

AGENDA

**UPPER YAMPA WATER CONSERVANCY DISTRICT
BOARD OF DIRECTORS MEETING
THURSDAY, JUNE 18, 2020 (12:00 PM)
ONLINE MEETING: [HTTPS://BLUEJEANS.COM/411279117](https://bluejeans.com/411279117)
INSTRUCTIONS ON HOW TO JOIN A BLUEJEANS MEETING FOLLOW THE AGENDA**

A Board of Directors meeting packet is available for public review on our website at <http://www.upperyampawater.com/board-of-directors/agendas/> on the Friday before the meeting. Amendments to the Agenda and new documents that are generated or submitted after the original posting of the meeting materials will be posted under "Additional Documents" on the website for the relevant meeting.

MEETING PROCEDURE: Comments from the Public are welcome at two different times during the course of the meeting: 1) Comments no longer than three (3) minutes on items **not** scheduled on the Agenda will be heard under Public Input and Comment; and 2) Comments no longer than three (3) minutes on all scheduled public hearing items will be heard following the presentation. Please wait until you are recognized by the President. With the exception of subjects brought up during Public Input and Comment, on which no action will be taken or a decision made, the Board may take action on, and may make a decision regarding, ANY item referred to in this agenda, including, without limitation, any item referenced for "review", "update", "report", or "discussion" whether or not listed as an "Action Item."

- (1) **12:00 PM Establishment of Quorum and Call to Order**
- (2) **12:05 PM Approval of Agenda for Meeting** **Action item**
- (3) **12:10 PM Public Input and Comment**
The Board will make no decision nor take action, except to direct the General Manager. Those addressing the Board are requested to identify themselves by name, organization, if any, and address. Comments shall not exceed three (3) minutes.
- (4) **12:15 PM Consent Agenda;** **Action item**
 - a) Approval of the minutes of May 21, 2020 meeting
- (5) **12:20 PM Audit** **Action item**
- (6) **12:30 PM Report of General Manager**
 - a) Stagecoach contract water pricing **Action item**
 - b) Budget Amendment **Action item**
- (7) **2:00 PM Committee Reports**
- (8) **2:05 PM Report of General Counsel**
 - a) Bylaws Amendment
- (9) **2:20 PM District Engineer Report**
 - a) Water Quality Sampling @ SC 2020
 - b) USGS Report and Cost Share Summary

(10) 2:35 PM Board Member Reports

- a) Update on GM search and acceptance of minutes of the May 13, 2020, May 20, 2020, May 27, 2020 and June 4, 2020 Search Committee Meetings.

Action item

(11) 2:50 PM Discussion of Pending Legislation

- a) Water Resumes;
- b) Status of other Water Cases, if any;

(12) 3:10 PM New Business


(13) 3:15 PM Executive Sessions:

- a) Executive session under CRS § 24-6-402(4)(b) to discuss legal issues on Water Resumes, Water Cases and Contract Negotiations. Mere presence or participation of an attorney at an executive session is not sufficient to satisfy the requirements of CRS § 24-6-402(4)(b). Executive sessions to discuss legal matters are not recorded.

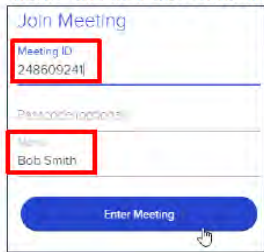
(14) 3:45 PM Determination of Next Meeting Agenda

(15) Adjournment.

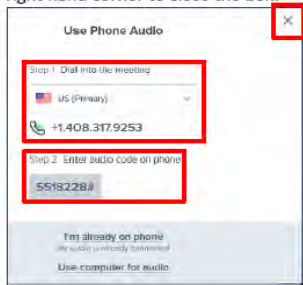
How to join a BlueJeans meeting

Go to: [BlueJeans.com](https://bluejeans.com) and click on "Join Meeting"  located in the upper right hand corner.


In the "Join Meeting" dialogue box, enter the "Meeting ID" (the ID number is provided in the meeting agenda) and your "Name" and then click "Enter Meeting."



You will now be launched into the BlueJeans meeting. The "Use Phone Audio" dialogue box will appear. Follow the steps to connect via phone audio. Once you are connected, or if you were already connected, click on the "X" in the upper right hand corner to close the box.



When you enter the meeting, place your phone on Mute. If have used your computer for audio, click on the "Mute Audio" button. If you are using your own phone, press the mute button. Unmute to join the conversation.



Contact Deb Bastian for any questions

- Email: dbastian@upperyampawater.com
- Phone: 970-819-0189



RECORD OF PROCEEDINGS

**UPPER YAMPA WATER CONSERVANCY DISTRICT
BOARD OF DIRECTORS MEETING
MAY 21, 2020 12:00 PM
ONLINE MEETING: [HTTPS://BLUEJEANS.COM/924376072](https://bluejeans.com/924376072)**

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, Doug Monger, Jim Haskins, John Redmond, Ron Murphy, Lyn Halliday, Tom Sharp, and Webster Jones. General Manager Kevin McBride, District Engineer Andy Rossi, Marketing/Communication Manager Holly Kirkpatrick, Chief Accountant Karina Craig, Business Manager Deb Bastian, General Counsel Bob Weiss and Special Counsel Scott Grosscup were also present. Members of the public present for some portion of the meeting included Jennifer Bock, Jon Snyder, Kelly Romero-Heaney and Sonja Macys, City of Steamboat Springs; Erin Light, Colorado Division of Water Resources; Mickey O'Hara and Alyson Meyer Gould, Colorado Water Trust; Peter Fleming, Colorado River District; Jessica DiToro-Leonard Rice Engineers; Jackie Brown, Tri-State Generation & Transmission Association; Gary Smith, John Kuosman, Jennifer Wellman and Margaret Hagenbuch.

This meeting was held entirely by videoconference utilizing the Bluejeans platform. The meeting agenda included instructions to the public describing the process to participate in the meeting and comment on agenda items.

The following agenda was proposed:

AGENDA

- (1) **12:00 PM Establishment of Quorum and Call to Order;**
- (2) **12:05 PM Consent Agenda;** **Action item**
 - a) Approval of Disbursements;
 - b) Budget Comparison
 - c) Approval of the minutes of the April 8, 2020 Board Meeting;
 - d) Acceptance of the March 18, 2020, April 7, 2020 and April 8, 2020 Executive Committee Meeting;
- (3) **12:10 PM Approval of Agenda for Meeting;** **Action item**
- (4) **12:15 PM Public Input and Comment;**
- (5) **12:20 PM Report from the General Manager;**
 - a) Leonard Rice Engineers water quality standards update

RECORD OF PROCEEDINGS

- b) ERC pricing (summary) **Action item**
- c) Negotiations with City of SS and approval of offer letter **Action item**
- d) Adopting Governance Manual and approval of minutes of April 16, 2020 Governance Committee Meeting **Action Item**
- e) Cost of the office move
- f) Resolution of new GM Signer for Bank Accounts **Action item**
- (6) **2:10 PM Report from District Engineer**
 - a) Reservoir water status
 - b) Sickles lease (update not leasing) (Water Rights)
 - c) SC Fill and release policy (Updates due to water accounting)
 - d) Ditch Rider
- (7) **2:55 PM Report from Public Information Manager**
 - a) Summary of Grant Program Status
 - b) RT/River Fund/IWMP/meetings Updates
- (8) **3:15 PM Report from General Counsel**
 - a) General Manager employment contract discussion
 - b) Water contracting matters
 - i) YIA Amendment **Action Item**
 - ii) YIA Carriage Contracts **Action Item**
 - iii) Stillwater Ditch Amendment
 - c) Bylaw Amendments
 - d) City of Steamboat Springs CORA Request update
 - e) Election of Director and Sole officer of the Stillwater Ditch Company
 - f) Water Resumes
 - g) Status of other Water Cases, if any;
- (9) **3:45 PM Executive Sessions:**
 - a) Executive session under CRS § 24-6-402(4)(b) to discuss legal issues on Water Resumes, Water Cases, Contract Negotiations and City of Steamboat Springs CORA request. Mere presence or participation of an attorney at an executive session is not sufficient to satisfy the requirements of CRS § 24-6-402(4)(b). Executive sessions to discuss legal matters are not recorded.
 - b) City of Steamboat Springs CORA Request **Action item**
- (10) **4:00 PM Board Member Reports** **Action item**
 - a) Update on GM search, memo from General Counsel regarding GM search process and acceptance of minutes of the April 15, 2020, April 22, 2020, April 29, 2020 and May 1, 2020 Search Committee Meetings;
 - b) Request by Lyn Halliday to be appointed to the GM Search Committee
- (11) **4:15 PM Next Meeting Agenda**
- (12) Adjournment.

RECORD OF PROCEEDINGS

Chairman Brenner established a quorum and called the meeting to order at 12:08 PM.

Consent Agenda. Chairman Brenner asked if there were any questions regarding the consent agenda and if there was a motion to approve. Director Sharp asked that the cash disbursement be pulled from approval. Director Monger made a motion to approve the consent agenda with the cash disbursement pulled. Director Woodmansee seconded the motion which was unanimously approved.

Director Sharp referenced the February 26, 2020 payment to the Routt County Treasurer in the amount of \$11,535.00 and requested staff provide the Districts cost share of the monitoring work performed by the USGS at the June meeting. Director Sharp also requested that the USGS be scheduled to provide a short update/presentation on the results of the monitoring program. Director Sharp moved for the approval of the cash disbursements as presented. Director Woodmansee seconded the motion which was unanimously approved.

Meeting Agenda. Chairman Brenner requested a modification to the agenda to add a memo from Carolyn McCormick of Peak HR, LLC providing an update on the General Manager search. General Manager McBride requested a modification to make agenda item (8) e) **Election of Director and Sole officer of the Stillwater Ditch Company** an action item and General Counsel Weiss requested agenda item (10) b) **Request by Lyn Halliday to be appointed to the GM Search Committee** be made an action item. Director Monger made a motion to approve the agenda as modified. Director Halliday seconded the motion which was unanimously approved.

Public Comment. Chairman Brenner invited the members of the public present to comment on items not otherwise scheduled on the agenda. There were no comments.

Report of the General Manager

Leonard Rice Engineers water quality standards update

Jessica DiToro of Leonard Rice Engineers presented an update on the water quality services they have provided that are related to the CDPHE standard setting adjacent to the Stagecoach Dam. After the presentation, Director Woodmansee asked staff to provide information on additional sampling being conducted at Stagecoach in 2020 and the progress on all samplings being done.

ERC Pricing

Mickey O'Hara and Peter Fleming discussed the current Colorado water resources legislation significance to the District. The purpose of the presentation and packet materials was to provide the Board with information to determine if they wanted to discuss ERC Pricing today or if they wanted to push this item to the June 18, 2020 board meeting. After discussion, the board agreed that more data is needed, and they will continue this discussion at the June board meeting.

RECORD OF PROCEEDINGS

During public comment for this item, Jackie Brown suggested that Linda Bassey make a presentation to the board regard HB 20-1037.

Negotiations with City of SS/approval of offer letter

The board discussed the status of the negotiations and an offer letter that has been drafted to be sent to the City

During public comment, Jon Snyder made a presentation regarding the negotiations. Mr. Snyder presented the viewpoint of the City of Steamboat Springs Staff and City Council Members and requested an opportunity to speak to the full UYWCD Board in open session for all future discussion on this matter. Jon further commented that the City is open to Stagecoach firming alternatives and other water supply projects, but they are not in support of Morrison Creek Reservoir.

Director Sharp made a motion to approve the draft offer letter to the City as presented. Director Jones seconded. The motion was discussed by the Board. The motion passed with a vote of six in favor and three opposed. Directors Redmond, Sharp, Jones, Murphy, Monger and Haskins supported the motion. Directors Brenner, Woodmansee and Halliday did not support the motion.

Adopting Governance Manual/approval of minutes of April 16, 2020 meeting

After review of the draft manual, Director Sharp requested that a sentence be added to state that the District will pay mediation costs. Director Woodmansee moved to adopt the Governance Manual with the provision made by Director Sharp to add that the District will pay mediation costs. Director Haskins seconded the motion which was unanimously approved.

Director Jones made a motion to accept the April 16, 2020 Governance Committee minutes as written. Director Haskins seconded the motion. The vote was limited to the four members of the Governance Committee. All voted to approve the minutes as written.

Cost of office move

General Manager McBride reviewed the office move costs with the Board.

Resolution of new GM signer for bank accounts

The resolution was amended to add (d) Certificates of Deposit and (e) ColoTrust account to authorized bank accounts and the make the effective date of the resolution May 21, 2020. Director Monger moved to approve the resolution with the noted amendments. Director Halliday seconded the motion which was unanimously approved.

Report from the District Engineer

Reservoir water status

The status of Stagecoach and Yamcolo reservoir water was discussed.

RECORD OF PROCEEDINGS

Sickles lease

The Sickles lease was discussed.

SC fill and release policy

Updates to the Fill and Release policies for Stagecoach Reservoir adopted by the UYWCD in 2013 were discussed. The UYWCD staff will present necessary updates the UYWCD BOD for adoption at a future meeting in 2020.

Ditch Rider

The District has hired John Nelson of Oak Creek for the seasonal Ditch Rider for the operation and maintenance of the Stillwater Ditch.

Report from the Public Information Manager

Summary of grant program status

The program status was discussed. All are encouraged to contact Holly for copies of the marketing materials for use and distribution.

Yampa/White/Green Basin Roundtable, Yampa River Fund and Integrated Water Manage Plan meeting updates

Summaries of the meetings were provided. Public Information Manager Kirkpatrick requested the Board to provide feedback on whether the Board would like to provide committee reports for the committees in which they serve as representatives of the District or if they would like staff to provide the reports.

Report from General Counsel

General Manager employment contract discussion

The Board reviewed and stated it would decide on this matter at a later date.

Water contracting matters

The contracts were provided in the packet. Director Sharp made a motion to accept agenda item (8) (b) i) & (8) (b) ii) with the minor amendment made and accepted by all the other contracted parties. Director Monger seconded the motion. Director Redmond abstained as he is a party to the carriage contracts. The motion passed with eight in favor and one abstention.

The Stillwater Ditch amendment is still pending as signatures are needed. These are expected shortly, and no issues are anticipated.

Bylaw Amendments

The review of proposed Bylaw amendments will be postponed to the June 18, 2020 Board meeting. Chairman Brenner requested Directors submit, in writing, any recommendations they have regarding the Term of Board President to General Counsel Weiss.

RECORD OF PROCEEDINGS

City of Steamboat Springs CORA Request update

General Counsel Weiss reviewed the portion of the Open Records (CORA) request from the City of Steamboat Springs that asked for items referred to as the Tom Sharp matrix and a confidential memo regarding Stagecoach pricing prepared and distributed to the Board by General Manager McBride. The items have been withheld as they are pre-decisional work products. Additionally, the City has requested that the costs incurred by the District to respond to the CORA request be waived. Director Sharp moved to waive the recovery of fees with respect to the CORA request. Director Woodmansee seconded the motion which was unanimously approved. Director Sharp motioned to waive the privilege under the CORA request and authorize the release of the documents requested by the City with the notation that the District retains the right to maintain work products as confidential in the future. Director Monger seconded the motion which was unanimously approved.

Election of Director and Sole Officer of the Stillwater Ditch Company

Director Sharp moved to replace Kevin McBride with Andy Rossi as the Director and Sole Officer of the Stillwater Ditch Company so long as he remains Acting General Manager. Director Monger seconded the motion which was unanimously approved.

Water Resumes

Water resumes were discussed.

Status of other water cases, if any

Special Counsel Grosscup informed the Board that the Division 5 Water Resume for the month of May did not include any water court filings of interest to the District.

Executive Session. After discussion, it was determined there was no need for an Executive Session.

Board Member Reports

Update on GM Search/memo on process/acceptance of minutes

The current status of the General Manager search was discussed, and memo reviewed. Director Monger motioned to approve the search timetable and matrix as presented. Director Woodmansee seconded the motion which was unanimously approved.

Request by Lyn Halliday to be appointed to the Search Committee

Director Halliday requested to be formally added to the General Manager Search Committee. Director Monger moved to approve Director Halliday's request to be formally added to the Search Committee. Director Sharp seconded the motion which was unanimously approved.

RECORD OF PROCEEDINGS

Determination of future meetings. The scheduled date for the next Board meeting was confirmed, being Thursday, June 18, 2020 at 12:00 PM.

Director Redmond moved to adjourn the meeting at 4:10PM. The motion was seconded by Director Brenner which was unanimously approved.

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

Andy Rossi, Acting District Secretary/Manager

Date: _____

DRAFT

AUDIT





BOARD COMMUNICATION FORM

From: Karina Craig, Chief Accountant.

Date: June 12, 2020

Item: 2019 Financial Statements with Independent Auditor's Report

<input type="checkbox"/>	DIRECTION
<input checked="" type="checkbox"/>	INFORMATION
<input checked="" type="checkbox"/>	MOTION
<input type="checkbox"/>	RESOLUTION

I. Request/Issue and Background Information:

The District is subject to Colorado Auditing Standards and is required to undergo an annual audit of its financial books. The local firm Catterson & Company, P.C. provided these services to the District, successfully, for several years. Directors proposed a new auditing firm be hired, adhering to good standard practices of changing auditors periodically. In 2019 the District published the appropriate Request for Proposals throughout the state of Colorado. Governmental audits are a complex specialized industry. Nine firms responded with a proposal for services. Mayberry & Company LLC of Englewood, CO was selected. This firm brings 30 years of experience in governmental auditing, and this activity comprises 95 percent of their practice. Some of their clients include governments local to Routt County. The approved audit is to be submitted to the Colorado Department of Local Affairs, by July 31, 2020.

District staff worked diligently to provide the auditor all requested information. The District Finance Department has digitized its documentation starting in 2010 and this year the audit was conducted remotely, in its entirety.

Attached you will find the 2019 Audit Draft, for your review and consideration:

- Financial Section, with the Management's Discussion and an Independent Auditor's Report
- Financial Statements, including:
 - Statement of Net Position
 - Statement of Revenues, Expenses and Changes in Fund Net Position
 - Statement of Cash Flows
 - Notes to Financial Statements, including Note 3 on Cash and Investments.

Transactions in 2019 involved Operating Revenues of \$801,110 and Operating Expenses of \$1,672,602. Other Income included tax revenues, investment earnings and intergovernmental revenues, totaling \$2,691,871. The resulting change in net position was \$1,820,379. The District capital outlay in 2019 was \$213,752. Depreciation of assets totaled to \$126,757.



Supplementary information provided includes:

- Statement of Revenues, Expenses and Changes in Fund Net Position, with a comparison of Budget to Actuals.
- Adjusting Journal Entries Report.

