

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 audio tape.

DOLORES WATER CONSERVANCY DISTRICT WATER ACTIVITY ENTERPRISE

MINUTES Regular Meeting November 9, 2017

CALL TO ORDER Bruce Smart, President, called the meeting to order at 7:03 PM

ROLL CALL
Bruce Smart, President
Simon Martinez, Vice-President
Don Schwindt, Secretary-Treasurer
Godwin Oliver, Director
David Frederick, Director
Wes Wilson, Director
Glen Fish, Director
Mike Preston, General Manager
Ken Curtis, Engineer
Lisa Jordan, Office Administrator
Robert Stump, Bureau of Reclamation
Adam Reeves, Attorney

INTRODUCTION OF GUESTS

Brandon Johnson, MVIC General Manager; Greg Black, Director, MVIC; Jim Mimiaga, Cortez Journal

MINUTES

APPROVAL OF THE MINUTES

MOTION: TO APPROVE THE MINUTES AS SUBMITTED FOR THE SEPTEMBER 27, 2017 FULL SERVICE ASSESSMENT HEARING AND THE OCTOBER 12, 2017 ENTERPRISE MEETING.

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

FINANCIAL STATEMENTS

David asked why DWCD pays UNCC for easement. Ken explained that this was the fee for locates. David asked if the \$207K was for the track hoe. Ken confirmed that it was. David stated that he didn't know the policy on a cash payment, noting a check for Cash on the bills list. Lisa explained that in this instance an employee purchased and item out of their personal funds and since it was a small amount it was paid back with petty cash and the check for Cash was to reimburse the petty cash.

MOTION: TO APPROVE THE SEPTEMBER '17 FINANCIAL STATEMENT AND APPROVE THE STATEMENT OF PAYABLES AS PRESENTED.

**O&M: AP/CHECK #35405-35470 & PR/CHECK #122229-122280
\$464,393.62**

**MOTION: SIMON MARTINEZ
SECOND: GODWIN OLIVER
MOTION CARRIED UNANIMOUSLY**

O&M REPORT – Lloyd was not in attendance at the meeting however he provided the following report:

Pump Plants – All Pump Plants have been winterized. Post season work orders are being completed by the mechanics and electricians. The excitation upgrade at Great Cut Pump Plant is continuing.

Dove Creek Canal – Approximately 1300 ft. of canal just upstream of Fairview Pump Plant is being reshaped in preparation of tire mat placements. Silt cleaning with the new long stick excavator will be continuing as long as weather permits.

South Canal – WAPA contractors are making good progress on the power line upgrade between Pleasant View and Ruin Canyon.

McPhee Dam – Robert Stump and Randy Green with Reclamation completed an inspection of the 14" jet flow by-pass valve using their crawler camera. The inspection showed normal wear and leakage of the valve with no immediate repairs needed.

Towaoc Power Plant – Staff will begin work on the excitation on Towaoc Power Plant in 2018

**RECESS MEETING FOR LAND INCLUSION HEARING AT 7:20PM
RECONVENE ENTERPRISE MEETING 7:29PM**

ENGINEERING AND WATER MANAGEMENT REPORT

Budget Discussion: Ken referred the Board to the handout in the packet for 2018 DWCD Budget Discussion. Ken stated that in this document he is recapping what was discussed in the workshop and the FAC meeting.

Several Themes or Questions:

Based on those FSA lands not using their allocated water, the O&M budget burden is shifted to those paying the delivery charges. A correction would shift cost from the delivery to base charge. Then the OM&R burden is shared by a wider set of FSA lands.

A small FSA Rate increase might be acceptable, 1 – 2%, but should all be on the base charge.

The Board discussed reserve funds, how irrigation charges are formulated and how these relate to employee wage increases. One suggestion was to better link employee wage/cost increases to the agricultural market sector conditions. Historically a wage freeze resulting from negative financial drought impacts happened in the year following the drought, 2014 after 2013 shortage.

