

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 February 14, 2019

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

ROLL CALL Bruce Smart, President
Simon Martinez, Vice-President
Don Schwindt, Secretary-Treasurer
Godwin Oliver, Director
Wes Wilson, Director
Sheldonna Z. Ives, Director
Mike Preston, General Manager
Ken Curtis, Engineer
Lloyd Johnson, Maintenance Supervisor
Gina Espeland, Accounting Clerk
Robert Stump, Bureau of Reclamation
Doug Pickering, Colorado Division of Water Resources
Dan McCarl, Attorney Via Telephone

INTRODUCTION OF GUESTS

Eric Sprague, DWCD Staff, Greg Black, Director, MVIC; Cody Hurst, MVIC Staff, Millard, Montezuma County/SWBRT

MINUTES

APPROVAL OF THE MINUTES

MOTION: TO APPROVE THE MINUTES AS SUBMITTED FOR THE JANUARY 10, 2019 ENTERPRISE MEETING.

MOTION: DON SCHWINDT
SECOND: WES WILSON
MOTION CARRIED UNANIMOUSLY, GODWIN ABSTAINED.

FINANCIAL STATEMENTS

Wes asked if we had lost money from last year. Mike pointed out on the Budget Analysis (goldenrod sheet) that we had a beginning balance of \$293,896 and this was not reflected in the actuals. If you add the beginning balance, then the negative \$179,018 becomes positive and these numbers will be audited and moved by recommendation of the auditor, so are subject to change somewhat. Bruce asked about operating transfers and expenditures. Mike explained that the operating transfer is there if we needed to move it for cash flow. Ken stated that there are other operating transfers and nothing was changed from the 2018 budget transfers to actuals. The beginning balance is never in the actuals total. The Admin operating transfer is what was transferred from Admin to O&M and is under a heading with the other numbers.

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

**O&M: AP/CHECK #36784-36914 & PR/CHECK #123066-123140
\$779,650.99**

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

O&M REPORT – Lloyd reported the following:

Laterals

The meter rebuilds for Ruin Canyon, Pleasant View, and Sandstone fields have been completed and will be installed in March. Lloyd included pictures of the meters at Pleasant View and working on PRVs.

Pump Plants

The pumps for Ruin Canyon and Cahone Pump Plants are still in the repair stages at All American and Brimhall Industrial.

Power Plants

McPhee Power Plant has been running steady at 25 CFS. Winter maintenance at Towaoc Power Plant is continuing.

South Canal

The warranty work on WAPA's underground powerline was started Tuesday, Feb. 12th. Lloyd included a picture of this work. The original scheduled repair date was this October. The work is being completed by Intermountain Electric Company out of Cody, Wy. who had the contract in 2017 to replace all existing splices.

Simon asked about work at the EDS. Lloyd stated that the jet flow gates were pulled and the seals replaced by the crews that finished up a couple weeks ago.

ENGINEERING AND WATER MANAGEMENT REPORT

Water Accounting– SNOTEL information was presented showing that snow pack caught up to normal averages around the end of December. We are at 103% of long median as of Monday. These go out on Mondays and are available by email if anyone is interested. Low Snow courses (HalfFast) are at 109% a significant improvement from 2018. There was some melting after Tad Wilbanks went out that might show up next month. There is a year to year comparison for February 1 of our records. Moving on to the water supply all the numbers are based on February 1st data. The Most Probable (50%) shows the median runoff which has an inherent 22% loss due to dry soil moisture as portrayed on the webinar. Once the soil is saturated then we see the start of the run off. The senior rights look to be in good shape and MVIC numbers don't change much across the different forecast projections. If spring weather does dry up the 70% and 90% could be really bad for the Project supplies. Don asked what it would take at the end of the year for a full supply. Ken stated that we are close with the 50% and need about 250 KAF. Rule of thumb is we have 270 KAF under contract and we normally use about 250 KAF because M&I, MVIC and FSA don't usually use all our supplies. Looking at history it usually takes a few years to re-fill McPhee with good carryover storage. Looking at the larger Upper Colorado River Basins shows SNOTELs as of today above 100% of normal and 70% of peak April 1 snowpack. The Dolores SNOTELs are in the middle of the page. From the graph Sharkstooth melted out in October dropping to zero before accumulating snowpack for the season. Ken stated that Sharkstooth may be under reading and he stated that he plans to try and check it out with the NRCS in the summer. Ken handed around a satellite photo of the atmospheric river that is imminent. Therefore Ken stated that he would plan on water supplies in the 50-70% range. Ken stated that we will revisit the snow & water supply information in March. The rest of the graphs are Dolores Project year-end information. There are three sources for McPhee, the Dolores River, Lost Canyon and other low unmeasured runoff (which can vary greatly). The Dolores River makes up about 80% of supply. The graphs are 30 year averages. The set of graphs show the inflows and diversions of individual allocations. Utes have proven that they can use around 28,000 AF annually when supply is available. Don asked what their allocation is. Ken stated that the total is 24,517 AF. The other charts are ending capacity with a long term average of 100,000 AF of carry over. We may be headed back to carryover if the weather systems keep coming. There are a couple pie charts of average annual outflow and 2018. Ken added the water supply summary for the WY 2018 with provisional numbers. Next came the MVIC diversions from or thru McPhee. Some fall stock water may not show up on this sheet. Groundhog looks like direct flow and Narraguinnep is separated out from the irrigations in their summary in an attempt to separate Project supplies from non-Project.

