

**UPPER ARKANSAS WATER
CONSERVANCY DISTRICT**

Regular Meeting of the Board of Directors

**October 13, 2022
1:30 P.M.**

A regular meeting of the Board of Directors of the Upper Arkansas Water Conservancy District was held Thursday, October 13, 2022, 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 October 12, 2022, at the offices of the Upper Arkansas Water Conservancy District, 339 East Hwy 50, Salida, Colorado.

DIRECTORS PRESENT (IN PERSON)

Tim C. Canterbury	Richard Hilderbrand	Warren Diesslin
Greg W. Felt	Tim Payne	Mike Shields
Tom French	Brett McMurry	
Robert B. (Bill) Donley	Tony Telck	

DIRECTORS PRESENT (BY REMOTE VIDEO AND AUDIO CONFERENCING)

Mannie Colon
Thomas Goodwin

DIRECTORS ABSENT

Franklin J. (Jay) Moore, (Honorary)
Albert Eggleston

DISTRICT OFFICIALS/STAFF MEMBERS PRESENT

Ralph L. (Terry) Scanga, General Manager	Kendall Burgemeister, Attorney
Ken Baker, Consultant	Gracy Goodwin, Projects Manager
Jord Gertson, Hydrologist	Jennifer A. Scanga, Administrative Assistant
Chris Manera, Engineer	

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

Denise Sanchez, Office Manager
Richard Brown, Legislative Consultant

DISTRICT OFFICIALS ABSENT

None

STATE OFFICIALS PRESENT

None

STATE OFFICIALS PRESENT (BY REMOTE VIDEO AND AUDIO CONFERENCING)

Brian Sutton, Augmentation Coordinator

STATE OFFICIALS ABSENT

Will Scott, Water Commissioner, District 11
Bill Tyner, Division Engineer
Dan Henrichs, Water Commissioner, District 12

EX-OFFICIO REPRESENTATIVE PRESENT

Bill Canda, Custer County Commissioner

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

Dwayne McFall, Fremont County Commissioner

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EX-OFFICIO REPRESENTATIVES ABSENT

John Roorda, Chaffee County Planning Manager
Brian Berger, Poncha Springs Town Administrative Officer
Shawn Williams, Buena Vista Public Works Director
Philip Puckett, Buena Vista Town Administrator
Dave Schneider, Round Mountain Water and Sanitation District Manager
Drew Nelson, City of Salida Administrator

GUESTS PRESENT

Erik Young, Stotler & Young PC
Joe Stone, Heart of the Rockies Radio News

GUESTS PRESENT (BY REMOTE VIDEO AND AUDIO CONFERENCING)

None

PLEDGE OF ALLEGIANCE

Vice Chairman Felt led attendees in the Pledge of Allegiance.

INTRODUCTION OF GUESTS

Guests were asked to introduce themselves.

MINUTES OF THE MEETING OF September 8, 2022

The minutes of the meeting of September 8, 2022, were approved upon motion by Director Hilderbrand with second by Director Donley.

FINANCIAL REPORTS

Upon motion by Director Donley with second by Director Shields, the Board approved the monthly financial reports dated September 30, 2022.

PROGRAM PRESENTATIONS

None

EX-OFFICIO REPORTS

None

PROJECT MANAGEMENT REPORT- Gracy Goodwin

PM Goodwin provided a summary of grants in progress via a power point presentation. She gave an update on October projects in progress which included Round Mountain Reservoir Feasibility Study and Construction Grant, DeWeese Enlargement Feasibility Study, Conservation Gardens, Trout Creek Alluvial Storage, Intra-Ditch Exchange, and a review of the Arkansas Basin Round Table October meeting where she was appointed Chair of the Needs Assessment Committee.

PM Goodwin also displayed a video and photos of the DeWeese Dam preliminary breach modeling.