In the current draft 2018 Budget, the 2017 excess FSA delivery water sales, above 22 inches/acre contract amount (24.2 HOV), are all plowed back into 2018 budget. Likewise 2017 lease revenues are expended in 2018 costs. **2018 revenues do not include next season's excess water sales, as they are difficult to estimate and may not be available.** In recent years, budget costs have increased based on spending on Replacements & employee costs (temporary & wage rate increases), yet kept FSA rates from increasing too fast. 2017 FSA rates were kept flat & the draft 2018 Budget proposes a 1.8% FSA rate increase.

One concern is if all FSA costs, particularly employee wages, use up excess revenues then there is no payback to reserve funds, ultimately eating up the reserves as we fund replacements.

The **FSA irrigators are currently paying \$1.05/Allocated AF (\$60K annually)** to replenish the Water Supply Management Reserve account since starting at \$0.35 in 2015, \$0.70 in 2016 & \$1.05 in 2017. Additionally, \$69K is paid back to Replacement Reserve while \$15K is spent on the Basin Fund SCADA & Pump re-build projects, for a **net pay back of \$54K.**

On the other hand, DWCD has tried to remain competitive in the labor market place for a skilled workforce that addresses the smooth delivery of water & long-term Dolores Project infrastructure replacement strategy.

How & when should we move excess revenues into reserves? Historically, we have sent excess metered water sales to the Water Supply Reserve Account.

There was a request to break the lumped investment funds into individual accounts.

There was also a request to look at potential revenue from excess water charges between current \$32.08 & \$41.00 full charge.

From the FSA Farmer Advisory Committee:

All agree that reserves are very important and have been financially helpful to the FSA in the past, specifically in 2013.

Yet they also recognize that remaining competitive in the labor market is important too.

So, the Board decision remains on how to balance the appropriate rate/balance of reserves re-payment. The group asked how much money was needed to re-build reserves and balance that with District financial needs and then decide how fast to re-build the reserves.

Relative to the 2017 farming year, what the FAC noticed was a variety of pestilence attacks on FSA, primarily the alfalfa. The FSA saw a late freeze, hail & rain. Towards the end there was even an early freeze near the end of September, but not too widespread. What really hurt were the insects, especially weevils. The weevils hit hard in 2017 and drove pesticide costs up substantially while hurting yield. The 20 year honeymoon for new alfalfa stands appears to be over. These costs may recur annually going forward. Anecdotally we heard that some experienced a 20 -30% income cut from 2016. So markets are up a little, but were overshadowed by other negative impacts.

BOARD DIRECTION: FSA Rates, Employee Wage Rate Increase, Temporary Employees, Equipment Capital, Vehicle Capital & Replacement Reserve Transfer

1. What should be the FSA Rate increase?
2. How much should go to Replacement Reserve?
3. What should be the Wage Increase? Is there a link to Ag economy?
4. Does the Board want to adjust the Vehicle or Equipment Capital?
5. Back to top as needed to discuss & balance

Don suggested increasing the four questions listed above to six questions. Stating that question 5 should be; Should DWCD go to the \$41 for excess charges in 2018? Question 2 should include the WSM Reserve along with Replacement Reserve and the discussion should be how much money should be contributed to each reserve.

RECESS MEETING FOR BUDGET HEARING AT 7:44PM
REONVENE ENTERPRISE MEETING 7:46PM

Question 1 – FSA Rate Increase: Ken referred the Board to the FSA Rates Base vs. Delivery Charges. Ken explained that all of his estimates are based on allocated water (57,419AF) and estimated delivery in 2018 of 49,590AF. Ken explained this spreadsheet shows how much revenue would be made with different percentage increases on the base charge, base charge being \$27.90 in the 2017 Budget. Greg Black asked that if irrigators become more efficient, isn't the Board penalizing the person who is using less water because they are more efficient. Ken stated that that is one way to look at it. Ken explained that there are some very low users that the Board and FAC would like to see the water put to use on those allocations that are using no water. Greg stated that "tail end" water costs less to the high-end users than the people who are being efficient. Ken stated that the Board has been grappling with this very issue and the Board has been gradually increasing the price on the excess water. The Board has been encouraging conservation by raising the costs of additional water. It was noted that most of the larger farmers now have a mixture of crops instead of having all of their land in alfalfa. David stated that one thing to consider is that siderolls are being replaced by center pivots. Irrigators are losing 7 acres on the corners but still using as much or more water use as center pivots become more prevalent. Greg stated that somewhere there needs to be a balance. Don stated that there is a balancing act on how to charge and how to pay back the reserves.

