

MINUTES OF 1950 ANNUAL MEETING
ARKANSAS RIVER COMPACT ADMINISTRATION

Lamar, Colorado
Tuesday, December 12, 1950

Attendance:

Brig. Gen. Hans Kramer, San Francisco, California; Representative of the United States and Chairman of the Administration.

For Colorado:

Harry B. Mendenhall, Rocky Ford, Colorado; Chairman of the Colorado Representatives.

Harry C. Nevius, Lamar, Colorado; Administration Secretary.
Clifford H. Stone, Denver.

For Kansas:

George S. Knapp, Topeka; Chairman of the Kansas Representatives.
Roland H. Tate, Garden City
William E. Leavitt, Garden City; Administration Vice Chairman.

Others Attending:

Ray E. Peterson, Denver, Colorado, recorder.
John S. Sharer, Caddoa, Colorado.
R. V. Smrha, Topeka, Kansas.
F. M. Bell, Denver, Colorado.
Jack M. Terry, Washington, D. C.
Ross W. Moor, Lamar, Colorado.
Roger Smith, Lamar, Colorado.
R. J. McGrath, Lamar, Colorado.

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The 1950 annual meeting of the Arkansas River Compact Administration was called to order in the County Commissioners' room at the Prowers County Courthouse, Lamar, Colorado, at 10:00 o'clock by Chairman Kramer.

Minutes of the special meeting of the Administration, held October 20, 1950, at Garden City, Kansas, were reviewed and edited. The minutes were officially approved, as edited.

Secretary Nevius called attention to erroneous dates for the fiscal year, appearing in the Administration budget estimate on Page 19 of the minutes of the August 4, 1950 meeting. A corrective change substituting the figures "1951-1952" for "1950-1951" was approved, and the revised page was ordered substituted for the original Page 19 of the mimeographed assembly of the Minutes.

Chairman Kramer reported that, pursuant to action of the Administration at its meeting October 20, 1950, he had completed a draft of a proposed amendment to the Rules and Regulations, intended to clarify the meaning of Article V F, and had made preliminary distribution to members of the Administration on October 25, 1950, for their review and study.

He reported also that he had attended the annual convention of the National Reclamation Association at Spokane, Washington in November 1950. He suggested the Administration should consider membership in and financial support of the National Reclamation Association, and make such provision in the Administration budget.

Secretary Nevius stated that Robert W. Rollins, certified public accountant of La Junta, Colorado, had completed an audit of the Administration's books for the period October 27, 1949 to October 31, 1950, and had submitted his report, together with comments and recommendations to the Administration.

The auditor's report, together with the letter of transmittal that accompanied it, were entered in the record of the meeting as follows:

Letter of transmittal:

ROBERT W. ROLLINS
Certified Public Accountant
La Junta, Colorado

December 6, 1950

Mr. Harry C. Nevius
Secretary-Treasurer, Arkansas Riv. Compact Adm.
Lamar, Colorado

Dear Mr. Nevius:

Because this letter in duplicate treats of various matters, I believe the most coherent manner is to discuss them by number:

- (1) There is enclosed herewith, original and three copies of the Audit Report for the "Report Year" ended October 31, 1950. In the event the administrators take exception to any of my remarks, please advise me at once. I mention this possibility as I realize the time is running short for the Administration to prepare its Annual Report.
- (2) There is also enclosed the original and three copies of the Chart of Accounts to be used as a guide in clarifying your disbursements.
- (3) Accounting sheets (five in number) reflecting the accounting transactions made by the Administration from October 27, 1949 to October 31, 1950. You will note at the end of this record the new "Report Year" has been started showing cash in bank and the related unexpended balance. As I have mentioned in my Audit Report, clarification between the two types of years should probably be made. As long as you throw a subtotal at June 30th, this record may be used to gather the information for both of the periods.

Items two and three are submitted in connection with the installation of the accounting system you requested.

- (4) It is my suggestion that the budget years so specified in the Minutes of the Administration's meeting of August 4th be corrected to read, "for the fiscal year ending June 30, 1952 and fiscal year ending June 30th, 1953.
- (5) I wish to acknowledge your reply regarding the possibility of Social Security Tax arising from the employment of a secretary and other office help. I understood from your telephone conversation of December 4th that the employees of the Administration are in a similar position as that of state employees, and therefore no withholding is necessary for Social Security Tax purposes. I would like to remind you, however, of the responsibility of deducting withholding tax (income tax) from the various employees salaries should they exceed the minimum amount.

