

# RECORD OF PROCEEDINGS

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**UPPER YAMPA WATER CONSERVANCY DISTRICT  
BOARD OF DIRECTORS MEETING  
WEDNESDAY FEBRUARY 12, 2019 1:30 PM  
MOUNTAIN VALLEY BANK COMMUNITY ROOM  
2220 CURVE PLAZA, STEAMBOAT SPRINGS, CO**

## MINUTES

Chairman Ken Brenner called the meeting to order and declared a quorum present. In addition to Chairman Brenner, the Board members present were Bob Woodmansee, Jim Haskins, John Redmond, Ron Murphy, Stephen Colby, Webster Jones, and General Manager Kevin McBride, District Engineer Andy Rossi, Office Manager Karina Craig, and General Counsel Bob Weiss were also present. Members of the public included Ms. Lyn Halliday, Watershed Group; Craig Preston, Stagecoach State Park; and Andi Schaffner.

The following agenda was proposed:

### AGENDA

- 1) Establishment of Quorum and Call to Order;
- 2) Consent Agenda; action item
- 3) Approval of Agenda for Meeting; action item
- 4) Public Input and Comment;
- 5) Approval of Contracts action item(s)
  - i. Yamcolo Irrigators Association
  - ii. Yamcolo Individual Irrigators
  - iii. Stillwater Ditch Amendment to Assignment of Stock and Water Delivery Agreement
  - iv. Stillwater Ditch Carriage Contract
- 6) Amended and Restated Resolution Establishing a Process for the Grant of Allotment Contracts for Yamcolo Reservoir Water for Irrigation and Stock Water Purposes from the Individual Irrigator Pool action item
- 7) Election of Officers (Tabled Item from 01/15/20) action item
- 8) Update on the CDPHE Water Quality Standards Setting action item
- 9) CPW Stagecoach Electrical Upgrades action item
- 10) Pricing Discussion
- 11) Executive Session under CRS § 24-6-402(4)(e) for Instructions to Negotiators for Water Contract Pricing. Mere presence or participation of an attorney at an executive session of the local political body is not sufficient to satisfy the requirements of this subsection (4).
- 12) Directors Reports;
- 13) Next Meeting Agenda;
- 14) Adjournment.

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**Consent Agenda** There was a discussion about staff's and board's roles in recommending and approving the selection of a new auditor, and about how different organizations go about that process. There was a suggestion that the District bylaws be updated to clarify the process. Director Jones made a motion to approve the consent agenda (proposal of new auditor), Director Haskins seconded the motion, which was unanimously approved.

**Public Comment** Lyn Halliday from the Watershed Group introduced a work plan. Ms. Halliday invited District staff and directors to an upcoming meeting in the month of March.

Andy Schaffner spoke and ask the Board chair if she would be allowed to comment as the next agenda item proceeded. The Chair responded affirmatively.

### **Approval of Contracts**

Director Redmond stated he is party to some of the agreements that would be discussed in this agenda item and recused himself from comment and discussion.

General Counsel Weiss discussed the four contracts that were presented for review and discussion: Yamcolo Irrigators Association, Yamcolo Individual Irrigators, Stillwater Ditch Amendment to Assignment of stock and Water Delivery Agreement, and Stillwater Carriage Contract. He had received some questions from irrigators, which may require changes to the agreements which are not material in nature, and would be discussed with the negotiating committee. He offered to answer questions from Directors. There were none. Chairman Brenner asked members of the public present if they wished to speak.

Ms. Andi Schaffner spoke in regard to the Stillwater Ditch Amendment to Assignment of Stock and Water Delivery Agreement. Ms. Schaffner had received the proposed amendment from the District's General Counsel, and she had distributed to other water users. She was thankful for the District's efforts and approach towards pricing.

Ms. Schaffner referred next to the Ditch Carriage Contract and discussed several details, including its section 3.2. She referred to language in the contract that she interpreted would limit the capacity of ditch users to comment on ditch uses and policies. She reported prospective ditch users would like such language removed. She also discussed section 4.1 of the proposed agreement, and language that might limit the ability of users to terminate the contract. She was requesting language in the proposed agreement be modified to address those concerns.

Counsel Weiss thanked Ms. Schaffner for her comments. He stated as the four agreements are being developed, some small inconsistencies might exist and they could be worked out, as the agreements are further crafted and finalized. Counsel Weiss asked Ms. Schaffner if written comments could be provided to the District, outlining those concerns and specific requests. Ms. Schaffner responded affirmatively.

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Director Jones moved to approve the proposed Stillwater Ditch Amendment to Assignment of stock and Water Delivery Agreement and the Stillwater Ditch Carriage Contract. Director Redmond abstained. The motion was seconded by Director Murphy and unanimously approved.

### ***Restated Resolution Establishing a Process of Grant Allotment***

Counsel Weiss presented an amended resolution establishing a process for the grant of allotment contracts for Yamcolo Reservoir for irrigation and stock water from the individual irrigation pool. He outlined some proposed minor process changes, including granting the General Manager the establish and adjust deadlines to better accommodate the complexity of the process and the number parties involved. Director Woodmansee moved to approve the proposed resolution. The motion was seconded by Director Redmond and approved unanimously.

### ***Election of Officers***

Details pertaining the election of officers outlined in the District Bylaws were discussed, including the maximum terms outlined there. There was agreement the topic could be further discussed and amended as needed in the future. The current Board Officers are: Director Brenner, President of the Board; Director Monger, Vice President of the Board. The Executive Committee members are: The Board President, the Board Vice-President, Director Jones, Director Redmond and Director Sharp. Director Woodmansee moved to renew the current officer seats. Director Haskins seconded; there was unanimous approval.