The following adjusting entries were requested by the auditor:

- An adjustment of \$10 to expenses prior to 2018, to reconcile Retained Earnings.
- The reallocation of some expenditures related to the new office move and set up. The District spent \$83,559 in 2019 in items related to the office move. Of these, \$67,727 constitute assets, and \$15, 832 represent expenses. The latter is recognized through this adjusting entry.
- Recognizing the deletion in our asset schedule of a F250 truck, which we sold in 2019. The original purchase value was \$15,000. The revenue of \$4,000 upon selling it was already recognized as an Operating Revenue, under Charges for Services.
- The recording of expected 2020 Tax Receivables, and its related Deferred Inflows.

The District is subject to and compliant with accounting standards set by GASB (Governmental Accounting Standards Board).

In June 2011 GASB approved *Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, establishing guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position.

In what concerns the District, this refers to Deferred Inflows of Resources; expected tax receipts for the following fiscal year.

The reporting became effective in the 2012 fiscal year, and it has been included in our previous audits. Our new auditor has simply requested that they also be included in our Trial Balance, thus the adjustment.

The adjustment has a zero-net effect on our 2019 Revenues, Expenses, Assets, and Change of Net Position.

This adjusting entry recognizes a mill levy adopted in 2019 for tax receipts in 2020 (a receivable), for operations in the following year, 2020 (a deferral). The estimated and budgeted 2020 tax revenues are recognized in this transaction, at \$2,496,565.

No further adjustments were requested by the auditor.



The four proposed adjusting entries have been incorporated into our books. The audited 2019 financials will be presented in the Budget Comparison Report at the July 2020 Board Meeting, after the audit is approved.

A Budget to Actual comparison is also available on page 16 of the attached audit, *Statement of Revenues, Expenses and Changes in Net Position, Budget to Actual*.

As part of this audit, Mayberry & Co. is preparing a Letter to Management. The intent of this letter is to address policy issues, pertinent findings, and offer suggestions on how financial operations could be improved, if any. The letter will be released to the District early next week.

II. Summary and Alternatives: none.

III. Staff Recommendation: Approve 2019 Audit

IV. Legal Issues: None

V. Consistency with Board Goals and Policies: Goal 3.

Attachments:

Attachment 1: *Financial Statements with Auditor's Independent Auditor's Report, for the year ended December 31, 2019.*

Attachment 2: *Adjusting Journal Entries Report*

Additional Attachments: none.

**UPPER YAMPA WATER CONSERVANCY DISTRICT
STEAMBOAT SPRINGS, COLORADO**

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORT**

**For the Year Ended
DECEMBER 31, 2019**

DRAFT

UPPER YAMPA WATER CONSERVANCY DISTRICT

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FINANCIAL SECTION

DRAFT

UPPER YAMPA WATER CONSERVANCY DISTRICT
Management's Discussion and Analysis
December 31, 2019

The intent of management's discussion and analysis is to provide an overview and highlights of the financial and other activities of the Upper Yampa Water Conservancy District (the District) for the year ended December 31, 2019. Board members and readers are encouraged to read this section in conjunction with the accompanying audited financial statements. In addition to the accompanying audit it provides a report by the Manager of the activities of the District in 2019.

Overview of the District's Operations and Economic Factors

The District, formed in 1966, provides the legal authority to plan and construct water conservation projects in the Yampa River basin. The District's combined assets represent the largest single source of stored water available for the users in the Yampa Basin. The Yampa Basin is largely recognized as the river with the least amount of stored water, by percent of total flow, of all major river basins in the Colorado River system. The District includes most of Routt County and a small portion of Moffat County. It is governed by a Board of nine directors appointed by the Court.

Yamcolo (9,621 AF) and Stagecoach (36,439 AF) Reservoirs represent the primary water conservation projects constructed and operated by the District. The Five Pines Mesa Ditch is another District facility and is used to deliver water contracted from the District's Yamcolo Reservoir and water from other decreed water sources. In addition to the facilities described above, the District has contracted for 360 AF of water from Steamboat Lake to enable a plan for augmentation with water contracts for out of priority depletions in the Elk River Valley. Combined, these resources are the largest amount of stored water managed by any single entity in the Yampa River Basin.

The District's budget is structured into functions (Departments). It appropriately estimates direct costs, for example the time that staff spends on each individual reservoir and ditch, and further separates water and power expenses at Stagecoach Reservoir. Knowledge of the income and expenses of the individual facilities are important for both current contractual obligations and future financial planning purposes.

The 2018/19 water year began with a better than average snowpack and a very late runoff. The higher than average runoff led to more power generation than average. Water use out of the reservoirs was initially less than average due to the late runoff. Though, since the District's contracts are "take or pay" (essentially a payment for storage rather than release), this did not impact revenues. A lack of summer precipitation did lead to the release of water to both the City of Steamboat Springs and Tri-state late in the summer.

The significant activities for the 2019 year included the pursuit of permitting of a project firming the filling of Stagecoach Reservoir during drought periods, moving the District's office from Mount Werner Water to Mountain Valley Bank, the negotiations of many of the District's water contracts, and work surrounding the new Strategic Plan and Board Governance Documents. The permitting of a project is a major undertaking with respect to staff time and financial resources. This effort was paused late in the year due to announcements from operators of both coal fired power stations that

they would be discontinuing operations in the future. This changes assumptions in the District's planning, both water and financial. Undoubtedly, this will be a topic for the District going forward.

The District's move to the new office was disruptive but very successful. Costs were detailed in past BOD meetings and the remodeling costs are largely included in future rent payments spread over five years.

Negotiation of water contracts included discussions of cost calculations pertinent to existing contracts and discussions around new contracts for water. Besides significant staff time, significant legal expenditures were related to this item. These activities are not complete.

The Consensus Building Institute (CBI), particularly Ryan Golten, facilitated development of the District's recently adopted Strategic Plan and Governance Manual. Much staff and Board time was expended here as well as expenditures to both the legal and public information budgets. Implementation of the strategic plan will drive future District activities, and budgets.

Revenue

Property tax revenues from a 1.82 mill levy on the taxable property of the District generated \$2,341,123, net of \$74,607 of Treasurer Collection Fees.

Overall water sales were \$554,821, above the \$536,554 budgeted. Increased water sale revenues resulted from a contract with Ski & Resort Corporation executed after the budget was drafted, and price of water contracts negotiated during 2019. A decrease in water price from Yamcolo sales is due to a reduction in price negotiated with the Yamcolo Irrigators Association. The net was the positive income as discussed above.

Power generation produced a total revenue of \$234,324 for the year, above the \$200,000 budgeted. Power generation is a direct reflection of the strength of runoff in the Yampa River into Stagecoach.

Other revenues included those generated by the Stillwater Ditch and Reservoirs Company \$7,965, interest income of \$327,104, and the sale of a vehicle for \$4,000.

Expenditures

Operation and Maintenance expenditures, and capital improvements for Stagecoach, Yamcolo, and the Five Pines Mesa Ditch continue to bring the facilities up to current operational standards. Total Operating Expenditures, for all the District's Facilities and Operations, and excluding tax collection fees, were \$1,545,844.

By department these were approximately:

Facilities \$595,000

Administration \$184,000

Board of Directors \$72,000

External Affairs \$71,000

Finance \$112,000

Legal \$126,000

Planning \$205,000

Public information \$182,000

Treasurer fees added another \$75,000 to expenses in 2019.

Capital expenditures totaled \$213,752.

Overview of the Financial Statements

The District's financial statements comprise of two components: 1) Stand-alone Enterprise fund financial statements, and 2) Notes to the financial statements. This report also contains other supplementary information consisting of comparison of budget to actual non-US GAAP (U.S. Generally Accepted Accounting Principles) Budgetary basis.

Stand-alone Enterprise fund financial statements. These financial statements are designed to provide readers with a broad overview of the District in a manner similar to a private-sector business.

- The statement of net position presents information on all the District's assets and liabilities with the difference reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The statement of revenues, expenses and changes in net position presents information showing how the District's net position changed during the year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- The statement of cash flows represents the information on the change in the District's cash balances during the year segregated into operating, investing, and financing categories.

The assets of the District exceeded its liabilities at December 31, 2019 by \$42,269,334. Of this amount, \$26,256,423 is invested in capital assets, net of related debt, \$524,734 is restricted and \$15,488,177 is unrestricted and available for future debt payments and capital improvements.

Statement of Net Position

	2019	2018
ASSETS		
Current and Other Assets	\$ 18,595,573	\$ 16,754,283
Net Capital Assets	26,256,423	26,169,428
Total Assets	<u>44,851,996</u>	<u>42,923,711</u>
LIABILITIES		
Current Liabilities	86,097	190,680
Deferred Inflows	2,496,565	2,284,084
Total Liabilities	<u>2,582,662</u>	<u>2,474,764</u>
NET POSITION		
Net Investment in Capital Assets	26,256,423	26,169,428
Restricted Net Position	524,734	518,850
Unrestricted Net Position	15,488,177	13,760,677
TOTAL NET POSITION	<u>\$ 42,269,334</u>	<u>\$ 40,448,955</u>

Statement of Revenues, Expenses, and Changes in Fund Net Position

	2019	2018
Revenues		
Operating Revenues	\$ 801,110	\$ 773,196
Other Income(Expense)	2,691,871	2,458,172
Total Revenues	<u>3,492,981</u>	<u>3,231,368</u>
Expenses		
Operating Expenses	1,672,602	1,412,767
Change in Net Position	1,820,379	1,818,601
Net Position - Beginning	40,448,955	38,630,354
Net Position - Ending	<u>\$ 42,269,334</u>	<u>\$ 40,448,955</u>

Budgetary Comparison

The District budgets for expenses on a non-GAAP basis whereby expenses include debt principal payments and capital outlay and excludes non-cash expenses of depreciation and amortization. In the case of revenue budgetary differences, water sales revenues were slightly higher than budgeted as explained above; power sales and interest revenues were higher the budgeted figure.

Capital projects expenditures were all within budgeted amounts.

	<u>Balance 12/31/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/19</u>
Capital assets not being depreciated:				
Stagecoach:				
Land and water rights	\$ 4,933,709	\$ -	\$ -	\$ 4,933,709
Silver Creek:				
Land	<u>255,797</u>	<u>-</u>	<u>-</u>	<u>255,797</u>
Total capital assets not being depreciated	<u>5,189,506</u>	<u>-</u>	<u>-</u>	<u>5,189,506</u>
Capital assets being depreciated:				
Stagecoach:				
Land improvements	1,410,619	-	-	1,410,619
Dam structure and equipment	12,490,880	17,535	-	12,508,415
Hydroelectric building and equipment	2,435,778	8,327	-	2,444,105
Park building and improvements	1,273,474	-	-	1,273,474
Yamcolo:				
Dam structure and equipment	6,751,167	54,242	-	6,805,409
Stillwater Ditch	530,653	-	-	530,653
Equipment, vehicles and other	<u>153,469</u>	<u>133,648</u>	<u>(15,000)</u>	<u>272,117</u>
Total capital assets being depreciated	<u>25,046,040</u>	<u>213,752</u>	<u>(15,000)</u>	<u>25,244,792</u>
Less: accumulated depreciation	<u>(4,066,118)</u>	<u>(126,757)</u>	<u>15,000</u>	<u>(4,177,875)</u>
Net capital assets	<u>\$ 26,169,428</u>	<u>\$ 86,995</u>	<u>\$ -</u>	<u>\$ 26,256,423</u>

See Note 4 for additional information on the capital assets.

Budgetary changes have not adversely affected the financial stability of the District.

The variations between the budgeted income and expenses enumerated above will have no deleterious effect on the liquidity of the District or its future obligations and services.

Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Directors
Upper Yampa Water Conservancy District
Steamboat Springs, Colorado

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Upper Yampa Water Conservancy District as of and for the year ended December 31, 2019, and the related notes to the financial statements which collectively comprise the basic financial statements of Upper Yampa Water Conservancy District, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

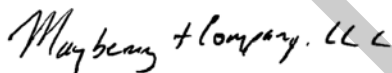
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Upper Yampa Water Conservancy District as of December 31, 2019, and the changes in financial position and, cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information – Management Discussion and Analysis*

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The budgetary comparison schedule listed as other supplementary information page 16 is presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Englewood, Colorado
June 5, 2020

BASIC FINANCIAL STATEMENTS

DRAFT

UPPER YAMPA WATER CONSERVANCY DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019

	<u>Total</u>
	<u>2019</u>
ASSETS AND DEFERRED OUTFLOWS	
ASSETS	
Current Assets	
Cash and Investments	
Cash	\$ 2,473,540
Investments	13,557,894
Receivables	
Property Tax Receivable	2,496,565
Cash with Fiscal Agent	12,494
Accounts Receivable	21,660
Prepaid Expenses	33,420
Total Current Assets	<u>18,595,573</u>
Noncurrent Assets	
Capital Assets not being depreciated	5,189,506
Capital Assets being depreciated	25,244,792
Accumulated Depreciation	<u>(4,177,875)</u>
Total Noncurrent Assets	26,256,423
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 44,851,996</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 80,380
Accrued Liabilities	<u>5,717</u>
TOTAL LIABILITIES	<u>86,097</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES	
Deferred Property Taxes	<u>2,496,565</u>
NET POSITION	
Net Investment in Capital Assets	26,256,423
Restricted Net Position	
Wetland Mitigation	419,734
Emergency Reserve	105,000
Unrestricted Net Position	<u>15,488,177</u>
TOTAL NET POSITION	42,269,334
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 44,851,996</u>

The accompanying notes are an integral part of these financial statements.

UPPER YAMPA WATER CONSERVANCY DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Total</u>
	<u>2019</u>
Operating Revenues	
Water Sales	\$ 554,821
Power Sales	234,324
Charges for Services	11,965
Total Revenues	<u>801,110</u>
Operating Expenses	
Stagecoach Reservoir - Power Generation	214,868
Stagecoach Reservoir - Water Storage	220,348
Yamcolo Reservoir	125,183
Stillwater Ditch and Reservoir	34,520
Administration	184,032
Board of Directors	71,720
External Affairs	70,807
Finance	111,594
Legal	125,521
Planning	205,229
Grants, Scholarships and Public Information	182,023
Depreciation Expense	126,757
Total Expenditures	<u>1,672,602</u>
Operating Income (Loss)	<u>(871,492)</u>
Other Income (Expense)	
Tax Revenue, net of treasurer fees	2,341,123
Intergovernmental Revenue	23,644
Investment Earnings	327,104
Total Other Income (Expense)	<u>2,691,871</u>
Change in Net Position	1,820,379
Net Position, Beginning	<u>40,448,955</u>
Net Position, Ending	<u>\$ 42,269,334</u>

The accompanying notes are an integral part of these financial statements.

UPPER YAMPA WATER CONSERVANCY DISTRICT

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Total</u>
	<u>2019</u>
Cash Flows From Operating Activities:	
Cash Received from Customers	\$ 793,902
Cash Paid to Suppliers	(1,093,690)
Cash Paid to Employees	(557,872)
Net Cash Provided by Operating Activities	<u>(857,660)</u>
Cash Flows From Capital and Related Financing Activities:	
Intergovernmental Revenues	23,644
Acquisition of Capital Assets	(213,752)
Cash Flows Used by Capital and Related Financing Activities	<u>(190,108)</u>
Cash Flows (Uses) From Noncapital Financing Activities:	
Other Revenues (Expense)	10
Tax Revenue	2,328,629
Net Cash Provided (Used) by Noncapital Financing Activities	<u>2,328,639</u>
Cash Flows (Uses) From Investing Activities:	
Interest Received	<u>327,104</u>
Net Increase (Decrease) in Cash	1,607,975
Cash - Beginning	14,423,459
Cash - Ending	<u><u>\$ 16,031,434</u></u>
Cash	\$ 2,473,540
Investments	13,557,894
Total	<u><u>\$ 16,031,434</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:	
Operating Income (Loss)	<u>\$ (871,492)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Depreciation Expense	126,757
Changes in Assets and Liabilities Related to Operations:	
(Increase) Decrease in:	
Accounts Receivable	(7,208)
Prepaid Expenses	(1,132)
(Increase) Decrease in:	
Accounts Payable	(98,504)
Accrued Liabilities	(6,081)
Total Adjustments	<u>13,832</u>
Net Cash Used for Operating Activities	<u><u>\$ (857,660)</u></u>

The accompanying notes are an integral part of these financial statements.

UPPER YAMPA WATER CONSERVANCY DISTRICT

Notes to Financial Statements

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Upper Yampa Water Conservancy District (the "District") was established in 1966 by court decree under the Colorado Revised Statutes (CRS) Title 37, Article 45, known as the "Water Conservancy Act". The District was formed to provide legal authority to plan and construct water conservation projects in the Yampa Valley of northwest Colorado. The District stores water in two reservoirs, Stagecoach Reservoir and Yamcolo Reservoir, from which water is released to its ultimate users. The Stagecoach dam generates hydroelectric power that is sold to Yampa Valley Electric Association (YVEA). In addition, the Stagecoach Reservoir and dam includes a State recreation area which the District pays the Colorado Division of Parks to operate.

The District's financial statements were prepared in accordance with U.S. generally accepted accounting principles for governmental entities (US GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for the establishment of US GAAP in governmental entities. The following summary of the more significant accounting policies of the District is presented to assist the reader in interpreting these financial statements and should be viewed as an integral part of this report.

Reporting Entity

The District applies the criteria set forth in GASB Codification Section 2100: Defining the Financial Reporting Entity, to determine which governmental organizations should be included in the reporting entity. The inclusion or exclusion of component units is based on the elected officials' accountability to their constituents, and the financial reporting entity follows the same accountability. Further, the financial statements of the reporting entity should enable the reader to distinguish between the primary government (including its blended component units, which are, in substance, part of the primary government) and discretely presented component units.

The criteria used for determining whether an entity should be included, either blended or discretely presented, includes but is not limited to: fiscal dependency, imposition of will, legal standing, and the primary recipient of services. Based on these criteria, the District has no includable component units. The District is also not included in the financial statements of any other entity.

Basic Financial Statements

As a special purpose government, basic financial statements are presented at the activity level.

Activity level financial statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position, the Statement of Change in Fund Net Position, and the Statement of Cash Flows.

As a special purpose government, the District has only one fund, an enterprise/proprietary fund which is also considered its business type activity. The District does not present any other fund or activity information.

UPPER YAMPA WATER CONSERVANCY DISTRICT

Notes to Financial Statements

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

The District operates as an enterprise and the accompanying proprietary fund financial statements use a flow of economic resources measurement focus to determine net income and financial position. The accounting principles used are similar to those applicable to businesses in the private sector and, thus, this fund is maintained on the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when incurred.

Assets, Liabilities, Deferred Inflows of Resources and Net Position

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

Amounts due to the District from water storage and power sales are reported as accounts receivable. The District's management reviews accounts receivable periodically to consider the collectability of the balances. District management believes all accounts receivable to be fully collectible as of December 31, 2019. Therefore, no allowance for uncollectible accounts has been established.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Capital Assets

Capital assets include land, reservoir and dam structures, hydro-electric plant, buildings and improvements, furniture and fixtures and equipment. Capital assets are defined by the District as assets with an initial cost of \$1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset useful lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	30 – 40 years
Furniture, fixtures and equipment	5 – 20 years

Non-depreciable capital assets of the District include its land, land improvements, reservoirs, and dams.