There is also enclosed a statement of services rendered to date. In conclusion, may I say it has been very nice working with you and in the event I may be of future service, do not hesitate to call upon me.

Yours very truly,

Robert W. Rollins
Robert W. Rollins

Text of report:

ROBERT W. ROLLINS
Certified Public Accountant
La Junta, Colorado

November 30, 1950

To the Representatives
Arkansas River Compact Administration
Lamar, Colorado

Gentlemen:

As requested by you, I have made an examination of the records of the Arkansas River Compact Administration for the period October 27, 1949 to October 31, 1950 which includes all the transactions of receipts and disbursements of the Compact to date. My Report of the Audit, consisting of Schedule I, page #4 together with the following comments, covers the "Report year" period ending October 31, 1950.

History

On December 14, 1948 a Compact between the State of Colorado and Kansas was completed for the purpose of settling disputes, apportionment of the waters

of the Arkansas River, and the utilization of the benefits arising from the John Martin Reservoir Project. Consent to this interstate compact was given by the Congress of the United States by Public Law 34, 79th Congress, 1st Session. Briefly, the Compact Administration is to receive its funds from the States of Colorado and Kansas in the respective ratio of 60% and 40%. As provided for in the Compact Agreement, the provisions of the Compact are performed by the Administration, consisting of three representatives from Colorado, three representatives from Kansas, and a representative of the United States.

General Comments

Schedule I, page #4, a Statement of Receipts and Disbursements reflects by classification the revenues and expenditures of the Administration for the period October 29, 1949 to October 31, 1950. In accordance with the provisions of the By-Laws, Article VIII, this Statement covers the "Report Year" ending October 31, 1950. It will be noted proceeds from Colorado of \$1,200.00 and Kansas of \$800.00 placed in the official depository at Lamar, Colorado on October 27, 1949 are included within the scope of the audit.

All disbursements were made by checks drawn on the Administration's account at the First National Bank in Lamar, Colorado. The individual checks were examined for amount, signature and endorsement. The correctness of the amounts disbursed were verified to payee's statement, authorization of payment as evidenced in Minutes of the Meetings of the Representatives or other supporting evidence.

As authorized by the Representatives, the expenditure of reading the Holly Drain Gauge from April 21, 1950 to October 31, 1950 cost \$1.50 a day or a total of \$291.00

Secretary-treasurer's bond in the amount of \$10,000.00 is carried by the National Surety Corporation. The related expense of \$100.00 represents premium costs for two years.

As reflected on Schedule I, cash in bank at October 31, 1950 amounted to \$1,386.27. This amount was reconciled to the amount directly confirmed by that depository.

No office equipment or other capital outlay was acquired during the period under review.

The financial position of the Administration at October 31, 1950 is expressed in the following schedule:

Arkansas River Compact Administration
Lamar, Colorado
Balance Sheet
October 31, 1950

<u>Assets</u>	
Cash in <u>First National Bank</u> , Lamar, Colorado	<u>\$ 1,386.27</u>
<u>Capital</u>	
Unexpended Fund Balance	<u>\$ 1,386.27</u>

Special Comments

Referring to the requirements relating to the submission of a budget, Article VII paragraph 3 of the By-Laws states, "In each even numbered year the Administration shall adopt and transmit to the Governor of each State its budget covering anticipated expenses for the forthcoming biennium and the amount thereof payable by each State."

A preliminary budget to cover initial expenses of organizing the Administration was submitted by the Secretary at the meeting held in Lamar, Colorado on November 14, 1949 and consisted of:

	<u>Amount</u>
Office supplies	\$ 200.00
Telephone and telegraph for year	500.00
Office equipment	125.00
Printed annual reports	300.00
Auditing expense	150.00
Secretary-treasurer bond	50.00
Publication of official notices	150.00
<u>Total</u>	<u>\$ 1,475.00 *</u>

* This budget was tabled temporarily for further study and possible expansion and the subsequent minutes of the Administration's meetings do not reflect its adoption. At the time the preliminary budget was offered, the Secretary announced an overall budget could not be determined until agreements had been reached with various agencies for services to be rendered and until the Administration had decided on what employees might be needed and the salaries to be paid. Although the Administration did not approve a budget for the fiscal years ended June 30, 1950, or June 30, 1951, the Representatives specifically authorized such expenditures as the secretary's salary, expense of reading Holly Drainage Gauge, etc.