Director Donley asked if there is an easement problem with Round Mountain? PM Goodwin said Round Mountain has been working with landowners on an easement for the diversion, pipeline and pumping facility. Manager Scanga added that Round Mountain has been working with the District on the intake facility and the pipeline to the reservoir. He said Round Mountain is in discussions with the landowner and that particular landowner has ponds that may be out of priority.

Director Hilderbrand asked if DeWeese changed the maximum cfs in case of failure or just limiting flow through Canon City? PM Goodwin explained that Colorado River Engineering has been working on a few different models to check the hazard analysis. Engineer Manera clarified that they are checking the hydrologic failure when it is at max storage under 126,000 cfs versus if there was not a dam there.

Director Felt asked about partnerships with the Conservation Gardens project. PM Goodwin stated that she is looking for ideas on reaching out to other entities and working with local greenhouses to supply

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some of the gardens. Director Felt suggested the CSU Extension as a partnership and Ms. Goodwin stated it is on the list.

Chairman Canterbury asked what the District's portion of the construction cost for the Round Mountain Project and if the \$500,000 grant from CWCB is taken off the top, what is the District's total percentage of construction dollars? PM Goodwin stated that the complete project is estimated at 3 million dollars. She said it is a 1/3-2/3 split with the UAWCD portion being 1 million and Round Mountain contributing 2 million. She further stated that the grant is prorated and clarified that the District is still looking into Federal grant opportunities to help cover the additional costs.

Chairman Canterbury asked where the water from Cottonwood Reservoir will be stored? Manager Scanga explained that the water is owned by UAWCD and Buena Vista and the total amount of water in Cottonwood with the new outlet and spillway structure is not going to change. The project will be undertaken by using coffer dams and the water will not have to spill or be moved. He stated that the usable space the water is in is going to increase. He stated that under the District's special use permit, the District is allowed to use 50 acre feet of space even though we are occupying 116 acre feet.

Manager Scanga further explained that the District will need a special use permit to allow use of additional space. He said there is also a conservation pool underneath the 116 acre feet that would stay there and the new structure would allow the release and thus use of the space above the conservation pool and below the space created by the District's addition of the steel plate installed above the old spillway. The Forest Service requested construction drawings which the District's engineers are working on prior to any approval of the new permit.

Engineer Manera clarified for Director Donley that the construction plan is to allow the spillway to release water from below the existing structure.

CONSULTANT REPORT – Richard Brown

A current Legislative Update was presented by Legislative Consultant Brown. He provided a written update of status of Bills of interest, newly enacted laws, and the status of the Water Resources Review Committee (WRRC) annual water conference.

Consultant Baker briefed the Board on Army Camp Hale and its historic significance to Salida through a long time major who served at Camp Hale. He explained that Camp Hale, located in the Eagle River valley in Colorado, was an Army training camp in 1942 and the lower portion is now a ski resort in Leadville. He further explained that there were water rights developed on the portion of the Eagle River that flows into the Arkansas River and recently President Biden has indicated a movement to establish a historic monument in that area. Mr. Baker said he raised the issue because it should be looked into since it will be a US Monument site that would interfere with future water development.

Legislative Consultant Brown highlighted main points from his written report. He said there are 2-3 new reports that just surfaced and he stated that he would take a look at them and then present them to the Board when they become available. He also informed the Board that the American Groundwater Trust is having its Colorado Groundwater Conference in Denver on November 7-8th in case of interest.

Director Hilderbrand mentioned that The Gazette publication reported that reclamation is trying to pay \$300-\$400 and acre-foot for the conservation of water in the lower Colorado basin. Mr. Brown said that until there is something in writing it's hard to gage what it means and he hasn't seen much of a response yet from CWCB or from the Colorado Upper Basin Commission members.

Director Felt expressed that he feels it is interesting that with all the work done in Colorado studying Demand Management and paying people to not use water, now Colorado wants to take the water and use it to deliver to the Lower Basin to put in storage. He said it's like paying them to put money in their savings account and that it is federal money going into the lower basin to pay them to solve the problem they created for themselves.

