

**Upper Gunnison River Water Conservancy District
Annual Meeting Minutes of the Board of Directors
Monday, July 25, 2022**

The Board of Directors of the Upper Gunnison River Water Conservancy District (UGRWCD) conducted its annual meeting on Monday, July 25, 2022 at 5:30 p.m. in the District office, 210 West Spencer Avenue, Suite B, Gunnison, CO, 81230 and via Zoom video/teleconferencing.

Board members present: Sara Bergstrom (via Zoom), Rosemary Carroll, Rebie Hazard, Stacy McPhail, Julie Nania (via Zoom), Bill Nesbitt, Michelle Pierce (via Zoom), John Perusek, Don Sabrowski and Andy Spann.

Board members absent: Joellen Fonken

Others present:

Sonja Chavez, UGRWCD General Manager
Cheryl Cwelich, UGRWCD Watershed Program Coordinator
John McCLOW, UGRWCD General Counsel
Beverly Richards, UGRWCD Water Resource Specialist
Jill Steele, UGRWCD Accountant
Sue Uerling, UGRWCD Admin. Asst./Communications Support Specialist
Jim Woodcock, Esty Ranch

1. Call to Order

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

2. Agenda Approval

President Pierce noted that Item 6 – Executive Session should be removed from the agenda and she noted that under the Wet Meadows Program Update in Item 9, an action item to partner with the BLM is being added.

Director Andy Spann moved and Director Rosemary Carroll seconded approval of the agenda as amended. The motion carried.

3. Consent Agenda Items

Director Bill Nesbitt moved and Director Stacy McPhail seconded approval of the consent agenda items with the minutes removed. The motion carried.

Director Rosemary Carroll wanted to clarify in the June 27, 2022 minutes under the Scientific Endeavors update (page 11 and 12) that nitrogen levels in the Slate River are low.

Treasurer Bill Nesbitt asked that on page 9 of the June 27, 2022 minutes that the reference to Waddell and Reed be struck from the minutes and that the sentence instead read “Director Fonken asked if the District was still using LPL Financial and Treasurer Nesbitt said yes.”

Director Bill Nesbitt moved and Director Sara Bergstrom seconded approval of the June 27, 2022 minutes with the corrections noted above. The motion carried.

4. Legal and Legislative Issues

General Counsel John McClow updated the Board on the Five-Step Plan submitted by the Upper Division States to the Bureau of Reclamation in response to their request to submit plans for reduction of consumptive use of two-to-four-million-acre feet of water. (The Five Step Plan is as follows: **(1)** Seek amendment and reauthorization of the System Conservation Pilot Project legislation originally enacted in 2014. The amendment will provide for extension of the authorization and reporting periods to September 30, 2026, and September 30, 2027, respectively, and seek funding to support the program in the Upper Basin. Upon obtaining reauthorization, the necessary funding, and finalizing any required agreements, the Upper Division States intend to reactivate the program in the Upper Basin in 2023. **(2)** Commence development of a 2023 Drought Response Operations Plan (2023 Plan) in August 2022 with finalization in April 2023 consistent with the Drought Response Operations Plan Framework (Framework). A 2023 Plan must meet all the requirements of the Drought Response Operations Agreement and the Framework. These requirements include, but are not limited to, determining the effectiveness of any potential releases from upstream Initial Units to protect critical elevations at Glen Canyon Dam, and ensuring that the benefits provided to Glen Canyon Dam facilities and operations are preserved. **(3)** Consider an Upper Basin Demand Management program as interstate and intrastate investigations are completed. **(4)** Implement, in cooperation with Reclamation, the Bipartisan Infrastructure Law for Upper Basin Drought Contingency Plan funding to accelerate enhanced measurement, monitoring, and reporting infrastructure to improve water management tools across the Upper Division States. **(5)** Continue strict water management and administration within the available annual water supply in the Upper Division States, including implementation and expansion of intrastate water conservation programs and regulation and enforcement under the doctrine of prior appropriation.)

