

MINUTES¹
THIRD 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

July 17-18, 2018

Pursuant to notice duly and properly given, the Third 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 and Wednesday July 17-18, 2018 at the offices of the Colorado River Water Conservation District, 201 Centennial 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	Karn Stiegelmeier
Alden Vanden Brink	Martha Whitmore
Tom Gray	Steve Acquafresca
Rebie Hazard	Marc Catlin

Directors not present during the meeting:

Stan Whinnery

Others present during all or part of the meeting:

Andrew A. Mueller, General Manager, CRWCD
Peter Fleming, General Counsel, CRWCD
John Currier, Chief Engineer, CRWCD
Chris Treese, Manager, External Affairs, CRWCD
Jason Turner, Senior Counsel, CRWCD
Lorra Nichols, Paralegal, 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
Ian Philips, Chief Accountant, CRWCD
Luci Wilson, Accountant, 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
Sonja Chavez, Water Resources Specialist, CRWCD
Denise Hussain, Records Administrator/Information Specialist, CRWCD
Zane Kessler, Communications Director, CRWCDE
Dave Smith, Engineering Technician, CRWCD
Bruce Whitehead, Southwestern Water Conservation District

¹An 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.

Bob Wolfe, Southwestern Water Conservation District
Don Schwindt, Southwestern Water Conservation District
Beth Van Vurst, Fairfield and Woods
Frank Kugel, Upper Gunnison River Water Conservancy District
Doug Kemper, Colorado Water Congress
Diane Johnson, Eagle River Water & Sanitation District
Maria Pastore, Colorado Springs Utilities
Orla Bannon
Brent Gardner-Smith, Aspen Journalism
Erin Light, Water Division 6

Quorum.

President Alvey found a quorum and called the meeting to order at 9:18 a.m.

Review Meeting Agenda and Objectives.

Peter Fleming requested the addition of River District Project Development and Conditional Water Rights as agenda item 3.a.vi., with subsequent agenda items being renumbered accordingly. Director Monger moved, seconded by Director Ely, to approve the agenda as amended. Motion carried unanimously.

Consent Agenda.

Director Acquafresca requested a change to the April 17-18, 2018, Second Regular Joint Quarterly Meeting on page four under Directors' Basin Updates and/or Concerns, by inserting the following verbiage: "Director Acquafresca reported that the Grand Valley Water Users Association meeting was raucous and confrontational. The board and staff lost control of the meeting and the meeting ended."

Director Merritt moved, seconded by Director Acquafresca, to approve the following consent agenda with the aforementioned change. Motion carried unanimously.

- a. Approval of Minutes and Actions Taken:
 - i. Minutes of Special Joint Meeting, Telephone Conference, March 29, 2018.
 - ii. Minutes of Second Regular Joint Quarterly Meeting of the Colorado River Water Conservation District, April 17-18, 2018.
 - iii. Minutes of Special Meeting Held in Conjunction with Southwestern Water Conservation District, May 23, 2018.
 - iv. Acceptance of General Fund, Capital Fund and Enterprise Fund Treasurer's Reports and Check Registers for February, March, April and May 2018.

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)(b)(legal advice) and (e)(negotiations) and requested that the Board invite Bruce Whitehead, Bob Wolfe, Don Schwindt, and Beth Van Vurst of the Southwestern Colorado Water Conservation District (SWCD) to participate in Executive Session during the discussion of agenda item 3.a.viii., Colorado River Compact, Interstate and International Negotiation Matters pursuant to the common interest agreement between CRWCD and SWCD.

- i. Colorado River Cooperative Agreement Implementation Matters.
- ii. Shorefox Water Matters.
- iii. Application of Colorado Springs Utilities, Case No. 15CW3019, Water Division 5.
- iv. Remand of Grand Valley Water Users Association v. Busk-Ivanhoe, Inc., Case No. 09CW142, Water Division 2.
- v. 1975 Taylor Park Reservoir Exchange Agreement.

- vi. River District Project Development and Conditional Water Rights.
- vii. Eagle River MOU Update and Eagle Park Reservoir Company. (Enterprise Matters).
- viii. Colorado River Compact, Interstate and International Negotiation Matters.

Director Hazard moved, seconded by Director Whitmore, to proceed in Executive Session pursuant to C.R.S. §§ 24-6-402(4)(b)(legal advice) and (e)(negotiations) and invite Bruce Whitehead, Bob Wolfe, Don Schwindt, and Beth Van Vurst to participate in Executive Session during the discussion of agenda item 3.a.viii., Colorado River Compact, Interstate and International Negotiation Matters pursuant to the common interest agreement between CRWCD and SWCD. 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 12:41 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 and also reported that Director Chandler-Henry was not present during the discussion of agenda item 3.vii., Eagle River MOU Update and Eagle Park Reservoir Company, (Enterprise Matters), and that SWCD members Bruce Whitehead, Bob Wolfe, Don Schwindt, and Beth Van Vurst were present during the discussion of agenda item 3.a. viii., Colorado River Compact, Interstate and International Negotiation Matters.

