

Minutes of the Special Meeting of the
Republican River Water Conservation District
Budget Committee

November 17, 2004

Yuma, Colorado

Present were:

Committee Members:

Kim Killin – Committee Chair
Kelly Burr
Jack Dowell
Garry Kramer
Bruce Latoski

Board Members:

Dennis Coryell, President
Tim Pautler, Secretary/Treasurer
Rick Seedorf

State Staff:

Dennis Kaan, Colorado State University, Golden Plains Cooperative Extension
John Deering, Colorado State University, Golden Plains Cooperative Extension
Scott Richrath, Office of the State Engineer

Public:

Bert Corliss
John Willard, Premier Accounting, Inc.
Robin Wiley, Yuma County
Alex Pieper, Y-W Electric Association

MINUTES

Committee Chair Kim Killin called the meeting to order at approximately 1:10 p.m. All members of the Committee were present.

A motion was made to approve the prior meeting's minutes. The motion was seconded and passed unanimously. A motion was made to approve the agenda. The motion was seconded and passed unanimously.

The Committee discussed the finalizing of the lease, bank accounts, and utility loans. Members agreed that all were in place as planned.

At 1:20 p.m., the Committee discussed retention of an audit firm and of an accounting firm. Mr. Richrath provided each committee member with an audit proposal from Bondi & Co. and a written intent to submit proposal by November 30 from Kennedy & Coe. Mr. Richrath noted that two additional firms declined and that one firm

did not respond after indicating it would submit proposal. The Committee briefly reviewed the proposal from Bondi & Co. and requested that Mr. Richrath ask both Bondi & Co. and Kennedy & Coe to each deliver five-minute presentations to the Board on December 1 in Yuma. The Committee also asked Mr. Richrath to request that Kennedy & Coe submit proposals as soon as possible, and that proposals from both firms also be sent to legal counsel.

Chair Killin then provided each member with a proposal from Bohall Accounting and Management Services. Mr. Richrath provided proposals from Jeffrey L. West and N.E. Accounting & Tax Service. Mr. Willard provided a proposal on behalf of his firm, Premier Accounting, and briefly discussed the services he could offer. The Committee requested that Mr. Richrath obtain billable rates from N.E. Accounting & Tax Service and that Mr. Richrath ask both Mr. Willard and N.E. Accounting & Tax Service to deliver five-minute presentations to the Board on December 1.

The Committee and members of the Public then briefly discussed the need to establish criteria and state the statute prior to entering Executive Session on December 1. Mr. Wiley mentioned that he is aware of some boards taping their Executive Sessions and retaining them for a certain period of time.

At 1:55 p.m., the Committee discussed insurance and bonding. Mr. Richrath provided information from Main Street Insurance of Yuma, who had submitted a proposal just prior to the meeting. Mr. Richrath noted that several firms had declined requests for proposal and that one firm had not responded despite indicating that it would submit a proposal. Mr. Richrath noted that Dave Frank of Main Street Insurance of Yuma recommended that the District and Enterprise procure general liability coverage from the Special District Association, but that his firm could provide bonding, worker's compensation coverage, and errors and omissions insurance.

A motion was made to submit application to join the Special District Association. The motion was seconded and passed unanimously. Secretary/Treasurer Pautler provided Mr. Richrath with funds for application and the Committee directed Mr. Richrath to promptly submit application. A motion was made to pursue bonding through Main Street Insurance of Yuma as soon as possible, subject to approval and guidance from legal counsel. The motion was seconded and approved unanimously. The Committee agreed that these decisions would be presented for ratification by the Board on December 1.

At 2:30 p.m., Mr. Richrath and Mr. Kaan delivered an update on the State of Colorado's application for a Republican River Conservation Reserve Enhancement Program (CREP). Mr. Richrath provided an approximate timetable that would permit agricultural producers to sign up for said program in the fall of 2005, with contract implementation thereby scheduled for 2006. Mr. Kaan discussed the efforts of Colorado State University Extension to develop a three-pronged analysis of rental rates throughout the basin for inclusion in the CREP proposal and for use by the District.

