

Upper Gunnison River Water Conservancy District

Regular Meeting Minutes

July 27, 2009

The Board of Directors of the Upper Gunnison River Water Conservancy District conducted a regularly scheduled meeting on Monday, July 27, 2009 at the District's offices, 234 North Main Street, Suite 3B, Gunnison, Colorado.

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

Board member not present: Gary Hausler.

Others Present:

Evan Dawson, Crested Butte News
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 5:30 p.m.

2. AGENDA APPROVAL

Rebie Hazard moved and Steve Schechter seconded approval of the amended agenda as circulated. The motion carried.

3. CONSENT AGENDA ITEMS

John McClow said that a minor change is needed to the June 22 minutes.

Rebie Hazard moved and George Sibley seconded approval of the remainder of the consent agenda items. The motion carried.

John McClow said that the June 22 minutes should reflect that he was present at that meeting.

Dennis Steckel moved and Rebie Hazard seconded approval of the June 22, 2009 minutes as corrected. The motion carried.

4. LEGAL MATTERS

John McClow said he attended a CWCB meeting Tuesday and Wednesday of last week. Prior to the meeting, the board met with the Water Resources Review Committee. The WRRC, consisting of five members of House and five members of the Senate, manages all water bills introduced into the legislature. So far, there are a few potential water bills that are mostly technical in nature.

The State's deficit for 2009-2010 and 2010-2011 is projected to be \$940,000, \$ 384,000 of which is for 2009-2010. The Governor has announced furloughs for state employees, but it is not yet known how the rest of the shortfall will be made up.

John said that the CWCB board got a preliminary report from the Colorado River Water Availability Study . The engineers are doing phase 1 analysis of present conditions. The results have not yet been peer reviewed. The results project reduced flows of 4% to 15% in the Colorado River basin.

5. MANAGER'S REPORT

Frank Kugel said that the reception which the District hosted as part of the water week at Mt. Crested Butte last week was successful, with attendance approaching 100 people. Many expressed gratitude for the event. Several UGRWCD board members attended as did all the CWCB board and many of the staff.

6. COLORADO RIVER WATER CONSERVATION DISTRICT UPDATE – BILL TRAMPE

Bill Trampe had not yet arrived, so Rebie Hazard gave a CRWCD update. Rebie said that at the recent CRWCD board meeting, Kathy Hall had asked if anyone wants to participate in a tour of oil and gas well facilities in Mesa and Garfield Counties. Rebie plans to attend. Some board members expressed interest in attending the tour.

Rebie said that also at that meeting, the CRWCD received a presentation and report on dust on the snowpack from Chris Landry of the Colorado Snow and Avalanche Center.

Jim Pike arrived.

The CRWCD staff suggested combining the large and small grants programs. There would be a limit of \$150,000 per grant over a 5-year period.

8. GUNNISON RIVER FESTIVAL

There was no Gunnison River Festival update.

10. 2010 BUDGET DISCUSSION

Appoint Budget Officer

Steve Schechter moved and Bill Nesbitt seconded to appoint Frank Kugel as Budget Officer. The motion carried

Review 2009 Goals and Activities

Brett Redden said the best way to look at the goals and activities initially is without consideration of any budgetary constraints. Then later on in the budget process, the board can decide on the level of funding.

Steve Schechter said that the District should be more forceful regarding Goal 1. G: "Cooperate with municipalities on climate change resolutions, solutions and programs to limit climate change problems within the state."

Steve Glazer agreed and said that Goal 1. F. is another place where the District should do more: "Pursue education of constituents within the District on value of basin water resources including development of an outreach program promoting the District and its activities." He suggested involving the strategic planning work group in this.

Dennis Steckel suggested exploring strategic planning opportunities on Quartz Creek and Ohio Creek, perhaps for augmentation, even if the residents do not have specific projects to propose.

Frank Kugel said he would like feedback from the board on whether the District should investigate purchase of pre-1922 water rights. There is no board policy on this.

Steve Glazer said that Goal 4. G., "Contribute to the SNOTEL site to be located in the Taylor Draft Drainage," can be removed.

