

These written minutes represent the general discussion of the DWCD Board of Directors, DWCD staff, and participants at the DWCD board meeting, and they include a record of any and all board actions taken at the meeting. The written minutes are not intended to provide a word-for-word account of the board meetings. Nor are they a direct quote of any statements offered at board meetings. All DWCD board meetings are recorded on audiotape.

**DOLORES WATER CONSERVANCY DISTRICT
WATER ACTIVITY ENTERPRISE**

MINUTES

Regular Meeting
November 9, 2023

CALL TO ORDER Godwin Oliver, President, called the meeting to order at 2:00 pm

ROLL CALL Godwin Oliver, President
Glen Fish, Vice President
Don Schwindt, Secretary-Treasurer
Wes Wilson, Director
Jeremy Redshaw, Director
Ryan Gray, Director
Ken Curtis, General Manager
Eric Sprague, Interim Water Manager
Jed Martinez, Maintenance Supervisor
Lisa Jordan, Office Administrator
Robert Stump, Bureau of Reclamation
Adam Reeves, Attorney MBSS
Lindsey Ratcliff, Attorney MBSS

INTRODUCTION OF GUESTS

In-Person

Nikki Winiacki, DWCD Engineering Tech; Brandon Johnson, MVIC; Rusty Cringle, CDWR; Tony Tanner, FSA Irrigator; Greg Vlaming Rocking V Soil and Water Conservation

Via Telephone/Teleconference

MINUTES

APPROVAL OF THE MINUTES

MOTION: TO APPROVE THE MINUTES AS SUBMITTED FOR THE OCTOBER 12, 2023, ENTERPRISE MEETING.

**MOTION: JEREMY REDSHAW
SECOND: WES WILSON
MOTION CARRIED UNANIMOUSLY.**

FINANCIAL STATEMENTS

MOTION: TO APPROVE THE SEPTEMBER '23 FINANCIAL STATEMENT AND APPROVE THE STATEMENT OF PAYABLES AS PRESENTED.

**O&M: AP/CHECK #41841-41928 & PR/CHECK #126137-126187
\$405,119.25**

**MOTION: JEREMY REDSHAW
SECOND: GLEN FISH
MOTION CARRIED UNANIMOUSLY.**

O&M REPORT – Jed reported the following:

Pumping Plants and field work – Crews have winterized all of the pumping plants and Full-Service area. The Field Techs are working on winterizing DCL&G and the M&I's along the canal. There are a few valves to replace in the off season and crews will continue mucking the canals until the frost hits.

Crews are in the middle of a liner project at Check 508 on the Towaoc Highline Canal. There are six to eight employees working on this project.

The water screens at Ruin Canyon and Pleasant View Pumping Plants are ready for shipping and crews will start on their annual winter work orders.

Staff pulled two pumps and two motors out of Dove Creek Pumping Plant to be refurbished. The pump on Unit 1 was not working and Unit 2 was overworked compensating for Unit 1.

There are a couple of fill in projects on the canal at THC and Dove Creek Canal.

Staff will be installing tire mats in the eroded areas along the canal and fixing leaks in the laterals and canals this winter.

WATER MANAGEMENT REPORT

Water Supply & Water Accounting – Eric presented the highlighted **Inflow/Outflow for October:**

1) Eric stated that the reservoir ending elevation for October was 6,904.15 feet. This is 20 feet below full and there was 147,145 AF of storage for carryover. Eric noted that typically when the water level is this high, we lose elevation over the winter months, expect some seepage and evaporation loss. 2) The Dolores River inflow was 465,593 AF which is 199% of average. Total inflows this season were 592,098 AF. Calculated inflow which includes low snow is 310% using provisional numbers. This is the largest runoff year since before the year 2000, really since the Project came online. The spill was 245KAF which is the largest spill since the Project has been online. 3) UF&RE season total was 22,387 AF, roughly 91% of their total allocation. MVIC used 101,629 AF through McPhee -- this does not include Groundhog and Narraquinnep use. MVIC also used about 70% of their project water, leaving about 8,200 AF. 4) Precipitation for October was also below average. It has turned out to be a dry fall.

FSA Cap Review, Irrigator Pools – There were two people who requested extra water, meaning they went over 28⁷/acre. There were a few others that got close but didn't go over. It did get dry in the late season; this is probably the latest that we have run into the fall. We sold about 80% of what we normally sell in a full supply year.