Everything in Column C is the direct flow water right. Totten exchange is valuable, but was not available last year. Ken stated that we will bring more year end numbers next month.

Ken presented information on the Drought Contingency Plan from the Colorado River District, CWCB Power Point and Grand Valley Water Users Association. Arizona legislature gave their approval to sign in January. This is where we are going to be asking the DWCD Board how they want to participate in these discussions. In March Brent Newman will bring a draft Work Plan to CWCB Board for approval to proceed. Don stated that we need to think about what can we make work for us locally. We have to Brainstorm scheduled to discuss and determine what we need and want from Colorado's DCP & DM planning. As he is talking to SWCD and other users, every water right has a unique need and geographic differences. No one except for ourselves are going to protect our water rights. The very best friends we have are the conservation districts that can help in protecting our interests and to feed our ideas up the pipeline to the state. Ken stated that is the point for the Board Brainstorm and to be prepared to decide how the Board wants to participate. There will be a lot of DCP DM meetings coming up in 2019. DWCD needs to establish their participation in DM work groups may be one issue that we need to think about. Also included is the Grand Valley Water Users report and a letter from Mark Harris, GM, to the state. GVVU look similar to DWCD in some ways and brings up questions we should consider. We have a lot of ground to cover and plan to take the Board through the information on the 28th at the Brainstorm. Don referred back to the memo that he wrote, stating that at the SW meeting over the last two days they spent a lot of time on the DCP & DM issues. Don stated that he spoke with Brandon and Don suggested that this be a discussion item at the next Board to Board meeting on February 26th prior to the DWCD Brainstorm Session. Don felt that we need to develop a plan with DWCD, MVIC and Montezuma County. Don stated that he is working with Southwest on local concerns. Mike stated that will be the intent of the Brainstorm to address DWCD and the Dolores Project concerns. We will bring in ideas and as we proceed, we need to get everyone up to speed and explore strategies. See if there are committees that we want to participate in and who is going to cover them. The next logical step would be to work with MVIC and hopefully it will be helpful to them. How do we align ourselves with others in the basin, besides the needs of our own basin that we might be discussing around the West Slope Basin. It will evolve over time and we can plan a productive role in that setting to seek as much alignment going into 2020. Brenda Burhman put out her notice as she promised around February 1st. The important dates for input begin March 4th ending on the 19th only open to comment from the seven Governors. The Department (BOR) will ensure it is promptly shares their comments after submitted. If the DOI takes further action the Department will take further input from Tribes and the general public. So after March 19 we will have a chance to comment on possible Mead/Powell operations. Any federal action is intended to be in place for the August 2019 24 month study for directing operations of the 2020 water year.

