

**Minutes of the 3rd Regular Quarterly Meeting of the
Republican River Water Conservation District**

April 14, 2005

Yuma, Colorado

Present were:

Board Members:

Dennis Coryell, President
Kim Killin, Vice President
Tim Pautler, Secretary/Treasurer
Eugene Bauerle
Grant Bledsoe
Kelly Burr
Jack Dowell
Raymond Enderson
Garry Kramer
Steve Kramer
Bruce Latoski
Rick Seedorf
Wayne Skold
Jerry Sonnenberg

Stan Murphy, General Manager
David Robbins, General Counsel, Hill & Robbins, P.C.
Scott Richrath, State Engineer's Office
James Slattery, Engineer, Helton and Williamson, P.C.
Randy Hendrix, Engineer, Helton and Williamson, P.C.
Tim Davis, Colorado Division of Wildlife
John Deering, Colorado State University Cooperative Extension

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

MINUTES

President Coryell called the meeting to order at 10:25 a.m. The agenda was amended to include the approval for previous meeting minutes and to remove the scheduled presentation by Jim Feane. A motion to adopt the agenda as amended was seconded and passed unanimously.

At 10:26 a.m., Director Latoski recommended two changes to the February meeting minutes, noting that Lynn Adamson's name was spelled incorrectly and that he

represented the Pioneer Ditch Association. A motion to accept the minutes of February 22, with said changes, and of March 3 was seconded and approved unanimously.

At 10:30 a.m., General Manager Murphy reported that QuickBooks accounting software had been installed at the District office and that Premier Accounting was providing assistance on its implementation. Mr. Murphy presented the "RRWCD Water Activity Enterprise Profit & Loss Budget vs. Actual – January through March 2005." Director Sonnenberg questioned the level of legal fees for the period and Mr. Murphy explained that much of the 2004 legal fees had been paid in 2005. Mr. Murphy explained that \$3.049 million would be the maximum projected revenue for the Water Activity Enterprise in 2005, comprised of slightly more than \$2.9 million from county-billed fee assessments and maximums of \$63,000 and \$54,000 respectively from municipal and commercial well fee assessments. The shortfall from the budgeted amount of approximately \$3.4 million, according to Mr. Murphy, was due to a reduction of assessed irrigated acres, refunds through the Enterprise refund process, and other factors.

Director Pautler recommended that Premier Accounting maintain an active role in the budget process. President Coryell asked whether the Budget Committee needed to convene to review updated information. Vice President Killin suggested that such a meeting would be more beneficial once fees are collected and Environmental Quality Incentive Program (EQIP) contracts signed. Mr. Richrath stated that Conservation Reserve Enhancement Program (CREP) numbers would not be finalized prior to the July Board meeting, and that the Board would have to approve any changes concerning Enterprise funding made to the current proposal.

At 10:43 a.m., Mr. Murphy noted that all Enterprise funds were currently deposited in one account and asked the Board whether the funds should be distributed to banks throughout the District. Mr. Robbins suggested that the Board is responsible for determining the location of deposited funds, but that bankers would like to see funds shared among the banks, to the extent practical. Director Burr suggested limiting deposits at any institution to the \$100,000 Federal Deposit Insurance Corporation (FDIC) limit. Director Seedorf asked to consider the geographic revenue source when distributing deposits. Following discussion, President Coryell directed Mr. Murphy to contact banks in writing to solicit their investment services. A resolution to direct Mr. Murphy to invest in low-risk investments approximately proportionate to geographic revenue source, with advice and consent of the Executive Committee, was made, seconded, and approved unanimously. A copy of the resolution is attached as Exhibit 2.

At 10:54 a.m., the Board discussed a utility loan repayment schedule. Vice President Killin recommended that the three utility companies be repaid in full. Director Steve Kramer suggested that a thank-you letter accompany repayment. President Coryell directed Mr. Murphy to repay the utility companies in full, with an accompanying thank-you letter.

At 10:56 a.m., Mr. Murphy stated that he had drafted a floor plan with a potential landlord in Wray and that a monthly rent of \$600 had been discussed. The landlord had

consented to have space ready by July. President Coryell stated the Board's intention to occupy the old Ace Hardware building in Wray. Director Garry Kramer questioned whether a letter of intent was sufficient to procure the space, and President Coryell stated that a lease must be signed. Mr. Robbins stated that the District could not enter into a multi-year agreement, but that the Enterprise could. Director Seedorf mentioned that an offer to help subsidize the rent, similar to the offer made by Yuma, could perhaps be considered by the Wray community. Director Coryell stated that the Yuma community's offer was voluntary and that requesting consideration from Wray might not be appropriate. Vice President Killin suggested that Andrea Anderson of the Yuma County Economic Development organization could be informed of the District's situation, and Mr. Murphy offered to speak with Ms. Anderson.

