



# PLATTE RIVER RECOVERY IMPLEMENTATION PROGRAM

## Finance Committee Special Session Meeting Minutes

Country Inn & Suites DIA

Denver, CO

April 11, 2012

## Meeting Attendees

### Finance Committee (FC)

#### **State of Wyoming**

Mike Purcell – Member (Chair)

Mike Besson

State of Colorado

Suzanne Sellers – Member

Ted Kowalski

Don Ament

#### **State of Nebraska**

Jim Schneider – Member

#### **Bureau of Reclamation (BOR)**

Gary Campbell – Member

Brock Merrill

#### **U.S. Fish and Wildlife Service (Service)**

Tom Econopouly- Alternate

#### **Environmental Entities**

John Heaston - Alternate

#### **Colorado Water Users**

Alan Berryman – Member

#### **Downstream Water Users**

Don Kraus – Member

Mike Drain

### Welcome and Administrative

Finance Committee Chair Purcell called the Special Session meeting to order at 2:00 p.m. Mountain time. The purpose of the Special Session was to authorize development and release a RFP for a 90-day review and value engineering on preliminary design work completed thus far on the J-2 Reregulating Reservoir. The RFP should provide notice that the team awarded the review/value engineering may also advance to final project design, depending on their performance of the review/value engineering. A budget of up to \$250,000 was approved.

*Purcell moved to approve the RFP; Schneider seconded. **RFP approved.***



The FC appointed a Proposal Selection Panel for the RFP consisting of staff from the Executive Director's Office (Jerry Kenny and Beorn Kenny), Central Nebraska Public Power and Irrigation District (Mike Drain and Corey Steinke), and the Bureau of Reclamation (Brock Merrill).

**FC Special Session meeting adjourned at 3:00p.m. Mountain Time.**

**Summary of Action Items/Decisions from April 11, 2012 FC meeting**

- 1) Approved RFP for J-2 reservoir review and value engineering.
- 2) Appointed a Proposal Selection Panel for the J-2 reservoir RFP.



# PLATTE RIVER RECOVERY IMPLEMENTATION PROGRAM

## Finance Committee Conference Call Minutes

May 1, 2012

### Meeting Attendees

#### Finance Committee (FC)

##### **State of Wyoming**

Mike Purcell – Member (Chair)

##### **State of Colorado**

Suzanne Sellers – Member

##### **State of Nebraska**

Jim Schneider – Member

##### **Bureau of Reclamation (BOR)**

Gary Campbell – Member

Brock Merrill

##### **U.S. Fish and Wildlife Service (Service)**

Mike George – Member

##### **Environmental Entities**

No participants

##### **Colorado Water Users**

Alan Berryman – Member

Kevin Urie – Alternate

##### **Downstream Water Users**

Don Kraus – Member

Brian Barels

#### Welcome and Administrative

Finance Committee Chair Purcell called the meeting to order at 10:00 a.m. Central time. Purcell said the State of Colorado submitted a couple proposals pertaining to the J-2 Reservoir. Kenny said we would tackle those at the end of the meeting.

*Urie moved to approve the March 2, 2012 and April 11, 2012 FC minutes; Schneider seconded. Minutes approved.*

#### Shoemaker Island FSM RFP

Farnsworth discussed the RFP. Schneider asked if out-year budgets would be similar. Farnsworth said yes, but possibly smaller.

*Schneider moved to approve the Shoemaker Island FSM RFP subject to GC approval of the multi-year RFP; Campbell seconded. RFP approved.*



**Independent Science Review Services**

Chad Smith discussed the contract amendment. Urie asked what the total budget would be for this contract. Smith said the total would now be \$44,000. Urie asked why this was more than the usual \$5,000 Atkins spends on searches. Smith said because it costs around \$5,000 to find members for peer review panels but that it takes more time and effort to find replacement ISAC members. Campbell asked if the original estimate was for just \$5,000 for this task. Smith said yes but that estimate was made in 2011 without knowing how many ISAC members would need to be replaced and what kind of effort it would take to fill two ISAC slots.

