

RECORD OF PROCEEDINGS

UPPER YAMPA WATER CONSERVANCY DISTRICT BOARD OF DIRECTORS MEETING SEPTEMBER 21, 2016 1:30 PM 3310 CLEAR WATER TRAIL, STEAMBOAT SPRINGS

MINUTES

Chairman John Redmond called the meeting to order and declared a quorum present. In addition to Chairman Redmond, the Board members present were Bob Woodmansee, Doug Monger, Jim Haskins, Ron Murphy, Stephen Colby, and Webster Jones. General Manager Kevin McBride, District Engineer Andy Rossi, Office Manager Karina Craig, General Counsel Bob Weiss, and Consultant to the District Joe Messina were also present.

Members of the public present included Erin Light, Division Engineer, Colorado Division of Water Resources; Clair Sollars, Attorney, Cantafio Hammond. Randy Watkins, CPA from Anton Collins Mitchell and consultant to the District, joined by phone.

The following agenda was proposed:

AGENDA

- 1) 1:30 pm Establishment of Quorum and Call to Order;
- 2) 1:35 pm Approval of Agenda for Meeting; action item
- 3) 1:40 pm Approval of the minutes of the July 27, 2016 Board Meeting; action item
- 4) Public Input and Comment;
- 5) 1:45 pm Crosho Lake Grant; action item
- 6) 2:15 pm Financial Report; action item
 - a) Approval of Disbursements
 - b) Budget Comparison
 - c) Audit
 - d) Preliminary 2017 Budget
 - e) Accounting Consultant
- 7) 2:45 pm Report of the General Manager;
 - a) Colorado Water Trust Request
 - b) Retreat Planning
 - c) Elk River Aug Plan
 - d) Morrison Creek update
 - e) Misc. Updates
 - i) Yamcolo/Bear Reservoir Administration
 - ii) Ski Company Four Counties Lease
 - iii) CRD Compact Modeling/BRT/IBCC
- 8) 3:45 pm Report from District Engineer;
 - a) Staffing changes – Dam Operator

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- b) Reservoir water status
- c) Special Use Permit action item
- d) FERC License update
- 9)4:30 pm Report from General Counsel;
 - a) Bylaws Revisions action item
- 10)4:45 pm Water Rights Master Plan;
- 11)Executive Session with Bob Weiss, legal Counsel, under CRS § 24-6-402(4)(b) to discuss legal issues on possible settlement of opposition to water rights Master Plan case. Mere presence or participation of an attorney at an executive session of the local politic body is not sufficient to satisfy the requirements of this subsection (4).
- 12)New Business;
- 13)Adjournment.

Meeting Agenda Director Jones moved to approve the revised agenda. Director Woodmansee seconded the motion which was unanimously approved.

Meeting Minutes Director Murphy moved to approve the July 27, 2016 Meeting Minutes. Director Colby seconded the motion which was unanimously approved.

Public Comment Division Engineer Erin Light was present; Chairman Redmond asked if there were any comments. Ms. Light discussed a recovery program, outletworks that were being worked on at Steamboat Lake, and the Whitefish migration in the Elk River.

Croscho Lake Grant General Manager McBride updated the board on the grant application Croscho Lake Corp. submitted to the District. The applicants communicated to Mr. McBride that the quote for work on the outlet works structure came in much higher than expected due to changes required by the Division Engineers office. The Croscho Lake Corp. may present further information to the Board in the November Board of Directors meeting. Director Monger stated his opinion that the District would like to support the applicants, provided that the proposed project can and is completed in the end.

Financial Report

Cash Disbursements – The cash disbursement report was reviewed and discussed.

Budget Comparison – Office Manager Karina Craig presented and reviewed the budget comparison report. District Engineer Rossi discussed facilities expenditures and stated expects no further significant expenditures for Stagecoach in what remains of the year. Mr. Rossi reported that the Hydro-Electric Dam Operator, Dan Ellertson, retired at the end of August and that the District is looking for a replacement. The allocation of the Stahl settlement was discussed. Expenses were recognized in the 2015 fiscal year, and a capital item was recognized in 2016 in recognition of increased property value due to a release of encumbrances.

