

**Minutes of the 8th Special Meeting of the
Republican River Water Conservation District**

March 3, 2005

Yuma, Colorado

Present were:

Board Members:

Grant Bledsoe
Kelly Burr
Dennis Coryell, President
Jack Dowell
Raymond Enderson
Kim Killin
Garry Kramer
Steve Kramer
Bruce Latoski
Tim Pautler
Rick Seedorf
Wayne Skold

Stan Murphy, General Manager
Dennis Montgomery, General Counsel, Hill & Robbins, P.C.
Scott Richrath, State Engineer's Office
Dennis Kahn, Cooperative Extension, Colorado State University

A sign in sheet listing the members of the public attending the meeting is attached as Exhibit 1.

MINUTES

President Coryell convened the meeting, pursuant to notice required by statute, at the Church of the Nazarene, Yuma, Colorado, at approximately 9:15 a.m. The record reflects that 12 of the District's directors were in attendance and that a quorum was present.

The Board approved the Agenda.

General Manager Murphy updated the Board on the purchase of a vehicle and a computer for the District Office. He said QuickBooks has been installed on the computer and that he should be able to begin using it next week.

President Coryell reported on rulemaking by the Colorado Ground Water Commission. After input from Director Eugene Bauerle and President Coryell regarding collection of use fees, the Commission was reluctant to create a rule that might not be necessary to enforce the collection of use fees. President Coryell said the county treasurers were not accepting partial payment of taxes without payment of the use fees. President Coryell said unless the Board feels the Enterprise is at risk, the Commission didn't feel that rulemaking to curtail diversions of ground water if use fees were not paid was necessary. Vice President Killin said she was concerned because there can be a tax lien for three years before it is foreclosed. Secretary Pautler said he was more concerned about nonpayment of fees by owners of commercial wells, which will be billed by the Enterprise. President Coryell said if fees are not being paid, he thought the issue could be raised again with the Commission. As for abandonment of wells that had not been used, President Coryell said the Commission was also reluctant to act because a permit is a property right and a user may have reasons for not using a well. President Coryell said he recognized that for every well brought into use after 2002 the State will have to retire an equivalent amount of acreage, but without further factual information, he didn't think rulemaking was necessary.

General Manager Murphy said adopting a "use it or lose it" rule for wells that have not been used might encourage people to start using old wells. The Board then discussed whether a policy was needed that the Enterprise would not cost-share on wells that have not

been used. After discussion, the issue was assigned to the Rules and Procedure Committee to work with legal counsel to develop a policy for cost-sharing by the Enterprise.

President Coryell said at the last Board meeting, the Board had voted to move the permanent office to Wray, but there was some information not available. He said George Seward, the lessor of the District's current office, had called him and said the Yuma community had offered to provide an additional two years of free rent. President Coryell asked the Board members to put aside their personal feelings and to do what is best for the District's operations. He said the Board needed to move on with this issue and didn't want to get into a competitive bidding situation. He said the Board had voted at the last meeting to move the office and it was a majority vote. He asked for comments from Board members.

Vice President Killin said if the District moves the office to Wray, it will cost money and the Board needs to be able to justify that decision. Director Grant Bledsoe said he wanted it to be clear that there is no personal gain on his behalf or his family from moving the office to Wray and that it just makes more sense to locate the office in Wray because the county treasurer, assessor, and FSA office are in Wray, as well as many of the targeted acres for Compact compliance. President Coryell said he sees no reason that Board meetings necessarily had to be held in Wray even if the office is in Wray and that the Board had discussed having meetings throughout the District. After discussion of the status of negotiations for office space in Wray, President Coryell directed the Office Location Committee consisting of Directors Jack Dowell, Bruce Latoski, Grant Bledsoe, and Garry Kramer to investigate office space in Wray with input from the General Manager. After

further discussion, a motion that the Executive Committee be given authority to sign a letter of commitment on office space in Wray was made, seconded, and approved unanimously.

Director Rick Seedorf asked if a personalized license plate should be obtained for the new vehicle purchased by the Enterprise. After discussion, President Coryell directed that the decision be left to the General Manager.

General Manager Murphy said Dale Kirkenschlager has requested that the Enterprise provide supplemental funding for an existing EQIP contract that had been signed two years ago. President Coryell raised a concern about setting a dangerous precedent by paying supplemental funding for existing contracts. After discussion, a motion to deny the request for supplemental funding for an existing EQIP contract was made, seconded, and approved unanimously.

