

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 September 8, 2022

CALL TO ORDER Simon Martinez, Vice-President, called the meeting to order at 7:00 pm

ROLL CALL Simon Martinez, Vice-President
Don Schwindt, Secretary-Treasurer
Wes Wilson, Director
Glen Fish, Director
Landan Wilson, Director
Jeremy Redshaw, Director
Ken Curtis, General Manager
Ben Harclerode, Chief of Engineering & Construction
Rob Walker, Maintenance Supervisor-Via Teleconference
Eric Sprague, Engineering Technician-Via Teleconference
Lisa Jordan, Office Administrator
Adam Reeves, Attorney
Robert Stump, Bureau of Reclamation

INTRODUCTION OF GUESTS

In-Person

Brandon Johnson, MVIC General Manager; Bruce Anderson, Lowell Volk, Mary Lue Volk, Katy Murfield, Gary Nielson, Trent Nielson, Eleanor Macfarlane, Brian Wilson, Kaylyn Wilson

Via Telephone/Teleconference

Rich Landreth, City of Cortez, Tony Tanner, Full Service Irrigator

MINUTES

APPROVAL OF THE MINUTES

MOTION: TO APPROVE THE MINUTES AS SUBMITTED FOR THE AUGUST 11, 2022, ENTERPRISE MEETING.

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

FINANCIAL STATEMENTS

MOTION: TO APPROVE THE JULY '22 FINANCIAL STATEMENT AND APPROVE THE STATEMENT OF PAYABLES AS PRESENTED.

**O&M: AP/CHECK #40692-40760 & PR/CHECK #125404-125450
\$215,317.09**

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

O&M REPORT – Rob reported the following:

Pumping Plants and Field Work – Due to the low flows, DWCD has only been running one pump at each pumping plant, including Great Cut. Earlier in the season, it was noticed that there were some electrical timing issues at certain plants because of the low flows. The staff has discovered that Fairview, Cahone, and Dove Creek have been experiencing pressure surges in the laterals. The Field Technicians have recorded pressure surges of 90 psi at the end of some laterals. Fairview had a pressure surge from 120 psi to 200 psi in 4 seconds. The upstream gauge maxed out at 200 psi, so we don't know how high the pressure is. The lateral at this location is rated for 375 psi, and we will install a 500 psi pressure gauge. Between the control room and the guys in the field, they figured out how to change the timing of the motors ramping up and down to fix the issue.

Fuels Reduction Project – Rob thanked Robert Stump and BOR personnel for all their work on this project around Wellhouse 1 & 2. They were able to get all the paperwork and funding together. DWCD staff and forestry crew will go in and do fire mitigation on the property along the Dolores Canal. The work will carry over into next year. We still have some hoops to jump through, but we should be working on the project next year.

Water screen Project: The funds have been awarded for refurbishing the water screens at five of the pumping plants. We had an initial meeting today with the contractor and are working on scheduling the shutdown and pulling the screens out.

Power Plants – McPhee Power Plant is scheduled to run through November 4th at 25 CFS. Staff is working on the annual drainage issues around the plant and the dam. **Towaoc Power Plant** – has averaged 48 CFS over the last month. The staff has finished blading the road and addressing the drainage around the plant.

Control Room – A couple of applications have been received for the vacant control room operator positions. Eric Tanner is planning on starting the interview process after the water season.

Dove Creek Water Schedule – Staff is working with the Town of Dove Creek and Dolores County Road & Bridge Department to fill their ponds at the end of the season. The irrigation season will be longer this year, so there is no foreseeable problem filling both ponds.

Personnel Committee – There were two Personnel Committee meetings last month. Rob thanked Godwin and Landan for attending and giving their input. The next meeting date was set for September 27, 2022, at 8:00 am at the Great Cut Dike Field Office.

WATER MANAGEMENT REPORT

Water Accounting – Ben presented the **Inflow/Outflow 1) August:** the total reservoir elevation dropped 5.37' from 6,879.73' to 6,874.36'. Active capacity dropped by 15,872 AF. Total inflows for August were 73% of average. Overall usage was lower in August than July, with the Dolores Tunnel recording 9,466 AF of total diversions; UF&R recording 1,595 AF; MVIC: Lone Pine recorded uses of 6,726 AF, the U-Lateral recorded uses of 4,135 AF. The total MVIC water used for August was 18,791 AF. MVIC call water used totaled 8,660 AF for the month. Ben noted that MVIC's call water ran out on August 26, 2022; after that, their water came out of the Totten Exchange for the rest of August. Dove Creek Canal use totaled 3,701 AF. The Fish Pool used 1,605 AF of their allocation. Ben noted that there was 1.77" of rain recorded at Great Cut, which is 110-130% of the average for our area at this time of year. Temperatures were near normal in August. **2) September:** the total reservoir elevation has dropped 1.43' thus far. Active capacity is down 4,573 AF. The Dolores River started to fall in the first week of September. Total inflows are at 1,097 AF. The Dolores Tunnel has recorded 2,309 AF, UF&R has recorded 436 AF in the first seven days, and are slowly increasing their use. MVIC: Lone Pine use was 84.0 CFS on August 1 and 101.0 CFS on August 7, with a monthly use so far of 212 AF. The U-Lateral has recorded uses of 868 AF so far. Ben noted that MVIC usage was coming out of the Totten Exchange, which ran out on September 6, 2022, so they will use the U/S Exchange water, then begin using the Narraguinnep water stored in McPhee, then Project Water. The Dove Creek Canal has used 817 AF so far in September. The season total is currently 21,716 AF. There has been only one rain event thus far, yielding 0.07" of rain. Daytime highs have been in the 90's the past week, and nighttime temperatures are in the 50s.

