

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 July 12, 2018

CALL TO ORDER Bruce Smart, President, called the meeting to order at 7:06PM

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
Lloyd Johnson, Maintenance Supervisor
Lisa Jordan, Office Administrator
Robert Stump, Bureau of Reclamation
Barry Spears, Attorney

INTRODUCTION OF GUESTS

Eric Sprague, Engineering Technician DWCD; Brandon Johnson, General Manager MVIC;
Greg Black, Director MVIC

MINUTES

APPROVAL OF THE MINUTES

MOTION: TO APPROVE THE MINUTES AS SUBMITTED FOR THE JUNE 14, 2018 ENTERPRISE MEETING.

MOTION: DON SCHWINDT
SECOND: SIMON MARTINEZ
MOTION CARRIED UNANIMOUSLY DAVID FREDERICK WAS ABSENT AT THE TIME OF THE VOTE.

FINANCIAL STATEMENTS

Don asked who is the Desert Research Institute and Ken explained they are the entity performing the weather modification study associated with the University of Reno.

MOTION: TO APPROVE THE MAY '18 FINANCIAL STATEMENT AND APPROVE THE STATEMENT OF PAYABLES AS PRESENTED.

O&M: AP/CHECK #36199-36236 & PR/CHECK #122688-122715
\$251,835.43

MOTION: WES WILSON
SECOND: GODWIN OLIVER
MOTION CARRIED UNANIMOUSLY DAVID FREDERICK WAS ABSENT AT THE TIME OF THE VOTE.

O&M REPORT – Lloyd reported the following:

Canals – Several motors were replaced at check structures on Dove Creek Canal. A small leak on South Canal near Pleasant View Plant is being monitored. A short section of liner may need to be installed this off season. This appears to be seeping around the concrete.

Pump Plants – A crow in the switchyard at Pleasant View Plant caused a power outage which knocked off four Pump Plants. Plants have gone down due to lightening several times in the past few weeks.

Laterals – An M&I was refurbished and put back in service at Road CC and Road 14. A new M&I will be installed on Road EE next week.

PMSC – Several DWCD employees went through a five-hour class on fiber optics, which included testing, repair, and maintenance of a fiber optics system. Lloyd stated that staff was anticipating long-term replacement on fiber. The consultant stated that the fiber needs maintenance and updates however the existing fiber is adequate. The THC will be the first area to be address as there are more trouble spots along that canal.

Power Plants – McPhee Power Plant remains off due to low flows. Towaoc Power Plant has been online and running steady.

McPhee Dam – Erosion repairs to the left groin area of the dam were completed this week. This area was under laid with turf reinforcement matting in 2013, but due to the high velocities of water washing off of the rock cliffs, the lower section was not holding. This area was recovered and rip rap placed in several areas.

ENGINEERING AND WATER MANAGEMENT REPORT

Investments – Ken stated that DWCD recently had a CD mature with another CD maturing at the end of July and two others later in 2018. Ken stated that he would like Board input on re-investing these funds. Robert Casaceli, with Peaks Investment Management, suggests keeping with the ladder strategy. Don stated that DWCD should stick with the laddering and continue to re-invest. Robert C. told Ken that he is seeing interest rates about as high as they will go as the yield curve is very flat. Ken stated that with all of the current investments there are none maturing in 2022 and only one that matures in 2023. Robert and Ken have been discussing filling out those two years by re-investing the funds that are maturing. Bruce asked if Ken was proposing purchasing CDs as opposed to Bonds. Ken stated yes, we have no reason to purchase anything but CDs recently with a slightly better interest rater than treasuries. There was Board consensus to invest the upcoming maturing CDs and keep them in the ladder structure with 2022 and 2023 maturation dates. Bruce asked what the rates were on the CDs coming due. Ken explained that the rates are around 2% plus or minus half a percent.

Water Accounting – Ken presented the **1) June Inflow/Outflow** spreadsheet and stated that reservoir elevation started at 6,892.26 feet and ended at 6,882.89, 9.37 feet down, with the active capacity of the reservoir dropping accordingly. The **Dolores River** inflow began dropping at the beginning of June. Ken noted that Groundhog releases are included in the Dolores River column and flows were down around 30 CFS by the end of the month.