A biennium budget for the fiscal years ending June 30, 1952, and June 30, 1953 amounting to \$5,000.00 for each year was adopted at the Administration's meeting on August 4, 1950. The writer is advised, said budget will be submitted as required under Article VII of the By-Laws.

Your attention is called to the fact, the Administration has a fiscal year beginning July 1, and ending June 30, and a related budget geared accordingly. The Arkansas River Compact Administration also is required to submit an annual report embracing the period beginning November 1, and ending on the succeeding October 31. Care should be taken, in subsequent years, not to confuse a budget adopted for a fiscal year to the "Report Year".

In conclusion, the writer wishes to point out, the By-Laws prescribe under Article VII paragraph 5, "All receipts and disbursements of the Administration shall be audited yearly by a certified public accountant..... and the report of audit shall be included in the annual report of the Administration". Since Article VII refers to "Fiscal", there arises a question in the writer's mind if the fiscal year ended June 30, is not the period to be examined by the certified public accountant. In view of the problems arising in the future on the preparation of statements reflecting actual revenues and disbursements when compared to budgeted amounts for a fiscal year ending June 30 and the annual report covering receipts and expenditures for the report year ending October 31, the writer suggests the Representatives clarify the Auditor's position in this matter.

As previously mentioned, this Report covers, as directed by you, transactions of the "Report year" ended October 31, 1950.

Respectfully submitted,

/s/ ROBERT W. ROLLINS
Robert W. Rollins
Certified Public Accountant

Schedule I

Arkansas River Compact Administration
Lamar, Colorado
Statement of Receipts and Disbursements
October 27, 1949 to October 31, 1950

Receipts

Revenue from assessments		
Colorado portion 60%	\$ 2,000.00	
Kansas portion 40%	<u>1,333.33</u>	
<u>Total Receipts</u>		\$ 3,333.33

Disbursements

Salary of secretary (April '49 - Oct. '50 inc.)	700.00	
Printing		
Legal publications, etc	\$ 402.77	
First annual report	<u>245.00</u>	647.77
Expense of reading Holly Drain Gauge from April 21, 1950 to October 31, 1950	291.00	
Telephone and telegraph	111.00	
Premium on sec'y-treas. bond	100.00	
Office supplies and stationery	<u>97.29</u>	
<u>Total Disbursements</u>		<u>1,947.06</u>

<u>Cash in bank at October 31, 1950</u>	<u>\$ 1,386.27</u>
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Cash on deposit at First National Bank in Lamar

(per direct confirmation) on October 31, 1950	\$ 1,600.87	
Less: Outstanding checks:		
#25 Wm. R. Patterson	\$ 45.00	
#27 Lamar Daily News	12.25	
#28 Wm. R. Patterson	46.50	
#29 Harry C. Nevius	100.00	
#30 Mt. States Tel. & Tel.	<u>10.85</u>	214.60
		<u>\$ 1,386.27</u>

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The Secretary announced that Governor Carlson of Kansas had acknowledged the Administration's budget request, sent to Kansas. Rep. Knapp reported that the Kansas share of the Administration budget was included in the report of the Kansas budget director. Rep. Stone reported the Administration's budget request had been processed and submitted in Colorado, for an appropriation to be administered by the Colorado Water Conservation Board. Colorado is changing to annual sessions of the General Assembly, Rep. Stone commented, so funds for the Administration may be appropriated on an annual basis, instead of biennially, as shown in the budget request submitted to the controller.

