

**MINUTES OF THE
SPECIAL WATER BANK MEETING
OF THE
BOARD OF DIRECTORS OF THE
MIDDLE RIO GRANDE CONSERVANCY DISTRICT
JANUARY 14, 2019**

Directors having been duly notified, Chairman Duggins called the special meeting of the MRGCD water bank to order at 2:00 pm at the MRGCD General Office. The following Directors and Staff were present:

DIRECTORS

Glen Duggins	Chairman
Joaquín Baca	Director
Karen Dunning	Director
John Kelly	Director
Beverly Romero	Director
Valerie Moore	Director

STAFF

Mike Hamman/CEO	Chief Engineer/CEO
Dr. DuMars	Chief Water Counsel
Bruce Wiggins	General Counsel
Lorna Wiggins	General Counsel
David Fergeson	Secretary-Treasurer
Jeanette Bustamante	Administrative Officer/CPO
Jason Casuga	Engineer Manager
Ricardo Varela	Warehouse Specialist
Sandy Ontiveros	Records Specialist
Alicia Lopez	Engineer 1
Christine Nardi	Human Resource Director
Willie West	Albuq. Division Mgr. Asst.

The following names of individuals were interested viewers and/or participants:

Scott Edeal, Self
Richard Barish, Sierra club

AGENDA ITEM NO. 1 – PLEDGE OF ALLEGIANCE

Scott Edeal led the Pledge of Allegiance.

Chairman Duggins welcomed the guests.

AGENDA ITEM NO. 2 – APPROVAL OF THE MEETING AGENDA

No adjustments to the agenda were made.

Director Dunning made the **MOTION TO APPROVE THE MEETING AGENDA**. Director Baca seconded the motion. The **MOTION CARRIED** unanimously.

AGENDA ITEM NO. 3 – WATER AVAILABILITY REPORT - David Gensler, Water Operations Manager

Mike Hamman provided today's report for Mr. Gensler. He reported that the snowpack is starting to build. We've had a series of storms in the basin, starting basically late September/early October. We received some good moisture in the form of rain and then melting snow in between storms so that the watershed began to build from the soil profile up, which is a good thing, because if you have a really wet watershed before the winter starts that

means that water gets locked up for the season, and then you have a much higher probability of good runoff making its way into the streams and into the reservoirs and down to our farmers, unlike last year, where we had virtually no winter precipitation, no fall precipitation, very little soil moisture going into winter precipitation. The watershed was extremely dry, and that's why we saw very little runoff when we finally got some storms in the winter and the spring of last year. So, we're off to a much better start.

Our snowpack in the Sangre de Cristo mountain range is 120% of average this time of year; however, where we really need it, it's only about 80 to 90% in the San Juan Mountains, and in the upper Rio Chama Watershed, it's hovering around 70%. We still need storms to keep coming, but the National Weather Service's prediction for the rest of the winter and into even late spring is that there's a higher probability of as much as 40% higher probability that we'll see above normal moisture right into late May or early June. So, the outlook is really good. It still has to develop, and a lot of times it does not. The predictions come up a little bit short. We get a lot of wind in the spring, and a lot of things can happen. So far, we're looking pretty good for the early winter precipitation pattern and the condition of the watershed as a whole.

The not-so-good news is we are going to be in Article 7 for the majority of the runoff, if not the whole year. So, what that means is that we're curtailed to be able to store during the runoff at El Vado, but we do have a credit of roughly 30,000-acre feet that we can store relative to the natural flow. If we have a really good runoff, we will more than likely have 100% supply of our San Juan-Chama, which is 20,900 acre feet, that is a total of 51,000-acre feet. We will store a little bit for what they call letter water, which is water that the Utility Authority owes the District for the make-up of water they take from the Rio Grande when they're pumping the city pumps. There are other little operational things that we'll be doing to optimize the operations, both for P&P operations and for Endangered Species operations to try to optimize the way the river behaves in the springtime in order to hopefully get a good spawn and recruitment flow for the Silvery Minnow as well.

Director Moore asked for clarification if we can store 21,000 SJ-C in El Vado. Mike Hamman explained that there are two pots of water that we rely on. We have the natural flow that comes down the river and through El Vado. We can store 30,000-acre feet of that because we have a credit accumulated due to Compact deliveries (that would be the last of it though, if we stored all that). Then, we have the San Juan-Chama Project, which delivers water into El Vado at our request, and that could be as much as 21,000-acre feet. Chuck DuMars explained that the reason is because San Juan-Chama is unrelated to the Compact. Mike Hamman further explained that as far as the water bank goes, we have a schedule that was adopted by the Board to manage the water bank situation. As long as the natural runoff is at or above that trigger point monthly (based on the numbers that David Gensler and the Board agreed to in the past), the water bank will be in full operations. Director Moore asked if there was a chance that the 21,000-acre feet could be adjusted if there is good snowpack. Mike Hamman responded that, no, there is a specific contract. They only allocate what we've paid for under that agreement.

