



PLATTE RIVER RECOVERY IMPLEMENTATION PROGRAM
Finance Committee Conference Call Minutes
July 8, 2011

Attendees

Mike Purcell, Chair – State of Wyoming
Jerry Kenny – ED
Chad Smith – ED Office
Bruce Sackett – ED Office
Larry Schulz – ED Office Consultant
Don Kraus – CNPPID
John Lawson – Bureau of Reclamation
Brock Merrill – Bureau of Reclamation
Jennifer Schellpeper – State of Nebraska
Jim Schneider – State of Nebraska
Mike George – U.S. Fish and Wildlife Service
John Heaston – The Nature Conservancy
Suzanne Sellers – Colorado Water Conservation Board

Welcome and Administrative

Finance Committee Chair Purcell called the meeting to order at 2:06 p.m. Central time. Kenny offered an agenda addition related to the J-2 reservoir for discussion after the Public Access Implementation Agreement. Heaston moved to approve the May 26, 2011 FC minutes; Schneider seconded. **May 26, 2011 minutes approved.**

Public Access Implementation Agreement

Kenny and Sackett discussed the agreement with the Nebraska Game and Parks Commission (NGPC) to implement the Program's Public Access Agreement. The agreement would be through both the PRRIF and the NCF and would be for a total of \$50,000 which is already budgeted for this item. The agreement received LAC and GC input and review, and the LAC and GC will annually approve the lands open for access and the allowable activities. Lawson asked about Item G – how is there a reduction to \$25,000? Kenny said this is a carrot from the NGPC – if the Program puts at least 7,000 acres into the accessible category, they would reduce their fee from \$5,000 to \$2,500. The Program is only opening about 3,000 acres at this point. That provision was left in as a possible incentive for future years. Sellers asked about changes as a result of the GC meeting. Kenny said there were three primary changes, all related to comments from Nebraska: clarification between “PRRIP” and “Program”; and a couple items in Appendix B where it was worded that it would be a mutual decision of the Program and the NGPC to make changes with regard to construction activities or other activities – changed that to the Program decides and informs. Sackett said all of these changes have been approved by the NGPC as well. The permission slips will also have information on the slips giving the Program the ability to rescind access if all items on the slips are not followed. Schellpeper identified two typos – Page 2, Item F, second line, double commas and an extra space; on Page 3, Item H, first line, “an invoice” needs to be split into two words. Kraus moved to approved the agreement; Heaston seconded. **Agreement approved.**

J-2 Reservoir Update

Kenny said there is a willing seller in the area where the Program would like to place the re-regulating reservoir. Sackett said he has had several conversations with the seller about his 600 acres that are

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considered Area 1 as a reservoir possibility. The seller is willing to sell the property for \$25,000 per acre -- \$15.385 million total. The price is based on the seller saying he is selling reservoir land, not farm land. Sackett has struggled with the numbers and he cannot find ground that sold in what the seller said was the \$30,000/acre range. Sackett has found land in the \$15,000-\$18,000 per acre range that were involved in some road projects, but those were for very small parcels. Sackett said he wanted the FC to be mindful of having a willing seller, which is hard to find in this reach, and the seller is knowledgeable as to the Program and this reservoir project. This seller has also forced our hand in that if we are going to do something, he wants to put together a contract to buy and he wants it done in August. He wants to close by the middle of December at the latest. Sackett said the seller has been very good to talk with and he has not been demanding. Kent Aden with CNPPID has been with Sackett at the last two meetings with the seller. Sackett said we would buy all of his property, which is a ½ mile of riverfront, a house, all water rights, all farm ground, and all hunting rights.

Kenny said this is “hot off the press” information. At a meeting with the Nebraska DNR, CNPPID, and the Program yesterday, the parties are moving forward developing a three-party agreement and this land item was discussed. This is brought to the FC for discussion and to develop the plan for moving forward. Given timelines desired by the seller, this would require convening a special GC meeting soon to get approval. Purcell asked about the overall cost of the J-2 project. Kenny said there are two reservoir areas. The estimated cost for both areas is \$40 million, but that was with land costs estimated at basic ag land values. That land estimate was about \$5 million, so this would add to the cost and would push the cost in Area 1 into the \$50-\$60 million range. This would result in a rough cost of \$1,300-\$1,500 per acre foot of yield, which is a fairly reasonable cost for permanent water. Purcell asked about the anticipated yield of the project. Kenny said 40,000 acre-feet total, some to the Program, some to Nebraska. Purcell said in comparison to the \$51 water the Program just agreed to buy from Wyoming, this water is \$58 so it is very close. Purcell said Kraus and his board needs to be comfortable with this kind of project and this cost. Kraus said he would need agreements in place with the other partners to bring this to his board. Purcell said you have to ask if there is another project that can give you water for a similar price, and also ask how far the Program wants to get out in front of a formal agreement with CNPPID. Furthermore, we have not seen a fatal flaw yet. One item might be, how much of the land cost could we re-coup if we had to sell it?

Kraus said another issue is if we go with Area 1 only, what would the project look like? Kenny said the yield would be roughly about 27,000 acre feet, but the water cost would still be in the same range as the cost if project are built at both sites. Purcell asked if this is land for both areas or just one. Sackett said just Area 1 at this time. Kraus said CNPPID is looking at the potential for mitigation to irrigation hydrocycling which cannot happen at Area 1 only. Lawson said Purcell laid out several of the things that have to be discussed before we can lay out \$15 million for land. We need to get agreements fleshed out with CNPPID and Nebraska. He understands the math for the cost per acre foot, but he has to take it back to the federal family to discuss the optics of this kind of expenditure given the current state of the national economy. Lawson said there are some real questions with regard to spending this kind of money, so several things have to come together to meet the timeline expressed by the seller. Purcell asked about the value of the house. Sackett said around \$140,000. Purcell said it is important to remind people that we have a good neighbor policy that works on a willing buyer/willing seller basis. Lawson said he understands that and hopes Sackett can find some comparable costs from other willing buyer/willing seller situations. Sackett said that will be very tough to find.



Purcell asked about the goal and timeline for discussions between the EDO, CNPPID, and Nebraska DNR. Kenny said the goal of getting agreements in place before agreeing to buy the land puts us on a much more aggressive timeline than previously discussed. Assuming the seller will lighten up on the August deadline, this is still an acceleration but it is not impossible. Purcell asked if it would help the process if some GC people were helping. Kenny said insight and experience would be very valuable and much appreciated. Kraus asked if Purcell is available to help. Purcell said yes. Kenny asked if Purcell has a template. Purcell said no. Kenny said one of the options discussed was cost allocation with a remaining cost-benefit approach which is widely applied. Heaston asked if the seller would agree to a clause saying the Program will pay 10% of the cost if the Program cannot ultimately purchase the land. Sackett said he is not sure.

Purcell asked the EDO to pull together:

- 1) A listing of the steps forward.
- 2) Timelines of these steps.
- 3) A draft three-party agreement between the Program, DNR, and CNPPID.

Closing Business

The next FC meeting will be a conference call on July 21, 2011 from 9:00-10:00 a.m. Central time.

FC meeting adjourned at 3:15 p.m. Central time.

Summary of Action Items/Decisions from July 8, 2011 FC meeting

- 1) Approved May 26, 2011 FC minutes.
- 2) Approved the Public Access Implementation Agreement.