

# RECORD OF PROCEEDINGS

---

---

## UPPER YAMPA WATER CONSERVANCY DISTRICT BOARD OF DIRECTORS MEETING NOVEMBER 16, 2016 12:30 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, Ken Brenner, Ron Murphy, Stephen Colby, and Webster Jones. General Manager Kevin McBride, District Engineer Andy Rossi, Office Manager Karina Craig, and General Counsel Bob Weiss were also present. Others present included Lyn Halliday, President, Environmental Solutions Unltd, LLC.; Kelly Heaney, Water Resources Manager, City of Steamboat Springs; and Erin Light, Division Engineer, Colorado Division of Water Resources.

Randy Watkins, Accounting Consultant, Anton Collins Mitchell and Scott Grosscup, Special Counsel to the District, Balcomb & Green PC, attended the meeting by phone.

The following agenda was proposed:

### AGENDA

- 1) 12:45 pm Establishment of Quorum and Call to Order;
- 2) 12:50 pm Approval of Agenda for Meeting; action item
- 3) 1:00 pm Executive Session:  
The specific citation to the provision of C.R.S. §24-6-402, subsection (4) that authorize(s) the UYWCD Board of Directors to meet in an executive session is set forth below. The topic of the executive session identifies the particular matter to be discussed in as much detail as possible without compromising the purpose for which the executive session is authorized.
  - a) Evaluation of District Manager §24-6-402(4)(f)(l). "Personnel matters except if the employee who is subject of the session has requested an open meeting, or if the personnel matter involves more than one employee, all of the employees have requested an open meeting."
- 4) 1:30 pm Approval of the minutes of the September 14, 2016 Special Board Meeting, the September 21, 2016 Board Meeting, and ratification of the November 9, 2016 Executive Committee Meeting minutes; action item
- 5) 1:40 pm Public Input and Comment;
  - a) Rick Millway, Yamcolo Individual Irrigators (Exchange Water)
- 6) 1:50 pm Financial Report; action item
  - a) Approval of Disbursements
  - b) Budget Comparison
- 7) 2:00 pm 2017 Budget action item
- 8) 3:00 pm Report of the General Manager;
  - a) Retreat review
  - b) External affairs

## RECORD OF PROCEEDINGS

---

---

- i) West Slope Risk Study
- ii) Colorado Water Congress Federal Affairs
- c) 2017 Board Meeting Schedule action item
- d) Holiday Party
- 9) 3:45 pm Report from District Engineer
  - a) Reservoir Water Status
  - b) Stagecoach CPW Capital Improvements Plan
  - c) External Affairs - Upper Yampa Watershed Group action item
- 10) 4:15 pm Report from General Counsel;
  - a) Approval of Stipulation in Water Court Opposition to Heckbert Case action item
  - b) Report on Pending Water Cases
  - c) Open Meetings Law – Meeting Posting Location action item
  - d) Court Approval of Board Member Compensation
- 11) 4:45 pm Executive Session:

The specific citation to the provision of C.R.S. §24-6-402, subsection (4) that authorize(s) the UYWCD Board of Directors to meet in an executive session is set forth below. The topic of the executive session identifies the particular matter to be discussed in as much detail as possible without compromising the purpose for which the executive session is authorized.

  - a) Water Court Litigation. Attorney-Client communications regarding pending water and other cases. §24-6-402(4)(b).  
“Conferences with an attorney for the local public body for the purposes of receiving legal advice on specific legal questions. Mere presence or participation of an attorney at an executive session of the local public body is not sufficient to satisfy the requirements of this subsection (4).”
- 12) New Business;
- 13) Adjournment.

**Meeting Agenda** Director Monger moved to approve the proposed agenda. Director Murphy seconded the motion, which was unanimously approved.

### ***Executive Session***

Director Monger made a motion to go into executive session. It was seconded by Director Woodmansee and unanimously agreed to go into Executive Session under CRS § 24-6-402(4)(f)(1) for evaluation of the District Manager. The Executive Session commenced at about 12:45 PM and concluded at about 2:00 PM. The Executive Session was electronically recorded.

The Chairman then announced that if any person who participated in the executive session believed that any substantial discussion of any matters not included in the motion to go into executive session occurred in the executive session, or that any improper action occurred during the executive session in violation of the Open Meetings Law, that such person state their concerns for the record. No one stated concerns.

