

Animas – La Plata Water Conservancy District
Board of Directors Meeting
May 16, 2017
Marvel Grange

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

Absent: David Lieberman (recent appointment by court, not sworn in as board member yet)

Staff: Bruce Whitehead, ALPWCD Executive Director
Jeff Kane, Maynes, Bradford, Shipp & Sheftel

Guests: Russ Anderson, Michael Baker Engineering
Elaine Chick, Water Information Program
Paul Gray, La Plata West Water Authority
Diana Schmitt, Public

Call to Order

President Bob Wolff called the meeting to order at 7:00 p.m. The board recited the Pledge of Allegiance. Roll was taken and a quorum was present. David Lieberman was recently appointed to fill Chuck Lawler's vacant seat, but was not in attendance since he was not notified in time for the meeting. All previous board members who reapplied were reappointed.

Approval of Minutes (February 28, 2017)

(time 00:02:40)

There was a request that the February minutes be reviewed regarding the legal opinion provided by Maynes, Bradford, Shipp & Sheftel to the board on the potential conflict of interest with Bob Wolff's role as Southwestern Water Conservation District board president, Colorado Water Resources & Power Development Authority board member, and ALPWCD board president. Bob no longer approves payments or signs checks between SWCD and ALPWCD, nor sign contracts between SWCD, ALPWCD, or CWR&PDA. Staff agreed to review the recording from the previous meeting. There was consensus to table approval of the February 28, 2017 minutes until a review could take place..

Approval of Treasurer's Report (April 2017)

(time 00:08:10)

Gene Bradley detailed the April 2017 Treasurer's Report, which included the budget comparison, bank account summary, and transaction detail. Significant transactions included ALPWCD's water sale to Lake Durango Water Authority and water development aid disbursed to La Plata West Water Authority. While not reflected in the April report, ALPWCD's water purchase from CWR&PDA was finalized in May. There was consensus to consult with Fredrick Zink & Associates regarding a small discrepancy in the bank account summary. Tom Hartnett moved to accept the Treasurer's Report as corrected. Gene Bradley seconded. The motion passed.

Other Reports

Water Information Program

(time 00:17:30)

Elaine Chick reported on the SWCD's Annual Children's Water Festival held at Fort Lewis College on May 3. Almost 700 students were in attendance. There were 390 different 20-minute breakout sessions. Retired

Colorado Supreme Court Justice Greg Hobbs will again speak at the Water 101/201 session in Pagosa Springs in October.

Division of Water Resources

No representative was present; a report was not available.

Bureau of Reclamation (BOR)

No representative was present; a report was not available.

Animas-La Plata Operations, Maintenance & Replacement Association

(time 00:20:50)

Tom Brossia added that the City of Durango is adding 100 parking spaces above the Lake Nighthorse boat ramp, which requires a Section 106 consulting process to be completed by the end of June. BOR has initiated tribal consultation on the Cultural Resources Management Plan and the draft EA. The process may be lengthy with involvement or comments from more than twenty-seven tribes. The Association is currently pumping from the Animas River to Lake Nighthorse. The estimate to address pump coating came in significantly lower than anticipated. A petition being circulated is requesting that no motorized boating be allowed on the reservoir.

La Plata West Water Authority (LPWWA)

(time 00:29:30)

Paul Gray reported on the following items:

- Pipeline construction is moving forward, now with 1,000 feet of pipeline from Lake Nighthorse. An eagle's nest was discovered along the proposed pipeline construction path, which stalled progress with the most significant delay being the construction near Lake Durango (a.k.a. Johnson Reservoir). It seems as though the eagle has not nested and laid eggs in this location this year, so construction may be able to move forward.
- Around 144 taps have been sold.
- The process for acquiring pipeline easements is ongoing and cumbersome.
- Beginning in August, LPWWA would like to begin discussions regarding a water purchase from ALPWCD.