FAC Review – Ken stated that a short water report was given at the FAC meeting. Jed gave a report on the ongoing and upcoming projects. Greg Vlaming talked about the upcoming programs available to irrigators. There was some discussion on the 2024 budget and discussion on how to help irrigators during the high and low water seasons. There was an impromptu discussion regarding annual crops not being as profitable as alfalfa. There was some back and forth regarding that but there were no conclusions.

Discussion: Godwin stated that he understood that everyone would like the Board to wait a year or two before any increases to the water costs. Godwin stated that yields are down and that it will take it a couple years to recover from the last two years of drought. Ken noted that for the record, Tony Tanner, FSA Irrigator, is in the audience and asked him to talk during the Budget Hearing to get on the Budget Hearing record.

Wes said that he talked to someone after the meeting and told him that there was a 5% increase on the base rate proposed and the irrigator stated that 5% would be livable. Don said that he went to the meeting to listen and thought it was a healthy discussion for all. He thinks there has been good discussion and cooperation among the Board and the irrigators. Don stated that as the Board gets to the budget discussion, he will be curious to see how the Board responds to the input that was received. Ken stated that the conversation turned to DWCD can't control the hydrology so how will DWCD mitigate certain thing. Ken said that Jim Farrier had a good summary and asked for quicker policy adjustments/guidelines. Ken will follow up with Jim. Ken said that the Board can react to the seasons and believes that the Board has been reacting to the seasons, as shown by flipping rates and not charging the reserve replacement charge in drought years. Jim recognized cropping patterns change, but Rod Daves pointed out that alfalfa is more profitable than the grains so the irrigators would like to see the alfalfa stay. The 10% in 2021 was too late to save the alfalfa and if the Board wants irrigators to use water later in the season, then they should be talking about a discount to use late water. Ken said that Greg Vlaming brought up Soil Health those conversations will likely be on the side but Greg will give an update to the Board in the next agenda item.

Greg Vlaming stated that with regard to late water, it seems that there should be some type of way to incentivize late water after hearing a lot of the comments and wondered if there is a way to help through soil health practice. Some ideas with regard to soil health practice are to increase cover crops and continue with live roots to trap winter moisture and help with soil moisture when we have a dry fall. Greg noted that some people are hearing anecdotally that alfalfa market in this area could be waning right now. Greg stated that if that is the case, irrigators really need to start thinking about making due and making due with less water. Soil health is a way to use your soil as a bank account to make your water go farther.

Don said that recently his thoughts have been driven by Monday's discussion and how it could meld into what the district is doing for budget needs. Don thought staff did a good job of laying out the current position of the district. Don noted that Ken hit on a lot of the items DWCD is working on, such as Sharps Creek as a reservoir sight. Don said Ken did a good job pitching the incentive water in the spring. That message was heard and listened to. There was discussion of incentive water in the fall. There were irrigators that would have used water later if it had cost less and they had known it was going to be as dry as it turned out to be. Cheaper water in the spring and fall and how do you dovetail that with having carryover storage? That is Sharps Creek. Don stated that DWCD needs to be innovative with pricing. Don said that we want to keep all the acreage producing and make things work collectively and how irrigators reach a decision and how the Board responds to them. The goal is more money long term into the irrigator's pocket.

Ken said that he will circle back to some of the irrigators for further discussion. Ken said that the proposal of early season water should be ready to act on in the future. We have gone from a full reservoir to 16.7" the next year. This could happen again. Don said that there can be guiding principles dovetailing with policy.

Tony Tanner said that he appreciates the Board's participation the last couple years during water situations. Tony stated that he thinks the proposed 5% increase is a little high and thinks the Board has revenues coming in off of interest rates that we didn't have 18 months ago. He would like to see the Board cut down the 5%. Tony noted that this season's yield was roughly 80-85% of normal. Tony also mentioned that there was an increase to the reserve replacement charge in 2023. Consideration on lowering the proposed rate from 5% would be appreciated. Tony also mentioned that he appreciates the ability to attend meetings remotely as he has attended some meetings that he would not have otherwise been able to.

2023 SCPP Review by Greg Vlaming

Greg stated that relative to the discussion at the FAC meeting and now, they are already doing soil health work through Colorado Department of Agriculture's (CDA) Star Plus Program. They are partnering with DWCD on this program which pays growers up to \$5,000 to perform at least one soil conservation practice on up to 66 acres. It is not big bucks, but what it does, to Don's point, is it helps change the mindset of irrigators of how they think about soil management with reduced tillage, continuous live roots, soil armor and livestock integration. These are among the 5 different things that an irrigator can get paid for. Greg noted that nearly the maximum has been paid out for the past two years. Greg noted that this is a three-year program, so there is one year remaining.

