

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 June 11, 2020

CALL TO ORDER Bruce Smart, President, called the meeting to order at 7:00 PM

ROLL CALL Bruce Smart, President Via Teleconference
Simon Martinez, Vice President
Don Schwindt, Secretary-Treasurer Via Teleconference
Godwin Oliver, Director
Wes Wilson, Director Via Teleconference
Sheldonna Z. Ives, Director Via Teleconference
Glen Fish, Director
Ken Curtis, General Manager
Patrick McKeever, Engineer, Via Teleconference
Lloyd Johnson, Maintenance Supervisor, Via Teleconference
Rob Walker, Maintenance Supervisor, Via Teleconference
Robert Stump, Bureau of Reclamation, Via Teleconference
Gina Espeland, Accounting Clerk
Adam Reeves, Attorney, Via Teleconference
Dan McCarl, Attorney, Via Teleconference

INTRODUCTION OF GUESTS – Via Telephone/Teleconference

Eric Sprague, DWCD Engineering Tech, Doug Pickering, DWR, Rich Landreth, City of Cortez, Marty Robbins, DWR and Laura Spann, SWWCD, Ed Millard, Montezuma County/IBCC/SWBRT

MINUTES

APPROVAL OF THE MINUTES

Ken stated that he received one suggested correction under the water report and it was emailed out. It was a minor clarification in the discussion. Don stated that he had changes to the minutes under the water accounting in the discussion. Don stated that he wanted it clarified that the water went into the dry landscape instead of running off and making it to the river.

MOTION: TO APPROVE THE MINUTES WITH ACCEPTED MODIFICATIONS FOR THE MAY 14, 2020 ENTERPRISE MEETING.

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

FINANCIAL STATEMENTS

MOTION: TO APPROVE THE APRIL '20 FINANCIAL STATEMENT AND APPROVE THE STATEMENT OF PAYABLES AS PRESENTED.

**O&M: AP/CHECK #38369-38465 & PR/CHECK #123976-124029
\$198,582.52**

**MOTION: GLEN FISH
SECOND: SHELDONNA IVES
MOTION CARRIED UNANIMOUSLY.**

O&M REPORT – Rob Walker reported the following:

Pump Plants

All pumping plants have been running steady for the past 2 weeks. Dove Creek went down four times and Cahone down three times in May. At Dove Creek, the water screen was not running for two of the down times, which caused low water in the sump, the other two times were from low water in the canal to the plant. Cahone had a faulty sump level probe that has since been replaced. The U-Pump for Great Cut is at Brimhall.

Canals

Weed pulling has continued but has slowed down over the last couple of weeks. The second round of canal spraying is complete and the canal looks clear of algae and pond weed at this time. Some farmers in Dove Creek have noticed an increased amount of sediment in their irrigation lines. During the last off season, we removed the sediment in the canal and we'll clean out the liner section at the plant this Fall.

Laterals

Full service box C-352 in Cahone was upgraded from a 3" to a 4" delivery to accommodate a new center pivot.

Dove Creek Lawn & Garden

One new tap was installed and two were repaired.

Power Plants

McPhee Power Plant is running steady at 50 CFS. Towaoc Power Plant has been averaging around 70 CFS.

PMSC (Programmable Master Supervisory Control)

Ongoing maintenance & training.

WATER MANAGEMENT REPORT

Water Accounting – Ken stated that the runoff is on its way down. Eric and Ken had initial discussion with the Colorado Basin River Forecast Center (CBRFC) and the model is performing fairly well and not necessarily the source of missed forecast. Beyond the dry soils from last fall, April and May also set records for dryness here and around the upper Colorado. We will spend more time reviewing the forecast when we are all together later this summer. Eric stated that we are still learning more about how 2020 played out. Ken emailed the highlighted Inflow/Outflow sheets with this information, which we will also mail out. In May McPhee did see a gain of 2.5 feet and peaked out over 6900 and maximum at 134,430 AF of storage. The river peaked at 1,190 CFS on May 4th and hit a low point on the May 26. The total tunnel hit a max mid-month while Ute Farm got to 118 CFS in early May and then back down. MVIC started at 307 CFS and went to 452 CFS. MVIC accumulated call water and at the end of May they were at 52,701 acre feet of diversions and call water. Dove Creek put out a total of 13,442 AF for May, highest day was 275 CFS on May 27th. Not much rain recorded at Great Cut. In June we are on the way down crossing 6900' and down almost 1 foot. The Dolores River flow is rapidly falling. Diversions are down thru the tunnel with cutting going on. MVIC has started lowering diversions probably for cutting down to just under 400 CFS now. The river started making less than the MVIC diversions and they started using call water on June 9th. Diversions & call are just under 63,000 and won't make the 72,000 AF limit for April, May and June. DCC flows dropped after the power outage on last Friday Night. See the precipitation column on the fast moving storms at the first of June and it was a short and high flow runoff for the limited amount of water. There were also record setting high temperatures at the end of May. Ken asked if there were any questions. He did mail out a summary sheet in the packet. The flows have been higher than the conservative numbers in May allocation sheet. There are not significant changes in the supply and we will have final numbers on MVIC in early July. For the Full Service we added the extra M&I and put it into the pool for up north and sitting at 18"/acre. We will address the lease for the water with City of Cortez next. Sheldonna asked if there was anything in the forecast for moisture. Ken stated that he had not seen anything in the near future, but otherwise the longer term anticipates a normal monsoon.