Audit - The 2016 Audit was reviewed and discussed.

Director Woodmansee moved to approve the financial reports and the 2015 Audit. Director Monger seconded the motion, which was unanimously approved.

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Preliminary 2017 Budget and Accounting Consultant – A preliminary draft by the Accounting consultant Randy Watkins joined the meeting by phone and introduced himself. Mr. Watkins has been working with District staff in the restructuring of the annual budget and water pricing. The project is underway; preliminary new budget structure, milestones and project timelines were discussed. An Executive Committee meeting will be scheduled to review the Budget in progress, and before the proposed 2017 budget, and proposed format, is presented to the full Board for approval. Other subjects discussed including the time tracking per project that District staff has performed, and language in District's contracts referring to costs and pricing. All directors were invited to attend the Executive Committee meeting.

Report of the General Manager

Colorado Water Trust Request –The City of Steamboat Springs called for its stored water out of Stagecoach Reservoir. In accordance with the District's policies, the District also released Stagecoach water to its normal winter drawdown pool earlier than normal to aid flows during this more critical period. This water was released after the City's water to help the Yampa river stay at a healthy level.

The Colorado Water Trust (CWT) made a request to buy water stored in Stagecoach Reservoir. Proposed contract language was discussed, the language is similar to that in contracts from previous years. Current storage, reservoir pools, releases, target reservoir levels for the fall and winter, and minimum flow requirements were discussed. The proposed contract would be for 13 days of 10cfs of water.

Director Monger moved to authorize General Manager McBride to sign the proposed contract with the Colorado Water Trust, with minor modifications at discretion of the District's General Counsel. Director Colby seconded the motion which was unanimously approved.

Director Monger noted the river has a current flow of 50 cfs. He proposed an article be published in the local newspaper about how the District's contract with CWT, and it would contribute to healthy river flows in downtown Steamboat Springs.

Retreat Planning – Manager McBride reminded the Board about the annual Board Retreat, which will be held on October 12, 2016 at Catamount. Mr. McBride also recommended Ms. Ryan Golten to be the facilitator to guide the discussion. Different topics for the retreat were proposed. Ms. Golten would like to conduct phone interviews with each Board members prior to the meeting. The Board provided guidance to staff.

Elk River Augmentation Plan – The preliminary contract for augmentation water at the Elk River had been approved at the July Board of Directors meeting. Mr. McBride presented the proposed final contract, which incorporated some changes, albeit none significant. Manager McBride reviewed details of the contract; it was for the leasing of 360AF of water for a period of 25 years. He continued, and

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stated the District has dropped its contesting of the instream flow increase on Willow Creek; there are other opposers to the plan, including the Colorado Division of Water Resources.

Director Jones moved to approve the proposed lease for the 360AF of water for the Elk River Augmentation Plan. Director Woodmansee seconded the motion which was unanimously approved.

Manager McBride discussed the administration of the Augmentation plan. Consultant Joe Messina presented a Geographic Information System (GIS) report. A map was presented showing each area of the augmentation plan and a topographic map.

Morrison Creek Update – Manager McBride presented a memo and graphs and spoke about the water availability at Morrison Creek and Stagecoach Reservoir. CDSS modeling based on hydrologic “paleo” data shows that in 87% of the years there would be water transfers from Morrison Creek to Stagecoach. The remaining years no transfer would occur. The primary reason for the Morrison Creek Reservoir proposal is to firm the supplies to Stagecoach Reservoir during drought. This information was presented in reference to, and in preparation for discussion at the upcoming annual retreat.

Miscellaneous Updates

Yamcolo/Bear Reservoir Administration- Manager McBride stated the subject had been discussed at the previous Board meeting; the Division 6 District Engineer’s office had proposed releases from Yamcolo to compensate evaporation losses from Bear Reservoir and ease administration logistics at Bear Reservoir. The District had responded offering an MOU between the two entities be developed to accommodate the request. District Manager McBride spoke and discussed river administration on the Bear River. Ms. Light stated she had consulted with Mr. Dick Wolf and Mick Sullivan at the Colorado Division of Water Resources, and neither of them had been supportive of the Colorado Division of Water Resources engaging in an MOU. She concluded her office would administer seek adjudication of an agreement.

