

125<sup>th</sup> Annual Stockholders Meeting of the  
Animas Consolidated Ditch Company  
March 2, 2019, 10:00 a.m.  
Animas Valley Grange Hall, 7271 CR 203, Durango, CO 81301

- I. Call to Order: The president called the meeting to order at 10:07 a.m.
- II. The President, Dan James, introduced the rest of the Board and staff: Ed Zink (Treasurer-Secretary), Eric Bikis, Tim Holt (Vice President - not present) and Brett Shaffer; Jud Hassel, ditch walker, Jill Dillon, office manager, Meme Eberspacher (former bookkeeper) and Nancy Agro, attorney.
- III. Minutes: There was a typographical error on the minutes as to the year of the minutes that were approved. With that correction, Shareholder Jake Archuleta moved for approval of the minutes of the Annual meeting held March 3, 2018. Shirley Dills seconded the motion, and the shareholders unanimously approved the motion.

IV. President's Report:

Mr. James reported that, due to the fire and the potential for floods and increased debris flow, the Board determined it would be better to raise assessments rather than using reserves to repair the ditch.

Mr. James recapped last season. The 416 fire was a huge challenge. Firefighters pulled water out of the ditch to help fight the fire with the cooperation of the ditch company. Then, after the fire, debris from floods caused significant issues. There was flooding at locations where culverts were not cleaned out or in disrepair as well as at other locations. Flooding occurred in pastures and in urbanized areas. The ditch walker worked hard to dig out the ditch and clean out silt and debris. Shareholders also helped at their own properties.

Last year was one of the driest years ever, but there was still no call on the river because everyone worked together to avoid a call. Shareholders have learned a lot and are working on more efficient irrigation practices.

The ditch has an easement on private property. There are also setbacks needed for the ditch bank, particularly where it is on a hillside. In the past, construction has occurred within the ditch bank without ditch company knowledge and input, and the ditch company is working diligently to prevent accidental encroachments. There are different types of encroachments including vegetation, construction, and culverts placed directly in the ditch. These are all areas of concern that require an encroachment agreement with both planning and engineering. There is also an

encroachment fee, which covers the cost of preparing and reviewing the proposal, as well as future increased maintenance as a result of the encroachment.

The agreement is recorded and passes to the new landowner when the property sells. Older encroachments that don't have written agreements are being cleaned up as problems arise and work needs to be done.

Laterals are not the ditch company's responsibility, and the private landowners need to address encroachments on their own. The ditch company can offer friendly advice to help facilitate.

Mountain Studies Institute has been studying the water quality and aquatic biology for many years, before Gold King, and before the fire. The fire created more hazardous water quality than the Gold King spill.

V. 416 Fire Impact and Mitigation Grant Strategy: Ed Zink

Brian Devine from San Juan Basin Public Health has tested the silt in the water. The preliminary analysis is that the water is fine for agricultural purposes. The ditch company will continue to monitor this.

The Ditch Company has been applying for grants to help improve the ditch and conduct maintenance and repairs as a result of the fire. These grant opportunities include:

- 1) Southwestern Water Conservation District, which is a taxing entity. They have awarded a grant to Animas Consolidated Ditch;
- 2) Colorado Water Conservation Board – a grant has been awarded through the local Round Table. The Round Table has sent a letter of recommendation to the state-wide Colorado Water Conservation Board to award our grant request. We expect to hear the results of their review in late March.
- 3) Natural Resources Conservation Services, which requires that grant applications be made by individual landowners. Currently, two board members are applying for EQIP grants for ditch improvements.

The grants described above specify that applicants meet matching expenditure requirements which is part of the reason shareholder assessments were raised. The grant money does not have to be spent all in one year.

Working with all the local ditches, Animas Consolidated took the lead on the project, but all of the ditch companies are in cooperation. For example, when the Hermosa was unusable last summer, the Hermosa Company Ditch would have had to cease operations. Animas Consolidated Ditch Company put some of its water into the Hermosa Company Ditch so they could continue to operate.

Because it is adjacent to the burn scar, the Animas Consolidated is the first ditch that is impacted and the biggest. Cleaning out trees and taking care of problem culverts helps rid the ditch of debris more quickly. So, improving structures is important. Five new and/or improved structures are planned that will create a system for the ditch to become self-cleaning and will reduce costs both short term and long term.

The locations in the grant proposals are:

- 1) the intake from the Animas River,
- 2) structures at James Ranch,
- 3) the grizzly at Hermosa,
- 4) south of Trimble,
- 5) improve the structure at Falls Creek.

