

MINUTES¹
SPECIAL JOINT MEETING AND 2019 BUDGET WORKSHOP
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

September 13, 2018

Pursuant to notice duly and properly given, the Special Joint Meeting and 2019 Budget Workshop 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 Thursday, September 13, 2018 at the SpringHill Suites, 236 Main Street, Grand Junction, Colorado

Directors present during all or part of the meeting:

Tom Alvey, President	William S. Trampe
Mike Ritschard	Steven Acquafresca
Martha Whitmore	Doug Monger
Rebie Hazard	Karn Stiegelmeier
Kathy Chandler-Henry	Tom Gray
Alden Vanden Brink	

Directors not present:

Marc Catlin	David H. Merritt, Vice President
John Ely	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, Director, External Affairs, CRWCD
Jason Turner, Senior Counsel, CRWCD
Jim Pokrandt, Director, Community Affairs, CRWCD
Ian Philips, Chief Accountant, CRWCD
Audrey Turner, Administrative Chief, CRWCD
Ray Tenney, Deputy Chief Engineer, CRWCD
Laurie DePaolo, Executive Assistant, CRWCD
Denise Hussain, Records Specialist, CRWCD
Luci Wilson, Accountant, CRWCD
Bruce Whitehead, Southwestern Water Conservation District
Beth Van Vurst, Fairfields and Woods P.C.
Frank Kugel, Upper Gunnison River Water Conservancy District

President Alvey found a quorum and called the meeting to order at 11:02 a.m.

Review Meeting Agenda and Objectives.

Peter Fleming requested that agenda items 7.a.i. CRCA Implementation, and item 7.a.ii., Colorado River Compact and Interstate Negotiations – Demand Management be reversed on the agenda and the addition of Retention of Special Counsel in the Matter of the Application of Water Horse Resources in the State of Utah

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.

as agenda item 7.a. iv. Director Monger moved, seconded by Director Whitmore, to approve the agenda as amended. Motion carried unanimously.

Approval of Kawcak Driveway License Agreement (An Enterprise Matter).

Director Gray moved, seconded by Director Ritschard, to approve a 10 year revocable driveway license agreement with Lorraine Kawcak for a total of \$500. Motion carried unanimously.

Ratification of River District Status as Co-Applicant with City of Glenwood Springs, re: Garfield County Federal Mineral Lease District Grant Application for Two Rivers Park Shoreline Restoration Project.

Director Trampe moved, seconded by Director Ritschard, to ratify the River District’s status as a co-applicant with the City of Glenwood Springs for a Garfield County Federal Mineral Lease District grant application for the Two Rivers Park Shoreline Restoration Project. Motion carried unanimously.

External Affairs.

2018 Colorado Ballot Initiatives:

Chris Treese provided an overview of the following ballot items on the November 2019 Colorado ballot.

Initiative 74: This initiative would define in the state constitution any reduction in “fair market value” resulting from any government’s law or regulation as a taking of private property and requiring just compensation. Director Acquafresca moved, seconded by Director Chandler-Henry, to **oppose Initiative 74** and directed staff to draft a resolution to that effect. Motion carried unanimously.

Proposition 112: This initiative would increase the required separation of any oil or gas development from publicly occupied buildings “or vulnerable areas” to at least 2,500 feet. Director Whitmore moved, seconded by Director Vanden Brink, to **oppose Proposition 112**. Motion carried unanimously.

Referred Measures Y and Z: These measures would change the way that congressional, and state house and senate districts are drawn every 10 years by removing the state legislature from the process and creating a citizen’s commission for congressional redistricting and a similar commission for state redistricting. Director Hazard moved, seconded by Director Whitmore, to **not take a position on Measures Y and Z**. Motion carried unanimously.

Federal Affairs:

Chris Treese reported after thorough examination of water rights within the portion of Ouray County covered by the San Juan Wilderness bill introduced by Senator Bennet and Representative Polis, there are no longer any water rights that would be impacted by the wilderness designation. Director Chandler-Henry moved, seconded by Director Stiegelmeier, to support the San Juan Wilderness bill. Motion failed 4:6. Directors voting for the motion: Chandler-Henry, Stiegelmeier, Acquafresca, and Whitmore. Directors voting against the motion: Hazard, Gray, Ritschard, Vanden Brink, Monger, and Trampe. The Board subsequently offered direction to staff to express the District’s appreciation for the sponsors’ concern for water rights’ impacts but neutrality on the legislation.

