River District’s current financial situation is stable, however, budgeting in the future may become more challenging as a result of reduced natural gas production and general property values, TABOR limitations, and lower returns on investments. He also noted that the River District is debt-free after repaying the CWCB loans on Wolford and Elkhead Reservoirs and the USBR Ruedi Reservoir water contracts.

**IBCC/Roundtable Update:**
It was reported that the CWCB approved phase II of the West Slope Roundtables’ Risk Study which the Front Range roundtables chose not to participate in but requested a management committee to direct the study. The request was refused by the CWCB director and the West Slope roundtables.

Director Vanden Brink moved, seconded by Director Ely, to approve an amendment increasing the River District’s contribution to the West Slope Roundtables Risk Study from $25,000 to $30,000. Motion carried unanimously.

Mr. Kuhn reported that plans are moving forward at the CWCB to update the Statewide Water Supply Initiative (SWSI) in 2017 assessing future water demands within the state. Directors expressed the concern that errors in the 2010 SWSI may not be corrected such as Front Range municipal demands which were considered too high with little justification. John Currier will be participating on the 2017 SWSI advisory committee.
The IBCC will be meeting on April 20th. Priorities for 2017 will be discussions on implementation of alternatives to agricultural dry-ups and potential statewide funding mechanisms.

**Colorado River Issues:**
It was reported that conditions in some of the West Slope basins range from average to below average for projected runoff.

**Delegation of Authority to Staff for Execution of Construction Contract, re: CRWCD Conference Room:**
Director Trampe moved, seconded by Director Chandler-Henry, to authorize staff to execute a contract in an amount not to exceed $75,000 for remodeling work and amenities for the River District’s recently acquired first floor conference room. Motion carried unanimously.

**Executive Committee Report.**
Dave Kanzer reported that for 2017, a total of 34 grant applications were received with staff recommending 8 applications to the Executive Committee for funding (4 large grants, 4 small grants). A complete list of applications is attached as Appendix C.

Mr. Kanzer reminded the Board of the grant funding criteria and guidelines used in the review process (e.g., total project cost and grant request size determine if it is considered a small or large grant). Ranking criteria used by staff to evaluate applications for funding was discussed and includes appropriateness of the project; project description; budget; funding; technical adequacy; project effectiveness; sponsors capability; cost effectiveness; and applicant participation. The program awards both small and large grants with $60,000 total project cost being considered a small grant application and any project with total costs exceeding $60,000 considered a large grant application.

**Action on Grant Recommendations:**
Director Monger moved, seconded by Director Whitmore, to accept the Executive Committee’s recommendations as presented. Motion carried unanimously.

Several grant recipients expressed their appreciation to the Board for the grant awards.

**Discussion of Irrigation Efficiencies and Return Flows:**
A discussion ensued regarding funding irrigation efficiency projects and potential impacts to return flows and increased consumptive use as a result of those projects. The concern expressed was whether this practice is in conflict with existing River District policies. The grant application review procedures include reviewing each application on a case by case basis and compliance with River District policies.

**Annual Policy Discussion.**
Chris Treese reminded the Board of its January review of the five policies which are now eligible for adoption or further revisions. Mr. Treese also presented an existing policy, Aging Infrastructure for 2017 review as well as a new policy, State Funding: Water Projects and Programs, for the Board’s consideration.

**Colorado River Compact:**
Director Whitmore moved, seconded by Director Chandler-Henry, to adopt the River District Colorado River Compact Policy as presented. Peter Fleming proposed the following change to paragraph 5: Delete the phrase “to develop a factual analysis” to be replaced with “to analyze the risk and risk factors.” Directors Whitmore and Chandler-Henry accepted the proposed change and the policy as amended was adopted unanimously.
**Colorado’s Entitlement to Colorado River Basin Water:**
Director Whitmore moved, seconded by Director Hazard, to adopt the River District’s Colorado’s Entitlement to Colorado River Basin Water Policy as presented. Motion carried unanimously.

**Interstate Water Marketing:**
Director Whitmore moved, seconded by Director Trampe, to adopt the Interstate Water Marketing Policy as presented. Motion carried unanimously.

