

**Animas Consolidated Ditch Company**  
**122<sup>nd</sup> Annual Shareholder Meeting**  
**March 19, 2016 – 10:00 a.m.**

Animas Valley Grange Hall – 7271 CR 203, Durango, CO 81301

**Call to Order:** Dan James, President, called the meeting to order at 10:05 a.m. and reminded the shareholders to sign in.

**Introductions:** The President introduced the following: board members Brett Schaffer, Tim Holt, Dan James, Ed Zink, and Eric Bikis; ditch walker Jud Hassel; ACD attorney Nancy Agro and ACD bookkeeper Meme Eberspacher.

**Minutes Approval from March 14, 2015:** Ed Zink moved for approval and Jake Archuleta seconded the motion. The motion was unanimously approved.

**President's Report:** Dan James thanked everyone for their participation in keeping the ditch clean, keeping an eye on problems in the ditch and notifying the ditch walker, Jud of the problems and concerns. The president also reminded members to recognize the setbacks on the ditch easements, and reminded them to contact the ditch rider or ditch secretary with projects so they can be reviewed and permitted to minimize impacts to the ditch operations.

Mr. James informed the shareholders that the ditch company owned a small piece of land on the Hermosa. The ditch company sold the land to Don Ricedorff and firmed up its easements along with the sale. Don Ricedorff commented that the property is preserved into perpetuity as open space.

Regarding the Gold King Mine spill, the ditch company received notice of the spill and closed the headgate from the Animas. The headgate couldn't be shut down completely, and a small amount of sediment got into the ditch at the upper section. From the Hermosa headgate south, the company ran only Hermosa water during the period of shut-off.

**San Juan Basin Health Report:** The president then introduced Liane Jollon, RN, Executive Director for San Juan Basin Health, and Brian Devine, Environmental Health Specialist for San Juan Basin Health. Ms. Jollon explained that the agency is tasked to monitor, investigate and communicate regarding health issues in the area. For this incident, the focus is on water quality and sedimentation. Spring runoff is expected to be similar to prior years. They expect to see remnants of the Gold King Mine runoff. Because of the spill, state and local partners have upped the emergency planning process. Overall, this has highlighted awareness of the mineralization of water because we live below a highly mineralized mining district.

Brian Devine next introduced himself and explained that he was brought in after the spill to do assessments of water quality and communication to the community. The Animas river water quality right now is similar to what it has been in the past. There has been some discoloration because of flush in the sediment. Discoloration will also occur in the spring, but the modeling suggests the spring runoff will not pose any risk to water quality operations. Water quality in the

Animas almost never exceeds agricultural water quality standards. This includes livestock and irrigation. Aquatic standards are occasionally exceeded when sediment is flushing. They do not expect to have a problem with the fish during the spring run off this year. Jim White from CPW sent some fish tissue up for testing this week. They are not expecting to have any problems with this testing.

There are two things that are different in this spring runoff from last fall: the amount of metals and the amount of water. There were a lot of the metals released during the spill. It was the equivalent of about a week's worth of the usual metals that come down the river. It will not be as noticeable in the spring because of the increased volume of water. The concentration is more important than the amount of metals that are passing through. The sediment that is still there is a very small proportion of the total amount of sediment that will go up into the water in the spring because of the amount of water in the river. However, they are not just relying on that modeled expectation. There will be three places that have real time data coming into emergency management, the health department and the state. There is no "real time" monitoring of metals concentrations. The probes will determine when there are changes in PH, conductivity, flow, turbidity, etc., and this will alert the health department to go take samples in the river. The probes will send data every five minutes. If anything is out of the ordinary, the health department will take a sample and will correlate it to the time of the change detected by the probe. This will help determine how that changes when the metals are present. Once the sensors are in place, there will be a website to allow people to get real-time data.

**There next ensued questions from the floor:**

**Q:** The real problem in the river is not from the mine, and could there be more focus on other environmental pollutants?

