

HUERFANO COUNTY WATER CONSERVANCY DISTRICT

Minutes of Board Meeting September 26, 2016

The monthly meeting of the Huerfano County Water Conservancy District Board of Directors was called to order by President Sandy White on Monday, September 26, 2016 at 6:02 pm at the Spanish Peaks Library, 415 Walsen Ave, Walsenburg.

Directors present: Lewis "Beaver" Edmundson, Michael "Sandy" White, Juan Vallejos, Kent Mace, Scott King.

Secretary: Carol Dunn; Attorney: Steve Monson; Engineer: John Faux

Guests: Doug Brgoch, Keith Bouchard, Ted Zorich, Al Tucker, James Eccher; Lenna Rauber, Manual Garcia, James Sperry, Dick Keyes, Sue Keyes, Julie Sperry, Steve White, Delmar Janovec, Scott Hunt; Bill Knowles and David Rinehart, Press.

The agenda was approved.

MINUTES – Mace moved and King seconded to approve the August 22, 2016 minutes. Board approved.

TREASURER'S REPORT – Mace moved and Edmundson seconded to accept the financial reports. Board approved.

2017 Budget – The following adjustments were recommended: reduction in Ranch income, reduction in water-related legal fees, addition of \$3,000 for continuing education for board members.

OLD BUSINESS –

Infrastructure improvements grant – Brgoch confirmed the project is underway. No sites have been selected yet for testing wells on the Cucharas River. White asked Brgoch to check with Bill Tyner about the number of testing wells and determine how that changes the tasks listed in the grant's scope of work.

BIP Coordinator fiscal agent – The first claim for payment of the BIP coordinator (Gary Barber) work in June, July and August has been submitted. According to Barber, there is no funding for administration in the 2016 (Year 1) grant, but there will be in the 2017 grant, which was recently approved by CWCB. Al Tucker, member of the Ark Basin Roundtable Executive Committee, meets with Barber regularly. The focus of the project is on finding projects to fund. King moved and Mace seconded to have White execute the BIP Coordinator letter of engagement once it is developed. Board approved.

Storage Collaborative project – Rick Parsons, Parsons Water Consultants, will be working a couple months longer on the project than originally planned. The board decided to wait until after the November collaborative meeting and HCWCD board meeting to see about granting an extension of the contract with PWC, which expires 12/31/16.

NEW BUSINESS –

Water case 2016CW4, Capp/Hennage – Domestic, wildlife and fire suppression.
Water case 2016CW10, Winn – This spring has been administered as futile but shows signs it may feed Turkey Creek, ranging from 0.5 to 15 gpm. There are four ponds, three swampy and one with an acre-foot of water for domestic use, fire suppression and wildlife.

Water case 2016CW3046, Ojo Springs LLC – This is the second spring at this location which once hosted a water bottling plant, but it was never used in the plant. The applicant will likely get a conditional right with an augmentation plan required. Edmundson moved and Vallejos seconded to not oppose these cases. Board approved.

Rauber reported the Huerfano River call is at #27 because there were a couple inches of snow over the weekend. City of Walsenburg is taking the majority of water on the Cucharas River, which is at priority #8 now due to senior rights holders doing harvesting.

Sheep Mountain Ranch discussion – TZA has investigated SMR as an additional site for an augmentation storage facility. This involves some negotiation with the lease holder so it will be discussed in executive session.

Faux reported that the 2017 SWSP is ready to file on October 1. Monson reported there are still objectors to the HCWCD water court case for the regional augmentation plan.

There was a motion by King, seconded by Mace, to allocate the 10 acre-feet of water specifically for marijuana-related businesses in the 2017 SWSP as follows: NuGro 2 af; ACME Growers 3 af; SCG Services 2 af; Pop's Farm 1 af; Emerald Valley Farms 2 af. The original EVF request was for 4 af but was reduced because Clark was the last applicant to respond, and we have not received his payment. The total of 10 af is about one-quarter of the "firm yield" water available in the SWSP. There may be additional/supplemental water depending on the amount of water in the stream from year to year.

On a Mace/King motion, the board accepted an application for inclusion in the 2017 SWSP for augmentation water for commercial hemp operations from Scott Hunt; the \$10,000 application fee was paid by Matrix Labs. Hunt requests 5 af. The operation was approved by the County Commissioners before the moratorium on hemp cultivation was enacted.

DIRECTOR AND GUEST COMMENTS – Edmundson reported that HCWCD will need to advertise for a new Ranch lease in November. Corsair Cattle Company will not be renewing.

Faux commented that Steve Wardell has been very good to work with regarding running the water at the Ranch.

King reported that the EPA is enacting stricter regulations for nutrient loading (mostly wild and domestic animal feces) in streams. Jay Winner will be stepping down after 13 years on the Arkansas Basin Roundtable needs assessment committee. King noted that Huerfano County is well represented on the Roundtable, with White as Chairman and Al Tucker involved in PEPO, the educational arm of the Roundtable.

White called a recess at 7:29 pm. Meeting reconvened at 7:55 pm.

BILLS – There was a motion by King, seconded by Vallejos, to pay the following bills, total \$39,233.90 and transfer \$31,000 to the ColoTrust account. Board approved.

Mountain States Financial Group – September bookkeeping \$120.00

Dunn Write – Contract, mileage, office supplies, meeting expenses \$1,743.96

Dunn Write – Cucharas Storage Collaborative admin work/grant match \$432.96

Dunn Write – Infrastructure Improvements grant work \$225.00

Parsons Water Consulting – Collaborative Storage project \$14,386.50

Monson, Cummins & Shoheit – SWSP, board mtg, Aug plan, new applicants \$11,271.30
La Veta Carpentry – Read wells and report to Faux, September \$500.00
TZA Water Engineers – Aug plan, Sheep Mtn. reservoir site, SWSP \$7,199.00
CenturyLink – Phone installation at office, August & September service \$173.42
Spanish Peaks Library – Rent, September \$65.00
Open Arms PRC – Shelving units, sugar, binders, extension cords \$10.00
The Signature – Legal notice for board vacancies \$33.44
World Journal – Legal notices for augmentation water and board vacancies \$73.32
Dixon, Waller & Co – Audit of 2015 financials \$3,000.00

At 8:00 pm Edmundson moved, King seconded and Board approved going into executive session to discuss matters involving the regional augmentation plan, ongoing litigation and SWSP, including the purchase, acquisition, lease or sale of real, personal or other property interest as in CRS 24-6-402(4)(a); conference with an attorney representing the District for the purposes of receiving legal advice on specific legal questions pursuant to CRS 24-6-402(4)(b); and determine positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators pursuant to CRS 24-6-402(4)(e).

At 9:17 pm, King moved and Mace seconded closing the executive session and returning to regular session. Board approved. The meeting was called back to regular session at 9:17 pm.
Motion by Edmundson, seconded by King, to acknowledge receipt of the budget. Board approved.

There being no further business, meeting adjourned at 9:18 pm.

Sandy White, President

Carol Dunn, Secretary