UPPER YAMPA WATER CONSERVANCY DISTRICT
Notes to Financial Statements
December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

Accrued Compensated Absences

Employees may accrue up to 30 days vacation annually with a maximum carryover of 5 days to the next fiscal year. Sick leave is accumulated at a rate of 8 hours per month with a maximum accrual of 90 days. Sick leave is not paid upon termination. Leave balances were not deemed material for accrual at year end.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources consist solely of unavailable revenues from property taxes.

Equity

Equity is classified as net position and may be displayed in three components:

- Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets." This net position is available for future operations or distributions.

It is the District's policy to fund operations through the most restricted available equity first.

Operating and Non-Operating Revenues and Expenses

The proprietary fund financial statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses are those that result from providing services associated with the principal activities of the District. Operating expenses include the cost of ongoing operations, related administrative expenses, and depreciation expense. Non-operating revenues and expenses are all those that do not meet the criteria described previously.

UPPER YAMPA WATER CONSERVANCY DISTRICT

Notes to Financial Statements

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

Property taxes are levied on December 15 of each year and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The Routt County Treasurer and Moffat County Treasurer collect property taxes and remit collections to the District on a monthly basis.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the financial statement date and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgets are adopted on a non-US GAAP basis wherein depreciation is not budgeted; capital expenditures and principal payments on capital debt are budgeted and recorded as expenditures.

The District conforms to the following procedures, in compliance with CRS, Title 29, Article 1, in establishing the budgetary data reflected in the financial statements:

- Prior to October 15, the District's Treasurer submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public notice is offered by the Board of Directors to obtain taxpayer comments.
- Prior to December 31, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures must be approved by the Board of Directors.
- The District does not utilize encumbrance accounting and all appropriations lapse at year end.

The District did not adopt any supplemental budget appropriations for the year ended December 31, 2019.

Compliance

The District did not have expenditures in excess of appropriations for the year ended December 31, 2019.

UPPER YAMPA WATER CONSERVANCY DISTRICT

Notes to Financial Statements

December 31, 2019

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer’s Bill of Rights (TABOR). TABOR contains tax spending, revenue and debt limitations which apply to the State of Colorado and all local governments, excluding enterprises. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Future spending and revenue limits are determined based on the prior year’s fiscal year spending adjusted for allowable increases based upon inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenue.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The District has reserved \$105,000 of the December 31, 2019 fund net position for this purpose.

On November 2, 1999, the voters of the District authorized the District to collect and retain all revenues without the limitations of TABOR and C.R.S §29-1-301(1)(a).

The District’s management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

NOTE 3: CASH AND INVESTMENTS

For the financial statement presentation, cash and investment balances are comprised of and allocated as follows:

Cash Deposits	\$ 2,473,540
Investments	13,557,894
Total Cash and Investments	<u>\$ 16,031,434</u>

UPPER YAMPA WATER CONSERVANCY DISTRICT
Notes to Financial Statements
December 31, 2019

NOTE 3: CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government’s deposits may not be returned to it. The District’s deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution’s internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2019, all of the District’s deposits as shown below were insured by federal depository insurance or secured by PDPA and are therefore not deemed to be exposed to custodial credit risk.

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 1,200,000	\$ 1,200,000
Collateralized under PDPA (Not held in District's name)	1,334,738	1,258,060
Cash on hand	-	15,480
Total Cash	<u>\$ 2,534,738</u>	<u>\$ 2,473,540</u>

Investments

As of December 31, 2019, the District had invested \$13,557,894, in the COLOTRUST PLUS+ fund. COLOTRUST PLUS+ is a short-term money market fund organized in conformity with Part 7 of Article 75 of Title 24, CRS. The portfolio offers Colorado governmental entities a convenient and efficient means to pool their funds to take advantage of short-term investments and maximize net interest earnings. COLOTRUST PLUS+’s investment objective is to obtain as high a level of current income as is consistent with the preservation of capital and liquidity. The investment advisor for COLOTRUST PLUS+ is Public Trust Advisors LLC, a Colorado-based investment advisor, registered with the SEC. The portfolio manager is responsible for making all of the investment decisions for the portfolio. Wells Fargo Bank, N.A. is custodian of the portfolio’s securities and cash. COLOTRUST PLUS+ portfolio invests in U.S. Treasury securities, federal instrumentality securities, agency securities, repurchase agreements, tri-party repurchase agreements, collateralized bank deposits, the highest rated commercial paper, and highly-rated corporate bonds. The portfolio’s weighted average maturity to reset is kept under 60 days, which helps to enhance liquidity and limits market price exposure. The COLOTRUST PLUS+ fund holds a ‘AAAm’ rating by Standard and Poor’s.

UPPER YAMPA WATER CONSERVANCY DISTRICT
Notes to Financial Statements
December 31, 2019

NOTE 3: CASH AND INVESTMENTS (Continued)

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of the U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk

The District places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in the statutes. The District's investment portfolio contains no investments that exceed that limitation.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2019, the District's custodial credit risk is related to the investments in Colotrust.

As a means of limiting its exposure to fair value losses arising from rising interest rates, the District currently invests only in investment pools which may be redeemed at any time.

UPPER YAMPA WATER CONSERVANCY DISTRICT
Notes to Financial Statements
December 31, 2019

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 is summarized below:

	<u>Balance</u> <u>12/31/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/19</u>
Capital assets not being depreciated:				
Stagecoach:				
Land and water rights	\$ 4,933,709	\$ -	\$ -	\$ 4,933,709
Silver Creek:				
Land	<u>255,797</u>	<u>-</u>	<u>-</u>	<u>255,797</u>
Total capital assets not being depreciated	<u>5,189,506</u>	<u>-</u>	<u>-</u>	<u>5,189,506</u>
Capital assets being depreciated:				
Stagecoach:				
Land improvements	1,410,619	-	-	1,410,619
Dam structure and equipment	12,490,880	17,535	-	12,508,415
Hydroelectric building and equipment	2,435,778	8,327	-	2,444,105
Park building and improvements	1,273,474	-	-	1,273,474
Yamcolo:				
Dam structure and equipment	6,751,167	54,242	-	6,805,409
Stillwater Ditch	530,653	-	-	530,653
Equipment, vehicles and other	<u>153,469</u>	<u>133,648</u>	<u>(15,000)</u>	<u>272,117</u>
Total capital assets being depreciated	<u>25,046,040</u>	<u>213,752</u>	<u>(15,000)</u>	<u>25,244,792</u>
Less: accumulated depreciation	<u>(4,066,118)</u>	<u>(126,757)</u>	<u>15,000</u>	<u>(4,177,875)</u>
Net capital assets	<u>\$ 26,169,428</u>	<u>\$ 86,995</u>	<u>\$ -</u>	<u>\$ 26,256,423</u>

NOTE 5: EMPLOYEE RETIREMENT PLANS

Defined Contribution Plan

Certain full-time employees are covered under a 401(a) defined contribution pension plan. Under the terms of the plan, the District contributes at a rate of double the employee's retirement contribution not to exceed 6% of gross pay. Participants become fully vested within 3 years of participation in the plan. The plan can only be amended by the District's board of directors. District contributions to the plan were \$31,458 for the year ended December 31, 2019.

NOTE 6: RESTRICTED NET POSTION

The United States Army Corps of Engineers (ACOE) issued a permit associated with the raise in height of Stagecoach Reservoir Dam, by four feet, inundating approximately 23.51 acres of jurisdictional wetlands. The permit requires the District to post financial assurances to ensure a high level of confidence that the District will complete the compensatory mitigation required by the permit. The District has appropriated \$419,734 for this purpose as of December 31, 2019. The legislative appropriation will terminate when the compensatory mitigation is completed and accepted by the ACOE.

UPPER YAMPA WATER CONSERVANCY DISTRICT

Notes to Financial Statements

December 31, 2019

NOTE 7: COMMITMENTS, CONTINGENCIES AND AGREEMENTS

Commitments

Power Purchase Agreement

The District entered into an agreement on October 30, 2015 to sell exclusively the hydroelectric energy generated by its Stagecoach facility to YVEA. The initial term is through December 31, 2025 and may be extended by either party for an additional 10 year period. The initial sales price is \$0.060 per kWh and is subject to annual adjustment beginning January 1, 2017. The sales price during the year ended December 31, 2019 was \$0.060 per kWh.

Reservoir Agreements

Numerous governments, organizations and individuals have reservoir agreements with the District to purchase water in storage annually from the District. Various governments, organizations, and individuals have water contracts from the District for annual delivery of stored raw water from Stagecoach and Yamcolo Reservoirs. Some of these contracts are for the life of the Reservoirs. Others are for a fixed term, several of which expired in 2019 and were in the process of being renewed at the end of 2019.

Contribution to Routt County, Colorado

The District has committed to contribute \$500,000 to Routt County, Colorado for construction costs for the reconstruction improvements to be made to Routt County Road #14 in the future.

State of Colorado Stagecoach Reservoir Operating Subsidy

The District has entered into a twenty-year lease agreement with the State of Colorado for the State to manage recreational use of District owned assets at Stagecoach Reservoir. The lease period is from May 1, 2004 through May 1, 2024. In exchange for the State managing the recreation areas and completing improvements and replacement of existing recreation facilities pursuant to the Master Plan, the District will annually provide the lessor of \$35,000 or the amount of State funded improvements plus \$10,000 in the form of an operating subsidy to the State. This payment is due by December 31 of each year of the lease. The State is allowed to carryover excess improvement costs annually to meet subsequent years' obligations. The maximum amount that the District is liable for in operating subsidies is \$700,000 over the twenty-year period.

UPPER YAMPA WATER CONSERVANCY DISTRICT

Notes to Financial Statements

December 31, 2019

NOTE 7: COMMITMENTS, CONTINGENCIES AND AGREEMENTS (Continued)

Contingencies

The District is involved in several items of pending litigation primarily involving defense of its water rights and opposition of applications for water rights that conflict with those of the District. While it is not feasible to predict the outcome of all such proceedings and exposures with certainty, management believes that their ultimate disposition should not have a material adverse effect on the District's financial position, cash flows, or results of operations.

Stillwater Ditch Agreement

The District has entered into an Assignment of Stock and Water Delivery Agreement with the shareholders of the Stillwater Ditch and Reservoirs Company (the Company) whereby the shareholders assigned and transferred all shares in the Company to the District in exchange for the District's continued maintenance and repair of the Stillwater Ditch and delivery of water to the shareholders under certain upstream absolute water rights retained by the shareholders.

NOTE 8: PARTICIPATION IN PUBLIC ENTITY RISK POOL

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District maintains commercial insurance for these risks by participation in an insurance pool.

The District is a member in the Colorado Special Districts Property and Liability Pool (the Pool). The Pool creates an opportunity for members to control their own insurance costs through the joint pooling of resources, making it possible to self-insure property, liability and workers' compensation insurance. The Pool is member-owned, and all surplus revenues support the stabilization of rates, coverage enhancements, innovation, and technology to bring the most value to its members. The Pool provides property, liability, workers' compensation and associated coverage, and claims and risk management services to its members. The District has not had losses of a material amount in any of the preceding three years.

The Pool has contracted with a third party to operate, administer and manage the Pool. In the event aggregated losses incurred by the Pool exceeds amounts recoverable from the reinsurance contracts and capital and surplus accumulated by the Pool, the Pool may require additional contributions from its members.

OTHER SUPPLEMENTARY INFORMATION

DRAFT

UPPER YAMPA WATER CONSERVANCY DISTRICT

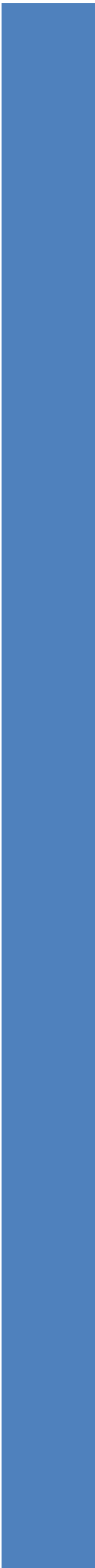
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019		
	Final Budget	Actual	Variance with Final Budget
Operating Revenues			
Water Sales	\$ 536,554	\$ 554,821	\$ 18,267
Power Sales	200,000	234,324	34,324
Charges for Services	7,965	11,965	4,000
Total Revenues	<u>744,519</u>	<u>801,110</u>	<u>56,591</u>
Operating Expenses			
Stagecoach Reservoir - Power Generation	248,954	214,868	34,086
Stagecoach Reservoir - Water Storage	266,927	220,348	46,579
Yamcolo Reservoir	144,594	125,183	19,411
Stillwater Ditch and Reservoir	45,065	34,520	10,545
Administration	203,198	184,032	19,166
Board of Directors	83,105	71,720	11,385
External Affairs	129,754	70,807	58,947
Finance	132,880	111,594	21,286
Legal	178,567	125,521	53,046
Planning	432,927	205,229	227,698
Grants, Scholarships and Public Information	257,588	182,023	75,565
Other Capital Outlay	445,000	213,752	231,248
Total Expenditures	<u>2,568,559</u>	<u>1,759,597</u>	<u>808,962</u>
Operating Income (Loss)	<u>(1,824,040)</u>	<u>(958,487)</u>	<u>865,553</u>
Other Income (Expense)			
Tax Revenue, net of treasurer fees	2,210,298	2,341,123	130,825
Intergovernmental Revenue	-	23,644	23,644
Investment Earnings	284,500	327,104	42,604
Change in Net Position (Budget Basis)	<u>\$ 670,758</u>	<u>1,733,384</u>	<u>\$ 1,062,626</u>
Budget to GAAP Reconciliation			
Depreciation Expense		(126,757)	
Capital Outlay		213,752	
Change in Net Position - GAAP Basis		1,820,379	
Net Position, Beginning		<u>40,448,955</u>	
Net Position, Ending		<u>\$ 42,269,334</u>	

See accompanying Independent Auditors' Report.

Client: **UYWCD - UPPER YAMPA WATER CONSERVANCY DISTRICT**
 Engagement: **12/31/2019 - Upper Yampa Water Conservancy District**
 Period Ending: **12/31/2019**
 Trial Balance: **A - Fund Trial Balance**
 Workpaper: **AJE report**
 Fund Level: **All**
 Index: **All**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
To post unlocated difference between audit and system equity. This carried over from 2017.				
10-10.1050.1067	ADMINISTRATION- OFFICE- Contingencies/Other-	S	10.00	
10-3900	Retained Earnings---			10.00
Total			10.00	10.00
Adjusting Journal Entries JE # 2				
To expense small items from office move				
10-10.1050.1060	ADMINISTRATION- OFFICE- Misc. Supplies and fees-	J03.01	15,832.08	
10-1900	Office Assets---			15,832.08
Total			15,832.08	15,832.08
Adjusting Journal Entries JE # 3				
To record vehicle deletion				
10-1755	Accum. Depreciation - SC---	J01.01	15,000.00	
10-1671.03	Vehicles---			15,000.00
Total			15,000.00	15,000.00
Adjusting Journal Entries JE # 4				
To record property tax receivable and related deferred inflow.				
10-1114	Property Tax Receivable	E02	2,496,565.00	
10-2800	Deferred Inflow - Property Taxes			2,496,565.00
Total			2,496,565.00	2,496,565.00
	Total Adjusting Journal Entries		2,527,407.08	2,527,407.08
	Total All Journal Entries		2,527,407.08	2,527,407.08





BOARD COMMUNICATION FORM

From: Andrew Rossi, Acting General Manager

Date: 06/12/20

Item: Stagecoach Reservoir and Yamcolo Reservoir Water Contract Pricing

DIRECTION
 INFORMATION
 MOTION
 RESOLUTION

I. Request/Issue and Background Information:

For the past several years, the Upper Yampa Water Conservancy District (UYWCD) has been working through water contract renewal processes for both Yamcolo and Stagecoach Reservoirs. To date, several water contract agreements have been finalized or are in the final steps of completion.

II. Summary:

The resolution of several contracting efforts is a culmination of over six years of efforts on behalf of the UYWCD Board of Directors (BOD) and staff and the UYWCD contract partners. Some water contracting decisions remain unresolved for both Yamcolo and Stagecoach Reservoirs. The attached memorandum will present a framework for the deliberations and, hopefully, final resolution of these outstanding water contracting decisions for the UYWCD.

The information present herein is accompanied by staff recommendations for some water contracts, where appropriate. Other water contract decisions will require further discussion and analysis on the part of the UYWCD BOD and staff before resolution. Any “action item” demarcation is included to provide the UYWCD BOD with a decision-making option at the directors’ discretion.

III. Staff Recommendation:

Please see staff recommendation contained in attached memorandum.

IV. Legal Issues:

Stagecoach Reservoir Water Contracting



V. Consistency with Board Goals and Policies:

UYWCD Strategic Plan Objective 3.2

Attachments:

Attachment 1: Memorandum with reference materials



MEMORANDUM

TO: UYWCD BOD

FROM: Andy Rossi, Acting District Manager, UYWCD Staff

DATE: June 10, 2020

RE: Stagecoach Reservoir and Yamcolo Reservoir Water Contract Pricing

1.0 Introduction

For the past several years, the Upper Yampa Water Conservancy District (UYWCD) has been working through water contract renewal processes for both Yamcolo and Stagecoach Reservoirs. To date, several water contract agreements have been finalized or are in the final steps of completion. A summary table of the existing UYWCD water allotment contracts and associated data is presented in **Table 1**. A summary of the projected 2021 contract volumes in Stagecoach Reservoir if all known agreements remain unchanged is presented in **Table 2**. **Table 3** includes water pricing data from other west-slope reservoirs. This data is presented for comparative purposes as the UYWCD continues the water pricing policy development process.

The resolution of several contracting efforts is a culmination of over six-years of efforts on behalf of the UYWCD Board of Directors (BOD) and staff and the UYWCD contract partners. Some water contracting decisions remain unresolved for both Yamcolo and Stagecoach Reservoirs. This memorandum will present a framework for the deliberations and final resolution of some outstanding water contracting decisions for the UYWCD. The information presented herein is accompanied by staff recommendations for some water contracts, where appropriate. Other water contract decisions may require further discussion and analysis on the part of the UYWCD BOD and staff before resolution. Any agenda “*action item*” demarcation is included to provide the UYWCD BOD with a decision-making option at the directors’ discretion. The timetable for finalizing UYWCD BOD action on these decisions is entirely at the discretion of the UYWCD BOD, so long as contract requirements do not dictate action dates. Water pricing decisions are complex endeavors with several competing considerations.

