

**SPECIAL TELEPHONE MEETING OF THE BOARD OF MANAGERS
OF SPECIAL IMPROVEMENT DISTRICT #1
OF THE RIO GRANDE WATER CONSERVATION DISTRICT**

April 13, 2020 at 11:00 a.m.

By Telephone Only

Present: Brian Brownell, President; Carla Worley, Vice-President; Jamie Hart, BOM; Miguel A. Diaz, BOM; Sheldon Rockey, BOM; Clay Mitchell, BOM; Chris Miner, BOM; Les Alderete, BOM; Tony Holcomb, BOM; Asier Artachevarria, BOM; and Brian David, Ex-Officio.

Staff and Consultants: Pete Ampe, Hill & Robbins P.C.; Cleave Simpson, General Manager; Marisa Fricke, Program Manager; Linda Ramirez, Program Assistant; Clinton Phillips, Davis Engineering and April Mondragon, Administrative Assistant.

Guests: Mike Kruse, Deb Sarason, and David Hofmann.

Meeting Called to Order

President Brownell called the meeting to order at 11:01 a.m. A quorum was present.

Approval of the Agenda

President Brownell asked for amendments or an approval of the agenda. A motion was made by Sheldon Rockey to approve the agenda as presented. The motion was seconded by Miguel Diaz and unanimously approved.

Consideration and Possible Action Items

President Brownell asked for the consideration and possible action items.

- Great Sand Dunes National Park Contract

Pete Ampe provided an update on the Great Sand Dunes contract and forbearance agreements.

A motion was made by Carla Worley to approve the Great Sand Dunes National Park participation contract and forbearance agreement. The motion was seconded by Clay Mitchell and unanimously approved.

- Contract Wells

Marisa Fricke reported on a total of 75 new wells contracting into Subdistrict No. 1 for the 2020 Annual Replacement Plan.

A motion was made by Sheldon Rockey to accept the 75 contract wells. The motion was seconded by Jamie Hart and unanimously approved.

Ms. Fricke asked for the Boards direction regarding the wells that were tabled at the last meeting, which are Cloud Co., Pelotas Farms, Hooper Town Park well and Connie Eastman, she reminded the Board of the circumstances of each. Discussion was held regarding the wells. The Board agreed to keep the wells on a one-year contract with a surface water requirement.

- MOU Water Lease

President Brownell provided the cost to Subdistrict No. 1 for Santa Maria water which is around \$1,000 per acre foot which is the amount he proposed the Subdistrict charge for the water in order to recover the value of the water. Discussion was held on the amount of acre feet needed to cover other Subdistrict's Annual Replacement Plans and a way to reduce Subdistrict No. 1's storage costs. Cleave Simpson highlighted the Subdistricts other options if the MOU is not approved. Discussion renegotiating storage costs with the reservoir company as well as the idea of storing water in the aquifer. Mike Kruse commented on the Subdistrict not having depletions and stated he felt the stored water in the Santa Maria reservoir was not doing Subdistrict No. 1 any good. Discussion was held on charging \$250 per acre foot or what a reasonable dollar amount would be as well as what the other Subdistricts pay for a variable fee. Marisa Fricke reported on a request to consider transferring a portion of Subdistrict No. 1's negative depletion amounts to other Subdistrict's positive amounts which would reduce the amount the other Subdistricts would owe.

A motion was made by Jamie Hart to lease up to 1,500-acre feet of water for \$250 per acre foot to other Subdistricts. The motion was seconded by Tony Holcomb and unanimously approved.

- Half Usage Contracts

Marisa Fricke reported receiving nine (9) half usage contracts, she provided the name of each owner, (list attached) and recommended approval of the half usage contracts as presented.

A motion was made by Carla Worley to approve the nine (9) half usage contracts. The motion was seconded by Les Alderete and unanimously approved.

- Fallow Contracts

Marisa Fricke reported receiving two fallow contracts, one from 4A Farms, two fields for two (2) years and one from Southern Colorado Farms, four fields for one (1) year.

A motion was made by Carla Worley to approve the two (2) fallow contracts as presented. The motion was seconded by Sheldon Rockey and unanimously approved.

