

MINUTES¹
SPECIAL JOINT MEETING/FISCAL 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

February 15, 2019

Pursuant to notice duly and properly given, a special joint meeting and fiscal 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 Friday February 15, 2019, at the offices of the Colorado River District, 201 Centennial Street, Glenwood Springs, Colorado.

Directors present during all or part of the meeting:

David H. Merritt, President, Garfield County
Martha Whitmore, Vice President, Ouray County
Steve Acquafresca, Mesa County
Tom Alvey, Delta County
Kathy Chandler-Henry, Eagle County

Tom Gray, Moffat County
Doug Monger, Routt County
William S. Trampe, Gunnison County
Alden Vanden Brink, Rio Blanco County

Directors not present during the meeting:

Marc Catlin, Montrose County
John Ely, Pitkin County
Rebie Hazard, Saguache County

Mike Ritschard, Grand County
Karn Stiegelmeier, Summit County
Stan Whinnery, Hinsdale County

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
Audrey Turner, Administrative Chief, CRWCD
Jim Pokrandt, Director of Community Affairs, CRWCD
Zane Kessler, Communications Director, CRWCD
Ray Tenney, Deputy Chief Engineer, CRWCD
Don Meyer, Senior Water Resources Engineer, CRWCD
Hunter Causey, Water Resources Engineer, CRWCD
Laurie DePaolo, Executive Assistant, CRWCD
Lorra Nichols, Paralegal, CRWCD
Denise Hussain, Records Specialist, CRWCD
Ian Philips, Chief Accountant, CRWCD
Luci Wilson, Accountant, CRWCD

Quorum.

President Merritt found a quorum and called the meeting to order at 9:32 a.m.

Long Term Budget Discussion.

Andy Mueller initiated a discussion with the Board and staff members regarding a variety of factors that are likely to impact the future revenue of the River District. These factors include:

- The Gallagher Amendment;

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.

- The spending/revenue cap and tax rate cap in the Tax Payer Bill of Rights; and
- The decline in revenue from fossil fuel related extraction and energy production.

Andy Mueller and Chief Accountant Ian Philips provided the Board with possible future fiscal futures for the District based upon various growth and revenue scenarios. Andy Mueller highlighted several significant cost savings measures which the District has implemented in the last year including but not limited to a reduction in force, a reduction in the District vehicle fleet and a suspension of the grant program. Without a future adjustment to revenue, all growth projections indicate that the District will have significant trouble sustaining its ability to meet its mission.

The Board and staff discussed various possible solutions to this situation and discussed constituent support for the District and various solutions with staff and consultant Laurie Weigel.

The Board asked staff to continue to analyze potential solutions and to continue to work with the District's consultant and the Board on strategies.

Risk Study Phase III Discussion with John Carron and John Currier.

John Carron from Hydros Consulting was present by phone and presented an update powerpoint, via webinar on the Phase III Risk Study.

Mr. Carron reported the early results of StateMod modeling of five call dates ranging from 12/21/1899 – 7/30/1957 identified on slide 3 and the volume of Colorado River consumptive use that is senior to each of the 5 dates. These volumes (slide 4) range from approximately 1,000,000 acre-feet (senior to 12/31/1889) to 2,300,000 acre-feet (senior to 7/30/1957). It was noted that the volumes senior to each date are somewhat different if administration is based on the appropriation date of the water right or the administrative date.

Mr. Carron discussed the StateMod finding that the volume of consumptive use senior to 11/24/1922 ranges from approximately 1.5 MAF to 1.6 MAF depending on whether administrative date or appropriation date is used for curtailment. These estimates are higher than the “conventional wisdom” of 1.1 – 1.2 MAF of pre-compact consumptive use for two reasons; first the modified Blaney-Criddle methodology results in higher consumptive use estimates than the original Blaney-Criddle methodology, and second as post-compact rights are curtailed irrigation efficiency under the pre-compact rights increases (slide 5).

Mr. Carron discussed the proposed future demands within the basins (slides 6-8) that will be used to identify the Lake Powell risk profile under a possible future development scenario. He noted that the future demand numbers are not intended to represent all possible future uses nor exclude from consideration any possible future uses over the next couple of decades. John Currier noted the intent of the future demand scenarios was to make a stark comparison between risk at today's level of development and risk under a future development scenario.

Mr. Carron stated that next steps include plugging the future demands into StateMod and CRSS to be able to compare future demands to the baseline or current condition modeling. Also meetings with the Basin Round Tables need to be scheduled.

Mr. Carron noted one variation of future operations to consider would be to run a model after 2026 and revert back to the LROC. He also noted that the Bureau of Reclamation is doing a very comprehensive review of consumptive use in the Upper Basin. The outcome of this comprehensive review is that it will ultimately require significant updating Lee Ferry Natural Flow Database.

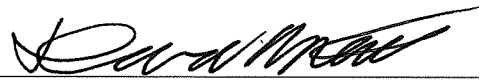
John Currier noted the goal is to submit the Phase III Risk Study report at the April 2019 Board meeting, as well as to the Basin Roundtables on May 2, 2019.

General Manager's Update.

Andy Mueller noted that Denise Hussain, the River District's Records Specialist, is retiring from River District and today is her last day of employment. He thanked her for the many years of service that she provided to the River District.

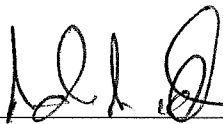
Adjourn.

There being no other business before the Board, President Merritt adjourned the meeting at 2:13 p.m.



David H. Merritt, President

ATTEST:



Andrew A. Mueller, Secretary/General Manager