Question 5 – Conservation Pricing: Ken presented the FSA Conservation Pricing spreadsheet. Ken stated that there is a meter at Great Cut Dike and meters on each box in the field. Ken stated that when he started working at DWCD the Board wanted to keep the excess water "cheap" however the Board has always charged for the delivery. It was noted that as a financial matter delivery of the allocated water and delivery of excess water are billed separately. There have been past years when there has been no additional charge for excess water, but that the pricing began increasing in 2014 and has been rising since then. The Board did hold off increasing the conservation pricing between 2016 and 2017. Ken stated that overall he thinks the excess water use has gone down some, but thinks that has to do with specific yearly weather and crop demand. Ken stated that the excess water pricing decision is generally made in May but the Board can make this decision at any time.

David asked if the \$41 base charge was a target. Ken stated that it was a target number at one time.

Discussion: Wes suggested that the base rate be raised 3%, clarifying that he means on the \$27.90 making the new base rate \$28.74 and to leave the delivery charge the same and is not opposed to charging \$23.44 total on the excess water charge. David asked what Wes's theory is on this and shouldn't this be more equal. Wes stated that the farmers are being charged for the base water allocation and the delivery charge. Wes stated that this is increasing the rate to the people who do not use their water and by doing this adding incentive to utilize the water. Wes stated that he has always advocated that the excess charge should be as high as all other water. Bruce suggested bumping the excess rate instead of raising it to the full charge all at one time. Don stated that he does not think there would be kickback if the rate went up all at once. Godwin stated that the individuals that he has talked to say that if they need the water they will pay the price as they will make the money because they used the water. Wes stated that he is not opposed to raising the excess charge to the full amount either. Godwin asked why David is opposed to putting the increase on the base. David stated that he doesn't think anyone should suffer or gain because of one or two individuals. Godwin stated that when the Project was in the start-up phase, farmers had land in CRP and there was no incentive to use the water there was more incentive to leave land in CRP because the base fee was so low it wasn't worth utilizing the water. David stated that he would rather see the rate at more of a 50/50 split. Wes stated that costs for base operations should be covered by base charges and delivery charge should come as a supplement. Don stated that there was a trial mode in the beginning and there was no base at all, only a delivery charge. In spite of all the FSA lands in CRP during the early years the water bank concept was started. Don stated that after a history of development there was a financial choice to stay out of irrigation by some FSA farmers. DWCD could not afford to have landowners sitting out. Don stated that there is still the concept to move water where needed but there still should be a mix of base charges and delivery charges with the ability to be flexible so this will also help the water bank continue to work. Don is supportive of Wes's suggestion. Ken pointed out that the base has been at \$27.90 since 2009. All of the increases since then have been on the delivery charge. There was consensus that there will be a 3% increase on the base charge (\$28.74) and the excess would be charged at $\$28.74 + 13.10 = \41.84 , the full price of water.

Question 2 – Reserve Accounts/Contribution: 1) Water Supply Management (WSM) – Ken presented a history from 2007 to present showing beginning fund balance, interest and contributions. Ken noted that interest in 2007 reserves were yielding close to \$100K when the stock market meltdown happened noting that interest rates have been down ever since and are just now beginning to come back up. Ken pointed out that in 2009 there was a contribution to WSM of \$60K in excess water sales. Ken stated that this account was building until 2013 there you can see the draw on reserves and the financial help to the irrigators. 2015 was the beginning of the Reserve Replacement fee and there was a contribution of \$19K to WSM. There was \$41K contributed in 2016 and \$60K is projected for contribution in 2017. Don stated that this is helpful and he thought the amount taken out to assist irrigators was more than it actually is. Ken pointed out that the investments out of the fund are shown on the right side of the spreadsheet as they are not part of the liquid reserve amount in COLOTRUST.

