

Upper Gunnison River Water Conservancy District

Regular Meeting Minutes

January 26, 2009

The Board of Directors of the Upper Gunnison River Water Conservancy District conducted a regularly scheduled meeting on Monday, January 26, 2009 at 5:30 p.m. at the District's offices, 234 North Main Street, Suite 3B, Gunnison, Colorado.

Board members present: Ralph Grover, Gary Hausler, Rebie Hazard, Bill Nesbitt, Jim Pike, Brett Redden, Steve Schechter, George Sibley, Ken Spann, and Dennis Steckel.

Board member not present: Steve Glazer.

Others Present:

Butch Clark
Eric Krawczyk
Frank Kugel – General Manager
John McCLOW – General Counsel
Jill Steele – Office Manager
Bill Trampe – Colorado River Water Conservation District

1. CALL TO ORDER

Board President Brett Redden called the meeting to order at 5:33 p.m.

2. AGENDA APPROVAL

Brett Redden said that agenda items 4 and 5 will be postponed until John McCLOW returns from Montrose later this evening.

Steve Schechter moved and Rebie Hazard seconded to approve the agenda as modified. The motion carried.

3. CONSENT AGENDA ITEMS

George Sibley moved and Steve Schechter seconded to approve the consent agenda as circulated. The motion carried.

6. MANAGER'S REPORT

Frank Kugel said the board received copies of the most current SNOTEL information. Currently the Gunnison Basin snowpack is at 118% of average.

Bill Nesbitt and Ken Spann arrived.

Frank Kugel summarized the Ohio Creek Project status as detailed in his report. The Castleton Ranch site is the most promising of the three sites looked at, as far as location, but it is the one on which the least information exists.

Frank said that the building's landlord has indicated willingness to allow expansion of the District's conference room into a portion of the office space next door. A contractor has come in and is putting together a cost estimate for use in negotiations with the landlord. One consideration is whether the District or the landlord would pay for the remodel.

Bill Nesbitt suggested that the District pay for the remodel and then attempt to negotiate a favorable lease.

Frank Kugel said he has looked at other properties for purchase, most of which have not been suitable for a variety of reasons. There is one property, which is not officially on the market, and which could be suitable with some significant remodeling.

Bill Nesbitt said that property is about double the size of the District's current offices. The building is accessible and has parking. He said it is a philosophical question whether the District should rent or own office space.

Ralph Grover requested that Frank put together information showing costs for purchase and modification of that building compared to costs of a long-term lease of the current office space. He said the question is what makes more sense economically.

8. BOARD/STAFF/COMMITTEE MEMBER REPORTS

Treasurer's Report

Gary Hausler called attention to the spreadsheet showing bank balances and interest rates. The 2009 budget calls for \$60,000 in interest on

investments. With interest rates going down, he said the actual figure is more likely to be \$40,000.

Ken Spann pointed out that Gunnison Savings and Loan, and possibly other banks, are offering higher interest rates than that currently offered by Colotrust. He said that perhaps some money should be withdrawn from the District's Colotrust account and put into other local financial institutions.

Gary Hausler said there should not be more than \$250,000 in any one local bank.

Ralph Grover recommended checking the District's financial guidelines.

Ken Spann moved to authorize the treasurer to move up to \$600,000 from the Colotrust account to those local financial institutions that will provide a better rate of return and still keep the funds fully secured and protected. Bill Nesbitt seconded. The motion carried.

Gunnison Basin Roundtable

Ken Spann said that the Gunnison Basin Roundtable is still struggling with attendance. The group is discussing having bi-monthly or quarterly meetings. There has been no progress on the non-consumptive use data for use with modeling for the basin.

Ken Spann said he is very concerned that the state budget crisis may trap SB 179 funds that could have been used by the roundtables.

Ken Spann said at the last meeting, there was a good presentation on the mountain pine beetle. He recommended that we need to be very conscious about it, and of what a big beetle kill can do to runoff.

Ralph Grover said that Michelle Pierce said she has already gotten some indication that SB 179 funding may dry up.

Ralph Grover said the Gunnison Basin Roundtable needs to address attendance and voting requirements.