**A:** *Over the long term, this can help determine the holistic health of the river, but at this time the focus is on metals.*

**Q:** Is there going to be testing of nitrogen?

**A:** *There is no "real time" testing right now. It is a bigger problem south of Durango. Fertilizer is one of the inputs into nitrogen, but not the only one.*

**Q:** Are we testing for corrosives like what caused the problem in Flint, MI?

**A:** *The state tests water at the intake and the finished product. There is no problem in the Animas Water Company. If you are on a well, you are on your own for testing your water.*

**Q:** There are a lot of organizations that are working on water quality issues. How is this being handled?

**A:** *Created the Animas River Community Forum –Met monthly after the spill, now meets every other month. Funding will only go to the agencies, so there needs to be coordination.*

**Q:** What testing was done on Animas Water Company?

**A:** *John Ott, Manager of the Animas Water Company replied that the company was under close scrutiny from state and EPA and conducted extensive testing of wells close to the river. That occurred every two weeks over several months. Both the source water and at the distribution system were tested. Most of the time lead comes out of the homeowner's plumbing, not from*

*the ground water. AWC does not have lead piping in the system unlike Flint. Even the fixtures are made from low lead brass.*

**Q:** Gold King raised awareness that we live downstream of a mining district. Thousands of years before that, we were downstream from a highly mineralized geologic formation. Is there a real concern?

**A:** *These studies are going to help set a precedent for testing in other places. There is potential for a spill even larger than the Gold King.*

**Q:** Projected date for the sensors?

**A:** *In the next two weeks.*

**Q:** Location?

**A:** *At existing USGS Gauges – Cement creek, Animas River Animas River Canyon, Tall Timbers Resort. Exploring for Baker’s Bridge and at 30<sup>th</sup>, but no funding yet for those.*

**Q:** Has there ever been a measurement that exceeded safe drinking water standards?

**A:** *Yes, at many locations but for less than 24 hours. Lead (primary standard), Iron and Manganese (secondary), Arsenic was also exceeded. Standards are set for long term exposure (8 glasses per day for 30 years). For fish – bioaccumulation is being studied, which is the accumulation of metals into the tissue of fish. They haven’t seen any concerning results yet. Of the fish that were caged in the river, 99 out of 100 of the fish survived. They are also studying macro invertebrates – bugs that eventually make it into the fish. All of the bugs survived and but might have taken some metals in. Don’t believe there are any increased risks for this spring over what have been going onto the fields and into the fish for years.*

**Q:** Mercury?

**A:** *Haven’t seen any spikes in Mercury since August. There is historical data that shows Mercury in the river.*

**Q:** Fish standards exceeded- Acute or chronic (30 days)?

**A:** *Yes exceeded standards briefly. Aluminum and Zinc are the most important to track for fish.*

### **Animas Diversion Project reported by Ed Zink and Shane Sigle, PE:**

Ed Zink provided an overview. There has been a significant amount of gravel taken out of the river at the upper end of the valley, which has caused head cutting and lowers the level of the river. That makes it harder to get it out of the river and into the ditch. The ditch company obtained a grant to study the condition.

Shane Sigle, PE acting Director with Riverwise Engineering, reported that he has been studying the river and preparing reports for three years. Substantial gravel from the bed of the river has been mined. No active gravel mining at this time as of a week or two ago. There could be new permits issued, however. There is a gravel mine half mile downstream from ACD headgate called the Thomas Pit. It was 17 feet deep at maximum. Sediment from upstream deposits into the pit. The energy creates a waterfall that moves upstream creating a rapid. This also has the

potential to impact the Reid ditch headgate, and there are 5 ditch companies that use these two headgates.

Sigle did a historical data collection and Compiled data back to the 1960's. He also started monitoring the river, and analyzing the new data being collected.

Clearly there is a head cut, and it is moving in the direction of the ditch company headgate. It is 420 feet from the headgate right now. The rate of movement depends on the type of spring runoff and the river discharge rates both during the spring runoff and in the fall when the Animas is known to have some of its highest flows. Isolating the survey data collection and more narrowly tailoring the data. There are potential impacts to the headgate. It is already changing the "thalweg", which is the lowest spot. It is already moving away from the headgate to the east side of river. The more the river is dropping, the harder it is to get water into the headgate.

