

# NOTICE OF THE REGULAR MEETING OF THE GENERAL ASSEMBLY TOWN OF OPHIR, CO 81426

### **REGULAR MEETING: TUESDAY 7:00 PM, NOVEMBER 14, 2023**

OPHIR TOWN HALL 36 PORPHYRY ST.

Join Zoom Meeting

Meeting ID: 867 0143 8435 Passcode: 373146

+16699006833,,86701438435#,,,,\*373146# US (San Jose)

### **AGENDA**

- 1. CALL TO ORDER
- 2. ADOPTION & SIGNATURE OF October 17, 2023 Regular GA minutes
- 3. APPROVAL OF AGENDA
- 4. BUSINESS ITEMS
  - a. Microgrid Access Agreement
    - i. Brad Zaporski, SMPA
    - ii. Jacey Depriest, OEC Chair
    - iii. John Griser, Consultant
    - iv. Kim Wheels, Eco Action
    - v. GA comments
    - vi. VOTE: Resolution 2023-01 authorizing SMPA/Ophir Site Access Agreement
  - b. WORK SESSION: First Draft of 2024 Ophir Budget
- 5. STAFF REPORTS
  - a. Town Manager
    - i. Thanks to Ken Page for getting the transformer moved
    - ii. Ophir notice of Tier 2
    - iii. SMCBOCC Open Letter to Taxing Entities/Districts in San Miguel County
  - b. Other Staff

- 6. NEW BUSINESS
- 7. ADJOURN

### **General Assembly Meeting Memorandum**

To: Ophir General Assembly

From: John Wontrobski, Ophir Town Manager

Date: November 10, 2023 for November 14, 2023 GA meeting

- 4a. Included in the packet is Resolution #2023-01, which would authorize the Mayor to sign a Solar Facilities Feasibility Study Site Access Agreement with San Miguel Power Association. A copy of the Ferric Oxide Conservation Easement is also included at the request of OEC Chair Jacey Depriest.
- 4b. Included in the packet is a draft copy of the 2024 Town of Ophir Budget for discussion. The final 2024 budget will be voted on, via Resolution, at the December 19, 2023 GA Meeting.
- 5.a.ii. This is a Public Notice, pursuant to a Colorado Department of Environment and Health Sanitary Survey (Inspection) of the Ophir Water Plant on 9-22-1923. The first violation, Treatment- Membrane Integrity Testing will be rectified by submitting an operations plan to CDPHE by December 31, 203 which includes weekly Membrane Integrity Testing. The second violation, Finished Water Storage Comprehensive Tank Inspections Not Performed (in the past three years) has been rectified by an inspection on 10-5-2023.

5.a.iii. An October 18, 2023 Open Letter from the San Miguel County Board of County Commissioners to San Miguel County Taxing Districts (including Ophir) is included in the packet.

### TOWN OF OPHIR, COLORADO

### **RESOLUTION No. 2023-01**

# A RESOLUTION OF THE GENERAL ASSEMBLY OF THE TOWN OF OPHIR TO AUTHORIZE A SOLAR FACILITIES FEASIBILITY STUDY SITE ACCESS AGREEMENT FOR SOLAR FACILITIES ON TOWN PROPERTY

### WHEREAS

San Miguel Power Association ("SMPA"), desires to expend resources to determine whether developing solar facilities on Town Property described below is feasible from a regulatory perspective and desirable from an energy production perspective, pursuant to the terms and conditions of a grant from the Colorado Department of Local Government, Division of Local Affairs for the Ophir Microgrid Community Resilience Project, which shall result in a Solar Facilities Feasibility Study Site Access Agreement to be shared with Ophir. The Feasibility Study shall be performed according to the terms and conditions of the attached Solar Facilities Feasibility Study Site Access Agreement.

# NOW, THEREFORE, THE GENERAL ASSEMBLY OF THE TOWN OF OPHIR HEREBY RESOLVES:

### SECTION 1 Solar Facilities Feasibility Study Site Access Agreement

The Town of Ophir, by and through its General Assembly, authorizes SMPA access to Block 5, Town of Ophir, and the adjoining right-of-way north of Block 5 for the purposes of permitting a feasibility study for the installation of a solar power array and related energy storage facilities. The Town Mayor and Town Manager are authorized to execute the attached Solar Facilities Feasibility Study Site Access Agreement.

### SECTION 2. RECITALS INCORPORATED.

### THE RECITALS SET FORTH ABOVE ARE INCORPORATED HEREIN BY THIS REFERENCE.

**SECTION 3. PUBLICATION**. After final adoption, notice of passage of this Resolution be published.

If any one or more sections or parts of this Resolution is adjudged unenforceable or invalid by a court of competent jurisdiction, such judgment shall not affect, impair, or invalidate the remaining provisions of this Resolution, the intention being that the various provisions herein are severable.

## SECTION 5: EFFECTIVE DATE:

This Resolution shall take effect upon publication of notice of final adoption.

Approved	l and Adopted on by th	e General Assembly of the To	wn of Ophir on the
	day of	, 2023.	
Mayor			

Town Clerk	k	
Approved as to Form:	Town Attorney	
	asibility Study Site Access Agreement	

### SOLAR FACILITIES FEASIBILITY STUDY SITE ACCESS AGREEMENT

This SOLAR FACILITIES FEASIBILITY SITE ACCESS AGREEMENT ("Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_\_, 2023 by and between San Miguel Power Association ("SMPA") having an address of PO Box 817, Nucla, CO 81424 and the Town of Ophir Colorado ("Landowner"), having an address of PO Box 683, 36 Porphyry St. Ophir, CO 81426.

Whereas, Landowner owns property more particularly described as: Block 5, Town of Ophir, and the adjoining right-of-way to the north of Block 5 ("Property") and:

Whereas, SMPA desires to expend resources to determine whether developing solar facilities on the Property is feasible from a regulatory perspective and desirable from an energy production and financial perspective, pursuant to the terms and conditions of a grant from the Colorado Department of Local Government, Division of Local Affairs for the Ophir Microgrid Community Resilience Project, which shall result in a Feasibility Study to be shared with Landowner; and

Whereas, the Ophir General Assembly voted on September 19, 2023 to approve authorization for a Solar Facilities Feasibility Study for the Property, which Study shall be completed by no later than July 15, 2024 the Feasibility Study Period; and

Whereas, SMPA understands that approval of a Town of Ophir Special Use Permit may be required in order to conduct the Study.

Now, therefore, SMPA and the Landowner agree as follows:

- 1. SMPA shall pay Landowner a payment of \$ 1,000.00 upon execution of this Agreement and in consideration of the mutual promises contained herein and for other and valuable consideration. The receipt and sufficiency of which is hereby acknowledged. Upon completion of the Feasibility Study, SMPA shall remove any equipment or facilities it may have installed to complete the Feasibility Study and promptly re-vegetate any disturbed areas.
- 2. During the Feasibility Study period, Landowner shall permit SMPA to enter the Property during normal business hours to conduct such investigations, surveys,

tests, and other reasonable diligence as SMPA, in its discretion determines to be needed to make a decision regarding whether construction of solar facilities, including solar energy storage batteries is feasible, based on the results of the Feasibility Study. SMPA shall provide Landowner with reasonable notice of when it will be on the Property, and who will be entering the Property for such activities, whether employees of SMPA or consultants, agents, or other representatives. SMPA may bring such other government employees, elected officials, or other members of the public as may be necessary to assist in the diligence investigations. During the Feasibility Study Period, SMPA shall insure Landowner with commercial general liability and property hazard insurance in the amount of \$ One Million Dollars per occurrence, \$ Two Million aggregate/umbrella, and shall procure and maintain in effect Workers Compensation Insurance, Employers' Liability Insurance, and Business Automobile Liability Insurance. SMPA shall indemnify, defend and hold harmless Landowner and the Property from and against all claims, demands, liabilities, losses, costs, expenses and causes of action for injury to or death of any person or the property of third parties arising or alleged to have arisen by the acts or omissions of SMPA, it's agents, employees or contractors. SMPA's evaluation, inspections and testing of the Property shall be at its sole costs, risks and expense, and without costs or expenses to the Landowner.

- 3. Use of Property: SMPA will use the Property to evaluate the feasibility of construction and maintenance of solar energy production facilities, including solar panels, structural support, inverters, underground utilities, electrical equipment, power boxes, maintenance and storage structures, security equipment and cameras, fencing, signage and any other improvements needed to produce and transmit electrical power from the Property, and shall have necessary ingress, egress and access rights to the Property to accomplish the purpose of the Agreement. SMPA will have the right to cross other property owned by Landowner consisting of (Public Rights of Way) not subject to the Study for the purpose of ingress, egress and access to the Property.
- 4. SMPA shall be responsible for obtaining, and complying with, any and all applicable governmental regulations, approvals and permits, including but not limited to a Town of Ophir Special Use Permit for its Study activities and equipment. The landowner makes no representation or warranty that a Special Use Permit will be approved.