Director Kelly asked if there was any work coming out of the drought contingency plan with West, Inc., that would impact a decision to use or not allow use of the water bank this year? Mike Hamman did not think so from what he knew about it. Director Kelly further asked if people elect to sign up on the water bank, it would more than likely be like any other year, and we will probably curtail the water bank mid-summer, to which Mike Hamman agreed. It was Director Kelly's understanding that MRGCD looks at those triggers on a biweekly basis, to which Mike Hamman also agreed. Chuck DuMars added that he thinks it is important that we understand the difference between this year and previous years. That is to say, when we say

casually but accurately, that our storage is going to be reduced, that is one of the triggers. When we are getting the monsoons, there is no plan B really at that point for curtailment.

Director Kelly asked further about sitting at 151,000-acre feet down at Elephant Butte and Caballo. What are they accumulating down there over the course of the winter in your best estimate? Mike Hamman responded that at the current rate, it's between 1,000 - 1,200-acre feet a day. At this time of the year, about a third of that is evaporation. The timing of the runoff will be the real telling situation and whether or not the EBID and EP number one and the delivery to Mexico is held up, like they've done in the past. EBID is a different situation than EP number one. They typically will take their water earlier than EBID because EBID likes to concentrate their surface water delivery some time after May 1. There is a possibility that if the runoff is pretty intense at the early part of the year, it might trigger an opportunity to store somewhere in May.

Director Dunning commented that when the triggers were set in previously years, they did not want to reevaluate the triggers every year. She was wondering if Mr. Hamman felt that the triggers should be looked at again. He did not feel it was necessary. He thinks by the change that was made in the rule last time to include the San Juan-Chama storage as part of the total calculation allowed the water bank to stay in operation a little longer this last year than it normally would have been. If anything, we could revisit how the triggers are being used by divisions because one division benefits from runoff triggers, based on where the rains are occurring.

Director Moore needed further clarification on San Juan-Chama being considered part of the Compact. Mike Hamman explained that it is part of the Compact in that it is accounted in the Compact process, called a trans-basin water supply that comes into the Rio Grande Basin. It is not subject to curtailment. It does not add to the index. There is a complex accounting procedure that subtracts it from the index gauge at Otowi (as it flows by the Otowi gauge). So, it is part of the Compact in the sense that it is in the mix for accounting, but it is not part of the Compact for us to be able to use it without worrying about the effects of the use of it. Insofar as restricting how much can be stored, the agency that allocates the water is the Bureau of Reclamation out of the San Juan-Chama project, which is a federal project. BOR is the entity that determines if there is going to be a shortage. They tell us how much we are allowed to use in shortage or if there will be a full supply.

AGENDA ITEM NO. 4 – MRGCD IRRIGATION / WATER BANK COMMITTEE REPORT & RECOMMENDATIONS ON WATER BANK LEASE RATES & FEES - Chairman Duggins, Directors Moore and Lente

The following are the recommendations from the Committee:

- Administration of \$100 per lease, which is good for five years.
- Upcoming water service charge of \$43/per acre, per year.
- Lease rate of \$50/per acre, per year.

Director Moore reported that the committee discussed the resolution and price set. The only thing she wanted was for Mr. Hamman to add something that shows the fees are for an unchanged five-year contract.

Director Kelly added that there would be a small checkbox so that people understand now is the time to make their decisions about what they will do with the alternative curtailment, not in June or July. Mike Hamman added that they are doing five-year contracts. The vast majorities of customers have small parcels and do not change every year.

Director Dunning asked how the numbers were decided on for the recommendation. She wondered if the prices reflected market rate. Mike Hamman responded that an in-depth process has not been done; however, he believes that the \$100 administrative fee is a good number since there is not a lot of cost to administer the program because folks do not really require a lot of changes. He also felt like the \$50 fee was also a comparable number in this part of the country, in an irrigation context.