Irrigator Pool Transfer Request

Gary Nielson and Trent Nielson were in attendance with a request to transfer water from Gary's pool to a box in Trent's pool. Gary stated that they thought they could move the water between the pools. It was said that moving water between pools is not generally allowed after the season's leasing and Pooling have been set. Ken explained that Pooling is done annually to help set the water bank. The Pooling revolves around the reformation reform act, which sets a limit of 1,000 acres for any farmer to farm. Due to the shortages in the last two years, we have been more flexible with Pooling. DWCD always puts a date (deadline) on changing the pools, usually in late May or early June; otherwise, we have no way to manage the pools. We allow farmers to pool early in the season, and they can move water around within their pool. It was stated that Nielson's question worked its way through the

staff, who all said no, as did Ken, and the Nielson's were advised to come to the Board since we have not allowed this transferring in the past as it makes managing the water bank difficult. Jeremy stated that it has been difficult for irrigators to manage pools with the slowly increasing water allocations. Trent stated that they have not used water out of the box in question and won't use it this year if they don't move it to an alternate box outside the pool where it now resides. Gary stated that he was told that he could move it to the other box in his pool but doesn't understand why it can't be moved to Trent's pool. Ben explained that if a box is in a pool, water can be moved between the boxes in that pool. If the box is outside of the pool, water can't be moved to a box in a different pool. Ben verified that the box had not been used. Trent said they have been waiting for the delivery of the materials, which happened later than expected. Now everything is coming together, and they won't be able to use the water because they cut back and now have water they had not planned to use.

Landan asked if there have been people in the past that have requested this. Ken stated that people have asked to do this in the past, and Ken explained that it is not allowed at the staff level and has always been denied at the staff level. Ken stated that the last couple of shortage years have been challenging to manage, and this year is no exception. In a full year, excess water that people don't use helps create the water bank, which can be used to increase the allocation. This year we managed to provide water throughout the entire year despite a shortage supply. If they create something from the start that we can manage, that is fine, but for various historical reasons, it has been stopped by the staff. Ken stated that, to his knowledge, the Board has never had to address this issue directly because staff has not allowed it.

Discussion: Glen asked about Adam's take on special Board action. Don stated that before Adam answers Glen, he would like to say that he is a firm believer in consistency. As Boards change and DWCD changes, farmers adapt, which is critical. Don noted that inconsistency is difficult for farmers to live with. He would look towards the FSA farmers on the Board to judge based on their experience. Don asked to be reminded of how the water to the pools has unfolded this year. Ben explained that the beginning and mid-month allocations were raised by 0.1-0.3" per allocated acre after we received the beginning and mid-month information. Pooling was shut down from late May to early June. The allocation was 6.4" per acre at the first of June. Ben listed the incremental changes throughout the season, noting that the current allocation is set at 9.2" per acre. The allocation has been increased eight (8) times throughout the season. Glen asked how the allocation change changes the request. Ben stated that irrigators have more water than expected at the season's beginning. The request is to remove the water from one box and add it to another outside of the original pool. It was stated that this type of action makes it more difficult for staff as they try to adapt to what the users are doing. Don stated that he had watched the innovative ways irrigators have used the pools but that it needs to be fair. Wes clarified the question to confirm staff has not allowed boxes to join pools once Pooling was closed. Ken agreed. Wes stated that DWCD is in the business of selling water. Don stated that he would rather put water on his field to make him dollars today than leave it in the reservoir, but it has to be fair to everyone. He is not sure that allowing this type of change is fair to all of the irrigators.

Jeremy stated that he suspects that DWCD will have a lot of unhappy people if this request is granted, as there have been people who have been told in the past that they cannot do this. Trent said that at the beginning of the season, the allocation was 2-inches, and that's what they planned with. Now the water is up to 9.2" and will not use all their water; it will just go down the river. It was explained that this water would stay in the reservoir as carryover for next year if it goes unused. Trent went on to explain he's been waiting for the pivot to be delivered and didn't know where that would be at the start of the season. Trent laid out other unique aspects of this year that may allow leniency. Ben stated it was a unique case where both boxes had not been used this year. Ken asked why the boxes weren't pooled at the beginning of the year, even with the small supply. The current box is pooled with another box that has been used. Since the water allocation has increased, they've had enough water to run the one box pooled with and have extra water left over. Trent explained he did not expect the excess water at the beginning of the season. Jeremy asked what would happen if this was open to everyone to pool their remaining allocations, allowing them to change their pools. Ken stated if that were the case, staff would have no idea of end numbers, and Ben explained that the bookkeeping would be complicated. Ken stated that we have always held the line that we don't change the pools as it makes management difficult.

Simon asked Adam for his opinion. Adam asked if there was a written policy and if there was an announcement of the end date for Pooling. Ben stated that we don't have a written policy but do announce an end date for Pooling. Adam stated that the Board has the authority to deviate from the procedure. Still, they need to be aware that if they exercise that authority for the benefit of one person, the Board is almost compelled to similarly exercise that authority to every other person who is similarly situated, or the Board's activity could be challenged as arbitrary and capricious. Jeremy stated that if the Board decides they want to do this, they should be prepared to allow everyone to pool their remaining water because the next board meeting will shut the water off. Don stated that we might be able to limit the case due to the larger quantity of water they want to move. In this type of year, there probably isn't much water left out there. Ken said there probably is in a year like this, but we are running out of time. In a full year, Don is pointing out any excess water we will try and put into the water bank. Ken stated that this year, looking at the individual pools, we have four individuals that will not use water and have been pooled, knowing they will not use the water. We have left the unused water alone in the rest of the pools. Knowing that Don stated that we might be able to limit how much water could be pooled at this point to be fair to everyone. Ken said there are