*Urie moved to approve the Independent Science Review Services contract amendment; Kraus seconded.*

**Contract amendment approved.**

**Geomorphology/In-Channel Vegetation Monitoring and Data Analysis**

Steve Smith discussed the contract with Tetra Tech for geomorphology/in-channel vegetation monitoring and data analysis. Purcell asked if split invoicing will cause problems with what was originally anticipated to be done under IMRP-2. Smith said no, these activities are related plus we will likely have extra money left in IMRP-2. Chad Smith agreed and said the bird cognition white paper listed in that line item will likely not get done in 2012. Campbell asked if out-year budgets will be similar. Steve Smith said yes, annual budgets will probably be somewhere in the \$400,000 range. Urie asked if the FC is being asked to approve the four-year contract and the 2012 budget and then will be asked to approve annual budgets under the contract. Smith said yes.

*Berryman moved to approve the geomorphology/in-channel vegetation monitoring contract; Kraus seconded. Contract approved.*

**J-2 Reservoir RFP**

Courtney discussed the RFP for review of feasibility engineering for the J-2 reservoir project. Courtney said Sellers brought up some questions last week that she addressed via e-mail. Sellers said it would be good to discuss them with the FC. Courtney and Sellers discussed:

- 1) How many bridges and siphons would need to be replaced? – One bridge replaced, siphon and outlet modified.
- 2) Project kick-off meeting in the scope; Sellers thought it would be good if consultant could come to J-2 subcommittee meeting before committing funds. Sellers said her thought was if different J-2 members have questions that would be a good forum to address them with the contractor. Kenny asked if that adds a meeting or this would occur at a scheduled subcommittee meeting. Purcell said rather than a J-2 subcommittee, we want the GC to give the FC an additional task of doing what is envisioned for the J-2 subcommittee. Courtney said the kick-off meeting was intended to be a small group to make sure the contractor understands what the Program wants then there were additional meetings scheduled with the WAC. Sellers said we could invite interested FC parties to that WAC meeting. Purcell said the draft report needs to be reviewed by the FC. Kraus said the idea of attending the WAC meeting should cover the base. Sellers agreed. *Courtney said the FC would be invited to this WAC meeting.*
- 3) Land – Sellers' question is whether to add something to review the location and see if land upstream or downstream needs to be evaluated for addition to the project for possibly a more cost-effective approach. Courtney said this has been addressed by Olsson as well as by additional work with the Program and the consultant, to the extent possible without additional geotech data. If something



comes out in the review with the reservoir size or other items, that might be the time to look at evaluating something like this. It could be discussed with the consultant once on board. Sellers asked what the qualities of the site are that led to its selection. Courtney said if you move east, you get more distance between the river and the canal. Sellers asked what about going west and using a more oblong shape, or siting the reservoir closer to the Tri-County Canal. Courtney said this was addressed in the pre-feasibility study and that work led to choosing a preferred site at this point. Sellers said to justify the location she wants to be able to tell her superiors why the current site is being looked at as the preferred location. Kenny said the further west you move, you run into Plum Creek which brings up many issues with permitting for water rights and environmental purposes. Courtney said she could gather this previous information together in a memo for Sellers. Sellers said that could be forwarded to her and kept confidential. She wants to put together the case for why Colorado will go along with this. Purcell asked how much of this work would need to be done before the new consultant could look at site selection. Courtney said this will happen in the first month of the project. Purcell said he wants the scope to reflect that the consultant will get back to the Program as quickly as possible on the suitability of the site so we can proceed with land acquisition. *Courtney said could be added as "C" under Task #3.*

Purcell said under costs (Line 273) he wants it to be clear that the new consultant is not looking at the cost of land. *Courtney said this could be added.*

Kraus asked about the terminology of the reservoir and whether J-2 was ever identified as a project. *Courtney said J-2 was not specifically identified, just regulating reservoirs, and "J-2" will be taken out of the Water Management Study history section.*

Campbell asked if we need to add something in about confidentiality. Purcell said we could not do that with the other ones. To the best we can, preliminary documents should be marked as "Preliminary Work Products". Kenny asked if we are talking about the report this consultant will be writing, or the information we are providing to the consultant. Purcell said let's have a discussion about finalizing the Olsson report. Kenny said all contracts have a confidentiality clause.

