

**Upper Gunnison River Water Conservancy District
Regular Meeting Minutes of the Board of Directors
October 23, 2023 at 5:30 p.m.**

The Board of Directors of the Upper Gunnison River Water Conservancy District (UGRWCD) conducted a regular meeting on Monday, October 23, 2023 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: Rosemary Carroll (via Zoom), Joellen Fonken, Rebie Hazard (via Zoom), Stacy McPhail, Julie Nania (via Zoom), Bill Nesbitt, John Perusek, Michelle Pierce, Mike Rogers (via Zoom), Don Sabrowski and Andy Spann.

Others present:

Savannah Adkins, Bureau of Land Management Intern

Sonja Chavez, UGRWCD General Manager

Cheryl Cwelich, Water Resource Specialist I

Alisha Jackson, Thomas N. Stoeber CPA

Jesse Kruthaupt, Trout Unlimited

Grace Lindell, UGRWCD Intern

John McClow, UGRWCD General Counsel

Beverly Richards, Water Resource Specialist II/Office Manager

Tom Stoeber, Thomas N. Stoeber CPA

Sue Uerling, UGRWCD Admin. Asst/Communications Support Specialist

Ari Yamaguchi, UGRWCD Intern

Katie Young, Bureau of Land Management Intern

1. Call to Order

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

2. Agenda Approval

Director Stacy McPhail moved and Director Bill Nesbitt seconded approval of the agenda. The motion carried.

3. Consent Agenda Items

Director Bill Nesbitt moved and Director John Perusek seconded approval of the consent

agenda items. The motion carried.

The Board wished General Manager Sonja Chavez a happy birthday.

4. Legal and Legislative Matters

General Counsel John McClow reported that on October 4 he and Sonja had a conversation with Lisa Pool the Southwest Regional Director for Senator Hickenlooper asking for her assistance in moving forward with the replacement of the 1975 Taylor Park Reservoir Operations & Storage Exchange Agreement. John said we received an email on Friday from the Bureau of Reclamation to schedule a meeting to begin the process of replacing the agreement.

John also reported that the Water and Agricultural Review Committee of the Colorado General Assembly has met three times over the summer and will meet again on October 31, 2023.

5. Wet Meadows Presentation, Introductions, Q & A and Dinner Break

Wet Meadows Program Manager, Cheryl Cwelich, introduced some of the summer intern crew members and noted that they will be presenting the “Wet Meadows Crew End of Season Summary.” Cheryl said she was very proud of the crew and the work they accomplished in 2023. She reminded the Board why the UGRWCD is involved in wet meadow and riparian restoration. The Nature Conservancy did an assessment of areas at risk to climate change and found wet meadows just below 9,000 feet to be the “most vulnerable”. Since that time, Wet Meadows crews and local partners have been working to preserve remaining wet meadows in the area and perhaps even bring back wetland areas that were lost. Crew members in attendance were Katie Young and Savannah Atkins with the BLM, Grace Lindell and Ari Yamaguchi, interns for the UGRWCD.

The crew shared a map of the prioritization areas to be addressed by their crew. Within those areas, 105 structures were built; 100 structures were maintained (all low-tech structures); 92 site assessments were completed along 114 stream miles (all walked); 600 acres of cheatgrass were inventoried and 179 acres sprayed; 30 springs were assessed; 700 acres of prairie dog vaccinations were administered and almost 200 GEI wetland site assessments were completed. The crew presented photos of some of the structures they used in 2023 including one rock dams; lay-back into one rock dams and wicker weir structures.

Lessons learned by the crew included: leadership skills with WCCC crews; cheatgrass spraying backpack calibration & chemical-mixing ratios; BLM chainsaw certifications; plant identification; reading the landscape by interpreting the narrative as told by landforms and vegetation; Zeedyk rock structure design, construction, and maintenance; and wood structure design, construction and maintenance.

A highlight for the crew was learning how to critically analyze and 'read' wet meadows and the surrounding landscapes, which goes hand in hand with crafting prescribed restoration structures.

Establishing a crew with these specialized skills has never been done before, so this really sets-up future conservation and restoration efforts for success.

The crew concluded their presentation with recommendations for improvement for the next Wet Meadows year and thanked the Board for their support.

