

**Animas – La Plata Water Conservancy District
Board of Directors Special Meeting
November 17, 2016
Durango Office**

Present: Bob Wolff Ken Beegles Gene Bradley
Tom Brossia Lee Campbell Dan Huntington
Matt Isgar Steve Krest Jerry Schmitt
Deems Taylor Ted Vickers

Absent: Joe Colgan Ron Gillen Tom Hartnett

Staff: Bruce Whitehead, ALPWCD Executive Director
Laura Spann, ALPWCD Programs Coordinator
Jeff Kane, Maynes, Bradford, Shipp & Sheftel

Guests: Rob Genualdi, Colorado Division of Water Resources
Roy Horvath, La Plata West Water Authority
Diana Schmitt, Public

Call to Order

President Bob Wolff called the meeting to order at 5:00 p.m. The board recited the Pledge of Allegiance. Roll was taken and a quorum was present.

Approval of Minutes (August 18, 2016)

(time 00:00:35)

Tom Brossia moved to approve the August 18, 2016 minutes. Lee Campbell seconded. The motion passed.

Approval of Treasurer's Report (October 2016)

(time 00:01:00)

Gene Bradley presented the October 2016 Treasurer's Report, which included the budget comparison, bank account summary, and transaction detail from August to October. The water purchase by Lake Durango Water Authority will not occur in 2016. Staff will discuss the updated Durango Pumping Plant property value with the auditors, now that the appraisal is complete. Tom Brossia moved to accept the Treasurer's Report. Lee Campbell seconded. The motion passed unanimously.

Other Reports

Division of Water Resources

(time 00:05:35)

Rob Genualdi, Division Engineer, reported that management of the La Plata Compact this year has gone smoothly. Long Hollow Reservoir is currently storing 50-80 af, including compact storage. Ridges Basin Reservoir stored an additional 2,600 af this year from Basin Creek runoff.

Bureau of Reclamation (BOR)

No representative was present; a report was not available.

Animas-La Plata Operations, Maintenance & Replacement Association

(time 00:13:00)

Tom Brossia relayed an update from Russ Howard. BOR engineers have made a proposal to the Association to repair the Obermeyer gates at a cost of approximately \$2.6 million dollars. At the December 1 Association meeting, the group will review the transfer stipulations list of remaining maintenance items for BOR to address, which may cost less than \$50,000 total. Chairman Manuel Heart and Councilwoman Priscilla Blackhawk-Rentz were not reelected to the Ute Mountain Ute Tribal Council. Peter Ortego will temporarily serve as Association

Chair. The Association's 2016 audit is in progress, to be completed in early 2017. Pumping will commence in May or June 2017.

La Plata West Water Authority (LPWWA)

(time 00:22:20)

Roy Horvath reported on the following items:

- A groundbreaking ceremony on pipeline construction (Phase 0) was held in mid-September. Roy summarized the construction project, which started in early October and is scheduled for completion by August 1, 2017 for water delivery to Lake Durango. Gene Bradley shared photos of a site tour of the project.
- An application was submitted to USDA in June to support Phase I of the raw water pipeline expansion. LPWWA has collected \$1.1 million in subscription fees, and has requested the remainder of the project cost from USDA. The total estimated cost for Phase I is \$4.4 million. LPWWA is seeking other funding assistance in the form of grants to help make anticipated fees more manageable for subscribers.
- Letters will go out soon to property owners regarding specific easement details.
- LPWWA is also pursuing additional subscribers for taps in areas adjacent to the current pipeline in Phase I.
- LPWWA continues to renegotiate the interest repayment for their loan with Colorado Water Resources & Power Development Authority (CWR&PDA).
- LPWWA is still considering a water dock as an option for a future stage of the project.

Lake Durango Water Authority (LDWA)

(time 00:44:00)

Tom Brossia thanked LPWWA board members for all their effort, and provided historical background on LPWWA. LDWA anticipates finalizing the water purchase contract with ALPWCD very soon.

Southwest Basin Roundtable

(time 00:46:00)

Severance tax revenues supporting the Colorado Water Conservation Board (CWCB) and the Water Supply Reserve Account (WSRA) has decreased substantially. For State FY 2017, there will no additional funds for the Statewide and Basin WSRA accounts. CWCB is reviewing legislative options to temporarily backfill these accounts. As a result, the Southwest Basins Roundtable is revising criteria and guidelines for WSRA grant requests to allow for additional scrutiny since less funds will be available. The At-Large Agricultural Seat on the Roundtable is now vacant. The position will be noticed in papers starting December 1, with applications due January 4, 2017. The next Roundtable meeting is January 11, 2017 in Cortez, CO.