- 5. All draft Feasibility reports and DOLA Quarterly Reports generated by the Feasibility Study shall be shared with Landowner.
- 6. The Feasibility Study shall include a 3-D rendering of the proposed facilities and address fire protection of the proposed facilities.
- 7. The Landowner shall be presented with the finished feasibility study based on the following scope:

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<sup>1</sup> 2.	DESCRIPTION OF TH	HE PRO	JECT(S)	AND	WORK	

- 2.1. Project Description. The Project consists of completing a Feasibility Study for construction of backup microgrids and energy storage for San Miguel Power Association's customers in and around the Town of Ophir.
- 2.2. Work Description. The San Miguel Power Association, Inc. (Grantee) will hire a qualified firm to complete a Feasibility Study for constructing backup microgrid and energy storage for the Grantee's radial feeder line that serves the Town of Ophir and other Grantee customers located in the vicinity, outside of the Town boundaries. Work includes site location evaluations, identification of permit requirements and land lease agreements, conducting third party geotechnical and hydrology studies, and estimating utility interconnection costs. Work includes development of engineering designs sufficient to draft a Request for Proposals (RFP) that includes array size and mounting type, battery storage size and type, microgrid controls and balance of systems hardware, generating budgetary system and installation costs. Work includes development of a high-level pro forma that describes microgrid system costing, estimated lifetime maintenance and replacement costs, and revenue streams for the energy delivered and peak demand savings. The Study will include a draft Request for Proposals (RFP) and a high-level pro forma. Grantee will own the resulting documents. Grantee shall provide the Department of Local Affairs (DOLA) quarterly Status Reports that describe Project progress, delays or roadblocks, Project funding spent by funding source, and the projected timeline for full expenditure of Grant Funds. Grantee will own the resulting documents.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

LANDOWNER:	SMPA:		
Andy Ward, Mayor	Jeremy Fox, Chief Operating Officer		
Attest:			
Town Cler			

409120
Pase 1 of 25
SAN MIGUEL COUNTY, CD
PEGGY NERLIN CLERK-RECORDER
09-30-2009 02:16 PM Recording Fee \$126.00

AFTER RECORDING RETURN TO: SAN MIGUEL CONSERVATION FOUNDATION P.O. BOX 2466 TELLURIDE, CO 81435%

### **DEED OF CONSERVATION EASEMENT**

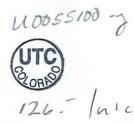
State Documentary Fee
Date SEPT. 30, 2009
\$EXEMPT JF

NOTICE: THIS PROPERTY HAS BEEN ACQUIRED IN PART WITH GRANT #06103
("GRANT") FROM THE STATE BOARD OF THE GREAT OUTDOORS COLORADO TRUST
FUND ("BOARD"). THIS DEED OF CONSERVATION EASEMENT CONTAINS
RESTRICTIONS ON THE USE AND DEVELOPMENT OF THE PROPERTY WHICH ARE
INTENDED TO PROTECT ITS OPEN SPACE AND OTHER CONSERVATION VALUES. THE
BOARD HAS FOUND THAT THIS DEED OF CONSERVATION EASEMENT PROVIDES
BENEFITS THAT ARE IN THE PUBLIC INTEREST.

THIS DEED OF CONSERVATION EASEMENT (the "Easement") is made this 21 day of control of Ophir, a Colorado home rule municipal corporation, having its address at 36 Porphyry, P.O. Box 683, Ophir, Colorado, 81426 ("Grantor"), in favor of the San Miguel Conservation Foundation, a Colorado nonprofit corporation qualified to do business in the State of Colorado, having its address at P.O. Box 2466, Telluride, Colorado 81435 ("Grantee").

### RECITALS:

- A. Grantor is the sole owner in fee simple of certain real property in San Miguel County, Colorado, more particularly described in Exhibit A attached hereto and generally depicted on the aerial photo map attached hereto as Exhibit B and the Ferric Oxide Placer Subdivision Plat attached hereto as Exhibit C (for the sole purpose of describing exterior boundaries), all of which are incorporated herein by this reference (the "Property").
- B. The Property possesses natural, scenic, open space, wildlife habitat and recreational values (collectively, "Conservation Values") of great importance to Grantor, the people of San Miguel County and the people of the State of Colorado. In particular, the Property contains a biologically rare iron bog, wetlands and rare wetland fen, aspen forests, portions of the Howard's Fork stream, and recreational access from the Ophir Pass Road, a public road.
- C. Grantor intends that the Conservation Values of the Property be preserved and protected, and that any uses be prohibited that would substantially diminish or impair the Conservation Values or that otherwise would be inconsistent with the Purpose of this Easement (as defined at Paragraph 1 below). The parties acknowledge and agree that the current land use patterns, including, without limitation, those existing at the time of this grant relating to adjacent National Forest lands, including studies and remediation activities relating to the adjacent Carbonero Mill tailings, the presence of an existing electric transmission line, and the ongoing public use of the Ophir Pass Road and non-motorized public use of a second unnamed dirt road, do not significantly impair or interfere with the Property's Conservation Values and are consistent with Purpose of the Easement.



- D. Grantor further intends, as owner of the Property, to convey to Grantee the right to preserve and protect the Conservation Values of the Property in perpetuity.
- E. Grantee is a publicly supported, tax-exempt nonprofit organization, qualified under Sections 501(c)(3) and 170(h) of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations adopted pursuant thereto, whose primary purpose is the preservation, protection, or enhancement of land in its natural, scenic, historical, agricultural, forested, and/or open space condition.
- F. Grantee is also a charitable organization as required under C.R.S. § 38-30.5-101 et seq., which provides for conservation easements to maintain land and water in a natural, scenic or open condition, for wildlife habitat, or for agricultural and other uses or conditions consistent with the protection of open land in Colorado.
- G. The voters of the State of Colorado by adoption of Article XXVII to the Constitution of the State of Colorado, the legislature of the State of Colorado by adoption of enabling legislation, and the State Board of the Great Outdoors Colorado Trust Fund (the "Board"), by adopting and administering competitive grants application and rigorous due diligence review processes, have established that it is the policy of the State of Colorado and its people to preserve, protect, enhance and manage the state's wildlife, park, river, trail and open space heritage, to protect critical wildlife habitats through the acquisition of lands, leases or easements, and to acquire and manage unique open space and natural areas of statewide significance. The Board has authorized a grant award of \$100,000 to reimburse the Grantor in part for its acquisition and conservation of the Property, but in so doing has stipulated that the issuance of such award shall be contingent on Grantor's conveyance of a conservation easement over the Property to a qualified holder.
- H. Grantor has adopted a Master Plan that states goals and objectives for the land in and near the Town of Ophir, including: 2.6 PARKS, RECREATION and OPEN SPACE: GOAL Provide for the recreation and open space needs of the residents of the Town; and, OBJECTIVES B. Maintain open space that preserves and enhances the natural environment within and surrounding the Town.
- I. Grantee agrees by accepting this Easement to honor the intentions of Grantor stated herein and to preserve and protect in perpetuity the Conservation Values of the Property for the benefit of this and future generations.
- NOW, THEREFORE, in consideration of the above and the mutual covenants, terms, conditions, and restrictions contained herein, and pursuant to the laws of the State of Colorado, and in particular C.R.S. § 38-30.5-101 et seq., Grantor hereby voluntarily grants and conveys to Grantee a conservation easement in perpetuity over the Property of the nature and character and to the extent hereinafter set forth ("Easement").
- 1. <u>Purpose</u>. The Purpose of this Easement is to preserve and protect the Conservation Values of the Property in perpetuity. This Purpose is in accordance with §170(h) of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations adopted

### 4. Reserved Rights.

- A. Grantor reserves to itself, and to its assigns, all rights accruing from its ownership of the Property, including the right to engage in or permit or invite others to engage in all uses of the Property that are not expressly prohibited or restricted herein, that do not substantially diminish or impair the Property's Conservation\_Values, and are consistent with the Purpose of this Easement. Without limiting the generality of the foregoing, the Grantor reserves the right to permit the public to engage in non-commercial, non-motorized passive recreational activities on the Property, such as horseback riding, hiking, cross-country skiing, and other similar low-impact recreational uses, subject to the provisions of Section 5, and to utilize the Ophir Pass Road 60' Right-Of-Way for public travel, including motorized uses, and underground utilities. Fishing and hunting are likewise permitted in accordance with the laws of Grantor in effect at the time, and so long as they are undertaken in compliance with applicable state and federal laws and regulations and pursued in a manner that does not substantially diminish or impair the Conservation Values of the Property and are consistent with the terms of this Easement.
- B. Grantor further reserves the right to provide or permit access across the Property (by way of an easement, lease, permit or other authorization, the terms of which shall be approved in advance by Grantee, which approval shall not be unreasonably withheld, as being consistent with the Purpose of this Easement and the protection of the Conservation Values, including measures to prevent public motorized use of the access route) in the location approved by the parties as depicted on Exhibit C, to the United States Forest Service ("USFS"), and its agents or designees. Said access shall be for the sole purpose of conducting remediation activities of the Carbonero mine tailings deposits generally located on Lot B of the Ferric Oxide Placer, as described on Exhibit C, and adjoining National Forest lands.
- C. All of the foregoing rights are referred to herein as the "Reserved Rights". Should the Grantor, however, upon request by the USFS, desire to relocate that access route and/or access easement and right-of-way to another location, the Grantor shall provide prior written notice to Grantee and shall first receive prior written approval from Grantee, which shall not unreasonably be withheld. The parties also recognize that while these tailings deposits are located primarily on adjacent land, they in part occupy portions of the Property itself. The Purpose of the Easement and the Reserved Rights thus include the removal of any such deposits on the Property by the Grantor, its authorized agents and designees, including the USFS, along with such activities as may be necessary for the construction and maintenance of a repository on adjacent land.
- 5. <u>Prohibited and Restricted Uses.</u> Any activity on or use of the Property inconsistent with the Purpose of this Easement is prohibited. Without limiting the generality of the foregoing, the following activities and uses are expressly prohibited:
- a. <u>Development Rights</u>. Grantor hereby grants to Grantee all development rights except as otherwise expressly reserved by Grantor herein, and the parties agree that such rights are hereby released, terminated and extinguished, and may not be used on or transferred off of the Property to any other property adjacent or otherwise or used for the purpose of calculating permissible lot yield of the Property or any other property.