Director Bill Nesbitt commended the crew and noted that he thinks the Wet Meadows Program is transferrable to other regional and state programs. One question Bill asked was how the program was set up to go back and assess previously constructed sites to ground truth that they are still in place and working and pointed to the work done on former UGRWCD Board President Brett Redden's property as an example. Cheryl confirmed that they went back to the Redden property this summer as part of their follow-up assessments of previously constructed sites. Bill said he would like to see a report on all of the older structures and how they are holding up. Cheryl replied that just today she had heard from Renee Rondeau of the Colorado Natural Heritage Program who conducted vegetation monitoring for The Nature Conservancy. Renee reported that over the last five years there has been a 20 percent increase in wetlands at restoration sites. Her report was just released today, and Cheryl will share a copy with the Board.

General Manager Sonja Chavez noted that the UGRWCD has purposely elected to keep projects within the District boundaries as it gets too difficult to manage when working outside our watershed. Sonja said, however, that Cheryl and the Wet Meadows crew have been very good about sharing their knowledge and expertise with other individuals and groups outside of the area. Sonja said the crew worked very hard and she encouraged them to let the District know if she could be of any service in helping them as they move forward as they move forward in their professional careers.

6. 2024 Draft Budget Discussion

General Manager Sonja Chavez referred to the 2024 Budget materials included in the Board packet. Sonja noted that the only thing different in the hard copy version shared this evening is the impact of two legislative bills - SB22-238 (Signed into law 05/16/22) and SB23-303 (a.k.a. Proposition HH; Prop HH) which will temporarily reduce (for 10 years) the assessment of valuation of certain residential and commercial property. The District was advised by Thomas N. Stoeber, CPA, (bookkeeping and accounting firm) that the District should plan for the worst-case scenario (i.e., passage of Prop HH) and advised that the District does not have to amend the budget if more property tax revenue is taken in if Prop HH does not pass. Sonja referred to the table in her memo outlining expected reductions in revenue estimated to be \$185,072 if Prop HH should pass. Sonja noted the short and long-term impacts on District programs and activities. She asked for Board approval of Resolution 2023-05 which documents the District's opposition to Proposition HH.

Director Bill Nesbitt and Director Michelle Pierce voiced their opposition to Proposition HH. Director Joellen Fonken asked if the District Board had ever taken a position on a legislative matter in the past. Sonja noted that the Board approved a resolution (Resolution 2020-03) in favor of Ballot Issue 7A which

provided funding for the CRWCD Community Funding Partnership Program.

Director Bill Nesbitt moved and Director Stacy McPhail seconded the motion to approve Resolution 2023-05 as drafted indicating the District's opposition to Proposition HH. The motion carried.

Sonja also reported that if Proposition HH passes, it will mean that the timeline for the District to adopt and file its annual budget will also need to change this year. The Division of Local Governments (Colorado Department of Local Affairs; DOLA) normally requires that the budget be adopted and certified by the associated counties by mid-December. Because of the potential impact of the passage of Proposition HH on County Assessors' abilities to make changes in assessed valuation, DOLA is allowing a one-time extension of the deadline by which the District board must adopt its 2024 budget and certify its mill levy to the counties, which will be January 5 in 2024. Therefore, Sonja asked the Board to come to a consensus on meeting remotely either January 2, January 3 or January 4, 2024 if Proposition HH passes. The consensus was to meet Wednesday, January 3, 2024 at 5:30 p.m. via Zoom to approve the 2024 District budget instead of its previously scheduled meeting on Monday, December 11, 2023 (only if Proposition HH passes.) General Counsel John McClow reminded the Board that this would replace the December meeting, not the regular January 2024 Board meeting. Director Nesbitt asked if the regular Board meeting on Monday, January 22, 2024 would need to be moved so Board and staff could attend the Colorado Water Congress conference on the front range. John replied that the conference is January 31-February 2, 2024 this year so it will not conflict with the UGRWCD Regular Board meeting on January 22, 2024.

