MINUTES
SPECIAL JOINT MEETING AND 2020 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 19, 2019

Pursuant to notice duly and properly given, the Special Joint Meeting and 2020 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 19, 2019 at the SpringHill Suites, 236 Main Street, Grand Junction, Colorado.

Directors present during all or part of the meeting:
David H. Merritt, President
Mike Ritschard
William S. Trampe
Karn Stiegelmeier
Kathy Chandler-Henry
Tom Alvey

Martha Whitmore, Vice President
Steve Acquafresca
Doug Monger
Tom Gray
Marc Catlin

Directors not present:
Al Vanden Brink
John Ely

Rebie Hazard
Stan Whinnery

Others present during all or part of the meeting:
Andrew A. Mueller, General Manager, CRWCD
John Currier, Chief Engineer, CRWCD
Audrey Turner, Administrative Chief, CRWCD
Jason Turner, Senior Counsel, CRWCD
Jim Pokrandt, Director of Community Affairs, CRWCD
Ian Philips, Chief Accountant, CRWCD
Ray Tenney, Deputy Chief Engineer, CRWCD
Zane Kessler, Director of Government Relations, CRWCD
Hunter Causey, Sr. Water Resources Engineer, CRWCD
Laurie DePaolo, Executive Assistant, CRWCD
Luci Wilson, Accountant, CRWCD
Andrew Thompson

Quorum.
President Merritt found a quorum and called the meeting to order at 8:31 a.m.

Presentation of Credentials for Delta County Director.
Andy Mueller reported that executed credentials for the director from Delta County (Tom Alvey) were received and are in order.

General Manager’s Update.
Proposed Approval of Continuing Services Agreement with Grover Pryor LLC, re: Earthwork Services at Wolford Mountain. (An Enterprise Matter):

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.
Director Alvey moved, seconded by Director Ritschard, to authorize the General Manager to execute a three year continuing services agreement with Grover Pryor LLC for the provision of earthwork and related construction services at Wolford Mountain Reservoir not to exceed a total of $105,000 over three years subject to annual budget appropriations. Motion carried unanimously.

External Affairs.
Discussion and Possible Action Endorsing Proposition DD:
Zane Kessler provided a summary of Proposition DD. The proposition, if passed, would levy a 10% tax on net sports betting revenues with approximately 93% of those revenues being allocated to fund the Colorado Water Plan through a Colorado Water Plan Implementation Cash Fund. Mr. Kessler also reminded the Board of its support for HB19-1327 that de-criminalizes sports betting contingent upon passage of Proposition DD by voters in November 2019.

The Board then reviewed and engaged in a lengthy discussion of a proposed resolution supporting Proposition DD. Following the discussion, Director Acquafresca moved, seconded by Director Whitmore to adopt the resolution with several suggested edits. Further discussion led Director Acquafresca to move, seconded by Director Whitmore, to amend the motion to include in the resolution additional edits proposed by staff. The motion, as amended, carried unanimously.

Direction Catlin moved, seconded by Director Trampe, to adopt the amended resolution in support of Proposition DD. Motion carried unanimously. (The resolution is attached as Appendix A.).

General Counsel’s Report.
Proposed Approval of a Resolution Consenting to the Acquisition of Water Rights in Grand County Consistent with the Windy Gap Firming Project IGA:
Jason Turner referred the Board to a memo containing background information on the Windy Gap Firming Project IGA (the River District is a signatory to the IGA), and the IGA requirement that any acquisition of water rights in Grand County by Northern Water’s Municipal Subdistrict must have written consent by Grand County and the River District.

Director Ritschard moved, seconded by Director Trampe, to adopt a resolution consenting to the purchase of water rights by Northern Water’s Municipal Subdistrict in accordance with the Windy Gap Firming Project IGA. Motion carried unanimously. (The resolution is attached as Appendix B.).