UF&RE deliveries were going slow early, but picked up after a week to normal diversions. UF&RE is trying to manage their tight water supply later into the season. **MVIC** use slowed down in the middle of the month while irrigators cut hay. **Dove Creek Canal** started with high use and dropped mid-month, hay cutting and a rainstorm are responsible for the drop. Ken stated that McPhee Power Plant was shut off after about 10 days due to shortage. There was not much rain in June, usually a very dry month so not unexpected. **2) July Inflow/Outflow** – Ken stated that the reservoir continues to trend down, approximately 4 feet in 10 days. **Dolores River** inflows got a bump around July 6, it has been raining in the mountains and shows up in the river gage. All users are back to using normal irrigation amounts.

Allocation – Ken stated that UF&RE is managing the last third of their allocation. MVIC didn't make any allocation changes at their Board Meeting this week. Ken stated that if staff sees movement in water availability with the recent rains there will be messages delivered to FSA irrigators on any changes. Ken stated that he is hearing that since it was so dry over the winter the crops would not start growing with normal first cut water use and therefore more water had to be applied earlier and still may not get normal yields. Ken stated that staff is trying to manage the supply and will let all irrigators know if there is any more available water supply as soon as possible. Ken stated that there are FSA farmers that are already shut off noting that most of the high users are small single field users, mostly hay without a large pool and therefore no way to adjust their water application. Ken stated that by looking at the numbers water will likely go through the end of August and he expects a trend downward in FSA use soon. Ken stated that there will be a group of people that will want

water later in the season. A postcard was sent to the FSA irrigators to try to get an idea of what will be needed for late season irrigators. Ken noted that pump cavitation at Great Cut is always a concern, but not precisely predictable. Getting water through the tunnel is no problem but DWCD will have to coordinate with MVIC project supplies and their diversions to get enough water to run the Great Cut pumps.

Discussion: Wes asked when Ken expects to have water turned off to everyone. Ken stated that this is difficult to say as there is some crop diversity, different sized pools and different rates of use. Large alfalfa irrigators are going to be shut off sooner than most. Corn and beans take water at later times and a tree farmer would like water until the first frost. Don stated that with regard to the irrigators who have taken very little water or are not going to use water, the District could offer guidance with regard to when to move the allocation to the pool but at some point if the water is not being delivered it should be put into the water bank. Wes asked when the pumps have to be shut off. Contractually irrigation ends at elevation 6855 and we will pump down to that level as best we can. From there we let the water run north via gravity. Ken noted that if the canal is emptied before we deliver the final water then the canal losses might be too great to reach a single farmer wanting to use water due to evaporation and seepage.

Background Documents and Educational Information – Board members were asked to bring their Reference Books for the MVIC/DWCD contract. Ken reviewed the MVIC/DWCD Contract pointing out some specific items. Ken also handed out some materials concerning the Upper Colorado River Commission and the recent System Conservation Pilot Program.

ADJOURNMENT Dolores Water Conservancy District Water Activity Enterprise Board meeting adjourned at 8:31 PM

Donald W. Schwindt, Secretary-Treasurer

Bruce Smart, President

DOLORES WATER CONSERVANCY DISTRICT

MINUTES Regular Meeting July 12, 2018

CALL TO ORDER Bruce Smart, President, called the meeting to order at 8:31 PM

Bruce Smart, President
Simon Martinez, Vice-President
Don Schwindt, Secretary-Treasurer
Godwin Oliver, Director
David Frederick, Director
Glen Fish, Director
Wes Wilson, Director
Mike Preston, General Manager
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INTRODUCTION OF GUESTS

Eric Sprague, Engineering Technician DWCD; Greg Black, Director MVIC; Brandon Johnson, General Manager MVIC

APPROVAL OF THE MINUTES

MINUTES

MOTION: TO APPROVE THE MINUTES AS SUBMITTED FOR THE JUNE 14, 2018 REGULAR MEETING. TO APPROVE MINUTES AS AMENDED FOR MAY 10, 2018 EXECUTIVE SESSION. TO APPROVE MINUTES AS SUBMITTED FOR THE JUNE 14, 2018 EXECUTIVE SESSION.

**MOTION: DON SCHWINDT
SECOND: WES WILSON
MOTION CARRIED UNANIMOUSLY**

MOTION: TO APPROVE THE MINUTES AS SUBMITTED FOR THE JUNE 14, 2018 AND JUNE 28, 2018 SPECIAL MEETINGS TOTTEN PURCHASE REQUEST.

