

**UPPER ARKANSAS WATER
CONSERVANCY DISTRICT**

Regular Meeting of the Board of Directors

**May 13, 2021
1:30 P.M.**

A regular meeting of the Board of Directors of the Upper Arkansas Water Conservancy District was held Thursday, May 13, 2021, commencing at 1:30pm 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 May 10, 2021 at the offices of the Upper Arkansas Water Conservancy District, 339 East Hwy 50, Salida, Colorado.

DIRECTORS PRESENT (IN PERSON)

Tim C. Canterbury
Thomas Goodwin
Tom E. French
Rich Hilderbrand

DIRECTORS PRESENT (BY REMOTE VIDEO AND AUDIO CONFERENCING)

Tim Payne
Robert B. Bill Donley
Mike Shields
Gregory W. Felt
Tony Telck
Mannie Colon
Warren Diesslin
Brett McMurry

DIRECTORS ABSENT

Franklin J. (Jay) Moore

DISTRICT OFFICIALS/STAFF MEMBERS PRESENT

Ralph L. (Terry) Scanga, General Manager
Jord Gertson, Hydrologist
Gracy Goodwin, Projects Manager
Jennifer A. Scanga, Secretary
Kendall Burgemeister, Attorney

DISTRICT OFFICIALS/STAFF MEMBERS PRESENT (BY REMOTE VIDEO AND AUDIO CONFERENCING)

Chris Manera, Engineer
Richard Brown, Legislative Consultant

DISTRICT OFFICIALS ABSENT

Ken Baker, Consultant

STATE OFFICIALS PRESENT (BY REMOTE VIDEO AND AUDIO CONFERENCING)

Will Scott, Water Commissioner, District 12
Dan Henrichs, Water Commissioner, District 11

STATE OFFICIALS ABSENT

Brian Sutton, Augmentation Coordinator
Bill Tyner, Division Engineer

EX-OFFICIO REPRESENTATIVES PRESENT (BY REMOTE VIDEO AND AUDIO CONFERENCING)

Tom Flower, Custer County Commissioner
Dwayne McFall, Fremont County Commissioner

EX-OFFICIO REPRESENTATIVES ABSENT

Brian Berger, Poncha Springs Administrator
Bob Hartzman, Canon City Water Superintendent
Michael Patterson, Florence City Manager
John Roorda, Chaffee County Planning Manager
Shawn Williams, Buena Vista Public Works Director
Dave Schneider, District Manager, Round Mountain WSD

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Philip Puckett, Buena Vista Town Administrator

GUESTS PRESENT

Luke Javernick of River Science

GUESTS PRESENT (BY REMOTE VIDEO AND AUDIO CONFERNING)

Joe Stone, Heart of the Rockies Radio

M. Christina Floyd, Lake County Attorney

Joel Benson, Town of Buena Vista

Sarah Mudge, Lake County Commissioner

Greg Peterson, Executive Director for Colorado Ag Water Alliance

Cathy Garcia, Southern Colorado Regional Director

PLEDGE OF ALLEGIANCE

Chairman Canterbury led attendees in the Pledge of Allegiance.

INTRODUCTION OF GUESTS

Guests were asked to introduce themselves.

MINUTES OF THE MEETING OF April 8, 2021

The minutes of the meeting of April 8, 2021 and May 3, 2021 were approved upon motion by Director Payne with second by Director Felt.

FINANCIAL REPORTS

Upon motion by Director Goodwin with second by Director Hilderbrand, the Board approved the monthly financial reports dated April 30, 2021.

PROGRAM PRESENTATIONS

Guest speaker Luke Javernick of River Science, a non-profit organization out of Canon City, gave a presentation on Phase 1 of the Van Norman Project. Mr. Javernick explained that the Van Norman Project is a stream rehabilitation plan to demonstrate how to properly conduct stream rehabilitation/management while protecting water rights from injury. The Van Norman property covers 675 acres of land, 8 miles south of Canon City in Fremont County. Two miles of Oak Creek runs through the property and at the downstream end of the property is the town of Rockvale Wells where water is pulled through municipal supply and is the calling water right. The Van Norman's have the junior water right. Mr. Javernick pointed out that most of the Van Norman property is in a conservation easement excluding the north part of the property. He stated that a priority of the Van Norman's is the education aspect of the project and promoting education of habitat and stream restoration to people of all ages including students, professionals, and policy makers.

