

**ELEPHANT BUTTE IRRIGATION DISTRICT
BOARD OF DIRECTORS MEETING
March 8, 2006**

The monthly meeting of the Board of Directors of the Elephant Butte Irrigation District was held on Wednesday, March 8, 2006. The meeting was called to order by President James Salopek on a motion by Jerry Franzoy, seconded by Bill Gary. Tom Simpson was absent.

Roll Call

EBID Staff present were Henry Magallanez, Engineer; Gail Norvell, Controller; EAC Co-Chairs Tom Hansen, Human Resources Director and Linda Armijo, Accounting Assistant; Ricardo Bejarano, Water Master; Ted Horner, Maintenance Chief; and Fernie Ortiz, Land Specialist.

Also present were Alvin Dominguez, NM DOT; Dino, Emma Jean and Joseph Cervantes, Cervantes Enterprises; Kirk Clifton, Larry White and Elba Burke, Katerina Inc.; Calvin Chavez, NM OSE; Narendra Gunaji, Representing Picacho Hills Utilities; Gene Polk, CLC; Kevin Bixby, SWEC; Dave Simon, Stan Ellis and Rolf Hechler, NM State Parks; Brian Hainer, US F&W Service; Luis Rios, NM Game and Fish; Carol Parker and Ted Apodaca, Energy Minerals & Natural Resources. and Marvin Tessner, LC Bulletin.

Also present were Steve Hernandez, Hubert & Hernandez, P.A and Phil King, Engineering Consultant.

Willie Koenig motioned and Joe Nelson seconded to approve the minutes of the February 8, 2006 Board meeting. Motion carried.

Minutes Approval

Bill Gary motioned and Jerry Franzoy seconded to approve the minutes of the February 8, 2006 Water Transfer Hearing. Motion carried.

The water supply outlook was presented. The storage totals on March 1, 2006 with a comparison for last year are as follows:

Water Supply

	<u>03/01/2005</u>	<u>03/01/2006</u>
Elephant Butte	297,720	498,870
Caballo	<u>33,280</u>	<u>18,300</u>
	331,000	517,170

The water supply was discussed. As of the meeting date, combined storage in the reservoirs was 40% of normal. It will be very optimistic if we get a two foot allotment this year.

Items on the calendar were discussed. Dates include the Rio Grande Compact Commission annual meeting to be held in El Paso on March 23rd; the Rio Grand Basin Initiative Conference to be held in Ruidoso beginning the 27th of March; and the NWRA conference to be held in Washington, DC beginning April 3rd.

Calendar

Linda Armijo and Tom Hansen gave the Employee Advisory Committee update. They discussed the employee survey which was taken by 61% of the employees, from all areas and job descriptions, and from all ranks of employees. They reported that the survey was presented at a meeting with staff and middle managers and that the survey was well accepted and that improvements can be made with the outcome of the survey.

EAC Report

Ms. Armijo asked about the progress on the drilling of a new well at the Chamberino yard. It was reported that the state engineer was holding up the process and was not giving out the permit. Calvin Chavez was asked to comment on the permit status. After discussion and comment by Linda Armijo on the quality of the well, Mr. Chavez said that if we would prepare an application and declaration, the matter could be pushed through on an emergency status.

Chamberino Well

The matter of the start of the 2006 Irrigation season was discussed. Mr. Bejarano reported that the District had a total of 1844 ac/ft on order as of the day of the meeting. EP#1 released 500 ac/ft and the Bureau was releasing 150 ac/ft for a total of 650 ad/ft in the river as of the date of the meeting. On Monday the 12th, orders will be re-evaluated and if there are enough, we'll schedule a Friday, March 17th release for the beginning of the 2006 season.

2006 Irrigation Season Opening Dates

Jerry Franzoy made a motion to by-pass EP#1 water, if they approved, to flush out the system by running water through the array system and back in at Leasburg, and continuing down the system. Bill Gary seconded the motion. Motion carried. This will be done by ordering water on Friday, March 10th, and letting it run all weekend. It will be shut back down if there are not enough orders to start the season on Monday the 13th.

Dispatch will continue to work a straight day shift until the water season actually begins.

Ted Horner, Maintenance Chief gave a report on the progress of the maintenance season. He reported that they were finishing up the jobs with pipe work and concrete

2006 Maintenance

laid. Approximately 5.5 miles of pipe have been installed and approximately 350 CY of concrete were laid this season. They managed to finish 5 years worth of work in 3 years, completing 21 laterals and 18 miles total. The jobs finished out \$200,000 under budget. The District will use this approximate \$200,000 to order pipe for future jobs.

Season Report

The situation with NM One Call was discussed. New rules and regulations must be followed and internal procedures and guidelines will need to be re-examined. Auguring, back filling, ditching, boring, etc. must go through One Call. Staff will review the permit process and if necessary, require an additional impact fee.