Project Committee/Lake San Cristobal

Ralph Grover called attention to page 4, section 3.2 (real property) of the draft IGA between the District, Town of Lake City, and Hinsdale County.

He said that transferring property under the outlet structure would require another vote.

Ralph Grover said that compensation for District staff time leading up to the formation of the enterprise has not yet been clarified. He suggested that this can serve to mollify those who say they get nothing for the tax dollars they pay to the District.

George Sibley said that use of District staff time prior to formation of the enterprise sounds like an appropriate use of staff.

Ken Spann said that language in Section 4.3, Management, and Section 5, Capitalization of the Enterprise, seems to be in conflict.

Ralph Grover thanked Ken for his comment and said that the Committee will discuss that language and resolve any conflict.

Gary Hausler suggested that before the enterprise is formed, the District should provide staff work as a normal service.

There was board consensus on this.

Ralph Grover said that the District has received a request dated January 23, 2009 from the Lake Fork Watershed Stakeholders for \$5,000. This amount is in the District's 2009 budget.

Ralph Grover moved that the board approve the January 23, 2009 letter from the Lake Fork Watershed Stakeholders for \$5,000. Jim Pike seconded. The motion carried.

7. DINNER BREAK

8. BOARD/STAFF/COMMITTEE MEMBER REPORTS (continued)

Strategic Planning Workgroup

Frank Kugel said that Jeremy Carter, a graduate student working for Dr. Seidel from CSU, was here for two days earlier this month. Frank took him on a brief tour of the basin. Jeremy spent most of a day in the office meeting with John and Frank and reviewing lots of documentation. He is in contact with Dr. Paul Holden, who is doing a somewhat parallel study, and perhaps they can share some data. The process is ongoing and we are waiting to hear back from Dr. Seidel and Mr. Carter.

9. COLORADO RIVER WATER CONSERVATION DISTRICT UPDATE – BILL TRAMPE

Bill Trampe said that the CRWCD had its first quarterly meeting of the year last week. Tom Alvey is the new director from Delta County, Tom Alvey. Dave Merritt is now the Garfield County director on the board.

The Lower Basin tour was hosted first week in January. The tour began in Las Vegas, NV and continued down the Colorado River, stopping at the various dams and reservoirs.

Bill Trampe said that the River District has adopted a mission statement, which reads: “To lead in the protection, conservation, use, and development of the water resources of the Colorado River basin for the welfare of the District, and to safeguard for Colorado all waters of the Colorado River to which the state is entitled.”

Legislative positions taken at the CRWCD quarterly meeting include:

HB 09-1017 - support
HB 09-1062 - no position yet
House Joint Resolution 1002 - support
SB 09-15 - support
SB 09-247 - neutral
SB 09-95 - monitor
HB 09-1067 - monitor
HB 09-1129 - support
SB 09-80 - support
HB 09-1142 - oppose
HB 09-1159 - monitor

Regarding the Upper Gunnison District’s idea of hiring a lobbyist, Bill Trampe wanted to know if the Board feels it is not being well-represented by the CRWCD. If so, he would welcome a dialog.

10. TAYLOR PARK LOCAL USERS GROUP APPOINTMENTS

Brett Redden said that there are three seats open on the Taylor Park Local Users Group. Roark Kiklevich and Rory Birdsey have submitted letters indicating a willingness to serve another two-year term. No one else has applied. Bill Trampe has indicated that he will serve if no one else wants to.

Bill Nesbitt moved and Gary Hausler seconded to re-appoint Roark Kiklevich, Rory Birdsey, and Bill Trampe to the Taylor Local Users Group for another two year term. The motion carried.

11. MISCELLANEOUS MATTERS

Frank Kugel said that the board received the Gunnison River spreadsheet in their packets.

Frank said that Wayne Schieldt retired as Division Engineer at the end of 2008. Bob Hurford is Acting Division Engineer. There is a hiring freeze so it is unlikely that there will be either a Division Engineer or Assistant Division Engineer any time soon.

12. UNSCHEDULED CITIZENS

Eric Krawczyk said he plans to build a house that conserves water and wants to include rain water harvesting as a part of that. He wants to encourage the legislature to support Senate Bill 09-080 which allows for rainwater collection.

John McClow arrived.

