

These written minutes represent the general discussion of the DWCD Board of Directors, DWCD staff, and participants at the DWCD board meeting, and they include a record of any and all board actions taken at the meeting. The written minutes are not intended to provide a word-for-word account of the board meetings. Nor are they a direct quote of any statements offered at board meetings. All DWCD board meetings are recorded on audiotape.

## DOLORES WATER CONSERVANCY DISTRICT WATER ACTIVITY ENTERPRISE

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### MINUTES Regular Meeting July 14, 2022

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**CALL TO ORDER** Godwin Oliver, President, called the meeting to order at 7:00 pm

**ROLL CALL** Godwin Oliver, President  
Simon Martinez, Vice-President  
Don Schwindt, Secretary-Treasurer  
Wes Wilson, Director  
Glen Fish, Director  
Landan Wilson, Director-Via Teleconference  
Sheldonna Z. Ives, Director-Via Teleconference  
Ken Curtis, General Manager  
Ben Harclerode, Chief of Engineering & Construction  
Rob Walker, Maintenance Supervisor-Via Teleconference  
Lisa Jordan, Office Administrator  
Adam Reeves, Attorney  
Robert Stump, Bureau of Reclamation

#### INTRODUCTION OF GUESTS

##### In-Person

Brandon Johnson, General Manager; Rusty Cringle, CDWR; Jeremy Redshaw, Full-Service Farmer

##### Via Telephone/Teleconference

Rich Landreth, City of Cortez

#### MINUTES

#### APPROVAL OF THE MINUTES

**MOTION: TO APPROVE THE MINUTES AS SUBMITTED FOR THE JUNE 9, 2022, ENTERPRISE MEETING.**

**MOTION: SIMON MARTINEZ  
SECOND: GLEN FISH  
MOTION CARRIED UNANIMOUSLY.**

#### FINANCIAL STATEMENTS

**MOTION: TO APPROVE THE MAY '22 FINANCIAL STATEMENT AND APPROVE THE STATEMENT OF PAYABLES AS PRESENTED.**

**O&M: AP/CHECK #40528-40620 & PR/CHECK #125303-125352  
\$330,551.22**

**MOTION: WES WILSON  
SECOND: SIMON MARTINEZ  
MOTION CARRIED UNANIMOUSLY.**

**O&M REPORT** – Rob reported the following:

**Pumping Plants** – South Canal, Fairview, and Cahone pumping plants went down on June 10 due to a crow hitting one of the overhead fuses at Pleasant View. WAPA replaced the fuse within 12 hours, and Staff had all the plants up and running. Pleasant View went down the next day as a result of the outage. The ventilation system wasn't working, and the plant tripped due to high heat. Cahone and Fairview power is supplied by a different substation than South Canal, but the plant's protection system detected a low voltage (FV) and a Ground Fault (Cahone) and tripped. Due to SCADA issues, all plants went down on June 15 at 2:20 am; they were back up at 9:20 am. Eric Tanner and Ben have been working on updating some of the hardware in the field to alleviate these issues hopefully. Ben has also been working with a network evaluation company to diagnose and repair any problems.

**Power Plants** – McPhee Power Plant is scheduled to run through September 14<sup>th</sup> at 25 CFS. Towaoc Power Plant has averaged 72 CFS over the last month.

**Field Work** – Staff has been performing regular maintenance in the field, gate motors, hydraulics, valve replacements, weed control, etc. The Dove Creek M&I situation with the new Dollar General has been resolved. They built their parking lot on top of two of our M&I feeder lines, so they agreed to dig the new trench, and DWCD moved the lines to the north property line. DWCD ended up digging the trench. Adobe Milling and the Dollar General will have their original taps but in locations away from the new asphalt parking lot.

DWCD was going to assist MVIC with some large drainage cleaning projects that they had started downstream of the Fairgrounds on Hwy 160. MVIC was going to move their crew up to Groundhog so DWCD would finish the project. However, MVIC completed this project well ahead of the anticipated time frame. Rob stated that MVIC did a great job on the project.

**Cathodic Protection (CP)** – The cathodic protection system is in place to help control corrosion on buried metallic infrastructure, i.e., laterals, siphons, manifolds, and plants. An outside contractor has been responsible for testing the CP system in the past, but DWCD would like to take it over, so Staff is receiving training from the BOR. The BOR cathodic protection specialists inspected most of the THC system and the GCPP the last week of June. They will send us a report with their recommendations.

