

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 September 10, 2020

CALL TO ORDER Bruce Smart, President, called the meeting to order at 7:05 PM

ROLL CALL Bruce Smart, President
Simon Martinez, Vice President
Don Schwindt, Secretary-Treasurer-Via Teleconference
Godwin Oliver, Director
Wes Wilson, Director
Sheldonna Z. Ives, Director-Via Teleconference
Glen Fish, Director-Via Teleconference
Ken Curtis, General Manager
Patrick McKeever, Chief of Engineering and Construction
Rob Walker, Engineering Technician-Via Teleconference
Lisa Jordan, Office Administrator
Adam Reeves, Attorney- Via Teleconference
Dan McCarl, Attorney- Via Teleconference
Robert Stump, Bureau of Reclamation - Via Teleconference

INTRODUCTION OF GUESTS Via Telephone/Teleconference

Eric Sprague, DWCD Engineering Tech, Brandon Johnson, General Manager, MVIC; Ed Millard, Montezuma County/IBCC/SWBRT, Doug Pickering, CDWR; Rich Landreth, City of Cortez

MINUTES

APPROVAL OF THE MINUTES

MOTION: TO APPROVE THE MINUTES AS SUBMITTED FOR THE AUGUST 13, 2020 ENTERPRISE MEETING.

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

FINANCIAL STATEMENTS

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

**O&M: AP/CHECK #38637-38741 & PR/CHECK #124137-124190
\$334,354.55**

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

O&M REPORT – Rob reported the following:

Pump Plants – Staff installed the new 20' Zircon storage container at Pleasant View Pumping Plant. This container will be used to store meter parts for the winter-time rebuilds and also miscellaneous parts for Full Service boxes and the M&I's.

Laterals – There were no lateral leaks this month. Two butterfly valves were replaced on Full Service boxes.

Canals – Staff treated the THC for algae and pond weed. Frank Green said that the canal looks the best that he's ever seen it. Frank will be treating ROW's on the Dove Creek and South Canal.

Finished a 1-mile road base gravel haul from Cahone Pumping plant downstream to Road R. DWCD staff also graveled the access road to the rip rap storage area at the South Canal turnout.

Dove Creek Lawn & Garden – Nothing new to report. Staff received the estimate for the new pond liner and are now deciding the best way to proceed.

PMSC (Programmable Master Supervisory Control) – The SCADA system has been running pretty smooth. Eric Tanner is working on improving the programming efficiency for all of the pumping plants.

Power Plants – McPhee Power Plant is running steady at 50 CFS. Towaoc Power Plant averaged 95 CFS. Some critical rotor and stator cleaning was performed by the Electricians and Mechanics at McPhee Power Plant. A detailed write-up with pictures was mailed to the Board. In short, the plant could have suffered a catastrophic failure if the problem would not have been discovered. Lane Electric has stated that the stator needs to be coated to get up and running.

The AFR (Annual Facilities Review) was performed by the BOR on both power plants last week. They said everything looked good.

Purchase of Used Boom Truck & Sale of Current Boom Truck to UF&RE – DWCD has put together a plan to purchase a used boom truck and sell the existing one to UF&RE that was not planned in the 2020 Budget.

Background: UF&RE wants to purchase DWCD's boom truck to pull weeds and perform other duties on the farm. This conversation has been going on in the THCC meetings since the spring, when wind and tumble weeds caused significant problems again. Staff received a quote back on the value of our current boom truck and Keith has approved the quality of the newer boom truck in Denver.

Our current boom truck:

- 1988 Ford
- 12 Ton Capacity
- 56' boom
- 4,505 Hours
- Single speed winch
- No jib
- Book value with added hose reel and weed clam is \$28,000.00.

Newer boom truck we're looking at:

- 2003 Terex with Cat 3126 Diesel Engine
- 15 Ton Capacity
- 72' boom
- 2,661 Hours
- 2 speed winch
- 26' swing on jib
- Hose reel and two hoses included
- Sales price is \$38,500.00. We would need another \$1,500 - \$2,000 to build another weed clam.

This would only make sense if UF&RE agrees to purchase our existing boom truck, we would need an additional \$13,000+/- for the new truck and weed clam. Keith has been looking around for a couple months and said that this truck is rare find. Keith will bring out more specifics on his return. Final discussions with UF&RE went into this week. The value range on our boom truck is \$24K-\$31K, average \$26K, plus \$2K for clam attachment. UF&RE offered \$28,000 as appropriate for the boom truck, which would modify costs by \$3,000.