Table 1

**2020 WATER PURCHASERS
STAGECOACH WATER (15,000 AF)**

CONTRACTEE	AF	PRICE	REVENUES
City of Steamboat Springs	552	\$35.00	\$19,320.00
Morrison Creek Metropolitan Water and Sanitation Distri	500	\$35.00	\$17,500.00
Tree Haus Metropolitan District	50	\$35.00	\$1,750.00
Mount Werner Water and Sanitation District	200	\$35.00	\$7,000.00
Town of Hayden Colorado	200	\$35.00	\$7,000.00
Dakota Ridge Homeowners Association	50	\$35.00	\$1,750.00
Edexco, Inc. d/b/a Raindrop Water, Inc. (Ed's Excavating)	50	\$43.50	\$2,175.00
Alpine Mountain Ranch Metropolitan District	83	\$43.50	\$3,610.50
Alpine Mountain Ranch Metropolitan District	17	\$43.50	\$739.50
Agate Creek Preserve Homeowners Association	20	\$43.50	\$870.00
Sidney Peak Ranch LLC	20	\$43.50	\$870.00
Brian, Robert and Virginia Stahl – total of 250 af	58	\$43.50	\$2,523.00
Brian, Robert and Virginia Stahl – total of 250 af	192	\$43.50	\$8,352.00
Seneca Property LLC (used to be Peabody Coal Co)	50	\$124.43	\$6,221.29
Steamboat Springs Ski Corporation	250	\$124.43	\$31,106.45
AUGMENTATION CONTRACTS			
Dudley, Gayle	2.16	\$212.72	\$467.98
Walton Creek LLC (Brian Boone)	1.2	\$212.72	\$255.26
Amethyst Ranch, LLC (Elkstone Farm, LLC)	0.4	\$212.72	\$212.72
Amethyst Ranch, LLC (Elkstone Farm, LLC)	0.8	\$212.72	\$212.72
Stone Yard LLC	2.6	\$212.72	\$553.07
Yampa Realty Holdings	17.3	\$212.72	\$3,680.06
Buku Land	1.7	\$212.72	\$361.62
Rostermund, Elizabeth	0.4	\$212.72	\$212.72
Steamboat Adaptive Recreational Sports	1.2	\$212.72	\$255.26
Total Contracted Water	2,319.76		\$ 116,999.16

Table 1 (continued)

**2020 WATER PURCHASERS
YAMCOLO WATER (8,535 AF)**

CONTRACTEE	AF	PRICE	REVENUES
Yamcolo Irrigators Association (YIA)			
Yamcolo Irrigators	3,000	\$13.00	\$39,000.00
Subtotal	3,000		\$39,000.00
Individual Irrigators			
Stillwater Land & Livestock, LLC (Ted & Kristie Stites)	164.15	\$11.00	\$1,805.65
JoJanKim LLC	45.85	\$11.00	\$504.35
JoJanKim LLC	90	\$11.00	\$990.00
Elizabeth Kirkpatrick	300	\$11.00	\$3,300.00
Alfred Fisher III and Barbara Fisher (Sleeping Lion Ranch LLC)	1,900	\$11.00	\$20,900.00
Alfred Fisher III (Sleeping Lion Ranch LLC)	500	\$10.00 *	\$5,000.00
Doris E. Huffstetle, Bueford E. Huffstetler Family Trust	65	\$11.00	\$715.00
Jim & Dean Rossi	100	\$11.00	\$1,100.00
Jeff Connett	50	\$11.00	\$550.00
Tim & Donna Corrigan (Myriad Springs Ranch)	25	\$11.00	\$275.00
Robert and Mary Jane Logan	20	\$11.00	\$220.00
Peter Flint and Janice Symchych	55	\$11.00	\$605.00
Lawrence Ricca & Sons	100	\$11.00	\$1,100.00
Lone Creek Land Company	85	\$11.00	\$935.00
Subtotal	3,500		\$38,000.00
Municipalities			
Town of Hayden	300	\$85.83	\$25,749.00
Morrison Creek Metropolitan Water & Sanitation District	60	\$85.83	\$5,149.80
Mount Werner Water	300	\$85.83	\$25,749.00
Steamboat II	50	\$85.83	\$4,291.50
Town of Yampa	300	\$85.83	\$25,749.00
Subtotal	1,010		\$86,688.30
Total Contracted Water	7,510.00		\$163,688.30
(Not Including up to 500 AF Raise Pool Volume)			

Table 2

Tracking #	Reservoir Pool Name	Maximum Volume (AF)	2021 Contracted Volume (AF, projected)
1A	Municipal/Industrial	9,000	1,850.0
2A	Augmentation	2,000	27.8
3A	Former Exchange	4,000	442.0
4A	Raise Water	3,164	0.0
5A	Preferred Remainder	3,275	NA
6A	Emergency	15,000	NA
Total Reservoir Volume		36,439	

Available for
Contract

Contracted

Total Volume (AF)	18,164	2,319.8
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Table 3

Ruedi Reservoir Water Pricing By Use Category (Per Acre Foot)	
Municipal	\$198
Commercial	\$258
Industrial	\$326
Agricultural	\$69
Elkhead Reservoir Water Pricing By Use Category (Per Acre Foot)	
Municipal & Industrial	\$191.25
Agricultural (5-40 years)	\$191.25
Agricultural (1- 4 years)	\$32
In-Channel Use (1 year)	\$32

Notes:

1. Pricing information presented in Table 3 are for Colorado River District Enterprise Water volume only and are not representative of any permanent water purchases or cost share agreements.
2. Colorado River District Water Marketing Policies are Included with this Table for Reference



2.0 Current Unresolved Water Contract Negotiations and Discussions

Currently, there are two unresolved water pricing decision for Yamcolo Reservoir:

1. 2020 Raise Pool contract pricing for Raise Pool volume stored on or before July 15, 2020.

The UYWCD staff is prepared to make recommendations for Yamcolo Reservoir Raise Pool pricing for 2020. These recommendations are presented below.

2. 2020 Original Municipal Pool contract availability and pricing. Currently, 490 AF of uncontracted volume has been stored in the Yamcolo Original Municipal Pool.

The UYWCD staff is prepared to make recommendations for Yamcolo Reservoir Original Municipal Pool pricing for 2020. These recommendations are presented below.

Currently, there are three unresolved water pricing decision for Stagecoach Reservoir:

1. Environmental Recreation Contract (ERC) pricing for Stagecoach Reservoir has not been determined for 2020 and beyond. There is a known desire for ERC agreements to be available out of Stagecoach Reservoir as a continuation of historic practices on the part of the UYWCD and community partners. Reference materials and a discussion on the current landscape of ERC pricing in the Yampa Valley and the State of Colorado was presented at the May 21, 2020 UYWCD BOD meeting. ERC agreements have historically been assigned to the Raise and Former Exchange Pools in Stagecoach Reservoir.

The UYWCD staff is prepared to make recommendations for ERC pricing for Stagecoach Reservoir. These recommendations are presented below.

2. Stagecoach Municipal Contracts with the City of Steamboat Springs (City). Two separate contracts are presently considered by the UYWCD and the City. One existing, perpetual contract for 552 AF of water out of the Stagecoach Reservoir Municipal/Industrial Pool and a proposed new contract for 650 AF of water out of the Stagecoach Municipal/Industrial Pool. The UYWCD provided an example calculation of 68.73 \$/AF for the existing contract and an offered price of 124.43 \$/AF for the proposed new contract in correspondence dated April 24, 2020 and May 22, 2020 (correspondence included for reference).



No additional information is available on the status of these contract discussions with the City.

The UYWCD staff is not prepared to make any new recommendations for the pricing for the City of Steamboat Springs Municipal Contracts.

3. Tri-State Generation does not currently have any water allotment contracts with the UYWCD. The 7,000 AF of water stored in Stagecoach Reservoir as per the obligations of the previous Tri-State contract will be re-assigned as uncontracted Municipal/Industrial Pool volume on July 15, 2020.

The UYWCD negotiating team will present a verbal update on the status of these contract discussions with Tri-State Generation.

The pending availability of the additional 7,000 AF of uncontracted water in the Stagecoach Reservoir Municipal/Industrial pool, the known desire for ERC pricing determinations, and the City contract pricing discussions present the UYWCD with the opportunity to update pricing policies for Stagecoach Reservoir. Currently, the UYWCD does not have formal pricing policies for the uncontracted water in the Raise and Former Exchange pools except for a few existing contracts.

Pricing policy for the Stagecoach Municipal/Industrial pool has been formally expressed in existing contracts and the offer extended to the City of Steamboat Springs earlier this year.

3.0 Previously Proposed Pricing Methodologies

The UYWCD BOD has engaged in several extensive discussions regarding pricing policies for Stagecoach Reservoir at previous BOD meetings. In general, the UYWCD BOD has narrowed its scope of pricing considerations to two pricing models that have been considered for the uncontracted water in Stagecoach Reservoir.

1. A single price for each category of water use associated with a specific reservoir pool. This is, aside from a small number of variations, the current pricing structure employed by the UYWCD at Yamcolo Reservoir. The individual prices associated with different use categories were determined through negotiated contracts with water users.
2. A pricing matrix or spectrum allowing for differential pricing depending on volume and contract length. This pricing model was presented as an alternative by Tom Sharp to the UYWCD BOD in a letter dated October 21, 2019. This letter and associated information on Stagecoach water contract pricing alternatives are included with this memorandum as reference.



There are benefits and disadvantages to both pricing methodologies. The single price per category of water use is a simple methodology that is easy to understand for users and resource managers. However, this methodology is rigid and does not allow water users to make more than basic decisions for themselves on the management of their resource portfolios. This basic pricing policy is also silent on considerations of volume of water contracted and duration of contracts.

The pricing matrix concept is more complex yet allows for user and seller flexibility in the form of two economic principles that are commonly incorporated into natural resource commodity pricing. The first of these economic principles is *marginal utility*. Marginal utility is the amount of additional utility provided by an additional unit of an economic good or service. For many consumers (water users) there is some initial quantity of a resource (water) that must be obtained to cover basic needs. This is the most valuable quantity for a purchaser. Additional quantities of this resource are viewed as valuable, but less so than the initial, essential amount. The pricing matrix captures this principle from the standpoint of the user by decreasing the price of water as larger volumes are purchased.

The second economic principle is *opportunity cost*. Opportunity cost is the loss of potential gain from other alternatives when one alternative is chosen. Simply put, opportunity cost is the benefit not received as a result of not selecting the next best option. Opportunity cost is a way to express the basic relationship between scarcity and choice. The notion of opportunity cost plays a crucial part in attempts to ensure that scarce resources are used efficiently. The opportunity cost to the seller is the potential benefit lost from finite water volumes being tied up in long-term contracts and thereby negating the ability of a seller and/or user to adjust to changing market dynamics (prices, demand, increased cost of storage). The pricing matrix captures this principle from the standpoint of the seller by increasing the price of water for longer term contracts.

The magnitude of the base price and step adjustments for the pricing matrix can be modified over time in response to changes in market and resource conditions. The magnitude and base price of the matrix can be modified for use-specific pricing categories.

In an effort to narrow the UYWCD BOD focus in determining the desired pricing policies for Stagecoach Reservoir, a series of questions has been asked of the BOD at previous meetings. The verbal responses provided during these question and answer sessions are the basis for the presentation of the two pricing methodologies presented above. In general, the UYWCD has expressed a desire to cover the costs of operations and maintenance of UYWCD facilities and to provide water users with an explicit water pricing structure. Furthermore, the UYWCD will no longer enter into perpetual water allotment contracts.



At the request of the UYWCD BOD President, Ken Brenner, the following questions are now posed to the BOD as a mechanism for refinement of the pricing policy discussion:

1. *"Do we want to adjust our price for water dependent on the length of the contract?"*
2. *Do we want to adjust the price for water depending on the volume of water contracted?"*
3. *Do we want to adjust the price for water depending on the type of use for the water contract?"*
4. *Do we want a very simple pricing structure and leave to the board the flexibility to adjust or subsidize the price depending on the circumstance?"*
5. *Do we want to set the price for new Stagecoach water contracts using a specific methodology?"*

The responses to these questions will provide guidance to the UYWCD BOD and staff in finalizing a pricing policy for uncontracted Stagecoach water volumes.

4.0 Related Topics that may Influence Pricing Decisions

In addition to the components of pricing policies discussed above there are other components of the UYWCD operations that may influence pricing decisions. Some of the most immediate concerns are:

- Property tax revenue adjustments due to major industrial use shifts in Routt County and potential legislative efforts to repeal the Gallagher Amendment. A memorandum presented to the UYWCD BOD on September 12, 2019 is included with this memorandum for reference.
- Undeveloped UYWCD Capital Projects including the Coal Creek Diversion, Stagecoach Firming Alternatives (Upper Diversion, and other Morrison Creek alternative configurations), potential partnerships with other in-district storage facilities, and additional small reservoir sites. All future projects will require significant financial expenditures and/or more complicated financing mechanisms depending on the scope of the project.
- Demand Management and other Regional and "Big River" Programs. The UYWCD response and/or potential involvement in current and future initiatives is unknown and certain to require technical and legal analysis.
- Continued water infrastructure financial support from UYWCD. The UYWCD and partners are currently providing financial support for water infrastructure improvements



in the district. Potential expansion of these programs to storage facilities could increase funding distribution.

- Continued pursuit of legal flexibility for UYWCD Water Rights. The UYWCD will need to assemble a legal and management team to explore possible avenues for increased flexibility of UYWCD water rights in response to the changing needs of district constituents.

5.0 Staff Recommendations

ERC Pricing:

- The UYWCD staff recommends that the 2020 pricing for ERC be determined on a case by case basis if approached by interested parties.
- The UYWCD staff recommends that in order to determine ERC pricing for 2021 and beyond, that the UYWCD work with partners to resolve legal issues associated with the legislative and rule making process for HBs 1157 and 1037. Funds for this effort will be included in the 2021 UYWCD proposed budget. A plan and schedule for the completion of this process will be included in suggested topics for discussion at the October 2020 UYWCD BOD retreat.

Yamcolo Raise Pool Pricing:

- The UYWCD staff recommends that contracts for 2020 Yamcolo Reservoir Raise Pool water be offered at 13.00 \$/ AF. UYWCD staff will need to work with the UYWCD General Counsel to revise previously used Yamcolo Reservoir Raise Pool water contracts to match the particulars of new Yamcolo agricultural water contracts and Stillwater Ditch carriage contracts. Yamcolo Reservoir Raise Pool water contracts will be delivered at the outlet of Yamcolo Dam and be subject to State of Colorado administration of the Yampa/Bear River.

Yamcolo Original Municipal Pool:

- The UYWCD staff recommends that a maximum of 200 AF of uncontracted water from the Yamcolo Original Municipal Pool be offered for contract at 13.00 \$/AF to agricultural users if the entire Yamcolo Reservoir Raise Pool volume is contracted for as recommended above. These contracts will be offered as one-year contracts only for 2020. Yamcolo Reservoir Original Municipal Pool water contracts will be delivered at the outlet of Yamcolo Dam and be subject to State of Colorado administration of the Yampa/Bear River.



Stagecoach Raise and Former Exchange Pool:

- The UYWCD staff recommends that any BOD direction resulting from a discussion of policies for uncontracted water in Stagecoach Reservoir be followed.

City of Steamboat Springs Stagecoach Reservoir Municipal Contract(s):

- The UYWCD staff will provide the UYWCD BOD with a recalculated example price with 2019 audited financial data employing the same methodology used for the calculation made for the existing City of Steamboat Springs municipal contract.

Reference Material

**WATER MARKETING POLICY OF THE
COLORADO RIVER WATER CONSERVATION DISTRICT'S
COLORADO RIVER WATER PROJECTS ENTERPRISE
FOR THE
YAMPA RIVER BASIN**

January 15, 2019

All Prior Versions Superseded

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1. PURPOSE OF MARKETING PROGRAM. The Colorado River Water Conservation District's ("District") Colorado River Water Projects Enterprise ("Enterprise") is authorized and directed to provide for the beneficial use of water available for use from the Enterprise's storage capacity in Elkhead Reservoir. The Enterprise's Board of Directors has approved the marketing of such water and other Enterprise water supplies as may be used to complement the use of such Reservoirs' water supplies through a contracting program described herein.

2. AUTHORITIES UNDER PROGRAM.
 - a. The General Manager is delegated the authority of the Board to implement and administer this Policy and the water supply contracts and assignments made pursuant to this Policy subject to the several specific reservations of Board authority stated herein. The General Counsel shall assist in the negotiation and drafting of the Water Supply Contracts.

 - b. The General Manager is authorized by the Board to execute the Water Supply Contracts made pursuant to this Policy on behalf of the Enterprise without further Board action.

 - c. The General Counsel is directed and authorized to oppose Water Court applications which propose use of the Enterprise's water supplies without the existence of a current Water Supply Contract or otherwise at variance with this Policy.

3. SOURCES AND SCOPE OF MARKETING PROGRAM.
 - a. Sources: "Yampa River Supply". Water delivered from Elkhead Reservoir, for which a storage water right decree was obtained by the River District in Case No. 02CW106, District Court for Colorado, Water Division No. 6, and for which additional storage water right decrees may be obtained in the future by the River District, and other water sources available to the Enterprise for use in its Water Marketing Program.

 - b. Geographic. The Enterprise may enter into contracts with third parties for use of Enterprise water supplies directly, or by exchange or augmentation, within Colorado Water Division No. 6, subject to site-specific determination by the District's General Manager and General Counsel of the legal and physical feasibility of such use and subject to the principles stated herein. The Enterprise will not contract to provide a water supply to any parcel of land that was previously served with water rights that were conveyed out of Water Division No. 6, absent express approval of the Enterprise Board of Directors. Contracts with third parties for use of the Enterprise water supplies outside of Colorado Water Division No. 6 or to facilitate uses outside of Water Division No. 6 (including for use outside of, or to facilitate use outside of, the District) require express approval, including pricing, by the Board of Directors.

- c. Conservancy District Programs. Several water conservancy districts are located within the District and have implemented, or plan to implement, water supply programs for the types of water use authorized by this Water Marketing Policy. In the interest of promoting maximum beneficial use of water within the District, it is appropriate to relate the Enterprise's water marketing program with the water supply programs and service areas of conservancy districts within the District in order to ensure the legal and financial integrity of all of those programs. The following principles are adopted in regard to such conservancy district water supply programs.
- i. The Enterprise recognizes the conservancy districts' first right to serve retail users within their service areas. The Enterprise may enter into contracts with that category of users within a conservancy district's service area which has an existing program to serve such users only if that conservancy district is unable or unwilling to provide service.
 - ii. Unless the Enterprise has entered into an agreement with a conservancy district by which that district will provide Enterprise supplies to wholesale users within a defined service area, the Enterprise may only enter into contracts with wholesale users which require a Water Supply Contract in excess of 50 acre-feet annually within any conservancy district's service area.
 - iii. The Enterprise may enter into contracts with the conservancy districts so that those districts can use Enterprise water in their water supply programs.
 - iv. The Enterprise will give notice to conservancy districts and other interested persons at such times when the Enterprise has entered into contracts which total approximately 50% and 75% of available Enterprise Yampa River Supply.
 - v. As a condition of the application of these principles regarding a specific conservancy district, such conservancy district's service area shall be defined by a map and explanatory information presented to the Enterprise by the conservancy district, which map and information are acceptable to the General Manager or to the Enterprise's Water Supply Projects Committee.