**DWCD Employees** – DWCD staff is currently managing normal workloads with two unfilled positions, and we have just learned that a third employee is quitting to accept a career with better pay. We don't plan on filling that position soon, and the remaining employees will absorb those additional responsibilities. In addition, in the last week, we had a control room operator resign as well. We have hired an entry-level Field Technician as our Senior Field Technician has chosen to work part-time during the irrigation season, possibly returning for next year's irrigation season. Other employees are planning for retirement/moving on, and Rob believes it takes 3-4 years to understand and be proficient in any of the DWCD positions, so training from current DWCD staff is crucial. The next Personnel Committee Meeting was planned for after the irrigation season, but due to the circumstances, Rob would like to have a meeting in August. They are trying to cross-train the current Staff, and it is crucial that we get personnel trained to perform all of the work. A personnel committee meeting was set for Tuesday, August 9, at 8:00 am at GCD.

## **WATER MANAGEMENT REPORT**

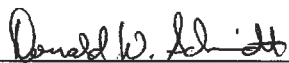
**Water Accounting** – Ben presented the Inflow/Outflow **1) June:** The beginning reservoir elevation was 6,892.66', and the ending elevation was 6,887.29', an elevation loss of 5.37'. The active capacity went from 105,291 AF to 87,129 AF. The high flow on the Dolores River was June 9 at 491.0 CFS, and the low flow was June 30 at 278.0 CFS. Ben noted that MVIC was draining Groundhog at this time, which was +/-200 CFS. Total inflow was close to the same as the river. Total diversions in the tunnel hit 12,010 AF for June. UF&RE had varying degrees of use in June, with a low use on June 6 of 4.1 CFS and a high on June 29 of 33.3 CFS. The Lone Pine started the month with a low flow of 154 CFS and a high flow of 364 CFS on June 10. Once Groundhog was moving down the river, MVIC bypassed through McPhee to Narraguinnep, which accounts for the increased flows in the Lone Pine. The U-Lateral stayed consistent. On June 2<sup>nd</sup>, MVIC hit the 72,000 AF diversion limitation. Their usage for the rest of June came out of Call Water Storage. The total Call Water used in June was 23,789 AF. The Dove Creek Canal had a low flow of 44.4 CFS, a high of 165.0 CFS, and a total of 6,824 AF of use for June. Below McPhee, the Lower Dolores ran at 27 CFS for June for a total use of 2,872 AF, so the Fish Pool decreased by 27 CFS per day. Precipitation for June was 2.44", and average precipitation is .4"-.8" in June. The temperatures ranged from 75-97 degrees for high and low temperatures ranging from 41-63 degrees. Groundhog was pretty much drainage by July 1<sup>st</sup>. **2) July:** The beginning reservoir elevation was 6,887.17' and the July 13 elevation was 6,884.69', an elevation loss of 2.48'. The Dolores river started the month at 243 CFS and was down to 107 CFS on July 12. The total inflow column is roughly the same as the river. The diversions at the tunnel are just under 5 KAF so far in July. UF&RE use has been between 4.3 CFS and 22.4 CFS. The Lone Pine is up to 118 CFS as of July 13 from 110 CFS on July 1. The U-Lateral had a high of 61.5 CFS on July 7 and came back down to 60.5 on July 13. Total irrigation to date in July for MVIC is 55,895 AF. Call Water used so far in July is 4,861 AF. The Dove Creek Canal has seen a low flow of 59 CFS and high flows of 107 CFS, and the use for July