Alternatives: Make a small expenditure now to extend the useful life of a piece of equipment now and support better Ute Farm & Ranch water delivery by efficient weed removal or forego for now.

Staff Recommendation: Purchase the used boom truck and sell our existing one to Ute Farm & Ranch.

Discussion: Ken stated that this has been a discussion in the THCC meeting for a while, the new numbers don't really change the way we operate, it would only affect how the transfers take place at the end of the year. Ken noted that this was a non-budgeted item.

Wes asked if this could be used at the dam for driftwood. Rob stated that the angle of the dam places too much force on the truck and boom, therefore it is unsafe to use for that purpose. Rob stated that DWCD is starting to use articulated concrete block and using the new boom truck would make installation of the blocks more efficient. Adam stated that Simon should recuse himself from any discussion and the vote as he is a party to both the purchase and the sale. Wes stated that this makes sense and is in favor of making this transaction. Sheldonna asked Godwin's viewpoint since he has been at the meetings where the ongoing discussion has been taking place. Godwin stated that this is beneficial to both entities and also increases time and efficiency for all involved, he is in favor of the transaction also. Bruce stated that he is also in favor.

MOTION: TO APPROVE THE SALE OF DWCD'S BOOM TRUCK TO UF&RE FOR \$28K AND TO PURCHASE A NEWER USED BOOM TRUCK AND BUILD A CLAM ATTACHEMENT FOR THE NEW TRUCK.

**MOTION: GODWIN OLIVER
SECOND: SHELDONNA Z. IVES
MOTION CARRIED UNANIMOUSLY. SIMON RECUSED HIMSELF FROM THE VOTE.**

WATER MANAGEMENT REPORT

Water Accounting – Patrick presented the following: **1) August Inflow/Outflow:** The reservoir elevation started at 6,883.6 and finished the month at 6,873.97 for a change of 9.63 ft. Active capacity began August at 75,246 AF and ended at 46,656 AF, active capacity lost was 29,251 AF for the month. The Dolores River began the month at 182 CFS and ended the month at 176 CFS. This includes the discharge from Groundhog. The total Dolores Tunnel Diversions for the month of August were 12,464 AF. UF&RE used 4,675 AF for the month of August and 22,724 AF for the season by the end of August. MVIC's total water used for the month of August was 19,882 AF. MVIC's call water began the month at 3,872 CFS and ended on August 8, 2020, a total use of 7,920 AF for August. MVIC's project water remained at 8,832 CFS. Full Service irrigators used 10,087 AF for August. The August rain accumulation amounted to 0.15 in. **2) September Inflow/Outflow** – The reservoir elevation began September at 6,873.65 and as of September 9, 2020 was at 6,871.36 for a change of 2.29 ft. Active capacity had a steady decline since the start of September but the rains in the last couple of days have slowed the decline. The total active capacity as of September 9, 2020 is 39,462 AF. McPhee's active capacity lost 7,194 AF so far for the month of September. The Dolores River started September at 168.0 CFS and as of September 9, 2020 was flowing at 161.0 CFS. This includes the discharge from Groundhog. The total Dolores Tunnel Diversions as of September 9, 2020 are 3,066 AF. UF&RE used 479 AF for the first part of September and 23,203 AF for the season as of September 9, 2020. MVIC's total water used so far in September is 6,229 AF. MVIC has utilized all of the available call water as of September 9, 2020. MVIC's revised project water is 8,832 CFS. As of September 9, 2020, MVIC has 7090 CFS of project water remaining. Full Service irrigators have used 2,239 AF so far in September. The September rain accumulation is currently 0.92 in. **3) Projection Summary spreadsheet** – Patrick stated that as of August 12, 2020, the project supply is at 86%. UF&R total supply is 24,180 AF. The fishery supply 27,739 AF. MVIC total supply is up to 133,821 AF. Full Service supply is at 55,792 AF, the Full Service allocation remains at 22.0 in/ac (24.1 in/ac HOV).

Discussion: Patrick stated that there was .92 inches of rain reported at Great Cut Dike at midnight last night. Ken stated that this was a significant storm and everyone is readjusting. Ken stated that all of the Project users are trying to figure out how to close down the season and there will likely be water at the end of the month. There have been about a dozen Full Service irrigators shut off and most have slowed down.