- b. Construction of Buildings and Other Structures or Improvements. There are no buildings, structures or other improvements on the Property as of the date of this Easement, except for an unpaved, 4-wheel drive dirt road, the public Ophir Pass Road and an electric transmission line and easement. The construction of any new building, structure or other improvement is prohibited, with the exception that Grantor may erect locking gates or other such means of vehicular access restriction as necessary as well as interpretive signage consistent with the terms of provisions (g) and (k) below. After notice to Grantee, such improvements -- along with any existing improvements at the time of Easement's execution -- may be maintained or replaced in the same location as they previously existed.
- c. <u>Fences</u>. The construction of any new fence; however, after notice to Grantee, Grantor may repair or replace existing fences, build new fences for purposes of reasonable and customary management of livestock and wildlife, or build new fences for separation of ownership and uses.
- d. <u>Subdivision</u>. Any division or subdivision of title to the Property, whether by physical or legal process, is prohibited.
- e. <u>Timber Harvesting</u>. Trees may only be cut to control insects and disease, to control invasive non-native species, and to prevent personal injury and property damage. Commercial timber harvesting on the Property is prohibited.
- f. Mining. The mining or extraction of soil, sand, gravel, rock, oil, natural gas, fuel, or any other mineral substance using any surface mining method is prohibited. The lease, surface use agreement, or other conveyance by the Grantor to a third party of mineral rights subsequent to the date of recording of this Easement is prohibited.

### g. Paving and Road and Trail Construction.

- A. No portion of the Property shall be paved or otherwise covered with concrete, asphalt, or any other paving material, nor shall any road or trail be constructed without the prior written notice to and approval of Grantee. Grantee shall give such permission within a reasonable time, unless Grantee determines that the proposed paving or covering of the soil, or the location of any road or trail, will substantially diminish or impair the Conservation Values of the Property or is otherwise inconsistent with this Easement, and such permission shall not be unreasonably withheld.
- B. Grantor agrees to construct, within one (1) year of the completion date of the Forest Service's Carbonero tailing remediation effort, a walking trail along the current access to the adjacent Carbonero tailings site (as shown on maps and aerial photographs contained in the Baseline Documentation Report and described as a "four wheel drive road") with a maintained cap along the length of the trail and a locked gate installed at the trail's intersection with the Ophir Pass Road prohibiting public motorized access to the walking trail.

- h. <u>Trash</u>. The dumping or uncontained accumulation of any kind of trash or refuse on the Property, including but not limited to household trash and hazardous chemicals, is strictly prohibited.
- i. <u>Motorized Vehicles</u>. Motorized vehicles may only be used in a manner that does not substantially diminish or impair the Conservation Values of the Property. Off road vehicle courses for snowmobiles, all-terrain vehicles, motorcycles, or other motorized vehicles are prohibited. Nothing in this paragraph is intended to prohibit the use of motorized vehicles for any use that is permitted under this Easement, including, but not limited to, mine tailing remediation.
- j. <u>Commercial or Industrial Activity</u>. No industrial or commercial uses shall be allowed on the Property.
- k. <u>Signage or Billboards</u>. No commercial signs, billboards, awnings, or advertisements shall be displayed or placed on the Property, except for signs regarding the use and regulation of the Property for hunting, fishing or other low impact recreational uses, and signs informing the public of the status of ownership and providing information on existing environmental conditions. No signs shall significantly diminish or impair the Conservation Values of the Property. Grantor shall erect one or more signs visible from the nearest public roadway, or from an alternative location approved by the Board, identifying the Board's Grant and investment in this Property to the public. As per Grantor's Environmental Management Plan, Grantor may also erect interpretive signage in appropriate areas advising visitors of the nature of elevated levels of naturally-occurring and/or mining-era-related elements.
  - 1. Camping. Camping on the Property is prohibited
- 6. <u>Land Management</u>. To facilitate periodic communication between Grantor and Grantee about management issues that may impact the Property's Conservation Values, the Property shall be operated and managed in accordance with a Land Management Plan prepared by Grantor and provided to Grantee, which plan shall be initially agreed upon within one year of the date of this Easement and shall be updated at least every five years. The Land Management Plan shall incorporate the general tailing remediation, erosion control, and water quality enhancement goals of the Grantor's Environmental Management Plan attached hereto as Exhibit E.
- 7. Notice of Intention to Undertake Certain Permitted Actions. The purpose of requiring Grantor to notify Grantee prior to undertaking certain permitted activities is to afford Grantee an opportunity to ensure that the activities in question are designed and carried out in a manner consistent with the purpose of this Easement. Whenever notice is required, Grantor shall notify Grantee in writing not less than sixty (60) days prior to the date Grantor intends to undertake the activity in question. The notice shall describe the nature, scope, design, location, timetable, and any other material aspect of the proposed activity in sufficient detail to permit Grantee to make an informed judgment as to its consistency with the Purpose of this Easement.

- 8. <u>Grantee's Approval.</u> Where Grantee's approval is required, Grantee shall grant or withhold its approval in writing within sixty (60) days of receipt of Grantor's written request therefore. Grantee's approval may be withheld only upon a reasonable determination by Grantee that the action as proposed would be inconsistent with the Purpose of this Easement.
- Enforcement, If Grantee finds what it believes is a violation of this Easement, Grantee shall immediately notify Grantor and the Board in writing of the nature of the alleged violation. Upon receipt of this written notice, Grantor shall either: (a) restore the Property to its condition prior to the violation; or (b) provide a written explanation to Grantee of the reason why the alleged violation is not a violation. If the condition described in clause (b) above occurs, both parties agree to meet as soon as possible to resolve this difference. If a resolution of this difference cannot be achieved at the meeting, both parties agree to meet with a mutually acceptable mediator to attempt to resolve the dispute. When, in Grantee's opinion, an ongoing or imminent violation could irreversibly diminish or impair the Conservation Values of the Property, Grantee may, at its discretion, take appropriate legal action. Grantor shall discontinue any activity that could increase or expand the alleged violation upon receipt of Grantee's written notice. Should mediation fail to resolve the dispute, Grantee may, at its discretion, take appropriate legal action. If a court with jurisdiction determines that a violation is imminent, exists, or has occurred. Grantee may seek an injunction to stop it, temporarily or permanently. Grantee may also seek an injunction ordering the restoration of the Property to its condition prior to the alleged violation.
- 10. <u>Costs of Enforcement</u>. Any costs incurred by Grantee in enforcing the terms of this Easement against Grantor, including, without limitation, costs of suit and attorneys' fees, and any costs of restoration necessitated by Grantor's violation of the terms of this Easement, shall be borne by Grantor. If Grantor prevails in any action to enforce the terms of this Easement, Grantor's costs of suit, including, without limitation, attorneys' fees, shall be borne by Grantee.
- 11. <u>Grantee's Discretion</u>. Enforcement of the terms of this Easement shall be at the discretion of Grantee, and any forbearance by Grantee to exercise its rights under this Easement in the event of any breach of any term of this Easement by Grantor shall not be deemed or construed to be a waiver by Grantee of such term or of any subsequent breach of the same or any other term of this Easement or of any of Grantee's rights under this Easement. No delay or omission by Grantee in the exercise of any right or remedy upon any breach by Grantor shall impair such right or remedy or be construed as a waiver.
- 12. <u>Waiver of Certain Defenses</u>. Grantor hereby waives any defense of laches, estoppel, or prescription, including any defenses available under C.R.S. § 38-41-119, et seq.
- 13. Acts Beyond Grantor's Control. Nothing contained in this Easement shall be construed to entitle Grantee to bring any action against Grantor for any injury to or change in the Property resulting from causes beyond Grantor's control, including, without limitation, fire, flood, storm, and earth movement, or from any prudent action taken by Grantor under emergency conditions to prevent, abate, or mitigate significant injury to the Property resulting from such causes.

- 14. Access. The general public shall have non-motorized access to the Property as subject to appropriate regulation by the Grantor.
- 15. Costs and Liabilities. Grantor retains all responsibilities and shall bear all costs and liabilities of any kind related to the ownership, operation, upkeep, and maintenance of the Property, including weed control and eradication and including the maintenance of adequate comprehensive general liability insurance coverage. Grantor shall keep the Property free of any liens arising out of any work performed for, materials furnished to, or obligations incurred by Grantor.
- 16. <u>Taxes</u>. Grantor shall pay before delinquency all taxes, assessments, fees, and charges of whatever description levied on or assessed against the Property by competent authority (collectively "taxes"), including any taxes imposed upon, or incurred as a result of, this Easement, and shall furnish Grantee with satisfactory evidence of payment upon request.
- Hold Harmless. Grantor shall hold harmless, indemnify, and defend Grantee and its members, directors, officers, employees, agents, and contractors and the heirs, personal representatives, successors, and assigns of each of them (collectively "Indemnified Parties") from and against all liabilities, penalties, costs, losses, damages, expenses, causes of action, claims, demands, or judgments, including, without limitation, reasonable attorneys' fees, arising from or in any way connected with: (1) injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Property, regardless of cause, unless due solely to the negligence of any of the Indemnified Parties; (2) the obligations specified in Paragraph 9 herein; and (3) the presence or release of hazardous or toxic substances on, under or about the Property. For the purpose of this paragraph, hazardous or toxic substances shall mean any hazardous or toxic substance that is regulated under any federal, state or local law. Without limiting the foregoing, nothing in this Easement shall be construed as giving rise to any right or ability in Grantee or the Board, nor shall Grantee or the Board have any right or ability, to exercise physical or managerial control over the day-to-day operations of the Property, or otherwise to become an operator with respect to the Property within the meaning of The Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.
- 18. Real Property Interest. This Easement constitutes a real property interest immediately vested in Grantee. The parties stipulate that the fair market value of this Easement has not been determined as of the date this Easement is first recorded. The parties further stipulate that as time goes by, determining the value of this Easement will become increasingly difficult. Therefore, for ten years from the date this Easement is first recorded, the parties stipulate that this Easement shall have a fair market value determined by multiplying the fair market value of the Property unencumbered by the Easement (minus any increase in value after the date of this Easement attributable to improvements) by the ratio of the value of the Easement at the time of this Easement to the value of the Property, without deduction for the value of the Easement, at the time of this Easement, which values will be determined by appraisal. After ten years from the date this Easement is first recorded, after consultation with the Board and upon a reasonable determination by the parties hereto that the value of this Easement will be difficult or impossible to determine by appraisal as set forth above, the parties stipulate that this Easement

has a fair market value of seventy percent (70%), a percentage agreed upon by both Grantor and Grantee, of the full fair market value of the Property, as unencumbered by the Easement, on the date this Easement is first recorded.