Director Brenner moved to direct Manager McBride to prepare a summary of work plan for the 2017 year and bring that back to the Board for approval and to set the General Manager salary at the 70% percentile. Director Monger seconded the motion which was unanimously approved.

## RECORD OF PROCEEDINGS

---

---

**Meeting Minutes** Director Jones moved to approve the minutes of the September 14, 2016 Special Board Meeting, the September 21, 2016 Board Meeting, and to ratify the minutes of the November 9, 2016 Executive Committee Meeting. Director Monger seconded the motion, which was unanimously approved.

**Public Comment**

Rick Millway, Yamcolo Individual Irrigators (Exchange water) – Mr. Millway was not present; Manager McBride reported Mr. Millway had been in recent communication with District staff. Mr. Millway had expressed he and other irrigators in South Routt wished to have an opportunity to contract small amounts of water storage in the next few years, when some contracts expire, in 2019. Manager McBride stated he requested Mr. Millway to bring before the Board a simple bullet list of concerns, for discussion in 2017.

**Financial Report** The financial report was reviewed and discussed.

Approval of Disbursements – The cash disbursements were reviewed and discussed. Director Monger moved to approve the disbursements, Director Murphy seconded the motion which was unanimously approved.

Budget Comparison – The budget comparison was reviewed. The need for a supplemental budget for different items and dollar amounts was discussed. Office Manager Karina Craig will research norms regarding supplemental budgets and she and Counsel Weiss will present the findings in the January, 2017 Board Meeting. Director Monger concluded that a supplemental budget would be needed for expenditures stemming from the Stahl settlement.

**2017 Budget** Manager McBride summarized that staff, in consultation with Anton Collins and Mitchell LLC (ACM) had developed a 2017 budget, which was brought before, discussed and reviewed by the Executive Committee. The 2017 draft budget was presented to the board, reviewed and discussed. Consultant Randy Watkins joined the meeting by phone.

The new budget format is organized by departments, and shows direct expenditures by each facility.

Changes in content from the 2016 into the 2017 budget were discussed. They included CPI salary adjustments, a reduction to the line items of Resource Engineering and Legal Services, and an increase in Public Information. Manager McBride proposed the Assistant Dam Operator be promoted to Dam Operator and the new Dam Operator position be hired at maximum of the 40 percentile of the salary scale for the position. Discussion about the proper role of the Board of Directors in setting salaries. Some Board members thought that the Board should approve ranges and the GM should make specific decisions, others preferred to budget based upon specific salaries. There was discussion and agreement to give a 3% performance and cost of living allowance increase for all other full time employees.

## RECORD OF PROCEEDINGS

---

Director Jones moved to approve the 2017 budget with the salary's discussed, to set the mill levy at 1.820 and to appropriate funds as budgeted. Director Monger seconded the motion which was unanimously approved.

Mr. Watkins presented a Water Purchase Rate and a cost analysis memorandum, addressing each of the District's facilities. They were reviewed and discussed in detail. Mr. Watkins outlined a pricing process consisting of 7 steps, considering Operating Costs, Reserve Requirements, a Reserve Recovery Rate, Water charge rates, current rates, new rate structures and the establishment of a policy for rate reviews. The preceding was discussed in reference to current contract terms for each facility and future price negotiations, as some contract terms will be expiring over the next few years.

Mr. Watkins will continue to work with staff and Board members who will be negotiating water prices early in 2017. An updated report will be presented at the January 2017 Board Meeting.

### ***Report of the General Manager***

Retreat Review – The summary notes from Counsel Weiss and Consultant Ryan Golten, about the October 12, 2016 retreat, were presented, reviewed and discussed.

The District will continue discussions with Mount Werner Water (MWW) on the District's office needs. MWW is currently working with the City of Steamboat, exploring the possibility of converting the current MWW building into condominiums and awaiting response from the City.

### ***External Affairs –***

West Slope Risk Study- The Joint West Slope Basin Risk Study (WSBRT) was presented and discussed. Manager McBride discussed the different phases of the study, and contributions from various entities in the industry. Director Monger commented the Colorado River District (CRD) had approved the study. There was discussion and agreement for the District to draft and send a Memorandum to the CWCB and to the CRD.