Brandon Johnson stated that between the recent storm and UF&RE shutting down over Labor Day, he has had some operational problems. MVIC has not set an end date for their water season, however with UF&RE shutting down on the upcoming weekend MVIC projects their end date to be closer to October 15 rather than the first week of October. If water use picks up it could possibly be the October 10th. Brandon stated that MVIC will use all of Groundhog and Narraguinne allocations.

Simon stated that UF&RE plans to drain Check 528 around the September 24-28 to inspect the siphon. Simon stated that UF&RE anticipates irrigation being complete the first or second week in October.

Projects Update

Totten – There are no updates on Totten.

TPP Penstock Inspection – On August 5, 2020, DWCD staff located the penstock and approximate locations of the four manholes. DWCD has also received a solicitation to perform the Magnetic Flux Leakage (MFL) inspection. The solicitation was provided by Cypress ETI located in Salt Lake City.

Cathodic Protection – DWCD received one more solicitation for the cathodic protection from Peak Corrosion Control out of Tucson, Arizona on August 31, 2020. There are now two solicitations and unfortunately the other bidders have still not responded to the invitation.

ANS Station – There are no updates to the ANS project.

Fairview Pumping Plant Pressure Issues – DWCD is researching the pressure issues at Fairview/Ruin. After receiving concerns over pressure issues in Fairview, DWCD began to look at root causes. Some changes were made with the controls that seems to have resolved the issues. DWCD will continue to monitor the pressures at Fairview and Ruin Canyon pumping plants.

Other – Judy Rohwer has petitioned for an additional 12.1 acres at box R406. This item will be placed on the January board meeting agenda. The majority of the research is complete and no issues were found.

ADJOURNMENT Dolores Water Conservancy District Water Activity Enterprise Board meeting adjourned at 7:40 PM

Donald W. Schwindt, Secretary-Treasurer

Bruce Smart, President

DOLORES WATER CONSERVANCY DISTRICT

MINUTES

Regular Meeting
September 10, 2020

CALL TO ORDER Bruce Smart, President, called the meeting to order at 7:40 PM

ROLL CALL

- Bruce Smart, President
- Simon Martinez, Vice President
- Don Schwindt, Secretary-Treasurer-Via Teleconference
- Godwin Oliver, Director
- Wes Wilson, Director
- Sheldonna Z. Ives, Director-Via Teleconference
- Glen Fish, Director-Via Teleconference
- Ken Curtis, General Manager
- Patrick McKeever, Chief of Engineering and Construction
- Rob Walker, Engineering Technician-Via Teleconference
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INTRODUCTION OF GUESTS Via Telephone/Teleconference

Eric Sprague, DWCD Engineering Tech, Brandon Johnson, General Manager, MVIC; Ed Millard, Montezuma County/IBCC/SWBRT, Doug Pickering, Rich Landreth, City of Cortez

MINUTES

APPROVAL OF THE MINUTES

MOTION: TO APPROVE THE MINUTES AS SUBMITTED FOR THE AUGUST 13, 2020, REGULAR MEETING.

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

MOTION: TO APPROVE THE MINUTES AS SUBMITTED FOR THE AUGUST 13, 2020, EXECUTIVE SESSION MEETING.

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

FINANCIAL STATEMENTS

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

ADMIN: AP/CHECK #11539-11550

\$14,498.36

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

AGENCY REPORTS

BOR Report – Robert stated that **1)** the Area Office is working on the AFR. The portions completed for DWCD are the Dove Creek Canal, South Canal and Dolores Canal and data is being compiled for reports. BOR still has inspections pending on the pumping plants and may inspect the tunnel and de-watering of the forebay. **2)** Also completed was the Powerplant Annual Facility Review. The Comprehensive Facility Review for the powerplants was move to 2021 due to COVID19. The mechanical engineer noted that McPhee Powerplant was cleanest he has ever seen it. **3)** There is a Periodic Facility Review scheduled for Dam and Great Cut Dike on September 23, 2020. **4)** M&R Team wants to get together around the end of October.

Division of Water Resources Report

Doug stated that DWCD submitted letters for delinquent upstream user agreements. Two have come into compliance and the others have not responded but will reach resolution soon.

T/H Committee Report

Godwin reported that the THC Committee met on August 19, 2020. **1)** The Committee paid DWCD, MVIC and UF&RE bills. **2)** Patrick continues work on the cathodic protection bid contracts, **2)** Robert has been working on several property access issues with THC landowners. **3)** The Committee approved the 2021 THC Budget. UF&RE will make monthly payments.

