



PLATTE RIVER RECOVERY IMPLEMENTATION PROGRAM

Finance Committee Meeting Minutes

August 25, 2015

Meeting Attendees

Finance Committee (FC)

State of Wyoming

Harry LaBonde – Chair

State of Colorado

Suzanne Sellers – Member

Don Ament

State of Nebraska

Jim Schneider – Member

Bureau of Reclamation (BOR)

Chris Beardsley – Member

Brock Merrill

U.S. Fish and Wildlife Service (Service)

Eliza Hines – Member

Environmental Entities

None

Colorado Water Users

Alan Berryman – Member

Kevin Urie – Member

Downstream Water Users

Don Kraus - Member

Welcome and Administrative

Kenny listed everyone on the call. FC Chair LaBonde called the meeting to order at 10:04 a.m. Central Time.

Kraus moved to approve the July 7, 2015 FC minutes; Berryman seconded. Minutes approved.

Habitat Availability Analysis

Baasch provided an overview of the 2014 habitat analysis contract extension with the Rainwater Basin Joint Venture (RBJV). LaBonde asked how much habitat availability appears to change annually. Baasch explained that tern and plover has not changed significantly due, in part, to dry channel conditions through the nesting season leading to low quantities of suitable habitat. Off channel whooping crane habitat has been stable but on channel has been somewhat variable based on river flow conditions.



Berryman moved to approve the agreement extension; Kraus seconded. **Contract amendment approved.**

DeBoer Tract Wetland Restoration

Farnsworth provided an overview of the bid package for wetland restoration at the DeBoer tract. The bid will be let this fall depending on conditions at the site. If wet conditions result in high bid prices, the project will likely be rebid in 2016.

Schneider moved to approve the bid package; Beardsley seconded. **Bid package approved.**

CNPPID Irrigation Water Leasing Agreement

Kenny provided overview leasing agreement between Program and CNPPID irrigators. The project is a one year pilot study where irrigators can lease water to the PRRIP directly. Kenny explained that this is an opportune time for the pilot project because Lake McConaughy is almost full and CNPPID has set a full allocation which translates to a yield of 9 inches per acre for 2016. During full allocation years there is no farmer- to- farmer trading allowed, so this would be the only opportunity for irrigators to sell water. The project will be limited to enrollment of 3,000 acres. Lands enrolled must currently be irrigated and go to dryland. Kenny indicated that CNPPID will be in charge of paperwork and monitoring and water will accrue into the EA in fall of 2016. The price of water has been set at \$220/acre and the PRRIP will pay a flat \$10,000 fee to CNPPID for administration. The maximum expenditure would be \$670,000 and would be part of the 2016 budget. The agreement has been approved by Central's Board.

LaBonde asked Kraus what amount of interest he thought there would be in this project. Kraus thought that pivot corners and other hard-to-irrigate areas will be key. Otherwise, not sure how much response. The setting of the price at \$220 per acre was discussed, and Kraus explained that that had been arrived at in consideration of the value of water model created for the Program by Special Advisor Oamek and discussions with irrigators. Kenny confirmed this approach and emphasized that as a pilot we would learn whether the price was too high by the response, but to get people to take the leap, it was better to go a little high rather than get little or no response in the first test. Kraus added that the producer will still be required to pay the irrigation fee on each acre with the net revenue being less than \$188/acre. Sellers requested additional information about the administrative fee. Kraus indicated that the fee included coordination with landowners, documents, and monitoring to ensure compliance. Sellers asked if the price would be \$10,000 every year if leasing were to continue into the future. Kraus indicated that this is a one-time pilot and would not set precedent into future. Sellers indicated concerns about administration fee, especially if participation is low. Kraus indicated that administration fee could potentially be related to acres enrolled in the future. Merrill indicated that, at full participation, the administration fee would equate to approximately \$150 per landowner, which is comparable to Bureau of Reclamation projects. Kraus indicated that the project is set to start on September 15th so cost issues needed to be addressed expeditiously. Sellers indicated that she was concerned with price but was OK with proceeding given that this is a one year pilot. The issue of how high the ceiling should be on acres was also discussed with the thought emerging that we could learn as much from the pilot with a 2,000 acre ceiling as with a 3,000 acre ceiling at a lower cost. Kraus indicated that he had heard the various concerns and would discuss 1) the potential to reduce maximum acres to 2,000 and 2) the administration fee with his board at a previously-scheduled meeting on Friday, August 28th.

J2 Reservoir Project

Kenny presented a memorandum discussing J2 Reservoir county tax issues that was developed based on previous FC input. Kenny indicated that the focus is on making counties whole, not paying taxes and it is important to clarify that the Program is not paying in-lieu of taxes we are making a payment to compensate for lost tax revenue. On the points where consensus had been reached in the previous FC discussions, there



were no revisions suggested to the text. The key item that had not achieved consensus was whether the Program would bear the entire burden or look to the other partners to the Water Service Agreement to bear some portion. Sellers asked if project partners would pay proportionately based on benefits. Kraus referred to the section of the Water Service Agreement indicating the mechanism by which this issue could be addressed by the PRRIP, and did not include the other partners. Ament indicated that it was very important for the counties to be made 100% whole as long as the project was viable and the PRRIP was receiving benefits from the project. Sellers indicated that she would support the PRRIP covering the 100% of what is necessary to make the counties whole during remainder of First Increment if there would be a reevaluation of this issue prior to the Second Increment. The issue of escalation of base compensation over time was discussed with the concept gaining most favor was tying it in a simple fashion to annual variations in tax levies for similar properties in the respective counties.

Closing Business

Next FC meeting will be held October 22nd, 2015 at 9:00 a.m. Central Time.

FC meeting adjourned at 11:11 a.m. Central time.