Counselor McClow noted that Lower Division states have not submitted any plans. The BOR’s deadline is August 16th. They have not yet been willing to talk seriously about reducing their use. There was ensuing discussion about what could be done to make the lower states comply. John said that the

Secretary of Interior has the right to cut off the supply to any water user in the Lower Division states. John noted that this is not the case with the Upper Division states. The federal government has no authority to curtail water in the Upper Basin. Reclamation could try to release additional water from CRSP reservoirs, but that would violate the Drought Response Operations Agreement, which is part of the five-step plan. The only way this could change is if the federal government determined it was necessary as an emergency action.

More questions were raised about what can be done to make the Lower Basin states comply and if the Upper Basin states are doing enough to remain in compliance with the compact. John noted that there really isn't much we can do in the Upper Basin as there is no more water to add to the system. He noted that the District could choose to be part of a conservation pilot program or perhaps a demand management program but that right now, everything is pretty vague and so much of this will depend on hydrology. He reiterated that "at this moment, our water users are protected because the Upper Basin states are in compliance with the compact." He noted that the BOR is going to have to come up with a professional, credible way of saying "this is your problem Lower Basin states and you need to fix it."

Director Don Sabrowski asked John if there was any update on the litigation of ownership of land under the Arkansas River as reported at the April 2022 UGRWCD Board Meeting. John said that the appropriate petitions have been filed for review by the Supreme Court but that the court has not yet ruled on whether it will accept the case.

5. Appointment of 2023 Budget Officer

Director Bill Nesbitt moved and Director Andy Spann seconded the appointment of General Manager Sonja Chavez to serve as the budget officer for fiscal year 2023. The motion carried.

6. Basin Water Supply Update

A Basin Water Supply update was included in the Board Packet. Water Resource Specialist Beverly Richards said Hinsdale and Saguache counties have both gotten above average rain this month and the conditions of drought improved in these counties. Most of Gunnison County has not received enough rain to change the drought conditions. Beverly noted that they are predicting the monsoonal rains will continue for the next few weeks but that they are also predicting that summer conditions will run longer than normal with hot temperatures continuing into the next couple of months. We remain in the La Niña weather pattern and this is not likely to change in the next several months. Bev noted that reservoir storage in the Gunnison and combined San Juan/Dolores basins is at record lows. The good news based on the Colorado River discussion is that the Colorado River basin storage is one of the highest in the state. Streamflows in our area continue to be well below the historical averages.

7. BREAK

9. General Manager, Staff and Committee Updates

Treasurer's Report: Board Treasurer Bill Nesbitt reported that he had checked with Gunnison Savings and Loan and locally, we would be looking at a one percent APR for renewing CD's that have matured or will mature in the next few months. Bill said he talked to our bond dealer and that currently rates for two-year notes are paying better than long-term bonds, which doesn't make sense. Plus, as the bond market moves, these investments could be called so Bill is thinking it might be a better investment to put \$245,000 in a Synchrony Bank and American Express Bank certificate of deposit which are currently paying 3.4 and 3.3 APR respectively. By keeping them at \$245,000, even with interest earnings, we would remain under the \$250,000 FDIC insurance limit. President Pierce noted that he and General Manager Chavez do not need the Board's authorization to purchase these investments.

Approval of Audit – President Michelle Pierce noted that in Auditor Paul Miller's letter accompanying the audit, he presented the District with a perfect and clean opinion.

Director Bill Nesbitt moved and Director Rebie Hazard seconded the approval of the financial audit for the fiscal year ended on December 31, 2021 as presented by Auditor Paul Miller. The motion carried.

General Manager's Update: General Manager Sonja Chavez referred to her update included in the packet.