Next T/H Meeting – The Committee will meet at the DWCD, Cortez Office September 16, 2020 at 2:00 p.m.

MVIC Report

Brandon reported that **1)** MVIC is getting prepped for the liner project. **2)** Depending when water goes off, MVIC will likely have a stock run immediately following shut off.

SWCD Report

Laura was not in attendance

GENERAL MANAGERS REPORT

Colorado River Compact Issues, Drought Contingency Planning, Demand Management – The CWCB held their DM Report review workshop on September 2, 2020. Ken mailed out his written comments that were sent in with the final DWCD Principles.

Discussion: Ken stated that the workshop on September 2nd was in depth. Ken didn't go into the DWCD comments in detail at the workshop but can be more forceful in a letter about how the Board feels about the DM if the Board would like.

Ed Millard stated that discussions continued for about an hour after the end of presentations that gives an indication of how they are thinking. **1)** Andy Mueller gave an informative talk in which he stated that 500K AF was not enough water for compact compliance. Andy thinks it should be more like 2 million AF but CWCB staff doesn't want the work groups to discuss anything other than 500K AF. Ed stated that there was shock among some of the CWCB that 500K AF doesn't fix compact compliance. **2)** Ed stated that there was a question of whether DM is a beneficial use under Colorado Water Law, it was reported that there is a possibility that someone could take it to court for litigation. It might require legislation. Ed stated that article III(a) says our water rights are supposed to stay in the upper basin. No one raised this topic however Ed thinks this could be the biggest hurdle to DM. **3)** Ed stated that no one knows how DM will be funded either. **4)** Jessica Brody, with Denver Water, framed some questions: Can we do this? Should we do this? Is this the right thing to do? How do we do this? DWCD should continue press on whether we should do this. Ed stated that the DM feasibility study shouldn't be going as fast as it is. **5)** Ed stated that Celine Hawkins, CWCB Director, really wants to do a statewide pilot project but Ed stated that a pilot project doesn't solve the issue of compact compliance just sending water downstream, but not into a pool. She wants to do a pilot project to solve the voluntary and proportional issue. She wants to prove that CWCB is creating their own market for water to preclude more purchases like WAM who is creating their own market. Steve Anderson and Jackie Brown want to do a paper pilot because they are sceptics that DM will solve Compact compliance. Ed stated that if there is an actual pilot project, they will want it in the Dolores Project and MVIC and he doesn't think that we want this and should push back on this.

Ken stated that the six basin states have opposed the Utah Lake Powell pipeline out of Lake Powell to St. George and threatened litigation. In the letter they hit on the use of UB water in the LB that Ed referenced. Noticeably the BOR has not put out their draft 2007 IG review in August as scheduled when they started the review. Andy Mueller tried to get a representative from Water Asset Management (WAM) to talk at their CRD workshop but that person declined a few days before the broadcast. Instead he hosted the reporter that broke the WAM story and State Representative Catlin discussing WAM and potential for DM.

Ed stated that the Lake Powell pipeline letter surprisingly threatened litigation after usually trying to avoid it. Also, Utah is concerned about the other six states ganging up on them. Mark Catlin is very skeptical about DM and focused on water conservation as better use of resources. Nobody can figure out how WAM is going to make money out of this. It was a good webinar.

With regard to Water Congress, Attorney General Phil Wiser is talking about cooperating with the other states to avoid litigation at the same time there is a letter out threatening litigation. Don stated that he didn't participate in the CWCB meeting, but would make a few comments. Celine is a strong advocate for pilot programs and making DM work. He's not sure where everyone's coming from. From his Water Bank Work Group there are some that really want DM for the secondary benefits. Don stated that he is absolutely opposed to DM for many reasons. He doesn't think Mark Catlin and those who push for ag efficiency with state money is necessarily the best use of the money either as we lose some other benefits. Don stated that what he agrees with Catlin what is truly needed is more water storage. Also, we need to look up to the forests and ultimately need more water.

Ken discussed his bullets from the CWCB work shop. Ken stated that one of the things that struck him is that CWCB has contractors working on DM information and mentioned the State Engineer's process, UCRC study, Secondary Economic Impacts study, CRD study and others. Ken noted that there is a lot of material to become public in the next 12-24 months and there is no reason for CWCB to get ahead of these actions. The State Engineer has shown that we will meet our 75 MAF in 10 through the 2026 renegotiation. There are fundamental questions on how fast we should be pushing DM and the CWCB Board may not be as unanimous as they often are. Ken stated that he would like to hear from the Board if they think there are areas where Ken should be pushing harder.