Review of 2024 Revised Draft Budget: Sonja announced that Tom Stoeber and Alisha Jackson from Thomas Stoeber CPA were in attendance to answer any questions the Board may have about the draft budget. Sonja asked Tom to explain his advice on how to budget for the possible passage of Proposition HH. Tom said he is recommending to the District and the other two boards he advises to base the 2024 budget on HH passing and plan on a decrease in property tax revenue. He said by keeping the budget showing the \$185,072 reduction in tax revenues that Sonja explained earlier, the District will not have to amend the budget if HH passes. Tom noted that the District is showing a surplus either way, so if HH does not pass, the District will just have the extra \$185,072 to put towards additional projects or programming or to roll forward to the next budget year. Director Bill Nesbitt said he worries about the District incurring wrath from the community if there is no property tax relief and the District is showing a surplus. It was noted that the Board should point out to any interested member of the public that in 2024, the District is beginning the practice of rolling-over 2023 allocated but yet unspent funds into 2024. Tom indicated that in years beyond, the District can always reduce its mill levy if the Board decides not to re-allocate any excess funding.

Sonja and Bev proceeded to review changes that have been made to the draft budget since it was presented at the August Board Meeting. The changes include:

- Line 3 – Cloudseeding Income – Included actual funds to be received from CWCB for the Cloudseeding Program. It was explained that 2023's cloud seeding allocation included the fabrication of the new Black

Mesa remote generator. For 2024, the District received confirmation that the CWCB does intend to provide ongoing support, so this figure is for operations for both the Black Mesa and Lake Irwin generators as well as other components of the program.

- Line 7 – Watershed Management Income – the USBR Snow Water Measurement grant income in the amount of \$279,000 was removed since the District got word last month that the grant was not awarded.
- Line 13 – This shows some additional contributions from Reserve Fund to balance the budget since some of the other figures changed since last month's draft (such as not getting income from the USBE Snow Water Measurement grant.)
- Line 28 – Dues, memberships, and subscription increase as Colorado Water Congress announced increases in membership dues for 2024.
- Line 35 – Payroll Expenses were updated with the new actual amounts for medical insurance as explained at the last Board meeting. Sonja reported that this figure could change again next month after all of the staff's performance reviews have been recorded and any increases are allocated.
- Line 47 – Grant Program – The 2024 Grant Program allocation was increased by \$50,000 per the Board's direction at the September meeting.
- Line 48 – The Gunnison County Cheatgrass Coordinator line item was moved into Wet Meadows Expenses as this position will be partially funded through the Wet Meadows/GOCO 2022 grant. Cheryl Cwelich noted that Petar Simic's title is actually Habitat Restoration and Cheatgrass Coordinator and he has been and will continue to be more involved in the Wet Meadows Program. It was explained that funding for his position is covered for three years by GOCO grant funds. Sonja said that Gunnison County does not want to be the long-term fiscal agent for this position and that this may be something the District will want to explore in the future with the condition that the County remain a financial contributor. There were some questions about cheatgrass as Director Joellen Fonken explained that Bill Parker believes that cheatgrass holds soil moisture. Director Don Sabrowski disagreed that the negative outweighs the positive cause it takes over and is hard to get rid of. Director Rosemary Carroll reported that Nevada is also battling it. Director Stacy McPhail noted that from a botanical perspective it is an invasive species. We have so much public land and it increases wildfire so we have to be on top of it. She offered that Petar Simic could come speak to the Board in January about cheatgrass and other invasive species.
- Line 54 – Under the Regional Water Supply Improvement category, the amount allocated for Taylor River Modeling was decreased from \$42,000 to \$27,500.
- Line 56 – Watershed Management Expense - The USBR Snow Measurement grant expense line item in the amount of \$279,000 was removed. Sonja reported that David Gochis is leaving NCAR and will be joining the Airborne Snow Observatory staff. David's current NCAR contract with the District runs through March 2024, so she has discussed with him how this might be severed early and a new contract established with ASO for his services. Because of this and since the District is not getting the USBR grant, she asked for a go ahead from the Board to include a line item for \$50,000 for Airborne Snow Observatory Flights. Sonja said she would like to get a local collaboration set up to help cover ASO flights in the future as she knows there are several organizations in the area that benefit from ASO data.
- Line 60 – This line item is for possible capital expenditures identified for 2024.

CPA Tom Stoeber again said he wanted the Board to be aware that while we are showing a budget over

expenses in 2024 it is because we are carrying over funding from 2023 expenses that will be billed in 2024. He also extended kudos to Beverly and Sonja saying they worked really hard on the budget and have a good understanding of what is going on in each category. Tom said they did a “great job” with the draft budget.

