

**Upper Gunnison River Water Conservancy District
Board Meeting Minutes
Monday, August 26, 2019**

The Board of Directors of the Upper Gunnison River Water Conservancy District conducted a regularly scheduled meeting on Monday, August 26, 2019 at the District's offices, 210 West Spencer Avenue, Gunnison, Colorado.

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

Board members not present: Julie Vlier and Rosemary Carroll.

Others present:

Walt Cranor

Will Dujardin, Crested Butte Town Council

Jesse Kruthaupt, Trout Unlimited

Frank Kugel, General Manager

Marissa Markus

John McClow, General Counsel

Molly McConnell, UGRWCD Intern

Matt Peacock

Beverly Richards, Administrative Assistant

John and Molly Sloan

Josh Stupka, Gunnison River Festival

1. CALL TO ORDER

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

2. AGENDA APPROVAL

Michelle Pierce said the board has received some supplemental items including additional non-operating expenses for approval; an amended version of the Special Meeting minutes for consideration; a resolution and endorsement form for Proposition DD also for the Board's consideration; interview questions for General Manager search; and confidential information to be discussed in Executive Session.

3. CONSENT AGENDA ITEMS

Rebie Hazard asked that the Special Meeting minutes be removed from the consent agenda.

Bill Nesbitt moved, and John Perusek seconded approval of the remaining consent agenda items. The motion carried.

Rebie Hazard said she just wanted clarification about the policy concerning attending board meetings by telephone. It was her understanding that those participating by phone can only listen but not participate or vote. John McClow said that is indeed the policy.

George Sibley moved, and Andy Spann seconded approval of the Special Meeting minutes as presented. The motion carried.

4. MANAGER'S REPORT

Frank Kugel said the updated temperature and precipitation forecast for the 6-10-day and 8-14-day time frames indicate warmer and wetter than normal conditions. He had no other changes to report.

5. 2020 BUDGET Discussion

Discussion of Draft Goals and Activities for 2020

John McClow said the previous document already included the mission and value statements. The goals presented in the board packet are a result of previous discussions and are streamlined as a result. Bill Nesbitt asked about goal 9 which is the updating of the Strategic Management Plan. John said this is a separate management plan and usually only needs updating for board members. The last revision was completed in 2016 and it will take some work to completely update the plan.

Michelle Pierce said the idea was to develop a document that could be better used to evaluate the performance of the senior staff. John encouraged the board to look at the entire document including the mission and value statements as this will be discussed further in September if necessary.

John said the District has received the preliminary assessed valuations and these will also be discussed further at the September meeting when the final numbers have been provided. Frank suggested that another item for discussion in the next meeting should be the emergency grant funding and

how it should be structured. The preliminary budget will be discussed in detail at that meeting.

6. DINNER BREAK

7. BOARD/STAFF/COMMITTEE MEMBERS REPORTS

Treasurer's Report:

Bill Nesbitt said it is budget time now and it is important to get the constituents' demands included. If there are any suggestions for education outreach, please let him know so the funding request can be included.

Bill said he spoke with Sharon at the bank in Lake City about the certificate of deposit. He was able to lock in a 1.9% interest rate up from 1.4%. He also said he is a bit concerned about investments being made by ColoTrust Prime and Plus as there is concern about unsecured debt. He will continue to monitor this situation.

Taylor Park Reservoir:

Frank Kugel said the current release rate dropped by 50 cfs today. It was originally scheduled to be reduced last Wednesday but he requested the reduction not occur until after the Gunnison River Festival in order to supplement flows for the event. The end of year storage in the reservoir is still predicted to be 81,000 acre-feet. The rate will remain at 350 cfs until the end of September and the winter release rate will be 100 cfs.

Drought Contingency Planning Update:

John McClow said there have been developments at the state level. Work groups have been appointed by the CWCB. Three of the groups have met and have been productive so far in their first meetings. Two of the work groups have been postponed due to cross pollination between those groups and others. The Water Bank Work Group will meet on Friday, August 30th. This meeting will include a secondary economic study group and discussion about Gunnison Basin outreach. Frank will be presenting at the meeting and John will participate by phone. Frank encouraged others to attend this meeting if possible as there will be a diverse group of people with members from the upper basin as well.

With regard to the District's economic impact study, Ed Harvey's team will be scheduling individual rancher interviews along with Jesse Kruthaupt and Andy Spann. Andy said they have been in touch with different users in the valley and are hoping to begin interviews by September 16th. He feels they are being

overly optimistic about the length of the interviews. Harvey Economics is being very conscientious about the budget by trying to make them as timely as possible. John said the time currently allotted may be too little and it could be increased if necessary, even if the budget needs to be adjusted.