Don stated that Phil Wiser's comment was a real pitch for DM when he talks collaboration and that he is going along with TNC and some other groups. We need more information on the water balance along with much more. Don thinks it is smart to say that DM is not feasible today as we need other parts of the puzzle and that may be the collective judgment of the other entities down the road. It was noted that the other four states are quite divergent in their needs for their states and UCRC is understaffed to fulfill their charge. There are other areas to pursue before we chase DM. Lastly, the pool that might be used in Lake Powell could have a lot of unintended consequences motivating the game. Staying away from describing a use for the pool would be smart until we all decide what should be done with the pool.

Ed stated that he did raise the forest management issue at CWCB, but it is difficult to do anything. Ed stated that DWCD might want to discuss forest management, he will bring up with Montezuma County and noted that there is a water issues meeting at the County at the end of the month. At the CWCB workshop, a member brought up whether the LB cares about DM and the answer was not really, they just want it to be honest if done. May not be a concern to the BOR or other UB states either.

Current FSA Impacts: COVID 19 on Ag Markets, Drought, Weather, Trucking – The current interest charged by DWCD on outstanding FSA charges past 30 days is 1% per month pursuant to District Policy. The primary purpose is to encourage timely payments by water users. Currently receivables are normal for this time of the year. The Board may change or vary the policy, lower the interest rate in this case, to support 2020 FSA operations.

Discussion: Ken referred to the FSA Payment History spreadsheet and stated that payments seem to be on track with the last 5 years and the receivables for the past 5 years are listed. Ken stated that there is 4 million in COLOTRUST that will be moved to Prime in the very near future. We also have our CD's with rates from 0.9% up to almost 3%. Don & I have been discussing investments going forward with our financial advisors and no one sees national interest rates rising anytime soon and well into 2021. Ken stated that any change to the FSA interest rate is a Board policy decision and they should discuss. If there is a decision and receipts come in lower it will make a difference in the spring when DWCD will need cash flow like every year until payments are made in April 2021. This can be addressed during the budget process. This is a policy issue rather than a financial issue with a staff recommendation.

Bruce stated that DWCD is currently charging 1% per month, 12% APR interest and the proposal is for .5% a month or 6% APR. Bruce looks at the 1% as something the Board hasn't changed because we didn't really want to be the banker. Bruce asked if there was a need to drop the rate because banks are not providing this. Would dropping the rate help FSA? Godwin stated that he thinks the Board should drop the rate temporarily until the next water season begins. Godwin thinks there will be a few people who utilize this and with some irrigators already struggling this may help them out a little bit. Bruce asked what the borrowing rate at the bank is to the farmer? Godwin stated that the operating loan rate is in the 5-6% range. Wes confirmed that range. This rate may also depend on a specific person's financial wherewithal. Wes stated that the 12% APR was intended to encourage people to borrow the money from the bank instead of using DWCD as the bank. Bruce asked for comments. Simon had no comments. Sheldonna stated that she doesn't see a problem dropping it down for the remainder of the year, but thinks it should be raised again. Godwin would say to go to April 1, 2020 which is seven months. Bruce stated that this would make DWCD on par with the banks and wouldn't hurt DWCD and may help some farmers. Wes asked if it would be worth the hassle to staff for a temporary time with the idea that we go back to 12% early next year. Ken stated that this is about our partnership and customer service with the FSA. Ken stated that he would not recommend doing this regularly but stated that that it can be done. Ken stated that this is up to the Board and FS Board members to bring that FSA perspective. Don stated that he is not feeling strongly either way, but somewhat reluctant to change the percentage rate. Don asked Adam to chime in regarding policy changes as had been given previously. Adam stated that you have to properly notice an action item and he's not sure when it came up. Don called out the agenda item details and it appears to have been properly noticed on the agenda. Don stated that he is wondering how this will be received among the entire set of Full Service users. Godwin doesn't think that this will make other FSA irrigators upset as they are in a different situation, the ones that are struggling are the ones that it will help. Don asked for clarity in the motion on what rate will be used in the future.

MOTION: TO SET THE FSA INTEREST RATE TO .5% PER MONTH, 6% APR, BEGINNING WITH THE OCTOBER 2020 BILLING AND ENDING WITH THE MARCH 2021 BILLING. INTEREST RATES WILL BE RECONSIDERED AT THE MARCH 2021 BOARD MEETING.