Mr. Javernick highlighted some of the issues with the property including flash flooding and stated that due to years of cattle grazing, the land has acquired a lot of erosion and degraded river streams. He added that there are a lot of junipers encroaching the riparian area which is a high fire risk.

Mr. Javernick said the project has been anticipated for the past couple years and process-based restoration. He explained that the idea behind process-based restoration is letting the river do the work by adding structures that mimic nature and help with the process in a beneficial way by restoring biological and physical degradation. Mr. Javernick stated that the treatments are low cost, natural, hand built and easy to modify and in the event of a worst-case scenario during the restoration, are easily removable.

Mr. Javernick displayed photos showing an example of what restoration might look like from start to finish as well as photos of handmade treatment structures called PALS and BDA's used to erode the banks, widen channels, create diversity in the channel, spread the flow out, and divert flow out of the channel. Other structures help slow water, hold water back, trap sediment, and raise the channel bed. He added that the main purpose of these treatments is to help the processes in the systems to come back.

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Mr. Javernick displayed a photo of a project in Idaho indicating the benefits of the treatments by raising the riverbed, spreading out the flow and slowing things down. He added that the property later ended up with a forest fire and that the project provided a point of discussion for post fire work. Mr. Javernick explained that the idea is that by slowing a flow down and preparing a healthier habitat, water can be better processed during a fire and post fire flooding and the systems are better equipped to handle larger floods.

Mr. Javernick stated that the real impact and goal of the project for restoration is increased hydrologic connectivity and function, increased groundwater levels, fire breaks and inundation areas, restored floodplain, increased riparian habitat and education and demonstration opportunities. He also explained some of the considerations with process-based restoration are limited data and information, limited information on impacts of water rights, and limited information on timing of impacts. There are examples from other States and Basins that have more administrative flexibility. Presently most projects are shut down or pushed through in secret. To adequately study these projects and determine impacts and solutions to impacts requires a large time period since it takes a good 5-10 years to complete. He also added that projects and processes have been around for a while but have gained more popularity in recent years and they have been done in other states with less stringent rules and more water administration flexibilities than Colorado. He said that some of the considerations within Colorado are that these projects are being discussed at the State level. He stated that there are groups that want to do the restoration but that there are people involved in the Division of Water Resources that are pushing back due to water rights complications. Manager Scanga explained the difference between Colorado and other states. He said that Colorado recognizes tributary ground water as part of the priority system and a lot of arid states have not yet addressed that or have a separate water division with different rules and regulations, therefore Colorado is at least 50 years ahead regarding groundwater.

Mr. Javernick listed opportunities regarding restoration and water rights through the Van Norman project. These opportunities discussed by Mr. Javernick are developing a demonstration project which monitors treatments long-term to understand impacts and provide creative solutions, provide a voice, information and demonstrations to the Statewide conversation on restoration and water rights, help move forward important restoration projects while still protecting water rights, and encourage restoration projects that could help mitigate the impacts of future post-fire flooding.

Mr. Javernick stated that River Science is in the planning Phase 1 of the project and \$100,000 of grant money was obtained from CWCB for the project. Phase 2 is the implementation phase and Phase 3 is the monitoring phase.

Mr. Javernick said the main objective for his presentation to the UAWCD Board is to ask for help from experts in Water Rights and Administration who have access to tools, information, and creative solutions and can offer solutions to complex water issues while protecting water rights. He added that the project is within District boundaries and extended Blue Line. Mr. Javernick offered the District \$10,000 in exchange for \$10,000 of in-kind contribution. He said he views the District as a partner in the project and sees it as a benefit to the UAWCD.

Chairman Canterbury expressed that he feels the District should be involved with the project but had some concerns. He said that his main concern is the injury to downstream junior water rights and stated that he feels it is important that the District become involved and thinks that the District should consider the project from that standpoint. Engineer Manera stated that he has been involved in litigation from projects such as these and explained that he worked for someone in a very erosive canyon where the senior water right was downstream and there was always a sufficient water supply but the junior water right upstream built beaver dams trying to mimic nature, which created an irrigated plane and pond that functioned perfectly for catching sediment, however from a water right standpoint it took the senior water right from 2cfs to approximately 100 gallons a minute in just a couple years.