NM One Call

Mr. Esslinger announced that Ted Horner would be retiring effective March 17th. James Salopek presented him with a plaque for his 27 years of service.

Retirement of Ted Horner

Mr. Alvin Dominguez of NM Dept. of Transportation came before the board to discuss the problem at the Montoya Crossing in Sunland Park and the Montoya drain. NM DOT is working to correct the problem. Steve Hernandez asked Mr. Dominguez to send a letter to Mr. Victor Diaz of Lazy S Stables letting him know that the problem is being corrected. Mr. Esslinger asked that he also be in touch with Jesus Reyes of EP#1 since EP#1 is also affected by the water backing up in the drain.

NM DOT/
Montoya Drain

Henry Magallanez presented the following special use permits:

Special Use Permits

1. 06-L-020 – Katerina Inc.; to construct, operate and maintain a new culvert vehicle crossing the Newsome Lateral at approximate station 86+00 and the Del Rio Drain at approximate station 55+00. Assessment, \$1,054.65.
2. 06-L-022 – Q-west Communications; to construct, operate and maintain a new buried communication cable crossing the Barrio Lateral at approximate station 25+79. Assessment, \$2,366.11.
3. 06-L-023 – El Paso Electric Co.; to construct, operate and maintain a new aerial electric powerline crossing the Alamo Lateral at approximate station 34+00 and the Del Rio Drain at approximate station 1060+00. Assessment, \$6,444.78.

Total Assessments, \$9,865.54.

Under Moratorium:

4. 06-L-021 – City of Las Cruces; to construct, operate and maintain a new 2" buried gas line crossing and paralleling the Picacho Drain, Picacho Lateral, Picacho "C" Lateral and the School Lateral at various stations. Assessment, \$8,999.19.
5. 06-L-009 – Picacho Hills Utility Company; to construct, operate, maintain a new 8" effluent transmission line paralleling the School Lateral and Bamert Road from Approximate stations 24+40 to 49+94 for approximately 2,554 feet. Assessment, \$42,530.30. Tabled to the April.

Total Assessments: \$51,529.49.

Representatives from Cervantes Enterprises were present to protest permit number 06-L-020 for Katerina Inc. Cervantes Ent. Was protesting due to the access problems with the piece of land that Katerina Inc. purchased and is requesting a new culvert vehicle crossing. Cervantes feels that the land will be developed, but representatives from Katerina Inc. said that there were no plans to develop the property at this time. Bill Gary motioned and Jerry Franzoy seconded to table this license for a site visit to the location of the installation. Motion carried.

Katerina Inc. License

Bill Gary motioned and Willie Koenig seconded to table License 06-L-021 – City of Las Cruces, and approve 06-L-022 and 06-L-023. Motion Carried.

License 06-L-009 – Picacho Hills Utility Company was discussed. Dr. Narend Gunagi was present to represent Picacho Hills. This license is for installation of an 8-inch treated effluent transmission line paralleling the School Lateral and Bamert Road. Robert Sloan motioned and Willie Koenig seconded that this license be tabled pending Picacho Hills Utility contacting landowners impacted by the pipe line.

Picacho Hills Effluent Line

The request for variance for Rawson for a change of variance for 2 acre minimum request was discussed. Rawson is requesting to take 4 parcels and moving those water rights to three other green parcels. This would put all of the water from the four 'move from' parcels into one farm account in the three 'move to' parcels for the purpose of ordering water. Jerry Franzoy motioned and Robert Faubion seconded to approve the variance. Motion carried.

Rawson Variance Request

The matter of expanding the District's boundaries was discussed. A letter has been sent to the Bureau requesting their blessing on this proposed expansion. As of the date of the meeting, no response had been received. The District will continue

Boundary Expansion

working with the CLC and Thurston to get this matter published and presented to the April meeting.

Mr. Magallanez reported that Mr. Hussain had filed bankruptcy. EBID will work to modify the channel and the work will be scheduled accordingly on EBID ROW as planned

Hussain
Bankruptcy

A letter was received from Highland Enterprises requesting to purchase the stockpile of fill material left to the District following I-10 work. Highland offered \$1.00 CY for this material. Jerry Franzoy motioned and Robert Sloan seconded to deny Highland Enterprises request to purchase the material for \$1.00 a CY as there were other offers. Motion carried. The District may use this material in it's normal O&M.

Highland
Enterprises
Request to
purchase fill
material

The Manager's update followed. Items discussed were as follows:

Manager's
Update

RGCC Annual meeting - The Manager discussed the Rio Grande Compact Commission Annual Meeting to be held March 23rd in El Paso. Gary Esslinger, James Salopek, Willie Koenig and Jerry Franzoy are scheduled to attend.

RGCC Meeting

Domestic Well Hearing - The matter of the domestic well public hearing was discussed. Questions asked were What criteria used to make the call? According to SE John D'Antonio, within 5 years the Lower Rio Grande will go to domestic well designation which is limited to 1 ac/ft. There is still much debate going on.