With regard to System Conservation Pilot Program (SCPP) – This is the Upper Colorado River Commission's program. They are incentivizing water conservation in the Upper Basin. For Colorado, it is being managed mostly through the Wilson Water Group and Greg is managing it in this area mostly for the Full-Service Growers. This program rolled out last year and there were about 10 interested parties but boiled down to three irrigators that were willing to sign a contract and were paid for reduced consumptive use, which is the ultimate goal of this project. This year there is a minimum of 40 acres, they are taking a satellite image of the field and averaging out seven years of consumptive use over the field. Greg was recruiting irrigators for this program at the FAC meeting. SCPP has a good bucket of money, they will pay a little over \$500 per acre of water saved over a seven-year average. Last year there were two irrigators in the program with center pivots who had grain crops and were paid close to \$30K at the end of the season. Greg noted that we are in a cycle now of peaks and valleys where everything is either really high or really low. Part of Greg's objective is to get some extra funding to build soil health to get to the next period. There was interest in the project from the irrigators at the FAC on Monday. Greg said that this is not demand management or sheparding water all the water saved stays in carryover storage.

There is a pre interview to get a plan in place with Wilson Water Group on this program. Ken said he would argue the seven-year average because irrigators would get dinged for having poor water years. Greg said that there has been success in planting forage plants in an alfalfa field and it is working well.

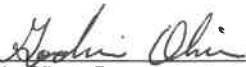
Colorado Ag Water Alliance (CAWA) is also supporting alternative cropping systems, residue management and minimizing tillage. Greg pitched this program at the FAC meeting as well. CAWA paid a little over \$20K last year to three growers that participated in their program.

Star Plus Pivot Upgrade Project – Greg stated that what they are trying to do is increase application efficiency out of center pivots which starts with nozzles and pressure regulators but then it goes to any other parts that may be worn or need to be upgraded. Greg stated that they did receive funding

for that project through the Basin Roundtable and the Water Supply Reserve Fund to perform upgrades to around 20 pivots. The way this project pays is, in direct partnership with DWCD, up to \$5K or 80% of the bill. Greg noted that there are already enough irrigators signed up for this project.

ADJOURNMENT Dolores Water Conservancy District Water Activity Enterprise Board meeting adjourned at 2:44 pm


Donald W. Schwindt, Secretary-Treasurer


Godwin Oliver, President

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DOLORES WATER CONSERVANCY DISTRICT

MINUTES

Regular Meeting
November 9, 2023

CALL TO ORDER Godwin Oliver, President, called the meeting to order at 2:44 pm

ROLL CALL Godwin Oliver, President
Glen Fish, Vice President
Don Schwindt, Secretary-Treasurer
Wes Wilson, Director
Jeremy Redshaw, Director
Ryan Gray, Director
Ken Curtis, General Manager
Eric Sprague, Interim Water Manager
Jed Martinez, Maintenance Supervisor
Lisa Jordan, Office Administrator
Robert Stump, Bureau of Reclamation
Adam Reeves, Attorney MBSS
Lindsey Ratcliff, Attorney MBSS

INTRODUCTION OF GUESTS

In-Person

Nikki Winiacki, DWCD Engineering Tech; Brandon Johnson, MVIC; Rusty Cringle, CDWR;

Via Telephone/Teleconference

Avra Morgan, BOR Denver Basin Study Group; Drew Manning, BOR Denver Basin Study Group and Subhrendu Gangopadhyay and Marketa McGuire, USBR Technical Center; Ed Millard (in attendance at 4:00 P.M.)

MINUTES

APPROVAL OF THE MINUTES

MOTION: TO APPROVE THE MINUTES AS SUBMITTED FOR THE OCTOBER 12, 2023 REGULAR MEETING.

MOTION: JEREMY REDSHAW
SECOND: WES WILSON
MOTION CARRIED UNANIMOUSLY.

MOTION: TO APPROVE THE MINUTES AS SUBMITTED FOR THE OCTOBER 12, 2023 EXECUTIVE SESSION.

MOTION: JEREMY REDSHAW
SECOND: GLEN FISH
MOTION CARRIED UNANIMOUSLY.