ADJOURNMENT Dolores Water Conservancy District Water Activity Enterprise Board meeting adjourned at 8:42 PM

Donald W. Schwindt, Secretary-Treasurer

Bruce Smart, President

DOLORES WATER CONSERVANCY DISTRICT

MINUTES Regular Meeting February 14, 2019

CALL TO ORDER Bruce Smart, President, called the meeting to order at 8:42 PM

Bruce Smart, President
Simon Martinez, Vice-President
Don Schwindt, Secretary-Treasurer
Godwin Oliver, Director
Wes Wilson, Director
Sheldonna Z. Ives, Director
Mike Preston, General Manager
Ken Curtis, Engineer
Lloyd Johnson, Maintenance Supervisor
Gina Espeland, Accounting Clerk
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Dan McCarl, Attorney – Via Telephone

INTRODUCTION OF GUESTS

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APPROVAL OF THE MINUTES

Don stated that he wanted to add to the Executive Session Minutes and discuss the addition in Executive Session.

MINUTES

MOTION: TO APPROVE THE MINUTES AS SUBMITTED FOR THE JANUARY 10, 2019 REGULAR MEETING.

**MOTION: WES WILSON
SECOND: SIMON MARTINEZ
MOTION CARRIED UNANIMOUSLY, GODWIN ABSTAINED.**

FINANCIAL STATEMENTS

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

ADMIN: AP/CHECK #11251-11272

\$767,282.45

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

AGENCY REPORTS

BOR Report

Robert reported his updates on the MOA basin fund on the pumps. 1) All American is balancing the impeller on the pumps and all other work is done and will be ready next week for inspection and then delivery in March. 2) Brimhall – A modification was executed for 2 impellers to be replaced with new ones and working on those and will be some time later for inspection and a late March delivery.

Still the one remaining approved MOA project and it being formulated, but should be getting movement forward soon.

Division of Water Resources Report

CDWR did not have a report.

T/H Committee Report

Godwin reported that the THC Committee had a meeting January 23, 2019. 1) The Committee paid DWCD and MVIC. 2) Changed all the keys on all the T/H to keep trespassers out.

Next T/H Meeting – The Committee will meet at the DWCD, Cortez Office February 27, 2019 at 2:00 p.m. at the Cortez Office.

MVIC Report

Cody reported that they are working on system wide maintenance. Filing Narraguineep on Tuesday and allowing Montezuma County pump out of the T/H.

Ken asked if they were still using DWCD water. Greg stated yes.

GENERAL MANAGERS REPORT/DECISION ITEMS

Water Congress – January 30-February 1. Four Board members and three staff attended the 2019 Water Congress and Workshops. Each person in attendance shared a Water Congress highlight with the rest of the Board.

Godwin stated that he enjoyed it and it was well worth the time. Mike stated that they continued organizing the political alliance with Water Congress leadership on Forest Health. Another step towards strong advocacy.

Sheldonna enjoyed seeing the broader picture and how our specific issues play into it. She stated that the Forest Health is very interesting and could have major water quality and its impacts. Don stated that Water Congress is an active part of the alliance. Don stated that quantifying improves flows and is a major point of interest.

Hemp Meeting Montrose January 24, Yellow Jacket Experiment Station Workshop March 22 - Local attendees on January 24 included Godwin Oliver, and Dean Ives, Walter Henes, Katie Russel Experiment Station Director and Gus Westerman, Dolores County Extension Agent. Weather and poor phone connection did not allow representative of the Colorado Hemp Association to conduct the meeting as planned. Local growers took over the meeting and the discussion revealed some of the challenges and conflicts that are surfacing as growers undertake hemp production and marketing. Godwin reported that there was a lot of information and the oil of hemp would be better grown on smaller acreages. The fiber end would probably be better for larger operations. Would be looking at a large investment on a fiber plant in the area.

Experiment Station Director Katie Russell is planning a local Hemp workshop on March 22 at 2:00-4:00PM at the Montezuma County Annex. Katie will structure the workshop to include technical and supply chain information to begin addressing local interest in growing hemp. The Workshop will include information from the Hemp Association that they were unable to present in Montrose.

Simon reported that the Ute Farm is in the process of setting up to do seed production and are in the permitting process.

Lease of MVIC Class A Shares - The Board will be asked to decide whether to lease 170 Class A MVIC Shares in 2019, and if yes how much to charge per share. In 2018 DWCD offered its 170 MVIC Class A Shares for lease at \$75 per share. Initially shares were offered in blocks of up to 10 shares. At the end of this initial offer, there were 17 shares left. Five applicants had asked for additional shares in the first round. Two applicants asked for 10 and three others asked for 5 each. The additional requests filled the shares left. DWCD's O&M and account charges in 2019, for the 170 Class A shares, are \$5,310 (170 x \$29.50 + \$295 account charge). 2018 lease revenues totaled \$14,000 (170 x \$75 + \$1,250 in account fees).