Director French asked which diversion structures and water rights are involved in the stream? Mr. Javernick said the Van Norman's have a junior water right, downstream is Rockvale and below Rockvale is Tatman Ditch which is senior to Van Norman. He added that there are some water rights upstream with seniority, but diversions have not been examined yet. Director French asked which part of the

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project area is the District's. Manager Scanga clarified that the District is in Area 2, the new expanded area, and the Tatman Ditch senior water right above cannot be augmented all the time. Manager Scanga expressed that he believes this makes it a perfect pilot project because it adds more difficulty compared to a stream where there is not an issue with augmentation. He stated that he questions the cost and practicality and feels the best way to accomplish this is to exchange water into the created basins and have a type of control mechanism for times when the exchange is not in priority and where water can be released equal to the evaporative loss that takes place on a daily or weekly basis. Manager Scanga added that there needs to be a way of taking into consideration water rights and at the same time accomplishing the project, which is essentially raising the stream bed. He said he feels the project is the perfect "tool" for determining how to do that.

Manager Scanga further expressed the importance of working together. He stated that he believes there is value and merit for the District and that these types of projects are gaining popularity and are not going away. Manager Scanga said the District can either be an objector to them or work together to find a way to achieve the projected goal without injury to water rights.

Manager Scanga explained that he proposed a policy to the Arkansas Basin Roundtable because there are people coming in with letters of support for these types of projects. He added that the policy has yet to be passed but has been adopted by two large projects that were approved for grant support by the Roundtable and suggested an analysis on water right impacts as a precursor to doing a project. He stated that it fits into what he and the District have expressed at Roundtable meetings when these projects come up. Mr. Scanga added that he feels this is taking a proactive approach.

PM Goodwin echoed what Manager Scanga voiced, stating that as part of the Arkansas Watershed Partnership where a lot of different users of water in our basin come together to consider projects, it is better to not necessarily compete but work together, specifically because a lot of the projects overlap. She added that many of the projects have some type of restoration piece to them and a big piece of the conversation that seems to be lacking is water rights. PM Goodwin expressed that with a lot of administration and money going towards water plan, and not necessarily through the Roundtable, having a good pilot project such as this would show people how the water right piece and augmentation can work and also find a way to accomplish both while working together on projects without injury to water rights.

Director Donley asked Water Commissioner Henrichs his view of water rights on Oak Creek. Mr. Henrichs explained that a water right is entitled to the conditions at the time of their appropriation. He questioned, if the stream shows a great deal of degradation, is it being brought up to the time of appropriation? When that stream is towering out faster, is a senior water right being injured because the water is going by him faster and going down to a junior water right where the senior water right would have been historically in priority a little longer?

Director Donley asked if Rockvale has the senior water right and when the stream is filled, will there be junior water rights affected? Chairman Canterbury said that is a question no one has the answer to at this time and therefore being involved is very important. Director Donley commented that the best thing that could happen to Oak Creek is to have an abundance of beaver dams, since the state does not regulate those. He added that replicating beaver dams would be ideal.

Director Goodwin asked if there is information about flood intensity and quantity? Mr. Goodwin said he is concerned due to flooding issues on Badger Creek caused by over-grazing and how flooding and erosion might hinder restoration efforts. Engineer Manera expressed the same concern and stated that areas more susceptible to sediment run off and flooding will eventually produce the same problem after any restoration progress has been made.

Director Colon asked Engineer Manera if he can determine at what speed water is flowing into the river before and after reducing the flow? Engineer Manera stated that streams and rivers are not naturally straight and therefore through time they will develop their ultimate elevation and length as to where they want to be, and a longer stream could affect things like evaporation. Mr. Manera said there are too many factors to consider to provide a definite answer. He added that the bottom line is if there is an elevation

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drop over a distance that is too steep, it will continue eroding until it flattens down to a gradual slope. This can be accomplished by making longer, meandering channels, and creating structures to take out the steeper stretches. Engineer Manera stated that every stream is different and there is not a “one-size-fits-all” approach.

Chairman Canterbury suggested to Mr. Javernick to change his presentation so that cattle grazing isn't noted as the main reason for erosion. He added that many people in this area make their living with livestock grazing. Mr. Javernick agreed with Mr. Canterbury and stated that livestock grazing is definitely not the sole cause for erosion.