MOTION: TO APPROVE THE MINUTES AS SUBMITTED FOR THE OCTOBER 17, 2023 BUDGET WORKSHOP.

MOTION: JEREMY REDSHAW
SECOND: WES WILSON
MOTION CARRIED UNANIMOUSLY.

MOTION: TO APPROVE THE MINUTES AS SUBMITTED FOR THE OCTOBER 24, 2023 PERSONNEL COMMITTEE.

**MOTION: JEREMY REDSHAW
SECOND: WES WILSON
MOTION CARRIED UNANIMOUSLY.**

FINANCIAL STATEMENTS

MOTION: TO APPROVE THE SEPTEMBER '23 FINANCIAL STATEMENTS AND APPROVE THE STATEMENT OF PAYABLES AS PRESENTED.

ADMIN: AP/CHECK #12429-12441

\$13,788.06

**MOTION: JEREMY REDSHAW
SECOND: RYAN GRAY
MOTION CARRIED UNANIMOUSLY.**

**RECESS FOR PUBLIC HEARING ON UPSTREAM USERS INCLUSION 2:47 PM
RECONVENED 2:55 PM**

MOTION: TO APPROVE THE FOLLOWING PROPERTIES IN DOLORES AND MONTEZUMA COUNTIES FOR INCLUSION INTO THE DISTRICT.

DOLORES COUNTY

**Homestake Little Cora LLC, Dave Bulson
Well #1 – 47654 Highway 145
PID: 504725301001**

**Homestake Little Cora LLC, Dave Bulson
Well #2 – 47654 Highway 145
PID: 504725301002**

**Homestake Little Cora LLC, Dave Bulson
Well #3 – 47654 Highway 145
PID: 504725301001**

**Steven & Janie Stiasny
Lot 69, Groundhog Vista Subdivision
PID: 481726200069**

MONTEZUMA COUNTY

**Martin J Schmidt
27343 Highway 145, Dolores
PID: 533104300001**

**MOTION: WES WILSON
SECOND DON SCHWINDT
MOTION CARRIED UNANIMOUSLY. JEREMY ABSTAINED FROM THE VOTE.**

AGENCY REPORTS

BOR Report – Robert stated that 1) they have received four proposals for the Valves & actuators. There is a 20-30-week lead time. 2) Work on the water screens is ongoing.

Division of Water Resources Report – Rusty stated that they are working through end of season records. 2) Kevin Rien will be retiring at the end of 2023.

T/H Committee Report – Godwin stated that the Committee met October 18, 2023 1) The Committee went on a tour of the whole system. 2) The Committee paid DWCD and MVIC bills.

Next T/H Meeting – The Committee will meet at the DWCD, Cortez Office November 15, 2023 at 2:00 p.m.

MVIC Report – Brandon stated that 1) since the end of water season everything has been winterized. 2) The Beaver Ditch project is complete. 3) MVIC is working on placing liner on the Lone Pine and should be done the end of this week.

**RECESSED FOR BUDGET HEARING AT 3:00 PM
RECONVENED 3:02 PM**

GENERAL MANAGER REPORT

Miscellaneous Updates – Ken reported that Dan Gibbs gives a courtesy of passing around what they are proposing in next year's budget. DNR is adding three new river operations coordinators at DWR on the South Platte and the Rio Grande. They are adding a grants person to CWCB in addition to increases in personnel at CPW and the State Land Board. CPW is boosting their water personnel because they actually own quite a few small reservoirs that are tied to wildlife and fishery management.

The Water Resource and Agricultural Review Committee agreed on a group of bills to send forward. Those tend to have a pretty good record of passing. a) The first one is to authorize water conservancy management, this is pretty Rio Grande specific, coming from Senator Simpson. We may read it and bring it back later as it may apply to DWCD. b) They are going to make all the regulatory Boards appointed by the Governor have public input twice a year. c) They are going to put forward prohibiting landscaping practices for water conservation. This is for non-functional, ornamental turf. This will likely be statewide if it passes. d) There was a study infrastructure for water quality. e) Another for assisting community wildfire grant applications for rural communities. f) Senator Roberts is pushing no abandonment of water rights for reduced use. Arizona did a similar program. That did not pass the review committee but it may be brought back individually. Ken believes this has to do with carriage water and prior appropriation and administration in Colorado.

Ken stated that the Governor is calling a special session to address the failure to pass Prop HH.

The next Personnel Committee meeting is scheduled for November 28 at 8:00AM at Great Cut Dike.

