

RECORD OF PROCEEDINGS
SAN JUAN WATER CONSERVANCY DISTRICT
MINUTES OF THE REGULAR MEETING
NOVEMBER 8, 2010

Attendance

The following Directors were present: Diane Bower, Carrie Weiss, Jack DeLange, Windsor Chacey, and Pat Ullrich. Also in attendance were Michelle Peterson, Allan Bunch, Roy Vega, Pete Kasper, Val Valentine and Chris Pitcher.

Disclosure of Potential Conflicts of Interest

Windsor Chacey had previously submitted a Disclosure as a Board of Director for the District and as a member of the Board of Directors of the Pagosa Area Water and Sanitation District. The Board noted, for the record, that this disclosure be restated at this time with the intent of fully complying with laws pertaining to potential conflicts.

Call to Order

The Regular Meeting of the San Juan Water Conservancy District was called to order by Chairman Diane Bower at 9:00 a.m. on November 8, 2010. A motion was made by Carrie Weiss and seconded by Diane Bower to excuse Directors Karen Wessels and Harold Slavinski as both had called to say they could not attend. Directors Larry Ash and Mark Garcia were not excused.

Reading and Approval of Minutes

The minutes for the September 13, 2010 Regular meeting and the October 20, 2010 Joint Special meeting were reviewed. A motion was made by Carrie Weiss and seconded by Pat Ullrich to approve the minutes as presented. The motion passed unanimously.

Financial Report

Michelle Peterson presented the District's financial statements as of October 31, 2010, (copy attached) mentioning that \$1,100 had been deposited into the Citizens Bank Impact Fee Money Market account from the operating account in February 2010 to avoid having a service charge for falling below a minimum monthly balance. She noted that with the receipt of \$3,589 in Impact Fees from the Town of Pagosa Springs in August, these funds, as well as the amount available to offset the expenditures related to Impact Fees, could be transferred back to operating leaving just the \$1,000 minimum balance in that account. It was the consensus of the Directors to do so. Mrs. Peterson also noted that the \$5,000 budgeted allowance for the Lower Blanco River Restoration was the subject of a request that would be made later on the agenda.

Public Hearing for consideration of Proposed 2011 Budget

Diane Bower opened the Public Hearing for the Proposed 2011 Budget at 9:15 a.m. The Directors reviewed the Draft while Shellie Peterson pointed out that the 2011 Proposed Budget anticipated approximately \$49,042 being available to add to reserves. She also indicated that while the Administrative Services Agreement between PAWSD and the District should be reviewed in light of Carrie Weiss's retirement and Sheila Berger's resignation; a similar amount of funds were budgeted for 2011 until those services could be re-evaluated by both Boards. The question of the amount of Impact Fees continuing on a 10-year amortization though the Town of Pagosa Springs was brought up. Mrs. Peterson stated that while the details

of the amortization agreements was not currently available to the District, she would call the Town and try and get a better estimate for 2011 to be included in the final budget revisions when Assessed Values were adjusted. Jack DeLange offered to review the Budget Message and the direction was given to post the Proposed Budget for 2011 to the website. There being no further discussion, the Public Hearing was closed at 9:30 a.m.

Consideration of Request from Lower Blanco Property Owner's Association

Chris Pitcher, Riverbend Engineering, presented an update regarding the river restoration progress in 2011 (copy attached). Mr. Pitcher reported that a total of nine miles of river damage had been mitigated over the life of the project to restore some of the aquatic life functions that were lost when a major portion of the river's historic flow was diverted to New Mexico to meet Colorado River Water Compact obligations. The last phase of over two miles, costing approximately \$245,000 was done in 2010. On behalf of the Property Owner's Association, Mr. Pitcher requested release of the \$5,000 which the District had tentatively budgeted for that purpose. Noting that the District had been a contributor to these efforts since the inception, a motion was made by Windsor Chacey and seconded by Carrie Weiss to approve the expenditure. The motion passed unanimously. Further discussion regarding the value of an over-all report of the project, its history, contributors and benefits took place. Val Valentine indicated that he may be interested in compiling such a report as well as Mr. Pitcher who indicated that his firm would have ready access to some of the data. It was determined that the matter should be looked into further and that the District, and perhaps the Southwestern Conservation District, could provide some financial support to get that accomplished.

Consideration of Final EPS Joint Impact Fee Study

Carrie Weiss indicated that a red-line copy of the changes in the current Final document (dated September 20, 2010) compared to the previous revision (April 2010) would be most helpful. She also wondered how the Town of Pagosa Springs and Archuleta County perceived moving forward with this study. Shellie Peterson indicated that she had asked what the status of the report was at the quarterly Town, County, PAWSD, and District meeting on October 13, 2010, and that Greg Schulte had indicated that he would supply a copy, thus putting the matter on today's agenda, but that she had no indication from Mr. Schulte, of the next steps to be taken. The matter was tabled to gather more information and to allow the Directors more time to review the report.

Consideration of Financial Investment

Shellie Peterson reported that a Certificate of Deposit had matured at the Bank of the San Juan on October 29, 2010. Mrs. Peterson indicated that she had solicited quotes from the various local banks and renewal with Bank San Juan at 1.15% Annual Percentage Yield seemed to be the best option. Windsor Chacey made a motion to renew the CD at the Bank of San Juan. The motion was seconded by Jack DeLange and passed unanimously.

Other Business

Pete Kasper from the Division of Water Resources presented a report regarding the installation of the new Snow-tel site which had been completed with the exception of installing certain equipment on the antenna. Mr. Kasper indicated that he hoped that would be accomplished before long and that while data was being accumulated now, it could be transmitted for the winter season. Mr. Kasper also indicated that he would be gathering costs and asking about the possibility of the District providing sponsorship for the stream gauge on the East Fork. He

indicated that with the State budget crisis, assistance is being requested to keep these stream gauges in place.

Carrie Weiss stated that she was concerned about Michael Whiting's statements that indicate that the Districts were considering condemnation of the Lavery property and that such statements could affect the District's ability to negotiate with the Lavery family in the future. Discussion followed which resulted in Windsor Chacey offering to contact Kitzel Farrah to assure her that it had not been the District's intent. To further clarify, for the record, Jack DeLange made a motion that the District had never given any serious thought to the possibility of imminent domain proceedings. Windsor Chacey seconded the motion and it passed unanimously.

Allan Bunch pointed out to the Directors that they had not excused the absence of some Directors, which was corrected and is noted at the beginning of the minutes. The Directors also discussed unexcused absences by Directors and it was determined that this should be an agenda item for discussion at the next meeting.

Allan Bunch also noted that he had hoped to see the Dry Gulch project as a discussion point on the agenda because he thought that both Boards should be working equally as hard to find a reasonable solution to how to provide for that debt service without putting it on the rate payers. Mr. Bunch indicated that transferring ownership of the property should not be ruled out as a means to solve the issue and that he thought that the Bureau of Reclamation may be a place to start. He further indicated that the Water Resource Fee may very well be done away with and that it did not provide a reliable source of revenue with which to service the debt payments. After further discussion, a tentative meeting date for a Special Joint Meeting with both Boards was set for November 30, 2010 or December 1, 2010, at 6:30 p.m. to consider this matter as well as any updates on the Trout Unlimited negotiations. Shellie Peterson will send out an email checking the availability of other members of both Boards.

There being no other business, the regular meeting was adjourned at 10:40 a.m.

Respectfully submitted,

Jack B. DeLange
Secretary/Treasurer, SJWCD