- CREP Contracts

Marisa Fricke reported receiving two (2) permanent CREP contracts, one from Lee Welch for 120 acres and one from Arthur and Lois Siri also for 120 acres, she recommends approval of the Siri contract and tabling the Welch contract due to pending clarification of a few questions.

A motion was made by Sheldon Rockey to approve the Welch CREP contract. The motion was seconded by Clay Mitchell and unanimously approved.

- Crites Augmentation Plan

Marisa Fricke provided the information in connection with the Crites Augmentation plan and recommended tabling until the June meeting in order to receive further information.

A motion was made by Jamie Hart to table the Crites Augmentation Plan. The motion was seconded by Chris Miner and unanimously approved.

- Surface Water Inclusion

Marisa Fricke reported receiving a Surface Water Inclusion contract from Jacob Pargin for five (5) shares from David Newmeyer, her recommendation was to approve the contract.

A motion was made by Jamie Hart to approve the Surface Water Inclusion contract. The motion was seconded by Les Alderete and unanimously approved.

- Approval of the 2020 Annual Replacement Plan

Marisa Fricke highlighted the new language and the five (5) year projection that was added to the Annual Replacement Plan. Ms. Fricke provided the projected pumping number, the recharge calculation, the net ground water consumption, the annual replacement amount to the river and the post plan depletion amount. Ms. Fricke, Clinton Phillips and Pete Ampe provided an explanation for the negative amounts.

A motion was made by Carla Worley to approve the 2020 Annual Replacement Plan as presented. The motion was seconded by Jamie Hart and unanimously approved.

Other Director Reports/Comments/Questions

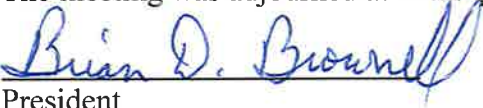
President Brownell asked for other director reports, comments or questions. Chris Miner asked for the outlook of the snow in the mountains for the year compared to the average. Clinton Phillips provided the estimated projected water year. Cleave Simpson reported the entire basin at 79%, the lowest in the state.

Next Meeting

The next quarterly meeting is scheduled for June 2, 2020 at 1:30 p.m.

Adjournment

The meeting was adjourned at 12:29 p.m.



President



Secretary/Treasurer

**MEMORANDUM OF UNDERSTANDING
BETWEEN SPECIAL IMPROVEMENT DISTRICT NO. 1, NO. 2, NO. 3 and NO. 6 WATER
ACTIVITY ENTERPRISES**

March 2, 2020

To: Boards of Managers of Subdistrict No. 1, Subdistrict No. 2, Subdistrict No. 3 and Subdistrict No. 6.

From: Subdistrict Nos. 2, 3 and 6 Staff, through Board of Managers of Subdistrict Nos. 2, 3 and 6.

Re: Release of Subdistrict No. 1 Santa Maria water on behalf of Subdistricts No. 2, No. 3 and No. 6.

Background:

In 2011, Subdistrict No. 1 began leasing water in order to build a portfolio sufficient to replace post Annual Replacement Plan (ARP) Year injurious stream depletions based on the then current Response Functions. They acquired tens of thousands of acre-feet based on the Response Functions showing the need for that amount of water to be available to remedy post ARP Year injurious stream depletions. In 2015, the 6P98 Response Functions were released and the amount of post ARP Year injurious stream depletions calculated with the new Response Functions was an order of magnitude less than the previous version. This greatly reduced the need to hold the same volume of water in storage. Beginning in 2016, Subdistrict No. 1 began replacing injurious stream depletions solely by releasing its leased water from storage. The primary factor in this decision was to reduce storage costs.

Subdistricts No. 2 and No. 3 have now been operating under their first ARP since May of 2019. As they are just beginning to operate under a Plan of Water Management (PWM) and ARP they are currently trying to build their portfolio of water and other sources to insure that current and post ARP Year injurious stream depletions will be remedied.

Subdistrict No. 6 has just recently finalized their PWM and must be operating under an approved ARP by October 1, 2020. In order for them to operate under an ARP in 2020 they must acquire sufficient water to replace injurious stream depletions. They have acquired some water which is being stored in Rio Grande Reservoir but they are still looking for additional water to assure they can remedy all depletions under their first ARP.