Lake Durango Water Authority (LDWA)

(time 00:48:50)

Tom Brossia reported that the Authority is looking forward to putting the water in Lake Nighthorse to beneficial use, after decades of advocacy for the reservoir's construction.

Southwest Basin Roundtable

(time 00:49:20)

At the April 12 meeting, the Southwest Basin Roundtable members expressed concerns regarding the contractors selected to develop the 2017 Statewide Water Supply Initiative, which so far represent only Front Range perspectives. The next meeting is scheduled for July 12 in Cortez. As a result of the decline in severance tax revenues, the Water Supply Reserve Fund received less revenue in FY2017; however, carryover funds from previous years continue to fund projects in southwestern Colorado. An IBCC meeting in Keystone focused on financing water-related projects.

Office Report

(time 00:53:00)

Bruce reported on the following topics:

- Bruce summarized storage conditions, forecasts and management in the broader Colorado River basin with the increased runoff this spring.
- With the executed water purchase from CWR&PDA, ALPWCD now owns 345 acre-feet in Lake Nighthorse. After the 2018 purchase, ALPWCD will then own more than 50% of the CWR&PDA water, and will formally be charged with selecting the representative to the ALPOM&R Association.
- Bruce provided background on the Durango Pumping Plant final easement; negotiations continue with the Colorado Water Conservation Board regarding a final quitclaim deed outlining the final easement.

- Board members were directed to news coverage of the petitions circulating to disallow motorized boating at Lake Nighthorse.
- The USFS reserved rights claims in southwestern Colorado were filed for in the early 1970s, and have not yet been resolved. Meetings have been held recently with the US Forest Service, Colorado Water Conservation Board, SWCD and the Dolores Water Conservancy District to address these claims using alternate instream flow appropriations by the State on specific reaches.
- The 2017 Session of the Colorado General Assembly adjourned in early May. Bruce again co-chaired the Colorado Water Congress State Affairs Committee, which met throughout the session to discuss water-related legislation. He highlighted several relevant and controversial bills.
- Elaine Chick, Water Information Program Manager, again introduced herself to the board and solicited ideas for the monthly newsletter.
- State Engineer Dick Wolfe is retiring in June and CWCB Executive Director James Eklund has also resigned.

Questions/Comments from Audience

(time 01:14:00)

Russ Anderson, Michael Baker Engineering, introduced himself to the board.

New Business

FY2016 Audit Report

(time 01:17:00)

Adam Wilkes, Haynie and Company, detailed the 2016 audit and answered board questions. There were no audit disagreements, and all requested documentation was supplied. No audit issues arose, and ALPWCD will receive a clean opinion for the 2016 audit. Tom Brossia moved to accept the 2016 audit for submittal to the state by the July 31 deadline. Joe Colgan seconded. The motion passed.

GASB 79 discusses investments in external investment pools and allows those investments to be shown at amortized cost instead of fair value. Colotrust believes fair value is the best method of reporting and so they have chosen to not release any amortized cost information. GASB 79 allows either method to be presented in the financials. Tom Brossia moved to reallocate any funds maintained by Colotrust. There was discussion. The motion failed for lack of a second. There was consensus that continued maintenance of an account with Colotrust will be addressed as an agenda item at the August meeting. In the meantime, Joe Colgan will review the GASB requirements to evaluate the Colotrust account. Also, Haynie and Company is currently researching other issues relating to this as well and will keep the board informed.

Old Business

Durango Pumping Plant Final Easement Discussions

(time 01:51:40)

Jeff Kane directed the board to the draft deed for the final easement being negotiated with the CWCB, which includes suggestions Barry made for the CWCB to consider. ALPWCD owns the entire 46 acre property, and the deed being issued by the CWCB releases two parcels unencumbered by the permanent easement to ALPWCD. The district could use the parcels for public purposes, but if portions of the unencumbered parcels were ever to be sold, the ALPWCD would need to subdivide them. This topic was recommended for executive session.

