

**MINUTES OF MEETING OF BOARD OF DIRECTORS
BASALT WATER CONSERVANCY DISTRICT
September 10, 2024**

CALL TO ORDER

The Board of Directors of the Basalt Water Conservancy District met on September 10, 2024 commencing at 7:02 p.m. in the Board Room at the Third Street Center, 520 South Third Street, Carbondale, Colorado. The meeting was also held via online and telephonically (Teams).

The District's attorney Chris Geiger took the roll call. The following directors were present: Michael Kennedy, Gary Knaus, Jim Nieslanik, Max Macdonell, Charles Bailey (virtually via Teams), and Charles Spickert. There was a quorum.

The District's attorneys Chris Geiger and Andie Hall (virtually via Teams) of Balcomb & Green, the District's engineer Eric Mangeot of LRE Water ("LRE"), and Water Commissioner Bill Blakeslee also attended.

INITIAL BUSINESS

Director Jim Nieslanik moved to appoint Director Michael Kennedy as Secretary for the meeting. Director Max Macdonell seconded the motion, and it carried unanimously.

The minutes from the August 13, 2024 meeting were considered by the Board. Director Charles Spickert moved to approve the August minutes, and Director Michael Kennedy seconded the motion, which carried unanimously.

REPORT OF THE ENGINEER (ERIC MANGEOT, LRE WATER)

a. Gage Flow Summary

Eric Mangeot reported on the following river gages: The Roaring Fork River near Aspen is up 3.3 cubic feet per second ("c.f.s.") from this time last year at 35.5 c.f.s.; the Roaring Fork River near Emma is up 95 c.f.s. at 597 c.f.s; the Roaring Fork River at Glenwood Springs is down 53 c.f.s. at 722 c.f.s.; the Fryingpan River near Thomasville up 14.2 c.f.s.; Ruedi Reservoir is down 99 acre feet ("AF"), but its discharge is up 6 c.f.s. at 266 c.f.s.; the Crystal River near Redstone is down 20.5 c.f.s. at 92.5 c.f.s.; and the Fish Hatchery gage on the Crystal River was not operational on 9/2/2023 so Eric was not able to compare it to this year at 70 c.f.s.

Eric Mangeot reported that the chance for precipitation in September is slightly below normal.

b. Stream Gage Comparison

Eric Mangeot walked the Board through the River Flow Comparison charts included in the Board Packet, explaining that they show the summer period from June 1 through October 5. He noted that last year's precipitation was good, and that this year's precipitation is decent compared to drought years. Eric then explained that the second sheet shows that this year's river flows are much better than drought years. Eric noted that the Cameo call came on September 4 this year and Shoshone came on well before that.

c. Billing Update

Eric Mangeot updated the Board on contract billing and that LRE has billed 391 contracts at \$424,906. He noted that LRE is slightly delayed in billing this year because many contractees are asking LRE for assistance with the online submission forms.

d. BWCD Area A-5 Umbrella Plan Roll Out

Eric Mangeot reported that LRE met with Balcomb & Green and several Directors to discuss Area A-5 plan for augmentation roll out. He recapped that this is area above Ruedi Reservoir up the Fryingpan River to Ivanhoe Reservoir. He reported that at that meeting, they discussed website changes, accounting for storage, exchange accounting, Busk-Ivanhoe Authority's needs for storage in the Busk-Ivanhoe Reservoir, the District's notice to Reclamation to move storage from Ruedi Reservoir into Ivanhoe Reservoir, and annual operating plan accounting. He noted that most of the meeting discussion was regarding a one-time umbrella plan fee and annual fee for these contracts.

Eric recommended a flat fee of \$3,600 per contract, which is comparable to Area A-3 that has costs associated the Grace and Shehi water rights that were purchased in that area. Eric explained that similar to Area A-3, the District has Ivanhoe Reservoir operation, maintenance, and repair costs ("OMR"). He reported that the District spent approximately \$80,000 in legal and engineering expenses on this exchange, and he does not recommend basing the contract rates on EQRs because he does not anticipate any industrial or large developments in Area A-5. He reported that contract applications can be rolled out November 1 for Water Year 2025. The Board then discussed the potential for an additional surcharge for additional 1/10th AF depletions per year at \$50. Eric noted that this additional charge will help pay the District's portion of OMR it will owe annually to the Busk Ivanhoe Authority to operate the reservoir, which is based on a budget. Eric explained the District is responsible to pay 1% of the OMR for storage of its 50 AF, but the rate is pro rata if it stores less in any given year. The Board then discussed larger ponds and increased evaporative depletion demands on the storage pool, other uses in this service area, and potentially imposing volumetric demand limits. Eric Mangeot opined that uses are likely limited to irrigation and domestic, with

potentially some small commercial, and that he is anticipating between 40 and 80 contracts. Eric noted that the hydrology may also affect how many contracts the District can issue and that every contract issued will require an inclusion into the District's boundaries. Eric Mangeot will provide the Board with a final recommendation memo in Next month's Board packet.