around 100 operators that potentially would want to make changes. We wouldn't be able to provide end numbers with all the changes and will just read the meters at the end. As the season progresses, we have been sharing information with the irrigators about their end reading. Ken stated that if Pooling is opened, then all bets are off, and we will shut Great Cut off when the inflow/outflow hits the perfect amount. It was stated that the Board set a severe penalty for going over the allocation in 2022. Landan asked Adam if there was a stipulation that would protect DWCD if they only made an exception this year. Adam stated that if they decide to go forward with a derivation from policy the Board would need to make sure that it is for 2022 only and identify what sort of situations can do the pool shifting. He gave specific examples of situations that could be limited. If the Board is going to allow this, there should be an appropriate reason for similarly situated people to do the same. Don asked Gary how much water was in question. Ben stated it was 34 AF of water. Jeremy sees the problem with the FSA farmer not getting their end numbers fast enough to shut down and prevent penalties. Jeremy has had similar experiences and would like to formulate a policy after the season to see if there is something we can do better. Don stated that there are a lot of good water managers out there, and they have their shares planned to the last amount of water; if they see this is out there, then the Board is in trouble. Simon stated if this is done, then it should be performed under Adam's advice. Adam stated that the Board would need a motion recognizing that this year, due to the revolving allocation, they will allow people to shift pools up to a certain date. There should be a little bit of time included for irrigators to react. This could be for only unused boxes or an acre-foot amount, and they should have a deadline and make this a one-time shift in water.

Jeremy stated that his feeling is along the lines of leaving the pool alone as past practice has been. Landan stated that his thought is that it is late in the season and could be very complicated to manage. Landan's attitude is that the Board sticks to the policy that is in place and looks at it in the future.

MOTION: TO DENY THE REQUEST FROM THE AUDIENCE AND TO STAY WITH THE CURRENT POLICY.

MOTION: JEREMY REDSHAW

SECOND: LANDAN WILSON

MOTION CARRIED. WES WILSON AND GLEN FISH VOTED NO.

Discussion after the motion: Gary stated that none of this was their fault, and they have been waiting for parts that have finally come in. He understands what is fair for one person has to be fair for everyone else, but this is a situation where it wasn't their fault. They thought parts would be in a month and a half ago, and now it looks like they would be able to apply water to their field instead of leaving the water in storage. They would like to utilize the water to help them next spring.

Landan requested a reminder to revisit this topic in the future.

Current Allocation Update

Allocation Update – Ben stated that the current allocation is 9.2" (10.1" HOV). Ben presented an allocation summary spreadsheet and said that earlier this week, staff updated the late-season river flows for August, which came in 1,200AF above what was predicted. In addition, they looked at the current active capacity in McPhee, compared it to all obligated water, and found a positive difference of 3,600 AF. This water isn't necessarily in reserve, but some of it is. Gauge errors and bathymetric survey errors cause the active capacity accuracy to vary. With this information, the decision was made to distribute a portion of this water and increased the FSA allocation by 2/10".

End of Season – Ben noted that water usage had been down. There is still 4,000AF of unused water allocated, and compared to August's total, 3,700 AF, it seems we'll go late into September. At some point, running the canals will not be economical, and we are also obligated to remove the water screens at Fairview, Cahone, and DC pumping plants. We are coordinating the schedule currently, but the water screens are slated to be ready for transport by November 4, 2022. Ben and Eric will look at water left at Dove Creek, Cahone, and Fairview next week and make phone calls to anyone with water that may be looking to go past the end of September. Ben and Rob will be working on a schedule with Robert/contractor. At least one of the plants mentioned will have to be shut down in early October so the screen can be removed to stay on schedule. The canal has to be drained, sumps pumped out and dried out, screens removed and disassembled to a certain point, etc. Ben stated that it's a delicate situation, but running the canals as long as possible may put the crew in a bind with reaching deadlines for shipping the screens. Ben stated that he would like to send out an informative text next week so users can prepare appropriately and noted that they will most likely send texts out weekly from now until the end of the water season.

Projects Update

MOA 1 Project – Ben stated that the water screen rehabilitation project is moving forward. The contract has been awarded to Evoqua Water Technologies. The plant where the screens will be rebuilt is Gun Barrel City, Mississippi. The project is a two-year process with three screens being rebuilt this winter, Cahone, Dove Creek, and Fairview. The timeline is still developing, but to stay on

schedule for rebuilding the screens, the water screens at Dove Creek, Cahone, and Fairview will need to be removed in October and ready to ship in early November.

Valves & Actuator Replacement MOA 2 Project – Matthew Stearns, CWCB, has submitted the initial project paperwork to Reclamation after passing it through the AG's office. There is some confusion on Reclamation's side as this is the first MOA2 project, and Matt is working with Ed Warner through the process. It is on their next monthly meeting (September 26th) for an update. It has been taken to the CWCB meeting but not voted on and is on the agenda for the next CWCB agenda as an update.

Forest Fuels Reduction – BOR funds were allocated through next year, so we are finalizing a proposal. Ben has received bids from two forestry crews and foresters to perform the work. DWCD originally thought about using our crews, but cost and time became issues. We will still work in a supportive role, with most of the labor coming from a professional crew.

Invenergy Solar Development

Ben stated that a revised map with more detail was mailed to the Board. With this map, the Board can better see the affected acreage and the project's boundaries. Adam asked if he could address the Board before getting too far into the discussion. He stated that the District does not have an application for water at this time before the Board for this project. When the District became aware of this project, we realized there might be issues with a project of this sort, not this particular project, because this particular project is not in front of the Board right now. The Board is not to pre-judge what action it might take because there is no action to take at this time. We are only using the project as an example of how an industrial project could bring water out of the project. Adam stated that since this is just an example, there will not be any decisions made by the Board, and this is just being used as a sample of what could happen. Ben presented standard figures of the allocated acres and present acres allocated to each plant.

Discussion: Lowell Volk has been asked by some citizens to give out a list of questions, which he presented to the Board regarding the potential solar development. He stated he wasn't going to go through all the questions, but one of the main ones was if they would use irrigation water to cool or wash the solar panels.

