

RECORD OF PROCEEDINGS
MINUTES OF THE MEETINGS OF THE
LA PLATA ARCHULETA WATER DISTRICT
AND SUNDANCE/FARRADAY SUBDISTRICT NO. 1
HELD
October 11, 2018

The regular meeting of the Board of Directors ("Board") of the La Plata Archuleta Water District ("District") was held on October 11, 2018, at 9:00 a.m. at 255 Ute Street, Ignacio, Colorado.

ATTENDANCE:

Directors in Attendance Were:

Dick Lunceford
Dan Lynn
Mark Williams
Gregg Johnson
Ron Dent

Also in Attendance Were:

Ed Tolen, La Plata Archuleta Water District Manager
Yvonne Brunson, La Plata Archuleta Water District Customer Service Representative
Steve Harris, Harris Water Engineering
Brett Sherman, Harris Water Engineering
Dave Henry, Harris Water Engineering
Barb Prose, FredrickZink & Associates
Cheryl Lynn, Secretary of the Board, La Plata Archuleta Water District

In Attendance by Telephone Were:

David Greher, Collins Cockrel and Cole
Micki Mills, Collins Cockrel and Cole

DISCLOSURE OF
POTENTIAL CONFLICTS
OF INTEREST

Disclosure of potential conflicts of interest will be a topic of discussion at every Board meeting to address potential conflicts of interest that may arise as new agenda items are introduced. District Directors who have disclosed potential conflicts of interest can vote as issues arise. Directors in attendance reported no conflicts of interest.

PUBLIC COMMENTS

No public comments were received.

APPROVAL OF
MINUTES

Upon motion duly made by Director Dent, seconded by Director Johnson, and unanimously carried, the Minutes of the September 13, 2018 Regular Board Meeting were approved.

SPECIAL MEETING OF
THE BOARD OF DIRECTORS
OF THE SUNDANCE/FARRADAY SUBDISTRICT NO. 1
OF THE LA PLATA ARCHULETA
WATER DISTRICT

Chairman Lunceford convened a Special Meeting of the Board of Directors of the Sundance/Farraday Subdistrict No. 1 of the La Plata Archuleta Water District on October 11, 2018, at 9:05 a.m. at 255 Ute Street, Ignacio, Colorado. Manager Tolen reported on the loan from the Colorado Water Resources and Power Development Authority for purposes of constructing the domestic water distribution system. Upon discussion and motion duly made by Director Dent,

seconded by Director Lynn, and unanimously carried the Board approved Resolution No. 1, A Resolution Approving a Loan from the Colorado Water Resources and Power Development Authority; Authorizing the Form and Execution of the Loan Agreement and a Governmental Agency Bond to Evidence Such Loan; Authorizing the Execution and Delivery of Documents Related Thereto; And Prescribing Other Details in Connection Therewith. There being no other matters to come before the Board of the Sundance/Farraday Subdistrict No. 1 of the La Plata Archuleta Water District, Chairman Lunceford adjourned the Subdistrict meeting at 9:10 a.m. and immediately reconvened the meeting of the La Plata Archuleta Water District.

FINANCIAL REPORT

Reports - Ms. Prose distributed the September, 2018, Accounts Payable Report and September, 2018, Accountant's Compilation Report to the Board. Upon motion duly made by Director Williams, seconded by Director Johnson, and unanimously carried, the Board approved payment of invoices as shown on the attached Accounts Payable statement dated October 10, 2018.

FINANCE COMMITTEE REPORT

Manager Tolen directed the Board's attention to the first draft of the 2019 LAPLAWD Budget prepared by him and Ms. Prose, noting that some of the numbers have changed during the week since the draft was sent to Directors. When the Sundance/Farraday Subdistrict No. 1 loan is received, the District will be partially reimbursed for expenditures the District incurred in conjunction with the development of the Sundance/Farraday Subdistrict No. 1. Another draft of the 2019 LAPLAWD Budget will be prepared for the November, 2018, District Board meeting prior to adoption of the 2019 LAPLAWD Budget at the December 13, 2018, District meeting and budget hearing.