2020 CRWCD Budget Workshop, General Fund and Capital Projects Fund.
Andy Mueller and Ian Philips provided an overview of the River District’s budgets and 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. Property reappraisal occurs every two years with the latest reappraisal in 2019 resulting in an increase of net valuation of 11% throughout the River District. Tax revenues are projected to increase slightly in 2020, however due to Taxpayers Bill of Rights (TABOR) limitations, declining oil and gas production revenues, and the Gallagher Amendment, budgetary challenges are expected to continue.

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 Program.

Andy Mueller reminded the Board of the Grants Program suspension for 2019 and relayed staff’s recommendation to continue the program suspension in 2020 due to ongoing budgetary challenges. Mr. Mueller then proposed creating an emergency grant program for emergency repairs caused by events as ditch
or head gate failures and requested Board direction. Board discussion led to staff being directed to present a draft emergency grant program policy for consideration at the October quarterly board meeting.

**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 and other qualifying Enterprise activities. It is funded through water sales, rental income, occasional grants, management fees, and the Denver Water-Wolford Mountain Reservoir lease. For 2020, anticipated expenditures are projected to decrease due to completion of the restoration work at Wolford Mountain Reservoir.

**Adjourn.**
There being no further business before the Board, President Merritt adjourned the meeting at 11:54 a.m.

\[signature\]
David H. Merritt, President

**ATTEST:**

\[signature\]
Andrew A. Mueller, Secretary/General Manager
RESOLUTION 2019-1

A. WHEREAS, the Board of Directors of the Colorado River Water Conservation District voted to unanimously support House Bill 19-1327 at its meeting held April 25, 2019, and

B. WHEREAS, HB19-1327 was passed by the Colorado General Assembly and signed into law by Governor Polis, and thereby referred to Colorado voters Proposition DD to legalize sports betting within Colorado; and

C. WHEREAS, a vast majority of the new tax revenue generated, if Proposition DD is approved by Colorado voters, will be dedicated to the Water Plan Implementation Cash Fund to be expended in accordance with the provisions of HB 19-1327; and

D. WHEREAS, on November 19, 2015, Governor Hickenlooper formally adopted Colorado’s Water Plan outlining broad concepts for meeting the State’s water needs through the year 2050 in the face of unpredictable climate change and a doubling population by balancing agricultural preservation, new water development, municipal water conservation, and environmental enhancement while protecting Colorado’s legal and institutional system of interstate compacts and equitable apportionment decrees, and local control; and

E. WHEREAS, Colorado’s Water Plan has a projected 30-year price tag of $20 billion, $3 billion of which is identified as unfunded from existing revenue resources; and

F. WHEREAS, The Colorado General Assembly passed HB 19-1327 with broad, bipartisan support in large measure because of the specified dedication of the vast majority of the 10% tax revenues to beginning to address this “funding gap” of Colorado’s Water Plan; and

G. WHEREAS, The funds generated by Proposition DD will only be a start toward fully funding Colorado’s water supply needs and it is the expectation of this Board that the General Assembly will fund the additional needs from the General Fund; and

H. WHEREAS, Proposition DD explicitly provides that if any demand management program is adopted in Colorado, such program will be “regionally equitable and avoid(s) disproportionate, negative economic or environmental impacts to any single subbasin or region” and such program will be temporary, voluntary and compensated; and

I. WHEREAS, Proposition DD is modeled after the initiative that created the Colorado Lottery to fund parks and open space; and
J. WHEREAS, Proposition DD would use the proceeds from a new form of gaming administered by mountain casinos to invest in our water, our water infrastructure, and our rivers and streams.

K. WHEREAS, It is the expectation of this Board that should Proposition DD pass, the General Assembly will in the future honor the express language of Proposition DD in allocating the funds generated therefrom.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of the Colorado River Water Conservation District officially declares its support for Proposition DD for the purpose of providing a mechanism to fund a portion of the implementation of the Colorado Water Plan, including a potential demand management program, all in accordance with the provisions of C.R.S. Section 37-60-123.3.

The Board of Directors of the Colorado River District indicated its consent to Resolution 2019-1 by motion on September 19, 2019.