Approval of Cortez lease for 1,000 AF of M&I - Ken stated that the one year lease with the City of Cortez to the District was included in the Board mailout. The City of Cortez has up to 1,000 acre feet of municipal and industrial ("M&I") water that is not currently needed for municipal and industrial purposes. The cost is \$33.17 per acre foot for the 2020 water season. Rich Landreth and Phil Johnson put it before the City Council who approved. The lease would be used if needed to supplement shortage irrigation deliveries to classified Dolores project lands and it would offset some of the M&I that was leased at the same rate as lease to Ute Farm and Ranch.

MOTION: TO APPROVE A ONE YEAR LEASE FOR 1,000 ACRE FEET OF MUNICIPAL AND INDUSTRIAL (“M&I”) WATER FROM THE CITY OF CORTEZ FOR SUPPLEMENTAL IRRIGATION USE FOR THE 2020 WATER SEASON AT THE COST OF \$33.17 PER ACRE FOOT.

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

Ken stated with the lease it will raise the Full Service allocation and we will be able to let another inch out for 19” inches/acre. A postcard will go out next week. We will have some minor adjustments in July and looking at final MVIC numbers. There may be some minor adjustments unless monsoons show up sooner.

Don asked with bumping it up to 19”, how that compares to the lease for Farm and Ranch. Ken stated that it works out about the same percentage of Project Supply. The summary sheet shows the comparison. The percentages on the summary are the same and it would be catching it up to UF&R. Don asked if that would be something that we could relay to the community from last month’s meeting. Looks like the allocations are right at the percentages in a normal range. Don suggested putting it on the postcard. Godwin stated that he thought it was a good idea.

Ken introduced Patrick McKeever, the new Engineer, who came to work on May 11, 2020. We are glad to have him on board. His background is in construction and he graduated from the University of Wyoming. Patrick grew up in Colorado and went to school in Wyoming. He worked in Wyoming & Utah in construction and then returned to Norwood to be close to family. He next worked for Williams Construction for 10-12 years locally and out of state. He is interested in hydrology and is excited to be on board. He stated that the District has a really good team in place. The Board welcomed him. Ken stated that he is starting to meet contacts and has been thrown into projects, such as the parking lot, which is completed with striping on Saturday.

ADJOURNMENT Dolores Water Conservancy District Water Activity Enterprise Board meeting adjourned at 7:30 PM

Donald W. Schwindt, Secretary-Treasurer

Bruce Smart, President

DOLORES WATER CONSERVANCY DISTRICT

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INTRODUCTION OF GUESTS – Via Telephone/Teleconference

Eric Sprague, DWCD Engineering Tech, Doug Pickering, Marty Robbins, DWR; Laura Spann, SW Water Conservation District; Rich Landreth, City of Cortez; Brandon Johnson, MVIC General Manager, Ed Millard, Montezuma County/IBCC/SWBRT

MINUTES

APPROVAL OF THE MINUTES

MOTION: TO APPROVE THE MINUTES AS SUBMITTED FOR THE MAY 14, 2020, REGULAR AND EXECUTIVE SESSION MEETINGS.

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

FINANCIAL STATEMENTS

MOTION: TO APPROVE THE APRIL '20 FINANCIAL STATEMENTS AND APPROVE THE STATEMENT OF PAYABLES AS PRESENTED.

ADMIN: AP/CHECK #11504-11514

\$6,295.36

**MOTION: SHELDONNA IVES
SECOND: SIMON MARTINEZ
MOTION CARRIED UNANIMOUSLY**

AGENCY REPORTS

BOR Report

Robert stated that he didn't have anything to report on this month.

Division of Water Resources Report

Marty stated that Doug provided the upstream users information, which was close to last year's number plus or minus 10-acre feet. Close to hitting the maximum.