**MOTION: SIMON MARTINEZ
SECOND: GODWIN OLIVER
MOTION PASSED 6-1. WES WILSON OPPOSED.**

Modified Pump Back Hydro Project Absaroka – DWCD staff had another call with Absaroka. They would like to apply for preliminary agreement which allows them to approach potential financiers. We still haven't determined that we can get a power purchase agreement that earns sufficient rates. Absaroka is trying to nail down construction costs while DWCD will explore some marketing options.

Ken stated that Empire Electric will be looking into their billing in the future regarding charging for peak use. LaPlata Electric is already charging based on peak use. It was stated that billing on just the energy, the large power users tend to subsidize the low power users. Without the green renewables the peak system load is where all the costs are and if you can't supply it you have rolling blackouts. Ken stated that Tri-State is starting to pass costs on to the Co-ops so there is potential for this project. Bruce stated that the solar peak would be used in the day whereas hydro could be used at night when there is less green power available. Ken stated that this is a theory and the same discussion is going on about biomass. Peaking power has traditionally been in the noon to 10 pm timeframe. It was stated that one of the big biomass producers has stated that he makes his money in those peak hours. The current answer for most producers is to have gas powerplants for backup. The Empire load peaks in the December and January presumably due to heating. The original pumpback storage projects were built to generate during the afternoon peaking hours and pump during low energy use at night. It was noted that the market is changing and there are diverse companies selling power into the market. Ken stated that staff will continue to work on this.

Budget Discussion, Discretionary Items – Ken stated that

2021 Budget Schedule

- First Budget draft is delivered at the October 8, 2020 Board meeting. This drives charge notices that are later reconciled. (MVIC, BOR, UF&R, M&I's)
- Workshop is scheduled for late October to early November where Board needs to give input.
- Budget Hearing is set at the October Board meeting for the November 12, 2020 Board Meeting. Requires 3+ weeks minimum for legal notices.
- December 10, 2020 Board meeting Board adopts 2021 Budget with associated mill resolutions. State Law required submittal deadline is December 15.
- Any significant adjustments to the budget after the November Hearing may require special meetings.

2020 Budget Impacts

- Lease revenue up budgeted for 1,500 AF and leased a net 2,000 AF at \$33.17/AF for total of \$66,340, up \$16,000.
- Water Sales up 1,500 – 2,500 AF, \$20,000 to \$30,000 (\$13.10/AF).
- Legal has been frugal with their resources this year and should not spend total budget.
- Will spend Class B Carriage costs, approximately \$18,000.
- MVIC Class A & B fees up \$7,500.
- Excess Deliveries down \$24,000.
- Trackhoe purchase was \$11,000 less than budgeted with trade in.
- Travel & Training is down \$13,000.
- Misc. Reimbursement up \$17,000 for UF& R fiber Work and a Pinnacol W/C refund.
- Misc. Revenue up \$17,000 on Class A and Totten Leases.

2020 Potential Actions

- Currently assessing fall projects, no other changes or adjustments currently anticipated.
- DWCD crews will be painting spillway bulkhead gate guides this fall budgeted under contingency item.

2021 Board Decisions & DWCD Actions

- Set FSA Rates, historically growing +/-3% when conditions allow, slow & steady.
- Board sets any employee raises, may work in conjunction with salary review.
- Review Capital replacement schedule for facilities, vehicles & equipment, discuss and direct.
- Review, discuss & direct budgeted O&M materials & replacements purchase levels.
- Decide on Seasonal staff
- Approve and/or modify budgets for Discretionary Items below.
- Review & approve ANS funding at McPhee boat ramp WID Stations
- Review and possibly adjust M&I rates that have been the same for several years.
- Decide on transfers to reserves
- Consider and decide on repayment from Dove Creek L&G to Future Projects

Discretionary Items

Administrative (100 Budget) Items include:

Legislative Consultant	\$8,000
Project Promotions	\$8,000 (Have only spent \$2,463 so far)
Board Travel & Training	\$11,000 (+/- \$6,000 spent)
Dues & Subscriptions	\$21,000 total budgeted in 2020, spent \$16,700, drop to \$16,000
Club 20	\$600
CWC	\$3,228
FFA	\$2,000
SDA	\$1,237
Sage Accting Software	\$3,652
WIP	\$5,000 (Intend to drop \$1,000/year to \$2,500)
Local Pages	\$420
Newspapers	\$75

(We discontinued Employers Council & Directory Plus cutting \$6,600 in 2020)

DWCD should consider joining the State Affairs Committee for \$225/person, 2 allowed.