2) Replacement Reserve – Ken stated that the history shows some mill levy contributions, transfers of loans being paid back from the DCL&G startup and from the MBIA Annuity that was called back. The \$1.1M that appears is not a windfall; it is money that was invested in an annuity. Ken stated that obviously there have been a lot of expenses in the past 5 years as there are multiple Dolores Project projects that DWCD has been funding the engineering costs on but have been constructed or bought by Reclamation from the Basin Power Fund. It was noted that there will be less engineering needed in the upcoming years with the completion of the pumping plant projects. Longer term, DWCD will shift to canal work and there needs to be a payback strategy for the Replacement Reserve. There is \$54K budgeted to go back to this account in 2018. Don stated that when reserves were restructured it was discussed that the WSM and Replacement funds are the funds that would be utilized. Ken stated that on Replacement Reserve he would lean toward a 20 year payback as that is the life of most of the projects. VFD's and screens should last 20 years. Ken noted that he is not suggesting 20 years payback on WSM. Wes asked what the balance in the Replacement Reserve should be. Ken stated that the Board has not set that as of today, the Board should have a target schedule for paying back the reserves. Bruce stated that annually the District is performing some type of capital work. Ken stated that those are items called out in his previous memo, and are items such as rebuilding meters and other smaller projects that keep the water flowing. David asked if DWCD will have cost due to the WAPA replacement. Ken stated that DWCD has spent money on some engineering help related to that project, however it is WAPA's line and they have the long term financial O&M responsibility.

Discussion: Considering WSM and Replacement Reserve, Don stated that he thinks the entire amount of the Reserve Replacement charge should be transferred to the WSM reserve. The excess water that was sold in 2017 should also go to reserves. Don stated

that he thinks all of the funds should at least be placed in the reserve accounts and can be pulled back out later if necessary. Don stated that by doing this it is easier to see what was put in and what was chosen to be spent. Bruce asked what increasing the contributions to reserves does to the budget. Ken stated he will need to make some adjustments to the budgeted costs for O&M or capital. Don stated that he is not opposed to pulling the money back out to cover cost if necessary. Ken stated that right now there was \$15K budgeted for the SCADA project in 2018. The Cortez office parking lot repairs in the draft budget are not scheduled to come out of a reserve account, but be paid for by current charges. Ken stated that this is the one year that we are not bringing reserves into the budget but instead putting money back to Replacement Reserve. Ken asked precisely how much the Board would like to contribute to each reserve. The Board would like \$75K to go Replacement Reserve and \$60K to WSM Reserve.

Question 3 – Labor Costs: Ken presented a Labor Cost spreadsheet. Ken stated that in 2017 there was a 3.1% increase in the matrix. Ken stated that staff budgets labor increases based on data provided from MSEC for similar operations. Ken stated that in a rate study there are ranges for jobs, there are also classifications and how to work within the ranges. Simon stated that in 2017 DWCD's labor costs are under budget. Ken stated that we now have some temporary people. A licensed weed sprayer, and two retirees that have returned when needed on special projects. The retirees have not been utilized as much as they were budgeted for in 2017. Simon stated that it is not a large increase in the budget. Ken stated that a 1% increase raises the salary cost by about \$15K.

Discussion: Bruce stated that he supports 3.1% proposed. Simon stated that he also supports the amount proposed. David stated that NRCS received a 1.9% increase in 2017. Wes stated that 2.5% would be more in line with the local agricultural economy. Don agrees with 2.5%. Simon stated that the difference between 3.1% and 2.5% is approximately \$6,000. Simon stated that there are very good employees at DWCD and doesn't feel like \$6,000 is a lot of money considering the high caliber employees. Glen stated that he thinks the 2.5% range is appropriate. Godwin thinks the 2.5% would be more comparable. Ken stated that we are not fully out of the current harsh agricultural market. The FAC understands that some employee rates should be linked to the agricultural market, but did not have specific ideas. Simon asked when raises goes into effect. Ken stated that they go into effect in January. Simon asked if the reviews and the raises could be moved to a later date such as March. Mike explained that some the fringe benefit increases occur in January and having raises occur at a later and time would cause the administrative staff to double up on the work that currently takes place one time. Mike stated that the approved salary guideline also states that salary increases happen in January and the Board would have to change that. Ken stated that a delay would need to be discussed at a later time. Mike stated that the State is on a calendar year and everything is set up on a calendar year for transition. Staff will change to a 2.5% increase for 2018.

