

# RECORD OF PROCEEDINGS

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## UPPER YAMPA WATER CONSERVANCY DISTRICT BOARD OF DIRECTORS MEETING MAY 17, 2017 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, Tom Sharp, and Webster Jones. General Manager Kevin McBride, District Engineer Andy Rossi, Office Manager Karina Craig, and General Counsel Bob Weiss were also present. Director Ken Brenner joined the meeting by phone.

Members of the public present included Erin Light, Division Engineer, Colorado Division of Water Resources; Claire Sollars, Attorney, Cantafio Hammond; Scott Grosscup, Special Counsel to the District, Balcomb & Green PC; Joe Messina, Consultant to the District; Scott Fifer, President, and Ashley Moffatt, Engineer, Resource Engineering; Craig Preston, Manager, Stagecoach State Park; Zach Smith, Attorney, Colorado Water Trust; Frank Alfone, General Manager, Mount Werner Water District; Nicole Seltzer, Consultant; Frank Schaffner and Jerry Smith.

The following agenda was proposed:

### AGENDA

- (1) 1:30 pm Establishment of Quorum and Call to Order;
- (2) Approval of Agenda for Meeting; action item
- (3) 1:35 pm Approval of the minutes of the March 15, 2017 Board Meeting; action item
- (4) Public Input and Comment;
- (5) 1:40 pm Report from General Counsel;  
a) Ski area case / approval of stipulation – Scott Grosscup action item  
b) Master Plan diligence  
c) Case 10CW40 Coal Creek diligence
- (6) Executive Session with Bob Weiss, legal Counsel, under CRS § 24-6-402(4)(b) to discuss legal issues on the District's portfolio of water rights. 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).
- (7) 2:45 pm Financial Report; action item  
a) Approval of Disbursements  
b) Budget Comparison
- (8) 3:00 pm Report of the General Manager;  
a) Public Information  
i) Survey – Nichole Seltzer  
ii) Friends of the Yampa State of the River  
b) Water Contracts and Pricing  
i) CWT 2017 contract proposal action item  
ii) Future Contracting – Issues/Timeline  
c) External affairs BRT/IBCC/CWC/CFWE

## RECORD OF PROCEEDINGS

---

- d) UYWCD Logo
- e) Office Space Update
- (9) 4:20 pm Report from District Engineer
  - a) Reservoir water status
  - b) Stagecoach State Park Master Plan – Craig Preston
  - c) EAP
  - d) Annual O&M Projects
- (10) New Business;
- (11) Adjournment.

**Meeting Agenda** Director Sharp moved to approve of the agenda. Director Colby seconded the motion which was unanimously approved.

**Meeting Minutes** Director Colby moved to approve the March 15, 2017 Meeting Minutes. Director Monger seconded the motion which was unanimously approved.

**Public Comment** No comments at this time.

### **Report from General Counsel**

**Ski Area Case / Approval of Stipulation** – Counsel Weiss recused himself from the discussion. Scott Grosscup, Special Counsel to the District, updated the Board on the Ski Area Case, Case No. 15CW3009. A stipulation between the Ski & Resort Corporation and the District was presented

Director Sharp moved to approve the Stipulation between the Steamboat Ski & Resort Corporation and the District, subject to minor changes that Counsel Grosscup may advise for the decree. Director Monger seconded the motion which was unanimously approved.

**Master Plan Diligence** – Mr. Grosscup, Mr. Weiss and District staff met with the Division 6 Engineer's office to learn about and discuss the Division's concerns about the case, Case No. 16CW3016. They discussed the accounting of absolute water rights and some terms of the District's Master Plan. They reviewed the water accounting in detail. District staff shared with Engineer Light the accounting protocols used in the Master Plan, and how the District Master Plan and its water portfolio fit legal mandates. Engineer Moffat and Mr. Fifer will provide further accounting protocols to the Division Engineer's office; Engineer Light will let District staff know if there are any additional questions. The District has been in communication with another opposer to the case, Catamount Lake District, which had similar inquiries regarding how water rights were accounted for and identified as absolute. The stipulation with Colorado Parks and Wildlife that had been presented to the and approved by the Board was reviewed and discussed.