- 19 Condemnation or Other Extinguishment. If this Easement is taken, in whole or in part, by exercise of the power of eminent domain, or if circumstances arise in the future that render the purpose of this Easement impossible to accomplish, this Easement can only be terminated or extinguished, whether in whole or in part, by judicial proceedings in a court of competent jurisdiction. Each party shall promptly notify the other party and the Board in writing when it first learns of such circumstances. Grantee shall be entitled to compensation in accordance with applicable law, after the satisfaction of prior claims, from any sale, exchange, condemnation, or other involuntary or voluntary conversion of all or any portion of the Property subsequent to such termination or extinguishment. Grantee's compensation shall be an amount equal to the Easement value percentage listed in Paragraph 18 above, multiplied by the amount of the full proceeds from any sale, exchange, condemnation, or other involuntary or voluntary conversion of all or a portion of the Property. The Board shall be entitled to receive fifty percent (50 %) of Grantee's compensation. Grantee shall promptly remit the Board's share of these proceeds to the Board. Grantee shall use its proceeds in a manner consistent with the conservation purposes of this Easement.
- 20. <u>Assignment</u>. This Easement is transferable, but Grantee may assign its rights and obligations under this Easement only to an organization that (a) is a qualified organization at the time of transfer under Section 170(h) of the Internal Revenue Code of 1986, as amended (or any successor provision then applicable), and the applicable regulations promulgated thereunder, (b) is authorized to acquire and hold conservation easements under Colorado law, (c) agrees to assume the responsibility imposed on Grantee by this Easement, and (d) is approved in writing as a transferee by the Board in its sole discretion. Grantee shall provide the Board with a written request to assign the Easement at least forty-five (45) days prior to the date of the assignment transaction. The Board may disapprove of the transfer for any reason.
- a. The Board shall have the right to require Grantee to assign its rights and obligations under this Easement to a different organization if Grantee ceases to exist or for any reason fails or refuses to enforce the terms and provisions of this Easement. If Grantee ceases to exist prior to an assignment of this Easement, then the Easement shall automatically revert to an organization designated by the Board that is (a) a qualified organization at the time of transfer under Section 170(h) of the Internal Revenue Code of 1986, as amended (or any successor provision then applicable), and the applicable regulation promulgated thereunder; and (b) authorized to acquire and hold conservation easements under Colorado law.
- b. If Grantee desires to transfer this Easement to a qualified organization having similar purposes as Grantee, but the Board has refused to approve the transfer, a court with appropriate jurisdiction may receive Grantee's request to transfer this Easement to another qualified organization having similar purposes and which agrees to assume the responsibility imposed on Grantee by this Easement, provided that the Board shall have adequate notice of and an opportunity to participate in any such court proceedings entertaining the matter.

- 21. <u>Subsequent transfers</u>. Grantor shall incorporate the terms and conditions of this Easement in any deed or other legal instrument by which it divests itself of any interest in all or a portion of the Property, except conveyance of a leasehold interest that is no longer than one year in duration and is otherwise consistent with the terms of this Easement. Grantor further agrees to give written notice to Grantee and the Board of the transfer of any interest at least forty-five (45) days prior to the date of such transfer. The failure of Grantor to perform any act required by this paragraph shall not impair the validity of this Easement or limit its enforceability in any way.
- Additional Board Refund. The Board's Grant will provide partial consideration for Grantor's acquisition of fee title to the Property, associated water rights, and/or partial real estate interest in the Property above and beyond the Easement; therefore, any voluntary sale, conveyance, transfer, or other disposal of all or any portion of Grantor's interest in the Property or associated water rights ("Sale"), excluding any lease of the Property or the water rights to a third party in the ordinary course of using the Property for permitted purposes, shall constitute a material change to the Grant that shall require prior written Board approval and may require a separate refund to the Board of an amount to compensate the Board for use of the Board's Grant, plus administrative costs (the "Additional Board Refund"), in addition to any payment that the Board may be entitled to receive under Paragraphs 18 and 19 above.
- a. Amount. The amount of the Additional Board Refund shall be based upon a percentage of Grantor's net proceeds from the Sale, which shall be defined as the fair market value of the property being sold in the Sale, minus direct transaction costs ("Net Proceeds"). The Additional Board Refund shall be determined by: a) first dividing the Board's Grant amount by the original purchase price for fee title to the Property; b) then by multiplying the resulting ratio by the Net Proceeds; and c) adding interest figured from the Grant payment date at the Prime Rate listed by the Federal Reserve Bank of Kansas City, Missouri that is most current on the effective date of the Sale. The Board may, in its sole discretion, waive the requirement for payment of interest or reduce the amount of interest due at the time of the Sale. The Additional Board Refund shall be paid to the Board in cash or certified funds on or before the effective date of the Sale.
- b. Possible Exception to Refund Requirement. If a Sale occurs to a third party which is eligible to receive open space funding from the Board, and the Board has provided written confirmation of the third party's eligibility, Grantor shall not be required to pay the Board an Additional Board Refund, unless the Board determines in its sole discretion that one or more aspects of the Grant have changed that reduce the Grant project's scope from that of the original Grant as approved by the Board. (For example, if the Grantor proposed that the Grant project would include public access to the Property, and the Sale will result in substantially the same amount and type of public access, the Board will deem that a material change in the Grant project's scope has not occurred, and Grantor shall not be required to pay the Board an Additional Board Refund, unless another aspect of the Grant project has changed that reduces the Grant project's scope from that of the original Grant as approved by the Board.)

23. <u>Notices</u>. Any notice, demand, request, consent, approval, or communication that either party or the Board is required to give to the other in writing shall be either served personally or sent by registered mail, postage prepaid, addressed as follows:

To Grantor: Town of Ophir

P.O. Box 683 Ophir, CO 81426

Copy to:

Stephen B. Johnson, Esq.

P.O. 726

Telluride, CO 81435

To Grantee:

San Miguel Conservation Foundation

P.O. Box 2466 Telluride, CO 81435

Copy to:

Jane Ellen Hamilton, Esq.

Box 311

Ridgway, CO 81432

To the Board: Executive Director

State Board of the Great Outdoors Colorado Trust Fund

1600 Broadway, Suite 1650

Denver, CO 80202

or to such other address as either party or the Board or copied party from time to time shall designate by written notice to the other. Notice shall be effective on the fifth business day following deposit into such mail, or immediately upon personal delivery.

- 24. Grantor's Title Warranty. Grantor warrants that Grantor has good and sufficient title to the Property and hereby promises to defend the same against all claims from persons claiming by, through, or under Grantor. Grantor represents and warrants that, after reasonable investigation and to the best of its actual knowledge, that no substance defined, listed, or otherwise classified pursuant to any federal, state, or local law, regulation, or requirement as hazardous, toxic, polluting, or otherwise contaminating to the air, water, or soil, or in any way harmful or threatening to human health or the environment exists or has been released, generated, treated, stored, used, disposed of, deposited, abandoned, or transported in, on, from, or across the Property, except as disclosed by the Colorado Department of Public Health Analytical Results Report on the Property dated September 30, 2008, a copy of which is on file with both Grantor and Grantee
- 25. <u>Subsequent Liens on the Property</u>. No provisions of this Easement shall be construed as impairing the ability of Grantor to use this Property as collateral for subsequent borrowing, provided that any mortgage or lien arising from such a borrowing would be subordinated to this Easement.

26. <u>Recording</u>. Grantee shall record this instrument in a timely fashion in the official records of each county in which the Property is situated, and may re-record it at any time as may be required to preserve its rights in this Easement.

### 27. General Provisions.

- a. <u>Controlling Law.</u> The interpretation and performance of this Easement shall be governed by the laws of the State of Colorado.
- b. <u>Liberal Construction</u>. Any general rule of construction to the contrary notwithstanding, this Easement shall be liberally construed in favor of the grant to effect the purpose of this Easement and the policy and purpose of C.R.S. §38-30.5-101, et seq. If any provision in this instrument is found to be ambiguous, an interpretation consistent with the purpose of this Easement that would render the provision valid shall be favored over any interpretation that would render it invalid.
- c. <u>Severability</u>. If any provision of this Easement, or the application thereof to any person or circumstance, is found to be invalid, the remainder of the provisions of this Easement, or the application of such provision to persons or circumstances other than those as to which it is found to be invalid, as the case may be, shall not be affected thereby.
- d. <u>Entire Agreement</u>. This instrument sets forth the entire agreement of the parties with respect to the Easement and supersedes all prior discussions, negotiations, understandings, or agreements relating to the Easement, all of which are merged herein.
- e. <u>No Forfeiture</u>. Nothing contained herein will result in a forfeiture or reversion of Grantor's title in any respect.
- f. <u>Joint Obligation</u>. If more than one owner owns the Property at any time, the obligations imposed by this Easement shall be joint and several upon each of the owners.
- g. <u>Non-Merger</u>. No merger shall be deemed to have occurred hereunder or under any documents executed in the future affecting this Easement, unless the parties expressly state that they intend a merger of estates or interests to occur and the parties have also obtained the prior written consent of the Board approving such merger of estates or interests.
- h. <u>Successors</u>. The covenants, terms, conditions, and restrictions of this Easement shall be binding upon, and inure to the benefit of, the parties hereto and their respective personal representatives, heirs, successors, and assigns and shall continue as a servitude running in perpetuity with the Property.
- i. <u>Termination of Rights and Obligations</u>. Provided a transfer is permitted by this Easement, a party's rights and obligations under this Easement terminate upon transfer of the party's interest in the Easement or Property, except that liability for acts or omissions occurring prior to transfer shall survive transfer.