Adam stated that water designated for irrigation could not be used for non-irrigation purposes such as industrial purposes. For example, if a person decided to put in a car wash on allocated lands, they could not use irrigation water for an industrial purpose. Mr. Volk said the question arose because County Planning and Zoning changed zoning laws to allow solar panels installed on agriculturally zoned lands. Adam stated that what County Planning and Zoning says can be done with irrigation water doesn't change the limitations of how you can use irrigation water within this project. The County can't decide what limitations there are for irrigation. Mr. Volk asked if there were areas of the project where infrastructure could be built on. Ben stated that DWCD has easements around all of their structures. Mr. Volk asked if DWCD channels would be affected by polluted run-off from the panels. Ken stated that DWCD channels are not made to take runoff, and we control the drainage within the ROW. Ken stated that this would be something that DWCD would have to monitor. There may be rules and regulations already in place. Mr. Volk presented an information sheet regarding the toxic chemicals in solar panels if they leak. Mr. Volk stated he could come back as requested and be contacted via email. He gave his email to the staff.

Don asked Mr. Volk if he was asked to be a spokesperson for landowners in the FSA area. Mr. Volk stated that he was.

FSA Interest Rate on Past Due Billing – Ben stated that last March, the Board decided to set the interest rate at .25% per month, 3% annually, until September 2022. Ken noted that not much has changed in the interest environment. Ken stated that he has been looking at the treasury rate. The feds will raise the money rate but cut down on demand. Oil prices may go down due to demand in a recession environment. Market condition rates were up a little but seem to have plateaued. Ken stated that he does not see a strong push either to raise the FSA rate or remain the same. Ken stated that there is a lot more to the policy from the past; in the past, it was the sentiment of the Board that the "Board didn't want to be the bank." Ken stated that this is a policy decision for the Board to either remain the same and revisit or to adjust. Don stated that he still doesn't want to be the bank but would be okay with staying at .25% and reviewing again in the spring. Don asked to revisit in March 2023.

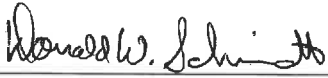
MOTION: TO HOLD THE FSA INTEREST RATE ON DELINQUENT ACCOUNTS AT .25% PER MONTH, 3% ANNUALLY, UNTIL MARCH 2023

MOTION: DON SCHWINDT
SECOND: WES WILSON
MOTION PASSED UNANIMOUSLY.


Other

ADJOURNMENT

Dolores Water Conservancy District Water Activity Enterprise Board meeting
adjourned at 8:32 pm



Donald W. Schwandt, Secretary-Treasurer



Godwin Oliver, President

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DOLORES WATER CONSERVANCY DISTRICT

MINUTES

Regular Meeting
September 8, 2022

CALL TO ORDER Simon Martinez, Vice-President, called the meeting to order at 8:32 pm

ROLL CALL

Simon Martinez, Vice-President
Don Schwindt, Secretary-Treasurer
Wes Wilson, Director
Glen Fish, Director
Landan Wilson, Director
Jeremy Redshaw, Director
Ken Curtis, General Manager
Ben Harclerode, Chief of Engineering & Construction
Rob Walker, Maintenance Supervisor-Via Teleconference
Eric Sprague, Engineering Technician-Via Teleconference
Lisa Jordan, Office Administrator
Adam Reeves, Attorney
Robert Stump, Bureau of Reclamation

INTRODUCTION OF GUESTS

In-Person

Brandon Johnson, General Manager

Via Telephone/Teleconference

Rich Landreth, City of Cortez, Tony Tanner, Full Service Irrigator

MINUTES

APPROVAL OF THE MINUTES

MOTION: TO APPROVE THE MINUTES AS SUBMITTED FOR THE AUGUST 11, 2022, REGULAR MEETING.

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

MOTION: TO APPROVE THE MINUTES AS SUBMITTED FOR THE AUGUST 11, 2022, EXECUTIVE SESSION MEETING.

MOTION: GLEN FISH
SECOND: LANDAN WILSON
MOTION CARRIED UNANIMOUSLY

FINANCIAL STATEMENTS

MOTION: TO APPROVE THE JULY '22 FINANCIAL STATEMENTS AND APPROVE THE STATEMENT OF PAYABLES AS PRESENTED.

ADMIN: AP/CHECK #12214-12229

\$21,114.05

**MOTION: LANDAN WILSON
SECOND: JEREMY REDSHAW
MOTION CARRIED UNANIMOUSLY**

AGENCY REPORTS

BOR Report – Robert Stump stated that **1)** the MOA basin fund water screen contract was awarded, it is approximately \$1.16M. Robert stated that he wanted to recognize the efforts of the District personnel for the work they performed on the specifications, getting cost estimates and providing engineering it is a huge amount of work and really contributes to the success of these projects. **2)** Additional funding was received for Forest Fuel Reduction combined with the original funding which will carry into 2023 so this project can be completed. Cultural has been submitted for consultation there were no comments during the consultation period so that part is complete. NEPA is nearly complete and will get this finalized once Reclamation receives the final proposal from DWCD. **3)** There will be a Powerplant facility review September 20-22. **4)** Dolores Project Basin Study proposal has been submitted to the Reclamation review team.

Division of Water Resources Report – not in attendance

T/H Committee Report – Brandon stated that the Committee met August 17, 2022 **1)** The Committee paid DWCD and MVIC. **2)** The Committee has completed the 2023 budget and will likely approve it in September. Brandon stated that the THC budget is a little higher for 2023. **3)** The Committee has prioritized three major projects for upcoming work they are: i) Drainage area south of the Fairgrounds, ii) installing a liner at Check 508 where there has been a leak along the canal and iii) replacing air vacs on the pipe chute. Wes asked if the Committee figured out where the leak is coming from at Check 508. Brandon stated that the Committee believes it is in the canal. Ben stated that Trautner drilled test holes and for the most part the test holes had standing water in them. Ben checked the test holes on September 5 and a few still had water standing in them. Ben stated that they were looking for a path where the water would go and that found the geology that they were looking. Robert stated that essentially it is a layer that is less permeable and at an angle so the canal seems to be seeping through the whole stretch and collects in that layer. The idea is to extend the liner just past that layer.