MOTION: TO LEASE MVIC CLASS A SHARES AT \$75.00 PER SHARE AND KEEP THE DISTRIBUTION THE SAME AS THE PREVIOUS YEAR.

MOTION: DON SCHWINDT

SECOND: GODWIN OLIVER

MOTION CARRIED UNANIMOUSLY

Board to Board, February 26, 7:00PM, DWCD – Potential topics include: Sale of Totten Reservoir and 87.3 filing by MVIC. Once the DWCD Board has a chance to thoroughly review and discuss Colorado Basin Compact issues at the February 28 Brainstorm and has a public statement to release, these issues can be put on the Agenda of a future Board to Board meeting.

2019 Brainstorm, February 28, 9:00AM-3:00PM, DWCD - The Brainstorm will focus on Colorado River Basin Compact issues including the Drought Contingency Plans, Demand Management, and being prepared for Compact Compliance should DCP/DM measures not be adequate to address compact requirements. It is anticipated that an outcome of the Brainstorm will be a publicly shared policy and strategy statement by the DWCD Board.

Disappointment Creek Instream Flow – Dolores County wants to protect their non-decreed right to draw water out of Disappointment for road watering. Steve Harris has evaluated the flow calculations which conform to standard methods, and has consulted with Rob Veil of CWCB on how best to document the non-decreed road water right. Steve prepared a memo for Dolores County, which is attached. Dolores County has hired Marti Whitmore to provide legal support for the Disappointment ISF process. Marti requested that CWCB not file the Instream Flow decree until December 2019 to give Dolores County time to decide whether they want to file for a decreed water right, or rely on the CWCB policy recognizing non-decreed water rights. The GM wrote a letter supporting this delay (also attached).

Himes Creek ISF – Mike stated that we should discuss in Executive Session. DWCD and Southwestern WCD were unable to negotiate a method of quantifying the ISF with the FS, CWCB ISF and CPW proponents. DWCD attempted to negotiate "sideboards" containing this application to first order streams on National Forest land, with no intervening diversions to protect native fish populations. We were not able to reach agreement with the CWCB and AG staff. Himes Creek Notice of Intent (NOI) had been rescheduled to January 2019 as requested by DWCD. Due to the government shutdown, the Forest Service, who is the applicant, was not able to appear in January, so the NOI for the Himes Creek ISF was delayed until the CWCB Board meeting beginning March 20.

Totten Reservoir Pricing Concept for Possible Sale to MVIC – The GM will propose a cost recovery approach for pricing Totten Reservoir that involves adding up DWCD expenditures and revenues related to Totten Reservoir and pricing the sale based on recovering the net cost to DWCD for Totten Reservoir "as is." This needs discussion in Executive Session.

Activities and Meetings since Last Board Meeting:

- January 18: Meeting with Congressman Scott Tipton and Field Staff Ashley Greco at DWCD with State Senator Don Coram on the phone – The GM was asked, as Roundtable Chair, to provide a briefing on discussions surrounding Colorado Basin Compact Issues, Drought Contingency Planning and Demand Management. The GM used briefing materials developed for the DCP/DM Subcommittee of the Southwest Basin Roundtable to guide the briefing and discussion.

- January 24: Hemp meeting put on by Montrose County Economic Development. The local delegation included Godwin Oliver, Dean Ives, Walter Henes and Gus Westerman
- January 25: Meeting with Quantified Ventures to Explore Conservation Bonding to advance Forest Health objectives. At the request of Ellen Roberts, the GM organized a meeting at DWCD to which he invited Empire Electric Engineers Clint Rapier and Andy Carter, Dave Sitton of Aspen Wall Wood and Excelsior, Cortez City Engineer Philip Johnson and Water Plant Operator Rich Landreth, Tribal Council Representatives Selwyn Whiteskunk and Deanne House with Staff Scott Clow and Bernadette Cuthair, Duncan Rose of Trout Unlimited, and Private Forester Bruce Short.
- January 28-29: CWCB Board Meeting Westminster – GM
- January 30-February 1: Colorado Water Congress – Godwin, Sheldonna, Glen, Don, Ken, Eric, GM
- February 5: Meeting to review RFP for Forest Health Strategic Planning Facilitator, under WaterSmart Funding Administered by DWCD
- February 5: West Slope Roundtable Chair Conference Call to Plan DCP/DM Education and Begin Planning for May 2 West Slope Roundtable Caucus at Ute Water in Grand Junction
- February 6: DWRF Collaborative, DWCD – Sheldonna, Ken, GM
- February 7: Phone Meeting with CWCB Carlee Brown and Alex Funk concerning status of DWC Basin Fund MOA Pumping Plant Projects and Related Funding – Ken, GM, Robert, Vern
- February 8: LEMing to discuss Brainstorm Preparations, Himes Creek and 87.3 cfs filing by MVIC
- February 12: MVIC Board Meeting
- February 12: Southwestern WCD Board Meeting – GM, Don
- February 13: Southwestern WCD Board Meeting – Ken, Don
- February 14: DWRF Steering Committee - GM