out of the Dove Creek Canal is 2,170 AF. Flows below McPhee remain at 27.7 CFS, and the Fish Pool is decreasing by the same amount. There has been .33" of rain thru July 13, and the temperatures ranged from 81-96 degrees for daytime highs, and low temperatures ranged from 54-60 degrees. 3) Ben referred the Board to the Exceedance Table and stated that after the July 1<sup>st</sup> forecast, we met the 10 KAF needed in June to increase the FSA allocation to 8.5" per acre. They will continue to look at the water numbers; if there is anything left after the mid-month forecast, they will raise the allocation. The new allocation brings the FSA allocation to 23,695 AF (42%), UF&RE allocation to 9,556 AF (40%), the Fishery to 11,413 AF (38%), and MVIC supply to 128,800 AF. Project supply is sitting at 32% currently. Landan asked how long they thought the water would last. Ben stated that they are estimating water will last until the middle of August. It was noted that some irrigators would like to extend their water to the end of August, but the target is the middle to the end of August. The average inches per acre used in the FSA is 4.22" at the end of June, which is a little over half. We have already shut off one user for going over and contacted the higher users to ensure they are aware of their water usage and not to go over. 4) Ben stated that there is one upstream augmentation request in Groundhog Vista, which is slightly unusual as they want to fill water tanks for fire prevention and to support the HOA at Groundhog Vista. The total CU is .08AF (25,000 gallons). Since this is a little different type of use, Ben wanted to make sure the Board was aware of it.

**Hydrograph Review, Reconciliation** – Ben stated that the hydrographs have been updated and will be discussed extensively later in the meeting. Ben said there was a request for 20 years of data and asked how far back the Board wants to go and the timeframe for completion. With the recent loss of the engineering technician, Rob, Eric, and I will have to cover their duties for the time being. We need to be conscious of our scheduling and workload. As we progress deeper into history, the accounting isn't as well documented, and data isn't as useful. Simon stated that a lot of good information had been put together already. Don stated that he is the one that would push for the information, and it became clear last month that they don't want to combine the two (billing and long-term hydrology) and stated that they could be two separate projects. Don thought the hydrology summaries that Mike Preston and John Norton presented at the SWCD meeting were good and would help with showing trends and water supply availability. Don stated that if Staff can make it fit and could get a good 20-year record to look at trends from more mathematical analysis, that would be good. Getting it in as soon as it fits into their schedules is important. Don would like to eventually get to the water supply available by updating the DPR study to more current years. Ben said that if they can hold off on the older data until the end of the water season and work on it in the winter, that would be helpful. Don stated that this makes sense to him. Ken noted that the hydrographs are all about MVIC and the long-term data is a broader hydrology line. A balance between supply and demand. Ken stated that he would begin working on the billing relative to the 2021 Audit, among other items that will be discussed later in the meeting. The hydrology is what we will push towards the winter after the billing is complete.

#### Other

**ADJOURNMENT** Dolores Water Conservancy District Water Activity Enterprise Board meeting adjourned at 7:34 pm

  
Donald W. Schwindt, Secretary-Treasurer

  
Godwin Oliver, President

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## DOLORES WATER CONSERVANCY DISTRICT

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### MINUTES Regular Meeting July 14, 2022

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**ROLL CALL** Godwin Oliver, President  
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Rob Walker, Maintenance Supervisor-Via Teleconference  
Lisa Jordan, Office Administrator  
Adam Reeves, Attorney  
Robert Stump, Bureau of Reclamation

### INTRODUCTION OF GUESTS

#### In-Person

Brandon Johnson, General Manager; Rusty Cringle, CDWR; Jeremy Redshaw

#### Via Telephone/Teleconference

Rich Landreth, City of Cortez; Andrew Wendt, ATLAS

### MINUTES

#### APPROVAL OF THE MINUTES

**MOTION: TO APPROVE THE MINUTES AS SUBMITTED FOR THE JUNE 9, 2022, REGULAR MEETING.**

**MOTION: SIMON MARTINEZ**  
**SECOND: LANDAN WILSON**  
**MOTION CARRIED UNANIMOUSLY. SHELDONNA Z. IVES ABSTAINED FROM THE VOTE.**

**MOTION: TO APPROVE THE MINUTES AS SUBMITTED FOR THE JUNE 9, 2022, EXECUTIVE SESSION MEETING.**

**MOTION: SIMON MARTINEZ**  
**SECOND: GLEN FISH**  
**MOTION CARRIED UNANIMOUSLY. SHELDONNA Z. IVES ABSTAINED FROM THE VOTE.**