These locations will allow the ditch to divert water to the Animas River.

If shareholders have any ideas as to additional projects that would help the ditch, please contact the ditch company. There is some latitude to increase the size of the project.

Proposed camera installations will also help evaluate and provide more advance notice of flooding and other conditions. La Plata County and other agencies will also be able to use the cameras.

The ditch company will keep the website updated and will consider a tour for interested shareholders.

The ditch company is working with the railroad to enlarge the culvert at the railroad bridge.

At Animosa Subdivision, Tripp Creek is a big concern, but due to its complexity, there is not a solution yet. The subdivision pond also needs to be cleaned out. But a decorative pond will not be a priority for grant money. Instead projects that help the ditch as a whole, and protect life, property and agricultural irrigation are priorities.

The goal is to get some of these structures completed before the ditch is opened this spring.

Tripp has a culvert that goes over the ditch to keep Tripp Creek water from dropping into the ditch. It needs to be bigger with the current debris flows.

After the headgate is closed, it still takes a long time for water level to de-water. For example, it takes up to 4 hours to de-water from the main diversion to the Hermosa. Automated technology is expensive, and it has made more sense to have people available as much as possible.

The ditch company does plan to clean out the bottom of ditch because of all the silt. Debris will be put on the ditch bank.

Regarding the High Meadows and Falls Creek diversion of flood water, Lindsey Hanson from the Forest Service will conduct a tour at Falls Creek to look at what they did. Even if they hadn't exacerbated the debris problem, it will still come down.

With regard to the potential liability of the ditch company for flooding/debris problems, ditches are held to a standard of non-negligence. They must act prudently. Ditches seep, break, and flood. Those issues don't create liability.

Shareholders will be notified by the ditch company by email of significant weather/flood events related to the fire, but they are all encouraged to get on the County's Code Red system as well.

VI. Financial Reports: Ed Zink, Treasurer, made a presentation on the finances.

Shareholders' cooperation helps keep the cost of ditch maintenance down.

The company currently collects approximately \$63,000 per year in assessments. The total increased assessments will bring in an additional \$10,000 more, for a total of \$73,641.50.

Comparing assessments to other ditch companies, this is the lowest we know of in Colorado.

VII. Board Member Election: The board recommended Eric Bikis for another three-year term. There were no nominations from the floor. Mr. Bikis was re-elected by acclamation.

VIII. Ditch Walker Report: Jud Hassel thanked everyone for cooperation. He reported they have a lot to do this season.

IX. Old Business:

Board positions are not paid. However, if a board member provides a service that would otherwise be paid, then board members can be paid for those services. Mr. Zink asked the membership if they are comfortable with board members being compensated for their time.

Jim Libby moved that where the company is in need of services, and there is a qualified board member to provide those services, the company should compensate the board members at the going rate where they provide services to the company. The Motion was seconded by Shirley Dills. The motion passed unanimously.

X. New Business:

- a. The Water Supply Outlook Report was presented by Eric Bikis. Water supply conditions in Colorado, Western US, Upper Colorado and how it is operating, and the drought conditions were discussed. Colorado Basin as a whole is on the decline. The snow water equivalent map for Colorado showed SWE is currently 106 to 121% of normal in this region. Last year at this time, Animas was 53%, this year 129%. Upper Colorado is 113% of normal, 86% of the way to the normal peak. The February 1 estimate for this year of most probable unregulated inflow into Lake Powell is 7.5 million acre feet. The wet February may increase this amount. Lake Powell will release 8.6 million acre feet. So, Lake Powell will drop this year. The soils are so dry because of last year's condition that a lot of the moisture will go into the ground before it gets to Lake Powell. If the lake level gets to a critical level (elevation at 3,525 feet), Powell can't make power, so 2 million acre feet of water will be pulled from three large upper basin reservoirs (Flaming Gorge, Navajo and Blue Mesa) to get back to that level. All of the Colorado River Storage Project reservoirs combined hold about 60 million acre feet and are currently at 28 million acre feet (47% of capacity).

After a fire, the severely burned earth becomes hydrophobic until it regenerates. Severely burned areas take 3-5 years to get back to normal. The BAER report downgraded the amount of area that was severely burned, which is good news for the area.

Mr. James reminded the shareholders to look out for issues on the ditch and contact the ditch walker if they see problems.

XI. The meeting was adjourned at 11:45 a.m.