Review and Action on Changing District Bank Account:

Sonja reported that the Executive Committee discussed staff’s frustrations with the District’s general operating and the Water Activity Enterprise (WAE) accounts at BMO bank, which was formerly Bank of the West. Sonja explained that in addition to charging higher fees, she also does not have online access to view the accounts at BMO and it’s difficult to get anything done efficiently. Administrative Assistant Sue Uerling researched the area banks as well as a few national banks and shared the results in a table that was included in the Board packet. After reviewing the results, the Executive Committee is recommending that the general operations and the WAE account be moved from BMO to Gunnison Bank and Trust.

Director Bill Nesbitt moved that the Board approve the recommendation of the Executive Committee to adopt Resolution 2023-05 designating Gunnison Bank and Trust Co. as the depository and operating account for the District’s operating and WAE funds. The motion carried.

Director Joellen Fonken reported that her organization uses Gunnison Bank and Trust and that they are great to work with both online and in person.

7. Basin Water Supply Update

Water Resource Specialist Beverly Richards referred to her memorandum provided in the packet and said it is warm, it is dry and we have not had any precipitation and the forecast does not look promising.

8. General Manager, Staff and Committee Updates

Treasurer’s Report – Treasurer Bill Nesbitt explained “laddering” of District investments and said that, by policy, investments are limited to a maximum of 5-year maturities. Bill said consumer spending has started to go down while bankruptcies are up nationally. Bill noted in Gunnison County, as a comparison, a house listed for sale last year at this time was on the market for an average of 18 days while at this time this year, it has gone to 148 days. Bill said if the conflict in Israel escalates, then gas prices will skyrocket. He said the District’s investments are still in good shape.

General Manager’s Memorandum Items:

Executive Committee Meeting: In addition to the banking issues previously reported, President Michelle Pierce said the committee discussed updates to some of the District policies. She said some of the internal control policies will be consolidated and that General Counsel John McClow has revised

the District's records retention policy to address mandated requirements. John said that this has become a lengthy document and process. He said that the Board will need to formally adopt these policies and it was agreed that the Board could wait on this until the November meeting.

Water Quality Rules Setting: General Manager Sonja Chavez highlighted some of the important dates coming up for the Water Quality Control Commission.

Water Quality and Assessment Reports: Sonja said states are required to report on water quality every two years under the Clean Water Act and states must designate a list of impaired bodies of water for Total Maximum Daily Load (TMDL) development for pollutants of concern. Sonja said it is really important for the District to have good monitoring data for our impaired stream systems as we move toward TMDLs. She is hoping Ari Yamaguchi can assist with the water quality and quantity testing in the stream systems that are designated high priority by the WQCD.

Homestake Mining Company: Sonja said that the Homestake Mining Company submitted a memorandum requesting a draft discharge specific variance and evaluated a list of alternatives to address water quality issues on Marshall Creek. During her tour they noted that one of the reasons they can't carry out advanced treatment is because they do not have electricity in the area but she didn't see anything related to this in the draft memorandum. She said if the Board is interested, she could invite Homestake Mining representative to come to the January or February 2024 Board meeting for a presentation. Director Julie Nania said she would be interested in having this presentation and thinks it's important the Board continues to monitor this remediation. Director Bill Nesbitt said he was surprised the Saguache County Commissioners did not take more action on the matter. Sonja said that because there could be no future drilling of wells within 200 feet of Marshall Creek and because they were drilling existing wells deeper (free of charge), the County felt this was adequate protection. Wells in Sargents do show uranium but it is within acceptable drinking water limits. They also show elevated levels of E.coli which demonstrates that contamination is possible. Sonja said she will follow up with Homestake to invite them to an upcoming Board meeting.

Senate Ag Committee: Sonja said Michael Bennet and other senators on the Agriculture Subcommittee submitted a letter urging congress cut red tape in the Farm Bill.

State Drought Planning Committee: Sonja said there will be a statewide meeting this Thursday, October 26th and she plans to be online for it as she said they plan to discuss a lot of interesting ideas around the topic of drought. Sonja hopes to have a summary of the meeting to update the Board at the next Board meeting and get input from the Board on some of the ideas that come up at the state level.

Upper Gunnison Basin Water Budget & Irrigation Return Flow Study – Sonja said that due to schedule conflicts, she and Directors Nania, Carroll, McPhail and Spann were not able to meet about the study prior to this Board meeting. However, Sonja did reach out to the US Geological Survey

(USGS) and asked for them to provide some estimates on expenses and timeline for the flow study. The USGS said they will have something for the District's review by the first week in November.