Chairman Canterbury asked for clarification from Mr. Javernick on his proposition to the Board. Mr. Javernick clarified that he is offering \$10,000 and would like the District to match that with in-kind contributions. Manager Scanga recommended that before proceeding, Mr. Javernick meet with Hydrologist Gertson and Engineer Manera to develop a good scope of work indicating hours and dollar amounts, and then review those results with the Board before voting on it.

Director Colon asked Mr. Javernick how he was able to convince the Colorado Water Conservation Board (CWCB) to offer a grant for \$99,900? Mr. Javernick said it was proposed to CWCB that this is a timely demonstration project needed at the state. He explained that there are arguments about this type of restoration versus water rights and that this project presents the right creek, the right landowners and the right stakeholders coming together to complete the project. He added that the proposal was presented in November and grant money awarded for Phase One.

Director Felt suggested to the Board that they give Mr. Javernick a vote of confidence with a thumbs up showing support and interest in the project and that after a scope of work analysis is completed then a formal decision can be made. The Board showed support for the project and expressed no objections for moving forward as recommended by Mr. Scanga.

Director French asked if there are any storage facilities above Oak Creek? Mr. Javernick said not to his knowledge. Manager Scanga stated that several years ago Florence attempted to build one and abandoned it after a feasibility study due to siltation. Mr. Javernick added that the performance of the project structures requires floods and sediment to provide stream power.

Director McMurry asked how far away from the river is the proposed area? Mr. Javernick said between 5-10 miles. Director McMurry asked what are the consequences of sediment the project will create if it is not being stopped within the designated private property and how will it be alleviated further downstream? Mr. Javernick explained that there are 6 underwater galleries connected underground that take the water to the storage reservoir. He added that beyond the Van Norman property, unless of flash flood, sediment dries up. He added that he doesn't see issues with sediment moving downstream and that normal flows do not make it to the Arkansas River.

On a separate subject, Director Goodwin stated his concern with regards to the fires from Hayden Creek and the Decker fire and sediment issues. He stated that additional wilderness bills being created and proposed in Congress complicate the issue. Director Goodwin made a motion to have a letter sent in opposition to the wilderness bills for Colorado on the basis that these bills are creating a very, negative impact on landowners below the wilderness and proposed wilderness, irrigation, water quality and water infrastructure. Manager Scanga asked Legislative Consultant Brown which wilderness bills Mr. Goodwin is referring to? Mr. Brown said he believes what Director Goodwin is referring to is a series of congressional considerations for stimulus or subsequent stimulus packages. He said the current one that is pending is a trillion dollars' worth of infrastructure. Mr. Brown stated that it passed the House and is now before the US Senate. He said there was a recent presentation at Colorado Water Congress (CWC) from a staff person from Governor Polis trying to get his hands around all the component parts. He added that the media is not helpful and talks about pipelines and lead like in Detroit and such places. Mr. Brown said that he wrote a letter to Governor Polis asking him what such packages do to municipal water systems with traditional infrastructure as well as other component parts like ground water with respect to well construction and well redevelopment and improvement?

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Legislative Consultant Brown said to Director Goodwin that he isn't sure if the wilderness bills are part of that package or a separate package but it is very important because of not knowing what kinds of guidelines are going to be put on at the State level and how the State can deploy the money or be prohibited from doing it. Manager Scanga said he thinks Director Goodwin is referring to wilderness designations. Chairman Canterbury clarified that Director Goodwin was referring to the 30x30 Keep America Beautiful Bill, which will set aside another 30% of the nation's land and all wilderness legislation is included in that bill. Upon motion by Director Goodwin, seconded by Director French the Board approved to table the motion to write a letter of opposition until next month's meeting and after more information is gathered.

EX-OFFICIO REPORTS

There were no ex-officio reports

PROJECT MANAGEMENT REPORT- Gracy Goodwin

PM Goodwin reported on grants in progress and May project updates.

Ice Lake Culvert-

A walk through was scheduled with Y&K to look at utility lines near the culverts.

Final outlet structure design revisions have been completed and work is expected to begin the end of May.

Trout Creek Park Alluvial Storage-

Onsite alluvial storage meeting with DOC next week to look at land options to be utilized in the project.

Round Mountain Reservoir Feasibility Study-

Work has begun with a new engineering company, Engineer Analytics.