Steve Schechter suggested that the District could cooperate and help fund a study of winter cloud formations.

Steve Glazer said that there are potential future opportunities to fund applied science to help better forecast water supply in future, similar to how the District is supporting the dust on snowpack study. George Sibley agreed that this is a direction the board should go.

Bill Trampe arrived.

Ken Spann said that part of Goal 4. B. calls for establishing procedures and funding to allow the purchase of water rights. This would need to be done in coordination with the water bank the Southwest district is forming. If the District were to purchase pre-1922 water rights, it would be necessary to show plans for their use.

George Sibley said that at a committee meeting, staff was instructed to compile a list of pre-1922 water rights. He asked if any prospective purchase would be confined to water rights within this basin.

Ken Spann said the District will do itself a disservice if it does not cooperate closely with Southwest's water bank, thereby creating the mechanism whereby water is available for uses such as augmentation.

Ken Spann suggested removing Part II, Goal N, "Develop a lobbying position including salary, expenses, objectives, and a sample contract."

Steve Glazer suggested removing Part II, Goal M, "Continue to participate in CSU Economic Study."

The board discussed assigning to a staff member Goal 6. B, "Develop and adopt RICD water right policies relating to administration and utilization of the water right itself."

6. CRWCD UPDATE BILL TRAMPE (continuation)

Bill Trampe said he hopes that the mediation process can be successfully completed. He said the Shoshone power call has not yet been discussed. The plant is often down and so the right is not being used and Denver then has the opportunity to store more water.

Bill Trampe said that Laurie Weigel visited. She did a follow-up survey on the public's awareness and knowledge of the CRWCD. The results showed that 7% of the people know who they are. That is unchanged from before the CRWCD's public awareness campaign.

Bill said there is a big concern among rural IBCC members that the IBCC process may be eliminated as part of state funding cuts.

Bill said the CRWCD's budget workshop will take place September 17, and their seminar will take place September 18 at the Two Rivers Convention Center in Grand Junction.

7. DINNER BREAK

9. MOBILE DOPPLER RADAR PROJECT UPDATE

Steve Vasiloff from Oklahoma came to give an update on the NOAA Doppler radar project. He said the mobile Doppler radar truck is set up on County Road 51 and has been recording data since July 20. Already they have observed big differences from the Grand Junction radar data. The mobile radar will be here till the end of August. He will have a substantial report for the August board meeting.

Steve Glazer asked if there is anything the District can do to facilitate their return next year. Steve said that Joe Busto of CWCB feels there may be no funding available next year. Joe has put in an application to set up and measure data in Durango next year. They are looking at building their own mobile Doppler at a cost of \$350,000 and then they would have full control of the equipment.

Brett Redden thanked Steve for coming.

11. BOARD/STAFF/COMMITTEE MEMBER REPORTS

Treasurer's Report

Brett Redden said the 2008 draft audit was received on Friday. He would like to authorize staff to request extension so the board can have time to review it before sending it on to the state. Board Treasurer Gary Hausler has not had an opportunity to review the draft yet.

Bill Nesbitt moved and Jim Pike seconded to request extension to file the 2008 audit.

Steve Glazer said we should try to avoid this situation next year.

Bill Nesbitt called for the question.

The motion carried.

Taylor Park Reservoir

Ken Spann said that the Four Parties met via conference call and adopted the operating regime through the end of October with the understanding that it can be revisited if need be. There was concern about the level of the decline in the runoff. The flow regimes that were adopted were basically the Bureau's recommendation.

Ken said that Frank can run the Bureau's model on a daily basis. The projected inflows used to fill out the rest of the year brought the reservoir level to 65,000 acre feet rather than 70,000 at year end.

Building Committee Report

Possible Executive Session

Brett Redden said if the board wants to meet in executive session, he recommends doing so at the end of the meeting.

Dennis Steckel said that the building committee has contemplated making a purchase by making a down payment and then financing the rest so as not to tie up reserve money in the purchase.