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Manager Scanga expressed that he agrees with Director Felt and questioned whether \$300-\$400 an acre-foot is worth it as compared to the revenue generated for row crops, cotton, or alfalfa? He added that an acre-foot of water can produce a lot of high value crops in the Lower Basin.

COMMITTEE REPORTS

None

RESUME REVIEW COMMITTEE

Nothing of significance in the August & September Resumes.

MANAGER'S REPORT – Terry Scanga

Presentation of the 2023 Budget:

The 2023 Budget was presented by Erik Young, CPA of Stotler & Young PC.

Mr. Young summarized the requirements for approval of the budget, which include a budget message budget narrative, 3 years of comparative data, no deficit spending, and a budget resolution. Mr. Young gave a summary of taxation as it relates to the general fund with details on the voter approved mill, and annual levy calculations for the tax revenue limit. He said there is a temporary reduction in the mill levy for 2023. The mill levy is reduced to .438. He said the Denver/Boulder CPI projection is used to determine inflation and this year there was a 4.5% increase from last year. He further explained that there is sometimes a discrepancy between what is budgeted as opposed to what is collected and that there are few discrepancies from last year. Mr. Young stated that for the 2023 Budget year, Tabor was the most restrictive due to the increase in property values. He said that final valuations are released by the county in November. He also brought attention to the capital outlay figure which is in the budget for water rights acquisitions and is the number that is used to balance the budget.

General Fund:

Manager Scanga said the biggest difference from last year to the General Fund Budget is the increase in Capital Outlay.

He said the increase in the Hydrologist wages is based upon the employment study conducted by Southeast District. Manager Scanga stated that all employee wages are in the 40-45 percentile.

Director Felt asked about travel and education expenses and stated that it looks as though the District budgeted more than it spent in 2022. Manager Scanga answered that Covid-19 is the reason and stated that looking back to the 2018 and 2019 budgets the numbers looked different. He further stated that he lowered the number because he believes even without the Covid restrictions, more people might prefer to attend conferences in more hybrid forms and the District will see some savings from less travel.

Manager Scanga stated that the in-kind contributions have remained the same and reflect augmentation for public entities and is based upon cost that the District forgoes, and would change only if the cost is different.

Enterprise:

Mr. Young explained that the Enterprise fund limitation to the State local grant revenue must be less than 10% of any other revenue.

Manager Scanga stated that one of the most significant changes to the Enterprise budget is an anticipated increase in the sale of more augmentation due to out of priority ponds and reservoirs the State is actively enforcing that have been appropriated out of priority for years.

Manager Scanga further stated that another big change is interest income due to inflation causing higher interest rates.

Manager Scanga summarized the 2023 estimates of grants for projects in Schedule C and clarified that Schedule D is a loan balance for North Fork and South Ark enlargements and improvements. He explained that all the District's telemetry is being upgraded and the current ones will become obsolete

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which would make them more expensive to replace at a later date so they are scheduled to be replaced in 2023 under capital outlay. Manager Scanga added that improvements around the District building, such as concrete work, is also scheduled for the coming year and added into the budget as well as reservoir project costs. He stated that project costs will be spread over a number of years.

Upon motion by Director Felt, seconded by Director Hilderbrand, the Annual UAWCD budget hearing was set for November 10, 2022, at 2pm.

Federal Technical Assistance Grants:

Manager Scanga explained that this is a grant to help create a grant project. One is for grant writing and the other one is for technical assistance in producing the grant. He said there is \$2.5 million in each bucket. Manager Scanga informed the Board that he was approached by private consultant, Chelsey Nutter, the District's former Projects Manager, to work with PM Goodwin to access federal assistance grants to help with projects, in particular the alluvial storage project, and help develop robust grant funding and get the individuals needed on board with the District. He said he would like to hire her as an outside consultant and will have a proposal at the later date to present to the Board.

