

**Upper Gunnison River Water Conservancy District
Board Meeting Minutes
Monday, August 27, 2018**

The Board of Directors of the Upper Gunnison River Water Conservancy District conducted a regularly scheduled meeting on Monday, August 27, 2018 at the District's offices, 210 West Spencer Avenue, Suite B, Gunnison, Colorado

Board members present: Kathleen Curry, Rebie Hazard, Stacy McPhail, Julie Nania, Bill Nesbitt, John Perusek, Michelle Pierce, George Sibley, and Andy Spann.

Board members not present: Rosemary Carroll and Julie Vlier.

Also present:

Natalie Berkman, Mountain Roots
Sonja Chavez, Colorado River Water Conservation District
Cheryl Cwelich, UGRWCD Intern
Will Dujardin, Town of Crested Butte
Tom Grant, Wet Meadows Project Coordinator
Ashley Hom, U.S. Forest Service
Jesse Kruthaupt, Trout Unlimited
Frank Kugel, General Manager
John McClow, General Counsel
Molly McConnell, UGRWCD Intern
Bob Robbins
Jill Steele, Office Manager

1. CALL TO ORDER

Board president Michelle Pierce called the meeting to order at 5:30 p.m.

2. AGENDA APPROVAL

Michelle said that agenda item 8, Social Media as a Water Education Tool, was cancelled and will be rescheduled. The board received additional non-operating expenses for consideration.

Kathleen Curry moved and Bill Nesbitt seconded approval of the agenda as amended. The motion carried.

3. CONSENT AGENDA ITEMS

Rebie Hazard asked that the operating expenses be removed from the consent agenda.

Bill Nesbitt moved and Kathleen Curry seconded approval of the remaining consent agenda items. The motion carried.

Rebie asked why the bonding and insurance line item is at 138.36% of budget. Jill Steele said that the Water Activity Enterprise will reimburse the District for a portion of those costs.

Kathleen Curry moved and George Sibley seconded approval of the operating expenses. The motion carried.

4. LEGAL MATTERS

Drought Contingency Planning: Michelle Pierce said that during evaluations of senior staff last month, drought contingency planning came up. If proposed federal legislation passes, there could be an opportunity for the District to create a separate account in Blue Mesa or in Lake Powell. It was agreed that she should touch base with Bill Trampe, Tom Alvey, and Rebie Hazard, all of the CRWCD. She said that she had the wrong email for Rebie, but that she spoke with Bill and Tom. Both were very anxious that the West Slope, river districts, conservancy districts, and water providers stay on the same page on this issue. Both made it clear that their direction to their staff at this point is simply to protect West Slope agriculture and to stay involved and continue to go to meetings, even if they seem to be outnumbered. There is a fear in general that if the conserved consumptive use pool is established in Lake Powell, it could open the door to Front Range interests to come buy agriculture in order to deposit water in that pool. She suggested inviting Peter Fleming and Andy Mueller to discuss this, and the CRWCD's concerns and strategies, at our next meeting. She said she asked John McClow to discuss this with us tonight in more detail.

John McClow said that if federal legislation passes, or something similar, this will create an opportunity for the UGRWCD to do something to protect the basin from compact curtailment. The idea was that we could go to places where fallowing would be more likely to succeed, like Uncompahgre, and purchase conserved, consumptive water from farmers and deposit it into this account of the District's. The caution is that the CRWCD and Southwestern District are opposed to creating individual accounts. The account would probably be in Lake Powell but could be in any of the Upper Colorado River Storage Project reservoirs under the legislation. Until we can come up with an agreement within Colorado to put sideboards on this account, the River District and Southwestern are not comfortable.

Kathleen Curry supported having Andy and Peter come to a meeting. She said she does not think it is a good idea for the UGRWCD to go off on its own, yet, but rather to work hard to try to develop agreement and partnership with other West Slope entities, and to try to keep the door open to gather information. She said she supports the CRWCD's and others' efforts to create sideboards because not having those could leave us open to non-voluntary curtailment. Julie Nania agreed.

John McClow said that a Wyoming state senator has proposed a bill that would allow the state to market its unused compact apportionment.

5. MANAGER'S REPORT

In addition to the report the board received, Frank Kugel said that the USGS has greatly expanded their online data tools. He showed a graph of 80 years of record on Tomichi Creek, showing the very dire, record-setting conditions this year.

9. 2019 BUDGET DISCUSSION

Discussion of Draft Goals and Activities For 2019: Michelle Pierce said that rather than go through line by line now and again in September, she suggested that board members read the goals and activities and come prepared with comments for the next meeting.

