

**UPPER ARKANSAS WATER
CONSERVANCY DISTRICT**

Water Activity Enterprise Committee

**November 8, 2018
1:00 P.M.**

The Upper Arkansas Water Conservancy District Water Activity Enterprise committee held its regular meeting Thursday, November 8, 2018, at the District offices, 339 East Hwy 50, Salida, Colorado, commencing at 1:00 P.M., notice having been given by posting of Notice and Agenda on November 7, 2018, at the offices of the Upper Arkansas Water Conservancy District, 339 East Hwy 50, Salida, Colorado.

COMMITTEE MEMBERS PRESENT

Ralph L. (Terry) Scanga	Ken Baker	Robert M. Senderhauf
Franklin J. (Jay) Moore	Timothy C. Canterbury	Tim Payne
Gregory W. Felt	Brett A. McMurry	Thomas Goodwin
Tom E. French	Richard Hilderbrand	Mannie Colon
John H. Sandefur	Jeff Ollinger	

COMMITTEE MEMBERS ABSENT

Robert B. (Bill) Donley

DISTRICT OFFICIALS/STAFF MEMBERS PRESENT

Chelsey Nutter, Projects Manager	Kendall K. Burgemeister, Attorney
Jord Gertson, Hydrologist	Kimberly Kerschke, Secretary
Chris Manera, Engineer	

DISTRICT OFFICIALS/STAFF MEMBERS ABSENT

None

STATE OFFICIALS ABSENT

Brian Sutton, Water Commissioner

GUESTS PRESENT

Joe Stone, Ark Valley Voice
Harald Kasper, City of Salida
Tom Flower, Custer County
Wendy Ryan, Colorado River Engineering
Kristie Nackord, Fremont County
Richard Shea, Penrose
David Mau, USGS
George Medaris, Round Mountain Water & Sanitation District
Erik Young, Stotler & Young

CHAIRMAN'S INTRODUCTION

Introduction of guests will be held over to the Board meeting.

MINUTES OF THE MEETING OF October 11, 2018

The minutes of the meeting of October 11, 2018, were unanimously approved upon motion by committee member Sandefur with second by committee member French.

TREASURER'S REPORT

Upon motion by committee member Goodwin with second by committee member Felt, the committee unanimously approved the financial report dated October 31, 2018.

MANAGER'S REPORT – Terry Scanga

In response to the request made for more information on rental spaces and rates within the Enterprise building, Manager Scanga provided the Committee with a schematic drawing of all suites, both upstairs

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and downstairs, along with associated square footage and rental rates. In summary, we have 1670 square feet of rentable space and our total revenue for that space is \$22,500, which equates to \$13.47 per square foot. Manager Scanga brought up some restrictions on the spaces we have available. Upstairs office suites are valued lower due to limited accessibility without elevator access. The building itself offers limited walk in and drive in traffic due to its location on Hwy 50. Parking space is also limited, along with signage. Additionally, retail operations are not permitted. Included in rental rates are gas, electricity, water and sewer, though tenants are responsible for their own trash service. Manager Scanga offered comparisons for office space in Canon City, Pueblo, and Colorado Springs. The lowest rate was \$6.75 per square foot and the highest rate was \$18.50 per square foot. This excludes specialty spaces such as medical offices. Manager Scanga also highlighted that our only vacant space is suite 103, which is classified as storage.

Chairman Senderhauf noted that the average cost per square foot for office space is comparable with other locations and that we sit in the middle of the range for costs provided. Furthermore, occupancy is good and the majority of office space has been rented for 5-7 years. The Chairman complimented Manager Scanga on the report and the way the building is being managed.

Committee member Goodwin added that the cost to rent the space we utilize for our operations would add up to more than \$67,000 per year and that, because we own the building, we experience direct benefits for our operations.

Committee member Ollinger commented that the report was excellently accomplished and provides something that can be utilized for reference in the future. He said the information provided meets the requirements for the Board's fiduciary responsibility and offered compliments to the staff for the detail provided. Committee member Ollinger further expressed his desire to see a Board directed policy for rental performance. The policy would provide ongoing direction for staff in the continued management of rental spaces. Committee member Ollinger made a motion for a general policy that comparisons to market values would be maintained and would serve as general direction for staff in the future.