Gap Weather Radar Data - Sonja is concerned about the long-term acquisition of gap weather radar data across the west. She believes that directing only 20 percent of the allocated federal budget on weather radar data in the west is not acceptable as there are many gaps in weather data coverage across the west, especially for radar units that provide predictions of incoming weather and not just data on current conditions. The weather radar unit proposed for Gunnison County has been delayed due to contractor availability but she believes it will be in place by this fall. Sonja asked for the Board's approval to bring this matter to the attention of Congress in collaboration with other western states. She noted that the District should draft a memo in conjunction with the Colorado River District outlining our needs for this weather radar to submit to Congress in collaboration with other western states. President Pierce said that since there were no objections from any Board members, Sonja should continue to pursue government support for gap weather radar in the west.

Director Rosemary Carroll asked if Sonja, on behalf of the District, would be stressing funding for one particular radar over the other and she said she would be focusing on the addition of funding to the National MESONET Program. Rosemary asked if it would be possible to get the Bureau of Reclamation on board to also seek funding since they are needing this data as well. Sonja noted that as an agency of

the federal government, the BOR cannot lobby for funding but the District can emphasize the benefits to BOR forecasting.

Colorado River District – Sonja referred to the River District recent meeting and said there was a lot of good information shared through a number of different the presentations. She specifically noted that she got a lot out of Kevin Rein’s presentation and would like the Board to hear his presentation as well.

Harmful Algal Bloom Study – A satellite image of Blue Mesa Reservoir showing the algal blooms, particularly in the Iola Basin, was presented from the July 15th data collection effort with the USGS and National Park Service (NPS). Sonja said the District has also gotten some calls from the public with concerns about algae in local rivers. Those included the east river below WWTP and Gunnison River (Mark Schumacher) reported a red powdery substance at the rock and waterline south of Almont just upstream from Camp Gunnison. Sonja offered that perhaps Katie Walton-Day from the USGS could conduct a float along the river to take some samples along the way and help identify any algae or chemicals encountered. Sonja noted that these were also issues she would bring up at the next Water Quality Control Monitoring meeting.

Flood Plain Mapping – Sonja reported that she is aware of changes to flood plain maps for Gunnison and Hinsdale Counties. The last mapping was done in late 1980’s and with the improvements in technology, the flood plain maps have changed dramatically. Director McPhail noted that during the closings on the Lazy K housing units, the new owners were told that they would need flood plain insurance at the closing and it was very expensive. She noted that this insurance could limit access to affordable housing for some homeowners.

Town of Crested Butte Water Source Protection Planning - Sonja spoke with Town of Crested Butte and Paul Hempel of the Colorado Rural Water Association. He has not been able to submit a grant on their behalf yet due to his busy schedule but he is scheduled to conduct a field tour in August. He will submit a grant application in September so that planning can commence.

Visit by CO Department of Agriculture – General Manager Chavez and Director McPhail have been working with Bethany Howell from Commissioner Kate Greenburg’s office to schedule a visit to the area with the goal of having area producers meet in person with Stephanie and Kate to discuss succession, innovation, supply chain issues, marketing issues, drought resiliency and any other concerns. Sonja encouraged Andy, Don and other producers to schedule some time to visit one-on-one with them during their visit on August 12th.

Whitewater Park Meeting – At a recent meeting with Gunnison County and Whitewater Park user groups to discuss fixing the issues with drop #2 at the Gunnison Whitewater Park, the District was surprised to learn that a third proposal was put forward that would significantly alter drop #2 in the park and reconfigure the existing drops and take out area to accommodate the new design. Watershed

Program Coordinator Cheryl Cwelich said the new proposal came with a lot of new variables and was significantly more costly. It was noted that Marlene Crosby put “a pause” on the whole project stating that Gunnison County so that she can work with the consultant on the timeline and engineering budget for the Whitewater Park. Director McPhail noted that the Watershed Planning Committee is not in favor of spending the time and money on the third (new) proposal as it was presented.

WMP Update – General Manager Chavez referenced the report provided in the packet and noted that the field season has been very busy. She commended Katie Jagt for the input she has provided during site visits and noted that Katie had concerns about Coldharbour’s design plans and will provide them with an assessment of her visit and recommendations on re-engineering their plans. Director Carroll asked if this would affect their grant timeline and it was noted that Coldharbour’s grant award was for planning only and that to date, the District has not entered into contract with Coldharbour yet. Once the contract is issued, they will have a year to meet their grant obligations.