### ***Update on the CDPHE Water Quality Standards Setting***

Manager McBride discussed a Memorandum he was presenting to the Board, with background information regarding water quality standards for arsenic and lead, concerning a stream segment of the Yampa River. The Colorado Water Quality Control Commission has proposed a 303d listing, the General Manager reported. A proposal and Scope of Services from Leonard Rice Engineers, including conducting a review of available water quality data for Stagecoach Reservoir, was presented. Mr. McBride indicated the Morrison Creek Water & Sanitation District Board was offering to contribute \$5,000 to the project. He was proposing the District contribute up to \$17,000, to be funded through the District Planning Department budget, with a supplemental appropriation later in the year, if needed. The efforts would fall within the Water Quality goals in the District Strategic Plan draft.

Directors Woodmansee and Colby disclosed they are a Director and staff from the Morrison Metro District, respectively. Counsel Weiss commented the nature of their roles both at the UYWCD and at Morrison Metro were of Public Service, and not private. He was therefore not seeing a conflict of interest in their participation, but invited Directors to express any concerns. There were none.

Chairman Brenner addressed Ms. Halliday; who stated the Watershed Group might be interested in monitoring the data and potentially in asking for some grant funds for the project. Director Redmond cautioned about Water Quality projects in general, in the sense that they could easily snowball in scope and financial needs. Director Haskins echoed the comment. Engineer Rossi

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said he had been in communication with other stakeholders, stating to them that should the project go forward, defined sidebars would be established. Other water quality efforts in the basin were discussed, including those from USGS. Director Haskins moved to approve an expenditure of up to \$17,000 for the Leonard Rice Engineers Water Quality proposal, and to accept the \$5,000 offered by Morrison Metro District for the project. The motion was seconded by Director Redmond, and unanimously approved.

### *CPW Stagecoach Electrical Upgrades*

Engineer Rossi provided background information regarding electrical upgrades at Stagecoach State Park, proposed by CPW. The project would require the granting of an easement from the District to YVEA. The Engineer described the project in detail, provided alternatives, and recommendations. Several detailed electrical plans and maps of the project, as well as a proposed Right-Of-Way Easement and Agreement, were reviewed and discussed. Stagecoach Park Manager Craig Preston was present and available for questions. There were none. Chairman Brenner invited the public to offer comments. There were none. Director Colby moved to approve the proposed project and to authorize the Board President to sign the proposed agreement. The motion was seconded by Director Woodmansee and unanimously approved.

### *Pricing Discussions*

General Manager McBride referred to the pricing structure the District developed, through a restructuring of its budget in 2017. Therefore, the District has data from identified cost centers for several recent years. Director Jones stated rates developed through an enterprise model seek to attempt to recover costs in a fair and equitable form. However, he pointed out, some limitations of cost recovery exist, namely through certain current District contracts that dictate pricing be calculated based off a 15,000 AF denominator. Director Jones discussed the pricing model with recently negotiated contracts. In the model, Stagecoach water firming costs were included in the reservoir's costs, as advised by an external pricing consultant. Counsel Weiss stated water has to be priced within reason, and it is up to the Board to decide what pricing would be offered. Director Jones expressed his opinion that the calculated pricing is fair and defensible, and that the concept of a firming project is reasonable, as well as its inclusion in pricing. Director Haskins agreed that the pricing developed was a good start. Manager McBride was asked to comment. He stated it was important to keep in mind the difference between an enterprise model price, and those of existing contracts that have terms for the life of the reservoir.

A summary table with pricing of current contracts was then presented and reviewed. The different prices were discussed. Counsel Weiss clarified that if the pricing methodology for existing contracts were to be changed, it would have to be by mutual agreement of both parties. Also, he added, under current contract language pricing would have to be set annually. The role of uncertainty in the future was also discussed.

Discussion and comments ensued. Some of the topics discussed included: a set initial price to be adjusted annually by CPI, pricing based on costs to be adjusted annually, present and possible

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future interest from water users to purchase water, future potential water needs, pricing determined through an enterprise model as useful reference information, conditional water rights, long term benefits to the basin, possible future projects, pricing relative to firmness of water, types of water uses, appropriateness of subsidies for certain water uses, availability or a lack thereof, of market rates in our basin, and in other basins, and policy goals in the District's strategic plan.

### *Executive Session*

Robert Weiss, as counsel for the District, stated that in his opinion discussion of the matter announced to go into executive session constitutes a privileged attorney/client communication. He was therefore recommending that no further record be kept of the executive session.

At 4:15 PM Director Jones moved, Director Haskins seconded, and it was unanimously agreed to go into Executive Session under provision C.R.S. §24-6-402(4) (e) for instructions to negotiators relating to Water Contract Pricing. 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). Director Jones moved, Director Redmond seconded, and it was unanimously approved to go out of Executive Session at 5:30 PM.

### *Next Meeting Agenda*

The March 11, 2020 agenda meeting was reviewed.

Director Jones moved to adjourn the meeting; director Redmond seconded the motion. The meeting was adjourned at 5:40 PM.

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

Kevin McBride G.M.

Kevin McBride G.M. (Apr 17, 2020)

Kevin McBride, District Secretary/Manager

Date: Apr 17, 2020

# 2020 Minutes 2-12-20-Final

Final Audit Report

2020-04-17

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