**Coal Creek Diligence** – Counsel Weiss discussed and updated the Board regarding the upcoming diligence application for the Coal Creek diversion, which was last included in Case No. 10CW40. An application for finding of reasonable diligence or to make absolute is to be filed prior to July 31, 2017.

## RECORD OF PROCEEDINGS

---

Director Sharp moved to authorize the General Manager and Special Counsel to proceed with the 10W40 Coal Creek Diligence application. Director Monger seconded the motion which was unanimously approved.

***Financial Report*** Office Manager Craig reviewed the Cash Disbursement Report, which included Operating expenses and no capital expenditures. Streamgaging expenses for Morrison Creek are now on a quarterly basis, following the Federal fiscal year. Other Streamgaging expenses paid in the reported period were those for Stagecoach Reservoir. Office Manager Craig presented and reviewed the Budget Comparison Report for the period ending on April 30, 2017, which has now been re-classified into the new budget format, by departments and facilities. Income accrued included power sales, tax income, and that of Five Pine Mesa Ditch. Expenses were reviewed and are expected to be within budget. Capital expenditures included the purchase of a vehicle to replace the 2004 Ford Ranger that was sold the previous year. Chairman Redmond requested the cash accounts be added to the budget comparison report, in the same manner as they were in the old budget format. They will be added and included in the next report.

Director Monger moved to approve the cash disbursements. Director Jones seconded the motion which was unanimously approved.

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

***Friends of the Yampa State of the River*** – General Manager McBride reviewed a Power Presentation for the Friends of the Yampa “State of the River” meeting at the Chief Theater; The primary point of the presentation is to show an analysis of large variations between high and low flow between years and the through the water year. The analysis shows that the District’s reservoirs have a small impact on peak flow and duration during spring runoff when river flows are high, and they have a positive effect on river flows in the late summer season when flows are low.

General Manager McBride announced a State of the Yampa River Address is scheduled for June 1, 2017 at 6pm, and invited all to attend.

***Survey*** - Nicole Seltzer updated the Board on the public information project. It comprises three tasks; a compilation of other Conservancy Districts public information efforts, a survey of the UYWCD’s constituents, and an outline of options for future efforts by the UYWCD. Ms. Seltzer presented a memo about survey options with goals, and a budget. Options included a mail survey, an on-line survey, and focus groups. Pros and cons were discussed. Other challenges were identified, such as that the county population is low density and diverse, and certain areas include a significant portion of vacation units. Voter registration rolls and the county tax registry were identified as possible contact list sources. There was consensus that a mail survey would be appropriate and cost effective, and to defer the survey questions to the Executive Committee. General Manager McBride proposed to bring results of task one to the July 2017 Board meeting.

## RECORD OF PROCEEDINGS

---

CWT 2017 Contract Proposal - Attorney Smith from the Colorado Water Trust (CWT) addressed the board. CWT is interested in purchasing water from the District for the current season, as they expect there may be deficits in the instream flow in some sections of the Yampa later in the summer. He explained CWT would purchase water and receive refunds for water release. Not knowing the amount of water that may be needed later in the season, Mr. Smith was asking the Board to commit on a purchase price, and for CWT to have the flexibility of purchasing a certain volume as needed. A proposed contract was presented, reviewed and discussed, as well as pricing and water amount options.

Director Sharp made a motion to authorize staff and General Counsel Weiss to execute a one year stream restoration water contract with CWT, for a minimum of 1,000 AF and a maximum of 4,000 AF, at \$38.91/AF and that the water be retrieved out of the raise pool first, using the same substantive agreement that the District executed with CWT in years past, with a deadline for the contract to be accomplished by July 4<sup>th</sup> 2017. Director Monger seconded the motion, which was unanimously approved.

Future Contracting – General Manager McBride spoke about water pricing within the frame of a District wide financial plan for the foreseeable future. He stated it would be challenging for the District to pursue a cost of service study for three facilities, every three years. The District has worked with Anton Collins Mitchell LLP (ACM) recently to calculate water pricing for Yamcolo; a similar process is now underway for Stagecoach.