Next T/H Meeting – The Committee will meet at the DWCD, Cortez Office September 21, 2022 at 2:00 p.m.

MVIC Report – Brandon reported that **1)** the Groundhog project is going pretty smooth. They will hopefully get the foundation done next week. Once the foundation is complete they will install walls and the dome itself. They have the hydraulic lines and sensors about three-fourths of the way installed in the structure. **2)** MVIC is also performing routine maintenance.

GENERAL MANAGERS REPORT

Miscellaneous Updates

Babbitt Center Ag Water Perspectives for Agricultural Water Resilience: This academic group would like to conduct about 1-hour confidential interviews (Zoom) for a white paper on water scarcity issues in the CRB. Ken has forward to the UF&RE and will distribute to some farmers via email. If Board members are willing, it might provide some overlooked ag perspective to the conversation. Simon stated that he spent an hour with the interviewer and they had 9 questions. Don stated that he was willing to do an interview for them. They are trying to get the interviews completed by the end of September.

"Inflation Reduction Act" – IRA: The Inflation Reduction Act of 2022 Summary Report from TPG was mailed to the Board. Ken stated that this includes nearly \$4.6B for western drought and water projects which were detailed in the handout. There will be more money for forest health and money for several for USDA programs. It was stated that TPG is the lobbyist for the Family Farm Alliance.

CAWA Ag Drought Projects: Meant for on farm water saving projects. They talk about ag water and how they relate to environmental groups. They will have projects coming up and hoping they are on-farm projects. Ken will share this information at the Farmer advisory meeting in October.

Dolores River Basin Study: Ken stated that he submitted the grant information to BOR on September 7, 2022. Ken explained that Reclamation started basin studies around 2010 and the primary study that came out around 2012 was the Colorado River Basin Study. At that time Reclamation performed all of the work and stakeholders could submit comments. They branched out into other major basins such as the Columbia River. More recently, they have branched out to smaller basins. Reclamation advertised to the Upper Colorado Region late in 2021 that they were looking to perform some projects. DWCD sent a letter of interest and in May 2022 the Regional Director sent a letter saying that we had been selected to the next level. The thrust of the program as Ken understood it was that somehow, we were working together on a Basin Study with Reclamation. Ken thought Reclamation would do the modeling and gave us the study criteria, but ultimately Reclamation wanted DWCD to submit a schedule and modeling costs on work that we never talked about to any modelers. Ken finally had Wilson Water Engineers write up the sections 2 & 4 that discuss using climate change projections and paleo hydrology. Wilson Water are technical modelers they were involved in the CWCB Colorado River Water Availability Study, they are active with CWCB and around the State, having worked with both Tribes. So, they helped Ken put together what would recently have been known as a traditional water study. Ken stated that he actually thought about including forest health as it is an important future topic but doesn't know how anyone would model it relative to water. This proposal is a little more traditional as to what Reclamation has done in the similar larger studies. Ken stated that if this is successful, Reclamation will move the study through to another step where you can look at management options. They want all of the stakeholders involved so that the included list is very comprehensive. Ken has included everyone from Summit to Dove Creek from Rico to McElmo. In theory this project would be 50/50 cost share with DWCD doing some in-kind work.

Robert stated that the proposal will go before a review panel who will evaluate and score the proposal. Depending on how well it scores will determine if they move forward with a basin study. If they do want to perform a Basin Study then Reclamation and the District would develop a Memorandum of Agreement and go from there. Robert stated that he feels like this would be for the entire Dolores Basin and not so Project-centric. They might recommend it for a Plan of Study which is the first step toward a Basin Study with schedules and costs. If it does get recommended for a Plan of Study, Reclamation will develop this proposal that once complete will then be moved to a full Basin Study.

Discussion: Don asked if through the Plan of Study vehicle it could lead to performing a Dolores Project specific study within the Dolores Basin? Robert stated from the feedback he is getting from the Reclamation administrator is that they don't want to be project specific they want the studies to be more basin wide. Ken noted it includes the complete upper Dolores Basin above McPhee. Don asked if a Plan of Study was a bridge to a Basin Study, so there would be a piece that fleshes out what they may want in a larger Dolores Basin Study? Don asked if there was a chance it might stop at the confluence of the San Miguel? Robert stated that the Plan of Study would be roadmap for what the Basin Study would be defined as. Don stated that the forest health issue is ignored completely. As talks continue about compact compliance they keep pointing at ag as where the water has to come from, the landscapes that are the source all of the water before it gets to the farms are actually eating up a significant amount of the water. Don stated that there is a disconnect between tying groundwater knowledge to hydrology knowledge. Don suggested stopping at the confluence of the San Miguel and using the Dolores Project Hydrology Study to begin to tackle the forest health issues as a case study. We are high on the priority list to perform forest health activities with no quantification. If we could bring that piece into this study, we can turn forest health into real water science. Robert stated that the intent is not to develop new data and modeling but to use the information that already exists. Robert stated that it is worth getting into the Plan of Study and utilizing the program. Don thinks we have good staff to bring together useful information to lead the bigger effort in the scientific help and modeling help. Ken stated that in the interest of time, he thinks the Board should take the proposal and look through it, Ken will also mention the proposal at MVIC's next meeting. Ken stated that this proposal could actually fit two or three other funding sources that are out there such as drought resilience and stream management. Ken will pass on the information to MVIC and UF&RE and he will also reach out to Bernard Karwick with the McElmo group.

River District Annual Seminar – Ken stated that the Colorado River District's 2022 Annual Water Seminar will be held at Colorado Mesa University on September 16, 2022. A flyer was included in the Board packet.