Discussion was held on whether or not the Administration would be recognized as exempt from paying Federal taxes imposed by sections 3465, 3469 and 3475 of the Internal Revenue Code, as amended, except for withholding taxes which might be required on salaries paid by the Administration. It was reported that the Upper Colorado River Commission, a similar compact organization, was exempted from payment of the referred-to federal taxes, and had received a confirming letter for record from the Commissioner of Internal Revenue. The Secretary was directed to communicate with the Commissioner of Internal Revenue, explaining the status of the Arkansas River Compact Administration, and requesting a letter of record to exempt the Administration from payment of federal taxes, other than withholding taxes required on any salaries paid by the Administration. Rep. Stone agreed to assist the Secretary in making the inquiry, due to his knowledge of the similar problem handled by the Upper Colorado River Commission.

The auditor having raised the question of whether the auditor's report should cover the "report year" of the Administration, or the fiscal year of the budget calendar, the Administration reiterated its instructions that the audit should pertain to the "report year", as provided in the By-Laws. It was explained that, in Administration procedure, the "fiscal year" referred to the routine of obtaining appropriated funds from the two states of Colorado and Kansas, and the "report year" (i.e., Nov. 1 to Oct. 31, as defined in Paragraph 1, Article VIII of the Administration's By-Laws) was the basis for Administration expenditures.

The report of the Treasurer was submitted as follows:

TREASURER'S REPORT, ARKANSAS RIVER COMPACT ADMINISTRATION
Report Year, November 1, 1949 to October 31, 1950

On November 1, 1949 the Administration had on hand \$2,000.00 which was assessed September 12, 1949--60% or \$1,200.00 from Colorado and 40% or \$800.00 from Kansas.

During the present report year funds received on call of March 24, 1950 were \$800.00 State of Colorado and \$533.33 State of Kansas.

Total receipts of the Administration to date are:

State of Colorado	2000.00	
State of Kansas	<u>1333.33</u>	
		\$3333.33

From November 1, 1949 to October 31, 1950 disbursements totaling as follows have been made upon vouchers duly approved and countersigned:

Secretary's Salary	\$700.00	
Premium, Secretary, Treasurer Bond	100.00	
Office Supplies	97.29	
Telephone & Telegraph	111.00	
Printing	647.77	
Gauge Readings	<u>291.00</u>	
Total		<u>\$1947.06</u>
Balance on hand October 31, 1950, First National Bank, Lamar		1386.27

No property has been acquired by the Administration to date, office facilities having been furnished to the Administration by Prowers County, without cost.

Harry C. Nevius
Secretary, Treasurer

The Treasurer reported that while the preliminary estimate for auditing service had been \$50.00, the final bill submitted was \$65.00, due to extra routine absorbed by the auditor.

It was moved by Rep. Mendenhall and seconded by Rep. Knapp that the auditor's bill for the amount of \$65.00 be approved and paid.

On vote, the motion was carried.

It was moved by Rep. Tate and seconded by Rep. Mendenhall that the Administration accept the report and approve the audit as submitted by Robert W. Rollins of La Junta.

On vote, the motion was carried.

The original copy of the audit and letter of transmittal was ordered filed in the office of the Administration, with duplicate carbon copies being distributed to the Chairman of the Administration, the State of Colorado and the State of Kansas.

The report of the Administrative and Legal Committee consisted of a rough draft of the proposed text of the 1950 Annual Report of the Administration. The rough draft was laid over for consideration later in the day.

The Engineering Committee reported its compilation of statistics for inclusion in the 1950 Annual Report near completion. It was announced that Rep. Knapp, chairman of the Engineering Committee, and F. M. Bell, USGS Engineer, would confer on final correlation of figures.

The Operations Committee had no interim report to make; its only report being the data submitted for the Annual Report.

John S. Sharer, reservoir manager at John Martin Reservoir, reported 64,492 acre feet of water in storage there as of midnight December 11, 1950. He said no releases were being made at the present time.

As provided in the By-Laws, the Administration proceeded with the annual election of officers. Chairman of the Administration is statutorily the Federal Representative, with Brig. Gen. Hans Kramer to continue in that capacity for the ensuing year.

Rep. Stone nominated William E. Leavitt of Kansas for re-election as vice chairman of the Administration. The nomination was seconded by Rep. Knapp.

There being no further nominations, the Chairman instructed the Secretary to cast the unanimous ballot for Mr. Leavitt. Mr. Leavitt was declared elected.

Rep. Tate nominated Harry C. Nevius of Colorado for reelection as Secretary-Treasurer. The nomination was seconded by Rep. Knapp.