- j. <u>Captions</u>. The captions in this instrument have been inserted solely for convenience of reference and are not a part of this instrument and shall have no effect upon construction or interpretation.
- k. <u>No Third Party Beneficiaries</u>. This Easement is entered into by and between Grantor and Grantee, and is solely for the benefit of Grantor, Grantee, and the Board and their respective successors and assigns for the purposes set forth herein, and does not create rights or responsibilities in any third parties beyond Grantor, Grantee, and the Board.
- l. Amendment. If circumstances arise under which an amendment to or modification of this instrument would be appropriate, Grantor and Grantee are free to jointly amend this instrument; provided that no amendment shall be allowed that will affect the qualifications of this Easement under any applicable laws; and provided, further, that the prior written approval of the Board shall be required. Any amendment must be consistent with the conservation purposes of this Easement and shall not affect its perpetual duration. Any amendment must be in writing, signed by both parties, and recorded in the records of the Clerk and Recorder of the County in which the Property is located.
- m. <u>Change of Conditions</u>. A change in the potential economic value of any use that is prohibited by or inconsistent with this Easement, or a change in any current or future uses of neighboring properties, shall not constitute a change in conditions that makes it impossible or impractical for continued use of the Property for conservation purposes and shall not constitute grounds for terminating the Easement.
- n. <u>Termination of the Board</u>. In the event that Article XXVII of the Colorado Constitution, which established the State Board of the Great Outdoors Colorado Trust Fund, is amended or repealed to terminate the Board or merge the Board into another entity, the rights and obligations of the Board hereunder shall be assigned to and assumed by such other entity as provided by law, but in the absence of such direction, by the Colorado Department of Natural Resources or its successor.
- o. <u>Authority to Execute</u>. Each party represents to the other that such party has full power and authority to execute, deliver, and perform this Deed, that the individual executing this Deed on behalf of said party is fully empowered and authorized to do so, and that this Deed constitutes a valid and legally binding obligation of said party enforceable against said party in accordance with its terms.

TO HAVE AND TO HOLD unto Grantee, its successors, and assigns forever.

IN WITNESS WHEREOF Grantor and Grantee have executed this Deed of Conservation Easement on the day and year first written above.

Grantor: Town of Ophir
By: Randy Barnes, Mayor
Attest: Thonda Claridge, Town Clerk
STATE OF COLORADO ) ) ss. COUNTY OF SAN MIGUEL )
The foregoing instrument was acknowledged before me this 29 th of September 2009, by Town of Ophir by Randy Barnes, May or and By Rhonda Claridse, Town of Clark. Witness my hand and official seal.
My commission expires: $5 - 21 - 10$
Notary Public  Grantee: San Miguel Conservation Foundation  By: Gaylene Anderson  NOTARY PUBLIC  STATE OF COLORADO  My Commission Expires 5-21-10
Gary/Hickcox, Director  STATE OF COLORADO )
) ss. COUNTY OF SAN MIGUEL )
The foregoing instrument was acknowledged before me this 29 day of September 2009, by San Miguel Conservation Foundation  By gary Hickcox, Director  Witness my hand and official seal.
My commission expires: 5-21-0
GAYLENE ANDERSON NOTARY PUBLIC STATE OF COLORADO  My Commission Expires 5.2 (-10)

### **EXHIBIT A**

### PROPERTY LEGAL DESCRIPTION

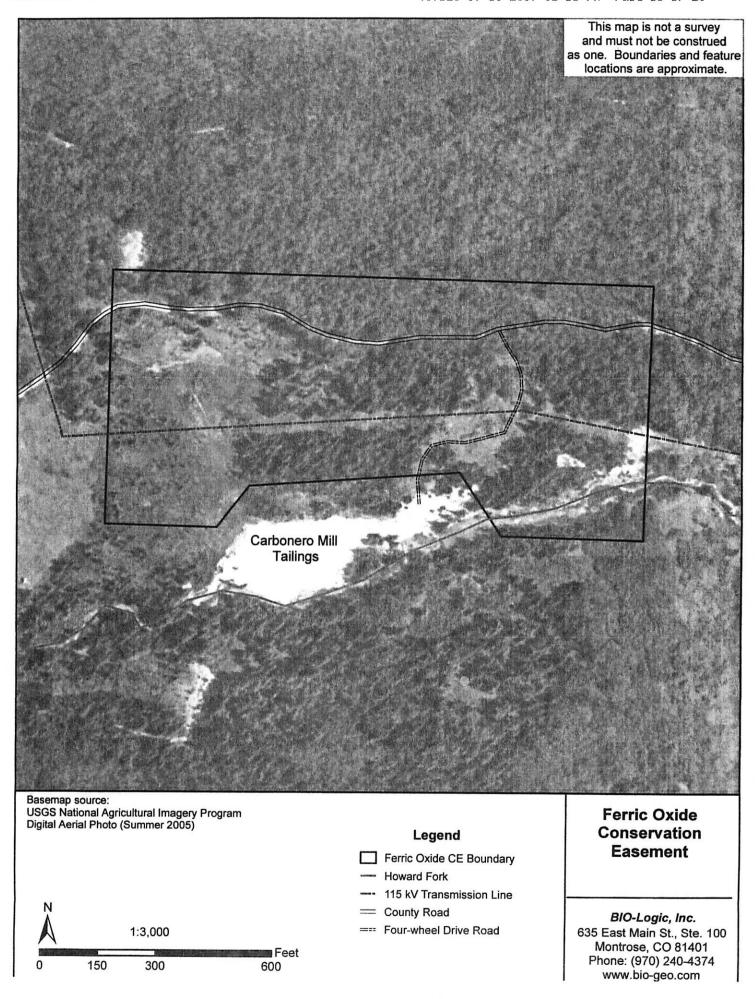
Lot A, Ferric Oxide Placer Subdivision, Town of Ophir, according to the Plat recorded September 25, 2009 in Plat Book 1 at page 4275 at Reception no. 409012,

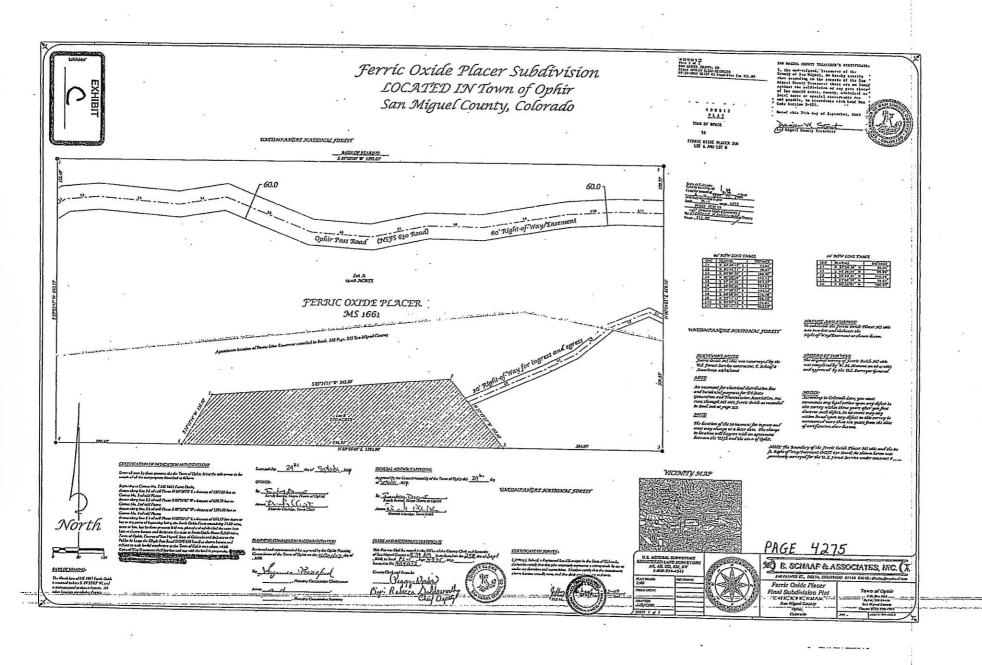
County of San Miguel, State of Colorado.

# Attached Legal Description

Lot A, Ferric Oxide Placer Subdivision, Town of Ophir, according to the Plat recorded September 25, 2009 in Plat Book 1 at page 4275 at Reception no. 409012,

County of San Miguel, State of Colorado.





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Baseline Documentation Report. Ferric Oxide Conservation Easement

## OWNER ACKNOWLEDGEMENT STATEMENT

Property Name:

Ferric Oxide Property Conservation Easement

Grantor:

Town of Ophir, Colorado

Grantee:

San Miguel Conservation Foundation

### **Conservation Easement Summary**

The Ferric Oxide Placer (hereafter, the Property) comprises 19.08 acres. The Property lies in the valley floor of the Howard Fork of the San Miguel River immediately east of Ophir, in unincorporated San Miguel County, Colorado.