- i. Colorado River Cooperative Agreement Implementation Matters.
- ii. Shorefox Water Matters.
- iii. Application of Colorado Springs Utilities, Case No. 15CW3019, Water Division 5.
- iv. Remand of Grand Valley Water Users Association v. Busk-Ivanhoe, Inc., Case No. 09CW142, Water Division 2.
- v. 1975 Taylor Park Reservoir Exchange Agreement.
- vi. River District Project Development and Conditional Water Rights.
- vii. Eagle River MOU Update and Eagle Park Reservoir Company. (Enterprise Matters).
- viii. Colorado River Compact, Interstate and International Negotiation Matters.

Director Whitmore moved, seconded by Director Trampe to, approve a contract amendment with Harvey Economics to extend the contract for one year and increase the contract in an amount not to exceed \$20,000 for Colorado River Cooperative Agreement work subject to the appropriations and expenditures made under the West Slope Common Interest Cost Share Agreement related to the implementation of the Colorado River Cooperative Agreement. Motion carried unanimously.

Director Merritt moved, seconded by Director Vanden Brink, to authorize staff to negotiate, and the General Manager to execute a one-year water marketing contract with the Colorado Water Conservation Board, utilizing the State's standard form contract subject to approval by the General Counsel. Motion carried unanimously.

Mr. Fleming referred the Board to the General Counsel's goals and objectives for 2018, and proposed the addition of resolution of the pending Application of Colorado Springs Utilities, Case No. 15CW3019, Water Division 5 to the General Counsel goals and objectives. The Board accepted the addition.

General Manager's Report.

Mid-Year Review of 2018 General Manager Goals and Objectives:

Andy Mueller updated the Board on the 2018 General Manager Goals and Objectives. Mr. Mueller noted that

he has made presentations at the District's eleven States of the Rivers meetings, and met with two thirds of the fifteen Boards of County Commissioners within River District boundaries, with meetings being scheduled with the remainder of the boards. Director Merritt requested a monthly update to the Board.

Board Strategic Plan Update and Consideration of Recommended Amendment:

Director Monger moved, seconded by Director Acquafresca, to approve the addition of Management of River Districts Assets to the River District's Strategic Plan. Motion carried unanimously.

Discussion of Proposed Staff-Level Project Evaluation Rubric:

Mr. Mueller provided a summary of an internal project evaluation rubric to be utilized for evaluating requests for assistance received by the River District as well as new projects or initiatives. Factors that will be evaluated include financial and staff time requirements, community support or opposition, the potential for undue liability and alignment with the District's policies, mission statement and strategic plan.

SB 13-019 Approval Process:

John Currier updated the Board on River District approval process pursuant to **SB13-019**. **SB 13-019** created a mechanism to protect water rights enrolled in an approved water conservation program from potential diminution of the historic consumptive use (HCU) in any legal action that would quantify the HCU. The legislation also gave approval authority to the water districts, included the River District, for programs within its boundaries. To date, the River District has approved six programs with a seventh pending approval.

Grand Lake Water Quality/Clarity:

Mike Eytel referred the Board to a memo on the Grand Lake Clarity Adaptive Management Plan development process. Studies have determined that clarity and water quality issues are the result of multiple factors including excessive nutrients, inorganic particulates, and runoff. The parties to the Adaptive Management Plan process have been employing operational modifications to the Colorado-Big Thompson Project in an attempt to achieve improved quality and clarity in the Three Lakes System.

Water Bank Workgroup Update:

It was reported that the Water Bank Workgroup is shifting focus on potential secondary economic impacts as a result of potential demand management following. The River District is continuing its involvement in the group.

UCRC Update:

Andy Mueller reported that the Upper Colorado River Commission (UCRC) recently terminated its involvement in the System Conservation Pilot Program. The UCRC rationale was there would be little reason to expend resources looking for additional pilot programs if the Upper Basin does not have a place to store conserved water free from the balancing and equalization criteria in the 2007 Interim Guidelines.

Consulting Contract with Eric Kuhn:

Mr. Mueller relayed that former general manager Eric Kuhn will be retained as a River District consultant through 2018, focusing on Colorado River interstate issues.