There being no further nominations, the Chairman cast the unanimous ballot for Mr. Nevius, and declared Mr. Nevius elected.

Chairman Kramer stated, for the record, that the Administration appreciated the fine services rendered by Mr. Nevius in the dual role of secretary and treasurer, in the period of organization of the Administration.

It was moved by Rep. Mendenhall and seconded by Rep. Knapp that the salary of the Secretary be continued at \$100.00 a month, plus necessary incidental expenses, for the ensuing year.

On vote, the motion was carried.

Chairman Kramer renewed discussion of the proposed amendment to the Rules and Regulations, calling attention to the rough draft text he had prepared. Rep. Stone advised against a formal revision of the Rules and Regulations at this time, pointing out that up to the present time all parties had been satisfied with oral explanations, clearing points of doubt, and that no actual situation involving application of Article V F had occurred. He proposed no action by the Administration until some actual problem developed.

Secretary Nevius suggested that revision of the Rules and Regulations, at this time, might have an effect on the status of the agreements reached with the various ditch organizations in the Arkansas Valley.

Following further general discussion, it was moved by Rep. Stone and seconded by Rep. Tate that the suggested draft for amending the Rules and Regulations submitted by the Chairman of the Administration, in accordance with instructions given by the Administration on October 20, 1950, be made a part of the record of the present meeting, but that no action be taken thereon, and that any such amendment be deferred for further consideration, without prejudice.

On vote, the motion carried unanimously.

The memorandum of October 25, 1950 from Chairman Kramer to each member of the Administration, and the text of his draft of proposed amendment, were included in the record, as follows:

HANS KRAMER, BRIG. GEN. USA RET.
Chairman
San Francisco 4, California
October 25, 1950

Memorandum to Each Member of the Arkansas River Compact Administration:

In accordance with the conclusion reached at the Administration's meeting on October 20, 1950, I have prepared, per copy attached, a preliminary draft of a proposed amendment to the Rules and Regulations in respect to Article V-F of the Compact. I would appreciate your full and frank comments on the proposed amendment.

After the language of the amendment has been perfected and accepted by the Administration it would be desirable to obtain the Colorado State Engineer's concurrence, if possible, and in any event we will have to obtain the approval of the District Engineer at Albuquerque under the provisions of Article VIII B (2) of the Compact. Our procedure for adopting and publishing this amendment to the Rules and Regulations is specified in Article VI of our By-Laws.

Hans Kramer
Chairman and Representative of the United States
Arkansas River Compact Administration

Arkansas River Compact Administration

RULES AND REGULATIONS

Draft of Proposed Amendment

4. (a) In the event it becomes necessary to invoke the provisions of Article V-F of the Compact such action shall be taken by the Administration and shall not be delegated to its Secretary or Operations Committee. When such action is taken it shall be guided by the intent of the Compact, as set forth in the Record of the Colorado-Kansas Arkansas River Compact Commission, that the commencement of administration by Colorado of water rights on the basis of decreed priorities shall be so timed as to obviate, as far as practicable, any lag or discontinuity of flow of water to the senior appropriators

below John Martin Dam. If, in connection with such action, it is deemed advisable to maintain stable outflow conditions from John Martin Reservoir, the Administration may by unanimous vote, as provided in Article VIII D of the Compact, fix the rate of release of stored water during the period intervening until administration by Colorado of water rights on the basis of decreed priorities is commenced.

(b) During periods in which water rights are being administered by Colorado on the basis of decreed priorities, in accordance with and pursuant to notification to the State Engineer under the provisions of Article V-F of the Compact, pertinent requests by the State Engineer or his duly authorized representative regarding the operation of John Martin Reservoir are to be transmitted directly to the Reservoir Manager and information as to such requests is to be furnished promptly and regularly to the Administration by the State Engineer or his duly authorized representative.

The Administration recessed for lunch.

Afternoon Session

The meeting was resumed at 1:40 o'clock.

As a result of their noon-hour conference, Rep. Knapp and F. M. Bell submitted copies of the tables to be included in the statistics of the 1950 Annual Report, but announced that final recheck would be made by Lr. Bell on proper sequence and titles before being made available to the printer.

