

**UPPER ARKANSAS WATER
CONSERVANCY DISTRICT**

Regular Meeting of the Board of Directors

**September 14, 2017
1:30 P.M.**

A regular meeting of the Board of Directors of the Upper Arkansas Water Conservancy District was held Thursday, September 14, 2017, at the District offices, 339 East Hwy 50, Salida, Colorado, following the Water Activity Enterprise committee meeting, notice having been given by posting of Notice and Agenda on September 13, 2017 at the offices of the Upper Arkansas Water Conservancy District, 339 East Hwy 50, Salida, Colorado.

DIRECTORS PRESENT

Robert M. Senderhauf	Tim Payne	Timothy C. Canterbury
Franklin J. (Jay) Moore	Gregory W. Felt	Richard Hilderbrand
Tom E. French	Robert B. (Bill) Donley	John H. Sandefur
Thomas Goodwin	Dennis Giese	

DIRECTORS ABSENT

Jeff Ollinger
Mannie Colon

DISTRICT OFFICIALS/STAFF MEMBERS PRESENT

Ralph L. (Terry) Scanga, General Manager	Ken Baker, Consultant
Kendall K. Burgemeister, Attorney	George Wear, Engineer
Chelsey Nutter, Project Manager	Jord Gertson, Hydrologist
Brian Sutton, Water Commissioner	

DISTRICT OFFICIALS ABSENT

None

EX-OFFICIO REPRESENTATIVES PRESENT

Shawn Williams, Public Works Director, Buena Vista

EX-OFFICIO REPRESENTATIVES ABSENT

Melodee Hallett, Salida City Council
Brian Berger, Poncha Springs Administrator
Michael Patterson, Florence
James Wade, Park Center Water District
John Roorda, Chaffee County
Allen Butler, Custer County
Ashley Smith, Cañon City Council
Jay Printz, Custer County Commissioner, Westcliffe
George Medaris, District Manager, Round Mountain WSD

GUESTS PRESENT

Joe Stone, The Mountain Mail
Kristie Nackord, Fremont County
Ben Laura, United States Forest Service
Dan Henrichs, Division of Water Resources

PLEDGE OF ALLEGIANCE

Chairman Senderhauf led attendees in the Pledge of Allegiance.

INTRODUCTION OF GUESTS

Guests were asked to introduce themselves.

RECORD OF PROCEEDING

MINUTES OF THE MEETING OF AUGUST 10, 2017

The minutes of the meeting of August 10th, 2017 were unanimously approved upon motion by Director Donley with second by Director Felt.

FINANCIAL REPORTS

Upon motion by Director Goodwin with second by Director Payne, the Board unanimously approved the monthly financial report dated August 31, 2017.

Audit Report – Hancock Froese & Company LLC – by Conference Call

Patrick Hancock of Hancock Froese & Company was available by telephone conference call to review the 2016 financial audit with the Board. He first reviewed the Independent Auditors' Report setting forth the manager's responsibility for the financial statements and the auditors' responsibilities. In the auditors' opinion, the financial statements fairly present the respective financial position of the governmental activities of Upper Arkansas Water Conservancy District as of December 31, 2016, and is a clean opinion.

Mr. Hancock then reviewed the revenues and expenses vs. budgetary comparison for both the General and Enterprise funds. In the General fund changes in revenues were due to increase in amount of ad valorem taxes collected, and changes in expenditures were primarily due to decrease in engineering and legal services. The Enterprise fund, showed an increase in revenue from cash and grants receivable. There was an increase in expenses due to payment on the CWCB loan. The General fund and Enterprise fund expenditures were within the adopted budget for the year and there were no violations. Overall the audit went very well.

Director Felt asked what were the unearned revenues in the Enterprise. Mr. Scanga explained that we send out meter readings in advance for the next year. Customers can pay their storage and maintenance fee in advanced. Some payments were received in 2016, but are for the 2017 storage and maintenance fees. Director Hilderbrand asked how staff insurance is broke out between the General Fund and Enterprise. Mr. Hancock explained that the staff is split between the General and Enterprise funds under the insurance line item. Upon completion of the report, Director Payne made a motion to accept the auditors' report, with second by Director Sandefur. There being no discussion, the motion passed unanimously.

PROGRAM PRESENTATIONS

Project Manager Nutter and Education Consultant Nackord provided a presentation on the final education and outreach plan for the Upper District. Project Manager Nutter opened the presentation with an explanation of how the plan was developed. Nutter and Nackord spent several months meeting with District Board Members and leaders of non-profit organizations throughout the District's service area. The stakeholder input was gathered to develop the education and outreach plan. Nutter thanked the Board Members for their input and reminded them to keep the purpose of the outreach plan in mind as we move forward.