Ken would like to consider dropping Club 20 or having a Board member become the representative for DWCD. Ken would also like to reduce the contribution to WIP slowly over time, probably \$1,000 next year and ultimately to \$2,500. Don reviewed past DWCD sponsorship of a local water festival and now WIP runs one for the whole area at Fort Lewis. Don continued that he agrees that we should back off as he watches what happens with some of the educational forums, they are beginning to lose the water buffalo side of the story. SWCD is likewise reviewing. Don will support a CWC increase specifically State Affairs issues and their budget is tight without the summer conference. Conceptually Don is with Ken on both of the decreases to the discretionary items for Ken to focus his time and District money to best use. Ken will put something in the Budget and the Board will have input at the budget workshop. Ken stated that SWCD is on the State Affairs committee representing all of SW Colorado. Ken intends to put more of his time on some of the CWC state affairs issues. State Affairs committee works with the Colorado legislature on passing, amending or not passing legislation, state level lobbying. Don stated that having the vote and being

actively engaged in the discussion allows us to have a voice and would have a stronger voice with another vote, not only the vote though Southwest. Don stated that he wants to keep funds in project promotion and travel, even though they are down this year they can be used as contingency if the right activity comes up. Sheldonna asked how affective the virtual education has been and what does Ken feel is missing from meeting in person. Ken stated that it has not been good. If you know the participants the virtual meetings can exchange plenty of information. There can be a lot more information garnered if you are interacting with others in person. Some of the more routine discussion items are working out ok but he would like to see the meetings return to in-person meetings for policy related items, because in person conversations are better.

Operations & Maintenance (200 Budget) items include:

CSU Research Farm	\$5,000
Weather Modification	\$18,000 (earned \$5,800 for administration)
Low Snow Surveys	\$1,900
USGS Slickrock gage	\$2,000
Travel/Tuition	\$27,000 in 2 items for 2020; \$14K spent, will lower in 2021
Colorado Dust on Snow Program (CDOS)	\$1,000 (see attached request)

New item: New SW Radar \$2,000 requested for 2020, radar not installed, may be requested in 2021 if it works for our area.

Employee Morale, Health & Welfare Bonus 2020 – The Tabor Reserve in 100 account has \$37,360. Managers are working out some details, but have discussed several options. For perspective, 1% of payroll is \$13,000, so the available amount is 2.8% of payroll. To be a bonus staff would recommend a meaningful cash payment that would have a base component relative to position grade and some manager discretion, using about 50% or \$19,000 for 2020. This would make relative to existing salary with some manager discretion. Ken stated that management would effectively spread the 1% and let the manager's dole out the remaining 1.5%.

Discussion: Simon stated that after seeing the recommendations, he would lean more toward manager discretion with the amount of money that is available to be allocated now separate from the 2021 Budget. He would like to utilize these funds for employee morale, health and welfare and manager discretion to distribute as of October 1, 2020.

Don stated that he doesn't look at the budget as having spare money. We have reserves for future needs that may be lacking and has serious concerns about using the money from the TABOR reserve. Don stated that leaving this solely to management discretion may not be the way to go. He wants to keep employees happy and wants to keep FSA irrigators happy with the money they have to pay also. Simon asked if this was a trust factor with giving the managers discretion? Simon stated that everyone on the Board to has the opportunity to vote the way they want and that if they vote no on the motion and it doesn't pass then the mangers won't have to worry about the distribution. Simon stated that without DWCD there would not be farming going on in the community as it is today. Simon wants to have the employees feel like they are needed, they should be shown appreciation from the Board. Don stated that he appreciates Simon's viewpoint but would be more comfortable setting up an amount for the future and wants to give more guidance than just giving discretion to staff. The fact that the money is there this year is not reason enough for Don. Simon stated that given what the employees have been offered the last couple of years for pay increases and having funds available he feels he should bring it up. Simon stated that he doesn't work with the employees daily but management does which is why he thinks it should be manager discretion. Bruce stated that a bonus is a way to let employees know that the Board appreciates their efforts and management discretion is likely the best way to distribute this as DWCD Board has been tight on raises and employees deserve more than what has been given.

MOTION: TO PURSUE USING THE TABOR RESEVE IN THE AMOUNT OF \$37,360 ON EMPLOYEE MORALE, HEALTH & WELFARE AND LEAVING DISTRIBUTION TO MANAGEMENT DISCRETION.