Projects Committee:

The committee discussed issues with the Marshall No. 2 and George Smith No. 2 ditches. Frank provided Google Earth views of the ditches from 2012. The Marshall No. 2 Ditch had historic diversion structures that paralleled the riverbank and required significant dredging of sediment in the past. Walt Cranor and John and Molly Sloane are the ditch owners and were present at the meeting.

There was a grant issued through the District grant program for \$18,589 to work of the maintenance issues and to provide the ability to capture flows in low water years. The grant was applied for because the ditch owners were unable to capture water during the low flows in 2018. As a result, there was no hay crop that year.

The ditch is close to Camp Gunnison and they provided drone footage of the area during high flows this spring. The high flows resulted in the opposite bank being washed out. This ditch is located to close to the Gunnison & Ohio Creek Canal which the majority is owned by Bill Trampe. There are concerns regarding continued erosion of the bank and the potential impact on Gunnison & Ohio Creek Canal which is one of the biggest irrigation ditches in the basin.

Frank said the committee authorized him to allocate \$10,000 for engineering work to address the problems. He sent out request for proposals to three engineering firms and only one express interest. McLaughlin Whitewater Group has extensive experience with diversion structure design and rehabilitation. They were willing to come out and look at the area but indicated the \$10,000 would not be enough. They said it would take \$20,000 to do a site visit and conceptual design of how the river should be realigned.

Bill Trampe has said he will move forward to fix the eroded area and has a bid from Spallone Construction for \$23,000. The recommendation from the committee is to get an engineer involved in the process and then repairs can go ahead. Frank said they could probably defray engineering cost by having Rick McLaughlin also visit the problems with Psychedelic Falls at the Whitewater Park.

The shared diversion for the Kelmel Owens No. 2 and Goodwin Knox Ditches is the location for the Psychedelic Falls structure and Spann Ranches are the primary owner of the ditch. The structure was constructed in 2007 and

provided multiple benefits including steady long-term elevation for irrigation and fish passage. The issue with the structure is that the uppermost drop in the feature has now become unsafe for boaters. Dale Hockett will work with CPW to do some type of deposition of rock to address the safety issues. Rick McLaughlin said he would come out and look at what is planned and provide his opinion of whether the design is appropriate to solve the problem.

The Projects Committee recommended the District continue with Mclaughlin Engineering to address the issues at both sites for \$20,000. This covers both sites for preliminary engineering not to exceed that amount. The recommendation was approved. Andy Spann abstained from the vote.

The committee also recommended that the District provide contractor funding up to an amount of \$10,000 for repairs to Kelmel Owens No. 2 diversion and this funding will be moved out of the Aspinall monies budgeted for additional water purchase. This recommendation was approved. Andy Spann abstained from the vote.

The committee recommended both projects be classified as emergencies in order to make emergency grant funding available if needed. This recommendation was approved.

The projects committee also discussed the proposed North Village Reservoir and Elk Home Ditch Pipeline projects and decided there was no action necessary on these at this time.

Water Quality Monitoring Program

Frank said there was a meeting summary in the packet. Highlights from the meeting included a discussion of two new streamflow gages that were installed this year, one on Ohio Creek near Baldwin just downstream of the confluence with Mill Creek. This gage is currently giving good quality data, but it was installed during high water. They will need to install another sensor that will also provide data at low flows. The second gage was installed on Henson Creek on the footbridge in downtown Lake City. This will be a seasonal gage that will be paid by the month. It would be appropriate for the Enterprise to share in the cost for this since Hinsdale County and the Town of Lake City both benefit from the gage. The cost to install this gage was provided from the Bureau of Land Management because the data will benefit them as well.

Another discussion that was included in the meeting was the temperature sensor that was installed at the Whitewater Park. It was suggested this be moved to the gage at County Road 32, McCabe's Lane bridge. Frank has reached out to Russ Forrest to see if the county wants it moved. This will

involve splitting the cost and the sensor would run for a longer period of time each year.

Julie Nania said that temperature sensors around the basin have registered raised temperatures and sampling has recorded the existence of toxic algae. It was recommended that we install more of the sensors to better track the occurrences. She also said CCWC is sampling at specific sites for *E. coli* but there is currently not enough data to provide much information. They had a tour with Shea Earley with the Town of Crested Butte and its possible there is loading upstream from the Mt. Emmons treatment plant and on Wildcat Creek.