4. NATURE OF WATER SERVICE.

- a. Contract Form. The Enterprise shall provide water supply for agricultural and for municipal and industrial uses pursuant to contracts in the form attached hereto as Appendix A. That form of the Water Supply Contract shall be used for all Contract applications made on and after the date of the adoption of this Policy as revised, and that form also may be used for Contract applications which are in progress as of such date if the Contract applicant agrees. The Board reserves the authority to modify the substance of the Water Supply Contract on a case-by-case basis. The

General Manager and General Counsel may make non-substantive changes to the Contract on a case-by-case basis in order to tailor that Contract to specific situations.

- b. Type of Service. Service is “wholesale,” which means that the Enterprise will deliver water at the outlet of the Enterprise’s storage facilities into a stream system and that the user is responsible at the user’s sole cost for arranging and obtaining the legal use or credit.
- c. Primary Sources of Supply. As previously described in subparagraph 3.a. above, the Enterprise’s supply of water for the program described herein is anticipated to derive substantially from the following sources of supply:
 - i. Yampa River Supply. The Enterprise’s portion and share of the yield of Elkhead Reservoir, located on Elkhead Creek, a tributary of the Yampa River.
- d. Alternate Sources of Supply. The Enterprise may, in its discretion, provide water from alternate sources, provided that the releases from alternate facilities are suitable to physically meet the calling water right.

5. CONTRACTING PROCESS AND TERMS.

- a. Timing. As to particular sources of supply, the Enterprise shall not execute any contracts until that source has been legally acquired by the Enterprise and all needed permits satisfactory to the General Manager have been issued by appropriate agencies and received by the Enterprise. Pending legal acquisition of and the receipt of all permits for a particular source of supply, the Enterprise will process contract applications for such source but will defer contract execution.
- b. Applications and Fees.
 - i. Prospective Contractors shall make written application to the Enterprise on forms prepared by Enterprise staff and approved by the General Manager and General Counsel. Such completed application forms shall be accompanied by the Contractor’s non-reimbursable payment to the Enterprise of \$250.00 as the fee for the Enterprise’s processing of the application for approval, but, if the Contractor has filed a Water Court application without having executed a Water Supply Contract and the District has opposed that Application as provided in subsection 2.c. above, at the General Manager’s discretion the Contractor’s application fee shall be \$500.00.

- ii. The General Manager will impose a fee of \$250.00 for contract amendments and assignments. At the General Manager’s discretion, the assignment and/or amendment fee for clerical, non-technical changes for qualified non-profits (*i.e.*, 501(c)(3) type organizations) may be waived.

- c. Verification of Need. The application process shall include a description by the contract applicant of the nature of its water service, its places of use, its available water rights and supplies, and need for Contracted Water. The need of the contract applicant for program water in the quantity requested shall be verified by the General Manager, in consultation with the General Counsel as necessary. If the General Manager determines that all or any portion of a water contract request is not based upon legitimate need, the General Manager shall report that finding to the Enterprise Board, and the Board will allow the contract applicant to present written information in support of its claimed need. The Board’s decision on such matters shall be final.

- d. Consistency with Conservancy District Programs. The General Manager and General Counsel shall review all contract applications for consistency with the principles stated herein and in any separate agreements regarding water conservancy district water supply programs.

- e. Minimum and Maximum Quantities. The minimum amounts of water which may be contracted pursuant to this Policy shall be not less than 0.1 acre foot annually. The maximum amounts of water which may be contracted to each entity pursuant to this Policy shall be as set forth below unless otherwise approved by the Enterprise Board on a case-by-case basis.

Source	Maximum
Yampa River Supply	250 AF

- f. Project Year. The basis for calculating payment and delivery obligations shall be “Project Year” or multiples thereof, which shall be the period from July 1 in one year through June 30 in the succeeding year.

- g. Terms of Contracts. Three options are available for Contract terms.
 - Full Term: Contracts for five years to a maximum of 40 years from the date of execution of the Contract, with right to renew for a secondary term of 35 years, shall be considered full-term contracts.

 - Interim: Contracts for five (5) years or less from the date of execution of the Contract shall be considered interim-term contracts. Water for out-of-basin uses will be offered on an interim basis only.

 - In-Channel Use: Contracts shall be limited in duration to one (1) Project Year and any renewal will require the written approval of the River District.

- h. Pricing. The price for each type of water will be reviewed and set annually by the Enterprise's Board of Directors (which decision normally will be made prior to March 1 each year). Any annual increase in the contract price shall not exceed the then-current published Consumer Price Index (CPI) plus New Growth Index (NGI). The approved pricing for the current Project Year is as follows:

SUPPLY PRICING	
Yampa River: M&I	\$191.25 AF/year
Yampa River: Agricultural (full-term: 5-40 years)	\$191.25 AF/year
Yampa River: Agricultural (interim: 1-5 years)	\$32.00 AF/year
Yampa River: In-Channel Use (1-year only)	\$32.00 AF/year

- i. Minimum Charges. The charge for water will be based upon the amount contracted times the applicable price, except that the minimum annual billing for any type of Supply shall be \$50.00, which amount shall escalate in the same manner as provided in subparagraph h. above.
- j. Payment after Renewal. If after the expiration of the initial 40-year term of the Contract, Contractor shall have the right to renew this Contract for the same Contracted Water amount for a secondary term of thirty-five (35) years, upon such terms and conditions as the River District is offering at that time, provided that the River District is offering up the full amount of Contracted Water for lease. In the event that the River District, on a non-discriminatory basis, decides not to offer up the full amount of the Contracted Water for lease, Contractor shall have the right to renew for a secondary term of thirty-five (35) years such lesser portion of the Contracted Water as may be offered by the River District.
- k. Assessments. Contractor shall pay any special assessment levied by the River District on Contractor to recoup expenses from extraordinary maintenance incurred by the River District or assessed upon the River District by its third party suppliers.
- l. Contract Execution. The applicant(s) for a Water Supply Contract shall have sixty (60) days after mailing or electronically transmitting the final Contract document to them in which to execute the final Contract and deliver the executed originals to the District's offices. If such execution and delivery are not accomplished in that time, the applicant shall be deemed to have rejected the District's offer to contract.
- m. Limitation on Disposition. Contractors may not sublet, sell, donate, loan or otherwise dispose of any of its rights to a Contract or Contracted Water without prior written notice to, and the written approval of, the Enterprise. The Enterprise will approve such disposition in all instances in which a permanent transfer of the Contract is to be made to a successor in interest of Contractor by reason of the transfer of the title or other legal right to use the property served by the Contracted

Water, or where the transfer is made to an entity such as a homeowners' association or special district created to serve the property originally represented to the Enterprise to be served with the Contracted Water. Any disposition of a Contractor's rights to a Contract or Contracted Water must be by written instrument signed by the Enterprise. An example of a Contract Assignment form is attached hereto as Appendix B. As provided in subparagraph 5.b.ii. above, a \$250.00 fee will be imposed for each contract assignment.

- n. Pricing upon Assignment. Assignment of a Contract will be subject to review and approval by the Enterprise, along with the then-current pricing and policy in effect at the time of the assignment.
6. SHORTAGE CRITERIA. Water shortages among the Enterprise's Contractors shall be apportioned in the following sequence:
 - a. Non-firm contracts, when and if authorized by the Board, are pro-rata shorted up to 100%
 - b. One-year and out-of-basin contracts are then pro-rata shorted up to 100%.
 - c. Interim agricultural contracts for two to five years are then pro-rata shorted up to 100%.
 - d. Interim M&I contracts for two to five years are then pro-rata shorted up to 100%.
 - e. All remaining contracts then are shorted as necessary on a pro-rata basis.
 7. DELIVERY CONTINGENCIES. There are several assumptions upon which the Enterprise's ability to deliver water pursuant to this Water Marketing Policy are contingent.
 - a. Terms and conditions of applicable Water Court decrees for the sources of supply.
 - b. Terms and conditions of permits for all of said sources of supply and their related facilities.
 - c. The River District's and Enterprise's authorities pursuant to the River District Organic Act, C.R.S. §37-46-101, *et seq.*, and other applicable Colorado Constitutional and statutory provisions, including the Water Activity Enterprise Act, C.R.S. § 37-45.1-101, *et seq.*
 - d. Terms and conditions of any substitute supply plans and plans for augmentation or exchange regarding Contractors' use of the sources of supply.

**WATER MARKETING POLICY OF THE
COLORADO RIVER WATER CONSERVATION DISTRICT'S
COLORADO RIVER WATER PROJECTS ENTERPRISE**

January 15, 2019

All Prior Versions Superseded

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1. PURPOSE OF MARKETING PROGRAM. The Colorado River Water Conservation District's ("District") Colorado River Water Projects Enterprise ("Enterprise") is authorized and directed to provide for the beneficial use of water available for use from the Enterprise's storage capacity in Wolford Mountain Reservoir and other sources of supply such as Eagle Park Reservoir. The Enterprise's Board of Directors has approved the marketing of such water and other Enterprise water supplies as may be used to complement the use of such Reservoirs' water supplies through a contracting program described herein.
 2. AUTHORITIES UNDER PROGRAM.
 - a. The General Manager is delegated the authority of the Board to implement and administer this Policy and the water supply contracts and assignments made pursuant to this Policy subject to the several specific reservations of Board authority stated herein. The General Counsel shall assist in the negotiation and drafting of the Water Supply Contracts.
 - b. The General Manager is authorized by the Board to execute the Water Supply Contracts made pursuant to this Policy on behalf of the Enterprise without further Board action.
 - c. The General Counsel is directed and authorized to oppose Water Court applications which propose use of the Enterprise's water supplies without the existence of a current Water Supply Contract or otherwise at variance with this Policy.
 3. SOURCES AND SCOPE OF MARKETING PROGRAM.
 - a. Sources.
 - i. "Colorado River Supply". Water delivered from Wolford Mountain Reservoir, for which storage water right decrees were obtained by the River District in Cases No. 87CW283, 95CW281, and 98CW237, District Court for Colorado Water Division No. 5, and for which additional storage water right decrees may be obtained in the future by the River District, water available from the River District's contractual right to water deliveries from Ruedi Reservoir, and other water sources available to the Enterprise for use in its Water Marketing Program.
 - ii. "Eagle River Supply". Water delivered from Eagle Park Reservoir or Homestake Reservoir and other supplies available to the River District as a shareholder in the Eagle Park Reservoir Company.
 - b. Volumetric.
 - i. Colorado River Supply. Based upon the program's "Hydrology Assumptions," attached as Appendix "A" to the Policy, up to but not more than 8,100 acre feet of Wolford Mountain Reservoir water per Project Year shall be available for contracted delivery by the Enterprise. The entirety of the amount of water contracted by the Enterprise from the U. S. Bureau of Reclamation for delivery from Ruedi Reservoir shall be available for delivery by the Enterprise as a component of this supply.
 - ii. Eagle River Supply. Based on the availability of 432 acre feet of average annual yield from Eagle River sources, not more than 432 acre feet of Eagle River sources water per Project Year shall be available for contracted delivery by the Enterprise.

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- c. Geographic. The Enterprise may enter into contracts with third parties for use of Enterprise water supplies directly, or by exchange or augmentation, within Colorado Water Division No. 5, subject to site-specific determination by the District's General Manager and General Counsel of the legal and physical feasibility of such use and subject to the principles stated herein. The Enterprise will not contract to provide a water supply to any parcel of land that was previously served with water rights that were conveyed out of Water Division No. 5, absent express approval of the Enterprise Board of Directors. Contracts with third parties for use of the Enterprise water supplies outside of Colorado Water Division No. 5 or to facilitate uses outside of Water Division No. 5 (including any use outside of, or to facilitate use outside of, the District) require express approval, including pricing, by the Board of Directors.
- d. Conservancy District Programs. Several water conservancy districts are located within the District. The Basalt Water Conservancy District, Middle Park Water Conservancy District, and West Divide Water Conservancy District have implemented or plan to implement water supply programs for the types of water use authorized by this Water Marketing Policy. In the interest of promoting maximum beneficial use of water within the District, it is appropriate to relate the Enterprise's water marketing program with the water supply programs and service areas of conservancy districts within the District in order to ensure the legal and financial integrity of all of those programs. The following principles are adopted in regard to such conservancy district water supply programs.
- i. The Enterprise recognizes the conservancy districts' first right to serve retail users within their service areas. The Enterprise may enter into contracts with that category of users within a conservancy district's service area which has an existing program to serve such users only if that conservancy district is unable or unwilling to provide service.
 - ii. Unless the Enterprise has entered into an agreement with a conservancy district by which that district will provide Enterprise supplies to wholesale users within a defined service area, the Enterprise may only enter into contracts with wholesale users which require a Water Supply Contract in excess of 50 acre feet annually within any conservancy district's service area.
 - iii. The Enterprise may enter into contracts with the conservancy districts so that those districts can use Enterprise water in their water supply programs.
 - iv. The Enterprise will give notice to conservancy districts and other interested persons at such times when the Enterprise has entered into contracts which total approximately 50% and 75% of available Enterprise Colorado River Supply.
 - v. As a condition of the application of these principles regarding a specific conservancy district, such conservancy district's service area shall be defined by a map and explanatory information presented to the Enterprise by the conservancy district, which map and information are acceptable to the General Manager or to the Enterprise's Water Supply Projects Committee.

4. NATURE OF WATER SERVICE.

- a. Contract Form. The Enterprise shall provide water supply for agricultural and for municipal and industrial uses pursuant to contracts in the form attached hereto as Appendix "B". That form of the Water Supply Contract shall be used for all Contract applications made on and after the date of the adoption of this Policy as revised, and that form also may be used for Contract applications which are in progress as of such date if the Contract applicant

agrees. The Board reserves the authority to modify the substance of the Water Supply Contract on a case-by-case basis. The General Manager and General Counsel may make non-substantive changes to the Contract on a case-by-case basis in order to tailor that Contract to specific situations.

- b. Type of Service. Service is “wholesale,” which means that the Enterprise will deliver water at the outlet of the Enterprise’s storage facilities into a stream system and that the user is responsible at the user’s sole cost for arranging and obtaining the legal use or credit.
- c. Primary Sources of Supply. As previously described in subparagraph 3.a. above, the Enterprise’s supply of water for the program described herein is anticipated to derive substantially from the following sources of supply:
 - i. Colorado River Supply. The Enterprise’s portion and share of the yield of Wolford Mountain Reservoir, located on Muddy Creek, a tributary of the Colorado River; and the Enterprise’s yield from Ruedi Reservoir, located on the Fryingpan River, a tributary of the Roaring Fork River/Colorado River system, pursuant to existing and anticipated future contracts between the Enterprise and the U.S. Bureau of Reclamation. The Enterprise’s Ruedi Reservoir supply is operationally bundled with its Wolford Mountain Reservoir supply, and the Water Supply Contract allows the Enterprise to deliver Colorado River Supply from either Wolford Mountain Reservoir or Ruedi Reservoir if suitable to physically meet the Contractor’s needs or the calling right. Contractors are therefore advised to include both Wolford Mountain Reservoir and Ruedi Reservoir in any augmentation, exchange, and/or temporary substitute supply plan(s) that rely on the Enterprise’s Colorado River Supply. Contractors have the option of identifying and contracting for a sole source of supply, either Wolford Mountain Reservoir or Ruedi Reservoir, “Identified Source of Supply Contracts” are limited as set forth in 5.e below and subject to the stated pricing in 5.h.
 - ii. Eagle River Supply. The Enterprise’s yield from Eagle Park Reservoir, located in the headwaters of the Eagle River, as a Class A shareholder in the Eagle Park Reservoir Company; the Enterprise’s yield from Homestake Reservoir, located on Homestake Creek, a tributary of the Eagle River, as a Class B shareholder in the Eagle Park Reservoir Company; and from other classes of stock that the Enterprise may acquire in the Eagle Park Reservoir Company. The Water Supply Contract allows the Enterprise’s Colorado River Supply to be substituted for Eagle River Supply to satisfy calls by senior water rights downstream of the confluence of the Eagle and Colorado Rivers. Applicants are therefore advised to include the Enterprise’s Colorado River Supply in any augmentation, exchange, and/or temporary substitute supply plan(s) that rely on the Enterprise’s Eagle River Supply.
- d. Alternate Sources of Supply. The Enterprise may, in its discretion, provide water from alternate sources, provided that the releases from alternate facilities are suitable to physically meet the calling water right.

5. CONTRACTING PROCESS AND TERMS.

- a. Timing. As to particular sources of supply, the Enterprise shall not execute any contracts until that source has been legally acquired by the Enterprise and all needed permits satisfactory to the General Manager have been issued by appropriate agencies and received by the Enterprise. Pending legal acquisition of and the receipt of all permits for a particular source of supply, the Enterprise will process contract applications for such source

but will defer contract execution.

- b. Applications and Fees.
 - i. Prospective Contractors shall make written application to the Enterprise on forms prepared by Enterprise staff and approved by the General Manager and General Counsel. Such completed application forms shall be accompanied by the Contractor's non-reimbursable payment to the Enterprise of \$400 as the fee for the Enterprise's processing of the application for approval, but, if the Contractor has filed a Water Court application without having executed a Water Supply Contract and the District has opposed that Application as provided in subsection 2.c. above, at the General Manager's discretion the Contractor's application fee shall be \$800.
 - ii. The General Manager will impose a fee of \$400 for contract amendments and assignments. At the General Manager's discretion, the assignment and/or amendment fee for clerical, non-technical changes for qualified non-profits (*i.e.*, 501(c)(3) type organizations) may be waived.
- c. Verification of Need. The application process shall include a description by the contract applicant of the nature of its water service, its places of use, its available water rights and supplies, and need for Contracted Water. The need of the contract applicant for program water in the quantity requested shall be verified by the General Manager, in consultation with the General Counsel as necessary. If the General Manager determines that all or any portion of a water contract request is not based upon legitimate need, the General Manager shall report that finding to the Enterprise Board, and the Board will allow the contract applicant to present written information in support of its claimed need. The Board's decision on such matters shall be final.
- d. Consistency with Conservancy District Programs. The General Manager and General Counsel shall review all contract applications for consistency with the principles stated herein and in any separate agreements regarding water conservancy district water supply programs.
- e. Minimum and Maximum Quantities. The minimum amounts of water which may be contracted pursuant to this Policy shall be not less than 0.1 acre foot annually. The maximum amounts of water which may be contracted to each entity pursuant to this Policy shall be as set forth below unless otherwise approved by the Enterprise Board on a case-by-case basis. A municipality may accumulate greater than 20 acre feet of Eagle River Supply if it requires as a condition of annexation the conveyance of an existing water supply contract for Eagle River Supply to serve the annexed parcel. Contracts shall be rounded off in one-tenth acre foot units.