Intellectual Property Rights: Waiver for Hunter Causey and Sport Camera on a Rope:

Mr. Mueller referred the Board to a memo from Hunter Causey requesting an exemption from the River District's ownership of staff's intellectual property developed during their tenure at the River District for Mr. Causey's development of a low cost method to inspect underwater structural components at Wolford Mountain Reservoir. The Board concurred with Mr. Mueller's agreement to the request.

Service Anniversaries Recognition:

Peter Fleming expressed the River District's appreciation to Jason Turner for his ten years of service to the River District. John Currier followed suit by expressing the River District's appreciation to Dave Smith for his ten years of service to the River District.

Annual Policy Discussion.

Chris Treese presented two policies for the Board's approval. Colorado's Prior Appropriation Doctrine policy includes proposed language to address potential water shepherding for compact compliance purposes. The Instream Flow policy includes language to ensure water rights (including conserved consumptive use) are equitably administered.

Colorado's Prior Appropriation Doctrine:

Director Monger moved, seconded by Director Catlin to adopt the River District's Colorado's Prior Appropriation Doctrine Policy as presented. Motion carried unanimously.

Instream Flows:

Director Whitmore moved, seconded by Director Ritschard, to adopt the River District's Instream Flows Policy as presented. Motion carried unanimously. (The policies are attached as Appendices A. & B.).

External Affairs:

Information and Outreach Update:

Zane Kessler reported that attendance at the District's eleven State of the Rivers meetings totaled over 1,200. He also reported that the River District's social media presence has increased significantly, and the River District's annual report has been completed and is being distributed by mail and events held throughout the District. The River District will also be presenting a webinar in late August for elected and public officials and other interested parties to relay educational information related to water and water issues.

State Affairs:

Chris Treese recapped the 2018 legislative session and provided end-of-session updates including favorable resolution to relevant budget issues. Those ranged from successful funding of Tier II programs (such as aquatic nuisance species and Colorado's Water Plan funding), to a favorable outlook for severance taxes.

Federal Affairs:

Mr. Treese reported the following: Senator Bennet introduced legislation to protect more than 60,000 acres of land as wilderness in the southwest region of Colorado. The River District is working with Senator Bennet's office to protect water rights within the proposed wilderness area that lie in River District boundaries. Also introduced were bills to update and improve the Endangered Species Act (ESA). Finally, the Bureau of Reclamation has allocated more that \$4 million for federal, state, and tribal projects to prevent and control quagga and zebra mussels (aquatic nuisance species).

Directors' Basin Updates and/or Concerns.

Director Chandler-Henry reported that watershed restoration as a result of the Lake Christine fire is a major focus of the county. She also reported that Eagle County has filed a funding request through the USDA to assist in the watershed restoration efforts. Director Vanden Brink reported that algae infestation in the White River has increased and has impacted a large number of water users in the basin causing economic impacts. There are ongoing studies of the issue; Director Vanden Brink requested continued River District participation. Director Stiegelmeier reported that higher water temperatures in the Blue and Upper Colorado Rivers have had negative impacts on the fish population. Director Trampe reported that the drought has impacted crops and recreational activities in the Gunnison River Basin.

President Alvey recessed the meeting at 4:05 p.m.

Wednesday July 18, 2018

President Alvey found a quorum and reconvened the meeting at 8:30 a.m.

Presentation by Dave Kanzer and Sonja Chavez on Lower Gunnison Project and Salinity/Selenium Control Matters.

Dave Kanzer and Sonja Chavez presented a series of PowerPoint slides and discussed the multi-faceted Lower Gunnison Project (LGP). The LGP combines funding from the Natural Resource Conservation Service - Regional Conservation Partnership Program (NRCS-RCPP), the U.S. Bureau of Reclamation's Salinity Control Program, and various State of Colorado funding sources to design and implement agricultural water use efficiency projects. The River District is the fiscal and administrative manager of the NRCS-RCPP funding. The presentation highlighted additional specifics of the LGP as well as several ongoing, related, lower Gunnison River Basin agricultural projects focused on controlling salinity, selenium by minimizing deep percolation and return flows via irrigation infrastructure improvements. To date, the cumulative results have been very positive with significant reductions in salinity and selenium loading and related concentration levels in the Gunnison and Colorado Rivers, by 30 and 40%, respectively.

Financial Matters.

Presentation of 2017 CRWCD Audit by James Burke, RSM UP, LLP:

Representing the River District's auditor for calendar year 2017, James Burke of RSM reported that in their opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and aggregate remaining fund information of the Colorado River Water Conservation District as of December 31, 2017. He also stated that the respective changes in financial position and cash flows were acceptable for the year and conform to generally accepted accounting principles. The audit report will be made available on the District's web page.