Grant Program Update – Water Resource Specialist Beverly Richards referred to her memo included in the packet and said that her update is that now all 2022 contracts requests are either in progress or have been completed. Bev noted that due to a change in property ownership, one application that was funded in 2021 has been canceled as the original application is not ready to move forward due to a change in ownership. A letter was written to the applicant (lessee) who was encouraged to submit an application in the future if the new owner was on board. The total of that grant award was \$9,600.

Staff recommended to the Board that these funds be used to finish the Strand Ditch project which has been in flux for over two years now. Director McPhail asked that the District’s records note that the applicant, Crested Butte Mountain Bike Association (CBMBA), did not uphold their terms of the grant contract, including (1) their application was materially incorrect compared to the bridge installation/location that was actually installed; (2) there was no communication with the primary water right holder; (3) communication with the District around trying to find a reasonable solution was not positive; (4) when the District proposed solutions to the issues, even the CBMBA essentially went mute, (5) and the U.S. Forest Service had previously threatened the landowner with legal action. Stacy feels these points should be taken into consideration should CBMBA ever submit another grant application to the District in the future. After much discussion, it was determined that the Forest Service does have possession of the bridge, which essentially cost \$5,000, the amount that the District granted to CBMBA, and therefore, sending CBMBA a letter demanding they return the grant funds would serve no purpose. Sonja noted that after this incident, the grant committee made significant changes to the grant application process to ensure that any water rights holder or landowner who might be affected by a grant project are fully aware and agree with the grant proposal and that the District now has more oversight in engineering and design. Sonja said that the Forest Service is currently storing the bridge and is now saying they cannot meet their previous commitment to provide funds for materials. Sonja wants the Board’s agreement for the District to move forward with the engineering and installation of the bridge

utilizing the \$9,600 in grant funds being returned. Director Carroll asked if the Board could see engineering plans for the new installation of the bridge. Sonja agreed.

Director Julie Nania noted that she is happy that the District has access to an engineer to help support District grant applications.

Director Bill Nesbitt moved and Director Rebie Hazard seconded that \$9,600 from the canceled grant award be transferred to the General Manager's discretionary funds line item to complete the Strand Ditch Bridge project in the fall of 2022. The motion carried.

Wet Meadows Program Update - Watershed Programs Coordinator Cheryl Cwelich reported that there has been a lot of progress made on various ground projects and she's pleased with the cooperation among the partners.

General Manager Chavez said that there have been a couple of private landowners who expressed concerns that their water rights were being affected by wet meadows projects built upstream of their property in 2020 and 2021. These concerns are being addressed and the District will be following up to coordinate redesign of the restoration structures with the BLM. Counselor John McClow said he believes that some of the structures associated with wet meadows projects can impact a water right and thinks it is important for the state to provide some clear guidelines. Sonja said that this is a statewide issue.

On other matters, Cheryl said that the BLM has requested the District participate as a cooperating agency in the preparation of the Gunnison Sage-grouse Resource Management Plan Amendment/Draft Environmental Impact Statement, which will provide input on management plans for Gunnison sage-grouse and sagebrush habitats managed by the BLM.. Director Bill Nesbitt asked if there would be any hard costs involved in being a cooperating agency with the BLM and Sonja answered that it will just be staff time most likely devoted to helping provide data and information. Director Julie Nania noted that it is important that the District provide input on this land management plan and thanked the staff for their prompt and thoughtful response.

Director Andy Spann moved and Director Bill Nesbitt seconded authorizing staff to participate as a cooperating agency in providing input for the BLM Sage Grouse Resource Management Plan Update. The motion carried.