Source	Maximum
Colorado River Supply	1,000 AF
Eagle River Supply	20 AF
Identified Source of Supply	10 AF*

* Identified Source of Supply Contracts are limited to an overall cumulative amount of 100 AF.

- f. Project Year. The basis for calculating payment and delivery obligations shall be "Project Year" or multiples thereof, which shall be the period from July in one year through June in the succeeding year.

- g. Terms of Contracts. Three options are available for Contract terms.
- Full Term: Contracts for five years to a maximum of 40 years from the date of execution of the Contract, with right to renew for a secondary term of 35 years, shall be considered full-term contracts.
 - Interim: Contracts for five (5) years or less from the date of execution of the Contract shall be considered interim-term contracts. Water for out-of-basin uses will be offered on an interim basis only.
 - In-Channel Use: In-Channel Use Contracts shall be limited in duration to one (1) Project Year and any renewal will require the written approval of the River District.
- h. Pricing. The price for each type of water will be reviewed and set annually by the Enterprise's Board of Directors (which decision normally will be made prior to March 1 each year). Any annual increase in the contract price shall not exceed the then-current published Consumer Price Index (CPI) plus New Growth Index (NGI). The approved pricing for the current Project Year is as follows:

SUPPLY PRICING	
Blue River Water (only year-to-year contracts available at this time)**	\$1,122.25 per AF/year
Colorado River <i>above</i> the Roaring Fork Confluence: M&I	\$373.50 per AF/year
Colorado River <i>above</i> the Roaring Fork Confluence: Agricultural	\$148.75 per AF/year
Colorado River <i>below</i> the Roaring Fork Confluence: M&I	\$194.25 per AF/year
Colorado River <i>below</i> the Roaring Fork Confluence: Agricultural	\$45.00 per AF/year
Identified Source of Supply <i>above</i> the Roaring Fork Confluence (Wolford): M&I	\$560.50 per AF/year
Identified Source of Supply <i>above</i> the Roaring Fork Confluence (Wolford): Agricultural	\$222.75 per AF/year
Identified Source of Supply <i>below</i> the Roaring Fork Confluence (Ruedi): M&I	\$291.50 per AF/year
Identified Source of Supply <i>below</i> the Roaring Fork Confluence (Ruedi): Agricultural	\$67.25 per AF/year
Eagle River Water: M&I	\$1,496.00 per AF/year
Eagle River Water: Agricultural	\$448.00 per AF/year
In-Channel – Identified Source: Wolford	\$222.75 per AF/year
In-Channel – Identified Source: Ruedi	\$67.25 per AF/year

**Please contact the River District at (970) 945-8522 regarding availability.

- i. Minimum Charges. The charge for water will be based upon the amount contracted times the applicable price, except that the minimum annual billing for any type of Supply shall be \$50.00, which amount shall escalate in the same manner as provided in subparagraph h. above.
- j. Payment after Renewal. If after the expiration of the initial 40-year term of the Contract, Contractor shall have the right to renew this Contract for the same Contracted Water amount for a secondary term of thirty-five (35) years, upon such terms and conditions as the River District is offering at that time, provided that the River District is offering up the full amount of Contracted Water for lease. In the event that the River District, on a non-discriminatory basis, decides not to offer up the full amount of the Contracted Water for lease, Contractor shall have the right to renew for a secondary term of thirty-five (35) years such lesser portion of the Contracted Water as may be offered by the River District.

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- k. Assessments. Contractor shall pay any special assessment levied by the River District on Contractor to recoup expenses from extraordinary maintenance incurred by the River District or assessed upon the River District by its third party suppliers.
 - l. Contract Execution. The applicant(s) for a Water Supply Contract shall have sixty (60) days after mailing or electronically transmitting the final Contract document to them in which to execute the final Contract and deliver the executed originals to the District's offices. If such execution and delivery are not accomplished in that time, the applicant shall be deemed to have rejected the District's offer to contract.
 - m. Limitation on Disposition. Contractors may not sublet, sell, donate, loan or otherwise dispose of any of its rights to a Contract or Contracted Water without prior written notice to, and the written approval of, the Enterprise. The Enterprise will approve such disposition in all instances in which a permanent transfer of the Contract is to be made to a successor in interest of Contractor by reason of the transfer of the title or other legal right to use the property served by the Contracted Water, or where the transfer is made to an entity such as a homeowners' association or special district created to serve the property originally represented to the Enterprise to be served with the Contracted Water. Any disposition of a Contractor's rights to a Contract or Contracted Water must be by written instrument signed by the Enterprise. An example of a Contract Assignment form is attached hereto as Appendix "C." As provided in subparagraph 5.b.ii. above, a \$400 fee will be imposed for each contract assignment.
 - n. Pricing upon Assignment. Assignment of a Contract, which Contract was executed prior to April 20, 2006, subjects the price of the Contracted Water to change depending on the specific facts of the assignment. The fixed price component of such contracts will not change when the assignment is made to an entity that will continue to serve the property originally represented to the Enterprise to be served with the Contracted Water (the variable component will continue to be subject to change pursuant to the terms of the Contract). All other types of assignments of a Contract executed prior to April 20, 2006, are subject to change in price at the then-current price set by the Enterprise. Any assignment of a Contract, which Contract was executed on or after April 20, 2006, is subject to change in price at the then-current price set by the Enterprise.
6. SHORTAGE CRITERIA. Water shortages among the Enterprise's Contractors shall be apportioned in the following sequence:
 - a. Non-firm contracts, when and if authorized by the Board, are pro-rata shorted up to 100%.
 - b. One-year and out-of-basin contracts are then pro-rata shorted up to 100%.
 - c. Interim agricultural contracts for two to five years are then pro-rata shorted up to 100%.
 - d. Interim M&I contracts for two to five years are then pro-rata shorted up to 100%.
 - e. All remaining contracts then are shorted as necessary on a pro-rata basis.
 7. DELIVERY CONTINGENCIES. There are several assumptions upon which the Enterprise's ability to deliver water pursuant to this Water Marketing Policy are contingent.
 - a. Terms and conditions of applicable Water Court decrees for the sources of supply.
 - b. Terms and conditions of permits for all of said sources of supply and their related facilities.
 - c. The River District's and Enterprise's authorities pursuant to the River District Organic Act, C.R.S. §37-46-101, *et seq.*, and other applicable Colorado Constitutional and statutory provisions, including the Water Activity Enterprise Act, C.R.S. § 37-45.1-101, *et seq.*
 - d. Terms and conditions of any substitute supply plans and plans for augmentation or exchange regarding Contractors' use of the sources of supply.

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8. HYDROLOGY ASSUMPTIONS. The Enterprise has based its marketable yield for firm contracts on providing full delivery in a simulated 2001-2006 critical period. The Enterprise retains the authority to increase the marketable yield, provided it does not result in shortage to firm contracts in the simulated 2001-2006 critical period using the same hydrologic assumptions.

Andy Rossi

From: Jon Snyder <jsnyder@steamboatsprings.net>
Sent: Tuesday, April 28, 2020 1:52 PM
To: Kevin McBride
Cc: Kelly Romero-Heaney; jbock@steamboat.net; Andy Rossi; Bob Weiss; Holly Kirkpatrick; Jason Lacy; Sonja Macys; Michelle Carr; Gary Suiter
Subject: RE: Stagecoach Cost information

Kevin,

Thank you for sending over the 2018 actuals, the reserves memo, and the list of 2020 purchasers. This information enables us to follow the arithmetic used in arriving at the +/- \$68/AF cost. We will continue to work through these numbers on our end to see if we agree with the background assumptions and policies used to arrive at that number. What continues to be missing though, and what we've repeatedly asked for, is the backup documentation that allows us to follow the arithmetic to the \$124/AF cost. The City remains perplexed about the District's hesitancy to share this information with us. Undoubtedly it is related to a to-be-defined firming project, and if that project continues to be Morrison Creek Reservoir, then it bears repeating that the City does not support Morrison Creek Reservoir as proposed and will not be a part of participating in it financially. We saw staff's presentation on it two years ago, so another staff presentation on the need for Morrison Creek Reservoir is not necessary at this time.

Upper Yampa's negotiating team led the City to believe that there would be further negotiations on price and term. The City looks forward to these negotiations, and by this email we are requesting those negotiations continue at the first available in-person board meeting. Due to the nature of these negotiations, we do not wish to hold them via remote videoconference, and we would prefer to wait until public health orders allow for in-person meetings again. Please pencil us in for that first available in-person meeting, and in the meantime, please send us the backup documentation that supports the arithmetic behind the \$124/AF price.

Sincerely,

Jon Snyder, PE
Public Works Director
City of Steamboat Springs

From: Kevin McBride [mailto:kmcbride@upperyampawater.com]
Sent: Friday, April 24, 2020 11:12 AM
To: Jon Snyder <jsnyder@steamboatsprings.net>
Cc: Kelly Romero-Heaney <kromeroheaney@steamboatsprings.net>; jbock@steamboat.net; Andy Rossi <arossi@upperyampawater.com>; Bob Weiss <bweiss@wvsc.com>; Holly Kirkpatrick <HKirkpatrick@upperyampawater.com>
Subject: Stagecoach Cost information

John-

I hope this email finds you well.

Per our discussion on Monday we have put together some specific information for your review, this is all work product, not a report. This information is pertinent to the City's existing contract with the District. As you know the primary 30-year term of the City's Water Allotment Contract with the Upper Yampa for 552 acre feet annually from Stagecoach Reservoir ended on July 15, 2019. After the primary term, the price is determined annually under paragraph 4.3 of the contract which states the price will be based on the costs the District

expects to incur during the extended term *for the operation, repair, renovation and maintenance of Stagecoach Reservoir (including replacement costs) as computed pursuant to standard accounting procedures.* We have previously notified the City that the District will continue to charge the City the primary term price of \$35/AF for 2020 and 2021. In 2022 the District intends to commence billing the City the extended term pricing based on the District's 2022 budget adopted in the fall of 2021.

However, for illustrative purposes we have calculated the price for Stagecoach water utilizing the extended term formula based on the District's 2018 audited financials. This results in a price of \$68.73/AF. Our spreadsheets supporting this calculation are attached. This price does not include the capital cost of a future firming project for Stagecoach Reservoir. We would be glad to meet with you at your convenience, over video conference, to discuss and answer any questions you may have. Upper Yampa staff, including myself, would plan to attend this meeting which we would expect to be for purposes of explanation, not negotiation. Obviously, this is just a snapshot of 2018 and the annual prices starting in 2022 could be more or less than this amount.

You also asked for a summary of the pricing from both Stagecoach and Yamcolo Reservoirs. I have attached a summary of current contracts.

Regarding the City's interest in purchasing new Stagecoach water, the Board has established a price of \$124.42AF for new Stagecoach contracts. With regard to the City's interest in purchasing new Stagecoach water the Board has established a price of \$124.42AF for new Stagecoach contracts to be adjusted annually by CPI, with a right of first offer and a term ending in the year 2041. Of course, there is an open invitation for you to speak to the Board at that time and we can, subject to availability of our negotiators, set up a negotiations meeting prior to that May 21 Board meeting. Please feel free to call with any questions, cell 970-420-1659, or leave a message at the office number if you prefer.

Regards,
Kevin

Kevin McBride, P.E.
General Manager
Upper YampaWater Conservancy District
970-871-1035
POB 775529
Steamboat Springs, CO 80477

STAGECOACH PRICING, BASED ON 2018 AUDITED ACTUALS AND 15,000 AF OF WATER

<i>Cost Components</i>	\$\$	\$\$/AF
Operating expenses - direct	451,264	30.08
Operating expenses -indirect	267,543	17.84
<i>Operating Expenses</i>	718,806.52	47.92
Capital - depreciation	100,645	6.71
Capital non-emergency LT maintenance	72,189	4.81
Capital - emergency repair & replacement	139,340	9.29
<i>Capital</i>	312,174	20.81
<i>Cost, without firming project</i>	1,030,980	68.73

INDIRECT EXPENSES

INDIRECT EXPENSES	DISTRICT TOTAL	% ALLOCATED TO STAGECOACH	STAGECOACH TOTAL
ADMINISTRATION	139,144	38.00%	52,875
BOARD OF DIRECTORS	65,006	38.00%	24,702
EXTERNAL AFFAIRS	58,016	38.00%	22,046
FINANCE	99,340	38.00%	37,749
LEGALS	166,889	38.00%	63,418
PLANNING	136,625	38.00%	51,918
GRANTS,SCHOLARSHIPS,PUBLIC INFO	39,038	38.00%	14,835
INDIRECT OPERATING EXPENSES			267,543

Stagecoach Reservoir
2018 Depreciation

Account	Date	Description	Life	Cost	2018
1503.01	8/21/18	Concrete Repairs	30	19,500.00	216.67
1507	11/1/89	Hydroelectric buidling	30	519,811.26	17,327.04
	11/1/89	Hydroelectric equipment	20	1,570,197.02	0.00
1506.02	05/30/13	Fence	20	1,254.83	62.74
1506.01	12/31/14	Shed construction	30	284,494.84	9,483.16
1506.01	07/31/15	Shed construction	30	3,793.75	126.46
1507	12/31/13	Electronic Updates	20	166,378.05	8,318.90
1507	06/30/14	Electronic Updates	20	16,827.50	841.38
1507	03/30/15	Electronic Updates	20	3,330.00	166.50
1507.04	08/01/16	Transfer Trip Circuit Replacement	30	54,558.65	1,818.62
1507.05	12/15/16	Turbine Parts Replacement	30	77,623.23	2,587.44
1507.04	01/01/17	Turbine Parts Replacement	30	3,785.88	126.20
1507.07	06/22/17	Inverter Replacement - Pwr	30	3,827.86	127.60
1507p	12/15/17	SC Hydroplant & Equipment - Pwr	30	15,742.65	524.76
1507w	09/25/19	SC Hydroplant & Equipment - Wtr	30	3,695.46	123.18
1508	June 2001	Park land and improvements: Trail Construction: Beac	30	20,776.50	692.55
1509	1989 to 1993	Park bldg and improvements:		1,273,473.92	37,857.73
1510.13	8/30/11	Temperature Sensor String Installation-Timberline	15	21,343.00	1,422.87
1510.14	12/21/17	Stagecoach Repairs - Erosion Control	30	38,883.22	1,296.11
1513	6/29/16	Stem guide replacement	30	107,790.00	3,593.00
1513w	10/31/18	Stem guide replacement	30	3,966.50	22.04
1513p	10/31/18	Stem guide replacement	30	3,966.50	22.04
1670	9/30/10	Scada System	15	48,299.75	3,219.98
1671	2014 & 2015	Vehicles	7	40,896.15	5,842.31
1511p	2/15/17	2018 Chevy Colorado	5	12,065.00	2,413.00
1511w	2/15/17	2018 Chevy Colorado	5	12,065.00	2,413.00
Total depreciation, items up to end 2018					100,645.27

STAGECOACH CAPITAL COST ANALYSIS, NON-EMERGENCY & EMERGENCY COSTS

STAGECOACH DAM and POWERHOUSE ESTIMATED 30-YEAR NON-EMERGENCY CAPITAL COSTS

Water Storage Components	Estimated 30-YR Cost (\$,2017)
Intake Tower and Gate Assemblies	\$530,000
Foundation and Body Drains	\$60,000
Jet-Flow Valve	\$48,000
Penstock	\$48,000
Spillway	\$30,000
Dam Body Structure	\$60,000
Dam Crest Slab	\$50,000
Kelly Crack	\$40,000
Powerhouse, Coutyard Structural	\$50,000
Augment emergency power capacity	\$50,000
PLC Replacement	\$100,000
Rock Fall Hazard	\$22,500
Subtotal	\$1,088,500
Vehicle (25% Cost, New every 10 yr)	\$22,898
Total Estimated Water Sotrage 30-YR Cost (\$, 2017)	\$1,111,398
Hydro-Power Production Components	Estimated 30-YR Cost (\$,2017)
Turbine	\$750,000
Spiral Case	\$15,000
Draft Tube	\$15,000
Generator	\$30,000
Transformers and Main Breaker	\$80,000
TSV/Butterfly Valve	\$48,000
Subtotal	\$938,000
Vehicle (25% Cost, New every 10 yr)	\$22,898
Total Estimated Hydro-Power Generation 30-YR Cost (\$, 2017)	\$960,898

\$2,072,297

STAGECOACH DAM EMERGENCY REPAIR and REPLACEMENT

Engineer's Cost Estimate of Emergency Repair and/or Replacement of Facility Components	Estimated 30-YR Cost (\$,2017)
Water Storage Components	\$30,000,000
Hydro-Power Production Components	\$10,000,000

\$40,000,000

<i>Stagecoach Reservoir Capital Reserves</i>	<i>Cost assessment (\$, 2017)</i>	<i>Inflation</i>	<i>Cost assessment (\$, 2019)</i>	<i>Reserve Rate (%)</i>	<i>Reserves (\$, 2019)</i>	<i>SPREAD (YEARS)</i>	<i>Cost, 1 year (\$, 2019)</i>
Non emergency Capital Maintenance, 30-YR Cost	\$ 2,072,297	4.51%	\$ 2,165,655	100%	\$ 2,165,655	30	\$72,189
Emergency Large-Scale Repair Replacement	\$ 40,000,000	4.51%	\$ 41,802,026	10%	\$ 4,180,203	30	\$139,340



MEMORANDUM

TO: Upper Yampa Water Conservancy Board of Directors

FROM: Andy Rossi, District Engineer
Kevin McBride, General Manager
Karina Craig, Office Manager

DATE: 11/15/19

RE: Stagecoach Dam and Hydro-Electric Facility, Yamcolo Dam, and Stillwater Ditch Equipment Replacement Costs, Long-Term Maintenance Costs, Recommended Reserves.

The Upper Yampa Water Conservancy District (UYWCD) has a stated goal of ensuring that the UYWCD infrastructure is safe and maintained, or improved as needed, to serve the needs of the UYWCD. To ensure that sufficient funds are maintained to achieve this goal, the UYWCD staff was asked to analyze the UYWCD facilities to determine recommended Emergency Reserves and Capital Maintenance Reserves for each UYWCD facility. The methodology used to determine these reserves is presented in this memorandum. The limitations of the methodologies described herein are noted.

Emergency Reserves

The Emergency Reserves for the UYWCD facilities were derived from a calculation of Emergency Repair Replacement costs for Stagecoach Dam, Yamcolo Dam, and the Stillwater Ditch. For the purposes of this analysis, The Emergency Repair Replacement cost is defined as the sum (\$) required to cover the cost of repair and/or rebuilding (complete or partial) of the UYWCD facilities in the event of a catastrophic failure of the facilities considered. The failure modes considered for each facility were determined to be of a level to render the individual facility inoperable. For Stagecoach Dam, the failure modes considered would require the complete rebuild of the dam structure and powerhouse. For Yamcolo Dam and the Stillwater Ditch, the failure modes considered would require partial, but significant rebuilds of the facilities structures. The Emergency Replacement Repair cost components calculated for the UYWCD facilities do not include cost related to the interruption of services provided by each facility. The Emergency Repair Replacement cost component only includes the costs of the physical



rehabilitation of each facility. A summary of the Emergency Repair Replacement cost component for each facility is presented below.