Discussion followed and committee member Goodwin inquired if this policy is meant to offer direction with regards to reporting or if it is meant to set annual rental rates. Committee member Ollinger clarified that the policy would be a direction for the staff to follow, the report provided by Manager Scanga serving as a general rule of thumb. Committee member Canterbury asked if the format provided by Manager Scanga was to be looked at annually and if that would be part of the motion. Committee member Ollinger said that no, that did not need to be added to the motion, but something like Manager Scanga's report could be included as an exhibit within the budget.

Committee member Felt added that the general principles set forth in this discussion are good, but he would like for Manager Scanga to have the freedom to use his discretion to make decisions. He mentioned the relationship with Mr. Pryor and the Chaffee County Economic Development Corporation and expressed his hope that we would continue fostering relationships that are good for our community, even if that means a reduction in rental income.

Following discussion, the Board unanimously approved the motion made by committee member Ollinger, with second by committee member Canterbury.

Augmentation Report

Manager Scanga displayed the augmentation reports for September and October. As of the end of October total State approvals for augmentation were 607.98 acre-feet. Replacements for the month were 43.27 acre-feet including transit loss.

HYDROLOGIST REPORT

Reservoir Storage

Hydrologist Gertson reported that in our Twin Lakes account, we have 0.0 acre-feet of native water, 20.8 acre-feet of Twin Lakes, Transmountain water, and 125.0 acre-feet of First Use Water. Pueblo reservoir has 693.6 acre-feet of project carryover and 1,000 acre-feet of project water. Total water in storage is at 3847.9 acre-feet.

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Hydrologist Gertson displayed a report on reservoir contents by owner. He noted that, though DeWeese Reservoir is at 26.2% of capacity, we have 115.6 acre-feet stored in DeWeese that can be used for augmentation throughout the winter. North Fork Reservoir is at 85.5% of capacity and discussion followed on the reasons why North Fork is not full.

Hydrologist Gertson said that he requested an exchange to North Fork Reservoir when the Cameron ditch shut off their diversions. He was given verbal approval from Water Commissioner Sutton and proceeded with the exchange. The Colorado Water Conservation Board (CWCB) then called out the exchange under their instream flow decree. Hydrologist Gertson returned to North Fork Reservoir to open the outlet gate and said that outflow has to be maintained to satisfy the instream flow.

Manager Scanga, for the benefit of the Board and the public, followed up with more information. Through the agricultural lease for the Richardson Cattle Company we were sending 100 acre-feet of water to the Cameron Ditch and, as a result, the Richardson's were able to get a second cutting on their crop. Augmentation for agricultural operations not only provided a direct economic benefit, but flows were increased in the North Fork stream that nearly equaled the instream flow amount when under natural conditions the flow would have been less. When we tried to refill North Fork Reservoir through exchange the CWCB intervened with a call on the stream. Manager Scanga said that this action was counter-productive for the CWCB's overall benefit of the stream, whose mission is the optimization of beneficial use. Reservoir refill can provide continued benefit when the stream reaches a critical point and preventing this exchange impedes the District's ability to provide benefits to multiple uses. Multiple uses is a hallmark of the Colorado Water Plan too.

Committee member French asked how long it took to move 100 acre-feet and Manager Scanga said it was between 40 and 50 days. We released 2 acre-feet a day beginning in early August until the end of September. It was noted that this was a critical period of time with regards to precipitation and temperature and that supplemental water in the stream offered benefits to multiple uses, including the fishery.

Committee member Colon asked who has the authority to stop the exchange and Manager Scanga said that the CWCB placed a call on the stream based on their instream flow decree, which led to the exchange not being approved. It was also mentioned that the CWCB utilizes the District's infrastructure for flow measurements and, additionally, that the CWCB has requested an alert from the Water Commissioner when the UAWCD attempts an exchange.

Attorney Burgemeister added that historical studies of O'Haver and North Fork have shown that reservoirs were filled during non-irrigation season and releases took place during irrigation seasons. Now that we are in non-irrigation season it seems that refilling the reservoir would be a pre-existing use.