Domestic Well
Discussion

NM Legislative Update - Gary Esslinger and Steve Hernandez gave an update on the NM Legislative session that just ended. Nothing of importance to the District was passed including the Special Master Legislation. And most water fund bills did not get through.

NM Legislative
Update

Family Farm Alliance Conference - Gary Esslinger, James Salopek and Steve Hernandez talked about the Family Farm Alliance Conference which had just ended in Las Vegas. One topic of interest was that the Fryant Irrigation District in California was working on a similar safe harbor agreement.

FFA
Conference
Update

Mesilla Valley Bosque State Park - Mr. Dave Simon of the NM State Parks discussed the general status of the new park and presented the timeline to get the safe harbor agreement in place and the park on its way. According to the timeline, the park should be completed prior to irrigation season of 2007. The NM State Parks will indemnify EBID through risk management and will work toward finalizing a safe harbor agreement by early 2007. EBID will revoke the current permit with the City of Las Cruces and issue a new permit to NM State Parks for the access and use of water along the Picacho Drain. NM State Parks will pay for all fees and associated studies. EBID Staff will work with NM State Parks to complete the permit.

MV Bosque
State Park

The timeline for the park is as follows:

- May, 2006, Southwestern willow flycatcher survey begins paid for by SPD
- July 2006 – Survey concludes
- July 31, 2006 – Survey report from contractor delivered to State Parks
- August 1, 2006 – Completed SHA application delivered to FWS
- August 21, 2006 – Initial review by FWS biologist complete
- September, 2006 – Secondary review by supervisory FWS complete
- September or October, 2006 – Federal Register notice of FWS intent to complete SHA
- October 2006 Public comments summarized and addressed by FWS
- Late October/Early November – Biological opinion completed
- November 2006 – FWS Regional Director signs SHA

Jerry Franzoy motioned and Willie Koenig seconded that the Board break for lunch. Following lunch, Bill Gary motioned and Jerry Franzoy seconded that the meeting be reconvened. Motion carried.

Lunch Break

The District's Safe Harbor Agreement was discussed. It was suggested that Gary Esslinger, James Salopek, and Steve Hernandez meet with Mark Limbaugh of the US Dept. of Interior while in Washington DC for the NWRA Conference in April. The purpose of the meeting would be to discuss the need to get Fish and Wildlife to understand and help work to complete this Safe Harbor agreement.

BOR Update

The District will send a letter to Rick Gold regarding the approximately \$1.7 million that was put into the wrong BOR fund by Congress. The BOR needs to work to get it moved out of one account and into another. Staff will send a letter to the BOR outlining the District's proposed use of the funding and work with Congressional staff to move this money to the proper fund.

Security costs at major reservoirs has not been resolved by the BOR. Some districts

have been getting hit with big bills to help fund security. EBID has not been notified of any cost increase for security at Elephant Butte, Caballo or Mesilla Dam.

Gail Norvell, Controller, presented the financial fact sheet for the month of February, 2006. The fact sheet is as follows: Cash in the bank totaled \$279,100; assessments receivable totaled \$1,420,407; and investments totaled \$4,907,289 for a grand total of \$6,606,795. This figure reflects an increase in assets of \$1,566,171 over February of 2005. Special use fees collected were \$16,810.

Financial
Report

Ms. Norvell announced that the interest rate was up for investments this year.

Also presented were the financial statements for January, 2006.

Ms. Norvell announced that the State of New Mexico Risk Management had sent out information on a rate hike for health benefits.

Group Health
Insurance Rate
Increase
Utility
Management
Training

Mr. Esslinger discussed the Utility Management training that he had participated in through NADBank in San Antonio in February. He said that the District can ask for grant money to build a surface water treatment plant from NADBank.

Bill Gary motioned and Robert Sloan seconded to go into closed session to discuss legal matters. Motion carried. Pursuant to Section 10-15-1-h, NMSA of the New Mexico Open Meetings Act, the following topics shall be discussed in closed session:

Closed/
Open Session

Threat of Texas/NM Supreme Court Action; LRG Stream Adjudication Case, AWRM; Metering Order; EBID vs. United States, Operating Agreement, Amended Complaint; EBID vs. BOR No. CIV 90-95-HB, Mediation w/State Parks – Subsection I Credits; Anderson vs. EBID, Dona Ana Dam, Fillmore Dam; SHPO MOU; and Hussain Bankruptcy.

Bill Gary motioned and Robert Sloan seconded to return to open session. Motion carried by roll call vote with all members present agreeing to the motion to return to open session. During closed session the above-noted topics were discussed.

There being no further business, Robert Sloan motioned and Willie Koenig seconded to adjourn the meeting. Motion carried.

Adjourn

The next meeting of the Board will be held on Wednesday, April 12, 2006

Next Meeting

JAMES SALOPEK, President

BOBBY SLOAN, Secretary