Chairman Duggins asked for clarification on Director Dunning's question of charging "market rate" for water. He asked if she meant market rate for the water, like to see if MRGCD is in line with what the water is actually worth. Director Dunning agreed with his understanding. Chairman Duggins strongly believes that MRGCD should not be charging any more than what it takes to deliver the water. He does not feel MRGCD is in the profit-making business and stated he does not care what the market rate is. Director Kelly added that if there was a full cost analysis showing the true cost of delivering water in the system, maybe it would reduce the ad valorem assessment and triple the water service charge because there is a big subsidy that goes from assessments into all operations. He asked Chuck DuMars what they pay at Imperial Irrigation District. Chuck DuMars responded that it was much less, like \$28/acre, but it is low due to the big subsidies from urban users that added to the pot that pays for distribution costs. Director Kelly added that the \$43 rate reflects the adjustment we did on water service charge a year ago, and, should we increase that during the budget process this year, it will show up a year from now on the water bank.

Director Moore asked if we had reached the end of raising the regular water service charge. Mike Hamman responded that would be determined in the budget process. The reason that the water service charge was increased incrementally by \$3, from a starting point of \$28, was that the legislation initially was brought forth in 1995. The legislation allowed for a cost of business, like a COLA, to be attributed to it, and that was never done between '95 and when we started this here about five years ago. This is kind of a catch-up period. We will have to do a quick analysis and present that at the budget hearings coming up in April.

AGENDA ITEM NO. 5 – ITEMS FROM THE FLOOR (Comments are held to six (6) minutes)

Scott Edeal

Mr. Edeal just wanted to make a comment about the rates. He felt that paying \$50 was just too high with the water uncertainty on high valued crops such a corn, he is inclined not to plant on water bank land due to risk, but what he would like the Board to consider is a reduce the rate , for cover crops (crops that would just maintain his land). He suggested that maybe next year if they drop to \$25 for that purpose it might be worth it. Discussion ensued with all Directors trying to understand the issue. It was suggested that this discussion continue throughout the year and perhaps looking at rates for next year.

AGENDA ITEM NO. 6 – SET WATER BANK LEASE RATES & FEES

The Motion was made for the following: Set the water bank lease rates and fees, as was described earlier, \$100 admin fee, which is good for five years, subject to no changes to the contract; \$43 water service charge, which is good for this year and subject to change a year from now, based on our budget; and then \$50 per acre lease rate.

Director Kelly made the **MOTION TO APPROVE THE WATER BANK LEASE RATES AND FEES**. Director Moore seconded the motion. The **MOTION CARRIED**.

AGENDA ITEM NO. 7 – CONSIDERATION OF RESOLUTION M-01-14-19-116.7 - ADOPTION OF WATER BANK RATES & FEES FOR 2019 IRRIGATION SEASON

The Motion was made for Approval of Resolution M-01-14-19-116.7, Adoption of Water Bank Rates and Fees for the 2019 Irrigation Season, provided that a caveat put in there to describe the five-year term of the admin fee.

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE MIDDLE RIO GRANDE CONSERVANCY DISTRICT**

ADOPTION OF WATER BANK RATES & FEES FOR 2019 IRRIGATION SEASON

M-01-14-19-116.7

WHEREAS, the Board of Directors (Board) of the Middle Rio Grande Conservancy District (District), has reviewed a recommendation from the Board's Water Bank Committee for fees for the 2019 irrigation season; and

WHEREAS, at a Special Meeting of the Board held January 14, 2019 called for the purpose of establishing Water Bank Rates and Fees, the Board approved the following for the 2019 irrigation season:

<i>Administration Fee</i>	<i>\$100/per lease (Subject to "NO" Changes to WB Contract)</i>
<i>Water Service Charge (per acre)</i>	<i>\$43/acre/year</i>
<i>Lease Rate (per acre)</i>	<i>\$50/acre/year</i>

NOW, THEREFORE, BE IT HEREBY RESOLVED that the Governing Body of the Middle Rio Grande Conservancy District, hereby approves the fees and lease rates for the Water Bank hereinabove described.

RESOLVED: in session this 14th day of January, 2019.

MIDDLE RIO GRANDE CONSERVANCY DISTRICT

Glen Duggins, Chairman of the Board

ATTEST:

David M. Ferguson, Secretary/Treasurer

Director Kelly made the **MOTION TO APPROVE RESOLUTION M-01-14-19-116.7 - ADOPTION OF WATER BANK RATES AND FEES FOR THE 2019 IRRIGATION SEASON.** Director Baca seconded the motion. The **MOTION CARRIED.**

With no further comments, questions or concerns, Director Kelly made the **MOTION TO ADJOURN THE SPECIAL MEETING.** Director Moore seconded the motion and the **MOTION CARRIED** unanimously.

The meeting was adjourned at 2:58 p.m.

Approved to be the correct Minutes of the Special Meeting of the Board of Directors on January 14, 2019 regarding MRGCD Water Bank.

ATTESTED:

David M. Fergeson
Secretary/Treasurer

Glen Duggins, Chairman of the Board
Middle Rio Grande Conservancy District