2019 CRWCD Budget Workshop, General Fund and Capital Projects Fund.

Chris Treese referred the Board to a memo regarding the history and function of the Gallagher Amendment passed by voters in 1982. The purpose of the amendment was to create consistency in property tax assessment procedures across the state. The amendment requires a constant ratio of the revenue generated statewide by property tax from residential property versus nonresidential property. The Gallagher Amendment fixed the ratio at 45:55 percent. The residential assessment rate has been declining periodically since 1982 in order to maintain the fixed 45:55 ratio. The River District’s General Fund is supported by its property tax collections

and may see a decrease of up to 8% in 2020 collections as a result of the amendment’s projected impacts. Special districts throughout the state are examining various options such as ballot questions or legislation to alleviate the adverse impacts of the Gallagher Amendment on local governments.

Andy Mueller provided an overview of the River District’s budgets and their funding mechanisms. The General Fund is the administrative fund and covers approximately 75% of District staff and board activities. It is funded principally through property taxes. For 2019, projected tax revenues will increase slightly, with a decrease projected for 2020 and 2021 due to the Gallagher Amendment and a projected 15% decline in the residential assessment rate.

The Capital Projects Fund is funded in large part by unspent General Fund monies transferred at the end of each fiscal year as well as earned interest. This fund covers fleet vehicle purchases, computers, and building improvements and has, in the past, provided the funds for the Grants Programs.

Colorado River Water Projects Enterprise Budget.

The Enterprise Fund covers the operations of Wolford Mountain Reservoir, the River District’s Eagle Park Reservoir water supplies, Elkhead Reservoir, and the River District’s Ruedi Reservoir supplies. It is funded through water sales, the Denver Water-Wolford Mountain Reservoir lease, occasional grants and contributions. For 2019, anticipated expenditures include restoration of the dam crest and replacement of the main outlet gates at Wolford Mountain Reservoir, normal operational and maintenance expenses at Wolford and Elkhead Reservoirs.

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) (property acquisition),(b) (legal advice), and (e) (negotiations) and requested that the Board invite Bruce Whitehead and Beth Van Vurst of the Southwestern Colorado Water Conservation District (SWCD) to participate in Executive Session during the discussion of agenda item 7.a.i Colorado River Compact, Interstate and International Negotiations-Demand Management pursuant to the common interest agreement between CRWCD and SWCD.

- i. Colorado River Compact and Interstate Negotiations – Demand Management.
- ii. CRCA Implementation Matters.
- iii. Eagle River MOU – Homestake Partners’ 90-Day Notice (An Enterprise Matter).
- iv. Retention of Special Counsel, re: Water Horse Resources Application.

Director Stiegelmeier moved, seconded by Director Whitmore, to move into Executive Session pursuant to C.R.S. §§ 24-6-402(4) (a) (property acquisition), (b) (legal advice), and (e)(negotiations) and invite Bruce Whitehead and Beth Van Vurst to participate in Executive Session during the discussion of agenda item 7.a.i.. Motion carried unanimously.

President Alvey reconvened into Public Session at 5:19 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 Compact and Interstate Negotiations – Demand Management.
- ii. CRCA Implementation Matters.
- iii. Eagle River MOU – Homestake Partners’ 90-Day Notice (An Enterprise Matter).
- iv. Retention of Special Counsel, re: Water Horse Resources Application.

Mr. Fleming also reported that Bruce Whitehead and Beth Van Vurst were present during the discussion of agenda item 7.a.i. and that Director Chandler-Henry was not present during the discussion of agenda item 7.a.iii.

Director Trampe moved, seconded by Director Acquafresca to direct staff and counsel to continue to work closely with the Southwestern Water Conservation District to best protect the West Slope from the potential adverse impacts of a demand management program. Motion carried unanimously.

Director Stiegelmeier moved, seconded by Director Whitmore, to authorize the River District to retain special counsel Snell & Wilmer, LLP licensed in Utah with respect to the pending application with the Utah State Engineer from Water Horse Resources with the possibility of sharing the special counsel with the Upper Yampa Water Conservancy District, or if that is not practical, retaining alternative counsel. Motion carried unanimously.

Discussion of Personnel Review Process.

Audrey Turner reminded the Board of its annual review of General Manager and General Counsel would be scheduled for the October 2019 quarterly board meeting.

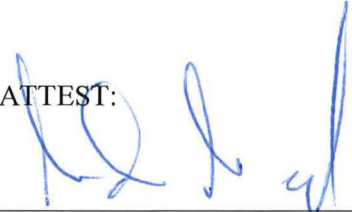
Adjourn.

There being no further business before the Board, President Alvey adjourned the meeting at 5:26 p.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