MOTION: SIMON MARTINEZ

SECOND: WES WISLON

VOTE: GODWIN OLIVER-NO, SIMON MARTINEZ-YES, WES WILSON-YES, BRUCE SMART-YES, DON SCHWINDT-NO, SHELDONNA Z. IVES-NO, GLEN FISH-NO

MOTION DID NOT PASS 4-3.

DWCD Purchase of additional local CD's – This agenda item is set up to get Board approval to purchase additional local FDIC protected CD's at First Southwest Bank and Dolores State Bank. One would come from COLOTRUST funds, and one from a maturing CD next month, though we might purchase early. Other COLOTRUST funds are being shifted to the more conservative Prime account until economic conditions improve. Don and Ken will continue to monitor with our financial advisors.

MOTION: TO APPROVE RESOLUTION 20-02 AUTHORIZING SIGNATORY STAFF FOR CD PURCHASE AT FIRST SOUTHWEST BANK.

MOTION: GODWIN OLIVER
SECOND: WES WILSON
MOTION CARRIED UNANIMOUSLY

MOTION: TO APPROVE RESOLUTION 20-03 AUTHORIZING SIGNATORY STAFF FOR CD PURCHASE AT DOLORES STATE BANK.

MOTION: DON SCHWINDT
SECOND: SHELDONNA Z. IVES
MOTION CARRIED UNANIMOUSLY

Approval of Resolution Authorizing Acceptance of PSHCG IGA for New Employee Healthcare Plan

DWCD has been working with our existing group, Western Slope Health Care Group (WSHCG), for over a year to dissolve or take action to change the trending insurance increases. The increases came from small group size, specific geographic areas and keeping rates uniform within the pool. Their solution was to join the larger Public Sector Health Care Group (PSHCG) as a group and rates will begin to vary by network location. DWCD's location should allow us significant savings (15 – 20%) due to our area health costs. Sticking with WSHCG through this step will also allow DWCD to be eligible for their proportionate share of reserves upon full payment of outstanding claims. As we move over to PSHCG DWCD will get a payback for our portion of the WSHCG remaining balances. Ultimately this is part of the benefits that DWCD has offered and we are just moving from one pool to another.

MOTION: TO APPROVE RESOLUTION 20-04 REGARDING ACCEPTANCE OF PUBLIC SECTOR HEALTH CARE GROUP (PSHCG) IGA.

MOTION: WES WILSON
SECOND: GODWIN OLIVER
MOTION CARRIED UNANIMOUSLY

OTHER

State Ag and Natural Resources Department - sent out an email and asking how the drought has affected areas around the state this year. They say this information may help in the future policies and actions. Ken will forward their email to the Board should they care to participate.

Colorado River District – will hold their annual fall seminar online. There are a couple of topics of interest including West Slope Water 101, another one about the River District, climate issues and the fourth topic is the Water Bank Work Group Secondary Economic Impact Study. Ken will forward the River District information to the Board.

Future Meetings - Ken stated that the first draft of the Budget will be complete by the October Board meeting. The Board will want to set up a budget workshop prior to the Budget Hearing at the November Board Meeting. Ken would also like to hold a Farmer Advisory Committee meeting after the water season ends as he would like to get feedback from the irrigators regarding how the season went. Ken stated that he would also like to get the personnel committee together for a meeting in the near future as well.

LEGAL REPORT

Adam stated that **1)** we had no progress with regard to MVIC 87.3 CFS change case and hopes it will change when SWCD gets a new manager. **2)** Adam has been appointed to the Water Law Anti-Speculation Workgroup established by Senate Bill 48 in response to the WAM purchases. There is a diverse group of people to advise the legislature on the potential mechanisms to strengthen the anti-speculation doctrine in Colorado. Don asked if Adam would like to get the advice from the Board to take back to the workgroup. Adam stated that he thinks this is part of the obligation as he represents a diverse group where the other committee members represent a narrower group of people. He represents districts, individuals, tribal and municipal users. He is looking forward to hearing what everyone has to say. Don stated that the River District webinar was interesting with Mark Caitlin making some comments that fit into an ag perspective, Don would like to talk to Adam about the ag perspective with regard to the anti-speculation workgroup.

Other

NEXT DWCD BOARD MEETING – Thursday, October 8, 2020 - 7:00 P.M.

ADJOURNMENT Meeting adjourned at 9:54 P.M.

Donald W. Schwindt, Secretary-Treasurer

Bruce Smart, President