Upcoming Meetings and Activities:

- February 26: Board to Board, 7:00PM, DWCD
- February 27: General Manager Succession Planning – 10:00AM, Board Only
- February 27: Towaoc-Highline Committee – 2:00PM, DWCD
- February 28: Brainstorm, DWCD, 9:00-3:00
- March 6: DWRF Collaborative, 1:30PM, DWCD
- March 12: MVIC Board, 2:00PM

Action item on the MVIC 87.3 – Mike stated that there have been filings made on this and it is coming back up. The 87.3 is more complicated than Groundhog and MVIC has filed an application and an Engineering Report done in the past. Once the Statement of Opposition is filed by DWCD then we can work on resolving any differences. Bruce stated that when the Board Presidents met the 87.3 agreement was to not affect Dolores Project allocations and Exhibit A. The purpose if more senior water rights in McPhee. Dan stated that it would remain a conditional right and we can get into more discussion in Executive Session.

Legal Report – Dan reported that diligence is due at the end of the month on the Plateau Creek Dam Forebay/ Monument Creek Reservoir which are all part of the same application and the legal team is working on this application and intend to file by the end of the month.

Dan stated that topics for Executive Session include Himes Creek ISF, Pricing Totten Reservoir and MVIC 87.3 Filing, the Bayless Ranches oppositions. Don asked to add the GM Succession planning and the amendment for the minutes of the January 10, 2019, Executive Session. Dan stated those two as well.

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 IN DISCUSSION ON HIMES CREEK, TOTTEN RESERVOIR PRICING, MVIC 87.3 FILING, BAYLESS RANCHES OPPOSITIONS, GENERAL MANAGER SUCCESSION PLANNING AND THE AMENDMENT FOR THE MINUTES.

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

**RECESSED FOR BREAK AT 9:26 PM
RECONVENED MEETING AT 9:31 PM
RECESSED FOR EXECUTIVE SESSION AT 9:31 P.M.
RECONVENED REGULAR MEETING AT 11:42 P.M.**

REPORT OUT OF EXECUTIVE SESSION

Dan reported that the Board discussed Himes Creek Instream Flow, valuing of Totten sale, MVIC 87.3 filing change case, the Statement of Opposition in the Bayless Ranches case and added to Executive Session minutes and no decision were made in Executive Session.

MOTION: TO APPROVE THE MINUTES PER AMENDMENT AS DESCRIBED IN EXECUTIVE SESSION FOR THE JANUARY 10, 2019 EXECUTIVE SESSION.

**MOTION: WES WILSON
SECOND: SIMON MARTINEZ
MOTION CARRIED UNANIMOUSLY, GODWIN OLIVER ABSTAINED HE WAS OUT OF THE ROOM.**

MOTION: TO AUTHORIZE LEGAL STAFF TO FILE A STATEMENT OF OPPOSITION ON THE MVIC 87.3 FILING.

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

General Manager Succession Planning – The Board can begin to discuss how they want to proceed with management succession in Executive Session and consider scheduling a special meeting to explore the proposed approach and any other options that the Board wishes to consider.

A Board only meeting was set for 10:00 A.M., February 27, 2019, Mike and Ken will be available if needed.

NEXT DWCD BOARD MEETING – Thursday, March 14, 2019 - 7:00 P.M.

ADJOURNMENT Meeting adjourned at 11:45 P.M.

Donald W. Schwindt, Secretary-Treasurer

Bruce Smart, President