Frank said that work is continuing for the Lake Irwin project which is a project to develop better utilization of the storage in Lake Irwin. The Town and CPW have been working with their attorneys to include more flexibility for the available storage in Lake Irwin. The Division Engineer wants continuous monitoring at this site which may have to be included in the USGS monitoring program. Julie also said that the group was informed prices would be increasing in 2021 but the USGS is trying to cover as much of the funding as possible.

Watershed Management Planning:

George Sibley said the committee met a week ago and progress on the report writing is going well. An outline has been developed and we are working off of that. A draft will be provided in advance of the September board meeting.

The committee is also working towards Phase II of the process which includes funding from the CWCB. This phase will begin looking at the mainstem of the Gunnison River, Taylor River, and Cebolla Creek. The committee is also working on developing a list of vendors who will investigate proposed projects that are in the development stage. This list will include vendors with the expertise in areas such as environmental planning; regulatory compliance; water resource engineering services; geotechnical engineering services; dams, reservoirs, and agricultural services; stream restoration and land reclamation services.

The committee discussed demonstration and pilot projects developed in Phase I. Jesse Kruthaupt is currently working on an Ohio Creek study of a small storage project in Barry Gulch. He is also working on an irrigation efficiency project to determine if water can be conserved using these methods. There is also a ditch loss measurement project being developed with input from the landowner on how this should be accomplished.

In the Lake Fork sub-basin Camille is working on the Pete's Lake wetlands project. This project will include the protection and enhancement of the

wetlands and habitat and will also provide water storage and recreational opportunities.

In the East River sub-basin there are a number of proposed projects developed as a result of Phase I. These include the Lake Irwin project already discussed and involvement with the Slate River Working Group which is a good example of a demonstration project as it involves collaboration with varied stakeholders.

There is one project involving the Strand Canal (aka – Meads No. 2 Ditch) bridge that was completed as part of the planning process which now involves a disagreement between the ditch owner and the Crested Butte Mountain Bike Club who performed the work. The bridge was installed on USFS property and now belongs to them. Discussions are ongoing with this project and it will hopefully be resolved soon.

8. MISCELLANEOUS MATTERS

Summary of CWC 2019 Summer Conference – Bill Nesbitt said there was much discussion about the Upper Colorado River Commission. Becky Mitchell was appointed as by the Governor to be Colorado's Commissioner and John McClow and David Robbins will serve as alternates.

Julie Nania said there was also discussion about the Interim Water Resource Committee and their work on the Instream Flow bill. This did not pass last year but they are continuing to work on revisions.

Frank Kugel said there was an interesting presentation by Jeff Deems about locating potential Snotel sites. The presentation showed results of an airborne survey of the Upper East River which showed the depth of snow and how it is distributed.

Bill said he spoke with representative from Aurora Water about fen research and they have decided not to continue research at the reservoir site. He said the size of the fen to be displaced by the proposed reservoir was much larger than first expected.

Proposition DD Resolution and Endorsement – John said this information is about Proposition DD which is a proposal to tax casino sports betting to fund Colorado's Water Plan. The resolution and endorsement are for the Board to consider.

George Sibley said he is worried that people will say that this solves the funding problems. Julie Nania strongly suggested the District support this proposition as it is a good way to secure funding for Colorado's Water Plan. Bill Nesbitt said he is concerned that once the funding is received there may be

instances where they would redirect the funds to something else. He said it was a positive concept but has not answered all of the questions yet.

Stacy McPhail would like to echo Julie's suggestion. GOCO is a good model for this program and they continue to come under threat to reallocate their funds. This resolution is based upon projects that address farming and ranching storage and demand would be a prime motivator for compensation.

George agreed this would be a good thing if it were structured on GOCO. John said this would be a dedicated fund administered by CWCB which is appointed by the Governor. Julie said she is in favor of supporting the resolution as this could be potential funding for demand management.

Bill said the District is a tax payer supported organization. Based on this he has some concerns and suggested we be cautious with our support.

Stacy McPhail moved, and Julie Nania seconded the Board support the resolution in support of Proposition DD. The motion carried.

With regards to the endorsement form, John said the form is not necessarily required as the resolution stands on its own.

Julie Nania moved, and Stacy McPhail seconded the Board approve the endorsement form for Proposition DD.