**MOTION: GODWIN OLIVER
SECOND: DON SCHWINDT
MOTION CARRIED UNANIMOUSLY**

MOTION: TO APPROVE THE MINUTES AS SUBMITTED FOR THE JUNE 14, 2018 AND JUNE 28, 2018 SPECIAL MEETINGS TOTTEN PURCHASE REQUEST EXECUTIVE SESSION.

**MOTION: WES WILSON
SECOND: DAVID FREDERICK
MOTION CARRIED UNANIMOUSLY SIMON MARTINEZ ABSTAINED FROM THE VOTE.**

FINANCIAL STATEMENTS

Mike noted that the legal team is doing a good job staying within the 2018 budget. Glen asked if the LEMing expenses were for the staff to attend meetings. It was stated that changes are for hourly legal services and consulting engineer. DWCD staff is already on the payroll. It was noted that the LEMing item may be a meeting either by phone or in person.

MOTION: TO APPROVE THE MAY '18 FINANCIAL STATEMENTS AND APPROVE THE STATEMENT OF PAYABLES AS PRESENTED.

ADMIN: AP/CHECK #11158-11170

\$8,658.88

**MOTION: WES WILSON
SECOND: GODWIN OLIVER
MOTION CARRIED UNANIMOUSLY**

AGENCY REPORTS

BOR Report

Robert reported that **1)** regarding the Basin Fund MOA's; the SCADA upgrade is complete, the VFD's and excitation are complete and some other electrical items are complete. BOR is starting to close out those contracts. **2)** There was a fixed speed sight visit in June that was productive. Proposals for the next contract are due next week, this will be a 3-year contract with a completion date of 2021. This contract includes five plants and 16 pumps.

Division of Water Resources Report

The CDWR was not in attendance at the meeting.

T/H Committee Report

Godwin reported that the THC Committee had a meeting June 27, 2018. **1)** The Committee paid DWCD and MVIC. **2)** The Technical Service Center (TSC) in Denver is working towards completing the review and update of the existing cathodic system design.

Discussion: Don asked Robert where the cathodic protection was going. Robert stated that the existing cathodic protection is a deep well design rather than a shallow well. TSC is reviewing the deep well design and updating it to the latest technology. They will provide a report on the work that needs to be performed and an estimate of cost for the work. Don stated that it didn't seem that the cathodic protection appeared to be working. Robert stated that he wouldn't say it didn't work, it just didn't last the life of the siphon. The cathodic is still there but anode beds need to be rebuilt. Robert stated that the current review pertains to the Penstock and Siphon 3.

Next T/H Meeting – The Committee will meet at the DWCD, Cortez Office July 25, 2018 at 3:00 p.m. at the Cortez Office.

MVIC Report

Brandon reported that **1)** MVIC started pumping on the U-Lateral at the end of June and began releasing out of Groundhog on July 11, 2018.

GENERAL MANAGERS REPORT/DECISION ITEMS

Himes Creek Instream Flow Pilots – Mike is awaiting but has not as yet received comments or proposed changes from Linda Bassi on the sideboards in the DWCD "Proposed Method" memo that was discussed on June 1. Slowness in response could be related to the fact that the San Juan Forest officials, who are requesting the Instream Flow are tied up with the 416 and Burro Fires. There is also an effort being made by Steve Harris, working with the Technical Team to organize a field trip to look at the Himes Creek diversion and determine if the ditch records accurately reflect high flows out of Himes Creek. The access is through private land which will require landowner permission. Also, Forest Service hydrologists have been tied up responding to the 416 and Burro Fires.

The Confidential proposals from Southwestern and DWCD were circulated with the June 14 Board Packet. These delays could impact the September date for Notice of Intent to the CWCB Board. Below is a summary of the meeting progression from June 14, 2018:

A video conference Manager's Meeting was held on Friday, May 4 and included Kara Chadwick (SJNF) Linda Bassi (CWCB), Bruce Whitehead (SWWCD) and Mike Preston (DWCD). The purpose of the May 4 meeting was to review what happened at the Technical

Meeting April 12 and see if the managers could find a path forward that can be brought back for consideration by all parties.

The managers agreed to work on quantification with sideboards and set up another Technical Committee meeting to discuss options, with Managers attending to confer on any next steps. At the conclusion of the Managers meeting, it was agreed that Notice of Intent for CWCB to appropriate an instream flow on Himes Creek would be moved from May to July.