Water rights analysis is in the works.

Manager Scanga asked PM Goodwin about the progress and status on the Lake Ranch Conservation Garden Project. PM Goodwin stated that the preliminary design is still in the works and there is work in progress on establishing a parking lot and determining what type of demonstration gardens will be added such as deer resistant plants, native mountain plants, plants prolific to birds, bees and butterflies and Evergreens. PM Goodwin stated that there will be approximately 8 demonstration spots that local organizations can use those spaces to demonstrate such things as irrigation types. She added that the project is still in the conceptual design stage and she will keep the Board updated as things progress. Director Hilderbrand asked if she is ready for constituents to join the alluvial storage project? PM Goodwin stated that she is not at that stage yet. She added that she is still working at securing the easements where the recharge pits will be located. Manager Scanga added that the Southeast Water Conservancy District is already involved. PM Goodwin stated that if there are entities interested in joining, she would be happy to put them on a list and reach out to them when that time comes.

CONSULTANT REPORT – Ken Baker & Richard Brown

Legislative Consultant Brown reported on current legislative updates.

Mr. Brown stated that today marked the 90th day of the Legislative session therefore there is only 30 calendar days left. He said that leadership has been gravitating between two dates for adjournment sine die. The last date is June 12th, the 120th day. Mr. Brown added that there was a lot of conversation from leadership that they wanted to get out by Memorial Day but he said he doesn't think that will happen since they just introduced their 197 page transportation bill and the first Senate Finance hearing was scheduled for May 10th. The fiscal note that accompanies the bill is 19 pages long. Mr. Brown explained that discussion about a potential special session has faded due to delay in federal money being delivered to the State because of the many federal proposals that possibly conflict each other and not being sorted out at present.

Mr. Brown discussed interim committees such as the water resources review committee, stating that deadlines for requests for summer study committees is May 18th and leadership will make priority decisions May 28th. Mr. Brown said there are two kinds of interims. The new ones being requested and the ones that fall under the states and statutory standing interim committees such as school finance, transportation, and water resources review. Mr. Brown stated that those should go forward because they

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are statutory, but it is unknown whether there will be a reduced availability for dates. He added that there were no interim committees in 2020, however there was a proposal for the water resources review committee to meet virtually instead of physically attending tours to explore projects.

Director Colon asked Mr. Brown if the Dredge and Fill Bill is still on the table or will it die? Mr. Brown said hopefully it will die but just when it seems contained, it pops back up again. He stated that part of the problem is that the Colorado Department of Public Health and Environment (CDPHE) has not been as forthcoming with their objectives as the water community would like and they have talked in terms of ongoing stakeholder meetings. Mr. Brown added that the feedback he has received from people who have attended those meetings felt as if they were not being open and upfront and they sensed a lack of give and take. Mr. Brown said a lot of work has been done by numerous organizations asking leadership not to allow a late bill. He further stated that last Monday the staff of CDPHE were still discussing the potential of a late bill which caused a lot of consternation. He feels the biggest concern is if the bill is not put into the process, they may attempt to do it unilaterally through regulations. Director Colon asked if he was right to assume that at this time there is no legislator to sign off and sponsor the bill? Mr. Brown said yes, that is correct and they have had several legislators they have talked to but it didn't take long for those legislators to be identified and they received a lot of calls and emails and have all declined to sponsor the legislation. Mr. Brown said that hopefully if leadership does not grant the late bill request and there is no sponsor, the bill will die. He added that he feels it would not be good public policy and unfortunate to put a bill of that magnitude into the process this late, and under fast moving committee hearings with restricted testimony.

COMMITTEE REPORTS

Director Payne asked Chairman Canterbury if new Board Committees would be established since Consultant Baker retiring? Chairman Canterbury answered by stating that committees are assigned at the June Meeting after newly appointed Directors are sworn in.

RESUME REVIEW COMMITTEE

Nothing of significance for the District in the Resume.