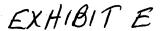
The conservation easement will protect the following conservation values on the Property: natural habitats of high ecological importance, including sensitive riparian areas, wetlands, aquatic habitats, and forests; outstanding scenic values; and natural open space available to the public.

This Baseline Documentation Report is an accurate representation of the Property at the time of the conservation easement donation.

Grantor: Town of Ophir
Randy Barnes, Mayor
STATE OF COLORADO )
COUNTY OF SAN MIGUEL ) ss.
The foregoing instrument was acknowledged before me this 4th day of December 2008, by Randy Barnes
Witness my hand and official seal.
My commission expires: July 23, 2011  Notary Public
A MOLWAN S

Baseline Documentation Report: Ferric Oxide Conservation Easement

Grantee: San Miguel Conser	vation Foundation	
By: Jon Hickcox, Direct	or	
STATE OF COLORADO	)	
COUNTY OF SAN MIGUEL	) ss. )	//
The foregoing instru 2008, by Witness my hand an My commission expi	d official south ay pu	Jessi Hanee Habarran Notary Public
REPORT PREPARER:	The Bylan	//-7-08
	Steve Boyle, BIO-Logic, Inc.	Date



# ENVIRONMENTAL MANAGEMENT PLAN



FERRIC OXIDE OPEN SPACE, MS 1661

**SEPTEMBER 15, 2009** 

### I. HISTORY

In July, 2005, the Town of Ophir (Town) purchased the Ferric Oxide Placer, MS 1661 from the estate of Vera L. Belisle. As stated in Ophir Town Ordinance 2005-2, the acquisition of the claim was in part meant to promote the "health, safety and general welfare of the Ophir community by preserving surrounding land as open space and by reducing the potential future development in the Ophir Valley." In addition, the purchase of the land and subsequent designation as Town open space was meant to "preserve mining claims as open space" – a directive called for and supported by the Town Master Plan.

Prior to the purchase – but when the property was under contract for sale – the Town of Ophir received a letter from U.S. Forest Service District Ranger, Judy Schutza, recognizing the presence of mill tailings from the Carbonero Mill Site on the property. The Carbonero Mill was located approximately 475 feet northeast of the Ferric Oxide site and delivered tailings thereto via a wooden flume from 1924 - 1930. In her letter of May 20, Ms. Schutza conveyed the Forest Service's intent to pursue a Non-Time-Critical Removal Action of these tailings including the reclamation of "the entire Carbonero Tailings Site, including the portion of the tailings located on the Ferric Oxide Placer Claim," and further, the agency's intent to "proceed cooperatively with... the Town of Ophir... as the potential owner of the Ferric Oxide Placer Claim" in furtherance of this effort.

On June 21, 2005, American Geological Services (AGS) of Lakewood, Colorado produced a Phase I Environmental Assessment of the Ferric Oxide Placer as part of the due diligence for the upcoming closing on the property. The Assessment observed the presence of the Carbonero tailings on the Ferric Oxide placer, noting that prior sampling of the material had indicated "high levels of various metal constituents." AGS thus deemed the presence of the tailings on the site a "Recognized Environmental Condition" (REC). In addition, the Assessment identified the Carbonero Mine itself – located approximately \_-mile northwest of the site – as a potential REC insofar as it "discharges impacted water which joins the Howard Fork immediately upstream of the site."

The AGS Assessment further noted that the beaver ponds on the west side of the site were "receiv[ing] water discharging at approximately 250 gallons per minute from the lower adit of the New Dominion mine located to the north of the northwest corner of the property." Referring to prior water testing it had participated in, AGS noted that the effluent from the New Dominion adit "indicated high levels of dissolved metals," and therefore determined that "[m]etal attenuation and metal loading may be occurring in the beaver ponds." AGS thus designated the nearby presence of the New Dominion mine as an REC as well with respect to the Ferric Oxide site.

In September, 2008, the Hazardous Materials and Waste Management Division (HMWMD) of the Colorado Department of Public Health and Environment (CDPHE) produced a Targeted Brownfields Assessment-Anylytical Results Report (TBA), based upon fieldwork completed on July 30, 2008. The TBA evaluated both soil and water conditions, while identifying potential contaminant source areas. Like the prior AGS Assessment, the TBA identified the New Dominion mine's draining adit as "the major upgradient source to the Ferric Oxide site" and observed that the drainage from the New Dominion "contains elevated concentrations of various metals, principally iron, manganese and zinc." Noting that the beaver ponds appeared to be absorbing most of the metals contained in that discharge, the TBA advised that "Ophir should work with the USFS for potential strategies for ongoing maintenance or alternatives for this source" because the metals in the discharge will eventually "reduce the effectiveness of the beaver ponds."

With regard to soil condition, the TBA advised that "[a]ll four soil samples [taken] had detections of arsenic at concentrations greater than the BLM Open Space Worker Criteria and the Colorado Soil Evaluation Value

(CSEV)." Moreover, it recognized that "tailings produced from the Carbonero Mill were deposited at a location straddling the boundary the boundary line of the Ferric Oxide placer claim, extending southerly off the claim onto public lands of the National Forest." As the TBA noted, the tailings site occupied "a total area of approximately 1.7 acres," including both the main tailings pile and a secondary pile. The two sites – the report noted – cover areas of 1.7 and 0.6 acres, respectively.

### II. FOREST SERVICE CONVEYANCE AND CONSERVATION EASEMENT

Recognizing the above environmental conditions present on the Ferric Oxide site and having already developed an operational relationship with the U.S. Forest Service, on September 16, 2008, the Town authorized the conveyance of that two-acre parcel of the claim containing a portion of the Carbonero tailings to the Forest Service in order to facilitate beneficial remediation activities. In so doing, the Town noted that the Forest Service had "requested that the Town of Ophir donate [that land] which contains the portion of the Carbonero mine tailings deposits... in order to consolidate ownership of such mine tailings deposits with the federal government and facilitate remediation of such mine tailings deposits." On that same date, the Town authorized the grant of a conservation easement on the remaining 19.08 acres to the San Miguel Conservation Foundation (SMCF).

As detailed in the ordinance approving the easement, "the Town of Ophir applied to Great Outdoors Colorado [GOCO] for grant funding to assist with the cost of purchasing the Ferric Oxide Placer and the Board of Directors of Great Outdoors Colorado awarded \$100,000.00 in funding on December 2, 2005, to assist with the acquisition of the Ferric Oxide Placer for open space preservation purposes." And as the ordinance further recognized, as part of GOCO's grant requirements, an easement was to be conveyed "to a qualified land conservation organization in order to preserve the Ferric Oxide Placer as open space." Language in the draft easement between the Town and SMCF specifically allows the Town to conduct ongoing remediation activities, with the assistance of the Forrest Service on the adjacent Carbonero tailings, noting that the Town "reserves the right to provide access across the Property to the United States Forest Service... for the purpose of conducting remediation activities of the Carbonero mine tailings deposits located on adjacent land, including construction and maintenance of a repository." Nevertheless, the easement clarified that the tailings "do not significantly impair or interfere with the Property's Conservation Values and are consistent with purposes of the Easement," and stressed that "[the] 2-acre portion of the Ferric Oxide Placer that has been impacted by the Carbonero Mill tailings has been subdivided from the Property to be conveyed to the U.S. Forest Service, and is not included in the conservation easement."

The Town, in consultation with SMCF and GOCO, determined that it was appropriate to address these issues in this Environmental Management Plan, in order to ensure safe passive recreational use of the property by the general public.

### III. PURPOSE AND NEED FOR THE ENVIRONMENTAL MANAGEMENT PLAN

As part of the due diligence required to secure GOCO funds, it was necessary to gain additional assurances that each REC would be addressed in a manner that would allow the public to safely utilize the property for passive recreation. Although the Forest Service's May 20, 2005 Letter of Understanding to the Town memorialized the Grand Mesa-Uncompahgre National Forest's commitment to "reclaim[ing] the entire Carbonero Tailings Site, including the portion of the tailings located on the Ferric Oxide Claim," GOCO staff advised the Town in May, 2009 that it required further assurances on this remediation action, as well as clarification and/or articulation of plans to address the other lingering environmental concerns before it could issue a final reimbursement grant award.

In memo dated May 19, 2009, GOCO staff suggested that it is "unclear how (or whether) the TBA addresses the [nearby Carbonero mine as a] potential REC [as] identified in the Phase I [Assessment]." GOCO observed that according to the TBA, "the Howard Fork as it passes through the property is dead 'due to other sources of contamination in the watershed,' and proposed that such sources "could presumably include the Carbonero [Mine]." The memo noted that while the Phase I Assessment "identifies the Carbonero Mine as a CERCLIS [Comprehensive Environmental Response, Compensation, and Liability Information System] site," the TBA, on the other hand, concluded that "there are no environmental concerns in a one-mile radius of the Ferric Oxide site." GOCO thus asked for further clarification on the status of clean-up efforts, if any, on the non-contiguous Carbonero Mine site.

In addition, GOCO sought more detailed information from the Town and USFS on the schedule for the remediation of the Carbonero tailings, as located both on the 2-acre parcel conveyed to the Forest Service, as well as on adjoining public lands not part of the transfer. With regard to the discharges from the Old Dominion adit, the GOCO memo asked, "Since the presence of wetlands is listed in the draft conservation easement as one of the property's conservation values, what has the Town done to follow-up on the TBA's recommendation to work with the Forest Service on the New Dominion discharge, to ensure the long-term health of the beaver ponds?" And finally, as to the detected elevated arsenic levels on the Ferric Oxide property, the memo inquired as to what steps the Town will take "to ensure elevated arsenic levels are addressed so that the property can be used for passive recreation by the public (as indicated in the application)."