The Technical Meeting occurred on June 1, via video conference in Durango. In advance of the meeting, DWCD circulated a draft proposed method for quantification of the Himes Creek ISF including sideboards strictly limiting the proposed approach to public land, with no intervening diversions, where standard measurements are not possible, for the purpose of protecting rare or endangered fish.

The day before the June 1 meeting Bruce Whitehead circulated a write up entitled "Summary of Southwestern's Preliminary Position" that he and the SWCD Attorney prepared. The Southwestern Draft questions the legality of not using R2Cross to determine a biological flow recommendation, and sites other step-pool environments where R2Cross had been used as a basis for flow recommendations. The SWCD Draft also reinforces a Water Availability Analysis based on historical ditch diversion records and stresses the legal requirement for a two-step process: biological need followed by water availability analysis to justify an instream flow.

At the conclusion of the Technical discussion, DWCD and SWCD Managers indicated that the proposals discussed had yet to be reviewed by the DWCD and SWCD Boards, which will begin during the June round of Board meetings. It was agreed that the NOI to appropriate an ISF on Himes Creek would be moved from July to September to allow quantification and sideboard discussions to continue at the staff and Board level to see if agreement can be reached. A process and schedule are being laid out to explore proposed options further and see if an agreed upon option can be found.

Discussion: Glen asked if DWCD is in support of Bruce Whitehead's position regarding R2Cross. Barry stated that SWCD is in favor of our sideboards. Mike stated that there are negotiations going on and there are other quantification methods. R2Cross is the method that has been tested in court. PHABSIM has been accepted but hasn't been tested in court. What we are trying to do is get to a quantification that is not an R2Cross quantification the use of a non-standard method is limited by the sideboards. Barry stated that sideboards would be part of the settlement in this case. It was noted that this is still at a point where the State has not agreed to the proposed quantification and sideboards. If and when negotiators agree on quantifications and sideboards the proposal would be brought to the board for review.

Totten Reservoir Purchase Request, Report on Special Meeting June 28, 2018 – Greg Black asked if the DWCD Board had questions regarding why MVIC wanted to purchase Totten. Bruce stated that Adam Reeves and the Board met to discuss the different issues regarding Totten. The main topics were DWCD fiduciary requirements and also putting together information on all of the known issues and costs associated with the reservoir. The price was somewhat a non-issue at the meetings and wasn't the big item discussed. The Board focused on some of the more peripheral items. Bruce stated that it is his understanding that MVIC would like to know the price so MVIC can figure out a cost to the McElmo users for use. Greg stated that this was a good summary. Bruce stated that this will be discussed more in executive session.

Ken stated that every year DWCD summarizes the cost and yield out of Totten in trying to decide on a cost to the McElmo users. Ken stated that he was asked for a "firm yield" out of Totten. Yields are not firm, but are variable driven by hydrologic cycles. Ken stated that he will put together the numbers. Ken stated that there is a restriction on Totten and DWCD is operating at about 1,400 AF. The reason we only lease 700 AF is because the evaporation is too great if users were to take all of the deliveries at once. Ken stated that there was a question on acres. Rob Walker counted up the approximate acres below Trail Canyon that are in the district boundaries and there are roughly 400 acres. This could add up to 2,000 acres that would eventually be in the district. Ken stated that the question of what it costs to operate Totten is a difficult number to get at, it costs a minimum of \$5,000 per year to own Totten. There are other expenses associated with owning Totten rather than just maintenance, such as spraying weeds, there were geo-tech issues a few years ago that were costly, and staff hours depending what is happening. Don stated that people are interested in exploring costs to a different degree. The spectrum can be from very expensive to a liability.

Bruce asked Greg and Brandon how important the price of operating Totten is to MVIC's discussion with regard helping the McElmo group. Greg stated that they are still having discussions. Greg stated that the McElmo group felt slighted by being left out of the Drought Contingency Plan and wondered if there was any way MVIC could supply the McElmo users. MVIC brainstormed and Totten is the vessel that would store the water and even that doesn't

solve the problem. Greg stated that MVIC also has a fiduciary responsibility to the Class A shareholders as owning Totten does not benefit them and would have to be paid for by the McElmo users. We asked if McElmo users were willing to pay for the system. Greg stated that there is a paradigm shift coming around with irrigators getting to know the importance of the water. Bruce stated that he does not know how quickly an answer can be delivered to MVIC. Greg also noted that there were between 40-50 people at the educational meetings put on by Don Schwindt and Bob Bragg. Don stated that the need is there and there is still a lot of education that needs to be performed.