Office Report

(time 00:54:15)

Bruce reported on the following topics:

- Chuck Lawler submitted his letter of resignation with Judge Lyman. His term ends March 31, 2017, along with seven other board members: Gene Bradley, Lee Campbell, Deems Taylor, Steve Krest, Ron Gillen, Joe Colgan, and Matt Isgar. There was consensus to notice the seven board member term expirations and the one vacancy at the same time in early 2017. Judge Wilson will replace Judge Lyman.
- Laura is expecting a child and will be taking family leave starting in late March/early April 2017. She and Bruce have begun working on a plan to cover her responsibilities in her temporary absence.
- Managers continue to monitor Colorado River conditions, and discuss contingency management. The 2017 water year is starting out very dry, which is concerning to a lot of managers.
- Given the current data regarding flows and sediment deposits below Lake Powell, a High Flow Experiment is being conducted to mimic a natural peak and hydrology.
- At the meeting with BOR Commissioner Estevan Lopez at the National Water Resources Association Annual Conference in San Diego in mid-November, Bob and Bruce discussed progress on recreation at Lake Nighthorse. BOR is still in the process of tribal consultation on the Cultural Resources Management Plan and the draft Environmental Assessment. The process may be lengthy with involvement or comments from 26 tribes, but BOR is still hopeful that recreation could begin in 2017. Bruce and Bob also discussed the Durango Pumping Plant final easement with the BOR representatives.

- Discussions have renewed regarding the resolution of claims for federal reserved water rights filed in 1976 by the US Forest Service in Water Division 7.
- Dan Huntington mentioned rumors of offers on the San Juan River in New Mexico to compensate water users to dry up their irrigated lands. Bruce responded that these were likely part of a pilot System Conservation Agreement funded by the BOR and four large Metro Districts in the Colorado River basin, including Denver Water.

Questions/Comments from Audience

(time 01:19:00)

There were none.

Old Business

ALPWCD Appointment to LPWWA Board

(time 01:19:10)

Bruce Whitehead provided background on the formation of LPWWA, and the bylaws regarding appointments. Roy Horvath's term on the LPWWA board ended in November 2016. Notice of the position was published in the Durango Herald in October, with applications due on November 1. One letter of interest was submitted by Roy Horvath. Dan Huntington moved to reappoint by acclimation Roy Horvath to the LPWWA board for a three-year term through November 2019. Steve Krest seconded. The motion passed unanimously.

Water Purchase Contract for Lake Durango Water Authority

(time 01:21:00)

Since the August board meeting, staff and legal counsel incorporated board comments in the draft water purchase contract and supplied it to Bud Smith, counsel for Lake Durango Water Authority. Bud accepted all of ALPWCD's suggested changes. Two outstanding items remain, which Jeff Kane recommended for discussion in executive session.

Durango Pumping Plant Annexation

(time 01:23:15)

Barry Spear emailed Craig Roser requesting an update on the Durango Pumping Plant Annexation, and again did not receive a response from the City of Durango.

Durango Pumping Plant Final Easement Discussions

(time 01:24:00)

The appraisal commissioned by BOR has been finalized on the remaining parcels of the Durango Pumping Plant (DPP) property that the BOR did not identify as necessary for the operation and maintenance of the Animas-La Plata Project. The two parcels are valued at \$769,000. With concurrence of the ALPOM&R Association, and the individual Association members, BOR will relinquish the easement on the remaining parcels to the CWCB. BOR will also credit CWCB for the value of the full DPP property (minus the two parcels that the easement have been relinquished from). CWCB will then begin the relinquishment of the easement for transfer to ALPWCD. ALPWCD has maintained that the appraisal was only necessary to determine the amount of credit to which the CWCB would be entitled, and was not necessary in determining the establishment of the final easement. Bruce got an update from BOR that discussions continue between BOR and CWCB regarding how much credit the CWCB will receive. BOR has supplied numbers to the CWCB, and are anticipating a response from CWCB. Bob and Bruce also discussed the final easement with BOR Commissioner Estevan Lopez at the National Water Resources Association Annual Conference in San Diego in mid-November.