At 10:30 a.m., Scott Richrath began a presentation on the draft Republican River Basin Conservation Reserve Enhancement Program (CREP) proposal and said there were three issues that needed to be addressed before the proposal could be submitted to the U.S. Department of Agriculture: 1) a resolution of the Board to provide 20% local funding; 2) the allocation of dollars for Enterprise incentives; and 3) the public outreach program. Mr. Richrath said the current proposal includes retirement of 30,000 irrigated acres and will require 20% local funding for cost-sharing and incentives, which could be a combination of cash and in-kind services. He said the proposal suggests that 3% of the 20% local funding would be in-kind services and 17% of the 20% would come from the Enterprise over a 15-year period. Under the best case scenario, he said the first funds would be available January

2006. After questions and answers about the CREP proposal and the ability of the Enterprise budget to handle the initial signup, the Board discussed whether permanent retirement of the irrigated land could be a condition of Enterprise funding. The Board also raised the issue of whether irrigated acres currently enrolled in CRP or yet to be enrolled in EQIP could become eligible for CREP upon expiration of their CRP or EQIP contracts. The Board agreed to further discuss this issue at a future meeting.

At 12:30 p.m., Kim Killin and Steve Kramer left the meeting.

After further discussion of the CREP proposal, a motion that the Republican River Basin CREP proposal to the U.S.D.A. include permanent retirement as a condition of local cost-sharing and funding by the Enterprise was made, seconded, and approved unanimously.

After discussion of rental rates for retirement of acreage irrigated with surface water, the Board agreed that the proposal should be presented to the surface water users for their input. Since Rex Buck had said surface users were willing to discuss interruptible supply agreements rather than permanent retirement, the Board concluded that it was better to present the proposal to the surface users for input rather than try to determine whether the rental rates would be attractive to surface users. After further discussion, a motion to leave the rental rates in the CREP proposal the same, except for payment of retirement dollars in five-year increments, was made, seconded, and approved unanimously. A motion to adopt a proposed resolution to provide local funding for the proposed Republican River Basin CREP under the conditions specified in the resolution was made, seconded, and passed unanimously. A copy of the resolution is attached hereto as Exhibit 2.

Mr. Richrath then discussed the public outreach program, which is scheduled for March 28 and 29 in Wray and Burlington and April 6 and 7 in Holyoke and Yuma. Mr. Richrath requested that feedback be provided by March 15. Mr. Richrath will send out a press release, and Dennis Kahn said he could put out a press release through Colorado State University Extension. The Board directed that the Enterprise run a small ad.

Mr. Richrath then discussed the Conservation Innovation Grant (CIG) program. Mr. Richrath said a proposal would have to be submitted to Washington, D.C., by March 28 and prior to that would have to be approved by the Colorado Farm Services Administration (FSA). Mr. Richrath discussed a possible CIG proposal to purchase surface water rights, which would be leased back to farmers in wet years. After discussion of the application process, the potential benefits, and the assistance required from the Enterprise to prepare an application, it was decided that Board members should find out if there is interest in the proposal from surface owners on the North Fork and South Fork of the Republican River, but that the CREP application should be the No. 1 priority.

Director Grant Bledsoe then asked if there would be any reason to appoint a surface water user to the Board. Legal counsel stated that the composition of the Board is set by statute. After discussion, it was noted that the Board had agreed to create a spot on the agenda where the Board could obtain input from surface water users. President Coryell directed that Rex Buck be added to the e-mail list for notices of meetings and that surface water users should be added to the agenda for future meetings.

The Board then discussed the date and location for the next meeting. The next regular meeting of the Board is the second Thursday in April, which is April 14, 2005. Because the District office is not large enough to hold Board meetings, it was agreed that the next meeting would be held at the Church of the Nazarene in Yuma, Colorado, or at another location in Yuma large enough to hold the meeting.

After discussion of the deadline for submission of a CIG application, which will occur before the Board's next regular meeting, a motion to authorize the Executive Committee to approve a CIG application, not to exceed \$250,000, was made, seconded, and approved unanimously.

General Manager Murphy then asked the directors if they wanted their compensation and expenses paid monthly or quarterly. The Board directed that compensation and expenses be paid quarterly. General Manager Murphy reported that he would send out a letter to municipalities and commercial users regarding use fees consistent with the recommendations he made at the last meeting for determining diversions of ground water for municipal and commercial use.

At 1:50 p.m., the Board voted unanimously to adjourn.

Secretary

Date