Question 4 – Capital and Equipment – Ken asked if there were any comments specific to capital. Spending will include trucks and a used side by side.

Ken will make the changes and bring the budget back in December for approval.

Investment Update – Ken presented the Board with an Investment spreadsheet. Ken stated that we received the money back from Ally Bank. At this time the money is being held without reinvesting as we don't know how cash flow might be affected with the extended 30-day payment option. It was noted that the extension was used by a lot of irrigators and it has been agreed that this money could be used for cash flow if necessary and the Board would decide later if they want to re-invest. Mike stated that he has receive feedback on the extended payment policy and that feedback is that it was helpful.

Water Accounting Information – Ken stated that **1)** the October Inflow/Outflow shows Dolores River dropping and has settled out close to 60 cfs. **2)** UF&RE has shut down they leased almost 4,000 AF total this season. **3)** The MVIC system shut off on October 15. MVIC used most of their water and left approximately 800 AF in the reservoir. **4)** The FSA pumping plants were shut down October 13, but there was additional water delivered to Hovenweep as long there was water in the canal and irrigators could take water without pumping. **5)** Releases below McPhee are at 40 cfs and will stay there for the winter. **6)** MVIC is taking their Narraguinnep fill right. **7)** The weather remains dry. We are a little behind on seasonal precipitation, both rain & snow, as forecasters start tracking snow accumulation in November.

ANS Update – Mike stated that the ANS bill has been introduced. Ken and Mike were part of a webinar to present ANS to Colorado water users after presenting at the summer CWC.

Insurance Summary – Ken stated that the insurance premium for the year will be \$111,413. Ken stated that there are several items that are legally driven. Ken stated that over time the premiums have not increased by very much. Worker's compensation is through Pinnacol Assurance, DWCD has a very low rating and very low workers compensation claims.

Other Ken presented the Board with a packet of documents to add to the Director's Resource Books. There is a table of contents and then a summary guide and an appendix. Ken had Eric Sprague summarize the appendix, Ken will discuss this with the Board in December. There is also a new tab related to the Towaoc Highline Canal Committee. There is a Board to Board meeting coming up and the topic to be discussed is the Towaoc Highline Canal Committee. Ken stated that in 2013 the Committee came up with the OM&R lines of responsibilities which are directed toward day to day operations of the canal. The by-laws are also included, along with the contractual documents. There was an amendment in 2016 that had to do with MVIC salinity works on the Lone Pine. There was a payment agreement and a note to letter agreement. Then the original contract dated is dated 1989. Don noted that he does not recall the amendment coming before the Board and would like to see that. Brandon stated he thought he brought it out in 2015 to be implemented in 2016.

Projects Update – DWCD staff will be replacing some sectionalizing valves this off season on the Fairview Block. This is another smaller capital program for FSA infrastructure.

ADJOURNMENT Dolores Water Conservancy District Water Activity Enterprise Board meeting adjourned at 10:01 PM

Donald W. Schwindt, Secretary-Treasurer

Bruce Smart, President

DOLORES WATER CONSERVANCY DISTRICT

MINUTES Regular Meeting November 9, 2017

CALL TO ORDER Bruce Smart, President, called the meeting to order at 10:16 PM

Bruce Smart, President
Simon Martinez, Vice-President
Don Schwindt, Secretary-Treasurer
Godwin Oliver, Director
David Frederick, Director
Glen Fish, Director
Mike Preston, General Manager
Ken Curtis, Engineer
Lisa Jordan, Office Administrator
Robert Stump, Bureau of Reclamation
Adam Reeves, Attorney

INTRODUCTION OF GUESTS

Brandon Johnson, Manager General MVIC; Greg Black, Director MVIC; Jim Mimiaga, Cortez Journal

APPROVAL OF THE MINUTES

MINUTES

MOTION: TO APPROVE THE MINUTES AS SUBMITTED FOR THE OCTOBER 12, 2017 REGULAR MEETING AND OCTOBER 12, 2017 EXECUTIVE SESSION.