Budget Discussion on Schedule & Discretionary Items: An outline, with some discretionary items listed, was mailed to the Board along with the end of July Statements for the Administration and Operations & Maintenance accounts.

2023 Budget Schedule

- Would like to have a personnel committee meeting prior to October 6 to get anything in the Budget that comes from that meeting.
- First Budget draft is delivered at the October 13, 2022 Board meeting. This drives charge notices that are later reconciled. (MVIC, BOR, UF&R, M&I's)
- Workshop is scheduled for late October to early November where Board needs to give input. Consider the third Thursday, October 20, 2022.
- Budget Hearing is set at the October Board meeting for the November 10, 2022 Board Meeting. Requires 3+ weeks minimum for legal notices.
- December 8, 2022 Board meeting Board adopts 2023 Budget with associated mill resolutions. State Law required submittal deadline is December 15.
- Any significant adjustments to the budget after the November Hearing may require additional special meetings.

2022 Budget Impacts

- Drought / Shortage: Irrigator base charge adjustment will lower revenue close to \$613,000.
- Travel & Training spending remains low
- No capital spending on vehicles, but we refurbished the spray truck in January at \$59K.
- Materials, Parts & Supplies: have spent \$179K of \$724K thru July. Currently working on estimates, but expect to keep costs lower than budgeted. Although with supply chain issues staff may need to begin to replace stock that has not been replaced over the past season.
- WAPA power costs will be much lower again in 2022, estimates later.
- More updates & detail later throughout budget process.

2022 Potential Actions

- Currently assessing fall projects. A budget transfer from Water Supply Reserve account is undetermined at this time, but may be proposed before the end of the year. Last year we transferred \$300,000 from Water Supply Reserve and checking account is at \$851,957 as of 7/31/2022.
- More updates later in budget process

2023 Board Decisions & DWCD Actions

- Set FSA Rates, historically growing +/-3% when conditions allow, slow & steady.
- Board sets any employee raises.
- Review Capital replacement schedule for facilities, vehicles & equipment, discuss and direct. Simon stated that UF&RE will begin leasing vehicles instead of outright purchases of the vehicles. This could offset the costs and keep up on the vehicle fleet. Simon will share the contact information with DWCD.
- Review, discuss & direct budgeted O&M materials & replacements purchase levels.
- Approve and/or modify budgets for Discretionary Items below.
- Review & approve ANS funding at McPhee boat ramp WID Stations
- Review and possibly adjust M&I rates that have been the same for several years.
- Decide on transfers to reserves
- Consider and decide on repayment from Dove Creek L&G to Future Projects

Discretionary Items

Administrative (100 Budget) Items include:

Legislative Consultant	\$ 8,000
Project Promotions	\$ 6,000 budgeted, \$5,020 spent
Board Travel & Training	\$ 5,677 of \$9,000 spent thru July
Dues & Subscriptions	\$18,000 budgeted in 2022, \$16,630 spent to-date*
CWC	\$ 4,228 DWCD dues, Stewardship, State Affairs
FFA	\$ 2,000
SDA	\$ 1,237
Sage Accounting Software	\$ 3,836
WIP	\$ 3,500 (Intend to drop \$500 in 2023 to \$3,000)
Local Pages	\$ 420
ASCE/ADSO/Misc	\$ 700
Newspapers	\$ 75

*Need to verify individual numbers, but about same as last year

Operations & Maintenance (200 Budget) items include:

CSU Research Farm	\$ 5,000
Weather Modification	\$19,400 Looking for 8% increase
Low Snow Surveys	\$ 1,900
USGS Slickrock Gage	\$ 2,000, spent \$1,890
Travel/Tuition	\$27,000 budgeted; \$6,891 spent thru 7/31/22
Colorado Dust on Snow Program (CODOS)	\$ 1,000 (see attached request)
CDA Nozzle Program	\$10,000 Grant, no cost
M&R Team Monitoring (FLC – DRRMS)	\$ 2,500; supports lower Dolores monitoring; 3 years left

Possibly \$12,500+/- for matching grant to acquire 2 ASO flights. Ken is putting together a Basin Roundtable grant for additional money.

Wes asked if the ASO flights did well. Ken stated that CBRFC missed some of the higher snow for sure last year. We used the April ASO flight information heavily. ASO flights from 2021 confirmed how bad the year was. ASO is the most accurate snowpack information and their information in 2022 made a difference in DWCD projections. Nobody knows how the snow will run off and the flights can only tell you how much is on the ground at a point in time.

New SW Radar \$2,000 requested for 2020, radar not installed, may be requested in 2024 if it works for our area.

Ken reviewed the Administrative and Operations and Maintenance Statement of Operations. Ken will base his budget projections off of the July statements.

Administration Statement of Operations: Taxes come in from the Counties and we are on track to end the year in pretty good shape. There aren't a lot of user fees in Admin. The BOR payment is set up by contract. The Director Stipend is set by law. The travel is in the \$9K range and has been lower due to COVID-19 but may come back up as conferences open back up. The Office items and professional services are running normal. Due to the past Board directions the Administrative Budget doesn't change much. Ken stated that an annual transfer is made to O&M as there is more taxes than need for expenditures and the transfer offsets costs in O&M to all users. Ken stated that the list of items that is spread to all of the users is substantially more than the amount transferred to O&M.