Nackord started with an overview of the purpose, goals and target audience for the plan. Nackord explained that the purpose for the plan is to fill the information gap about water use and policy in the Arkansas River Basin. The goals of the plan include (a) the target audience will understand the value of the District's role and impact on water use and policy, and (b) the District will be recognized as a credible resource and partner for water use information. The target audience is local environmental organizations, non-profits and realtors. The secondary target audience is youth 18 and under.

Nackord then provided the Board with the key findings from the non-profit and Board Member interviews. Nackord explained that local non-profit organizations communicate often on water resource topics and are interested in working in partnership with the District. The non-profit organizations identified buy & dry, population growth, and meeting the water supply demand as the top water challenges. They could not accurately describe the District or the services that the District provides. Board Members said that education is very important and identified lack of education, storage, and augmentation as the top water challenges.

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Nackord then provided recommendation for implementation of the District's education and outreach plan. Nackord reported that the District needs to tell their own good story, build partnerships, and provide more access to information and resources through public/ online presence. Next steps for the education and outreach plan include (a) general communications (b) new and enhanced programs (c) targeted information and programs by county. Nackord and Nutter provided the Board with a detailed final education plan, schedule, and deliverables.

EX-OFFICIO REPORTS

There were no ex-officio reports.

WATER COMMISSIONER REPORT – Brian Sutton

Brian Sutton introduced the new water commissioner for Division 12 Dan Hendricks. He is replacing Josh Kasper and will have the same number as Mr. Kasper.

CONSULTANT REPORT – Ken Baker

Consultant Baker reported on the Colorado Water Congress Summer Convention. On Thursday of the conference Floyd Ciruli presented his Political Crystal Ball and included in his remarks that the democrat candidate for President in 2016 received enough votes in the Denver metro area to carry the balance of the State of Colorado. The majority of the members of the Colorado State Affairs Committee and the current majority of the Colorado General Assembly reflect the influence of the Denver Metro Area.

The Interim Water Resources Review Committee met on Wednesday of the conference and included on its agenda an update and review of the Northern Colorado Water Conservancy District's Northern Integrated Supply Project and Environmental Reservoir Releases Dedications that were the subject of matter of the 2017 Senate Bill 282. The bill was postponed indefinitely, but the goal is to promote the bill next session. The UAWCD opposed the bill because it promoted "ushering" of decreed water past decreed irrigation diversions in the stream.

Representative Scott Tipton reviewed the Water Rights Protection Act that he has sponsored, as well as the Resilient Federal Forests Act and the Water Supply Permitting Coordination Act that he is sponsoring. Each of the bills in pending and have to meet the test of political climate in Congress.

PROJECT MANAGER REPORTS - Chelsey Nutter

The Project Manager's report was conducted during the program presentation.

COMMITTEE REPORTS

Resume Review Committee

Nothing of significance in the Resume.

MANAGER'S REPORT – Terry Scanga

Ice Lakes

Manager Scanga reported that we are working with Ice Lakes HOA to provide augmentation for evaporation loss off Ice Lakes. Manager Scanga and Attorney Burgemeister provided Ice Lakes HOA with a final term sheet and are waiting to hear back from them.

Preliminary 2018 Budget Presentation

Manager Scanga reviewed the preliminary 2017 budget. Under the General fund budget, Manager Scanga reported that revenues are based upon preliminary assessor certifications of ad valorem and specific ownership taxes. Manager Scanga briefly reviewed expenses, which include a 5% increase in employee's salaries and base salary increases in the general fund budget.

Under the Enterprise budget, Manager Scanga recommended that wages reflect a 5% increase for employees who are paid through the Enterprise. Manager Scanga also budgeted for two new office trainees to eventually replace office staff who are nearing retirement. New Standard augmentation

RECORD OF PROCEEDING

revenues are estimated at 50 units for 2018. Storage and maintenance fees were estimated according to the 50 additional units. Expenditures include the Trout Creek well and a vehicle for Hydrologist Gertson and Project Manager Nutter to share. Other expenditures include expenses for projects and principal and interest payments on our Colorado Water Conservation Board loan.

Mr. Scanga asked the Board to review and comment on the preliminary budget before the final budget is presented at the October board meeting.

ENGINEER'S REPORT – George Wear, P.E., Colorado River Engineering (CRE)

Current Engineering Activities – Updates

Engineer Wear reported that Engineer Manera has met with Paul Moltz to discuss the Trout Creek Park Alluvial Storage pipeline design. The pipeline will need to be longer as to not interfere with Mr. Moltz's existing irrigation system. Cost estimates will be provided to the District soon.

LEGAL REPORT – Law of the Rockies, Kendall Burgemeister

Opposition updates and transactional matters are included in the Law of the Rockies legal report in the Board's binders.

UAWCD Application Updates

Attorney Burgemeister reported that the Friend Ranch Change case still has a couple weeks before statements of opposition are due.

