



Upper Gunnison River Water Conservancy District

210 West Spencer Avenue, Suite B • Gunnison,
Colorado 81230 Telephone (970) 641-6065 •
www.ugrwcd.org

BOARD OF DIRECTORS **AGENDA – SPECIAL MEETING** Monday, May 2, 2023, 5:00 p.m.

MISSION STATEMENT

To be an active leader in all issues affecting the water resources of the Upper Gunnison River Basin.

5:30 p.m. 1. Call to Order

5:31 p.m. 2. Agenda Approval

5:32 p.m. 3. Approval of Resolution

- 2023-02 Resolution to Authorize, Vice President Stacy McPhail to act as signatory for any and all instruments related to Unit A purchase.

Note: This agenda is subject to change, including the addition of items or the deletion of items at any time. All times are approximate. Regular meetings, public hearings, and special meetings are recorded, and action can be taken on any item. The Board may address individual agenda items at any time or in any order to accommodate the needs of the Board and the audience. Persons with special needs due to a disability are requested to call the District at (970) 641-6065 at least 24 hours prior to the meeting.

MEMORANDUM



TO: Board of Directors

FROM: Sonja Chavez, General Manager
John McClow, General Counsel

DATE: May 1, 2023

SUBJECT: Unit A, Spencer Avenue Business Park Condominium Purchase

Background: Spencer Avenue Business Park consists of three units: A, B, and C. The District currently owns Units B and C. Unit A was recently listed for sale. The Board of Directors met in Executive Session on April 24, 2023, to discuss the potential acquisition of Unit A as well as a purchase price.

The Board was unanimous in their decision to make an offer to purchase Unit A at a price of \$650,000.

The District's plan is to move District operations from Unit C to Unit A while maintaining our District board room and General Counsel's office in Unit B. The lower level of Unit A will be occupied by District staff. Office space on the second story will be leased as will Unit C.

Assessment of Need: The following points were discussed as part of the Board's decision.

- Need for space to accommodate growth of staff and programs within the District
- Current office size, layout and space not conducive for working with the public
- Cost of an addition and renovation to Units B and C versus existing layout and purchase of Unit A.
- Control of future uses of the office complex to assure compatibility with District operations.
- Fiscal impact

Detailed Summary of Discussion of Need: Since 2019 District staff has grown by one part-time employee (administrative assistant / communications support specialist) and one full-time employee (Water Resource Specialist & Wet Meadows Program Coordinator). We also maintain an office space for our contract bookkeeping/payroll firm as well as filing space for financial and personnel files. This year the Board also approved hiring a non-permanent seasonal field supervisor to support the Wet Meadows Program and there has been some discussion about potential need for a local field technician to support a basin-wide water budget and return flow study

To date, staff has utilized what was a temporary workspace about the size of a small storage room for one staff member and renovated and moved the copy room to create a second office space in the back area of Unit C. This portion of the building is fairly confined, creating issues with noise and a lack of space making it not conducive to working with the public.

The cost associated with doing an addition and renovation to Units B and C and whether it could adequately address issues with space and potential growth versus acquiring Unit A was considered. Time associated with renovations and disruption to business was considered as well.

The listing of Unit A presented issues of concern around uncertainty associated with unknown future landlords and tenants and compatibility of future uses of Unit A with District operations, hours of operation, and potential security issues.

The District believes that acquiring Unit A provides an opportunity to lease affordable office space to basin partners and entities who have related missions and goals to those of the District.

Fiscal Assessment: The Board evaluated the fiscal impact associated with purchasing Unit A and leasing available space and determined it was a sound financial decision.

As a component of the Boards decision making process, an evaluation of our current investment earnings was done against the \$650,000 purchase price plus \$50,000 (Unit A's share of a roof repair already scheduled) for a total investment of \$700,000.

- Federal Home Loan Bank Bond of \$550,000 is currently earning 0.81% with monthly interest income of an average of \$503 per month or an estimated \$6,036 annually (Data from the first quarter 2023).
- Estimated net office space lease income of \$3,000 to \$4,300 per month or \$36,000 to \$52,000 annually representing a 5.2% to 7.4% return on investment.

While Unit A is not a liquid asset, it does represent a potential annual increase in income of \$30,000 to 46,000 over current bond investments.

Management Considerations - Leasing Unit C and Upstairs Office Space (Unit A):

- Management of the Outside of the Building - No impact.

At this time, the District already manages and coordinates all aspects of the care and maintenance of the outside of the condominium building including landscaping, snow removal, roof replacement, striping and sealing parking lot, foundation improvements, painting and staining, insurance, etc.

The District is also responsible for all fiscal management of the condominium association including payment of all utilities including water, sewer, electricity, trash, insurance, gas, etc.

- Management of Indoor Space – Minor Impact.

This would be an additional workload for staff and General Counsel in preparing lease agreements and responding to maintenance needs, but because we are next door and familiar with the space, it is manageable. The bookkeeper can easily process monthly lease income payments under the existing Spencer Avenue Business Park workload, which is low.

Status of Offer of Purchase:

- Offer to purchase at \$650,000 accepted and District is under contract.
- Building inspection complete and no major concerns to report.
- Closing documents being prepared.
- Anticipate closing May 18, 2023.

RECOMMENDATION FOR BOARD ACTION:

- Approval of Resolution 2023-02 which authorizes Vice-President, Stacy McPhail, to execute, endorse, and deliver in the name of the District, any and all written instruments, agreements, documents and other instruments of whatever nature in connection with the District's purchase of Unit A, Spencer Avenue Business Park Condominium (Attached).

RESOLUTION 2023-02

WHEREAS, for the purpose of completing the purchase of Unit A, Spencer Avenue Business Park Condominiums, the Upper Gunnison River Water Conservancy District wishes to grant signature authority to a certain individual; therefore, it is:

RESOLVED, that the Board of Directors hereby empowers and authorizes Stacy McPhail, Vice President, to make execute, endorse, and deliver in the name and on behalf of the District, any and all written instruments, agreements, documents and other instruments of whatever nature in connection with the District's purchase of Unit A, Spencer Avenue Business Park Condominiums.

This Resolution was approved by the Board of Directors at a Special Meeting on May 2, 2023.

ATTEST:

John Perusek, Secretary

[SEAL]