## FINANCIAL STATEMENTS

**MOTION: TO APPROVE THE MAY '22 FINANCIAL STATEMENTS AND APPROVE THE STATEMENT OF PAYABLES AS PRESENTED.**

**ADMIN: AP/CHECK #12194-12203**

**\$7,665.04**

**MOTION: WES WILSON  
SECOND: SIMON MARTINEZ  
MOTION CARRIED UNANIMOUSLY**

## AGENCY REPORTS

**BOR Report** – Robert Stump stated that 1) the Cathodic Protection specialist came down from Denver. This visit stresses the importance of regular monitoring of the cathodic systems. Without regular monitoring it is difficult to assess the condition of the anodes, whether they are depleted or not, whether there is an anode problem versus a wire problem or other connectivity issue. Robert stated that he really encourages the District to continue regular monitoring. Don asked what was regular? Robert stated that frequency of monitoring should be at least quarterly, more thorough monitoring would happen annually. Simon stated that on the UF&RE's system the soil is corrosive and the anodes get terribly corroded monitoring has helped them on their lateral lines over the years. It was stated that with regular testing you can get a good reading on the system as a whole. It was stated that once training is complete District personnel will begin monitoring in-house. Don asked who would pay? Ken said it would be charged based on location. As part of the GIS project DWCD is trying to get all of the test stations located and implemented into a GIS system. Ken explained the different types of anode beds, induced current and wells. Ken stated that the contractor who had been performing the testing on THC for many years left the area. It is an electrical task that DWCD electricians could perform, it is not high voltage so others could also perform the testing. This is in line with what we do with pumping plants and power plants. Don said that as he has listened over the years, it seems that DWCD should have been trained for the testing several years ago as you look at the benefit vs. the cost. He's concerned we missed an opportunity to be proactive. Ken stated that one of the issues is that it is pretty technical training and we may end up going to outside training. NACE is a private entity who trains individuals for oil fields etc., if necessary DWCD will send individuals to their training if we cannot get from BOR. Robert pointed out two different types of activities, monitoring which is pretty simple versus the evaluation which is more complicated and he hopes will come from the BOR Tech Center. Simon stated that the person they have testing and monitoring is getting near retirement and they will also have the same problem finding someone to monitor and test the system. 2) Tunnel Fuels Reduction – Robert stated that they completed a cultural survey under the IDIQ contract. As far as historical sites, the survey came back with there are the old MVIC ditches that won't be affected. The next step is to incorporate this report into the NEPA process. Robert stated that DWCD staff is working on a proposal. Ben stated that he and Rob met with the foresters noting that this would be a challenging project for the crew to perform during the winter when they are trying to catch up on winter projects. Rob and Ben will evaluate whether DWCD can take on this project or if it will need to be contracted out. Ben stated that they will have a proposal in the next couple of weeks. Robert stated the funding for this has to be obligated this fiscal year which is why we have a close deadline. 3) Water Screens under the Basin Fund MOA – Robert has received one proposal from that solicitation which is under review. Robert stated that this may be a little bit over the approve budget, it is a small amount so Robert anticipates the additional amount being approved. Robert believes that if it is awarded work could begin after the irrigation season. 4) UMUT Drought Response – Robert stated that the BOR approved funding for drought response for fallowed fields. Robert is working on a 638 agreement with the Tribe. UMUT also has another proposal in for sectionalizing valves under the Native American Affairs program. Robert has not heard back and noted that it is under review.

**Division of Water Resources Report** – Rusty stated that McElmo went off call this last week, Mancos is on Priority 7 and Summit shut off June 27.

**T/H Committee Report** – Godwin stated that the Committee met June 15, 2022 1) The Committee paid DWCD and MVIC. Godwin noted that financially the Committee is stable at the moment but wants the Board to keep in mind that the THCC may need to ask for a loan if there is an emergency and the funds are not in place to cover the costs.

**Next T/H Meeting** – The Committee will meet at the DWCD, Cortez Office July 20, 2022 at 2:00 p.m.

**MVIC Report** – Brandon reported that 1) MVIC shut the water off from GH to Narraguinnep June 30. MVIC crews are currently working on the gates at Groundhog, they are going to work 10-hour days to perform the work more quickly. Weeminuche will set up the dewatering system to pump the reservoir lower than the original dead pool, after this is complete Weeminuche will start the foundation, around August 1. 2) The recent rains have hampered irrigators getting their hay up. 3) The plans for the pipe on the end of the Goodland Ditch have been approved through NRCS. 4) MVIC submitted a

WaterSmart Grant to BOR for replacement by piping on the Lower Arikaree and part of the Garrett Ridge Ditches.