Stagecoach Dam

The Emergency Repair Replacement cost estimate for Stagecoach Dam was developed in 2017 based on a consulting engineering team's review of the following materials:

- Plans and Specifications for Stagecoach Dam and Hydro-electric facility.
- Original Construction and Procurement Cost Documents.
- Engineer's knowledge of current replacement costs for equipment to be considered in the analysis and modern repair practices.
- Design documents, studies, and analyses associated with the original construction of Stagecoach Dam and the 2010 Stagecoach Spillway Raise Project.
- Current condition of Stagecoach facility as observed during site visits.

The Emergency Repair Replacement cost estimates for Stagecoach Dam considered both an engineer's best estimate of the cost for the replacement of individual equipment and components at Stagecoach Dam as well as the estimated cost of complete dam and hydro-power facilities replacement.

The estimated cost of complete dam and hydro-power facilities replacement was determined to be the most conservative cost component for the Emergency Repair Replacement for Stagecoach Dam. The summary composite replacement and repair costs for Stagecoach Dam are included with this memorandum. The Emergency Repair Replacement cost estimate for Stagecoach Dam was calculated in 2017 dollars and is presented in Table 1.

Yamcolo Dam

The Emergency Repair Replacement cost estimate for Yamcolo Dam was developed in 2010 based on the UYWCD staff's review of the following materials:

- Plans and Specifications for Yamcolo.
- Original Construction and Procurement Cost Documents.
- Engineer's knowledge of current replacement costs for facilities components and modern repair practices.
- Current condition of Yamcolo facility as observed during site visits.

The Emergency Repair Replacement cost estimate for Yamcolo Dam considered an engineer's best estimate of the cost for the full excavation of the Yamcolo Dam outlet works. This 2010 cost estimate does not include repair costs associated with the failure of the outlet works mechanical systems. The 2010 analysis would need to be updated to include such costs. The summary composite replacement and repair costs for Yamcolo Dam are included with this memorandum as the *Earthwork Volume Calculation and*



Engineer's Cost Estimate of Materials Repair Required for the Full Excavation of the Yamcolo Dam Outlet Works (2010). The Emergency Repair Replacement cost estimate for Yamcolo Dam was calculated in 2010 dollars and is presented in Table 1.

Stillwater Ditch

The Emergency Repair Replacement cost estimate for Stillwater Ditch was developed in 2017 based on the UYWCD staff's review of the following materials:

- Plans and Specifications for Stillwater Ditch.
- Original Construction and Procurement Cost Documents.
- Engineer's knowledge of current replacement costs for facilities components and modern repair practices.
- Current condition of Stillwater Ditch as observed during site visits.

The Emergency Repair Replacement cost estimate for Stillwater Ditch considered an engineer's best estimate of the cost for the repair of the water conveyance components of the ditch in the event of high flow or flooding conditions. The Emergency Repair Replacement cost estimate for Stillwater Ditch was calculated in 1988 dollars and is included in Table 1

The determination of the recommended Emergency Reserves based on the Emergency Repair Replacement costs for the UYWCD facilities is described below in the Recommended Reserves section of this memorandum.

Capital Maintenance Reserves

The Capital Maintenance Reserves for the UYWCD facilities were derived from calculations of the estimated 30-year capital maintenance costs for Stagecoach Dam, Yamcolo Dam, and the Stillwater Ditch. Both the total 30-year capital maintenance cost as well as the single year highest cost maintenance items for each facility were considered. The Stagecoach 30-year capital maintenance costs were calculated in 2017 by the same team of consulting engineers that determined the Emergency Repair Replacement costs for Stagecoach Dam. The 30-year capital maintenance costs for Yamcolo Dam and the Stillwater Ditch were calculated in 2017 by the UYWCD staff with the same methodologies used for the analogous Stagecoach Dam calculations. The capital maintenance cost components calculated for the UYWCD facilities do not include cost related to the interruption of services provided by each facility. In addition, no present value adjustments were made to the 30-year Capital Maintenance cost estimates. All the composite 30-year capital maintenance cost components were calculated in 2017 dollars and are include in Table 1.

The 30-Year Capital Maintenance plan recommendations and associated costs for each UYWCD facility are included with this memorandum.



The determination of the recommended Capital Maintenance Reserves for the UYWCD facilities is described below in the Recommended Reserves section of this memorandum.

Price Index Adjustment of Cost Components

The cost components for the recommended reserves for the UYWCD facilities were originally calculated in dollar amounts referenced to different years. Therefore, an index adjustment was applied to all cost components to normalize the amounts to 2019 dollars. The Consumer Price Index for All Urban Consumers (CPI-U), All Items in Denver-Aurora-Lakewood, Colorado, Half-1 was used for this adjustment. The CPI-U values used are:

CPI-U 1988 = 112.800
CPI-U 2010 = 210.978
CPI-U 2017 = 252.760
CPI-U 2019 = 264.147

The cost component amounts normalized to 2019 dollars are included in Table 1.

Recommended Reserves

The UYWCD staff, in consultation with the UYWCD's financial consultant ACM, determined that a range of 5 to 10% of the emergency replacement costs are commonly set aside by agencies with significant infrastructure. The UYWCD recommends that 10% of the Emergency Repair Replacement cost be identified as Emergency Reserves to reduce financial risk.

The UYWCD staff recommends that the full estimated cost of the largest single year capital maintenance item for the 30-year maintenance plan for each facility be identified as Capital Maintenance Reserves. For each of the UYWCD facilities the cost of the largest single year capital maintenance item is sufficient to cover the cost of single higher cost items as well as the combined costs of multiple smaller capital maintenance items. Furthermore, with prudent scheduling it is unlikely that the sum cost of multiple smaller capital maintenance items would ever exceed this amount in any given year.

The individual category Recommended Reserves and combined total Recommended Reserves are presented in Table 1.

Table 1

UYWCD FACILITIES CAPITAL RESERVES CALCULATIONS			
	Stagecoach Dam	Yamcolo Dam	Stillwater Ditch
COST COMPONENT (\$, 1988, 2010, 2017, as noted)			
Emergency Repair Replacement ¹	\$ 40,000,000 (\$, 2017)	\$ 2,207,165 (\$, 2010)	\$ 125,000 (\$, 1988)
Total 30 yr, Capital Maintenance ²	\$ 2,026,500 (\$, 2017)	\$ 700,500 (\$, 2017)	\$ 159,500 (\$, 2017)
\$ Amount, Largest Single Year Capital Maintenance Item from 30 yr Capital Maintenance Plan	\$ 500,000 (\$, 2017)	\$ 185,000 (\$, 2017)	\$ 35,000 (\$, 2017)
CPI ADJUSTMENT FACTOR³			
1988 To 2019			2.342
2010 To 2019		1.252	
2017 To 2019	1.045	1.045	1.045
COST COMPONENT (\$, 2019)			
Emergency Repair Replacement	\$ 41,802,026 (\$, 2019)	\$ 2,763,397 (\$, 2019)	\$ 292,716 (\$, 2019)
\$ Amount, Largest Single Year Capital Maintenance Item from 30 yr Capital Maintenance Plan	\$ 522,525 (\$, 2019)	\$ 193,334 (\$, 2019)	\$ 36,577 (\$, 2019)
RESERVES (\$, 2019)			
Emergency Reserve ⁴	10% \$ 4,180,203 (\$, 2019)	\$ 276,340 (\$, 2019)	\$ 29,272 (\$, 2019)
Capital Maintenance Reserve ⁵	\$ 522,525 (\$, 2019)	\$ 193,334 (\$, 2019)	\$ 36,577 (\$, 2019)
Combined Reserves (per Facility) ⁶	\$ 4,702,728 (\$, 2019)	\$ 469,674 (\$, 2019)	\$ 65,848 (\$, 2019)
Total Combined Reserves (All Facilities)	\$ 5,238,250 (\$, 2019)		

Notes:

1. Total Cost Component for the Emergency Repair Replacement for Stagecoach Dam was calculated as a Composite Facility Replacement Cost by Jeff Allen, HDR 2017 and reviewed by Long-term Maintenance Consulting Team 2017. Total Cost Component for Yamcolo Dam and Stillwater Ditch calculated by UYWCD staff 2010 and 2017.

2. Total Cost Component for the 30 yr, Non Emergency Capital Maintenance was for Stagecoach Dam calculated by Long-term Maintenance Consulting Team 2017. Total Cost Component for Yamcolo Dam and Stillwater Ditch calculated by UYWCD staff 2010 and 2017.

3. CPI for All Urban Consumers (CPI-U), All items in Denver-Aurora-Lakewood, CO, HALF 1:

- CPI 1988 = 112.800
- CPI 2010 = 210.978
- CPI 2017 = 252.760
- CPI 2019 = 264.147

Index Reference Link:

https://data.bls.gov/pdq/SurveyOutputServlet?data_tool=dropmap&series_id=CUURS48BSA0,CUUSS48BSA0

4. Emergency Reserve = Emergency Repair Replacement Total Cost (\$, 2019) x 10%

5. Capital Maintenance Reserve = \$ Amount, Largest Single Year Capital Maintenance Item from 30 yr Capital Maintenance

6. Combined Reserves = Emergency Reserve + Capital Maintenance Reserve

		Current Condition	Types of Possible Failure	Risk of Failure	Replacement Cost Estimate (\$, 2017)	Notes
Water Storage Components						
Concrete	RCC	Excellent	Extreme Seismic Event, Failure of Internal Drain System	Low	15,000,000	RCC replacement cost does not account for full replacement of RCC mass. Full RCC replacement equates to full dam and facility replacement. See item below.
	General Structural	Good to Excellent	Exposure, Rock Fall	Medium	50,000	Replacement costs vary by individual structural concrete component: \$10,000 - \$50,000
	Intake Structure and Conduit	Excellent	Exposure, Rock Fall	Low	1,100,000	
	Spillway	Excellent	High Flow Event w/Debris	Low	400,000	
Intake Gate Assemblies		Poor to Excellent	Mechanical Failure	Low to High	500,000	Bottom intake gate assembly in poor condition, top and middle gates in excellent condition
Jet Flow Valve		Excellent	Mechanical Failure	Low	150,000	Gate Seals and Hydraulic Cylinder most likely cause of failure
Hydraulic Gate Control System		Excellent	Mechanical Failure	Low	50,000	
Sub Total of Individual Water Storage Components					17,250,000	
Hydro-Power Production Components						
Turbine		Good	Mechanical Failure, Operator error	Low	475,000	
Generator		Good	Protective Circuits Failure, Operator error	Low	400,000	
Turbine Shut Off Valve (TSV)		Excellent	Mechanical Failure, Operator Error	Low	150,000	Gate Seals and Hydraulic Cylinder most likely cause of failure
Penstock		Excellent	Lining Degradation	Low	120,000	Re-Lining Cost used for cost of replacement
Draft Tube and Gate		Excellent	Gate Mechanical Failure	Low	75,000	
Protective Relays		Excellent	Component Circuit Failure	Low	70,000	
Main Breaker		Excellent	Mechanical Failure, Operator error	Low	50,000	
Transformers		Good	Insulation Deterioration, Loss of Capacity	Low	100,000	
Electrical Control Systems		Excellent	Circuit Damage, Operator Error	Low	200,000	
Sub Total of Individual Hydro-Power Components					1,640,000	
Total of Individual Components					18,890,000	
Estimated Full Dam and Total Facilities Replacement Cost					40,000,000	Combined full replacement cost of water storage and hydro-power production facilities
Estimated Full Dam Water Storage Facilities Replacement Cost					30,000,000	Replacement cost of hydro-power production facilities not included

Stagecoach Dam Hydro-Electric Equipment Replacement Cost Estimate and Long Term Maintenance Plan

Composite Facility Replacement Cost

During the August 22-23, 2017 Workshop a big-picture facility replacement cost was prepared, providing the workshop team a judgment-based idea of what costs might look like if a replacement project was constructed today. In addition to describing the basis and limited effort applied during the workshop this memo offers a similar judgment of the costs if hydropower had not been included in the original design. While founded in sound judgment and experience, it is important to keep an accurate perspective of the thoughts offered both at the workshop and in this recap. While the basis of the costs are described below, they are not based on: study; development of current unit costs or a review of prior cost estimating; or a breakdown of work quantities.

Summary

As developed at the workshop a replacement cost of \$40M was provided; within a range of \$30M to \$55M. Driving the cost was the underlying assumption that the project's function would be provided by a new but similar dam slightly downstream of the existing dam. Some costs were added expecting that the new dam would be slightly larger – longer and in a less efficient location, and that the existing dam would be demolished to a functional degree. Discussion touched on the qualitative likelihood that the lower side of the range would be less likely than the upper side of the range. One approach to quantify that discussion could be considered as follows: applying a 10% likelihood of \$30M, a 60% likelihood of \$40M, and a 30% likelihood to \$55M yielding a weighted likely project cost of about \$43.5M.

The cost growth and its uncertainty reflects more than industry and cost escalation. Cost aspects that have grown beyond escalation include such factors as: regulatory changes and emphases in construction safety, applicable insurances, and financial markets; and environmental, legal, and cultural conditions and requirements that affect permitting as well as mitigating strategies and costs. Consequently, simply escalating costs by industry indices may not accurately reflect project cost growth, particularly concerning non-contract type costs – the necessary project costs beyond the “construction contract”.

If the project had been originally considered without hydropower, it is unlikely much would have changed other than the powerhouse and equipment being replaced by a much smaller and simpler outlet works valve house or vault. Today's replacement cost decrease, if the project were built without hydropower, could be considered between \$4M and \$8M with a likely of about \$5M.

Stagecoach Dam Hydro-Electric Equipment Replacement Cost Estimate and Long Term Maintenance Plan

Composite Facility Replacement Cost

Cost Table

The following table was prepared during the workshop and illustrates the buildup or morphing of the original construction cost to a replacement cost and range.

<u>Stagecoach - 30 minute replacement cost opinion</u>			
1987-88 construction contract costs			\$ 8,000,000
USBR - 1987 ending Conc Dams cost index			161
USBR - Apr 2017 Conc Dams cost index			373
Index Factor			232%
Straight Cost - Escalated			\$ 18,534,161
Cost Aspect - Adjustments	28%		\$ 5,189,565
environmental - direct	3%		
environmental - mitig	20%		
safety	2%		
Other ?	3%		
Subtotal - greenfield (as is, where is) replacement construction cost			\$ 23,723,727
Downstream Replacement - Adjustments	25%		\$ 5,930,932
Downstream cross section increase factor	15%	←	increase 50K cy to 57.5k cy
Downstream abandonment factor	10%	←	demo + ?
Other ?	0%		
Subtotal - Contract Replacement Cost - Guess			\$ 29,654,658
Non-contract costs: i.e. design, studies, CM, permitting	25%		\$ 7,413,665
Unspecified contingency	10%		\$ 2,965,466
Total - Project Replacement Costs - Guess			\$ 40,033,789
Recommended Range for Consideration:		\$ 30 M	to \$ 55 M
Check on gross volume and composite construction cost guess...			
	57,500 cy	@ \$ 500 /cy	\$ 28,750,000

Cost Discussion

Approach

Evident in the table, the 1987 construction costs, adding in the subsequent hydro equipment and installation contract value, was escalated according to The U.S. Bureau of Reclamation's construction cost trends published at <https://www.usbr.gov/tsc/techreferences/mands/cct.html>. Considering some aspects of construction, and in our case specifically, dam construction has changed over the last 30 years. A few factors were listed and summed to a 28% additive cost



Stagecoach Dam Hydro-Electric Equipment Replacement Cost Estimate and Long Term Maintenance Plan

Composite Facility Replacement Cost

adjustment recognizing that additional work, and/or higher cost work would be required today. Assuming a replacement dam constructed immediately downstream (i.e. within a few hundred feet) of the existing dam, a factor (25%) was added for a slightly wider valley and for costs related to demolishing and abandoning portions of the existing structure, leading to a "Contract" replacement costs. Additional studies, design, permitting and other unlisted (i.e. construction management, legal, right of way, etc.) non-contract costs were then added at 25% along with a 10% contingency. Together, this \$40M total represents what full project costs might look like if a new downstream dam was designed and constructed to replace the function of the existing dam. Notice that the costs are not driven by quantities, unit prices, or even a specific work breakdown considering a downstream location.

Hydropower

If the facility was constructed without hydropower it seems the dam configuration, spillway and stilling basin, multi-level outlet works intake, and outlet works piping would be the same. One possible exception might be using a smaller diameter outlet conduit (i.e. perhaps 48" rather than 72"). An outlet works valve house or vault of some type would still be needed but not to the size or depth of the current powerhouse. Judgment-reduced construction costs for civil and structural and non-power mechanical components would be on the order of \$1,000k. If the turbine-generator, and related control equipment and electrical work were eliminated, it may reduce the costs by an additional \$3M. Applying the non-contract costs and contingency as applied in the replacement cost table above, the low end of the full hydropower deduct would be on the order of \$5.5M. A prudent reduction range might be \$4M to \$8M, to build a new facility with strong outlet capacity but without hydropower.

Jeff Allen

December 14, 2010

Upper Yampa Water Conservancy District

Internal Memo

To: Kevin McBride
Director
Upper Yampa Water Conservancy District
POB 775529
Steamboat Springs, CO 80477

From: Andy Rossi
District Engineer
Upper Yampa Water Conservancy District
POB 775529
Steamboat Springs, CO 80477

Subject: Earthwork Volume Calculation and Engineer's Cost Estimate of Materials Repair Required for the Full Excavation of the Yamcolo Dam Outlet Works.

Earthworks Volume Calculation

The volume of material that would need to be excavated from the Yamcolo Dam structure to allow for potential repair work on the entire Yamcolo Dam outlet works was calculated by the District with the following assumptions:

1. A 20' wide base trench would be required along the full length of the outlet works to allow for repair crew and machinery access. The base trench extents were set at a 10' offset from the centerline of the existing outlet works alignment.
2. The material excavation would be graded at 2:1 slopes from a lowest extent at the edge of the 20' wide outlet works base trench to a highest extent at the daylight interface with the existing Yamcolo Dam surface.
3. All dimensions, elevations, and detail data for the existing Yamcolo Dam outlet works configuration and structural geometry used for the volume calculations were taken from the *As-Built Plan Yamcolo Reservoir Dam Plans, Specifications and Contract*, dated September 2, 1981, prepared by Western Engineers, Inc. of Grand Junction, Colorado.

The District used Autodesk Civil 3D 2010 software to calculate the volume of material that would need to be excavated from the Yamcolo Dam structure to allow for potential repair work on the entire Yamcolo Dam outlet works.

The total volume of material that would need to be excavated from the Yamcolo Dam structure to allow for potential repair work on the entire Yamcolo Dam outlet works was calculated to be 110,358.25 cubic yards (CY).