*Campbell moved to approve the J-2 Reservoir RFP, with changes; Schneider seconded. Kraus abstained. RFP approved.*

### **Cottonwood Ranch Flow Consolidation**

Farnsworth discussed the contract amendment. Purcell asked what the original contract amount is. Farnsworth said \$199,000. Purcell asked if this work was envisioned in the original contract. Farnsworth said yes we would move forward with this unless there was a fatal flaw. Purcell asked what the expiration date is on the original contract. Farnsworth said May of 2011, but it took longer than anticipated to get the original work done. Purcell said as a matter of form on the amendments, consider including the original contract amount, the new total, the original expiration date, the new expiration date, etc. Kraus asked under the scope of work what it means that the investigation will "seek to ensure" what consolidation will do. On the one hand we are developing a model and evaluating the ability of consolidation to establish bars, but are we really saying consolidation "will establish"? Farnsworth said the current wording is probably too strong. It would be better to state it as "the degree to which consolidation will establish". *Farnsworth said that change will be made.*

*Kraus moved to approve the Cottonwood Ranch flow consolidation contract amendment with a change; Urie seconded. Contract amendment approved.*

**J-2 Reservoir Items**

Purcell said let's talk about the proposed motions. They seem to be a GC matter and not a FC matter. Sellers said the motions are broken into two subjects. Section 1 deals with how we apply the BOR index. This ultimately belongs to the GC but on Item B, it may need to be a FC recommendation to the GC. Colorado did not want to skip any proper procedures. Purcell asked for an explanation of 1B. Sellers said it states that BOR will cover the indexing differential if that happens and if they don't have enough money to do that they can seek additional appropriations if necessary. Once you pay, that money stops being indexed. Purcell asked why the DOI would do this. Sellers said the other option is Colorado would not pay early and the Program would be under-funded. This would help DOI cover their potential under-funding. Kraus said he does not understand any of this. Sellers said the BOR applies the index based on total Program expenditures for each year. If that index is applied evenly when somebody pre-pays (for a project like J-2) that entity won't get full credit under indexing and will lose out on interest. If Colorado gets ahead of the DOI, they don't want to get dinged on the interest. Kraus said he is not sure there is an indexing impact if all money is put in up front.

Merrill said it seems the intent is that if money is paid up front by Colorado, indexing would not be applied to that funding. The same would be true for Wyoming as well. Campbell said DOI cannot pre-pay. Merrill said from an indexing perspective, there is the potential to spend \$35 million in 2012 (if Colorado pre-pays \$10 million) which would have a significant effect on future indexing. Kraus asked if Merrill could put together an example to better explain this to the GC. Merrill said he could do that. Purcell asked if the obligation for Wyoming is \$6 million plus inflation. Merrill said what has been spent to date does have an influence on indexing. Purcell said it seems like DOI is pre-paying this year because they are picking up the bills in 2012. Campbell said no because that funding is appropriations for this year plus available funds for previous years. Sellers said we did discuss the indexing issue when the decision was made to go with only federal funds in 2012. Merrill said total cash funding to be expended by the Program is indexed. Barels said if you no longer index Colorado's funds after it is spent there may be less available to the Program by year 2019. So, why does anything have to change? Merrill said it seems like the question is what happens with indexing if Colorado pre-pays for the J-2 project. He will develop an example along these lines to help with this discussion. Sellers said calculate it based on how you do it now as well as Colorado's new proposal.

Purcell said he is nervous about having a J-2 committee. He asked if a J-2 committee is referenced in the draft agreement being developed with Central. Sellers said no. The Program needs some ability to respond to Central, so the proposal is Colorado's attempt to provide a structure for that response. Purcell asked how the proposal links the Program to the Nebraska Community Foundation (NCF). There needs to be a link that tells the NCF how we will interplay with them. Kenny said we work with the NCF to make sure they are happy with contract documents, so before we bring them to the FC or GC for approval the NCF is happy with them. Program staff interacts with working groups, various committees, and the contract parties to get contract documents developed. Sellers said her thought is that this committee would be like any other committee that is part of the discussion about a contract. Kenny said he sees it as like a workgroup that we have in the TAC or WAC. Purcell said he does not see the J-2 committee would not be talking directly to Central; that would go through the EDO.

Purcell asked if the J-2 committee would be any different than the FC. Sellers said the proposal makes it clear what the committee is supposed to do so it might be easier to respond to issues than using the full FC. Colorado would want to know the GC decision on the first proposal before they decide to pre-pay for the J-2 project. The J-2 committee needs to be decided before the first decision is made relative to the J-2



192 agreement. Purcell asked if these two items should be discussed at the June GC meeting. Kenny said  
193 yes.