PSHCG Agreement: DWCD purchased employee health insurance under Western Slope Health Care Group (WSHCG), a group of western slope special districts, for 20 years through 2020. The costs had started rising so all WSHCG members joined Public Sector Health Care Group (PSHCG) starting in 2021. A similar group of special districts that started on the east slope, but now covers the entire state. The growth has led PSHCG to re-organize how it will be governed per the summary and draft agreement that was mailed to the Board. The Board needs to approve DWCD signing the agreement and designate a representative that has historically been the GM. Ken recommends that it remains the GM as the most routinely involved person on insurance. Adam stated that the document looks straightforward and he has no issue with it.

MOTION: TO APPOINT KEN CURTIS AS THE OPERATING COMMITTEE AND REPRESENTATIVE FOR PARTICIPATION IN THE PUBLIC SECTOR HEALTH CARE GROUP AUTHORITY AND PUBLIC SECTOR HEALTH CARE GROUP AUTHORITY TRUST.

**MOTION: WES WILSON
SECOND: JEREMY REDSHAW
MOTION CARRIED UNANIMOUSLY.**

Emrgy Letter of Intent (LOI): Emrgy makes small canal hydropower systems, 5-22 KW, a specification sheet was mailed to the Board. Ben started working with them in 2021 and then we stopped during a reorganization on their side. They have recontacted us and want to explore potential installations on the Dolores Project, but would like to sign the Letter of Intent. It would be a three-year exclusive relationship. Given our long history in pursuit of new hydropower that period seems reasonable. We have signed similar LOI's in the past on the pump back project. No other options have come forward recently. Adam and Lindsey looked it over and had a couple changes that Emrgy is fine with.

MOTION: TO ACCEPT THE TERMS STATED IN THE LETTER OF INTENT FROM EMRGY.

**MOTION: JEREMY REDSHAW
SECOND: WES WILSON
MOTION CARRIED UNANIMOUSLY.**

Dolores Basin Study – Plan of Study: DWCD request for a Basin Study was accepted, but then determined that our scope was insufficient and we should go through a “Plan of Study” (POS) process to define our scope before proceeding to a full basin study. Part of the POS is getting partners, originally called out as MVIC, UF&RE, DWCD & McElmo users, and stakeholders, general public, CPW, environmental interests, recreational interests and similar together for their input in creating the Basin Study scope. Our local municipal suppliers could fall into either camp. In May we decided to put on hold. Reclamation would like us to proceed or will pull back the offer. Robert is setting up a Reclamation Basin Study resource to talk to the Board. Ken provided the final scope DWCD had created in the mail out. The Basin studies are 50%/50% partnerships with Reclamation, not a grant to do the work ourselves with a contractor. Ken stated that he is unclear on what part of the work Reclamation does and what DWCD is responsible for and how that requires a commitment of staff for funding. Hopefully we can get some questions answered so we can decide if moving forward on a POS and possibly a full Basin Study fits DWCD right now. It is good information but very public and would move slowly. Robert invited BOR personnel to discuss what the POS would consist of and they will be available for questions. Ken thinks the Board should decide if they want to pursue this or decline. Robert said that a POS is a step toward developing a MOA for Reclamation to perform a Basin Study.

BOR introductions: Avra Morgan, BOR Denver Basin Study Group; Drew Manning, BOR Denver Basin Study Group and Subhrendu Gangopadhyay and Marketa McGuire, USBR Technical Center.

Avra Morgan gave a Basin Studies Overview. Avra stated that a Plan of Study (POS) is a workplan to develop a Basin Study (evaluation of water supply & demand) scope of work. This program has federal funds issued to support Reclamation staff. It is not a financial assistance program. There is a minimum 50% non-federal cost share. Avra stated that there are 18 completed studies, and 9 in progress. The study is made up of four parts. 1-Projection of future supply and demand, 2-Analysis of how the existing operations and infrastructure will perform under future conditions, 3- Development of adaptation strategies to supply adequate water in the future and 4-Tradeoff analysis of adaptation strategies. The benefits are to preserve or enhance multi-purpose Reclamation projects, improve resiliency to drought, enhance reservoir management and fulfill Reclamation obligations. It can also develop tools, increase technical capacity, build trust among partners and deliver a high-quality product. Avra noted that this is not a pathway to a feasibility study for congressional authorization, but can help seek other funding like water smart grants. A POS includes a scope, scale, benefit, needs and objectives. Reclamation typically helps develop the POS and it is up to the district how much help they want from BOR in producing the POS. It is really a workplan some of which will already be developed during the initial proposal. Any work the district provides related to the POS can count for the full Basin Study including in kind services. A full Basin Study goes to the BOR Commissioner, then to the Office of Management and Budget (OMB) and the BOR website.