Town of Crested Butte Source Water Protection: On Thursday, September 28th, The Town of Crested Butte and the Colorado Rural Water Association (CRWA) Source Water Assessment and Protection (SWAP) team hosted their 2nd Source Water Protection Planning Workshop for the Town of Crested Butte. At the workshop, the stakeholders identified "Probability of Impact" and "Impact to Water System" risks with respect to water quality.

Wet Meadows Program Update: Cheryl Cwelich was congratulated for being the recipient of the 2023 *Colorado Riparian Association Riparian Hero Award*. Cheryl said the crew is winding down their 2023 season and have begun the planning process with partners for the 2024 season and associated funding agreements.

Education and Outreach Update: Sue Uerling is working on getting in all 2023 final reports and receipts for the Mini -Grant program. All of the field trips have now been completed at the Rocky Mountain Biological Laboratories and the Lake City School students were able to attend this fall.

Taylor Local Users Group (TLUG): –TLUG Chairman Don Sabrowski reported that because inflows to the Taylor River were lower than the model was predicting, TLUG members had to meet twice in September to cut back releases earlier than initially planned. Don said that flows were reduced to 100 cfs the last week in September where they will remain throughout the winter. Don asked Sonja if she had heard anything from Erik Knight if there were any issues in meeting the end-of year storage objective of 75,000-acre feet in Taylor Reservoir. Sonja noted that the last time Erik gave his operations report, there was still a small surplus projected for the reservoir, but she did say she would touch base with Erik to see if that had held true. Don also asked if there were any updates about the Hydropower Plant at Taylor Reservoir. He said the foundation for it has been poured but he has not seen any other work done to the plant. Sonja said she will reach out to Gunnison County Electric Association and report back.

Scientific Endeavors: Director Rosemary Carroll said she's been in the field and traveling a lot, so she has no update for this month, but will try to have a presentation ready for next month.

Colorado River District October Board Meeting Update: Sonja said listened to the Colorado River District Board Meeting online. Sonja said they have taken a "do no harm" approach with respect to drought planning. There was also some discussion about waters, like the Taylor River, that have received "Outstanding Waters" designation and what standards are taken to provide additional protection for these waters.

9. **Miscellaneous Matters**

Sonja announced to the Board that after a short November 27th Board regular meeting and budget hearing, staff and the Board will retire to Café Sylvestre at approximately 7:15 p.m. for a holiday gathering and dinner.

It was announced that Senator Michael Bennet will be in Gunnison on October 31st and is taking appointments if anyone has something they would like to discuss with him.

Sonja reported that with regard to the TLUG, she is frustrated by having to go back to the Four Parties representative when releases need to be changed late season when the purpose is to comply with the end-of-year storage objective. She said that having to go back and ask for permission each time has held up the process significantly on several occasions when action is needed quickly. John will review the operations agreement language to see if he feels this is necessary and if he can do anything to help. She will reach out to the party representatives to discuss this issue and report back.

10. **Citizens Comments**- No citizens offered any comments.

11. **Future Meetings** – President Pierce referred to the future meetings listed in the packet.

12. **Summary of Meeting Action Items**

Cheryl will contact Petar Simic about giving a presentation on cheatgrass at the January Board meeting.

Sonja will reach out to Homestake Mines to see if they will attend the January or February Board meeting to discuss their plans for remediation in Marshall Creek.

Sonja and John will see if they can work out an agreement with the Four Parties about insistence on getting permission for changing the flows in the Taylor River late season to meet end-of-year storage objective.


Sonja will reach out to Senator Bennet's office to see if she can schedule a meeting with him while he is the area.

Director Joellen Fonken asked John McClow how negotiations were going between the Upper and Lower Basin states on the Colorado River. John replied that the state legislature had come up with some recommendations for addressing drought, but that there is only so much that can be done at the state level to address interstate legislation.

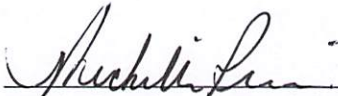
13. **Adjournment**

Board President Michelle Pierce adjourned the regular Board meeting on October 23, 2023, at 7:16 p.m.

Respectfully submitted,



John Perusek, Secretary



Michelle Pierce, President