Director Pautler pointed out that the Treasurer's Fee listed on the Profit & Loss statement would be paid to the county treasurers and not to the District treasurer. Mr. Murphy agreed to change the line item to "County Treasurers' Fee" for the next quarterly statement.

At 11:07 a.m., Mr. Robbins reported on the March 28 meeting with the Pioneer Ditch Association and surface users under the Laird Ditch. Mr. Robbins expressed that he was pleased with the results of the meeting. Surface water owners felt that streamflows had declined due in large part to well drilling. As members of the community, they agreed that a solution must be worked out. Mr. Robbins pointed out that surface water owners had sent a letter to the State Engineer's Office making demands of the State Engineer, and that this issue should be addressed in Executive Session. Vice President Killin added that July and August are the problem months for surface water owners. President Coryell stated that the Surface Water Committee and President Coryell attended the meeting, as did Mr. Robbins and Chief Deputy State Engineer Ken Knox. Director Sonnenberg requested that the Board be better educated on the Committee's dealings with the surface water owners.

At 11:17 a.m., Director Sonnenberg updated the Board on the Colorado Water Congress, including House Bill 1177 concerning inter-basin intrastate compacts. Director Sonnenberg believed that the Republican River community would be well represented in round table discussions as proposed in HB 1177. Mr. Robbins confirmed Mr. Sonnenberg's report.

At 11:25 a.m., Mr. Richrath reported that no action had been taken with regard to a national Conservation Incentive Grant (CIG) program by the District, but that the Yuma County Soil Conservation District had proceeded with an application and had been successful in the first step of the application review process. Mr. Richrath noted that a statewide CIG was now available with a May 31, 2005 application deadline. Discussion ensued concerning possible CIG projects, including water purchase-leaseback agreements and ditch lining. President Coryell suggested that Mr. Richrath work with Rex Buck of the Pioneer Ditch Association, Linda Harper of the Yuma Conservation District, and the Republican River Watershed Association (RRWA) in an effort to move forward on a state CIG. Director Skold asked that the Board not lose focus on the goal of meeting

compact compliance when furthering such projects. Director Steve Kramer suggested that the District could gain future benefit on water lease agreements and other issues through such grants. A motion was made and seconded authorizing Mr. Richrath to look into grant possibilities and to review opportunities with the Executive Committee, and allowing the Executive Committee to call a special meeting to approve a CIG application if necessary. The motion was approved unanimously.

At 11:50 a.m., Mr. Richrath and Mr. Davis reported on CREP. Mr. Richrath noted that eight public meetings in Wray, Burlington, Holyoke, and Yuma were attended by about 140 people, with nearly half attending in Burlington. Overall, feedback was positive, with concerns varying from city to city. Permanent retirement of water received both positive and negative feedback. Technical changes, including the addition of 5,000 dryland acres, would be made by Mr. Richrath and Mr. Davis in response to the feedback. Mr. Davis discussed the proposed timeline for the CREP application, environmental assessment requirements, acreage caps by county, and other issues. Director Sonnenberg questioned the complications of one producer enrolling in both a Republican River CREP and in a High Plains CREP. Mr. Davis stated that such enrollment would not detract from accomplishing the objectives of the Republican River CREP. Mr. Robbins underscored the importance of the timeliness of the Republican River CREP and Mr. Davis stated that the Republican River CREP would supercede the High Plains CREP should timeliness become an issue.

The Board recessed for lunch at 12:12 p.m.

The Board returned from lunch at 1:12 p.m.

A brief discussion followed on eligibility issues concerning CREP. No formal action was taken.

At 1:16 p.m., Mr. Murphy updated the Board on the status of EQIP. Mr. Murphy stated that legal counsel had prepared a contract that producers would sign with the Enterprise to gain supplemental EQIP funding. Producers ideally would sign contracts with the Natural Resource Conservation Service (NRCS) and the Enterprise at the same time in the same office. Mr. Murphy pointed out that the EQIP signup process was revealing that many acres have been irrigated illegally. Director Pautler stated that all EQIP applications received by the December 17, 2004 deadline had been approved by the NRCS. This represented approximately 36 contracts and \$1.3 million in potential federal grants. Mr. Murphy stated that the Enterprise had received a variety of applications with regard to stream proximity, parcel size, etc. Director Pautler mentioned that the NRCS required a guarantee from the state that water be retired where appropriate. Mr. Richrath indicated that the State Engineer's Office had sent a letter providing the assurance that had been verbally agreed to with the NRCS, but that the NRCS had not yet responded. Mr. Murphy said that it was too early to speculate on the final EQIP numbers for this signup, but that numbers would be provided to the Board when they became available.