Additionally, Hydrologist Gertson remarked that the actions taken by the UAWCD are in support of the special use agreement that has been developed with the Forest Service and Engineer Manera added that this is all part of a stream flow enhancement program that offers benefits to multiple uses. Manager Scanga expressed his view that this situation is an example of the dysfunction of the CWCB instream flow program, as it is administered today. There is potential to increase water leases for agricultural uses, which provides support for local economies, supports the optimization of beneficial uses, and offers environment benefits.

Committee member Ollinger suggested approaching the CWCB Board of Directors about space on their agenda to bring this issue forward. Manager Scanga said that he and Projects Manager Nutter have been discussing their approach and they would like to work with staff to resolve this at a staff level. He thought that they were moving toward a more collaborative approach through the stipulation on the Friend Ranch case. At this time, Manager Scanga said they are in contact with the Division Engineer and Attorney Burgemeister is working with the Attorney General's office to memorialize the Grays Creek stream management plan in the Friend Ranch case.

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Hydrologist Gertson also informed the Board that the CWCB has called out the exchange to Ice Lake to replace evaporation. He is hopeful that November's evaporation can be replaced by exchange.

Manager Scanga informed the Board that Water Commissioner Sutton was unable to make today's meeting. He said a letter was sent to Division 2 regarding the Ice Lake situation and Water Commissioner Sutton is awaiting a response from the State Engineer's office. Manager Scanga said the situation on Cottonwood Creek for Ice Lake is the same as the North Fork situation.

Following the instream flow discussion, Hydrologist Gertson reported that releases are being made in Grape Creek to benefit the fishery and that water can be used for augmentation once it reaches the Arkansas.

Hydrologist Gertson also provided an update on reservoir maintenance at Conquistador. Photos were provided to highlight the work done on the upper gate valve, the spillway at the lower bay, and the lower gate valve. Erosion on the north end of the bay prompted maintenance to reinforce the bank and that work was completed this month. The outlet ditch also received much needed attention.

Hydrologist Gertson also reported that the Thompson Ditch augmentation station was demobilized for the season. Additionally, Hydrologist Gertson said that dam safety inspections took place at North Fork and Boss with Mark Perry. Photos were displayed for the benefit of the Board and future needs were communicated, including the trimming of aspens and willows at Boss.

Committee member Felt asked about the impact to Salida's storage in North Fork with regards to the call made by CWCB for their instream flow. Manager Scanga responded that, because we are helping both Salida and Poncha Springs to perfect their exchanges, they are both likely to be impacted.

ENGINEER'S REPORT – Chris Manera, Colorado River Engineering

Deferred to next meeting

LEGAL REPORT - Kendall Burgemeister, Law of the Rockies

Deferred to District Board meeting

OTHER BUSINESS

Chairman Senderhauf reminded all guests to please sign in so that accurate records may be maintained.

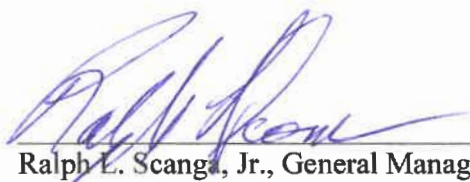
ADJOURN

No further business to come before the committee, the meeting adjourned at 2:06 p.m.

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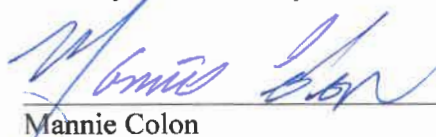
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Respectfully submitted,


Ralph L. Scanga, Jr., General Manager

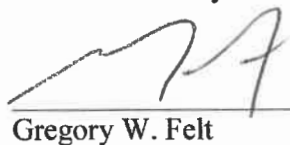

Ken Baker

Absent for Approval - No signature
Timothy C. Canterbury



Mannie Colon

Absent from Meeting- No Signature

Robert B. Donley



Gregory W. Felt


Tom E. French


Brett A. McMurry

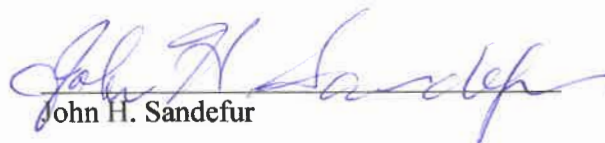
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Thomas Goodwin

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Richard Hilderbrand


Franklin J. Moore


Jeff Ollinger


Tim Payne


John H. Sandefur


Robert M. Senderhauf