Valve and Pipeline below Ridges Basin Dam

(time 01:28:30)

Bruce and Bob have been participating in preliminary discussions regarding the use of the 36 inch valve, and extension of the pipeline below Ridges Basin Dam. The ALPWCD has a 7/26 ownership of 1/3 of the capacity of the valve and pipeline. The La Plata-Archuleta Water District (LAPLAWD) is interested in partnering with the City of Durango to build a joint treatment plant about 7000 feet downstream. LAPLAWD does not have ownership in the existing structure, so is interested in utilizing some of the City of Durango or ALPWCD's capacity in the valve and pipe. The group continues to meet periodically, with the last meeting held on November 3. Environmental review and permitting for the initial 200 foot extension has begun and is being coordinated with BOR. ALPWCD's

financial participation for this initial phase was previously approved and is estimated to be between \$18,000 and \$20,000 and is being considered in the 2017 budget development. The next group meeting is scheduled for December 1.

Lake Nighthorse Recreation

This agenda item was addressed as part of the Office Report.

New Business

FY2017 Budget Hearing and Adoption

(time 01:32:30)

The budget committee met on September 8 to develop the draft FY2017 budget. Bruce directed board members to the water sale and administrative fee revenue items as part of the potential water sale to LDWA. The Southwestern Water Conservation District (SWCD) board has not yet finalized their budget, which may impact ALPWCD's budgeted costs for personnel as part of the cost share with SWCD.

Bob Wolff opened the budget discussion for public hearing. With no comments made, the public hearing was closed. The following motions were made:

- Gene Bradley moved to approve Resolution 2016-03 to adopt the proposed 2017 budget based on the final assessed valuation the District will receive from the La Plata County Assessor in December. Lee Campbell seconded. The motion passed.
- Steve Krest moved to approve Resolution 2016-04 to certify a mill levy of .327 on the assessed valuation of \$815,924,690 to generate revenue of \$266,807, and approve any adjustment based on the final assessed valuation the District will receive from the La Plata County Assessor in December. Ted Vickers seconded. The motion passed.
- Tom Brossia moved to approve Resolution 2016-05 to appropriate funds in the amount of \$497,612 to be spent in 2017 based on any changes made to expenditures prior to budget submittal. Any increase in expenditures exceeding 10% of the total budget will be brought to the ALPWCD board for reconsideration. Dan Huntington seconded. The motion passed.

Haynie & Co. Audit Engagement Letter Ratification

(time 01:42:00)

Steve Krest moved to ratify the engagement letter with Haynie & Company to conduct the 2016 audit. Gene Bradley seconded. The motion passed.

Proposed 2017 Board Meeting Schedule

(time 01:43:15)

Ted Vickers moved to adopt the 2017 board meeting schedule as follows: Tuesday, February 21 (Durango) 5:00pm, Tuesday, May 16 (Marvel) 7:00pm, Thursday, August 17 (Marvel), 7:00pm, and Thursday, November 16, 7:00pm (Durango). Gene Bradley seconded. The motion passed.

Legal Report

(time 01:46:15)

There were no additional items to report.

Executive Session

(time 01:46:30)

Jeff Kane recommended that the board go into executive session in order to discuss the proposed water sale contract with LDWA. The statutes covering this session were § 24-6-402(4)(a), C.R.S., "the executive session concerned the purchase, acquisition, lease, transfer or sale of any property interest," § 24-6-402(4)(b), C.R.S., "conferences with an attorney for the district for the purpose of receiving legal advice on specific legal questions;" and § 24-6-402(4)(e), C.R.S., "determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators." As a LDWA board member, Tom Brossia recused himself. Ken Beegles moved to go into executive session. Dan Huntington seconded. The motion passed unanimously.

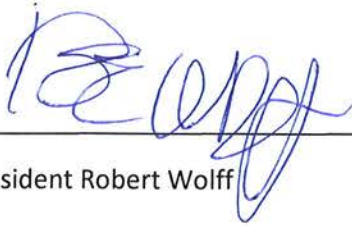
Jeff Kane announced the board was out of executive session, during which no action was taken. The board discussed the proposed water sale contract with LDWA, specifically two changes regarding the definition of a rural water system and contractual obligations in the event of the dissolution of ALPWCD. Direction was provided to negotiators. Steve Krest moved to authorize Vice-President Ken Beegles to execute the final water purchase contract with Lake Durango Water Authority with the revisions discussed. Lee Campbell seconded. The motion passed unanimously.

Upcoming Meetings

Tuesday, February 21	5:00 pm	Durango	Regular Board Meeting
Tuesday, May 16	7:00 pm	Marvel	Regular Board Meeting
Thursday, August 17	7:00 pm	Marvel	Regular Board Meeting
Thursday, November 16	7:00 pm	Durango	Regular Board Meeting

Adjournment

President Robert Wolff adjourned the meeting at 7:15 p.m.



President Robert Wolff