A motion was made and seconded authorizing Mr. Murphy to report illegal acres to the appropriate Ground Water Management District, with copies of notification to be provided to the Colorado Ground Water Commission. The motion was approved unanimously. A motion to allow the District President to sign approved supplemental EQIP contracts on behalf of the District and Enterprise was made, seconded, and approved unanimously.

At 1:35 p.m., Mr. Robbins and Mr. Richrath reported that no new information concerning conservation easements had become available.

At 1:36 p.m., President Coryell opened the meeting to public comment and requested that individuals keep their comments to not more than ten minutes.

At 1:37 p.m., Bud Mekelburg, representing the RRWA, spoke to the Board. He discussed his support of EQIP and expressed intent to gather support for the Republican River CREP from the various district representatives to the RRWA. He suggested that the RRWA could help support CREP signup through public outreach and technical assistance. He also asked the Board to consider RRWA assistance on obtaining water leases. Mr. Mekelburg offered to provide information on pumping throughout the Yuma County Soil Conservation District and on water quality throughout the district. He recommended a 10-year moving average for the Republican River Compact, noting the agreement and settlement concerning the Arkansas River Compact. Mr. Robbins pointed out that the Arkansas River compact judgment was for \$34 million and that those funds may come from the state's severance fund. Mr. Robbins clarified differences between the Arkansas and Republican models and explained that the Geological Survey will study power coefficients versus metering. Director Pautler stated that legal counsel is reviewing the Memorandum of Understanding between the District and the RRWA. Mr. Mekelburg stated that the RRWA was not yet ready to enter into the Memorandum of Understanding.

At 2:03 p.m., Allen Page, Wray community member, spoke to the Board. He discussed economic impacts to the Wray community and the possibility of converting to more recreational use through park development, bird watching, etc. He requested that members of the District join with members of other agriculture and economic groups to discuss the possibilities of looking at such development. Director Garry Kramer stated that these opportunities need to be further investigated. Director Latoski favored further discussion. President Coryell suggested that Board members further review opportunities. Mr. Robbins reiterated the need to partake in programs that benefit compact compliance.

At 2:14 p.m., Rex Buck and Lynn Adamson, representing the Pioneer and Laird Ditch Associations, spoke to the Board. Mr. Buck addressed the associations' willingness to assist with compliance for amounts ranging from \$700 to \$1,500 per irrigated acre annually. He noted that five acre-feet of diversions are needed to produce two acre-feet of usable water as a reason for demanding a higher rate. Mr. Adamson stated that surface water landowners will spend between \$20,000 and \$25,000 on

measuring equipment in the near term. Mr. Buck expressed his general satisfaction with the March 28 meeting. Vice President Killin reiterated the District's willingness to work with surface water owners.

Mr. Buck stated that the Laird ditch annually diverts about 120 acre-inches per acre, due largely to system deficiencies, but that many beneficiaries such as domestic wells relied on these deficiencies. Mr. Robbins expressed his appreciation for the surface water users' willingness to work openly with the District and recognized their need to maintain streamflow in July and August. President Coryell stressed the need for the District to help improve efficiencies. Mr. Adamson said that costs to improve efficiencies are high. Mr. Buck requested that the surface water users be scheduled for 1:30 p.m. at future District meetings.

Director Sonnenberg asked whether improved efficiencies would affect junior rights or those who benefit from seepage to ground water. Mr. Buck suggested that many in Laird would lose ground water without ditch seepage.

At 2:42 p.m., public comment concluded and Mr. Murphy mentioned the possibility of rebating the use fee to water users who conserved water. Positive and negative consequences to the suggestion were discussed. Mr. Slattery explained how ground water pumping was calculated differently from state to state within the model.

At 3:11 p.m., a motion to enter into Executive Session to discuss three personnel- and legal-related issues was seconded and approved unanimously.

At 5:12 p.m., the Board returned from Executive Session. Mr. Robbins stated that no formal action was taken during Executive Session and no further formal action need be taken during this meeting. The Board discussed holding the next quarterly meeting on July 14 in Holyoke and the possibility of presenting before the Colorado Water Congress in Steamboat Springs on August 25th and 26th.

At 5:14 p.m., President Coryell adjourned the meeting.

Secretary

Date