Taylor Local User's Group Update - The July 8th Meeting Minutes were included in the Board Packet. TLUG Chair Don Sabrowski said he was happy to report that at the July 25th meeting this morning, there was a consensus among all TLUG representatives on flow recommendations. Don said that according to the Stipulation for an "Average Year," the end-of-year storage content is 70,000 acre- feet. Don said that during the end of June and beginning of July, the forecast showed a loss of 10,000 acre-feet, which

meant flow recommendations had to be curtailed significantly to try to reach the 70,000 acre feet end of year content. Don noted that TLUG representative Ernie Cockrell agreed to not oppose an end of year storage content to 68,000 acre-feet and 83 cfs winter flow rate in order to help maintain streamflows at 230 cfs through August 21. Sonja noted that an agreement letter was signed by the Four Parties and Mr. Cockrell indicating that their approval of the reduction in end of year storage content was not precedent setting.

Chairman Sabrowski also report that Dan Brauch of the CPW said the repairs to the outlet pipe at Spring Creek Reservoir are to begin on August 3rd, and CPW is expecting all work to be completed by the end of August. CPW would like to start filling Spring Creek Reservoir as soon as possible after completion of the outlet pipe repair and they understand that they have junior water right. They will attempt to fill it from natural rainfall and snowmelt through this year and winter/spring of 2023.

The next TLUG meeting will be held Tuesday, August 9th at 11:00 AM.

Education and Outreach – Please see the memorandum in the Board packet.

Scientific Endeavors: Director Carroll said she had no report this month.

Gunnison Basin Roundtable – Director Bill Nesbitt said he attended the meeting on July 18th and that the materials for the meeting came out very late. Bill said the watershed/wildfire update given by Chris Sturm of the CWCB was very insightful. General Manager Chavez reported that Chris has been invited to address the Board on this topic at the August 29th Board meeting. Bill feels that the Gunnison Basin is much further ahead than other basins with respect to wildfire assessment.

STOR Update: No report this month as Director Fonken was absent.

10. Miscellaneous Matters

Accountant Jill Steele presented the District with a piece of watercolor photography by Gregg Morin entitled “Gunnison River Wave” as a gift from the Gunnison River Festival for serving as the title sponsor of the festival.

General Manager Sonja Chavez gave the “last call” for Board members to contact the District if they wish to attend the Colorado Water Congress Conference in Steamboat Springs August 23-25. Sonja said she is considering also taking a local ag producer as she feels they would get a lot out of the conference.

Sonja asked if Board members would be interested in having a barbecue dinner out at the I Bar Ranch at the September meeting. She said she would also like to invite elected officials, as well as town and

county planners for informal discussions around water issues like growth and development, etc. The Board was agreeable to such a dinner.

Sonja has been selected as Water Education Colorado's "Emerging Water Leader" and will be presented her award on September 8th in Denver. Counselor McClow said tickets for the President's Banquet are \$150 each.

11. Citizens Comments

There were no citizens comments.

12. Future Meetings

A list of upcoming meetings was included in the Board Packet.

13. Summary of Meeting Action Items

Staff will make the requested changes to the minutes.

General Manager Chavez will meet with Treasurer Nesbitt to discuss investment options for the District.

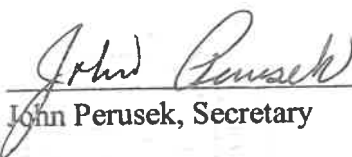
Staff will look into scheduling a barbecue dinner for the Board and area leaders at the I Bar Ranch in September

Sonja and Director McPhail will coordinate to encourage ag producers in the basin to meet one on one with Commissioner Greenburg during her August 12th.

14. Adjournment

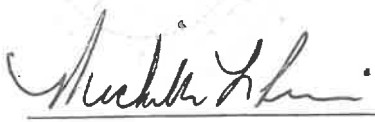
Board President Michelle Pierce adjourned the regular Board meeting on July 25, 2022, at 7:48 p.m.

Respectfully Submitted,



John Perusek, Secretary

APPROVED:



Michelle Pierce, President