O&M Statement of Operations: Ken discussed the O&M Statement of Operations explaining that under the Reimbursement/Contracts header certain items have offsetting revenue and expenses such as Weather Modification and Towaoc Highline Canal line items. Ken noted that the Weather Modification can get out of sync due to timing of bills and revenue coming in. Under the User Fees header is where the fees come in as revenue from entities such as the City of Cortez, Town of Dove Creek, MVIC, MWC and UMU some of which are passed directly to the Bureau of Reclamation. This is also where the Domestic and Full Service fees show up as revenue. Ken explained the expenses noting that there has not been an expenditure in the Capital Outlay line items other than the refurbished spray truck expenses in the last two years. The Contracts line items cover items that we pay out such as the Repayment to the Bureau, CSU Experiment Station, DWR Satellite Monitors, Weather Modification and Towaoc Highline Canal. Ken noted that the Electrical Power line item will under run again for WAPA this season. The Employee line item carries all of the salaries and benefits. The auxiliary funds also show up as a credit as THC, Power Plants and DCL&G are paid by other users or reimbursed. Insurance includes liability and property insurances through the SDA pool. The Materials, Parts and Supplies line items are field material expenses and for the most part are non-capital items. Jeremy asked if there are a lot of projects scheduled for the fall after the water season or if we are just way under budget? Ken answered probably both as crews are getting ready to perform post season projects and we are running under budget as Rob has been cutting back on expenses due to the drought. Ken stated that Rob will have to begin to backfill replacement meters and other items that have not been replaced the last two years which will lead to some additional expense. Traditionally, operating costs are around \$500K-600K in materials parts and supplies. Some of these items are shared costs like fuel, others are specific to a location and user. Training and Travel are still down but there is upcoming training scheduled. The transfers show up last and are generally made at the end of the year.

Ken presented the A/R Verification Report for September 8, 2022. On the left side of the A/R Verification Report the Full-Service Users balance summary appears. There is commonly \$200-400K in FSA charges carried over on any given year as allowed by Board policy. The right side of the A/R Verification Report is the Domestic Users balance summary. These charges are for all Canal and Upstream M&I users. The checking balance has some committed to reimbursements and to accounts payable.

Ken presented a table of the Reserve Accounts and the purpose of each reserve. Ken presented a Reserve Fund Summaries, one for July and one for August, showing all of the balances in COLOTRUST and CD Investments.

Included in the Board handout was the Center for Snow and Avalanche Dust on Snow Water Year 2023 funding request that missed the mailout for the Board to review.

Board to Board – 7:00 PM September 20, 2022 @ DWCD: The Board may wish to invite the MVIC Board. Ken would suggest picking a topic like CR issues or can also choose other topics like reconciliation, projects, budgets, NCA or other items. Board will discuss after other agenda items.

DWCD Board Workshops – September 15, 2022 (3rd Thursday): Last year at this time the Board started some additional workshops mainly on NCA, reconciliation, CR issues and local hydrology & drought. The Board may consider, choose and schedule topics of their choice. Ken stated that this is likely the time that the Board would review the pooling topic discussed earlier in the Enterprise meeting. The Board may direct that this topic to discuss with the FAC for an October meeting and have it ready for next spring. No September special meeting.

Colorado River Basin Issues – DCP / DROA / Drought Resiliency: The Reclamation August 16, 2022 24-month study came with the previously planned cuts for AZ, NV & Mexico as agreed in the 2007 IG and 2019 DCP totaling 721 KAF well below 2-4 MAF. They have agreed to keep talking and negotiations continue with the new \$4B available with lots of political posturing. Several letters, press releases and related background info were included in the mail out. Las Vegas, Los Angeles and Denver Water, and Southeastern WCD sent out their Municipal Conservation Actions. Ken stated that he doesn't have any new insights. The state is writing pre-NEPA environmental guidelines. Don stated that the thing he hears the loudest is the only place to get additional water is from agriculture, that's why he pushes forest health. Adam stated that he hears that the place to get it is Arizona who has the junior water right. The biggest UB concern is to assess evaporation in the Lower Basin similar to the UB. The Upper Basin has been complaining for years that we are assessed evaporation and the Bureau will be studying that for the LB.

Reconciliation Process Review: The tables were checked and confirmed. An additional 10 year rolling average was added for discussion purposes. A dredging breakdown was included, amortized over 10 years. Don said that if you call it amortized why isn't there interest included and stated that it seems appropriate to put back in. Adam stated that this is more like a capital expenditure that is stretched over a period of time. Don stated that we are paying this out of DWCD reserves that would have realized interest. They would have to settle on an interest rate to amortize the cost. Ken explained how the hours in labor costs were allocated to dredging. Ken explained the way the hours flow through the allocation to all of the users, noting that the only user that is not reconciled are the FSA irrigators so 90% of costs have been pulled out and will be added in 10% at a time for 10 years.

Discussion: Glen stated that he thinks that there should be a Board to Board and he thinks that the two attorneys should read their letters and discuss some of the key words. Glen stated that he was pretty certain that at tonight's meeting they were going to discuss a bill that we might present MVIC prior to their next board meeting. Ken stated that he doesn't have a sample bill but will have one at the October board meeting. Glen asked if MVIC would wait another month. Ken stated the bill always includes an estimate from the first draft of the 2023 Budget. Ken stated that he has never said they would get a bill prior to the October board meeting. Glen stated that what he misunderstood is that DWCD was going to attempt to do an estimate prior to August 1. Adam stated that an August 1st bill would be inherently inaccurate. Ken stated that he was working on a draft bill this afternoon and working on a way to break the water out which will take more effort than he initially thought. Ken has the total water, the pre-existing facilities charges and the reconciled charges, he hasn't put in the new THC amount and he used the 2022 budget numbers for the 2023 budget since there are still some items that are unavailable to complete the bill. If they are going to include interest then that will also affect the bill to MVIC. Ken will give the dredging costs to MVIC, which is a small part of the entire bill. Glen asked that in addition to DWCD costs he would like to see the Bureau contributions listed with regard to dredging.