It was decided that preparation of the dummy-copy for the Annual Report should be handled by Ray E. Peterson at Denver, assisted by Rep. Stone, and that copies of the dummy-copy would be sent to Rep. Knapp and Chairman Kramer for their inspection before printing.

Rep. Stone made the motion, seconded by Rep. Knapp, that the 1950 Annual Report of the Arkansas River Compact Administration, as reviewed at this meeting, be adopted and authorized for publication.

On vote, the motion was carried.

There being no objection, the Chairman announced that the 1950 Annual Report would be printed in 500 copies, in the same style booklet as the 1949 report.

F. M. Bell reported no change in the situation regarding gaging stations since the last meeting of the Administration. He said the Coolidge station was in operation, the station below John Martin Dam remodeled, and material for the Frontier ditch station was expected soon, to be installed by the beginning of the next irrigation season.

Rep. Knapp, who is retiring as Chief Engineer, Division of Water Resources, for the State of Kansas as of Jan. 1, 1951, and therefore relinquishing his position on the Arkansas River Compact Administration, introduced R. V. Smrha of Topeka, who will be his successor as Chief Engineer, Division of Water Resources, and member of the Administration. It was explained that Mr. Knapp will remain with the Division and be engaged on special assignments.

Chairman Kramer, in behalf of the Administration, commented upon the valuable services rendered by Mr. Knapp in Colorado-Kansas river matters, emphasizing Mr. Knapp's intimate knowledge of conditions prevailing in the Arkansas River valley.

Rep. Stone offered a motion, seconded by Rep. Nevius, that the Arkansas River Compact Administration adopt an appropriate resolution to be inserted in the record, expressing appreciation for the services rendered by Mr. Knapp, and in recognition thereof.

On vote, the motion was carried.

Chairman Kramer designated Rep. Tate of Kansas to draw up a suitable resolution commending Mr. Knapp.

The text of the resolution prepared by Mr. Tate and written into the minutes of the meeting is as follows:

R E S O L U T I O N

WHEREAS, the Honorable George S. Knapp, Chief Engineer of the Division of Water Resources of the State Board of Agriculture of the State of Kansas, served with distinction for a period of many years in formulating ideas and principles later embodied in the Arkansas River Compact between the States of Colorado and Kansas; and

WHEREAS, the said George S. Knapp acted as one of the Commissioners of the State of Kansas on the Arkansas River Compact Commission, which Commission drafted the Arkansas River Compact between the States of Colorado and Kansas, and through his abundant knowledge and professional skill and ability and his individuality and personality contributed immeasurably to the work of that Commission in the drafting of such Compact; and

WHEREAS, the said George S. Knapp has served as a member of the Arkansas River Compact Administration in the administration of said Compact with honor to that Administration, the people of the States of Colorado and Kansas and himself, has at all times conducted himself with high integrity, both officially and individually, and has contributed unselfishly his knowledge, professional skill and services to the fulfillment of the purposes of said Compact between the States of Colorado and Kansas; and

WHEREAS, the said George S. Knapp has voluntarily elected to be relieved of his duties as an official of the State of Kansas and a member of the Arkansas River Compact Administration:

NOW, THEREFORE, BE IT RESOLVED, that the Arkansas River Compact Administration, recognizing the great service of George S. Knapp to the States of Colorado and Kansas, does now and hereby express on behalf of the people of the States of Colorado and Kansas and for that Administration sincere appreciation of his services and extends to him kind good wishes for the future.

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Rep. Knapp, in a few brief remarks, said he was deeply appreciative of the recognition and commendation accorded him. He said that it had been a pleasure, and a reward in itself, to participate in and help bring to fulfillment an agreement on Colorado-Kansas interstate water problems on the Arkansas River.

Chairman Kramer announced that the vacancy on the Engineering Committee, to be created as of Jan. 1, 1951 when Mr. Knapp would be retired, would automatically be filled by Mr. Knapp's successor, Mr. R. V. Smrha.

With no special meetings in prospect, it was announced the next meeting of the Administration would be the regular spring meeting, scheduled for Tuesday, March 27, 1951, at Lamar, Colorado.

The meeting adjourned at 3:30 o'clock.

Harry C. Nevius, Secretary

Ray E. Peterson, Recorder