**MOTION: SIMON MARTINEZ
SECOND: GODWIN OLIVER
MOTION CARRIED UNANIMOUSLY**

FINANCIAL STATEMENTS

MOTION: TO APPROVE THE SEPTEMBER '17 FINANCIAL STATEMENTS AND APPROVE THE STATEMENT OF PAYABLES AS PRESENTED.

ADMIN: AP/CHECK #11039-11052

\$11,433.10

**MOTION: DAVID FREDERICK
SECOND: SIMON MARTINEZ
MOTION CARRIED UNANIMOUSLY**

AGENCY REPORTS

BOR Report

Robert stated that **1)** The pump at Pleasant View that failed has been sent back to All American for a rebuild. This is warranty work as part of the Basin Fund contract. **2)** Turbine rebuilds will be pushed to next fall. **3)** The SCADA migration was awarded on November 8, 2017. There was a kickoff meeting November 9, 2017. There will be a bit of a time crunch but Robert stated that he feels the first phase will reach completion before the irrigation season begins. Robert stated that the second phase, which is replacing the PLC's, will occur over the next few years and the District will perform the majority of the work. **4)** Robert and Randy Green performed an inspection at McPhee Dam with the crawler camera on the 14" jet flow bypass valve. The inspection went well and shows normal wear and tear leakage.

Division of Water Resources Report

DWR was not in attendance.

T/H Committee Report

Godwin reported that the THC Committee had a meeting on October 25, 2017. **1)** The Committee paid DWCD, MVIC & UF&RE. **2)** The Committee discussed the next Board to Board meeting in which the topic will be the Towaoc Highline Canal Committee (THCC). The Board to Board will be November 28 at 6:00 PM in the DWCD Back Boardroom.

Next T/H Meeting – The Committee will meet at the DWCD, Cortez Office November 15, 2017 at 2:00 p.m. at the Cortez Office.

MVIC Report

Brandon reported that **1)** he will be working on a packet to hand out at the Board to Board and there will be an agenda drafted of discussion topics. Brandon stated that Vern and Les Nunn will lead the discussion as they have the most knowledge regarding the THC. **2)** MVIC started filling Narraguinnep. **3)** MVIC has been placing rip rap along the THC.

GENERAL MANAGERS REPORT/DECISION ITEMS

Draft Drought Contingency Plan – the Board was mailed a memo dated November 2, 2017 forwarding the revised draft Drought Contingency Plan highlighting the comments of each board and the comments coming out of the October 17 Board to Board Meeting. The revised Draft Drought Contingency Plan was also mailed to the Board. Mike outlined the time frame of the Drought Contingency Plan for submission and acceptance.

Don stated that he has some small suggested changes. He found several places that need typos corrected and has a list that he will submit. Don stated that first change is on page 48, the sentence that begins "There is suitable habitat", Don suggested changing the word "is" to "may be". The next change is on page 52 under McElmo Creek Irrigation. The first paragraph to strike "There are approximately 1,800 acres of land" and change it to "There is significant acreage". The next change is on the same page with the sentence "In the 130 years that MVIC, or its predecessors have been in operation..." Don suggested changing that sentence to "In the years that MVIC has been in operation..." The final change is on page 59 in which Don would like to add a suggested sentence after the blue line comments. Don's sentence was "The data gained from better monitoring and assessment may suggest that other places in the Colorado River Basinwide range could be more..." Don stated that he two potential words: "...suitable or important for the three species of special concern, particularly the two sucker species..." Don stated that could be in parentheses "...than the Dolores River reach between McPhee and San Miguel confluence." Don stated that he is open to changes to the sentence but the sentence he read is the concept. Don stated that he would like to go beyond the reach between McPhee and the whole Lower Dolores and look to places that may be more important to the two sucker species.