In order to ensure that all of these issues were addressed, GOCO advised that the Town gain the opinion of the environmental professionals that conducted the assessments on the property, and produce a document that explained what steps would be taken in the future to ensure public safety and protect the conservation values.

### IV. ENVIRONMENTAL MANAGEMENT

In recent years, the Ophir Valley has been the target of significant remedial activities addressing the adverse impacts of the region's historical mining legacy. These efforts have emphasized not only the restoration of the area's waters and lands, but also the long-term preservation of these resources as open space for future generations. The United States Environmental Protection Agency (EPA) and USFS have partnered with the Town, CDPHE, private property owners and able non-profits such as the Trust for Land Restoration and the Trust for Public Lands in redressing various contaminant sites of concern throughout and surrounding the valley, while ensuring the federal reacquisition of numerous mining-era inholdings. In addressing the above concerns, therefore, the Town has consulted with a broad array of individuals, agencies and other entities insofar as each issue is subject to differing jurisdictional standards, necessitates varying skill sets, and differs with regard to the environmentally-preferential desired course of action.

#### A. The Carbonero Mine Site

As stated above, the Carbonero Mine Site – located in a high alpine area \_-mile removed from the Ferric Oxide property – served as the source of the tailings deposits that continue to occupy lands the Town conveyed to the Forest Service in order to facilitate their remediation. Moreover, its adit serves as a potential source of contamination of the Howard Fork, which runs along the southern boundary of the Ferric Oxide site. This adit is located on a private inholding and thus falls outside the authority of Forest Service restoration efforts and funding mechanisms. Nevertheless, the private landowner is working in consult with both the EPA and appropriate state agencies in establishing test sites in order to identify and remedy the

discharge of effluents of concern from the CERCLIS-listed mine site. As Mark Rudolph – CDPHE Environmental Protection Specialist and lead author of the 2008 TBA – noted in a letter to the Town addressed May 31, 2009:

EPA, State of Colorado Department of Reclamation and Mining Safety (DRMS), CDPHE and the private owners of the draining adit are working cooperatively on an economically viable and equally protective solution for this draining adit. Due to the distance of the draining Carbonero Adit and the numerous watershed-wide environmental sources present in the valley, CDPHE does not feel that the Carbonero Adit (2.5 miles upgradient of the Ferric Oxide) is a concern to the Ferric Oxide site, but rather a concern to the overall water quality of the Howard Fork watershed. Proposed work for this summer of 2009 will hopefully provide important data for remedial options for this draining adit.

The Pauls Family, owners of the land from which the Carbonero Mine adit protrudes, has been working in close partnership with both the Town and TPL in ensuring that its inholding lands are free from development in perpetuity and that in the alternative, they be subsumed once again under federal, USFS management for preservation purposes. As the Pauls Family continues explore ways to best remediate abandoned claims not already conveyed to TPL, the Town will continue working as an active participant in this process as appropriate and in such a manner as will best serve the interests of the Valley's long-range environmental health.

### B. The Carbonero Tailings Remediation

As noted, the Town has long been working in consult with the Grand Mesa, Uncompanier and Gunnison (GMUG) National Forest on a best-approach scenario for remediating the Carbonero tailings site and has actively participated in the development of a plan that involves removing the tailings from the Howard Fork flood plain and encapsulating the tailings on site, which was determined to be environmentally preferable to a full removal action. Given this in situ remediation process, the restoration effort will also include the installation of an interception trench in order to minimize potential groundwater recharge to the tailings.

In a memo dated June 3, 2009, GMUG Abandoned Mine Lands Manager Linda Lanham, "identified the abandoned mill tailings site known as the Carbonero Tailings Site near the Ophir, CO as a priority site for reclamation activities." As further noted, on September 14, 2006, the GMUG "issued a design/build contract for the completion of plans and specifications for the reclamation of the Carbonero Tailing Site to Millennium Science & Engineering (MSE)." And as confirmed in subsequent conversations with Ms. Lanham, MSE was scheduled to conduct a design-build walk-through of the Ferric Oxide site on September 15, 2009, while poised for an anticipated project completion date sometime in the summer of 2010.

### C. Old Dominion Discharges

With respect to water testing it conducted on the beaver ponds, HMWMD noted in its Phase I Assessment that elevated concentrations of iron and manganese "decline as the water progresses through the series of beaver ponds to the point where seepage from the ferrosinter [iron bog] combines with the flow from New Dominion." Indeed, Mr. Rudolph confirmed that the ponds "exhibited characteristics as natural treatment ponds which allowed the metals in the New Dominion Mine adit discharge to settle out prior to entering the Howard Fork." Nevertheless, the TBA concluded that "the New Dominion discharge is an ongoing release that [left unchecked], will eventually reduce the effectiveness of the beaver ponds via sedimentation". As such, CDPHE has recommended that the Town "begin communication with the USFS regarding the New Dominion discharge," and that while "USFS is going through significant efforts at this time on the largest

land in upland adjacent forest," nevertheless indicated an arsenic concentration of 200mg/kg. In Mr. Rudolph's determination then, the sampling generally indicated "a naturally elevated mineralized zone." Nevertheless, CDPHE proposed a number of strategies aimed at avoiding the risk of prolonged or unnecessarily direct human contact with soils tending to demonstrate elevated arsenic levels, and through this planning document, the Town commits to implementing these approaches, which would include the construction of "a walking trail along the current access road to the Carbonero site" after the Forest Service completes remediation of the site. As further articulated in Mr. Rudolph's letter of May 31:

The portions of the site where no remediation is planned [including three of the four sample sites] are recommended for restricted access. The Ophir Valley is covered by snow for a significant portion of the year, thereby limiting exposure to soils. The remainder of the year the proposed trail on the Ferric Oxide Claim will likely have little use. Based on the aesthetics, views and locations of other trails in the Ophir Valley, the trail on the Ferric Oxide Claim will likely have very limited use.

### [...]

Additionally a sign should be set up informing the visitor as to the significance of the Ferrosinter and its historic use as a former source of red pigment in Crayola Crayons. Potential benefits of this signage may include educating the public about the hazards of elevated levels of metals, how they occur naturally, how they may be present in everyday products, and common measures to protect oneself. CDPHE believes that remediation of this site is best implemented through precautionary measures such as a remediated trail with clearly marked boundaries. This will greatly reduce any potential exposure.

Through Mr. Rudolph, CDPHE has further recommended that this trail "have a maintained cap along [its] entire length... with a locking gate prohibiting motorized access." The Town is generally in agreement with this mitigation approach and will actively solicit the input of CDPHE and/or USFS in facilitating its completion. Moreover, SMCF, having been advised of this recommendation, is in harmony with the proposal. According to Mr. Hickcox, "SMCF agrees with this recommendation and will want to see this language incorporated into the conservation easement. Furthermore, we would suggest that we add a section in Paragraph 5 of the conservation easement (Prohibited and Restricted Uses) that prohibits camping on the entire property, thereby further reducing the risk of human contact with arsenic in the soil." The Town concurs with the implementation of such restrictions and will continue to reserve the opportunity to implement this and such other limitations on the property's use as may protect the public health and welfare of its citizens and others.

Reviewed, approved and adopted by the Ophir General Assembly this 15th day of Sertenes 2009

Randy Barnes Town Mayor

Rhonda Claridge, Town Clerk

# Notice of Tier 2 Violations for Town of Ophir Water System Violation #1 T124 - Treatment - Membrane Integrity Testing

# Violation #2 F326 - Finished Water Storage - Comprehensive Tank Inspections Not Performed

### Permit #CO 0157600

### 11/11/23

The Town of Ophir Water System had a routine sanitary survey on 9/22/23 of the public water system and 2 violations with potential health effects were identified.

### Violation #1 T124 - Treatment - Membrane Integrity Testing

Violation #1 is a treatment technique violation of Regulation 11 Section 11.8(2)(b)(ii)(A) of the Colorado Primary Drinking Water Regulations ("Regulation 11"), 5 CCR 1002-11. The Town of Ophir water supplier lacked or was not properly performing membrane integrity tests.

During the sanitary survey, the department inspector observed that the filtration treatment processes consisted of a Pentair X-flow membrane skid. The supplier's certified operator in responsible charge (ORC) stated that production records indicate that the supplier was performing integrity testing on the membranes, however tests were not occurring weekly and only a handful of tests had been documented. The frequency of membrane integrity testing is required to be once per calendar week that the membrane is in operation and following clean-in-place (CIP), as required by Section 4.3.8.7(d) of the Colorado Design Criteria for Potable Water Systems and referenced as a condition of approval in the department's May 23, 2014 acceptance letter of the Pentair X-Flow B.V.SXL-225/SXL-55 membrane module as Alternative Filtration Technology as well as the July 25, 2012 General Requirements of Membrane Filtration Technologies letter. The filtration system was not being operated in accordance with the conditions outlined in the department's Acceptance of the Alternative Filtration Technology letter and is therefore not properly operated to ensure it is consistently achieving 99.9 percent removal of Giardia in accordance with Regulation 11, Section 11.8(2)(b)(ii)(A). Operating under such conditions is a violation of Regulation 11, Section 11.8(2)(b)(ii)(A) and must be corrected.

Inadequately treated water may contain disease-causing organisms. These organisms can cause symptoms such as diarrhea, nausea, cramps, and associated headaches.

To address this violation, the department expects the supplier to modify operational procedures to ensure that the membrane filters undergo integrity testing at least once per week and following every CIP. The supplier is expected to submit to the department inspector a written integrity testing standard operating procedure and a test log with one month of integrity tests.