Marty stated that McElmo is currently off call, however that he is concerned that they may be going back on call before the week is out and may do more releases from Totten sooner than he had expected to. Marty stated that there was some damage in the McElmo Creek which took out some dirt on a diversion and a portion of the dam will have to be rebuilt.

T/H Committee Report

Godwin reported that the THC Committee met on May 20, 2020 in the office in person and he did meet Patrick at the meeting. The Committee paid DWCD and MVIC bills.

Next T/H Meeting – The Committee will meet at the DWCD, Cortez Office June 17, 2020 at 2:00 p.m.

MVIC Report

Brandon reported that 1) MVIC will be releasing for Groundhog for upstream and Narraguinnep. MVIC signed a lease with Doc's Marine #2. The first cutting is taking place and flows went down and with the river going down adjusting diversions down to follow. Business as usual.

SW Water Conservation District

Ken stated that Laura Spann is with us to report. Laura reported a brief report of the bills at the state legislature. Summarizing the bills can be sent via email if Board members are interested. The state legislature temporarily adjourned and reconvened the end of May to address a budget shortfall of

27%. With the Legislature trying to work quickly, of the 34 bills introduced, 12 have passed and 14 postponed indefinitely. Some of the developments are Water Congress sent a letter asking for prioritization and one was the Aquatic Nuisance Species control (mussels) and was pushed for additional consideration by the Legislature. In the projects bill CWCB is getting appropriations from the Legislature. The weather modification program has received an increase to \$350,000 and hope that it entices the lower basin for more matching funds. She can get the Board on the email of the weekly Legislative summary. DWCD can count on SW to participate in the Legislative subcommittee to monitor new water laws that affect users within its boundaries. When the session is done Ken will have Laura hit the most pertinent new laws. The Legislature did pass the temporary instream flow program that was controversial. CDPHE was proposing its own dredging & fill permit system, but did not get through. Laura updated that the Colorado Water Congress has been involved and members of the water community and concerned with the timing of this bill. It is challenging issue and especially at the last minute. CWC will be forming a special committee to work on the dredge & fill permit issue. There was another instream flow bill that passed to authorize the CWCB to augment stream flows through the instream flow for rights that have been quantified and another to address the recognition for un-decreed pre-existing uses. Don stated that he thought that the Water Congress led efforts to postpone the bill by CDPHE on dredge & fill. Ken stated that we belong to CWC and look to SW to take a more active role on policy issues.

GENERAL MANAGERS REPORT

ANS/Fire Season USFS Use of Scooper Aircraft – Ken stated that the San Juan National Forest (SJNF) is preparing for the 2020 fire season and is contemplating staging Scooper aircraft in Southwest (SW) Colorado and inquired about using McPhee in 2020. A short USFS document was mailed out that gives some background information. To effectively operate they need access to lakes with a mile length. Several obvious concerns include recreational boater safety and ANS introduction. A concern that Reclamation and DWCD have is that private recreational float planes, which are currently banned, may seek access to McPhee if we allow USFS use of Scoopers. Once we work through this issue, if we agree, we will work on the safety and ANS protection issues. Alternative fire fighting resources, helicopters with buckets and land-based tankers may be a better solution for SW Colorado. Conversations are ongoing between Reclamation, SJNF, CPW and DWCD.

Wes stated that the scooper planes would be very beneficial to fight fires if they can be supported.

Adam stated that you don't know how it would play out and potential introduction of ANS is big problem. We don't know if it would be regulated and there are a lot of unknowns at this time.

Upper Colorado Recovery Program & May External Relations Report – Ken stated to look at Mike's May final report included in your May packet. The referenced Memo: Summary of Instream Flows, Related Designations and Dolores Project Protections within the Dolores and San Miguel Basins will be handed out when we meet in person at a later Board meeting. Mike's External Report gives a good description of the purpose and major themes included in the lengthy detailed document. The purpose of the larger memo related to the Recovery Program that is starting to consider negotiations relative to 2022/23 change in federal financial support and sun setting of federal legislation. Ken stated that he will introduce the topic and bring it back on a recurring basis.