WATER ALLOTMENT CONTRACT ASSIGNMENTS, AMENDMENTS, INCLUSIONS AND CONTRACTS

a. Second Amendment to Contract No. 775a – Blue Mind, LLC

Eric Mangeot presented this amendment application for service under the District's Case No. 02CW77 to cover depletions associated with expanding their ice rink facilities on property they purchased recently and merged with the existing property associated with this contract. The property is located in Garfield County and has an address of 2340 County Road 100, Carbondale. Eric noted that the applicant bought the adjoining property and is looking to construct second sheet of ice for a rink but is still working through county approvals. The original property has a well that is being added to the District contract. Eric explained that other parcel will have 1800 square foot commercial storage and 8,000 square feet of irrigation, but that the existing parcel uses remain the same and that the applicant now owns both properties and wants one contract to cover the ice rink facilities on both. The source of supply is two wells: Permit No. 87598-F; and Permit No. 245825. The contract amount is for 0.067 c.f.s. and 2.6 AF. Chris Geiger reported that the amendment was properly published on the website; the Board has jurisdiction to consider operating the contract within 02CW77. Director Jim Nieslanik made a motion to approve the amendment. Director Michael Kennedy seconded the motion, which passed unanimously.

b. Assignment of Contract No. 818a – IM & AY LLC to Serrano's Marble and Granite, Inc.

Eric Mangeot reported the assignment was completed last month.

REPORT OF THE ATTORNEY (CHRIS GEIGER, BALCOMB & GREEN, P.C.)

a. Review and Approval of Contract No. 249E650022, 1000 AF of Green Mountain Reservoir Supply

Chris Geiger explained that in 1998, the District entered a 25 year lease contract for 1,000 AF stored in the marketable pool in Green Mountain Reservoir on the Blue River and that the Contract expired in November 2023. Chris reported that he began process of renewing the Contract more than two years in advance of its expiration pursuant to the advance notice requirement for renewals. This month, the District received a renewal contract, which is on the agenda for the Board's consideration. Chris reported that the contract amount remains 1,000 AF and noted that Green Mountain Reservoir

contracts are rare because releases are rare. However, he explained that this Contract is a key component of District's water supply that supports augmentation plans and its water marketing policy, especially when Shoshone is on call. He noted that water under this Contract is less expensive per AF than Ruedi Reservoir water in terms of OMR because a greater portion of OMR is funded by the federal government. Chris reported that Reclamation issued the renewal contract with a term of 40 years and adjusted prices up. Chris reported that the renewal contract is beneficial to make 1,000 AF available to the District and recommended that the Board resolve to accept the new Green Mountain Reservoir Contract. Director Jim Nieslanik asked about the District's use of that pool, to which Eric Mangeot responded that because the District has the water, he mixes it with water from Ruedi Reservoir and HCU credits, assuming a call from April 1 through Nov 30, and requests releases on the same. Eric noted that Reclamation only makes releases when the call is on any given day of that month, and that he may issue letters twice a year to adjust release request schedule. Chris explained the benefits of having multiple supply sources and gave an example of a potential fire that could impair operations of Ruedi Reservoir. Director Max Macdonell moved to approve the renewal contract. Director Michael Kennedy seconded the motion, and it passed unanimously.

b. 2024 Budget Workshop Meeting – Scheduling

Chris Geiger reported that October is when the District needs to consider, review, and discuss a draft budget for later adoption. Chris noted that the District will hold a budget workshop meeting and discussed scheduling that for the week of September 23rd.

c. Director Terms Expiring December 2024: Knaus, Seader, Kennedy – Discussion

Chris Geiger reported that three directors have terms expiring this year. He requested that those Directors notify him before the October Board meeting if they would like to reapply for positions because he will need to get applications 30 days prior to hearing in December for approval.

d. CRWCD Request for Additional Letter of Support, Shoshone Permanency

Chris Geiger reported that the District has been asked by the Colorado River Water Conservancy District ("CRD") to sign another, unique letter of support for the Shoshone permanency effort. Chris explained that the first letter was regarding the District's commitment of \$100,000 towards the water rights purchase. Chris reported that the combined state, CRD, and other west slope funding is currently around \$55M and that the CRD hopes to acquire approximately \$60M through federal funding under the Inflation Reduction Act, which includes a portion of funds dedicated to environmental programs. Chris explained that the CRD is preparing a grant application to submit to Reclamation and would like additional letters of support to send with it. Chris reported that the District's draft letter of support was included in the Board

packet. The Board was in consensus for Director Gary Knaus to sign the letter and directed Chris Geiger to submit it to the CRD.

- e. Conditional Agreement to Bring Contract No. 715 Into Compliance – Christopher M. Janusz and Katherine R. Mac

Andie Hall reported on Contract Nos. 715, 121a, and 405a, which were previously suspended. She reported that Balcomb & Green has received executed reinstatement agreements back from the contractees for each contract and that LRE has received the outstanding amounts owed for Contract No. 715. The reinstatement agreements were included in the Board packet for the Board's consideration and execution. Director Mac Macdonell moved to approve and execute the reinstatement agreements for contract Nos. 715, 121a, and 405a. Director Jim Nieslanik seconded the motion, which passed unanimously.

- f. Conditional Agreement to Reinstate Contract No. 121a – Eric W. and Felicia W. Alterbernd

See above.

- g. Conditional Agreement to Reinstate Contract No. 405a – John A. Buck II Trust (Thunder River Properties)

See above.

REPORT OF THE DIVISION OF WATER RESOURCES

Water Commissioner Bill Blakeslee reported that the Cameo call is on and discussed the Grizzly Reservoir dam project with the Board.

BILLS, AUDIT REPORTS, FINANCIAL STATEMENTS

The Board reviewed the bills tendered in September for the month of August. Director Jim Nieslanik moved to pay the bills. Director Max Macdonell seconded the motion, which passed unanimously.

DIRECTOR REPORTS AND COMMENTS

None.

EXECUTIVE SESSION

None.

CONCLUSION

At 7:54 p.m., Director Michael Kennedy moved to conclude the meeting. Director Jim Nieslanik seconded the motion, and it was approved unanimously.