Discussion: Was asked what the estimated costs are. Avra said that the costs vary, the BOR has seen from \$300K up to \$2M. It depends on how much work the district wants to do on each of the four elements. Avra stated that they need to address the elements but may not need to engage in each element. Ken asked what the durations are across the board on Basin Studies. Avra noted that it states that it should be done within three years from signing the MOA but have had them last up to seven years. It is likely that it will take more time than you think. Jeremy asked about costs and what the time frame is to go from a POS to a Basin Study? Avra stated that the district would update the proposal with the new information from the POS. They would review the POS and proposal for a Basin Study in 4-6 weeks. Dolores was granted \$100K in federal funding. Ken asked what Reclamation’s role would be? Robert is identified as a Study Manger and questioned for the POS the extent of BOR involvement in stakeholder outreach or is that more weighted on the partner? Avra said that typically the non-federal partner generally reaches out to the stakeholders and BOR involvement varies. Subhrendu stated that BOR involvement is a wide ranging, often including climate and hydrology analysis and system reliability, usually more technical. Robert said that he sees Dolores as pretty flexible and heavily weighted on the district but would be hard to answer until you get into the individual pieces of the POS. Robert said that it sounds like involvement could be tailored to the district’s needs. The BOR representatives from Denver left the virtual meeting.

Jeremy stated that he doesn’t know if he is ready to spend that much money on the Basin Study. Adam said that one of the things that has been talked about is making the water supply more resilient with the stakeholders working together. Robert said it is a good way to fund some of the work the district is already performing. Ken asked about limiting scope to above McPhee? Robert said that a POS is non-committal without much risk to answer those exact questions. Ryan asked if staff has the capacity to work on this? Ken stated that it would crowd staff schedules. Don said that these are small steps working toward a bigger picture. Ryan said that if they are really looking at a Sharp’s Creek type project, how far could this go to funding that type of project? Robert said that Avra mentioned going after funding such as WaterSmart grants but this could build the base building blocks. Glen said that he is afraid of what is behind the door but thinks it will be pushed open anyway so we may as well see what is behind them. In the end there is a sufficiency review and BOR will determine if POS is sufficient to meet all of the standards and directives. Tonight’s discussion was a scheduled check in at the end of the irrigation season and we’ll review in January.

DWCD Board Workshop – 5:30 PM November 15, 2023: Steve Harris is scheduled to review past DWCD storage planning and Eric will bring new or revised water data. This is somewhat linked into the water rights that we have. Ken has also put on the agenda that they could discuss the Budget if needed. Adam asked if Ken wanted the attorneys at the meeting. Ken said this is a good historical refresher and would be good for Lindsey. Adam agreed. The data does not age but the costs do age. Some of the legwork is still relevant.

Prop HH: Failed in Tuesday's election. The Governor called a special session. We will wait to see what implications it will have on the budget process.

Draft 2024 Budget Board: Ken reviewed the changes to date as directed by the Board. Final adoption at the December Board meeting. We have to certify the mill levy on December 15. The O&M Budget can change up to that point but the Resolutions have to be presented and approved at the December Board meeting. The assessors will send in updated valuations around December 8.

Discussion: Ken called out the highlights from the Board Workshop on October 17.

Administrative Budget (100) – Ken added a beginning fund balance, the 2023 projected attorney costs were checked and remain \$215K. Ken noted that anything larger could affect the transfer to O&M. Current estimates for 2024 look good. Ken stated that we don't know if any special meetings will be necessary after the Governor's special legislative session on Prop HH and could affect how quickly the assessors can get estimates out. We are not planning to pull or add any reserves to Administrative Budget at this time. Ken noted that the attorney line item has increased since there is a lot of work ahead.