**Colorado River Storage Project Act Projects:**
Director Whitmore moved, seconded by Director Ritschard, to adopt the River District’s Colorado River Storage Project Act Projects policy as presented. Motion carried unanimously.

**Transmountain Water Diversions:**
Director Whitmore moved, seconded by Director Acquafresca, to adopt the Transmountain Water Diversions Policy as presented. Motion carried unanimously. (The policies are attached as Appendices D-H.)

**Aging Infrastructure:**
No substantive changes were recommended.

**State Funding: Water Projects and Programs:**
By consensus, staff was directed to delete the word “development” in the first paragraph of the policy statement and insert language clarifying the State of Colorado’s role as a funding agent for water project proponents as opposed to a developer of water projects.

**External Affairs.**
**CRWCD 2016 Annual Report:**
Jim Pokrandt directed the Board’s attention to the 2016 CRWCD Annual Report noting it will be mailed to approximately 700 interested parties, is available on the CRWCD website and is distributed throughout the year at various events. He also relayed that seven State of the River meetings are scheduled this spring throughout the District including the addition of a State of the River meeting in Steamboat Springs.

**State Affairs:**
Chris Treese introduced the following draft bill for Board discussion:

**CONCERNING THE ASSESSMENT OF A CHARGE ON WATER-RELATED ACTIVITIES REGULATED BY THE DIVISION OF PARKS AND WILDLIFE FOR THE PURPOSE OF FUNDING THE INSPECTION OF WATERCRAFT FOR THE PRESENCE OF AQUATIC NUISANCE SPECIES.**

**Recommendation: Support.**
This draft bill addresses funding exclusively for the aquatic nuisance species inspection program by Colorado Parks and Wildlife by adding a fee to fishing licenses and watercraft over 10 feet in length.

Concerns raised included the inequity of raising the price for fishing licenses and including all watercraft over 10 feet which would include kayaks and rafts. This is seen as excessive in view of other funding mechanisms for the inspection program.

Federal Affairs:
Mr. Treese reported that President Trump issued an Executive Order rescinding the “Waters of the U.S.” rule and directing the EPA and U.S. Army Corps of Engineers to begin the process of promulgating a new rule. It was also reported that River District staff is currently working with Representative Tipton’s office on language for his Water Rights Protection Act, which is slated to be reintroduced by Mr. Tipton.

Projects Operations and Updates (Enterprise Matters).
Wolford Mountain Reservoir:
Ray Tenney reported that runoff into Wolford Mountain Reservoir is projected to be 48% of average and Elkhead Reservoir is 53% of average. He also relayed that plans have been submitted for review by the State Engineer’s Office for restoration of the dam crest at Wolford Mountain Reservoir and bids for the construction work will be sought in May.

Director Monger moved, seconded by Director Whitmore, to delegate authority to the Water Supply Projects Committee to approve a construction contract for dam crest restoration not to exceed $360,000. Motion carried unanimously.

Regional Conservation Partnership Program Update:
Dave Kanzer reported that staff is currently preparing applications for additional funding for expansion of the Lower Gunnison Project irrigation improvements.

Director Merritt moved, seconded by Director Trampe, to authorize staff to complete funding applications for additional funding under the Regional Conservation Partnership Program (“RCPP”). President Alvey disclosed he is president of the North Fork Conservancy District, a RCPP participating entity, and recused himself from the subsequent vote. Motion carried unanimously.

Directors’ Concerns.
No concerns were expressed.

Future Meetings.
  a. Executive Committee Meeting, June 15, 2017, Glenwood Springs, CO.
  c. 2018 CRWCD Budget Workshop/Special Joint Meeting/Tour, September 13-14, 2017, Grand Junction, CO.
  d. CRWCD Annual Seminar, September 15, 2017, Grand Junction, CO.
  e. Fourth Regular Joint Meeting, October 17, 2017, Glenwood Springs, CO.
  f. Other Meetings:
     i. Gunnison Water Workshop, Western State Colorado University, June 22-24, 2017.
     ii. CWC Summer Convention, August 22-25, 2017, Vail, CO.
     ii. CRWUA Convention, December 13-15, 2017, Las Vegas, NV.

Adjourn.
There being no other business before the Board, President Alvey adjourned the meeting at 4:20 p.m.

Tom Alvey, 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