PLATTE RIVER RECOVERY IMPLEMENTATION PROGRAM
Governance Committee Meeting – Special Session on Draft FY14 PRRIP Budget

DIA Country Inn & Suites – Denver, CO
November 20, 2013

Meeting Attendees

Governance Committee (GC) Table

State of Wyoming
Mike Besson – Alternate
Greg Lanning – Alternate

State of Colorado
Don Ament – Member
Suzanne Sellers – Alternate

State of Nebraska
Jim Schneider – Member

U.S. Fish and Wildlife Service (Service)
Mike Thabault – Member

Bureau of Reclamation (BOR)
Gary Campbell – Member
Brock Merrill – Alternate

Environmental Entities
Marian Langan – Member
Bill Taddicken – Member

Upper Platte Water Users
Dennis Strauch – Member

Colorado Water Users
Alan Berryman – Member
Kevin Urie – Alternate

Downstream Water Users
Brian Barels – Member
Don Kraus – Member
Mark Czaplewski – Member
Kent Miller – Member

Executive Director's Office (EDO) Staff
Jerry Kenny, Executive Director (ED)
Bridget Barron
Jason Farnsworth
Bruce Sackett
Sira Sartori
Chad Smith

Welcome & Administrative

Ament called the meeting to order at 9:00 a.m. Mountain time and the group proceeded with introductions.

PRRIP FY14 Budget and Work Plan

Kenny discussed the latest draft of the FY14 budget and work plan and the current status of several line items in the budget. Campbell said as of today there is a 50/50 chance Congress will pass a budget. But, it appears we may hit sequester and a Continuing Resolution again for this year which means more budget cuts. Campbell said in looking at the draft FY14 budget, he is looking at what floors need to be met to move into the Second Increment. BOR has looked through each line item and did so with an awareness of the likelihood of federal dollars declining each year. BOR sees J2 as the primary project, so that is off the list of cutting the budget. Campbell estimates there will be a maximum of $11.7M available in FY14 to put toward the Program outside of the J2 project. Campbell has asked for more dollars for the Program that may be available to be obligated quickly in future years for J2. So, BOR is looking at what we have to do to meet Program goals versus what we want to do. Kenny said that means we are looking at needing to reduce the FY14 budget by about $1.3M as it is portrayed now.

Kenny and EDO staff walked through the draft FY14 budget line by line. Czaplewski asked how the sale of excess land would figure into FY14 costs. Sackett said there may be roughly $1.7M that could come back to the Program from the sale of excess land, but the EDO would recommend keeping that in the NCF to use for the potential acquisition of the palustrine wetland. Kenny said the budget estimate is what we think we need, but it does not reflect potential income from land sale. There is virtual certainty those properties will be excessed in 2014, and the $1.7M has a high degree of confidence. That would exceed the amount that needs to be cut from the overall budget. Barels asked if there is revenue that would come of land being managed for agricultural purposes. Kenny said yes and that potential revenue has not been factored into the draft budget either. Sackett said that number will go down if we sell agricultural properties. Barels said we should show these revenue items in the budget. Besson asked if there is a timing issue. Sackett said taxes are due January 1 and are delinquent in April and August. Kenny said we generally pay taxes in full in May. Besson said we would still need some budget to avoid being delinquent. Kenny said there is a tabulation of the income in Appendix A. Besson asked if previous years' revenues is sitting in the NCF earning interest. Kenny said no, that money goes back to the funding entities.

Barels asked about unliquidated obligations (UO). Kenny said the only money carried over into the next fiscal year is money obligated through an existing contract that has not yet been invoiced. Moving into 2014, the UO numbers appear to be small. Kraus said you could add another column for income, or could reduce the LP-3 number to $500,000 or so and mention that you expect a certain amount of income through land sales. The main question is timing, particularly if we would need to buy the palustrine wetland before the land sales were complete and the associated revenue dollars were available. Sackett said the negotiation on the palustrine wetland have been such that he cannot say when it will be finalized. An auction time has been set for the excess Leaman ground in January, and the expectation is that will bring in about $200,000.

Campbell said we should keep income and budgeting separate for auditing purposes and to be able to show where federal dollars are going. Campbell said he would support acquisition of the 160 acres of palustrine acres, but J2 is still the highest priority project. Thabault said we should split LP-3 to show what is a must-do (taxes, etc.) and then split off acquisition to show that any income will be spent on land or water acquisition. Campbell said he would support $1.5M for this line item to make sure we can acquire the palustrine wetland, but will not support the roughly $500,000 estimated that would be needed to acquire the 120 acres of complex fill-in acres. Thabault asked what the management implications are of not

acquiring that land. Kenny said it would be a case-by-case situation, but if we pass on the fill-in acres we would not cause irreparable harm to the land goals. But, sometimes when we pass on land we end up passing on it for a generation.