Ski Company Four Counties Lease- Manager McBride reported there were no updates on the case. Director Monger inquired and Ms. Light responded there were no additional updates to her knowledge either; the case is still before the judge. Manager McBride added some of the key issues being considered is the season of water use, and the Ski Corporation has taken the lead in addressing that.

CRD Compact Modeling/BRT/IBCC- Manager McBride presented and discussed a memorandum from Eric Kuhn, General Manager of the Colorado River District regarding the Joint Round table risk study. The second phase was discussed, including funding.

Report from the District Engineer

Staffing Changes – Dan Ellertson has retired. The book that will be given to Mr. Ellertson in appreciation of his years of service was presented for the Board members to sign. The vacant position is

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being advertised and will close October 3, 2016. Mr. Rossi explained that the District plans on having two full-time employees who can work all of the District's facilities.

Reservoir Water Status – Engineer Rossi updated the board of directors on the current storage levels in Stagecoach and Yamcolo Reservoirs. Five Pines Mesa Ditch typically closes October 1st; however, the ditch closed September 16th this year.

Special Use Permit – Engineer Rossi presented the new Special Use Permit for Yamcolo Reservoir. Director Monger moved to approve and authorize signature of the Yamcolo Special Use permit. Director Jones seconded the motion which was unanimously approved.

FERC License Update – Federal Energy Regulatory Commission (FERC) approved the cancelation of the Stagecoach Dam and Reservoir FERC License Amendments associated with the proposed South Shore Marina and the corresponding proposed Project Boundary Change.

Report from General Counsel

Bylaws Revision – Counsel Bob Weiss presented a document and discussed three proposed minor amendments to the District Bylaws. The amendments were: 1) elimination of a contract with the General Manager 2) posting of written notice of meetings requirements and 3) approval requirements in regards to signature of contracts, which he was addressing in regards to contracts for small augmentation applications.

There was agreement to eliminate from the bylaws language referring to a contract for the General Manager. Counsel Weiss explained the District shall post written notice of the meeting in the designated posting place of the District no less than 24 hours prior to holding of the meeting. Manager McBride presented the requirements in regard to the augmentation plans.

Mr. McBride explained the District offers different types of augmentation contracts; they are Small, Large, Commercial and Non-Commercial. Small commercial and small non-commercial contracts do not require approval the Division Engineer's office, while the augmentation plan Decree does require review and approval by the Division Engineer of the Colorado Division of Water Resources of Large Commercial and Large Non-commercial augmentation contracts. Mr. McBride proposed the Board allow the General Manager to sign augmentation water contracts not requiring external review by the District Engineer's office; to facilitate and shorten the time needed between application and contracting. Directors would still be informed about the contracts, as they would continue to be presented before the Board at the next regularly scheduled Board meeting. The proposal was discussed and approved.

Director Monger moved to approve the proposed Bylaw changes. Director Colby seconded the motion, which was unanimously approved.

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Water Rights Master Plan

Manager McBride introduced Attorney Clair Sollars with Catafio Hammond, representing Morrison Creek land owner Lou DeQuine. Ms. Sollars stated Mr. DeQuine would like to know what the District is looking for, conceptually at the reservoir. Details about conservation easements were discussed

Counsel Weiss commented that in his experience, and generally speaking, there is usually nothing preventing the presence of a reservoir in areas that conserved through an easement; unless of course, the easement expressly excludes it. Several other subjects were discussed, including the area of the reservoir that would potentially exist in the conservation easement, the project's role in the District's strategic plan, the incipient stage of the project and the fact that many factors remain unknown. Manager McBride thanked Ms. Sollars for her input and proposed conversations between the District and Mr. DeQuine should continue.

Determination of future meetings The scheduled date for the next regularly scheduled Board meeting was confirmed, being Wednesday November 16, 2016 at 1:30 PM, at the District's office.

Adjournment Director Monger made a motion to adjourn the meeting. Director Woodmansee seconded the motion, which was unanimously approved. The meeting was adjourned at 4:45 pm.

I certify that the foregoing constitutes a true and correct summary of the proceedings at the above referenced meeting.



Kevin McBride, District Secretary/Manager