## GENERAL MANAGERS REPORT

### Miscellaneous Updates

**CWC 2022 Summer Conference, Steamboat, August 23 – 25:** Tuesday through Thursday. Let staff know if you would like to sign up.

**Invenergy Solar Development (Sandstone PP):** A letter was included in the packet from Invenergy, solar developer, with map showing use of DP lands. A public meeting is scheduled for 5:00 PM Monday, August 8, at the Pleasant View Fire Station. Ben and Ken will attend and the Board may wish to join that meeting. We'll discuss the project in the future as their schedule, needs & impacts become clear. Ken stated that the solar project has been out there for a while and was not accepted by Tri-State the last time. There are some project lands affected in the Sandstone area and there will likely be construction water needed for the project also. Don asked how many project lands would be affected. A lot of the land is the Kinder-Morgan piece which, since they don't take water, it makes sense. The land north of BB is project land. Landowners are still obligated to pay the base charge even if they don't take any water. Ken stated that this still has to go through Montezuma County high impact approval.

**MVIC WaterSmart Grant: Garrett Ridge & Lower Arickaree:** Ken stated that he sent in a letter of support from DWCD on the replacement by piping projects for the Garrett Ridge & Lower Arickaree.

**Potential DWCD Loan to THCC:** Based on Ken's verbal discussion with THCC members things are going as planned with continued monthly payments by UF&RE. Though not exactly an emergency, some necessary drainage work, cleaning culverts on Reach 2, has been more time consuming (costly) than anticipated. The THCC will discuss at their next THCC meeting on July 20.

**Audit Review & Questions with Andrew Wendt, Atlas:** Our new auditors completed their work after review by Lisa and Ken. A final audit report and the year end 2021 Statements were mailed to the Board for review. Unfortunately, Andrew was not be able to make it in person, but was in attendance by phone.

Andrew stated that he was very happy with how everything went with the 2021 audit and noted that for a first-year audit it went as smooth as it could. Andrew stated that the highlights are that: with the overall expected decreases in fund balance, revenue was lower in the O&M fund while the General fund and Power Plants increased. The O&M fund revenues will hopefully bounce back next year. Andrew noted that the key area of the audit to look at is the Budgetary Comparison Schedules (page 33) for each fund that compare the budget directly to the actual balances. Andrew stated that the biggest piece of the audit that he wanted to touch on is that auditors are required to review the prior auditor's work papers. Andrew stated that in performing this it was learned that the prior auditor had not recorded the previous year's accounts receivable balances in the O&M and DCL&G funds. The funds were understated by about \$227K combined (accrual not cash). Andrew stated that he spoke with the prior auditor who admitted it was a mistake and should have been picked up. This boosted the fund balance for those two accounts (pages 9 & 31), going forward this shouldn't be a problem. Andrew stated that there are some new accounting standards for the upcoming year and he and Lisa will have to work through them in the next year. The standard that could apply is if DWCD has operating leases, those leases will have to be shown on the balance sheet prior to next year's audit. Based on this year's audit it may not impact the District. Andrew stated that he and his managing partner, Lonnie Woodley, plan to come in person soon as he would like to meet everyone face to face. Ken stated that the supplemental information (page 35) that compares the budget with the actual expenses is helpful and DWCD's biggest concern has been cash flow. Ken noted comparing the Original Budget and the Actual Amount the 2021 revenue was down a little over \$1M and the expenses were knocked down about \$1M; some from WAPA and some from budget cuts. Depreciation is important to track but not something you keep in the cash income statement. The \$300K from WSM Reserve was transferred but since it is within the same fund (200) it doesn't show up as a transferred in amount in the audit. Ken stated that DWCD over ran our Administrative Budget with the last legal bill in 2021, there wasn't a cash flow issue however the budget expenses should have been adjusted to account for that invoice.

**Reserves & Investment Review:** An updated spreadsheet of our current CD holdings was included in the mail out packet. DWCD COLOTRUST Prime funds are also presented on the spreadsheet. Together these make up our reserves. Ken stated that the major issue in investing right now is rising interest rates through a few weeks back, but are now dropping based on fears of a recession in 2023. Ken stated that the spreadsheet shows the last two investments and noted that DWCD bought the longest investment they could at the highest rate possible. Ken stated that they have created a ladder so there are some investments that mature each year. Ken noted that late last year Kinder Morgan made a payment which will be moved to the Discretionary Reserve and will add \$35K to the COLOTRUST balance in that account. Ken stated that COLOTRUST is like a money market to have the money here in a day if needed noting that COLOTRUST is also very conservative. The yield in

the PRIME fund, where we have our funds and the most conservative, is still going up on the YTD, the daily is also going up a little, but are 2 points below the level of a commercial CD. Ken stated that there are some additional investments coming due in 2022.

