



PLATTE RIVER RECOVERY IMPLEMENTATION PROGRAM

Finance Committee Conference Call Minutes

August 2, 2012

Meeting Attendees

Finance Committee (FC)

State of Wyoming

Harry LaBonde – Member

State of Colorado

Suzanne Sellers – Member

State of Nebraska

Jim Schneider – Member

Bureau of Reclamation (BOR)

Gary Campbell – Member

Brock Merrill

Coleman Smith

U.S. Fish and Wildlife Service (Service)

Mike George – Member

Environmental Entities

No participants

Colorado Water Users

No participants

Downstream Water Users

Don Kraus – Member

Brian Barels

Welcome and Administrative

FC Chair Campbell called the meeting to order at 2:04 p.m. Central time. Campbell requested an agenda change to move the Nebraska Community Foundation discussion to the first item.

Nebraska Community Foundation (NCF)

Merrill discussed the proposed MOU between the Program and the NCF. Currently, there is a cooperative agreement between the Program and the NCF. As it turns out, cooperative agreements like this one can only be between BOR and another entity and not include other parties like the states. So, there is a need for a MOU between all the parties to replace the current cooperative agreement. The draft MOU is built largely off the language of the current cooperative agreement. However, a tiered rate structure is no longer allowed by OMB, and an Indirect Cost Rate approach must now be used. Wilson said that the materials had been submitted to establish the Indirect Cost rate, but that a determination

Executive Director's Office (EDO) & Other Staff

Jerry Kenny, Executive Director (ED)

Beorn Courtney

Jason Farnsworth

Chad Smith

Consultants

Larry Schulz

Other

Diane Wilson, Nebraska Community Foundation



would not be made until November. Sellers asked if NCF is proposing a rate structure based on just the Program expenditures. Wilson said it is based on all expenditures of NCF and every dollar NCF spends gets a piece of the indirect costs. Sellers asked if there was an expenditure would NCF withdraw a fee but would put funds back in if the rate ended up being less than originally thought. Wilson said she believes that is how it would work. Brock noted that the rate that would have to be used until a final rate was established would be the provisional rate. Sellers asked if there is a way to make this a “not to proceed” approach so it doesn’t appear NCF has a blank check and would Wilson be able to give a copy of what NCF submitted to the BOR to Colorado for review. Wilson said she wouldn’t have a problem with that. Kraus asked what triggered this process. Merrill said it was a discovery that the tiered approach probably should not have been used in the contracts used in 2007 when the transition between Cooperative Agreement and Implementation Program was made. Sellers asked if we are not able to close a contract before September 30, what effect will that have considering right now we are only using federal funds for Program expenditures. Wilson said we would likely agree to pay on an interim basis until this issue is cleared up. Merrill said he thinks until the final rate is done you have to use the provisional rate. Campbell said he thinks that if this agreement (the MOU) is not signed the BOR will not be able to obligate Program funds and is at risk of losing 2012 funding. Merrill said that is correct. Sellers said we should include language in the MOU that says something like it is in effect the later date of signature or September 30. Merrill said he thought that could be done.

Kraus asked if this needs GC approval. Kenny said no, this is an issue for the signatories. Sellers asked about the actual contracts needing GC approval. Kenny said it seems like the GC does not have purview over those contracts. Kraus asked what will happen to federal funds if this MOU is delayed. Merrill said if there is no MOU and the BOR cannot obligate FY12 funding, it is possible we will lose access to that funding. Campbell said September 30 for signing the MOU is not a realistic date because of the paperwork process. Merrill said he prefers this gets done in the next couple of weeks. He is willing to work with anyone and everyone to get this done as quickly as possible. Kraus said it sounds like August 17 is the “drop dead” date for getting the MOU done and signed. Merrill agreed and said language could be added at the beginning of the MOU to state the document does not commit any funds – that is something that comes with the actual contracts between entities (states, BOR) and the NCF.

Sellers and Wilson discussed the comments on the MOU that Sellers distributed to the FC on August 1. Schneider said he is not certain yet who will sign for Nebraska but he will know soon and will tell Merrill. Merrill proposed to revise the MOU to address Seller’s comments so he can distribute a revised draft very quickly so we can get through the signature process within the next two weeks. Wilson asked if she should be working directly with Colorado and Wyoming on the separate funding contracts. Merrill, LaBonde, and Sellers said yes. Sellers said Colorado’s contracting folks will have a draft document ready for Wilson next week. LaBonde agreed, and he plans to send the MOU to his legal department and that may end up adding to the list of comments. Merrill said he thinks they have seen some of this before so it shouldn’t be entirely new.

FC Minutes

LaBonde moved to approve the June 28, 2012 FC minutes; Sellers seconded. Minutes approved.

J-2 Regulating Reservoir Engineering Review Services

Courtney discussed the J-2 Engineering Review Services contract with RJH. Kenny said we are seeking approval of the contract.



George moved to approve the contract; Schneider seconded. **Contract approved.**

Lateral Erosion Research

Farnsworth discussed the lateral erosion research task order. Kraus asked about the work that was done and why lateral erosion was not looked at during the initial work. Farnsworth said we asked them to focus on the type of erosion that SedVeg used to evaluate scour through FSM (water over the top of the plant). In doing that analysis, there was a realization that a small amount of water over the top probably would not scour vegetation as expected and the need to evaluate the effects of lateral erosion was identified as an important unanswered question. Kraus asked about how the effects of high flows in 2011 will be utilized. Farnsworth said that data is being analyzed now to see what we can learn from those high flows.

LaBonde moved to approve the task order; Kraus seconded. **Task order approved.**

Water Service Agreement

Kenny discussed the water service agreement. It is for the use of excess flows. We are requesting approval of the agreement. Kraus will take it to the CNPPID board on August 6 for their approval. An application has been filed for a temporary permit. The WAC has recommended FC approval.

George moved to approve the water service agreement; Schneider seconded. **Water Service Agreement approved.** Kraus abstained.

Kenny said we will be executing a water service agreement for EA water for recharge. It will be identical in form to this service agreement so he does not anticipate bringing it back to the FC for approval. No objections voiced.

Indexing Projections

Kenny provided a brief update on indexing. Kenny has enlisted the help of George Oamek (Special Advisor for economics) to evaluate different indexing processes. There was a session with Merrill and Suzanne to discuss this work. A memo will be coming soon detailing those discussions. Sellers said early indications are Colorado is thinking of some creative options and might come back with some additional options for consideration.

Closing Business

The next FC meeting is from 2:00-4:00 p.m. Central time on September 6, 2012.

FC meeting adjourned at 3:05 p.m. Central time.

Summary of Action Items/Decisions from August 2, 2012 FC meeting

- 1) Approved the June 28, 2012 FC minutes.
- 2) Approved J-2 Regulating Reservoir Engineering Review Services contract.
- 3) Approved Lateral Erosion Research task order.
- 4) Approved CNPPID Water Service Agreement.