MANAGER'S REPORT – Terry Scanga

Manager Scanga discussed work in progress with Lake County Commissioners on a draft agreement for the administration of the Lake County Augmentation plan. Atty Burgemeister developed a Phase One agreement for the Board to review. Manager Scanga explained that the agreement essentially states that the District is willing to evaluate the 98CW173 Decree and develop a framework for administration of the 98CW173 Plan in accordance with the agreement. Included in the agreement is the Scope of Work and Reimbursement of Expenses for the cost of performing the work. Manager Scanga said it will take time for the engineer and attorney to review the plan to determine what is needed to proceed. It also states in the agreement that the District will report to Lake County on a monthly basis and within 6 months the District will be able to deliver to Lake County an Intergovernmental Agreement outlining the actual form of administration of the plan and what services the District will provide. Manager Scanga directed the Board to paragraph 2, the reimbursement of expenses section, which listed the hourly rate of services. He added that much of the agreement is boilerplate.

Chairman Canterbury asked Lake County Commissioner Sarah Mudge how she felt about waiting until next month to formalize the agreement. Ms. Mudge stated that she has some suggestions and questions and would like to meet with Manager Scanga to discuss the agreement in more detail before proceeding.

Director Colon asked Manager Scanga if the rates listed on the agreement are equal to the cost of the District staff? Manager Scanga stated that yes, those are the actual costs.

Ms. Mudge expressed her excitement and anticipation regarding working together with the District and the corroboration efforts of the UAWCD with Lake County on establishing an agreement.

Bank of West Agreement:

Manager Scanga asked for approval from the Board to enter into a Cash Management Services Agreement with Bank of the West allowing online deposits for the General Fund account.

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The resolution designates Manager Scanga and Office Manager Denise Sanchez authority to manage the cash management service. Director Hilderbrand made a motion to approve the resolution, seconded by Director Payne. The Board unanimously approved the Bank of the West Cash Management Agreement with a vote of "Aye".

ENGINEER'S REPORT – Chris Manera, Colorado River Engineering (CRE)

Engineer Manera presented updates on current projects.

The Ice Lake outlet control structure

Engineer Manera said the State approved the structural design and it was ruled as a non-jurisdictional, no hazard dam.

Cottonwood Lake Spillway Reconstruction Project

Engineer Manera stated that this is on his priority list for design drawings he will have prepared by the end of the month. He anticipates construction to begin soon.

DeWeese Reservoir Exchange Analysis

Engineer Manera explained that there are times when a lot of water runs down Grape Creek and on average there is 10-15 thousand acre-feet of water that can be stored. He said the average is a bit deceiving since it could mean 0 in some years and 30 in other years. Engineer Manera explained that an enlargement will allow storage amounts that do not function like an irrigation reservoir where there are large fluctuations. He said that is the general hydrology that happens on Grape Creek and there are years with a lot of water and years with very little.

LEGAL REPORT – Law of the Rockies, Kendall Burgemeister

Attorney Burgemeister reported on the status and developments of several UAWCD applications. A legal report was made available to all Board members prior to the meeting.

19CW3089: Change of Cottonwood Irrigation Ditch

Revised ruling and engineering provided to opposers.

Before the Referee.

Any new opposition to amended application are due the end of May and opposer comments are due the end of June.

18CW3076: Augmentation Expansion

Stipulations with all parties are approved by the Court.

Trial vacated.

Waiting for opposer comments on final proposed decree.

18CW3048: Joint application to change Silver Creek-Ronk Ditch water

Continued settlement discussions with opposers. Comments from opposers were attached to the legal report.

Consideration of stipulation with the Town of Buena Vista.

Before the Water Judge.

Trial scheduled to begin October 25, 2021

Upon motion by Director Goodwin, seconded by Director Hilderbrand the Board unanimously approved the stipulation between the UAWCD acting through the Upper Arkansas Water Activity Enterprise UAWAE, and the Town of Buena, in Case No. 18CW3048.

Attorney Burgemeister asked the Board for authorization to file a diligence application for the 96CW17: Cottonwood Creek Project Water Exchange. Atty Burgemeister stated that there is a small portion of the exchange that is conditional with the District and we are seeking to make it absolute in its entirety. He added that we should be able to perfect the District's water right in this case.

Manager Scanga asked Atty Burgemeister if the last time the report was filed was in the year 2013? Atty Burgemeister said it was filed in 2013 but the decree was not granted until 2015, which is why diligence is necessary in 2021.

Upon motion by Director Felt, seconded by Director Donley, the Board unanimously approved the filing of a diligence application in Case No. 96CW17 with a unanimous vote of "Aye".