MOTION: TO AUTHORIZED THE DROUGHT CONTINGENCY PLAN FOR SUBMISSION TO THE BUREAU OF RECLAMATION WITH DON SCHWINDT'S SUGGESTED CHANGES.

MOTION: SIMON MARTINEZ

SECOND: GODWIN OLIVER

MOTION CARRIED. DAVID FREDERICK ABSTAINED FROM THE VOTE.

Prior to his departure Wes Wilson stated that he is in agreement with the Drought Contingency Plan as it has been presented and agrees that it is ready for submission.

Don asked for additional discussion prior to taking the vote.

Discussion after the motion prior to the vote: Glen Fish stated that he read a newsletter regarding system conservation in the Lower Basin and he is concerned with shepherding water. Don stated that there has been a pilot program in the Upper Basin and Family Farm Alliance has developed a policy regarding this. Don has been opposed to the pilot program in the Upper Basin in Colorado, stating that the Denver Water money that has been provided for the program came from the Walton Foundation. Don stated that this still identifies a way to help find carriage water. It was stated that there is a lot more scrutiny and suggestion that the water doesn't belong to the agriculture right. Don stated that there is a group who is pushing to get this concept understood. Don stated that it wouldn't surprise him to see a new beneficial use, presented to shepherd water to Lake Powell. Don stated this is an issue DWCD needs to be thoughtful and concerned about. The Drought Plan is written from a perspective that exposes some weaknesses.

Simon stated that the changes presented show that this has been discussed. Don stated that they have been discussed and risk has been lessened. Simon stated that the Plan is still in draft form and still needs to be approved at a later time. The motion is to move the Plan to BOR's table and they will move the Plan back to our table.

Mike stated that water shepherding is not a discussion of the Plan. The Plan is about trying to be more prepared for another drought and to plan for maximizing carry over storage to delay and minimize shortages. We need to be better prepared for a drought circumstance based on what was learned during, between and since 2002 and 2013 droughts. There needs to be a plan in place to delay and minimize the impact of shortages.

Board to Board Meeting, November 28, 2017, 6PM at DWCD – The topic of discussion will be Towaoc Highline Committee: Purpose, Make-up, Budget, Priority Setting, First Refusals on O&M Work, etc. Background reference documents will be to prepared for this meeting.

Totten Reservoir – A letter dated October 30, 2017 from MVIC President, Gerald Koppenhafer, to DWCD President, Bruce Smart, was mailed to the Board. The letter is asking if DWCD is willing to consider selling Totten Reservoir to MVIC. This will be discussed more extensively in Executive Session to get advice from legal counsel on the issues and points of negotiation potentially involved in this transaction. Mike stated that If the Board wants to proceed with negotiation, staff and legal council will need direction to begin preparing the necessary information, as well as options for how the negotiation will be structured and conducted.

Also mailed to the Board is a letter dated October 18, 2017 from Cap Allen of Totten Land LLC, purchaser of a parcel of land adjacent to Totten that was previously owned by Empire Electric. Ken explained that there is a triangular piece of property near the boat ramp and that the upper parking lot and the restroom is on private property which will likely go away. Ken stated that Totten Land LLC would like to give DWCD the triangular piece to allow access to Totten in exchange for 8 AF of water. Ken stated that the Board may not want to make a decision without talking to MVIC. Ken stated that DWCD has been leasing up to 700 AF of water out of Totten to McElmo users and there is a fish pool of 500AF and a reservoir restriction of approximately 1,000AF. Ken stated that what Cap is offering is access to the reservoir. Don stated that in order to get more parking there would have to be something more than an acre. Don likes the idea of talking to MVIC and not rushing through a decision. Further discussion took place in Executive Session.

Legal Discussions MVIC-DWCD – Groundhog, 505cfs, Change in Use of MVIC 87.3 conditional water right – Legal team will update the Board, as appropriate in open Session, and identify any points of discussion that need to be taken up in Executive Session.