PUBLIC RELATIONS/ COMMUNICATIONS COMMITTEE REPORT

No report was given.

LEGAL REPORT

Phase 1B and 1C Litigation - Counsel Greher advised Directors there is nothing new to report.

ENGINEER REPORT

Bulk Water Fill Station at US Highway 160/County Road 225A Bids - Mr. Sherman advised the Board of the bids received during the October 2, 2018, bid opening for the bulk water fill station at US Highway 160/County Road 225A. Alpine Enterprise was the low bidder with a bid of \$75,429.

Brett Sherman with Harris Water Engineer Relocates - Mr. Sherman advised the Board that he has relocated to Broomfield, Colorado, and has a job with the City of Aurora. Therefore, he will no longer work for Harris Water Engineering and, in so doing, will end his association with the District.

Phase 1 Pipeline – Mr. Sherman advised the Board that Phase 1H is ready to go to bid as soon as the easements are in place.

Engineer Joins Harris Water Engineering – Mr. Harris introduced Dave Henry who will join him and Carrie Padgett as engineers of Harris Water Engineering now that Mr. Sherman has left due to his relocation. Mr. Henry advised the Board that, after 28 years of working with Metropolitan Water District of Southern California and the last two years with a private water system management company in San Jose, California areas, he is pleased to be living and working in Durango.

City of Durango - Mr. Tolen noted that he awaits a call from Ron LeBlanc concerning lack of progress on the LAPLAWD/City of Durango agreement. Director Dent expressed a concern that waiting delays the acquisition of property for the joint treatment plant.

Water Education - Mr. Harris provided a bit of local water education to those present. Vallecito Reservoir holds 125,000 Acre-feet and presently has about 22,000 acre feet of water after the drought year. In nearly every year Vallecito reaches its maximum content in June. Five sixths of the maximum content (whether 125,000 acre-feet or less) is allocated to the Pine River Irrigation District (PRID); one sixth is allocated to the Southern Ute Indian Tribe. The five sixths PRID water is first allocated to "Exchange" contracts and the remainder to the irrigators. LAPLAWD has leased 200 acre feet of Exchange water.. Exchange contracts allow for firm and standby water. The firm water has actually been used and LAPLAWD used about 30 acre-feet this year. The standby water if not used by August 1st reverts to use by the irrigators; LAPLAWD presently has 170 acre-feet that is standby water. As LAPLAWD uses more firm water the standby water will decrease. When the Pine River is on call LAPLAWD must use PRID firm water. When the Pine River is not on call, LAPLAWD diverts from the Pine River using what is known as free river water which does not have a cost. Water allocations in Vallecito cannot be carried over for use in a subsequent year and is reallocated on November 1. PRID uses payments made for Exchange water to maintain the dam and related structures.

Basin Roundtable Meeting – Mr. Harris and Mr. Tolen attended the Basin Roundtable meeting held October 10, 2018. At the meeting the Colorado Water Conservation Board and the State Attorney General's Office presented the need for and an overview of drought contingency plans (DCP) developed for each of the upper and lower Colorado River basins. Colorado depletes an average of approximately 2.4 million acre-feet (maf) of water on an annual basis, of which half or 1.2 million acre feet is pre-Compact water. Of the remaining 1.2 million acre feet of post-Compact water, approximately half is diverted to the Front Range and half is depleted on the Western Slope. Currently Lake Mead is 38% full (28 maf capacity) and Lake Powell is 48% full (26 maf capacity). The Colorado River Compact requires that 75 maf of water be passed through from the Upper Basin to the Lower Basin in a 10 year running average. Currently 92 maf of water has passed through to the Lower Basin over the last 10 years. If the 10 year average drops below 75 maf, the Upper Basin states are likely to be required to reduce their post-Compact depletions (called a "Compact curtailment") until the 75 maf over 10 years is again reached, keeping in mind there are many issues to be resolved before that would occur.