Summary of Action Items/Decisions from August 25, 2015 FC meeting

- 1) Approved July 7, 2015 FC minutes.
- 2) Approved extension of RWBJV habitat assessment contract.
- 3) Approved DeBoer wetland restoration bid package.



PLATTE RIVER RECOVERY IMPLEMENTATION PROGRAM
Finance Committee Meeting Minutes
 July 7, 2015

Meeting Attendees

Finance Committee (FC)

State of Wyoming

Harry LaBonde – Chair

Andrea O’Dell – Alternate

State of Colorado

Suzanne Sellers – Member

State of Nebraska

Jennifer Schellpeper – Alternate

Bureau of Reclamation (BOR)

Brock Merrill – Member

Chris Beardsley – Member

U.S. Fish and Wildlife Service (Service)

Eliza Hines – Member

Environmental Entities

None

Colorado Water Users

Kevin Urie – Member

Downstream Water Users

Don Kraus – Member

Welcome and Administrative

Kenny listed everyone on the call. FC Chair LaBonde called the meeting to order at 10:02 a.m. Central time. Kenny said one agenda addition is the contract amendment for Independent Science Review services and that can be discussed after the COHYST item.

Sellers moved to approve the May 28, 2015 FC minutes; Beardsley seconded. Minutes approved.

COHYST

Kenny discussed the contract for defining and funding activities for the COHYST team relative to the modeling tool. LaBonde asked about previous concerns from Jim Schneider in the past and wondered if we would get to an end point at the completion of this contract. Kenny said that the concerns raised by Schneider is why none of the Program money will go to Item #2 in the contract. The intent is that by the end of 2015 there should be a completed model in a condition that any COHYST members can run the model and be proficient in operating it (including Program staff). The need for recalibration is probably a discussion that will occur in 2016.



Urie moved to approve the agreement; Schellpeper seconded. Kraus abstained. **Agreement approved.**

Independent Science Review

Smith discussed the contract amendment for Independent Science Review services. Urie asked how much of the 2014 budget was spent. Smith said roughly \$40,000 out of the approved \$93,000 and also said it is not likely the full number of peer reviews specified in the FY15 Program work plan will be completed. Urie asked if it would be better to approve the amendment as written or simply continue using remaining funding from the FY14 budget. Kenny said the best approach would be to approve the amendment and work from FY15 dollars.

Urie moved to approve the contract amendment; Kraus seconded. **Contract amendment approved.**

J2 Reservoir Project

Kenny discussed the memo regarding county tax payments and the J2 reservoir project. One parcel was acquired in 2014 and tax compensation is due on that. That property was largely tax-exempt until last year so the tax payment is a small number but it represents a good case with which to start the process. The Program is not paying taxes to the counties but instead is paying compensation to mitigate against lost tax revenue under the auspices of the Good Neighbor Policy. One question is, do we make the counties whole or do we make payments proportionate to Program benefit? LaBonde said a good starting point is what property taxes were paid on the property last year. Beardsley asked if our payment is already overdue if the property was purchased in October 2014. Sackett said our payment could be as late as December 2015 because we are not the owner, we are paying in lieu of taxes. Beardsley asked if the entire tax year of 2014 would fall under the Program. Sackett said yes.

LaBonde asked about the issue of whole versus proportionate payments. Schellpeper said the preferred option is to make the counties whole. Kraus said there needs to be some clarification about what the Program meant when it said “make the counties whole”. Sellers said on principle Colorado would be more comfortable paying 75% because that is the Program’s share. If the total dollars are minimal, then a higher percentage or a whole amount might open for discussion. But, it does not seem to be the best idea to make up taxes for project benefits that are going to the state of Nebraska. Kenny said the time period is also an issue for discussion. Sellers said we should go for the First Increment and when that deadline is upon us we can discuss next steps. LaBonde said he agreed with Sellers on the issue of only looking through the First Increment (2019). He is comfortable with one-year arrangements. Sellers agreed with that. Kenny asked about annual payments run through the request for disbursement. LaBonde said he is comfortable with that process.

Kenny said we know what the base amount is but a decision needs to be made about the annual payment and whether that changes by some percentage each year. Beardsley said under the concept of making the counties whole maybe we should just revisit the issue every year instead of locking in a number at this point. LaBonde said he prefers to stay with the base amount and then adjustments can be made on a case-by-case basis in the future as necessary but make no commitment to that at this time. LaBonde said going back to the payment scheme, his suggestion is as of January 1 we know what properties were acquired the previous year, calculate the taxes, and then present to the FC and GC a full payment request for the April deadline instead of making two payments each year.

LaBonde asked Nebraska is there is any vehicle the state can use to pay its proportionate share. Schellpeper said she would have to get back to the FC on that question. Sellers said since Nebraska signed the agreement they may have committed on some level to paying its share. Kenny said his interpretation is this policy



needs to be approved by the GC and it will be discussed at the September GC meeting. LaBonde agreed that was the right approach and hopefully the issue of Nebraska's share can be addressed by then. Merrill said once we get to the point of invoices for these payments it would be good for Kenny to send drafts to him to review. LaBonde asked if a draft of the policy can be discussed at another FC meeting prior to the September GC meeting. Kenny said yes.

Kraus pointed out language in the agreement that says the NCF will get funds from the Program, pay Central, and then Central will send payments to the counties. LaBonde asked if the policy will be consistent with that language. Kenny said yes.

Closing Business

The next FC meeting is set for 10:00 a.m. to noon Central time on Tuesday, August 25, 2015.

FC meeting adjourned at 11:00 a.m. Central time.

Summary of Action Items/Decisions from July 7, 2015 FC meeting

- 1) Approved May 28, 2015 FC minutes.
- 2) Approved the COHYST agreement.
- 3) Approved the Independent Science Review Services contract amendment.