**Colorado River Basin Issues – DCP / DROA / Drought Resiliency:** One new article was included in the Board mailout and highlights statements from our Compact Commissioner that are causing some controversy among the states. The news is staying focused on the 2-4 MAF needed in water savings in the near future that are scheduled to be worked out by next month relative to the August 24 month study that drives 2023 operations. There may need to be further discussion in executive session on DWCD concerns. Becky Mitchell had some statements that are discussed in the Michael Elizabeth Sakas article pointing out the LB 10+ MAF of use compared to the UB at about 3.5 MAF last year, 4.5 MAF normally. The prime concerns are that Powell will go below power pool next year. As well as losing all the power production there would be operational problems. The accounting in the Lower Basin (LB) is not like the Upper Basin (UB). Ken also referred to the UVWUA letter to highlight some neighboring water user related concerns. On top of everything else they are starting pre-scoping for the renegotiation of the 2007 guidelines that need to be in place by 2025. The federal register notice, handed out, gives a good history of where we have been the last 15 years. Some other news from the SWCD meeting is that the UB states are waiting to see what comes out of the Upper Colorado River Commission DM study later this fall. Ken stated that this is changing day by day and much of it in the last 48 hours. Ken stated that most of what he knows is coming from the news articles. Ken believes that we will be asking MVIC and UF&RE to possibly help us in doing something. Ken would like to discuss this further in executive session.

**Reconciliation Process Review:** A copy of the final response to MVIC was mailed to the Board. Ken stated that last year's MVIC billing was in the packet for reference. Ken stated that we have not gotten too far mechanically on the water side or the billing side of the reconciliation. Ken had one handout for the Board. One request is to break up MVIC portions of use from McPhee into Call Water, Totten Water and Project Water. Those are the billed portions for shared facilities that were incorporated last year. Naraguinnep, Upstream Exchange and Direct flow are not billed as paying for a share of the project facilities as they fall under the historic uses. Other things the Board has thought about are the extraordinary maintenance items that could be billed out over time such as the dredging. Ken stated that the numbers in the sample are not actual although Ken pulled numbers from the 5-year averages so he feels the water numbers are pretty accurate and the dollar numbers are not audit numbers they are from last year's estimate. Now that the audit is complete the next step is to plug in the actual dollar amounts for 2021 costs. As a sense of scale the main cost will be McPhee Dam & Dike and Reservoir, Great Cut Pumping Plant and the Dolores Tunnel and Canal. Great Cut Pumping Plant and Dolores Tunnel and Canal charges are smaller and not included in this example. Ken stated that if you take out the dredging cost and add back in 10% of those costs, to account for 10 years of payback, Ken still expects the shared cost to be in the \$282K range. If you just performed this on annual accounting, you have water use, a percentage of the total based on that water and a proportionate shared cost. Then if you just change it to the 5-year average, you can see the amounts ripple and change. Ken noted that 2021 was the worst year on record, it is about as extreme as it gets. If you take any other year on the 5-year average there would be much less difference. This example is to give the Board a sense of scale and once the audited dollar amounts are input that will drive the charge notice. Ken stated that he has been using 10-year payback on the dredging as that is the number that was previously discussed. Ken will bring back a draft charge notice to the Board in August. The Board may want other information that has not yet been produced. Ken stated that this would be in line with what will be produced. Great Cut Pumping Plant and Dolores Tunnel and Canal will also be included but they are around 1/10<sup>th</sup> of the costs of the dam and dike.