Other Information Attached:

Aquatic Nuisance Species Blog produced by Your Water Colorado (formerly Colorado Foundation for Water Education) in conjunction with the ANS webinar on October 24.

Activities and Meetings since Last Board Meeting:

October 16: Dolores Project Information Exchange, Dolores County Commissioners – GM, Ken
October 16: Drought Plan Work Group Meeting to Prepare for Board to Board Discussion
October 17: Board to Board Meeting – Drought Plan Review and Input
October 18: Call with Carlee Brown, CWCB Interstate and Federal Manager to discuss BLM-Reclamation Authorities Clarification in BLM Resource Management Plans in order to protect Dolores Project-McPhee Operations, Allocations and Water Rights from BLM intervention via Wild and Scenic Suitability and other BLM designations that could impact water – GM
October 18: Phone meeting to develop a Colorado Foundation for Water Education Blog on the importance of the Mussel-Free Colorado Legislation to all citizens of Colorado (Blog is attached) - GM
October 19: DWaRF Steering Committee Meeting - GM
October 24: Water Congress Webinar on Hazards of Mussels and the importance of the Mussel Free Colorado Act – Ken, GM, Doug Vilsack, Colorado Department of Natural Resources Legislative Liaison and Doug Krieger, Aquatic Manager, CPW
October 25: Towaoc-Highline Committee
October 26: Budget Workshop
October 27: Preliminary Report to M&R Team by Scientists who conducted monitoring of the 2017 Managed Release – Bruce, Ken, GM, Don
October 28: Marc Catlin “Diversions” Radio Program – Interview with GM on Mussel Free Colorado Act, Forest Health, Instream Flow Program
October 30: Farmer Advisory Committee – GM, Ken, Bruce, Don
October 31: LEMing Phone Call – GM, Ken, Bruce, Barry, Adam, Steve
November 1: DWaRF – GM, Ellen Roberts, Timber Industry Work Group
November 9: DWaRF Steering Committee, 9:00AM, DWCD

Upcoming Meetings and Activities:

November 14: MVIC Board Meeting, 2:00PM
November 15: Towaoc-Highline Committee, 2:00PM, DWCD
November 15: McPhee Public Meeting – Mussel Inspections, 2017 & 2018, Cortez Conference Center (Destination Grill)
November 28: MVIC-DWCD Board to Board Meeting, DWCD, 6:00PM
December 1: Pilot Use by FS of Colorado Instream Flows as a tool for settling Federal Reserved Water Rights case, 10:00AM, Durango, CPW Video Conference Center
December 6: DWaRF, 1:30PM, DWCD
December 12: MVIC Board Meeting

LEGAL REPORT

Adam did not have any other water cases to discuss in open session. Adam noted that he spoke to John Justus and had a productive discussion.

Adam requested that the Board move into Executive Session to discuss issues related to Totten Reservoir.

MOTION: TO MOVE INTO EXECUTIVE SESSION PURSUANT TO CRS 24-6-402-4(b) TO RECEIVE LEGAL ADVICE FROM THE ATTORNEY AND CRS 24-6-402-4(e) TO GIVE DIRECTION TO NEGOTIATORS.

**MOTION: SIMON MARTINEZ
SECOND: GODWIN OLIVER
MOTION CARRIED UNANIMOUSLY**

**RECESSED FOR EXECUTIVE SESSION at 11:09 PM.
RECONVENED REGULAR MEETING At 11:44 PM.**

REPORT OUT OF EXECUTIVE SESSION – The Board discussed entertaining MVIC’s interest in purchasing Totten Reservoir and Cap Allen’s interest in exchanging land for some

water. They also briefly discussed the 505 cfs and Change in Use of MVIC 87.3 Conditional Water Right. No decisions were made.

Discussion: DWCD Board will begin a dialogue with MVIC and look at ways to place a value on Totten.

NEXT DWCD BOARD MEETING – Thursday, December 14, 2017 - 7:00 P.M.

ADJOURNMENT Meeting adjourned at 11:46 P.M.

Donald W. Schwindt, Secretary-Treasurer

Bruce Smart, President