Colorado Water Congress Federal Affairs- A memo from the Colorado Water Congress, Government Affairs referring to the administration changes was presented, reviewed and discussed.

2017 Board Meeting Schedule – The proposed 2017 Board Meeting schedule was reviewed. A tentative date for the Annual Retreat is October 18, 2017.

Director Monger moved to approve the 2017 Board Meeting schedule. Director Woodmansee seconded the motion which was unanimously approved.

Holiday Party – A reminder was given to the Board about the annual Holiday Party, scheduled for December 13, 2016.

## RECORD OF PROCEEDINGS

---

### ***Report from the District Engineer***

Reservoir Water Status – Engineer Rossi updated the board of directors on the current storage levels in Stagecoach and Yamcolo Reservoirs.

No Yamcolo enlargement water was sold this year.

The Special Use Permit for Yamcolo Reservoir is now in place for the next 30 years.

Stagecoach CPW Capital Improvement Plan – Stagecoach State Park manager, Craig Preston, has been keeping District staff aware of the 20-year capital improvements plan for the park. The draft was presented and discussed. Engineer Rossi stated he was comfortable with the improvements listed and that some seemed long overdue. His only concern was if CPW added a new feature it would have to be reported to FERC.

External Affairs – Upper Yampa Watershed Group – Lyn Halliday, President, Environmental Solutions was present. Ms. Halliday is the lead consultant for the Upper Yampa River Watershed Group (UYRWG). The UYRWG completed the 2014 State of the Watershed Report and the 2016 Upper Yampa River Watershed Plan. Both reports position the UYRWG for future funding for watershed projects. Staff is requesting authorization from the Board of Directors to act as fiscal agent to assist with the UYRWG's first project: Stagecoach Reservoir Nutrient and Algal Study.

Discussion followed including, staffing needs, public relation opportunities, and other entities that could act as the fiscal agent. There was general agreement that staff should bring to the Board a proposal for consideration: UYWCD being the fiscal agent.

### ***Report from General Counsel***

Approval of Stipulation in Water Court Opposition to Heckbert Case – Counsel Weiss explained that this case was an opposition the District filed many years ago because the case listed the District's augmentation water as a source. Counsel Weiss stated that the District's Augmentation water had been removed from the case and thus, in his opinion, it no longer affected the District's water rights. He was therefore proposing and submitting a Stipulation for the board to review and approve. The Proposed decree was presented, reviewed and discussed.

Director Colby moved to approve entering into stipulation. Director Murphy seconded the motion which was unanimously approved.

Report on Pending Water Cases – Scott Grosscup, Balcomb & Green PC, joined the meeting by phone. A memorandum re pending water cases was presented, discussed, and reviewed.

## RECORD OF PROCEEDINGS

---

Mr. Grosscup updated the Board on the status of pending water cases. One case is being pursued by the Steamboat Ski & Resort Corporation (Ski corp.), with the District filing a friendly opposition. Director Monger requested staff seek reimbursement for attorney's fees from the Ski corp.

Mr. Grosscup updated the Board on the application for the Elk River Augmentation Plan and the appropriative rights of exchange. All opposers submitted comments on the revised decree. Balcomb and Green and Resource Engineering will meet to discuss comments from opposers, which are primarily of a technical nature. Mr. Grosscup summarized it could take 12 months, speaking conservatively, to get a resolution on this case.

Other cases discussed included those related to Woodchuck Reservoir; appropriative rights of exchange on the Yampa River, and diligence Little Morrison and Little Morrison alternate Point Rights.

Open Meetings Law / Meeting Posting Location – Counsel Weiss presented the Resolution Designating Posting Place proposing the posting place for the new year, 2017. Director Monger moved to approve the resolution designating the District Offices, at 3310 Clear Water Trail, as the 2017 designated meeting posting date. Director Murphy seconded the motion, which was unanimously approved.

Court Approval of Board Member Compensation – Counsel Weiss made reference to Colorado statute § 37-45-115, which relates to directors' salaries and annual Court approval. Mr. Weiss will follow up with the appropriate requirements.

***Determination of future meetings*** The scheduled date for the next Board meeting was confirmed, being Thursday January 19, 2017 at 1:30 PM, at the District's office.

The meeting was adjourned at 4:25 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