The Town of Ophir is in the process of developing a Standard Operating Procedure (SOP) and a staffing delegation plan for operational procedures and defined roles and responsibilities for the water system personnel. The ORC and town staff has conducted the membrane integrity tests weekly since the sanitary survey and will submit the test logs to the department along with the SOP by January 31, 2024.

For corrective actions, the Town of Ophir will implement the membrane integrity testing SOP and complete the maintenance as required by CDPHE. These records will be kept at the treatment plant.

The Town of Ophir Water System anticipates having the records submitted to the CDPHE by January 31, 2024.

The water is safe for bathing, cleaning dishes, and normal day use.

Please share this information with all the other people who drink this water, especially those who may not have received this notice directly (for example, people in apartments and/or rentals, employees, visitors, and businesses).

This notice will be posted at the Ophir Town Hall message board, the Town of Ophir Trash Building, and Ophir Post Office as well as distributed copies by hand as required. It will be mailed and emailed to all customers that are on file with contact information as customers and owners.

For additional information or concerns, please contact John Wontrobski with the Town of Ophir at 970-728-4943, <a href="mailto:manager@ophir.us">manager@ophir.us</a>

## Violation #2 F326 - Finished Water Storage - Comprehensive Tank Inspections Not Performed

Violation #2 is a storage tank rule treatment technique violation of Regulation 11 Section 11.28(4)(c)(iii) of the Colorado Primary Drinking Water Regulations ("Regulation 11"), 5 CCR 1002-11. The Town of Ophir water supplier failed to perform or document comprehensive tank inspections.

During the sanitary survey, the supplier indicated that comprehensive tank inspections of the storage tanks had been performed, however the supplier did not have records of the comprehensive inspections and was not sure what year they were completed. Failing to perform and document comprehensive tank inspections constitutes a treatment technique violation of Regulation 11, Section 11.28(4)(c)(iii) and must be corrected. The supplier must perform and keep record of both periodic and comprehensive inspections of all finished water storage tanks.

Inadequately maintained storage tanks, identified through inspections, may allow contaminants or disease-causing organisms to enter the drinking water, which can cause diarrhea, nausea, cramps, and associated headaches.

To resolve this violation, the department expects the supplier to have comprehensive inspections completed for the storage tanks by a qualified person or company. Please submit the comprehensive inspection reports to the department inspector upon completion. Please note that the comprehensive inspection will serve as a means to identify any sanitary defects of both internal and external conditions of the storage tank. If the comprehensive inspection results in any identified sanitary defects, then the supplier must appropriately correct those defects.

The Town of Ophir conducted comprehensive tank inspections by qualified personnel on 10/5/23 in the 3 finished water storage tanks for the Town of Ophir Water System. Sanitary defects were identified and corrected including the replacement of screens on the tank vents and overflow discharge piping. Replacement gaskets, seals for the access ports, and stainless steel bolts are being sourced and scheduled for replacement which will be completed by December 31, 2023.

For corrective actions, the Town of Ophir will review and update its Water Tank Inspection Plan and implement an SOP for both periodic and comprehensive tank inspections to happen as specified by the storage tank rule. Records of the tank inspections will be kept at the Ophir Town Hall.

The Town of Ophir Water System anticipates having this violation resolved and reports submitted to the CDPHE by January 31, 2024.

The water is safe for bathing, cleaning dishes, and normal day use.

Please share this information with all the other people who drink this water, especially those who may not have received this notice directly (for example, people in apartments and/or rentals, employees, visitors, and businesses).

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For additional information or concerns, please contact John Wontrobski with the Town of Ophir at 970-728-4943, manager@ophir.us



## **BOARD OF COMMISSIONERS**

Anne Brown Kris Holstrom Lance Waring

October 18, 2023

To our fellow San Miguel County taxing districts -

As each of our organizations are at work developing 2024 budgets, we write to discuss the cumulative impact of potential tax increases on San Miguel County residents. Many constituents have shared their worries with us about anticipated "skyrocketing" property taxes. We are particularly concerned for those living on the financial margin and/or on fixed incomes (especially our growing population of seniors) for whom next year's tax bill could be the tipping point - that is, the point at which they can no longer afford to remain in their homes and must leave the community. We are also sensitive to long-term renters as it is likely that significant property tax increases will translate to higher rents.

This year's reassessment of property values was statutorily based on sales data for the 18-month period ending June 30, 2022 - a period of unprecedented increase in real estate activity and prices that occurred during the pandemic. Assessed values increased an average of 33% in San Miguel County, with some individual properties more than doubling. As almost all taxing districts within the county are no longer constrained by TABOR (they are "de-Bruced"), this substantial increase in assessed values could translate to a substantial increase in tax bills.

Should state ballot measure <u>Proposition HH</u> (initiated by <u>SB23-303</u>) pass in November, most taxing entities would be prevented from collecting an increase in property taxes above the rate of inflation, with some backfill provided by a new 1% state TABOR override. Although, importantly, **districts may waive the revenue limit** by properly noticing the public and considering their comments. If Prop HH does not pass, or if it does pass and many districts waive the revenue limit, the potential for significantly higher property tax bills in our county is real.

Demand for services provided by all taxing districts has increased in recent years, as have costs. We all feel the pressure (and desire) to expand and improve. Thus, the opportunity for a significant increase in revenues may feel like a financial relief to our organizations. Yet we urge your boards to join the Board of County Commissioners (BOCC) in considering the cumulative effect of our organizations all increasing our revenues (and therefore tax collections) to the extent we are "entitled." It is important to consider that property owners may experience increases not only for our individual districts, but for multiple overlapping districts into which they pay.

The table provided below summarizes the estimated allowable increase in tax collection for each San Miguel County's taxing district, based on this year's reassessment. While the allowed increases for each individual district may seem reasonable, taken together they are substantial for community members who must pay them.

Bear in mind that the estimated increases presented here **do not include any additional mill levies** that voters may approve in the near future. In November of this year, east end voters will be asked to consider increases for both the Telluride Hospital District and the R1 School District, while Norwood-area residents will consider a mill levy increase for the R2 School District. Fairly soon, we also anticipate requests for some type of tax increases for the gondola and wastewater treatment plant. **The BOCC does not mean to suggest that these requests are unreasonable - we support all of these area service providers.** In fact, our hope is that by limiting next year's tax increases, we can "save room" in the community's wallets for these important new initiatives.

Another important note: In the past, TABOR encouraged taxing entities to take the maximum allowed increase because once a mill levy went down, it required voter approval to raise it again, even slightly. Importantly, this is no longer the case, as <u>SB23-108</u> now allows taxing entities to "float" their mills down through temporary property tax credits and then up again in subsequent years, if needed and properly noticed. Which is to say, taxing districts that do not collect their full allowable revenues this year will not forfeit these increases indefinitely.

With the greatest appreciation for the work you do, the BOCC respectfully asks your district to join the county in carefully considering the revenues your organization needs for 2024. In particular, we ask you to:

- If Proposition HH passes, consider following the specified public process to opt out of the revenue restrictions so your board maintains some flexibility, and can increase revenues at a rate greater than inflation if needed.
- At the same time, if your district is experiencing more than a 20% increase in values, and
  if you can practicably do so, consider limiting your tax capture to no more than 20% by
  providing the temporary tax credit authorized by SB23-108. The BOCC is committed to
  doing this in our own 2024 budget.
- To offset the unrealized tax increase:
  - o Make use of the state's backfill where and when available.
  - o Make use of the ability to "float" your mill levy back up in future years if needed.

Contact County Manager Mike Bordogna with any questions related to this letter (mikeb@sanmiguelcountyco.gov, 970-728-3844).

Together, all county taxing districts have the power and the opportunity to provide tax relief. Let's do what we can to support our friends and neighbors!

Respectfully yours,

Lance Waring, Chair

Kris Holstrom, Vice Chair

Anne Brown, Commissioner

San Miguel County Board of County Commissioners

Taxing entity	2022 Mills (Taxes paid in 2023)	Max Increase in Revenue 2023	Max Increase in Revenue 2022
San Miguel County	11.867	\$3,818,795	33.4%
Telluride R1 School District*	13.262	4,233,233	34.9%
Norwood R2 School District *	13.706	41,673	7.1%
Dolores School District	29.293	(12,922)	-9.7%
SW Water Conservation District **	0.407	21,539	5.5%
San Miguel Water Conservancy District **	0.088	4,657	5.5%
Lone Tree Cemetery District	0.150	44,743	38.2%
Telluride Hospital District*	3.476	1,109,540	34.9%
Town of Telluride	6.065	995,848	46.8%
Town of Norwood	15.129	14,719	15.2%
Town of Ophir	27.665	39,284	25.5%
Town of Mountain Village	13.477	1,497,818	34.0%
Telluride Fire Protection District***	8.987	6,527,888	143.1%
Norwood Fire Protection District	10.600	90,568	32.4%
Egnar Slickrock Fire Protection District	8.000	(3,529)	-9.7%
SMC Public Library District 1	3.638	1,161,250	34.9%
Lone Cone Library District	10.428	31,706	7.1%
Wilson Mesa Metro District	22.135	40,897	24.9%
Mt Village Metro District	1.461	162,374	34%
Norwood Sanitation District	2.643	2,489	15.4%
SMC Solid Waste Disposal	0.401	18,000	16.7%
Norwood Park and Rec District	1.000	2,704	7.0%
SMART	0.752	238,840	35.0%
Total		\$20,082,114	44.7%
*Excludes potential mill levy increase proposed on Nov 2023 ballot **Subject to TABOR limits (not "de- Bruced")			
*** Includes +4.00 mill levy increase approved by voters in May 2023			