Dennis said the main thing the committee wants to know is whether or not the board thinks that buying a building is a good idea. The majority of the committee thinks that a purchase would cost approximately \$600,000 plus remodel costs of up to \$100,000. One committee member disagrees and thinks that an acceptable property could be purchased for \$300,000, but other committee members believe there is nothing for sale in that price range that would meet the District's needs. The majority of the committee strongly maintains that it is not worthwhile to buy a space smaller than the District's current office space.

George Sibley said that while the District perhaps should not get into a landlord situation, buying space seems to make sense. He asked if anyone could make the argument in favor of continuing to rent.

Ken Spann said that the purchase of a building that would be an asset to the tax payers and could be maintained at a cost that is reasonable should be a very carefully thought out process. The board needs to consider the opportunity cost of some amount of money not being available to buy water rights or fight transmountain diversion proposals if purchasing were to cost more than renting. Appropriate office space in an appropriate location with appropriate visibility could be a real asset to the District in the long-term. He used an example of the group of people who were in town last week. Having the space for that sends a strong message. That space does not come easy and cheap and needs to be a

very comfortable fit. He said he does not want to get into real estate management business.

Steve Glazer said he thinks it is wise to buy as long as the ability to use reserve funds is not impacted.

John McClow said the question before the board now is whether or not to explore purchase. If the answer is yes, then there is information available that can be discussed in executive session.

Brett Redden said he agrees with Ken that if the right opportunity presents itself, the board needs to be ready to act on it. He would be in favor of accepting this report from the committee, and as is the nature of real estate transactions, the exact figures are not known immediately. He said he has heard the idea of buying additional space today in order to have room for growth tomorrow. He has also heard that the District should not be in the landlord business.

George Sibley moved to accept the Building Committee's recommendation and instruct them to start looking with all of the cautions and caveats expressed here and to renegotiate the lease on the current office space for one more year to include the board room remodel. Bill Nesbitt seconded.

Steve Glazer said that 2, 3, and 4 on the committee's recommendation may not be reasonable assumptions.

Steve Schechter called for the question. The motion carried.

John McClow requested to leave the current office space lease out of the motion. He said he will bring a proposal for a new lease next month.

Jim Pike moved to reconsider the motion. George Sibley seconded. The motion to reconsider carried.

Steve Glazer moved to accept the Building Committee's recommendation to seek real estate purchase for the District's internal needs providing that a good value can be had. Steve Schechter seconded.

Ken Spann moved a friendly amendment to Steve's motion, striking items 2, 3, and 4 from the Committee's recommendation because they are assumptions. Bill Nesbitt seconded. Steve Glazer accepted the friendly amendment.

The motion to amend failed.

The motion carried.

Steve Glazer moved not to go into executive session to discuss the memo from one of the committee members because it does not have the support of the other members. The motion died for lack of a second.

Jim Pike moved to adjourn into executive session for discussion of the purchase, acquisition, or lease of any real property interest pursuant to §24-6-402 (4)(a), C.R.S. Bill Nesbitt seconded. The motion carried and the board went into executive session.

Board President Brett Redden reconvened the regular meeting.

Steve Schechter moved and Bill Nesbitt seconded to authorize the Building Committee to explore options of purchase. The motion carried.

Rebie Hazard moved to adjourn into executive session to discuss matters relating to transmountain diversion pursuant to §24-6-402 (4)(b), C.R.S., conference with an attorney for purposes of receiving legal advice on a specific issue. Jim Pike seconded. The motion carried and the board went into executive session.

Brett Redden reconvened the regular meeting. The board took no action as a result of the executive session.

John McClow certified that the discussion that took place during executive session was confined to the subject and was attorney-client privileged communication and so did not need to be recorded.

Strategic Planning Workshop

The board discussed Frank Kugel's July 13 memo summarizing the most recent strategic planning committee meeting. George Sibley and Frank Kugel will draft a letter with comments for inclusion in the final report of the CSU economic study. Frank will circulate the letter to the board before sending it to Jeremy Carter.

Lake San Cristobal

Steve Schechter said that the board received draft notes from the last meeting. The low hazard classification for the dam has been obtained. The other permits are going slowly. The engineer from Obermeyer is coming back to discuss design in a public meeting on August 13.