Preliminary Estimate of Assessors' Valuations: Michelle Pierce said that because the county assessors work on a tax year, and we work on a budget year, the 2019 adjustment by the Gallagher Amendment will affect our 2020 budget, and not the 2019 budget. With any luck, the legislature will work through a solution to help rural counties with this. The Residential Assessment Rate will be 7.2% as it was last year.

Frank Kugel said that the preliminary assessed valuations received to date indicate an increase in Gunnison County of 1.23%, and a decrease in Hinsdale County of .15%. The Saguache County numbers have not yet been received. As budget officer, he will submit a draft budget for consideration at the September meeting.

Michelle Pierce instructed board members to bring their list of budget questions to next month's meeting.

7. DINNER BREAK

6. MOUNTAIN ROOTS PROJECT UPDATE – NATALIE BERKMAN

Frank Kugel said that the Mountain Roots Project is a recipient of last year's grant program. The District helped fund some irrigation improvements at Cold Harbour Ranch. He and George toured the site a few weeks back and were very impressed with operation and the technology they are using, partly due to our funding.

Natalie Berkman, Community Farm Manager at Mountain Roots, gave a presentation to the board on the Mountain Roots Project. She said that last summer, a 2-acre garden was built, and this summer is the first year of production. The goal of the farm is to be community driven and sustainable. They have installed a gravity drip irrigation system, which is a very important part of the water conservation part of the environmentally sustainable farm. The farm supports a 60-member CAS, which is 20 more members than last year. They are working on moving to a well instead of the irrigation ditch.

On Friday, September 14, there will be a harvest ho down fundraiser with local food, live music, and farm tours. Natalie offered to give board members a tour of the farm.

8. SOCIAL MEDIA AS A WATER EDUCATION TOOL – SARAH HIGGINS

Michelle Pierce said that agenda item #8, Social Media as a Water Education Tool, was cancelled. She said she wants to discuss as part of the budget process.

10. BOARD/STAFF/COMMITTEE MEMEBERS REPORTS

Treasurers Report: Treasurer's report: Bill Nesbitt said that the District obtained a 3.25% CD at Morgan Chase in Denver. July 31, 2019 is the maturity date. We are in the process of getting 3 more CDs, two for \$200K and one for \$100K.

Leadville Fen Project: Bill Nesbitt showed the board a video on work on the transplanting of the Leadville Fen.

Taylor Park Reservoir: Andy Spann said that the TLUG met on August 3 and a couple changes were made to increase the winter releases from 50 to 75 cfs. He said that he would prefer to go back to 50 cfs.

Frank Kugel said that there is a Four Parties meeting scheduled on September 28 to discuss winter releases.

Kathleen Curry asked about the stipulation. John McClow said that according to the stipulation, if storage is below 60,000 acre feet, the Winter

releases go to 50 cfs. Kathleen said she would support the 50 cfs. She asked if that flies in the face of our earlier position, or is there room to change from 75 to 50.

Julia Nania said she is uncomfortable with 50 cfs because previously, the board suggested a compromise, and this would feel like backing out.

John McClow said his opinion is that the board made a deal, in good faith, and should try to perform. If it were the other way around, we would be annoyed with Ernie Cockrell. He said that backing away from that deal makes him uncomfortable.

John McClow said that, due to the UVWUA overdraft of their first fill account, there could be a transfer of up to 9,000 acre feet of USBR water from Aspinall up to Taylor Park Reservoir. The first release then on November 1 would be of that Aspinall water to get it back down to Aspinall.

Michelle Pierce wants to go to 50 cfs, as per the stipulation, and if there is any held over storage, it can be used to benefit the District.

John McClow said that in the Four Parties meeting, Ed Warner of the Bureau of Reclamation, will ask what the District wants to do. He is hearing that the board wants to go to 50, except for Julie Nania.

Frank Kugel said that at the Four Parties meeting, the District honored the request of the TLUG and asked for 75 cfs for the winter release rate. The consensus of the Four Parties was they would reassess hydrologic conditions. For that reason, Frank believes that the board has already fulfilled the commitment discussed previously.

Kathleen Curry agreed. She said that when we talked about 75 cfs, we said long term winter flows would be discussed again, so the compromise idea was not locked in, and the District would not be backing out.

Education Committee: Bill Nesbitt said that approximately 3,656 individuals have been funded by the UGRWCD since it began funding these lessons.

Bill said that he would like to distribute the water booklets to kindergarten and first grade students again this academic year.

Stacy McPhail brought up working with the Cattlewomen to provide some sponsorship and materials for use during its Ag Venture Days program. She said the program reaches about 750 children over three days.

George Sibley said that the District needs to develop its message and have someone operating it who knows how to do that. He said that in 2019, the District must have a social media program.

Michelle Pierce said that there is money available as part of the Watershed Management Planning effort for this effort.