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CHAIRMAN AND DIRECTOR REPORTS

Contract for Employment with General Manager-

A copy of the Contract for Employment for Manager Scanga was provided to the Board for review prior to the meeting.

Chairman Canterbury explained that the contract is the same as the existing General Manager Employment Contract except for a separate sentence added by the attorney listed under benefits, regarding compensation for long-term care during employment. Chairman Canterbury said that it is something the Manager has always received although not part of the standard benefits, thus it was added as a separate sentence in the new contract. There was also an update in Manager salary.

Director Payne expressed concern with approving the Employment Policy because the contract mentioned the company's personnel policy which has not yet been approved by the Board. He also expressed his discontent at not having ample time to review the policy prior to the meeting.

Upon motion by Director Payne and seconded by Director French, the Board approved tabling the approval of the Employment Contract until next month's meeting in order that they have an opportunity to review the old contract as compared to this newest one and also expressed that we may want an executive session to discuss negotiations.

Director Payne asked for a copy of the current employment contract. Director Goodwin suggested in the future we undertake a salary and benefits survey of all district employment positions as a reference for the board. Manager Scanga stated that in the past we have reviewed salary surveys that were conducted by South Eastern since their positions correspond nearly directly with the UAWCD's.

Director Colon expressed that he would like to discuss the personnel policy before deciding on the employment policy and suggested getting the Directors together in person as opposed to the use of audio/video conferencing to better discuss the contract.

Atty Burgemeister clarified the order of operations between the contract and personnel policy manual discussion. He stated that the District has always had employee policies in place even though the Board may not be aware of all of them since they are scattered amongst different resolutions that have been passed over the years. He explained that part of the operation of adopting this policy manual is to consolidate all those policies into a single place. Mr. Burgemeister added that there are rules and policies that apply to all employees and through this Employment Contract it would confirm that those same policies apply to the General Manager, even when those policies are consolidated and expanded upon in the form of a potential personnel manual.

Director French requested to review comments made from the upcoming personnel policy workshop meeting. Chairman Canterbury asked which Directors planned on attending.

Director Shields asked about the status of the Blue Line Expansion Case and Area 2. Engineer Manera stated that there is no current news, although there is ongoing work on the new storage vessel.

Atty Burgemeister explained that there is an area in the Blue Line Expansion Case where there is no augmentation of wells, only structures that can be curtailed. He added that the plan is configured to allow augmentation to every square inch of the District using any resources available. Mr. Burgemeister stated that Area 2 where no wells are allowed, cannot be converted to Area 1 where there are wells, nor can the boundaries be increased until there are additional water resources in the form of water rights or a storage container, such as the proposed Round Mountain Reservoir. Until that reservoir is built or until another plan comes along and comes to fruition, there is no expectation of any modifications to the plan.

NOTICES & MEETINGS

None

ADJOURN

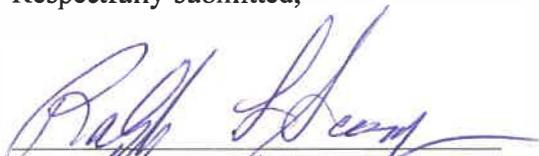
There being no further business to come before the Board or Enterprise and upon motion by Director Donley, seconded by Director Colon and approval of the Board, the meeting adjourned at 3:13 pm.

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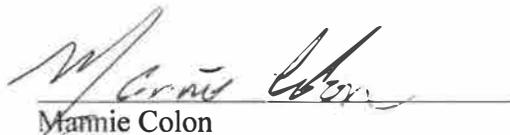
Respectfully submitted,


Ralph L. Scanga, Jr., General Manager

absent- no signature
Thomas Goodwin, Treasurer


Timothy C. Canterbury

approved remotely- no signature
Richard Hilderbrand

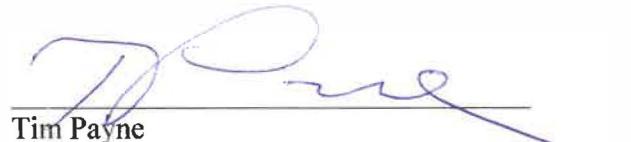

Mammie Colon


Franklin J. Moore


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Warren Diesslin

approved remotely- no signature
Gregory W. Felt


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Brett A. McMurry


Mike Shields