The Upper Basin DCP, of which Colorado is a participant along with Utah, Wyoming, and New Mexico, will attempt to address two major concerns: (1) making an attempt to head off getting below the 75 maf over 10 years and (2) keeping the water level in Lake Powell above the turbine intakes so that power will continue to be produced. The relatively easiest action to primarily address the Lake Powell water level is to release water from Flaming Gorge, Blue Mesa Reservoir, and Navajo Reservoir to maintain the water level in Lake Powell above the turbine intakes. Flaming Gorge has the most potential for providing water; the other two reservoirs do not have much available water. The second action is to develop a demand management plan to reduce depletions. There are major cost, legal, and administration problems with implementing demand management which is planned to be temporary, voluntary, and compensated. For irrigators the concept of demand management would be to pay for not growing a crop. If a demand management plan were ever implemented the water would be accounted for in a special "pool" in Lake Powell available to the Upper Basin states to address a Compact curtailment. All four Upper Basin states have to agree to demand management.

Mr. Harris reported that the seven Basin states are working well together to develop and implement their respective DCPs. The seven states are jointly working on federal legislation to assist with DCPs which will include an allowance for a special pool in Lake Powell to store demand management water. On a related issue, the Southwestern and Colorado River Water Conservation Districts are implementing phase III of the risk study that will investigate various scenarios related to which water rights might be reduced if there is a Compact curtailment.

ENVIRONMENTAL
REPORT

No report was given.

GENERAL MANAGER
REPORT

US Highway 160/County Road 225A Bulk Water Fill Station Award - Upon motion duly made by Director Lynn, seconded by Director Dent, and unanimously carried the Board awarded a contract to Alpine Enterprise for the US Highway 160/County Road 225A Bulk Water Fill Station. Alpine Enterprise's bid was \$75,429.

Funding Request from Southwestern Water Conservation District for the Colorado River Risk Study Phase III – Upon motion duly made by Director Johnson, seconded by Director Lynn, and unanimously carried the Board approved a contribution of \$1,000 to the Southwestern Water Conservation District for the Colorado River Risk Study Phase III as they work to prioritize water allocations and rights in southwestern Colorado.

Phase 1G-2 Progress – Manager Tolen reported that TRC has completed most of the work on Phase 1G-2 and Phase 1F-2. Matt Leeder and Michael Jones have purchased taps.

Sundance/Farraday Subdistrict No. 1 Progress – Manager Tolen reported that the loan request for Sundance/Farraday Subdistrict No. 1 in the amount of \$1,000,000 for pipeline infrastructure was approved by the Water and Power Authority Board in August, 2018. The November, 2018, meeting was rescheduled to Tuesday, November 13, 2018, to allow Manager Tolen and representatives of the Sundance/Farraday Subdistrict No. 1 to participate in Department of Local Affairs (DOLA) meeting in Burlington, Colorado where the EIAF Grant Committee will consider awarding funding for this project.

Please refer to Manager Tolen's October, 2018, General Manager's Report for additional detail regarding District Operations.


EXECUTIVE SESSION – No Executive Session was conducted.

ANY OTHER MATTER
WHICH MAY COME
BEFORE THE BOARD

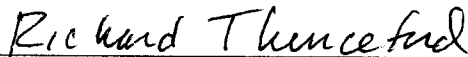
The November 8, 2018, monthly meeting of the La Plata Archuleta Water District was rescheduled to Tuesday, November 13, 2018.


ADJOURNMENT


The meeting was adjourned at 9:45 a.m. The next regular meeting of LAPLAWD is scheduled for Tuesday, November 13, 2018, at 9:00 a.m. at 255 Ute Street, Ignacio, Colorado.


Secretary for the Meeting


APPROVED


Richard T. Lunceford


Gregg Johnson


Mark Williams


Daniel R. Lynn, III


Ron Dent