George Sibley said he has been participating in discussions on revamping the Colorado Water Workshop, and he will bring information to the board when he has it, possibly in September.

Watershed Management Planning Committee: George Sibley said that Wilson Water Group's presentation formed the majority of the August meeting. They are putting together a vast amount of information about the watersheds in the Upper Gunnison basin, with emphasis on the East River, Lake Fork, Ohio Creek. It was a fascinating presentation. He offered to send the PowerPoint presentation to anyone who wants to see it. The big thing this summer has been field work that Ashley Bembenek and Molly and some other interns have been doing, looking at difficult areas in the watersheds.

Wet Meadows Project Update: Tom Grant showed some slides to update the board on his activities. He said it has been a very productive year. This past Saturday 21 volunteers from HCCA worked with him, and a lot was accomplished.

Tom said that as of 2017, 1066 acres of habitat have been impacted, and 22.77 stream miles restored.

Tom showed a list of 2018 Gunnison Basin restoration sites, and he showed photos of work being done at many of the sites.

Frank Kugel thanked Ashley Hom of the USFS for their cooperation and funding.

Tom Grant gave a special thanks to Ashley. She wrote the Army Corps of Engineers nationwide wetland permit (#27) application and as a sort of a precedent-setting approach, she streamlined the process, cutting out 160 pages. The Corps of Engineers accepted it and hopefully this will help expedite future applications.

Long Lake Land Exchange: Frank Kugel said that there is a draft letter of support submitted by the director of the Crested Butte Land Trust regarding a proposed land exchange. The southern end of the Meridian Lake Reservoir property is a USFS in-holding. From a management perspective, the 120-acre parcel is not a desirable piece of property. There are many

positive aspects to the potential exchange. One concern is a potential impact to the proposed agreement between Mt. Crested Butte Water and Sanitation District and the Upper Gunnison River Water Activity Enterprise regarding the additional 131 acre feet of firm yield which will be provided at no cost to the Enterprise. We have gotten preliminary assurances from the new, potential owners that the proposed easement would not present a problem. The Land Trust asked us to write a letter of support for this project.

John McClow said that it is necessary to get a firm, written commitment that the exchange will not interfere with the Enterprise's existing agreement with Mt. Crested Butte Water and Sanitation District.

Stacy McPhail agreed with John and the potential for harm to the existing agreement. She said that she would like to have a discussion on the unintended consequences of moving lands from private to public ownership. Julie Nania agree with this.

John will contact their attorney about making sure this would not conflict with our existing agreement.

11. MISCELLANEOUS MATTERS

Summary of CWC 2018 Summer Conference: Kathleen Curry said that she very much enjoyed the CWC summer conference and found both the subject matter, and the networking, to be valuable.

Bill Nesbitt agreed. He attended a forest health session that was very interesting and informative.

Michelle Pierce said that she gets a lot out of each of these conferences. She said that she attended the Colorado River and its development history session, and it was fascinating.

12. CITIZEN COMMENTS

Ashley Hom, USFS Hydrologist, expressed thanks to Tom Grant for all his hard work.

Ashley said that typically the board has not accepted grant proposals from federal entities, and she asked if this were still true. She stated that it would be more cost-effective for the District to work directly with the USFS since it would eliminate mark-ups imposed by local nonprofits. The USFS has some irrigation ditches they would like to upgrade and make more efficient.

Frank offered to meet with Ashley on this. He said that the Grant Committee and the board have felt it is not appropriate to use District funds to give grants to the government.

13. FUTURE MEETINGS

The annual CRWCD seminar will take place September 14, 2018 in Grand Junction. There will be the grand opening of the Water Center at Colorado Mesa University the night before the seminar.

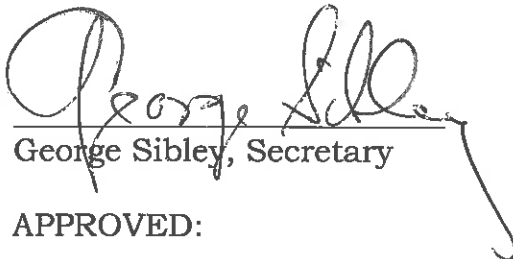
Frank Kugel said that he has been invited to attend the Yampa Roundtable meeting because word of the District's Watershed Planning process has spread.

Frank said that Heather Dutton, manager of the San Luis Valley Water Conservancy District and Emma Reesor of the Rio Grande Headwaters Restoration Project will come to the board's September meeting.


14. ADJOURNMENT

Board President Michelle Pierce adjourned the August 27, 2018 meeting at 8:50 p.m.

Respectfully Submitted,


George Sibley, Secretary

APPROVED:


Michelle Pierce, President