O&M (200) – Ken stated that he changed the interest that was missed, he added some grant income for meters, \$98,463, and included funding coming in under the Colorado Ag Grant. The excess delivery line item was updated since there was quite a bit of excess billed, however we don't know when it will come in. The Water Supply Management Reserve revenue was updated to reflect \$1.60/AF in 2023. The Beginning Fund Balance remains the same at \$280K. Ken noted that the auxiliary income offsets will be over budget to the good. Ken stated that money added to the Supplies category under laterals to purchase the meters as part of the meter grant. Wes asked about costs for SSPP. Staff & Board discussed likely repairs and potential upgrades for pumps, motors, variable drives and a pipe plug to prevent spring flooding. The costs will be in Line 126, but we currently don't have any estimates. The rest of the budget is similar to 2023 Budget outside of the lateral line items because of the WaterSmart Meter Grant. Ken stated that in the Overhead category, the BOR repayment was reduced as mentioned at the workshop. Ken also put money in contingency, which will be pulled out of WSM reserve. The capital equipment stayed the same as presented. Ken adjusted the insurance line item a little to reflect costs more accurately. The WSM reserve will see \$90K in revenue and \$100K expenditure to contingency. Overall, the budget has a positive net. At this time Ken has last year's FS rates in the budget. Ken stated that the Board can accept the budget as is and if necessary, rates can be adjusted in the spring, but setting rates for the budget is at least an intent to go forward. Ken brought up questions from the FAC, where increased rates might not be immediately needed, but would in the future. Ken stated that the budget needs to be completed after next week to prepare for the December meeting. Jeremy said that he is in favor of leaving the rates alone for a year and likes the rest of the budget. Wes still would like a slow steady increase rather than a big jump in the future. Don said Tony was more explicit before the meeting with a suggestion of half now and half next year but that 5% was too much for this year with only 80-85% crop yield. Don pointed out that all of the irrigator's costs are going up and this is the one place they can ask for relief. Godwin said that the Board wants to increase the water charge then turn around and give the spring price incentive and now we are considering reducing charges later in the fall to promote use of more water. Don said this is what he means by there are tools in the toolbox to adjust when we need to. Don used the example of the Personnel Committee seeming to have a handle on current employee costs. Don noted that DWCD needs to have staff happy who are willing to continue working at the district and said that Ken wrestles with the estimates in the budget and all of the numbers are projections until the end of the year. Godwin said that quite a few years ago he didn't like hearing about what irrigators would call the "cheap water" (above 22") at the end of the season. Don said these are the guiding principles that can be flexible when we need it, sell cheap when available to help farmers through the dry times. Don said that MVIC has changed their policy over the years and DWCD can change theirs and irrigators can adapt to the changes. Wes pointed out that we have addressed the "cheap water" issue. Godwin likes Jeremy's idea of discounted water in the spring and thinks we can work on that rather than cheap water in the fall. Jeremy said that the discount in the fall counteracts McPhee carryover. Eric said that the relative carryover depends heavily on the next water season. Ken said that because of employee turnover we didn't spend what we should have leading to more available cash flow. We have changing work rules and changing staff are going to be reflected in the employee line item over time. The last salary survey was in 2019 and we may need to have another one. We need to stabilize the crew and work with the personnel committee on long term issues. With regard to infrastructure, we need to keep discussing what are the right number for reserves. We can balance the budget with these goals in mind and work on the long term needs of the district. The Board can still adjust rates in the spring if conditions warrant. Ken noted that if there no action at this meeting the default is to what is in the current budget. Ken said that he will ask again

at the workshop. Don stated that he would be in the half now and half later camp. Ken wants specific direction from the Board.

MOTION: RAISE THE BASE RATE 2.5% AND THE RESERVE REPLACEMENT CHARGE BY 5%.

MOTION: WES WILSON

SECOND: DON SCHWINDT

MOTION CARRIED. GLEN FISH, WES WILSON, RYAN GRAY AND DON SCHWINDT VOTING YES. JEREMY REDSHAW AND GODWIN OLIVER VOITING NO.

Colorado River Basin Issues – DCP / DROA / Drought Resiliency/ CRDTF: The Task Force met in Towaoc on October 26 and meets again today in Glenwood. Time is running short, so far so good, but like all deliberative bodies, the action will speed up as the deadline looms. Ken talked to Steve Wolff who said there are not a lot of proposals yet, but will be by the deadline coming soon. There are a few environmental proposals expanding how water can be loaned to the river beyond ISF's. The most interesting proposal relates to coal plants being forced to close under the Colorado green energy legislation. The power companies want to pass a law to preserve their water rights until 2050 because they may need it for future unknown or foreseeable energy projects. This may get limited to a pilot project on the Yampa or west slope. Today was the DM discussion; the chair had been grilled at the legislative Water Resource and Agricultural Committee by Senator Roberts as to why there wasn't more discussion on DM. The task force is moving fast. Don said that in terms of the power issues he appreciated Alex Davis who has been in favor of DM, but concerned about new super rights as places to target for people to put their money into putting more pressure on ag. Don is not for DM and thinks we can work within prior appropriation. One of the things he is disappointed in is where they stretched the instream flow program from high mountain trout streams where it started down to larger rivers. They chose to abandon the minimum amount necessary and then drove the ISF to be the animal that we have to battle now.