**Discussion:** Don stated that as you look at the big change, going to a 5-year rolling average from the annual, does that mean the bills from 2021 will circle back to the other users? Ken stated that all of the M&I's do pretty good too, since they weren't shorted. Even though they are small, the use numbers didn't change much as they used about the same as any other year. Their percentage changes and costs would change fairly dramatically along with MVIC because of the very unique, terrible year that 2021 was compared to the rolling average. In one way the rolling average takes you back to what is a long-term average, aka the DPR, it doesn't take you all the way because we don't operate that way. Over time it is all going to balance. If you contrast it one year they look differently, but if you start running rolling averages routinely it's all going to start balancing. Don stated that a 3-year rolling average is also an option to look at. Ken stated that a 3-year average would be a little sharper. Ken stated that he wants to hear if there are other variations that the Board is interested in. Adam stated that it is painful to pay a 5-year rolling average bill on a really bad year and probably less painful to pay a 3-year rolling average bill on a really bad year. Ken explained that staff takes the actual audited costs and plug them into a document called the Allocation Sheet. Then those costs breakdown by how much water is used. Ken stated that we could probably run a variation based on annual water use, 3-year and 5-year water use at that point, we are effectively changing the nine users water numbers with the same audited costs. Ken stated that any one year could have higher or lower costs. It could be costs like the dredging that we could flatten out over time or it could be that we had to spend extra time on the dam like when we do tree removal. Ken will look at a 3-year rolling average but doesn't see going longer than a 5-year rolling average. Ken stated that they will write up notes and will likely revise the cover letters to have an explanation for the billing rather than just amounts due. The historical use sheet will be broken out into more detail also. The 2023 budget portion will not be ready until October. Ken does have some notes that he would like to go over in executive session, just for clarification on the reconciliation.

## LEGAL REPORT

**MVIC 87.3cfs Water Rights Filing** – Adam stated that he didn't have anything new to report. He believes that MVIC is continuing to work with opposers.

**MVIC/City of Cortez Agreement for use of the Cortez 4.2 CFS direct flow right** – Adam stated that MVIC gave DWCD a heads up regarding an agreement between MVIC and The City of Cortez for MVIC to utilize the City's 4.2 CFS direct flow right. Adam discussed this with Ken, they didn't see any big problems with that. They will have to see how it shakes out in the accounting. Ken, Ben, Robert Stump and Brandon Johnson met with the City personnel regarding this at 2 PM earlier today. Ken stated that the meeting went about an hour and would like to continue to discuss this item in executive session.

**Other:** Don stated that after his SWCD vote on the NCA topic, he received a message from the Chairman of the Montezuma County Commissioners that they have rescinded Don's position on the SWCD Board. Adam asked if SW had a vote. Don said that they did have a motion to support that failed as he and others voted no.

### **Water Rights Protection & Supply Discussion involving legal advice and/or negotiations subject to Executive Session**

Adam asked for an Executive Session to discuss the following: Colorado River Issues, City of Cortez Cortez-MVIC Lease and MVIC Reconciliation process.

**MOTION: MOVE INTO EXECUTIVE SESSION PER CRS 24.6.402(b) TO OBTAIN ADVICE FROM COUNSEL AND CRS 24.6.402(e) MATTERS OF NEGOTIATION FOR DISCUSSIONS ON COLORADO RIVER ISSUES, CITY OF CORTEZ-MVIC LEASE AND MVIC RECONCILIATION PROCESS.**

**MOTION: WES WILSON  
SECOND: SIMON MARTINEZ  
MOTION CARRIED UNANIMOUSLY.**

**RECESSED FOR EXECUTIVE SESSION AT 8:48 P.M.  
RECONVENED REGULAR MEETING AT 10:13 PM**

### **REPORT OUT OF EXECUTIVE SESSION**

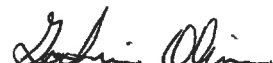
Adam reported that in Executive Session the Board discussed MVIC Reconciliation, the proposed agreement between MVIC and the City of Cortez and Colorado River Issues. Instructions were given to negotiators and the Board received legal advice but no decisions were made.

**Other** – Wes stated that in the audit there is a paragraph stating that "Management has omitted the management's discussion and analysis..." Wes asked if that means DWCD omitted something. Ken stated that he can put his own letters of discussion in the audit. Ken has never included this and neither did Mike, so it is stated as being omitted. Ken stated that if the Board would like him to include a letter in the future, he can do that.

**NEXT DWCD BOARD MEETING** – Thursday, August 11, 2022 - 7:00 P.M.

**ADJOURNMENT** Meeting adjourned at 10:18 P.M.

  
Donald W. Schwindt, Secretary-Treasurer

  
Godwin Oliver, President