Opposition Updated

Attorney Burgemeister reported on the proposed stipulation in the Bright Case. The Brights are located on Three Mile Creek and the case involves an augmentation plan for two ponds. The Brights have decided to use their Twin Lakes shares for replacement of the pond evaporation. Attorney Burgemeister suggests that we get out of the case at this time because our needs have been satisfied. Director Felt made motion to sign the stipulation between UAWCD and the Brights. There was a second by Director French. There being no discussion, the motion passed unanimously.

Resolution of Intent to File an Exchange-Trout Creek Alluvial Storage Project

Burgemeister provided a resolution for the intent to file an exchange for the Trout Creek Park project. Directors were given a copy of the resolution. Attorney Burgemeister explained that the exchange will allow us the opportunity to exchange excess fully consumable water back into the recharge infiltration field(s). A motion was made by Director Goodwin to accept the resolution and there was a second by Director Hilderbrand. There being no discussion, the motion passed unanimously.

CHAIRMAN AND DIRECTOR REPORTS

Chairman Senderhauf announced “Consideration of an executive session to receive direction for negotiations with District staff employment positions in accordance with CRS 24-6-402 (3)(a)(V) & CRS 24-6-402 (4)(e) & (f)(I).”

At 3:25 pm Director Donley moved to convene in executive session. The motion was seconded by Director Goodwin and unanimously approved by the Board. Present were all Board members except for Mannie Colon & Jeff Ollinger. At 3:49 pm Manager Scanga, Attorney Burgemeister, Engineer Wear, Consultant Baker, Project Manager Nutter, and Hydrologist Gertson joined the executive session.

After discussion at 4:18 pm Director Donley moved to adjourn executive session and reconvene the general Board meeting. The motion was seconded by Director Moore and unanimously approved by the Board.

Discussion Out of Executive Session

Manager Scanga explained that a final budget will be presented at the October meeting and a budget hearing and final Board approval of the budget will take place in November. Chairman Senderhauf suggested that discussions on employee salaries, positions, and duties take place each year.

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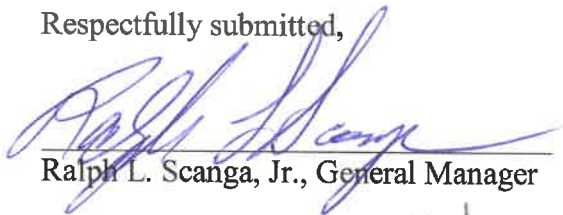
NOTICES & MEETINGS

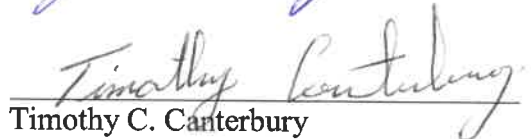
- SECWCD Meeting –September , 2017, Pueblo, CO
- CWC 2017 Summer Conference – August 22-24, 2017, Steamboat Springs
- ABRT Meeting – September 13, 2017, Pueblo, CO

ADJOURN

There being no further business to come before the Board, upon motion by Director Donley, second by Director Moore and unanimous approval of the Board, the meeting adjourned at 4:40 pm.

Respectfully submitted,

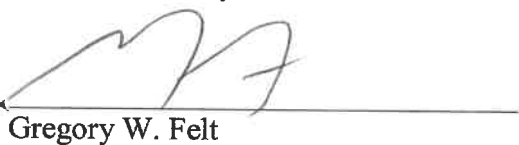

Ralph L. Scanga, Jr., General Manager


Timothy C. Canterbury

Absent - no signature

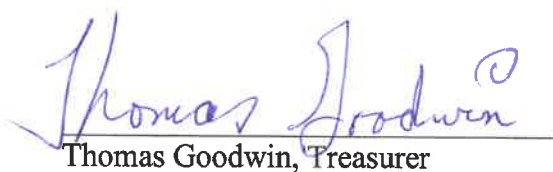
Mannie Colon

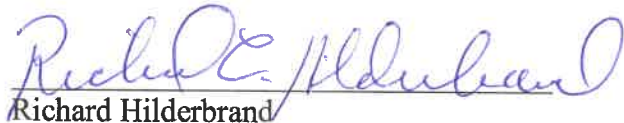
Robert B. Donley

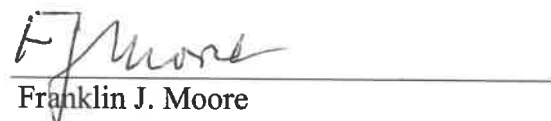

Gregory W. Felt


Tom E. French


Dennis Giese

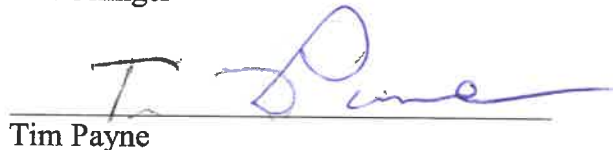

Thomas Goodwin, Treasurer


Richard Hilderbrand


Franklin J. Moore

Absent - no signature

Jeff Ollinger


Tim Payne

John H. Sandefur


Robert M. Senderhauf