Acceptance of 2017 CRWCD Audit:

Director Monger moved, seconded by Director Chandler-Henry, to accept the 2017 CRWCD audit as presented. Motion carried unanimously.

Discussion of Annual Audit and Contracting Options:

Andy Mueller referred the Board to a memo from Ian Philips regarding a change of auditing firms to maintain auditing objectivity. Bids were solicited and an acceptable bid was received. Staff was directed to check the proposed firm's references and report to the Board at the October 16-17, 2018 quarterly board meeting.

Discussion of Proposed Revisions to Grant Application Guidelines.

Hunter Causey reminded the Board of its discussion at the April 17-18, 2018 quarterly board meeting concerning proposed additions to the Grant Program Guidelines and Criteria that would address applicant contribution to the project and the need for flow measurement. Director Whitmore moved, seconded by Director Acquafresca, to approve the addition of the following language to the guidelines and to include a question in the application regarding if and how the applicant measures water flow for the project. "Is the applicant invested in the project through in-kind and/or financial contributions?" Motion carried unanimously.

Division Engineer Updates.

Water Division 6 Engineer Erin Light, reported that both the White and Yampa Rivers are experiencing low flows as result of drought with tributaries to the rivers going under administration. The Recovery Program is closely monitoring the negative impacts of higher water temperatures on the fish population and is discussing water releases from their pool in Elkhead Reservoir to alleviate the situation.

Projects Operations and Updates (Enterprise Matters).

Elkhead Reservoir.

Proposed Approval of Myers Driveway License Agreement:

Director Merritt moved, seconded by Director Trampe, to approve a revocable ten-year driveway license agreement with David and Donna Meyers for agricultural purposes. Motion carried unanimously.

Malburg Pond Embankment Protection:

Director Trampe moved, seconded by Director Catlin, to approve a contract with Moody Construction & Sons, Inc. in the amount of \$36,560.23 for installation of erosion protection on the Malburg Pond embankment recognizing that there are some unit price items in the contract so the final amount may be slightly different. Motion carried unanimously.

Concrete Repairs to Elkhead Reservoir Spillway:

Director Catlin moved, seconded by Director Acquafresca, to approve a contract in an amount not to exceed \$30,000 with B&RW Construction Co. Inc. for concrete repairs of the Elkhead Reservoir spillway concrete. Motion carried unanimously.

Wolford Mountain Reservoir:

Dam Crest Rehabilitation Update:

Ray Tenney reported the dam crest rehabilitation is underway and is projected to be completed on time. Replacement of the 96 inch butterfly valve seal in the outlet works has proven to be challenging and requires more investigation to achieve a successful seal.

Outlet Works Main Gate Replacement:

Mr. Tenney referred the Board to a memo describing the issues with the main gate on the outlet tower at Ritschard Dam at Wolford Mountain Reservoir that warrants its replacement. Director Merritt moved, seconded by Director Whitmore, to direct staff to procure a fabricated steel gate from Steel-Fab Inc. in an amount not to exceed \$160,000. Motion carried unanimously.

CWCB Water Contract Fee:

Andy Mueller reported that the River District recently received a request from the Colorado Water Conservation Board (CWCB) to waive the District's \$400 water contract application fee for a water contract from Ruedi Reservoir. The CWCB is leasing the water to improve low winter flows. Director Merritt moved, seconded by Director Whitmore, to waive the application fee. Motion carried unanimously.

Grand County Mutual Ditch and Reservoir Company Update:

Mike Eytel provided background information on the formation of the Grand County Mutual Ditch and Reservoir Company (GCMDRC) of which the River District is a shareholder. GCMDRC is currently exploring a pilot project to move its shares to the headwaters of the Fraser River via the Moffat Collection System for stream flow benefits among other beneficial uses.

Future Meetings.

- a. 2019 CRWCD Budget Workshop/Special Joint Meeting, September 13, 2018, Location TBD.
- b. CRWCD Annual Seminar, September 14, 2018, Grand Junction, CO.
- c. Fourth Regular Joint Meeting, October 16, 2018, Glenwood Springs, CO.
- f. Other Meetings:
 - i.
 - iii. CWC Summer Convention, August 22-24, Vail, CO.
 - iv. CRWUA Conference, December 12-14, 2018, Las Vegas, NV.


Adjourn.

There being no other business before the Board, President Alvey adjourned the meeting at 11:28 a.m. .



David H. Merritt, President

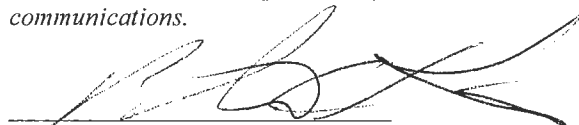
ATTEST:



Andrew A. Mueller, 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