194  
195 **Closing Business**

196 The next FC meeting is Thursday, May 31 from 2:00 p.m.-4:00 p.m. Central time.

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198 **FC meeting adjourned at 11:46 a.m. Central time.**

199  
200 **Summary of Action Items/Decisions from May 1, 2012 FC meeting**

- 201 1) Approved March 2, 2012 FC minutes.  
202 2) Approved the April 11, 2012 FC minutes.  
203 3) Approved the Shoemaker Island FSM RFP, subject to GC approval of the multi-year RFP.  
204 4) Approved the Independent Science Review Services contract amendment.  
205 5) Approved the geomorphology/in-channel vegetation monitoring contract.  
206 6) Approved the J-2 Reservoir RFP, with the following changes:  
207     • Add “C” under Task 3 to have the consultant get back to the Program as quickly as possible  
208     with an evaluation of site suitability.  
209     • Make it clear this consultant is not looking at the cost of land.  
210     • Remove the specific reference to “J-2” in the history section of the RFP.  
211 7) The FC will be invited to the WAC meeting where the work under the J-2 RFP will be discussed.  
212 8) Approved the Cottonwood Ranch Flow Consolidation RFP with the following change:  
213     • Remove “ensure” and replace with “the degree to which”.  
214 9) Agreed to future discussion of indexing examples from BOR.  
215 10) Agreed to bring the two J-2 related proposals from Colorado to the GC in June for discussion.



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## Finance Committee Conference Call Minutes

May 31, 2012

### Meeting Attendees

#### Finance Committee (FC)

##### **State of Wyoming**

Mike Purcell – Member (Chair)

##### **State of Colorado**

Don Ament – Alternate

##### **State of Nebraska**

Jim Schneider – Member

#### **Bureau of Reclamation (BOR)**

Gary Campbell – Member

Brock Merrill

#### **U.S. Fish and Wildlife Service (Service)**

Mike George – Member

#### **Environmental Entities**

No participants

#### **Colorado Water Users**

Alan Berryman – Member

#### **Downstream Water Users**

Don Kraus – Member

Brian Barels

#### Welcome and Administrative

Finance Committee Chair Purcell called the meeting to order at 2:03 p.m. Central time. Purcell said when John Lawson was with the Program he was in line for the next FC Chair, so Campbell would be a good choice for the new Chair. Wyoming has the indexing issue worked out with Colorado so it seems to rest on the Department of the Interior (DOI).

*Purcell moved to elect Campbell as FC Chair; Ament seconded. **Campbell elected.*** Campbell said he would pass those duties on to Coleman Smith with BOR when he becomes involved in the Program at the end of 2012. Purcell said Harry LaBonde would be filling in for him on the FC and GC until the State of Wyoming appoints a new director. Purcell signed off.

*Kraus moved to approve the May 1, 2012 FC minutes; Berryman seconded. **Minutes approved.***



**Choke Point Contractor**

Kenny said at the last WAC meeting, the WAC provided guidance on the direction to head on further work on the choke point. To get to 3,000 cfs capacity, it will likely take expensive, hard engineering (e.g. dredging, cost could be \$500,000 a year and would have to be done probably every other year) solutions. The alternative to the structural approach is an institutional approach. The National Weather Service has entertained the idea of raising flood stage to 6.5 feet assuming there is city and county support. The Program would have to take the lead on 2-3 flood-proofing projects. That will get us to 2,400 cfs and these solutions are quicker, less expensive, and easier in terms of permitting. Examples include improving culverts, re-establishing a segment of the state channel berm, etc. We will need an engineering firm to do design and permitting. Initial discussions with a couple of firms led to higher than anticipated estimates meaning we will need to advertise a RFP to do this work. The RFP should be ready for FC review and approval at the next meeting. Berryman asked about the 3,000 cfs in the longer term. Kenny said he has not given up hope and some options are being explored to eventually get there.

**Indexing Projections**

Merrill discussed the indexing example spreadsheet related to Colorado's motions on the J-2 project. The ceiling remains the same but there is about a \$300,000 difference in how it is split among the parties. Given our discussions on J-2, when that payment is made is going to have a significant effect regardless. Kraus asked about the established method and the proposed method. Under the established method on the first page of the spreadsheet, it isn't in the same format as the proposed method. Merrill said he had to break things out differently on the proposed method spreadsheet. Kraus said it appears projections show Colorado spending about \$10 million by September 30. Merrill said that is correct, but it is the timing of that payment that is most significant. Kraus asked if Colorado would be putting less under the established method. Merrill said that is correct. Kraus asked if all of Colorado's money is at the Foundation. Ament said Colorado still owes about \$2 million, but most of it is there. Kraus said then that means the funding would be committed early and Colorado would lose out on interest. Berryman said that is correct.