Steve Glazer said he is not comfortable with the way the CWCB staff deflected the strategy of modification of the lake level with accepting injury with mitigation.

John McClow said the referee ruled that the CWCB may not accept injury without mitigation. The CWCB board may seek a legislative resolution in the next session.

Steve Schechter said he needs to find out what this board wants to do for prior approval for paying bills on the Lake San Cristobal project. The Town of Lake City and Hinsdale County requires approval by that entity for any expense greater than \$5,000.

Frank Kugel said that the \$5,000 threshold may be too low. He thinks it could be safely increased.

Ken Spann moved that the Lake San Cristobal Water Activity Enterprise (LSCWAE) board members representing the UGRWCD have the authority to proceed to the amount of \$10,000 preapproved expense authority. Jim Pike seconded. The motion carried.

Steve Schechter said that after the LSCWAE meeting, the board went to look at some erosion that occurred along the lake due to wave action.

12. MISCELLANEOUS MATTERS

Frank Kugel said that he is on the Project Finance committee for the Colorado Water Resources and Power Development Authority. The Authority is funding work on the Long Hollow Reservoir on a tributary to the La Plata River. Frank is on the subcommittee charged with selecting the design firm due to his extensive dam experience.

Frank Kugel said that Flynn Mangum has been appointed to fill Ralph Grover's vacant Division 1 board seat. Flynn has said he will be in attendance at the August 24 board meeting.

John McClow said that a Water and Land Use Planning seminar will be held September 28-30, 2009 in Denver. He requested that the September 28, 2009 board meeting be rescheduled.

Bill Nesbitt moved and Steve Schechter seconded to reschedule the September board meeting to September 24, 2009. The motion carried.

13. UNSCHEDULED CITIZENS

No unscheduled citizens requested to speak.

14. FUTURE MEETINGS

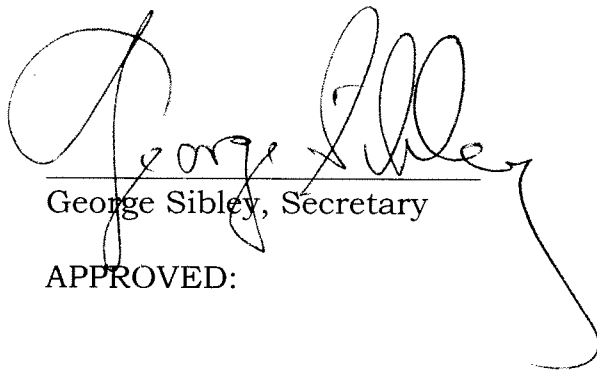
The Strategic Planning Committee will meet on August 5 at 8:00 a.m.

The Building Committee and the 50th Anniversary Committee will schedule meetings after by email.

15. ADJOURNMENT

Board President Brett Redden adjourned the July 27, 2009 meeting at 10:15 p.m.

Respectfully Submitted,



George Sibley, Secretary

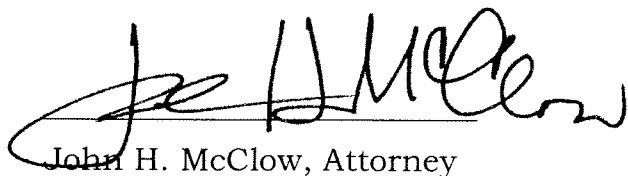
APPROVED:



Brett Redden, President

CERTIFICATION

As attorney for the Upper Gunnison River Water Conservancy District, I hereby attest that the portion of the executive session held on July 27, 2009 that was not recorded constituted a privileged attorney-client communication.



John H. McClow, Attorney

As chairman of the executive session, I hereby attest that the portion of the executive session held on July 27, 2009 that was not recorded was confined to the topic authorized for discussion in an executive session, as reflected by the minutes.

A handwritten signature in cursive script that reads "Brett W. Redden". The signature is written in black ink and is positioned above a solid horizontal line.

Brett W. Redden, President