Barry stated that if the DWCD Board wants to discuss where to go from this point it should take place in executive session.

EDS Hydropower Project – Mike met by telephone on June 18 with Scott Clow, and Tribal Legal Team: Leland Begay and Nicki Green. The Tribe expressed readiness to move forward with a joint Energy Dissipation Structure (EDS) Hydro Project. Mike responded that a preferred alternative has been negotiated and accepted by the DWCD Board, and that getting the project underway will require an agreement between DWCD and the Ute Mountain Tribe. This will be necessary for the Tribe to access the pre-construction funds and to have a defined partnership entity to initiate Lease of Power Privilege with Reclamation. Leland Begay invited DWCD to take a crack at an agreement for consideration by the Tribe by the week of July 16.

Mike took a draft agreement from the past and suggested changes that reinforce the preferred alternative and give DWCD an adequate level of control in conducting O&M on the plant as well as a smooth governance process. The draft agreement is being worked on by Barry and Mike will be reviewed by Ken and Steve with a goal of having a redrafted agreement to the Tribe by the week of July 16. Once there is a draft of the agreement that staff and legal team for both entities can recommend, the agreement will be brought to the Board for consideration. This would be an agreement between the Tribal Council and DWCD. Mike stated that there appears to be an opening and staff will begin negotiations to see if this can work. DWCD is always looking for auxiliary income and would use our crews to operate and maintain the plant. This could be a revenue generator for a long time.

Discussion: Don asked what Scott Clow's job is and how long Leland and Niki have been there. Niki works in the same capacity as she did 5 years ago and Leland has come on board since that time. Scott is in the Environmental Department. It was stated that Scott is responsible for the renewable energy efforts for the Tribe.

Activities and Meetings since Last Board Meeting:

- June 18: Phone Meeting Organized by Scott Clow Concerning EDS Hydropower Unit – GM, Scott Clow, Tribal Legal Team: Leland Begay, Nicki Green
- June 20: Meeting with Greg Vlaming of High Desert Conservation to discuss a Nozzle Package program for both pivots and siderolls – GM, Ken
- June 27: Towaoc-Highline Committee
- June 27: Forest Health Advisory Council, Glenwood Springs – GM
- June 28: Meeting at Gates Foundation, Denver to seek Foundation support for Forest Health including Bio-Mass Power – GM
- July 10: MVIC Board meeting, 2:00PM
- July 11: Southwest Basin Roundtable, DWCD, 3:00PM, 2:30 Social Time – Discussion on Forest Health and Post Wildfire Response at approximately 4:00PM.

Upcoming Meetings and Activities:

- July 14: Getting in the Know on H2O, High Desert Conservation, NRCS, 2:00-5:00PM, DWCD Meeting Room – GM on Panel (Flier Attached)
- July 25: Towaoc-Highline Committee, 3:00PM, DWCD
- August 9: DWCD Board meeting, 7:00PM
- August 14: MVIC Board Meeting, 2:00PM

Legal Report – Barry stated that the conditional water rights on Beaver, Bear and Dawson reservoirs have been approved. There is another six years to work on those water rights.

Barry requested that the Board move into executive session to discuss aspects of the sale of Totten reservoir.

MOTION: TO MOVE INTO EXECUTIVE SESSION PURSUANT TO CRS 24-6-402-4(a) ASSESTS, PROPERTY OF THE DISTRICT. PARTICULARLY TOTTEN RESERVOIR AND CRS 24-6-402-4(e) TO GIVE DIRECTION TO NEGOTIATORS.

**MOTION: WES WILSON
SECOND: DAVID FREDERICK
MOTION CARRIED UNANIMOUSLY**

**RECESSED FOR EXECUTIVE SESSION AT 9:50 PM.
RECONVENED REGULAR MEETING At 10:25 PM.**

REPORT OUT OF EXECUTIVE SESSION – The Board discussed Totten Reservoir and different options in response to a request from MVIC to purchase Totten. Negotiators were given direction. There was no action taken in executive session and no action will be taken outside of executive session.

Other – David Frederick stated that he did not re apply for his Board position. The Judge has not appointed another director. David will remain on the Board until the Judge appoints a replacement.

NEXT DWCD BOARD MEETING – Thursday, August 19, 2018 - 7:00 P.M.

ADJOURNMENT Meeting adjourned at 10:27 P.M.

Donald W. Schwindt, Secretary-Treasurer

Bruce Smart, President