It is the intention to use this data to apply for a grant to stabilize the headgate. The need for stabilization is more than just moving a little bit of dirt. Instead, it would be river wide to create a stabilized river channel. It is very expensive.

At Santa Rita intake, this winter the City will take water out of the Animas River because there will be construction on Lemon Dam. The City's headgate has experienced something very similar. Structure will start late this summer.

**There next ensued questions from the floor:**

**Q:** How does this affect Reid Ditch headgate?

**A:** *It isn't near the Reid ditch headgate yet. Good news is that the head cut will dissipate as it moves upstream assuming there is no further mining. Reid Ditch may be impacted by the head cut. But, the stabilization structure will solve the problems at the Reid Ditch as well.*

**Q:** What type of structures will be used?

**A:** *Structures will protect the headgate, keep the river navigable, and keep it safe for fish. Will use boulders whenever possible, and minimize the grout.*

**Financial Report by Treasurer, Ed Zink:** There was a discussion regarding big projects and that they are trying to tackle them one at a time to minimize depletion of reserves. If there is failure there is the potential for flooding, damage, etc. This is why there is a need to continue to make progress with the large structures. There are nearly 500 structures along the 12-mile length of the ditch. If we fix and update only 10 per year, it will take 50 years to get to all of them. It is important that the ditch company keep up with maintenance and not get behind.

**There ensued questions from the floor:**

**Q:** List of projects, are those available?

**A:** *Yes, the ditch company has a list, and can talk to the company.*

*The company is committed to work with landowners to make this work for everyone in the most cost effective manner.*

The Bruckbauer's began a discussion regarding the culvert situation at their property located at 4622 CR 203. The board stated that this project is the number one priority for the ditch company this year.

The next issue raised was that of board members work during the Gold King Mine emergency. Board members do not work for the ditch company unless it is a specific task and approved in advance. In the Gold King situation, board members put in many hours of work which were not approved in advance because of the nature of the emergency. If the company pays the board members, it can submit a request for reimbursement from the EPA if possible.

Jim Libby made a motion to pay the board members for their time and then submit it to the EPA and attempt recovery. It was seconded by Don Ricedorff. The motion was amended to add a \$7,500 cap. The motion was unanimously approved by the shareholders.

Jake Archuleta moved approval of the budget. George Widmeyer seconded the motion. The motion was unanimously approved.

**Ditch Walker Report:** Jud Hassel reported that he is running 10.5 CFS livestock water currently. April 16<sup>th</sup> is the proposed opening date. There will be some headgate replacements prior to the running of irrigation water. Jud asked for reports from shareholders when there are problems.

David James commented that the company is very fortunate to have Jud as a ditch rider.

**There next ensued questions from the floor:**

**Q:** Should we run water sooner, earlier in the spring to preserve the water rights?

**A:** *The ditch company generally begins irrigation diversions 2 weeks or more earlier than other ditch companies. The attorney answered that the issue of losing the water rights would generally occur only in the event of a change in use. It is unlikely that DWR would seek to abandon the water right for an incremental period based on no use. Additionally, if there isn't a beneficial use for the water, there would be no credit for the diversion.*

Eric Bikis provided a report regarding rainfall. Generally, the snow water equivalent (the water in the snowpack) is about 85-100% of the median, with the southern half of the state showing the lowest values. However, things are about average when considering cumulative precipitation for the 2016 Water Year, indicating that a larger portion of the precipitation came in the form of rain.

**From the Floor:**

Jim Libby complimented Meme Eberspacher for sending emails to the shareholders, and for the outstanding job she has done of creating and keeping up the website.

**Board Member Election:** Eric Bikis was recommended by the board to run for another term and he has agreed to run. There were no nominations from the floor. Mr. Bikis was elected by acclamation.

The meeting adjourned at 12:00 p.m.