Office Manager Craig presented and discussed a memorandum regarding Stagecoach Reservoir contracts. Most current contracts have enjoyed a fixed annual price for multiple years, and have a primary term ending in July of 2019 or 2020. Some contracts offer no right to extend; others do, for the life of the reservoir. The latter include pricing language for the extended term addressing storage costs including costs of operating, repairing, renovating and maintaining the reservoir, and costs of replacement of existing equipment and facilities. A summary table of contracts including contract primary term end dates, revenues, and pricing contract language was presented and reviewed. Contract terms by pools and water use were discussed. A timeline for the pricing project was proposed. It begins with discussion and setting of objectives in May and July; then checking assumptions and previous work with the preliminary budget in September, and finalizing pricing discussions at the October 2017 Board Retreat. Timelines regarding the Five Pine Mesa Ditch were discussed as well. Director Jones requested staff bring figures to the July Board meeting for review and to have for discussion of multiple variables that will affect pricing.

UYWCD Logo – A logo for the District is being developed. The service has been outsourced for a very reduced cost. A few drafts were reviewed and opinions were voiced. The logo intends to be simple and to depict a river, Hahns Peak and the Flattops, representing the District's geographical reach.

Office Space Update – Director Sharp excused himself and left the room. Mount Werner Water (MWW) General Manager Frank Alfone addressed the Board. He has been working with the City of Steamboat Springs and it is not yet clear whether it will be possible for MWW to divide the building into condominiums, and thus to offer part of the building to the District for sale. MWW continues to work with the City to create a new agreement, specifically to resolve other issues pertaining to the building,

## RECORD OF PROCEEDINGS

---

and not pertaining to the District. Counsel Weiss stated the District was not able to offer further direction regarding the proposed remodel without the assurance of the possibility of purchasing. Mr. Alfone commented that should the District not be interested in purchasing, MWW may consider a significantly different floor layout for the remodel. Limitations in growth of office space was also discussed.

### *Report from the District Engineer*

Reservoir Water Status – Engineer Rossi gave an update on the reservoir water status for Yamcolo and Stagecoach Reservoirs. Yamcolo Reservoir is full. Stagecoach Reservoir may not fill completely this year.

Stagecoach State Park Master Plan – Engineer Rossi and Craig Preston, Manager, Stagecoach State Park, presented the Stagecoach State Park Redevelopment Plan:

Engineer Rossi summarized the proposed Colorado Parks and Wildlife (CPW) Stagecoach State Park Redevelopment Plan. Craig Preston requested that the UYWCD Board of Directors adopt, at a future meeting, the proposed redevelopment plan as part of the “Master Plan” referenced in the UYWCD-CPW lease agreement for the operation of Stagecoach State Park. Mr. Preston answered questions from the Board members about the proposed plan. Mr. Preston requested that any questions, concerns, about the proposed plan be expressed before the Board votes to adopt the plan. Mr. Preston committed to return to the UYWCD staff with any information he was unable to provide during the meeting. Mr. Preston formally requested that the Board review the document and approve it at a future meeting or suggest what may need to be changed.

The Board directed General Manager, Kevin McBride, and General Counsel, Bob Weiss, to draft a resolution/agreement with specific language pertaining to all the UYWCD’s regulatory requirements for Stagecoach Dam and Reservoir that allows CPW to proceed with the proposed plan. Kevin McBride proposed that both the UYWCD and the CPW will work on the agreement together with the intent to bring a proposed agreement to the July 2017 Board of Director’s meeting for consideration for approval. Craig Preston indicated that he would confirm the internal adoption process for the CPW for such an agreement.

Director Sharp stated that the UYWCD reserves a right to a future marina on the south shore of Stagecoach Reservoir and to withdraw land from project uses as the UYWCD chooses and is able.

EAP – Engineer Rossi informed the board of directors that the 2017 Stagecoach Emergency Action Plan (EAP) functional exercise will be held on October 25, 2017.

Annual O&M Projects – Engineer Rossi gave an update on capital projects at Yamcolo and Stagecoach Reservoirs.

## RECORD OF PROCEEDINGS

---

***Determination of future meetings*** The scheduled date for the next Board meeting was confirmed, being Wednesday July 26, 2017 at 1:30 PM, at the District's office.

The meeting was adjourned at 5:20 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