The report summaries history of the lower Dolores work to support native species and show the extent of instream flows. Ken stated that he asked Mike to put the memo together before he left. Ken stated that he had asked for it specifically to send to Tom Pitts who leads the CWC water users group involved in the Recovery program. Back in 1988 the CO, WY & UT with the federal government put together a program to protect the species, such that future water developments could go on and it has been a successful program. Most of the funding has come from power sales from Glen Canyon/WAPA to build significant investments on the older project diversions. The 15-mile reach between the Grand Valley roller dam through the junction with the Gunnison River is an area of concern for the listed species. We are included as part of the Upper Colorado River system. Ken stated that he has tried to monitor the program for the last year or two. Now future funding from WAPA is going to diminish and the program expires requiring new legislation. The Platt River program expired and was reauthorized by Congress. The memo serves to point out the many protections currently on the lower Dolores, so post 2023 there are no additional protections needed on the Dolores. With the lower Dolores effectively locked up, the Program can focus on other areas. Whatever we do for the 3 native species will help the listed species and there is no reason for additional overlays on the lower Dolores. Ken stated that he will be monitoring the Program and working closely with the attorneys on potential impacts to the Dolores. There will be political activity to get Congressional support. Glen asked if the temperature study falls into the same discussion. Ken stated yes that temperature may impact native fish and could be an issue. There is no immediate Board action needed.

Current FSA Impacts: COVID 19 on Ag Markets, Drought, Weather, Trucking: Ken stated that he attached some information from our local County FSA Executive Director, Kacey Riedel, concerning Coronavirus Food Assistance Program (CFAP), that may provide some local assistance to producers including our email exchange and Eligible CFAP Commodities as of 6/3/2020. Corona

virus impacts are still a moving target, but export dairy hay prices appear to have dropped from approximately \$190 down to \$160 per ton, for the time being. Availability of export trucking remains a concern, but it's not clear to me how we will see that play out.

The lock down had a huge impact on commodity prices though milk prices have rebounded. The cattle prices have not rebounded. Currently ag exports look ok, but can change on a dime on political actions. We thought we had a full water supply and then caught the Full Service users by surprise.

More problematic for our producers are the current drought conditions. Anecdotal reports are that first cutting yields will be down significantly with suspected causes due to dry soil moisture starting the season combined with early hot and windy conditions while still cooling down at nights. Alfalfa in Dove Creek and Cahone is blooming at much shorter heights and cutting will be underway next week even with the limited growth to date. Due to the weather & dry conditions, most are expecting about a 50% yield on first cut like in 2018. Going into 2021 we will have very little carry over.

What these stressors point out is that FSA, DWCD's largest rate payer, will face some financial headwinds this year. I'm sure our other DP partners are facing similar impacts, but we can best affect and support FSA. If we can reasonably estimate some of these impacts, we should consider some temporary policy considerations to assist the FSA producers through 2020. Generally, the things in the Board's control are in the 2020 Budget charges and FSA Payment policy including base charges, use charges, the reserve fund charge, charged interest rate on delinquent payments, and water cutoff date on outstanding bills. The policy exists to establish a published process to responsibly keep the District operating financially to deliver Project water to the irrigator. We have also discussed the risk of too much credit extension allowing a larger debt impact to producers that has to be collected via the County tax process. We are just reaching mid-year and the irrigation is up and running. Any financial impacts can still be managed within our adopted budget or with Board amendments. If the Board does see some need for FSA assistance, I would recommend looking to the 90-day cutoff and 1% monthly interest rate that starts 30 days after invoice issuance. Other charges can be discussed, but we are probably talking more about cash flow than total charges, though that needs to be confirmed. I will be working on District financial impact scenarios from various options for the Board meeting. The first milestone is the June 30 cutoff date based on the first of five base charge bills sent out April 1st.

Ken stated that the places to look is at the cutoff and interest rate due to the yields are going to be down. With revenues headed downward now, we still don't know what the long-term future holds. In the worst case we could make budget changes or borrow from reserves. Current expenditures have been about getting our system up and running. We have not made any other big purchases or capital spending other than the parking lot.

Discussion: Bruce stated that he thought about extending the term for payment. Shedonna stated that it would be helpful in the short term, but also like digging a hole for some. It is going to be an issue to watch.

Simon stated that they have been exporting hay and thought there would be a trucking problem, but there has not been so far. Have been running 25-30 semis per week. Hay has been at the \$185/ton mark. There is still quality hay in this area and users outside of the area are still interested. Tonnage was up for UF&R and cut most of the oats and hopefully won't lose too much on them. UF&R will have to cut back on the corn and hopefully it will carry on up north. Godwin stated that he talked with FS farmers, but they are worried that they will have to sit on some of their hay and needed to delay the water shut off to give them a chance. Godwin stated that he is doing well on his sales, but his market is different, small bales hauled to Kayenta. He has heard that there are other feed sources for the dairies other than hay. There is cash flow for keeping the water on and other bills paid. Bruce stated that he thought extending the June cutoff would be a good idea.