The UCRC 2023 SCPP "Lessons Learned" document was provided in the packet. There was a webinar on October 27. The deadline for 2024 applications is December 18, 2023. More to come from Greg Vlaming as we learn more detail. This is an opportunity to experiment and get some funding. The Board has never been keen on this program long term.

Reclamation has released a new draft SEIS to cover the crisis we faced at the beginning of 2023. They seem to have accepted the LB plan to make temporary cuts compensated by \$1.2 billion in IRA funding to make it to the end of 2026.

Next steps will be the 2026 renegotiation. Ken handed out Chapter 5 pages 58-61 Proposed Federal Action and Purpose and Need from the *Post-2026 Colorado River Reservoir Operations Scoping Report*. This will frame how we focus our future comments relative to the renegotiations.

Ken handed out Hydrologic Conditions, basically the basin isn't making enough water to meet all the needs.

CR Drought Task Force – Ed Millard commented that Andy Mueller, CRD, is proposing to put a proportionality mandate based on CWCB policy and post compact rights into state law for the future. Implementation would be contradictory to voluntary, temporary and compensated. The CRDTF will take comments through December 6 and will be voting December 7. Ed stated that the River District wants the sideboards that may put more burden on SW Colorado.

LEGAL REPORT

Due Diligence – Adam stated that there is diligence due on the main canal water rights at the end of January. DWCD staff has started putting together the diligence application.

MVIC 87.3 CFS Water Rights Filing – Adam stated that the settlement with the State of Colorado document is in the packet to be discussed in executive session.

Adam requested an Executive Session to discuss the following: MVIC 87.3 CFS Water Rights Filing, Water Rights Protection and Colorado River Issues.

MOTION: MOVE INTO EXECUTIVE SESSION PER CRS 24.6.402(b) TO OBTAIN ADVICE FROM COUNSEL AND CRS 24.6.402(e) MATTERS OF NEGOTIATION FOR DISCUSSIONS 87.3 CFS WATER RIGHTS FILING, WATER RIGHTS PROTECTION AND COLORADO RIVER ISSUES.

MOTION: JEREMY REDSHAW

SECOND: RYAN GRAY

MOTION CARRIED UNANIMOUSLY.

**RECESSED FOR EXECUTIVE SESSION AT 5:19 P.M.
RECONVENED REGULAR MEETING AT 5:58 P.M.**

REPORT OUT OF EXECUTIVE SESSION

Adam reported that in executive session the Board discussed matters related to MVIC settlement with the State of Colorado on the 87.3 CFS change case, water rights protection and Colorado River Issues. No decisions were made.

OTHER – Adam said that if ever there was a time for Ken to attend the CRWUA meeting this is the time as there will be good opportunities for Ken to talk with others regarding the ongoing Colorado River Issues. Godwin thinks the Board should change the date of the December meeting so Ken can attend CRWUA.

The other item that needs a decision is, with Don attending the CRWUA meeting and will not be in attendance at the Board meeting, to have Glen Fish sign for the Secretary on the Budget Resolutions and Letters in conjunction with the 2024 Budget Approval.

MOTION: FOR GLEN FISH TO SIGN FOR SECRETARY AT THE DECMEBER BOARD MEETING.

**MOTION: JEREMY REDSHAW
SECOND: WES WILSON
MOTION CARRIED UNANIMOUSLY.**

MOTION: TO CHANGE THE DWCD REGULAR MEETING TO DECEMBER 12, 2023 AT 2:00 PM.


**MOTION: JEREMY REDSHAW
SECOND: WES WILSON
MOTION CARRIED UNANIMOUSLY.**

Godwin Oliver was reappointed by Judge Plewe as a DWCD Director and Board Member.

NEXT DWCD BOARD MEETING – Tuesday, December 12, 2023 – 2:00 P.M.

ADJOURNMENT Meeting adjourned at 6:04 P.M.


Donald W. Schwindt, Secretary-Treasurer


Godwin Oliver, President