Board members stated their approval in moving forward with hiring Chelsey Nutter as an outside consultant for District grant work.

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

Engineer Manera gave an update on projects in progress stating that the Intra-Ditch Exchange Project decree allows for up to 2 cfs of diversions from the Trout Creek Ditch Company Ditch and he is working on the best site for the augmented well that will deliver the substitute water to the Moltz diversion. He said he will be looking at the site the following day and is leaning toward a location closer to the Arkansas River and something that has a high capacity yield. Engineer Manera further added that he is meeting with Sangre de Cristo Electric to look at power supply. He stated that the project would involve a well or combination of wells, lifting the water approximately 60-70 feet of elevation with about 2000 feet of pipe. He said it will enable the use of Arkansas River water to be augmented to a well, by exchange provide additional augmentation supply to Cottonwood Creek.

Engineer Manera stated that he is finishing up responses to the Triview Metropolitan Case for the change in water rights for Bale #1 and Bale #2 ditches. He said they are the last two water rights on the South Arkansas River before the confluence.

Mr. Manera also stated that he has prepared comments on the Town of Poncha Springs Acequia Ditch Change and is scheduling an engineering review of those comments and addressing concerns.

Director Colon asked how the well pumping for the Intra-Ditch Exchange Project works? Engineer Manera stated that it is a main-stem augmentation supply and it is pumping water to the Trout Creek Ditch Company Ditch to be used directly by Moltz for irrigation in substitution for water supply at the Trout Creek Ditch Company Ditch headgate in Cottonwood Creek.

LEGAL REPORT – Law of the Rockies, Kendall Burgemeister

Oppositional updates, transactional matters, applications, and updates were included in the Law of the Rockies legal report made available to all Board members prior to the meeting.

Change of Cottonwood Irrigating Ditch 2019CW3089

Upon motion by Director Telck, seconded by Director French, the Board approved stipulations in Case No. 2019CW3089 between UAWCD, acting through the Upper Arkansas Water Activity Enterprise and Bob Woolmington, Lee Rooks, Kelly Ranch & Colorado Parks and Wildlife.

Upon motion by Director Hilderbrand, seconded by Director Felt, the Board approved stipulations in Case No. 2019CW3089 between UAWCD, acting through the Upper Arkansas Water Activity Enterprise and St. Charles Mesa Water District, including an Agreement Regarding Cottonwood Irrigating Ditch 2 Augmentation Station.

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Triview Metro Arkansas Valley Ditch Change & Stipulation in 2019CW3089

Atty Burgemeister stated that while our case in 19CW3089 was pending Triview acquired an interest in the Arkansas Valley Irrigation Canal on Cottonwood Creek and become a party to our case. They are not requesting any additional changes to the proposed decree but are requesting special language in their stipulation. Atty Burgemeister said that the District position is that the historical return flows from irrigation of the Ludwig property accrued to the Arkansas River not Cottonwood Creek. Triview has disagreed with that position.

Manager Scanga explained that through the CID Change Case, the District will be able to utilize the return flows and 100% of the diversion and use it as consumptive use by replacing return flows in the Arkansas River with other consumable water. He said that if the District agrees to the Triview stipulation it will be looming over the District's head and all operations for 5 years. He expressed that he doesn't feel good about trying to establish a set of operations knowing that within the 5 year time period, it could again be litigated.

Atty Burgemeister clarified for Director Hilderbrand that if the District decides to decline signing the stipulation, Triview would be the remaining opposer in the case and the only remaining issue concerns return flow location.

Engineer Manera explained return flows and said they were questioned by the objectors in the case. He said topographical data was reviewed and it demonstrated the return flow goes back to the Arkansas River. He further stated that during field work and looking at USGS studies, it was confirmed that the groundwater flow path goes toward the Arkansas River.

After some further discussion, direction from the Board was to not sign the stipulation with Triview.