Berryman asked if Wyoming was not concerned because that state would be drawing interest. Kenny said that is correct, it is basically a wash for Wyoming. Kraus asked if another adjustment would be made in the future if Colorado was going to put more money in again. Merrill and Campbell said that means their funding would drop off. Kraus asked if there would have to be any further adjustments to the formulas. Merrill said he didn't think so but he would think about it.

Kraus asked if DOI is OK with this. Campbell said he is totally against this. This shifts a burden of about \$275,000 a year more to DOI. The DOI cannot earn interest on federal dollars by law. We are looking at a change mid-way through the Program when a method was agreed to in the past. Campbell said he cannot agree to take on additional burden for federal taxpayers on this issue. Schneider asked about the incorrect cell in the spreadsheet for the proposed method. Merrill said it is just a typo in a formula that did not carry over and he could fix that and re-send the full spreadsheet. Schneider said he is having trouble figuring out why this is an issue if the percentage of cost share remains the same. It is still represented as not shifting the burden.

Campbell said the spreadsheets can definitely be updated but his concerns remain. Kenny asked how things might change if the formula errors are fixed in the spreadsheet and will there really be a cost share change. Merrill said the numbers will be very close. Schneider said then it seems like there won't ultimately be a change in the percentage of cost share breakdown. Kenny said it seems like we would be



going through year-to-year machinations only to end up at the same point. Ament asked about discussions regarding cash flows issues related to J-2. Kenny said the discussion was Colorado and Wyoming money coming in big chunks for the J-2 project and thus the states would have expended most of their money early on and remaining funds would have to be DOI. Kenny said he had not addressed in his cash flow analysis this issue of indexing.

Kenny said what has been done here is essentially a one-year analysis and maybe carrying out the analysis for more years might be too arduous. We maybe don't need to go through that full exercise to determine if the burden does or does not shift. Maybe looking at the completed spreadsheet and re-grouping on this might be the best way to go. Kraus asked if Step D is where the index gets applied. Merrill said that is correct (amount of Program funding remaining to be expended). Kenny asked Ament if without this Colorado will not expend money in big blocks moving forward. Ament said that is a concern by the Legislature and the Governor's office and they are trying to work through this. Berryman calculated how much money we are really talking about. Kenny asked if the magnitude of the numbers in Merrill's spreadsheet is what Colorado was expecting. Ament said they seemed lower than what he was expecting but that he was not sure of what Kowalski was thinking about the implications. Campbell said his understanding was since DOI dollars were being spent this year he thought Colorado was concerned about that state paying more in the future because of indexing. Kenny said that is part of it, but also if a large chunk of Colorado funds comes out now for J-2 they will lose out on accruing interest on that big chunk over time.

Merrill said at 100% federal funding this year, we can't go back to the usual percentages at the beginning of 2013 because now the amount of money left is different. It might be worth exploring those implications because Colorado might be losing interest but they won't have as high of indexing implications because if they spend a chunk on J-2 now their percentage of all future disbursements will be smaller. Berryman said Kowalski's main concern is losing out on interest for the remainder of the Program. Kraus said it would be good to look at the difference between losing out on interest for Colorado versus the benefit they get from reduced indexing. Kenny said he would work with Merrill and Berryman to evaluate this. Schneider said this also doesn't seem to reflect that DOI is getting ahead now because they are paying all the bills in 2012. Merrill said that you could probably look at this way.

Kenny said the thought was to bring this before the GC in June, but that doesn't seem likely to happen yet given the complexity of the calculations and the need for further FC discussion. Kraus said we could raise the issue with the GC but not to get into too much detail until the FC has more time to look at other options. Ament agreed. Kenny said he would call Merrill shortly and coordinate how to work together to move this along. Merrill said he would have an updated spreadsheet by June 15 for distribution to the FC for further review.

### **Closing Business**

The next FC meeting is Thursday, June 28, 2012 from 10:00 a.m. to Noon Central time.

**FC meeting adjourned at 3:04 p.m. Central time.**

### **Summary of Action Items/Decisions from May 31, 2012 FC meeting**

- 1) Elected Gary Campbell, BOR, as FC Chair to replace Mike Purcell, State of Wyoming.
- 2) Approved the May 1, 2012 FC minutes.
- 3) Set the next meeting for June 28 to continue discussion on the indexing issue.

This document is a draft based on one person's notes of the meeting. The official meeting minutes may be different if corrections are made by the Finance Committee before approval.