Brett Redden told Mr. Krawczyk that the District's legislative committee could take comments from him, and he is welcome to attend the committee meetings.

Gary Hausler said that he has given his Mississippi River presentation to various roundtables and groups. The presentation has generated a lot of interest. He said that Buckhorn Geotech has put together a proposal for an engineering study. Gary will apply to the CWCB for SB 179 funding. Gary wants to make his presentation to this board at the next meeting.

Butch Clark said with economic conditions around the country, revenues are not coming in like people may have anticipated and having emergency funds is increasingly important.

Butch Clark said that there may be an increased need for providing water for electrical power generation locally, particularly with large solar systems.

4. LEGAL MATTERS

John McClow said he has no update on his legal matters report. He said that the biological studies which the District is pursuing in conjunction with the Taylor Park exchange case are also being used in the pursuit of an absolute decree for the Taylor Park refill right. The reports should be ready fairly soon. It could be two months before the information is ready for board discussion.

Brett Redden congratulated everyone who had something to do with resolving the Black Canyon case, saying that it was a huge accomplishment.

Steve Schechter suggested getting the stakeholders together for a celebratory party. Wendy McDermott of HCCA will call District staff.

5. LEGISLATIVE ISSUES

John McClow said that he gave status of bills of interest in his report.

HB 09-1129, the urban rainwater collection bill, provides for ten pilot projects. It is encountering significant resistance by Front Range water users. It passed the Senate Ag Committee with changes today.

Steve Glazer asked John to tell the board that he is supportive but is concerned if it might interfere with the prior appropriation doctrine.

The CWC State Affairs Committee voted today to oppose HB 09-1142 on election of water conservancy district board members.

CWCB Board Appointment

John McClow said he would like to apply for the Gunnison Basin CWCB seat and has prepared his application but has not submitted it. Steve Glazer has asked John to tell board that he is strongly supportive. John said he has other endorsements as well. He said he believes we are best served by having a single applicant. He said he met with governor this evening in Montrose, and the governor is aware of who he is and of his work on the Black Canyon case. John said he would like the board's permission and endorsement to proceed with this application.

Gary Hausler moved and Bill Nesbitt seconded to endorse John McClow's application to the Colorado Water Conservation Board.

The board is very supportive of John's application, as is Bill Trampe and the CRWCD staff.

The motion carried unanimously.

Gary Hausler moved to direct Frank Kugel to write a letter to the governor in support of John McClow's application to the CWCB and that the letter be signed by the chairman. Bill Nesbitt seconded. The motion carried.

13. FUTURE MEETINGS – DISCUSSION OF BOARD MEETING IN LAKE CITY

Brett Redden said one purpose of holding a board meeting in Lake City would be to discuss the draft Enterprise agreement. He suggested that such a meeting could be held on February 23, 2009 at 1:30 p.m.

Ralph Grover said it appears that the permitting process will be slower than hoped, and therefore there is no pressure to do this in February. He suggested that the March board meeting could be held in Lake City.

John McClow feels that sooner is better. He said he thinks it is important for the folks in Lake City to see our board members face to face.

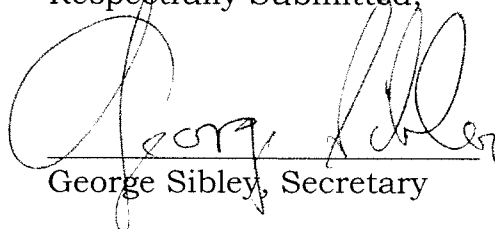
Frank will communicate with Laurie Vierheller and Michelle Pierce to check their schedules including the Lake City school schedule.

Brett Redden said he wants to schedule a board retreat, specifically to discuss strategic planning and to review District policies. He would like to hold the retreat by June 1, 2009.

14. ADJOURNMENT

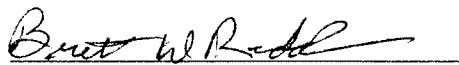
Board President Brett Redden adjourned the January 26, 2009 meeting at 9:22 p.m.

Respectfully Submitted,



George Sibley, Secretary

APPROVED:

A handwritten signature in black ink, appearing to read "Brett W. Redden", is written over a horizontal line.

Brett W. Redden, President