



# 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. *Sellers indicated that the price per acre-feet of score ranges \$360 to over \$3,000 depending on the number of acres signed up. Sellers indicated that the \$360/acre-ft of score is a higher price than any other project approved by the GC so far. Sellers recommend that there be a minimum number of acres (roughly 200 acres) to avoid excessive cost per acre-ft cost.* 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 15<sup>th</sup> 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, *so long as there is a limit on the number of acres or adjustment to the administration fee.* 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 28<sup>th</sup>.

**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. *[Schellpeper or Kenny?] indicated that the State of Nebraska cannot compensate the counties for lost tax revenue. 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. Sellers indicated that she is not supportive of PRRIP paying 100% of the lost revenue on principal, but due to the small price tag, she would support the PRRIP covering the 100% of what is necessary to make the counties whole during remainder of First Increment if the motion to approve reflected that concern and that there would be a re-evaluation of this issue prior to the Second Increment. 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 22<sup>nd</sup>, 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.