Valve and Pipeline below Ridges Basin Dam

(time 01:56:00)

Bruce and Bob have been participating in discussions regarding the use of the 36 inch valve, and extension of the pipeline below Ridges Basin Dam. Environmental review and permitting for the initial 200 foot extension has begun and is being coordinated with BOR. As part of this process, BOR has requested more information about ALPWCD's expected use of the water for the pipeline. A draft contract is being developed, but has not yet been reviewed by the ALPWCD legal counsel.

2017 Project Allocation Sale to Lake Durango Water Authority

(time 02:03:30)

ALPWCD's first water sale to Lake Durango Water Authority has been executed. BOR, ALPWCD, CWR&PDA and Lake Durango Water Authority have all signed onto the sale.

April 19 OM&R Association Letter

Staff and legal counsel was made aware after the sale was completed that, as part of the ALPOM&R Association's Intergovernmental Agreement (IGA), the Association is to be consulted prior to any water sale to review the financial ability of any entity purchasing a water allocation from Lake Nighthorse to pay ongoing OM&R costs. Board members were directed to a memo provided by legal counsel outlining their interpretation of the IGA and ALPWCD's obligations for any water sales. While the memo was marked confidential, the memo had already been provided to Tom Brossia, the ALPWCD representative to the ALPOM&R Association, and thus legal counsel deemed that ALPWCD had waived confidentiality. This topic was recommended for executive session.

Lake Nighthorse Recreation

(time 02:12:00)

Lake Nighthorse will likely be open for recreation in 2018, or possibly for a few days in fall 2017. The City of Durango is undertaking the construction of additional parking in advance of any opening.

New Business (cont.)

2017 Project Allocation Purchase from CWR&PDA

(time 02:14:05)

This item was addressed as part of the Office Report.

Bruce will participate in a meeting in late May to discuss the use of a portion of ALPWCD's project water allocation to irrigate the baseball fields at the Durango Pumping Plant property, which may require BOR approval, payment of OM&R costs and many other considerations. It may also be possible to use a portion of the SWCD water right directly from a constructed pump station on the river.

Legal Report

There were no additional items to report.

Executive Session

(time 02:19:20)

Jeff Kane recommended that the board go into executive session for the purpose of discussing matters related to contractual rights of ALPWCD and the ALPOM&R Association regarding ALPWCD's sale of water allocation and release of financial obligations thereunder. The statues covering this session are § 24-6-402(4)(b), C.R.S., "conferences with an attorney for the district for the purposes 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." Gene Bradley moved that the board go into executive session. Lee Campbell seconded. The motion passed.

Jeff Kane announced that the board was out of executive session, during which no action was taken. The board discussed matters related to contractual rights of ALPWCD and the ALPOM&R Association regarding ALPWCD's sale of water allocation and release of financial obligations thereunder.

Board members requested a summary of ALPWCD's water rights purchase and sales. Bruce pointed out that a narrative and summary, including a pie chart, was included in the Executive Director Report, but that a more detailed tabular summary could be generated for the next meeting.

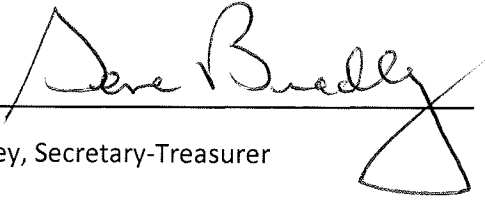
Upcoming Meetings

Thursday, August 17	7:00 pm	Marvel	Regular Board Meeting
Thursday, November 16	7:00 pm	Durango	Regular Board Meeting

May 16, 2017

Adjournment

President Robert Wolff adjourned the meeting at 10:00 p.m.

A handwritten signature in cursive script that reads "Gene Bradley". The signature is written over a horizontal line. The final letter of the signature is a large, stylized "y" that loops back down and to the left, crossing the horizontal line.

Gene Bradley, Secretary-Treasurer