Ken presented the rolling average spreadsheet and Wes correctly pointed out that the FSA doesn't change no matter what you do with the amortization. MVIC lowers, UF&RE goes down some and the City of Cortez goes down. Ken stated that what is happening is that when you when you take the manhours out all of the other non-direct costs from the 90% will chase the manhours and FSA will always have the most manhours as that is where DWCD staff spends the most time. Ken said that if the Board wants to have a special meeting to discuss specifics that go into the spreadsheet they can do that. Don asked if it would be valuable to have a Board to Board to discuss all of the components that go into the bill. Glen said that he gets a sense that we skipped steps and need to go back and cover those steps before moving forward. Glen thinks we need to discuss the various definitions (spellings) of nonproject water. Adam believes that will require a judge with an uncertain outcome during challenging times on the Colorado River. Adam said that the DWCD is working hard to come up with opportunities to provide more certainty and less surprises. Adam said both Boards need to agree to live within the contracts and an uncertain result could be a dangerous place to go as there is a lot of opportunity for a suboptimal result. Glen thinks this is good but too soon. Ken asked what Glen proposes. Glen said to have a Board to Board meeting. Jeremy stated that he thinks the contracts are a big issue which need to be sorted out. Jeremy thinks they need to go through the reconciliation and see it line by line. Adam stated that the definition of proportionate share needs to be in a letter agreement with MVIC.

Brandon suggested that Ken set up a meeting for September 20. Glen said that in order to move the conversation everyone needs to show some softness, to move ahead without going before a judge, and this Board may have to adjust the formula. Adam stated that the Board is already making one adjustment with regard to the dredging and exploring flattening out the costs with regard to rolling averages. Simon asked Glen what MVIC would consider a proportionate share? Glen said the people that created the call water were creative and were all willing participants. Landan believes that by getting the hydrographs completed and working on a rolling average and the dredging amortization shows that DWCD has put effort forward to show that we are willing to work with MVIC. Landan thinks there should be an invitation to have a Board to Board meeting. Consensus is to extend an invitation to the MVIC Board for a Board to Board meeting on September 20, 2022. Ken suggested that staff should not attend, but it will need to be an open meeting. Jeremy said that Ken and Ben should be available to answer questions. Ken does not think that would be a good idea. Glen asked if DWCD Board would go to MVIC's offices for the meeting. Brandon suggested that if there is no staff then it would be easier to have it at MVIC but if there is staff with the additional people the meeting should be at DWCD. It was stated that there should be no Board action at these meetings. Ken will invite the MVIC Board for Reconciliation as the topic with no staff, only a minute taker. The meeting should be held at MVIC with Gerald Koppenhafer, MVIC Board President, leading the discussion. Adam stated that the minutes don't have to be verbose but have to be thorough enough to memorialize what discussion happened at the meeting, what decisions were made, when the meeting opened and when the meeting closed. Jeremy asked if in a Board to Board meeting if the Board normally makes decisions? Adam noted that public business will be discussed but no decisions will be made. Adam stated that the Board should be careful they don't concede any positions and be careful not disclose any attorney client privileges. Two people can't agree what the contract means, they don't have the authority individually to decide what the contract means as the contract signed by more parties. Adam stated that if they can have a robust discussion that is good, this is complex. Adam stated that the Project has to be paid for and the way Adam reads the contract is that it is based upon the proportionate utilization of the facilities and that includes unitization of the facilities for the delivery of call water and MVIC disagrees with that. Adam thinks Ken has done a good job of explaining how that is a significant benefit, the ability to take water when they want it rather than when the river gives it to them.

Other – Wes asked if there was a workshop scheduled for September 15. Jeremy asked what took place at the workshops. Ken explained that the meeting could be anything they want, usually they are one or two topics to take a deeper look into. Don suggested that they discuss the Dolores River Basin Study and not the Reconciliation. Ken stated that on that particular topic they may not have more than what is currently available by next week. No special meeting was set for September.

Personnel Committee – A Personnel Committee meeting was September 27, 2022 at 8:00 a.m. at Great Cut Dike.

LEGAL REPORT

MVIC/City of Cortez Agreement for use of the Cortez 4.2 CFS direct flow right – Adam stated that he had a discussion with the City Attorney and their engineers will be contacting Ken with some proposed accounting methodologies. They understand that this is something that needs to be done.

Upstream Users – Adam stated that they received the documents on *de minimis* for Rico. Adam has talked to Rob Pierce the attorney for two clients who are trying to get upstream augmentation plans. He is eager to get one of these plans completed for a client who wants to get a well drilled this year which year seems ambitious, apparently their augmentation pond has already been constructed. Adam doesn't know if they have made application to the District. Ken stated that if it is unusual, he will be bringing this back to the Board in October. Adam stated that it is unusual as it will be the first one where we run some of the upstream exchange into an augmentation pond rather than simply offsetting a well.

MVIC 87.3cfs Water Rights Filing – Adam stated that he didn't have anything new to report.

Adam asked for an Executive Session to discuss the following Lower Dolores NCA Legislation and Colorado River issues. Ken would like to talk about land use policy within the District.

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 ON COLORADO RIVER ISSUES, LOWER DOLORES NCA LEGISLATION AND LAND USE POLICIES.**

MOTION: **WES WILSON**
SECOND: **LANDAN WILSON**
MOTION CARRIED UNANIMOUSLY.


RECESSED FOR EXECUTIVE SESSION AT 11:45 P.M.
RECONVENED REGULAR MEETING AT 12:37 PM

REPORT OUT OF EXECUTIVE SESSION

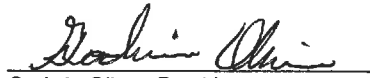
Adam reported that in Executive Session the Board discussed its position on the Lower Dolores NCA Legislation, the Board discussed matters which may be subject to litigation on the Colorado River and received advice from attorney in participating in land use matters. No decisions were made.

NEXT DWCD BOARD MEETING – Thursday, October 13, 2022 - 7:00 P.M.

ADJOURNMENT Meeting adjourned at 12:38 A.M.



Donald W. Schwindt, Secretary-Treasurer



Godwin Oliver, President