Kenny said LP-3 will be reduced to $1.5M, so we still need to find about $800,000 by which to reduce the FY14 budget.

Kenny said Central is open to annual payments instead of a lump-sum payment for the NCCW. Kraus said he is talking with his Board this Friday and should be able to report to Kenny and the GC next week regarding what direction his Board wants to go with this. Kenny said there has been some discussion about reducing future payments if all the water paid for is not received. Kraus said that idea is still under discussion and there is a complex relationship between the average costs of projects, zero delivery years, and whether there are annual yields from all projects or not. Kenny said there is still debate about costs versus annual yields. Kraus said a lot of this languages is in the FERC license and doing something different will require all parties to agree. Schneider said he questions the step of paying for water that is already going down the river. Kraus said this issue is the Program would get the "controllable" part of the water and be able to use it as part of the Environmental Account; right now, there is no control of water coming from conservation projects that is already going down the river.

Campbell asked about WP-4f(i) and WP-4b(ii); they seem like they are the same items. Kenny said 4b(ii) is for groundwater recharge, while 4f(i) is for surface water. Kenny said there is no agreement in place with CPNRD and they are re-thinking the surface water number. At this time, we are talking about honoring that price this year for groundwater recharge, and all the water would be groundwater recharge in 2014 as well. Campbell asked if in 2014 we will do groundwater recharge with CPNRD but not the surface water with CPNRD. Kenny said there is a permit application in with the Nebraska DNR for the surface water, and CPNRD has the infrastructure under construction to return the water. So, we may get surface water in 2014 or we may not depending on the permit and when the construction gets completed.

Thabault asked if LiDAR and/or aerial photography could be used in place of the field work completed through geomorphology and vegetation monitoring. Smith said that was being looked at as a possible way to reduce effort and costs in the future but still have the right high-quality data necessary for Program decision-making. Czaplewski said TP-1 (tern and plover monitoring) is another line item that should be evaluated as to whether methods, extent, etc. could be pared down to help save money in the future. Smith agreed and said that would be evaluated in 2014. Campbell asked if we had talked with WAPA about funding sources for help with continued whooping crane telemetry. The week after the GC meeting in Denver he will be with the BOR and WAPA regional directors and volunteered to try to set up a meeting with them and the Program. Kenny and Smith agreed that would be a helpful step. Campbell said the Program should consider moving the AMP Reporting Session to late September or into November to avoid the beginning of the next federal fiscal year. Smith agreed and said the 2014 AMP Reporting Session would be held in September.

Besson said he felt peer review was vital for the Program and should proceed full steam ahead. There could be some scaling back with careful selection of which items are priority to be reviewed if necessary for budgetary reasons. Thabault said for the ESA, "best available science" is a broad category and can include a large range of items. How much weight is given to each item depends on the kind of peer review, publication, or other review it has undergone.

Kenny asked Merrill what rate should be used to calculate the line item budget necessary for GFC-1. Merrill explained the process and said he would work with Diane at the NCF to develop the best number, but he agreed with Kenny that the current estimate of $250,000 is a good estimate to use at this point.

Kenny said he would look for roughly $600,000 in additional adjustments in the Water Plan budget to add to cuts discussed today in the Land Plan ($500,000), the Adaptive Management Plan ($200,000), and the WP-4(h) ($60,000) to get to the level of total cuts necessary for FY14.

Kenny said the federal ASAP system should be functional before the next payment request is submitted, so at that time all money would be taken from the federal side and the catch-up of the $1M expended from state funds would begin.

Barels asked if J2 could be done in four payments instead of three. Kenny said the three payment schedule was based on construction beginning in 2016; adding another payment would extend the construction completion date to very close to the end of the First Increment.

Kenny asked for GC thoughts on the price of $190/AF for the NPPD surface water lease. Schneider said it is an issue of cost and necessary volumes.

Future Meetings & Closing Business

Next GC meeting:

- December 3-4, 2013 @ Denver, CO at the Warwick Hotel

Meeting adjourned at 12:14 p.m. Mountain time.

Summary of Action Items/Decisions from November 2013 GC meeting

1) Directed the EDO to edit the draft FY14 PRRIP work plan and budget as described above for discussion and approval at the December 3-4, 2013 GC meeting.