COLORADO RIVER WATER CONSERVATION DISTRICT

By: [Signature]

David H. Merritt, President

Attested to by: [Signature]

Andrew A. Mueller, Secretary/General Manager
COLORADO RIVER DISTRICT
PROTECTING WESTERN COLORADO WATER SINCE 1937

RESOLUTION 2019-2

A. WHEREAS, consistent with its permits and prior agreements, the Municipal Subdistrict, Northern Colorado Water Conservancy District and its Windy Gap Firming Project Enterprise ("Municipal Subdistrict") with the support of the Colorado River Water Conservation District ("Colorado River District"), Board of County Commissioners of Grand County ("Grand County BOCC"), Colorado Water Conservation Board, Colorado Parks and Wildlife, Trout Unlimited, the Upper Colorado River Alliance, and other persons and entities, intends to construct and operate the Windy Gap Connectivity Channel ("Connectivity Channel") from a point on the Colorado River just upstream of Windy Gap Reservoir to a point just downstream of Windy Gap Reservoir in order to provide environmental benefits to the Colorado River; and

B. WHEREAS, based on studies completed to date, the Connectivity Channel is expected to provide significant environmental benefits for the Colorado River by enhancing sediment transport, reducing streambed armoring, moderating elevated water temperatures, providing connectivity for aquatic life and fish passage, and enhancing aquatic habitat; and

C. WHEREAS, the Municipal Subdistrict, Grand County BOCC, Middle Park Water Conservancy District, Colorado River District, and the Northwest Colorado Council of Governments are parties to the Windy Gap Firming Project Intergovernmental Agreement ("WGFP IGA"); and

D. WHEREAS, pursuant to Section IV.(H)(2) of the WGFP IGA, any acquisition of existing water rights in Grand County by the Municipal Subdistrict requires the express written consent of the Grand County BOCC and the Colorado River District; and

E. WHEREAS, the Municipal Subdistrict intends to acquire property and existing appurtenant water rights in Grand County, Colorado currently owned by the Schmuck Children’s Trust; and

F. WHEREAS, the acquisition of this property and its appurtenant existing water rights are in furtherance of the construction and operation of the Connectivity Channel; and

G. WHEREAS, the Connectivity Channel will provide significant environmental benefits to the Colorado River and the Colorado River District’s constituents in Grand County.

The Board of Directors of the Colorado River District hereby provides its express written consent to the Municipal Subdistrict, as required pursuant to Section IV.(H)(2) of the WGFP IGA, to acquire existing water rights in Grand County, Colorado. In doing so:
CRWCD RESOLUTION 2019-2
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1. The Colorado River District recognizes the significant environmental benefits to the Colorado River and its constituents in Grand County from the construction of the Connectivity Channel.

2. The Colorado River District understands that the purchase of the Schmuck Children’s Trust property and existing appurtenant water rights by the Municipal Subdistrict is necessary for the construction and operation of the Connectivity Channel.

3. The Colorado River District hereby consents to the Municipal Subdistrict’s acquisition of the following existing water rights in Grand County, Colorado:
   a. All of the Schmuck Children’s Trust rights, title, and interest in and to the right to divert 2.4 cubic feet of water per second of time adjudicated to the Schmuck Ditch, Appropriation Number 456B, Ditch No. 39B, on the Colorado River, with the date of appropriation of June 1, 1910, as adjudicated in Water District No. 5, copy of said decree recorded November 1, 1955, in Book 114 at page 533, of the records of the Clerk and Recorder of Grand County, Colorado; and
   b. All water rights decreed with a priority date of September 2, 1972, from Schmuck Well No. 2 (0.33 cubic feet of water per second of time) as decreed August 10, 1973, by the Colorado District Court in and for Water Division No. 5 in Case No. W-1877.

4. The Colorado River District reserves the right to oppose any future use of the subject water rights in a manner that is detrimental to the River District, its constituents, or West Slope water interests.

The Board of Directors of the Colorado River District indicated its consent to this acquisition of existing water rights by the Municipal Subdistrict by motion on September 19, 2019.

COLORADO RIVER WATER CONSERVATION DISTRICT

By: [Signature]

David H. Merritt, President

Attested to by:

[Signature]

Andrew A. Mueller, Secretary/General Manager