Purpose and Need:

The needs of the different subdistricts are complimentary. Subdistrict No. 1 wants to reduce the volume of water it holds in storage and needs to increase the water levels in the unconfined aquifer of the Closed Basin by the year 2032. Subdistricts No. 2 and No. 3 need to acquire a

sufficient water supply to remedy post ARP Year injurious stream depletions and Subdistrict No. 6 will be in need of water to cover current year and post ARP Year injurious stream depletions beginning in 2020. Subdistricts No. 2 and No. 3 did retain a portion of their water that was stored in the past year which can be used for their 2020 ARPs but they are still short in the total amount of water they will need for the 2020 replacements. Subdistrict No. 6 needs to acquire sufficient water to insure remedy of its 2020 ARP injurious depletions.

Proposed Action:

During the term of the 2020 ARPs for Subdistricts No. 1, No. 2, No. 3 and No. 6, (May 1, 2020 to April 30, 2021 and October 1, 2020 to April 30, 2021 for Subdistrict No. 6), when the calling right on the Rio Grande is a ditch or canal that primarily services Subdistrict No. 1 and recharges the unconfined aquifer of the Closed Basin, Subdistricts No. 2, No. 3 and No. 6 will pay Subdistrict No. 1 the sum of \$90.00 per acre-foot to release its leased Santa Maria Reservoir Company water to replace the injurious stream depletions caused by Subdistrict No. 2, No. 3 or No. 6 groundwater withdrawals. The ditches and canals that Subdistrict No. 1 will release water for include Rio Grande Canal, Farmers Union Canal, San Luis Valley Canal, Billings Ditch, and Prairie Ditch. Staff for each Subdistrict will keep a daily accounting of the amount of water released from Subdistrict No. 1's storage for the replacement of injurious stream depletions for Subdistricts No. 2, No. 3 and No. 6. At the end of the 2020 ARP Year, subdistrict staff will reconcile their accounting and provide the final number of acre-feet released and total cost to the Boards of Managers of Subdistrict No. 1. Subdistricts No. 2, No. 3 and No. 6, respectively, will pay \$90.00 dollars per acre-foot of water released for the 2020 ARP no later than thirty days after receipt of the final accounting.

Outstanding Concerns:

As the irrigation season progresses staff for Subdistrict No. 1 and Subdistricts No. 2, No. 3 and No. 6 will consult with each other to track the amount of water being released pursuant to this agreement. During the quarterly meetings of each subdistrict, staff will update the Boards of Managers on the amounts of water being released under this agreement.

Staff Recommendation:

Staff recommends accepting the request and proceeding with the agreement. This one-year agreement represents an opportunity to benefit four subdistricts in multiple ways. Subdistrict No. 1 benefits from reduced storage costs, recharge to the unconfined aquifer of the Closed Basin, and monetary payments for the water released. Subdistricts No. 2 and No. 3 benefit from having 2020 ARP year injurious stream depletions being remedied and from retaining their water currently in storage, when possible, to allow them to build up a portfolio of water for future years. Subdistrict No. 6 benefits from having a supply for their first ARP. As subdistricts are formed and move forward, this is the type of planning and execution that will be necessary to assure the subdistricts succeed in remedying injurious stream depletions and meeting the other

requirements of their Plans of Water Management, court decrees, and Rules Governing the Withdrawal of Groundwater in Water Division No. 3.

Signed:

Subdistrict No. 1

By: _____
Marisa Fricke, Program Manager

Date

Subdistricts No. 2, No. 3 and No. 6

By: _____
Amber Pacheco, Program Manager

Date

Rio Grande Water Conservation District

By: _____
Cleave Simpson, General Manager

Date

Fallow Contracts

1. Lee Welch
4 Fields ~ 1 Year

CREP Contracts

1. Lee Welch -120 acres PERM
2. Arthurs & Lois Siri 120 acres PERM

Half Usage Contracts

1. Tom Corzine
120 acres
2. Dale Bartee
236 acres
3. Charlie Versaw
303 acres
4. Crestone View
174.22 acres
5. CAH LLC
174.22 acres
6. Consaul Farms
468 acres
7. Mike Kruse
124 acres
8. Royce Nickle
252 acres
9. VanTreese
275 acres