At 3:05 p.m., the Committee discussed the implementation of conservation easements in the basin. Questions arose regarding whether land or water rights could be donated to a non-profit that was not a land trust and whether the District or Enterprise could provide administrative reimbursement to donors who donated land or water rights to the District or Enterprise. The Committee indicated that certain landowners had

expressed an interest in establishing conservation easements in 2004. The Committee directed Mr. Richrath to contact legal counsel as soon as possible and request that 1) counsel work to have in place by December 1 methods for accepting conservation easements, 2) counsel speak directly with Rothgerber Johnson & Lyons, who had delivered a presentation concerning easements on August 17, and 3) counsel make this one of its top priorities.

At 3:30 p.m., Secretary/Treasurer Pautler provided updates on the Environmental Incentives Quality Program (EQIP). He indicated that the Natural Resources Conservation Service (NRCS) would shortly be announcing the availability of the program and that sign-ups could occur at local NRCS offices through December 17.

The Committee broke at 3:40 p.m.

At 3:53 p.m., the Committee discussed the status of surface water rights holders. The Committee discussed various dialogue between individual Board members and individual surface water rights holders regarding land valuations and other concerns. This prompted a discussion on the availability of appraisers both inside and outside of the basin, the need for appraisals of surface water rights, the value of surface water rights, the possibility of such holders utilizing conservation easements, and the added value of building a pipeline. The Committee directed Mr. Richrath to ask legal counsel to discuss the tax benefits and legal consequences of pursuing conservation easements.

At 4:50 p.m., Mr. Richrath delivered his office's suggested criteria rankings for the EQIP program that will be provided to NRCS. The Committee discussed these rankings. Mr. Richrath then presented various incentive options that the District might choose to pursue in conjunction with EQIP. The Committee deliberated many options before agreeing to reconvene on the issue at a Budget Committee meeting prior to the Board meeting of December 1.

At 6:40 p.m., Mr. Richrath distributed the 2004 and 2005 District and Enterprise budgets as prepared on October 12. Mr. Richrath then distributed the updated 2004 and 2005 District and Enterprise budgets that now reflect changes concerning District spending authority, the need for appraisals, County Treasurer fees, and other items. The Committee acknowledged that these budgets would be discussed at the December 1 Public Hearing. In light of the intended absence at that hearing of Mr. Richrath, Mr. Kaan, and Mr. Deering, the Committee requested that Mr. Richrath update state staff and legal counsel on the currently proposed budgets.

At 6:55 p.m., Mr. Richrath provided information he had gathered concerning Board member compensation at other water conservation districts and statutory limitations governing the Republican River Water Conservation District. After discussion, the Committee agreed to reconvene on this issue at the December 1 Budget Committee meeting. Chair Killin provided Mr. Richrath with a Per Diem form for review by legal counsel.

At 7:15 p.m., Mr. Richrath distributed packages provided by Colorado PERA. The Committee requested that Mr. Richrath schedule a presentation by Colorado PERA for December 1.

At 7:20 p.m., the Committee began a review of applicants for the position of General Manager. At 9:15 p.m., Mr. Dowell moved to invite Christopher Glaze, Dora Gregory, and Stan Murphy to interview on December 1 before the Board. The motion was seconded and voted in favor by 3-1, with Mr. Latoski dissenting. The vote was opened for discussion and Mr. Dowell moved to amend the vote and subsequently moved that Mr. Glaze, Ms. Gregory, Mr. Murphy, and Robert Kraus be invited to interview on December 1 before the Board. The motion to amend was seconded and approved unanimously. The motion to invite the four candidates was seconded and approved unanimously.

The meeting adjourned at approximately 9:30 p.m.

Chair

Date