CHAIRMAN AND DIRECTOR REPORTS

Several Board members expressed thoughts regarding Mr. Baker's discussion of Camp Hale.

Director Felt expressed his appreciation regarding the meeting with USGS and UAWCD on Groundwater Balance Studies, and said he felt it was a very informative discussion and an overall positive meeting. He also mentioned meeting with Deb Holland and said he was able to discuss wildfire mitigation and the outdoor recreation impact, and the AHRA Flow Program. He said he was also able to express to her his thoughts on how an equitable arrangement cannot be worked out in the future with the Colorado River until evaporation is addressed and the fact that all the water we deliver to Lake Powell sits there and evaporates and the water is not quantified for delivery until it passes Lees Ferry. Director Felt explained that after it comes out of the reservoir and has been evaporated the lower basin is debited for the water that passes Lees Ferry and we are credited for that water that passes, and the evaporated water is not credited for and the lower basin is not charged for. He expressed that until that is dealt with we are not in a position to renegotiate allocations on the Colorado River.

NOTICES & MEETINGS

Arkansas Basin Round Table Meeting, 12 noon, November 9, 2022 @ Pueblo Community College
IBCC Meeting, October 25, 2022, in Winter Park Colorado

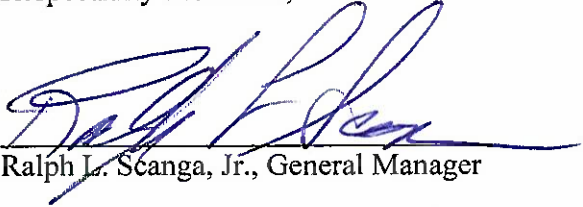
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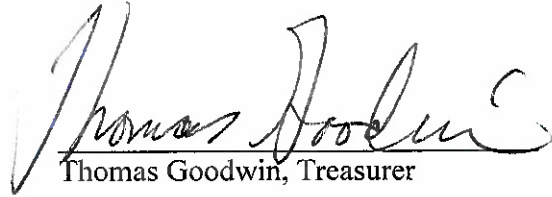
There being no further business to come before the Board or Enterprise and upon motion by Director Donley seconded by Director Colon and approval of the Board, the meeting adjourned at 2:56pm.

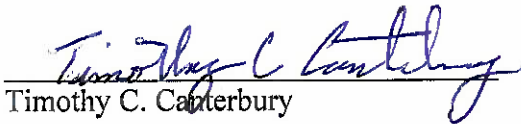
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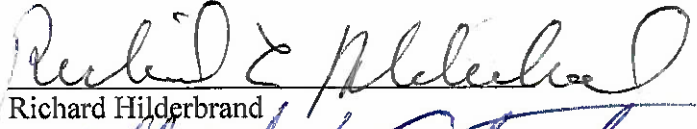
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Respectfully submitted,

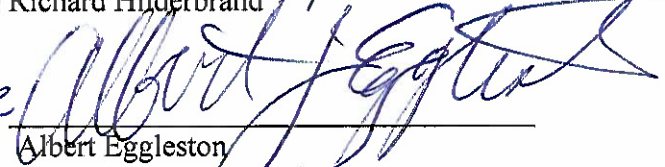

Ralph L. Scanga, Jr., General Manager


Thomas Goodwin, Treasurer


Timothy C. Canterbury

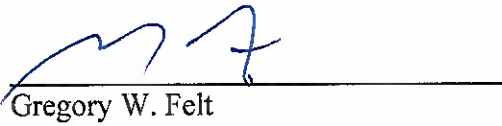

Richard Hilderbrand

approved remotely - no signature
Mantie Colon


Albert Eggleston

absent - no signature
Robert B. Donley


Warren Diesslin


Gregory W. Felt

approved remotely - no signature
Tim Payne


Tom E. French

approved remotely - no signature
Tony Telck


Brett A. McMurry

approved remotely - no signature
Mike Shields