Rebie Hazard said she has heard concerns about endorsing this proposition and she suggested we not take this step. The endorsement form is meant for individuals, but the organization can be identified as an endorsement from the Board. Julie said this is addressing key concerns and is a potential funding source for implementation of projects developed during the watershed management planning process. She also said this will address the issues from irrigators concerning funding of proposed projects.

The board conducted a roll call vote concerning the motion to approve the endorsement form.

Results of roll call vote to support and endorse Proposition DD:

Joellen Fonken	yes
Rebie Hazard	no
Stacy McPhail	yes
Julie Nania	yes
Bill Nesbitt	no
John Perusek	no
Michelle Pierce	yes

George Sibley **yes**
Andy Spann **no**

The motion passed 5 yes to 4 no.

John McClow said there was a document provided that contained General Manager interview questions. He asked the board to look over this document and make suggestions or changes. The plan is to provide this to finalists in advance of the interviews.

Joellen Fonken spoke about the Gunnison River Festival. She said that this event is often a moving target based on flows in the river. Even though many of the events were rescheduled due to this year's high flows, they still had the downriver race in June. Providing for a safe environment this year meant splitting up the even and there was a lot of work involved. The advantage of having the event at this time of year was the inclusion of new students from Western. Josh Stupka designed an innertube float around the group and it was very well received.

Even though the event was moved, many of the competitors and Gunnison natives came back to compete. There were roughly 800 and most were very positive about the event.

Michelle Pierce wanted to draw attention to the solar panels on the roof of the building. She is glad these were finally installed and are now operational as this has been ongoing to some time. The panels are currently generating about \$100 worth of electricity per month.

9. CITIZEN COMMENTS

Matt Peacock said he attended the meeting as he has an interest in the workings of the District. No other citizens requested to speak.

10. FUTURE MEETINGS

The next regular board meeting will be held on September 23, 2019.

The Watershed Management Planning Committee will meet on September 9, 2019.

The deadline for applications for the Wet Meadows Coordinator position is September 13, 2019. Interviews will be held on September 16, 2019.

The deadline for applications for the General Manager positions is September 16, 2019. An Executive Committee meeting will need to be scheduled to screen the applications, if necessary, on September 17, 2019. Interviews will be scheduled for the week of September 24, 2019.

The Colorado River District Water Seminar will be held on September 18, 2019 and will be held at Mesa University.

12. SUMMARY OF MEETING ACTION ITEMS

John McClow will prepare Proposition DD forms for signature.

12. EXECUTIVE SESSION

John McClow said that the board is authorized to meet in executive session for the purpose of receiving legal advice from the District's General Counsel, and determining positions relative to matters subject to negotiations, pursuant to Section 24-6-402 (4) (a) and (e) (I), Colorado Revised Statutes.

**Rebie Hazard moved, and Joellen Fonken seconded to adjourn into executive session for the purpose of receiving legal advice for the District's General Counsel, and determining positions relative to matters subject to negotiations, pursuant to Section 24-6-402 (4) (a) and (e) (I), Colorado Revised Statutes.
The motion carried.**

Stacy McPhail moved, and Andy Spann seconded, to adjourn the executive session. The motion carried.

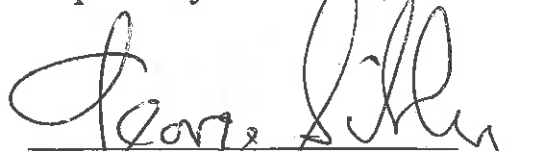
The board took no action as a result of the executive session.

Board President Michelle Pierce adjourned the executive session and re-convened the regular meeting.

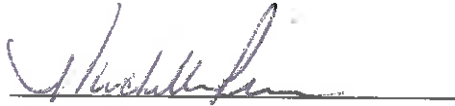
13. ADJOURNMENT

Board President Michelle Pierce adjourned the August 26, 2019 regular meeting at 8:12 p.m.

Respectfully Submitted,

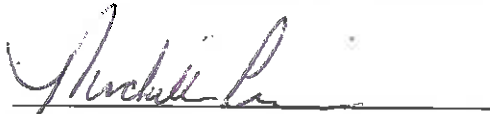

George Sibley, Secretary

APPROVED:



Michelle Pierce, President

As chair of the executive session, I hereby attest that the executive session held on August 26, 2019 was confined to the topic authorized for discussion in an executive session, as reflected by the minutes.



Michelle Pierce, President

CERTIFICATION

As attorney for the Upper Gunnison River Water Conservancy District, I hereby attest that the executive session held on August 26, 2019 was confined to the topic authorized for discussion in an executive session, as reflected by the minutes.



John H. McClow, General Counsel