Ken stated that he would point out the billing cycle is monthly and don't have to make every decision tonight for the long term, but we can make decisions to keep things moving from month to month. The easiest is the cutoff and secondarily is the interest for the July billing can be made. We have enough cash on hand for the next month or two.

Wes asked Godwin about what percentage of farmers that he spoke with needed the 30 - 60 day cutoff. Godwin stated that everyone that he spoke with needed the time.

Don stated that he looks at it differently and his concern is getting where we have a number of farmers in trouble in paying the bills and not getting them paid. Might be generating a bigger problem for the project.

Ken stated that financially the District has some flexibility and at some point in time Don is right and we are talking about reserves. It is a fine line, but observations are that we are driven by large users with larger operations. It goes from small to large and our experience is the same individuals on the tax role list from year to year. We don't budget for interest, so don't count on it. We do have contingency funds and extending payment it is well within the realm of cash flow management.

Don stated that he can see both sides. He lays out the dark side, but is open to both sides. The other side is that he learned that we may have to hold the risk longer than we might think. Sheldonna thanked Don for talking about the dark side of it, but for different reasons. It comes down to realizing that risk is there and changing the individual operations management if needed.

Glen stated that he thinks that 30 days puts us where Don is talking about. Bruce stated that allowing another 30 days the additional time, might help giving them a chance. Godwin asked that we revisit it at the July Board Meeting.

MOTION: TO EXTEND PAYMENT DATE TO JULY 31, 2020 FOR SHUTOFF AND REVISIT AT THE JULY 9, 2020 BOARD MEETING.

**MOTION: GLEN FISH
SECOND: WES WILSON
MOTION CARRIED UNANIMOUSLY**

Colorado River Compact Issues, Drought Contingency Planning, Demand Management – Ongoing Work on Policy/Strategy Framework: The CWCB work groups continue to meet and we will discuss new developments and related Colorado River issues. Ken stated that he did put in an article from Aspen Journalism covering hedge fund purchases in the Grand Valley area. The last workgroup meeting is next week and reports will be going to CWCB in July and that is why we are talking in Executive Session for the possible meeting in July.

Bruce asked Ed if he had information for us. There is an IBCC meeting scheduled for June 17th. Ed's connection was broken in the telecommunications. Ken will get anything that Ed will provide in a written format and it will be forwarded to the Board.

Wes stated that in his opinion the information that was sent to the Board in regards to the 10 Tribes was good and he thought we should get on board with them a little more. A bill for a water rights settlement with the Navajos in Utah was recently introduced in the Senate. Tribal water rights will remain a big deal and we should work with them instead of against them.

DWCD Policy for Colorado River related matters: DCP/DM: MBSS has produced a set of draft bullets in your packet for the DWCD Board to continue their policy discussion with the intent to have some concepts to present at any July CWCB Board discussion as appropriate

Background on Division 7 Exemption: 37-92-305. Standards with respect to rulings of the referee and decisions of the water judge – definitions: This information is being worked on by our attorneys and will be discussed as new information becomes available. We can focus on how it relates to DM and how DWCD may take a position regardless of any relation to DM. It will be under discussion by SWCD and likely at the 2021 legislature.

LEGAL REPORT

Adam stated to date we are the only ones stipulated out of the MVIC change case and the other opposers can be discussed in Executive Session.

Filing by MWC that their water right diversion point falls in the same location as others from McPhee. Minor change case filed in McElmo and in the past the Board has sought confirmation that they were relying on trans basin water. It is so settled that there is no need to get into the case.

Adam recommend Executive Session for receiving advice from attorney on MVIC 87.3 change case and development of DWCD position with respect to DM program and legal analysis of Division 7 Exemption.

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 TO DISCUSS POLICY DEVELOPMENT TO SECURE DCP AND DM AND MVIC 87.3 CFS CHANGE CASE AND ANALYSIS OF DIVISION 7 EXEMPTION.

**MOTION: SHELDONNA IVES
SECOND: WES WILSON
MOTION CARRIED UNANIMOUSLY.**

RECESSED FOR EXECUTIVE SESSION AT 8:53 P.M.

RECONVENED REGULAR MEETING AT 10:34 P.M.

REPORT OUT OF EXECUTIVE SESSION

Adam reported that in Executive Session the Board discussed the state of the MVIC 87.3 CFS Change Case and legal positions and legislative case and received the formulation of the DM Policy and no decisions were made.

Board set a Special Meeting on July 6th at 4pm.

NEXT DWCD BOARD MEETING – Thursday, July 9, 2020 - 7:00 P.M.

ADJOURNMENT Meeting adjourned at 10:35 P.M.

Donald W. Schwindt, Secretary-Treasurer

Bruce Smart, President