Engineer's Estimate of Cost of Materials Handling

The cost for dam material repair necessary to allow for potential repair work on the entire Yamcolo Dam outlet works was calculated by the District with the following assumptions:

1. \$20 per CY for dam materials repair.

The estimated cost of dam materials repair for 110,358.25 CY of material necessary to allow for potential repair work on the entire Yamcolo Dam outlet works is \$2,207,165.00.

STAGECOACH DAM AND POWERHOUSE																	
Inspection and Long-Term Capital Maintenance Schedule																	
			Month														
Reservoir Condition			Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec			
Inflow/Active Release Period																	
Highest Likelihood of Spill																	
Predictive Reservoir Management																	
Inspection and Repair			Month														
Component	Activity	Estimated Cost (\$, 2017)	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Estimated 30-YR Cost (\$, 2017)	Water Storage	Hydro-Power Generation
Turbine	Internal Inspection	10,000										1			300,000		x
	Tear-down/Rebuild	75,000										5			450,000		x
Spiral Case	Inspection	5,000										10			15,000		x
Draft Tube	Inspection	5,000							10						15,000		x
Generator	Inspection and Testing	5,000										5			30,000		x
Transformers and Main Breaker	Inspection and Testing	5,000										5			30,000		x
	Replacement	50,000										30			50,000		x
Intake Tower and Gate Assemblies	Inspection/Service	5,000						5							30,000	x	
	Repairs and Replacement	500,000						30							500,000	x	
Foundation and Body Drains	Inspection/Cleaning	2,000									1				60,000	x	
Jet-Flow Valve	Inspection	8,000						5							48,000	x	
Penstock	Inspection	8,000						5							48,000	x	
TSV/Butterfly Valve	Inspection	8,000						5							48,000		x
Spillway	Inspection	1,000			1							1			30,000	x	
Dam Body Structure	NDT Testing	10,000						10							30,000	x	
	Repairs	10,000								10					30,000	x	
Dam Crest Slab	Repairs	50,000										30			50,000	x	
Kelly Crack	Repairs	40,000											30		40,000	x	
Powerhouse, Coutyard Structural	Repairs	50,000									30				50,000	x	
Augment emergency power capacity	New Installation	50,000							30						50,000	x	
PLC Replacement	Replacement	100,000										30			100,000	x	
Rock Fall Hazard	Inspection/Analysis	7,500						10							22,500	x	

1 = Annuanlly during month(s) indicated
5 = Intervals not exceeding 5 years
10 = Intervals not exceeding 10 years
30 = Intervals not exceeding 30 years

Annual Increment (30 yr Period)		
Total Estimated 30-YR Cost (\$, 2017)	2,026,500	67,550
Total Estimated Water Storgae 30-YR Cost (\$, 2017)	1,088,500	36,283
Total Estimated Hydro-Power Generation 30-YR Cost (\$, 2017)	938,000	31,267

Yamcolo Reservoir Inspection and Long-Term Capital Maintenance Schedule															
			Month												
Reservoir Condition			Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	
Active Use Period															
Highest Likelihood of Yamcolo Spill															
Predictive Yamcolo Reservoir Management															
Yamcolo Dam			Month												
Component	Activity	Estimated Cost (\$, 2017)	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Estimated 30-YR Cost (\$, 2017)
Dam Crest	Repair	10,000									5				60,000
Spillway	Repairs	100,000									30				100,000
Rip Rap	Repairs and Replacement	40,000									10				120,000
Butterfly Valve	Repair	30,000									30				30,000
Control House Structure	Repairs and Replacement	20,000									30				20,000
Outlet Works	Inspection	2,500									10				7,500
Outlet Channel	Repairs	5,000										10			15,000
Intake Structure	Inspection	25,000							10						75,000
Generator	Replacement	20,000									30				20,000
Gate Motors	Repairs	2,500									5				15,000
Outflow Instrumentation	Repairs and Replacement	6,000									10				18,000
Monitoring Instrumrtation	Repairs and Replacement	10,000									10				30,000
Acces Gates	Repairs and Replacement	5,000							30						5,000
Bifurcation Structure	Repairs and Replacement	185,000										30			185,000

Annual Increment (30
yr Period)

Total System Estimated 30-YR Cost (\$, 2017)	700,500	23,350
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1 = Annuanlly during month(s) indicated
5 = Intervals not exceeding 5 years
10 = Intervals not exceeding 10 years
30 = Intervals not exceeding 30 years

STILLWATER - FIVE MESA PINE DITCH
Inspection and Long-Term Capital Maintenance Schedule

			Month														
Reservoir Condition			Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec			
Active Use Period																	
Highest Likelihood of Yamcolo Spill																	
Predictive Yamcolo Reservoir Management																	
Stillwater - Five Pine Ditch			Month														
Component	Activity	Estimated Cost (\$, 2017)	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Estimated 30-YR Cost (\$, 2017)	Ditch	Gardner Park Dam
Bifurcation Headgate	Repair	25,000										30			25,000	x	
Main HG Measuring Device	Repairs and Replacement	35,000										30			35,000	x	
Upper Ditch Channel	Maintenance and Clearing/Cleaning	4,500											5		27,000	x	
Lower Ditch Channel	Maintenance and Clearing/Cleaning	4,500											5		27,000	x	
Upper Ditch Culverts	Repairs and Replacement	25,000												30	25,000	x	
Lower Ditch Culverts	Repairs and Replacement	10,000												30	10,000	x	
Turnouts	Repairs and Replacement	7,500												30	7,500	x	
Access Gates	Repairs and Replacement	3,000												30	3,000	x	
Gardner Park Dam																	
Dam Body Structure	Repairs	20,000							30						20,000		x
Toe Drains	Repairs and Replacement	5,000												30	5,000		x
Dam Crest	Regrade	5,000							10						15,000		x
Outlet Works	Inspection	2,500												10	7,500		x

Annual Increment (30 yr Period)

Total System Estimated 30-YR Cost (\$, 2017)	207,000	6,900
Total Estimated Ditch 30-YR Cost (\$, 2017)	159,500	5,317
Total Estimated Gardner Park Dam 30-YR Cost (\$, 2017)	47,500	1,583

1 = Annually during month(s) indicated
5 = Intervals not exceeding 5 years
10 = Intervals not exceeding 10 years
30 = Intervals not exceeding 30 years

Total Estimated Emergency Large-Scale Replacement/Repair Cost for SW Ditch 125,000 (\$, 1988)



May 22, 2020

Mr. Jon Snyder
Public Works Director
City of Steamboat Springs

Re: Proposal for contract for Municipal/Industrial water allotment from Stagecoach Reservoir

We are following up on our discussion regarding the general terms under which the District would be willing to offer a new additional allotment contract for storage of approximately 650 Acre Feet of water in Stagecoach Reservoir to the City of Steamboat Springs (the “City”), taking into account the City’s need for such additional storage water as explained to the District’s negotiating committee at our meeting in the City Offices on Monday, March 2, 2020.

The District proposes the following:

The allotment contract would be for approximately 650 Acre Feet of Stagecoach storage water annually.

The contract would commence on July 15, 2020 and terminate on July 15, 2041. The contract would contain a Right of First Offer provision. It would not be a perpetual contract. The proposed Right of First Offer provision is set forth at the end of this letter.

The purchase price for the first year of the term would be \$124.43 per acre foot, adjusted annually in 2021 and each year thereafter by the annual increases in the Denver/Aurora/Lakewood CPI.

The new storage water allocated to the City would be stored in the municipal/industrial pool, which is the first and senior priority of the Stagecoach pools.

The new storage water allocated to the City from Stagecoach would be used pursuant to a decreed water augmentation plan, decreed exchange or substitute supply plan approved by the Division Engineer for the benefit of public works facilities of the City and City-owned water rights, or such water may be beneficially diverted and used in public works facilities of the City, or such water may be beneficially used to augment the City RICD water right, or such water may be beneficially bypassed at the Yampa River outlet of the City’s municipal wastewater treatment facility to the extent permitted by the Division Engineer as a municipal use of such water to reduce streamflow temperature at that location. The storage water could not be released and used by the City for uses which have not been decreed absolute to the District, so as not to trigger directives by the Division or State Engineers against the District in subsequent water years to “paper fill” or



subsequently restrict the fill rights of Stagecoach Reservoir. Specifically, the City may not direct or control or contract to direct or control the allotted water for any use downstream of the confluence of the Elk River for “environmental, recreational uses including instream flow uses (“ER Uses”)” without the prior written consent of the District, whose consent may be granted, denied, or conditioned in its sole discretion, since the District water rights for storage of Stagecoach Reservoir water do not include absolute decreed uses for IER purposes.

The City would be entitled to a single use of the water contracted if used for augmentation or substitute supply, without right to reuse or successively re-use the water, but if storage water is diverted and used in the City public works facilities and return flows are captured and controlled before return to the River, such recaptured return flows could be reused and successively used by the City to extinction.

The contracted water may be used only during the then current water year, and no unreleased contracted water would be booked over to a succeeding year. There would be no carry-over storage. No water allotment contract out of Stagecoach Reservoir has a right of carry-over storage. No sale, subletting, assignment or other disposition of the City’s rights under the new contract or of the contracted water would be permitted without the written consent of the District, which may be granted or withheld or conditioned in the District’s sole discretion.

If the City is interested in moving forward on this proposal, our attorney can prepare and send to you a draft of a proposed new water allotment contract for the approximate 650 AF of water. Such a contract would be generally consistent with the District's Stagecoach contract template for new storage water requests, such as used in its current recent contracts with Steamboat Ski & Resort Corporation and Peabody Coal.

The District negotiating committee would be interested in receiving the City’s thoughts and concerns with respect to these proposed terms. If the City believes that further discussions between the negotiating committee and City representatives would be desirable, then as soon as the “shelter in place” orders under the covid-19 restrictions are loosened sufficiently to do so, or in a virtual on line meeting, the District negotiating committee would be happy to meet with you and other City representatives in Steamboat Springs at a location and in a manner convenient for both parties. This letter was approved by the Upper Yampa Water Conservancy District Board of Directors at its May 21, 2020 meeting by a 6-3 vote.

The draft of the Right of First Offer provision to be contained in new contracts for Stagecoach Water is as follows:

“4.2 Right of First Offer. If Contractor and Upper Yampa do not enter into a new allotment contract for the Contracted Water before the end of the Term, then the relationship between Contractor and the District for a period of five years after the end of the Term shall include the following terms and provisions: Contractor shall have a right of first offer for the Contracted Water for a period of five years after the end of the Term. If within the period of



five years after the end of the Term of this Contract, Upper Yampa determines to offer for contract all or a portion of the Contracted Water from the applicable Contract Pool to any person or entity besides Contractor, Upper Yampa shall first notify Contractor of such decision and shall specify to Contractor the quantity, price (which may provide for annual adjustments), duration (but not to exceed 30 years), and terms and conditions upon which Upper Yampa offers to enter into a new water allotment contract (the "New Contract Offer"). For a period of 120 days after the giving of such notice, Upper Yampa will negotiate in good faith with Contractor regarding any and all of the provisions in such New Contract Offer, so long as Contractor first confirms in writing to Upper Yampa within 15 days of receipt of such notice that Contractor is willing to meet the quantity limitations and price and payment terms of the New Contract Offer. If the Parties have not entered into a new contract upon agreed terms and conditions within 120 days after the giving of such notice from Upper Yampa, then the New Contract Offer shall be deemed rejected. The terms and conditions of this Section 4.2 survive expiration of the Term to the extent set forth herein. If Upper Yampa enters into an allotment contract with any person or entity other than the Contractor for water from the applicable Contract Pool which does not include the Contracted Water, such action does not require compliance with this Section 4.2."

Very truly yours,

Ken Brenner
Board Chairman

We look forward to
hearing your response.

Kevin McBride
UYWCD General Manager

Alternatives Sheet - SC CONTRACTUAL WATER (DRAFT)

DRAFT

PRICING OPTIONS, STAGECOACH STORAGE WATER

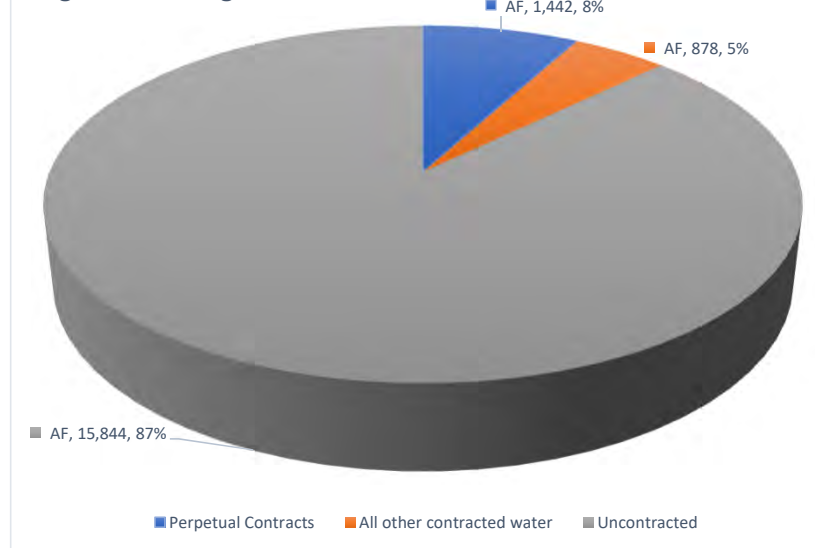
Stagecoach storage water:	Perpetual Contracts (1)	All other contracted water (2)	Uncontracted (3)
Contract volume (AF)	1,442	878	15,844
Contract term	perpetual	varies	undetermined

Calculation Criteria	cost/15,000 AF	set by contract	cost/currently contracted volume	1989 pricing adjusted by CPI (4)
\$ / AF	68.73	35.00 - 210.00	444.43	81.00
\$/AF w Future Project	149.50		966.69	-

NEW CONTRACT CHOICE

	Perpetual Contracts	New Water: Muni
Price Break for contract Change	60.00	CPI 81.00
Price per 2018 audited cost	68.73	
Price to original per CPI and certainty	81.81 ⁽⁶⁾	Current contracts 124.43
Price per Ski Corp contract	124.43	
Price with future project - you need firm	149.50	enterprise model 444.43

Stagecoach Storage Water - Contractable Volume



NEW WATER

PRICE BY USE			PRICE BY AMOUNT AND TERM					
Water use	Take or Pay	Variable Term	AF/ TERM	22 YRS, TO 11-1-2041	10-15 YRS	5-10 YRS	3-5 YRS	1-2 YRS
Augmentation Price	\$210.00	N/A	2,001 - 4,000 AF	\$100/AF	\$95/AF	\$90/AF	\$85/AF	\$80/AF
M&I Price	See Above	N/A	1,001 - 2,000 AF	\$105/AF	\$100/AF	\$95/AF	\$90/AF	\$85/AF
ERC Price	% of M&I	Annual ?	501 - 1,000 AF	\$115/AF	\$107/AF	\$100/AF	\$95/AF	\$90/AF
Agricultural Price	? ⁽⁵⁾	?	1 - 500 AF	\$125/AF	\$115/AF	\$105/AF	\$100/AF	\$95/AF

(1) based on ACM model, and 2018 actuals. 15,000 AF denominator

(2) current contracts that are not perpetual. Contract terms end 2021 - 2069

(3) total reservoir water that could be contracted: 18,164 AF (recreation pool excluded)

(4) 1989 M&I pricing adjusted to 2019 dollars

(5) Yamcolo Ag price, \$13.00 AF

(6) 1989 M&I pricing adjusted to 2019 dollars & 1% Jan-June 2020.

C Board Members and Kevin McBride and Bob Weiss

NEW CONCEPT: UYWCD NEW WATER CONTRACT PRICING MATRIX:

	<u>22 yrs, to 11-1-2041</u>	<u>10-15 yrs</u>	<u>5-10 yrs</u>	<u>3-5 yrs</u>	<u>1- 2 yrs</u>
2001- 4000 AF	\$100/AF	\$95/AF	\$90/AF	\$85/AF	\$80/AF
1001- 2000 AF	\$105/AF	\$100/AF	\$95/AF	\$90/AF	\$85/AF
501- 1000 AF	\$115/AF	\$107/AF	\$100/AF	\$95/AF	\$90/AF
1-500 AF	\$125/AF	\$115/AF	\$105/AF	\$100/AF	\$95/AF

NOTES:

1. All prices for water contracts starting in 2020. Prices apply to M&I water and to ERC. However, no ERC contract could exceed 5 years.
2. All contracts are take-or-pay for the full duration of the elected Term, i.e., allottee must pay annual price for amount of AF whether allottee takes all or any of the water each year.
3. Longest term ends November 1, 2041. We aren't doing perpetual contracts anymore.
4. The declining price for larger quantities of contracted water is to recognize that bulk or larger purchases get a discount. We have heard that argument from the City and from Tri-State and from some enviro-rec proponents. The City wants 500+AF new contract, so the \$500 price change is an appropriate one. Tri-State wants 4,000 AF and wants a big price discount, so much that I cannot support pricing for 5 yrs and 4,000 AF at \$50/AF. The above matrix would set that price at \$90/AF, which is about the number that the old contract of \$43.50/AF would be if adjusted for CPI increases from 1992 to 2020, i.e., that \$90/AF price, adjusted for inflation, is about the same as contained in the amended contract

of 1992.

5. We would not contract for more than 4000 AF, or stated differently, if anyone wanted to contract for more than 4000 AF, the Board could set the price and terms in its sole discretion. We would want to think long and hard about amounts over 4,000, especially for terms longer than 1 or 2 years, because such a contract would put us back into the sphere of needing to “firm up” Stagecoach Reservoir due to the Resource Engineering studies that show we might not be able to deliver all contracts if the huge climate change results in a very bad drought for 3 or more consecutive years when Tri-State's 7K existed.

6. All prices will adjust in 2021 and annually thereafter with changes in Denver-Aurora-Lakewood CPI.

7. The reduced pricing and discount when the contracted duration becomes shorter recognizes that we have to face necessity of firming Stagecoach Reservoir when we have long-term allottee delivery responsibility, but according to Resource Engineering, we can handle short term contracts better. It also recognizes that environmental-recreational water contracts are likely to be shorter in duration, maybe 1 or 2 years, and no longer than 5 years in any event, and we have heard from board members and others that we should have a lower price for ERC water.

8. Therefore, this matrix suggests that this pricing applies whether the allottee is a municipal or industrial water user, or an environmental-recreational water user. This matrix would set the water pricing without discrimination by user. The reason this makes sense is that, from the District water storage and release point of view, when the water is called and released from the Reservoir, it makes no difference to the operation and water rights and our storage role whether that water is used for M&I or stream flow—it's gone from the reservoir and wholly out of our control.

9. We required Ski Corp to sign a contract which for 2020 will be about \$125 for 250 AF of new water. So this Matrix would keep that pricing over 22 years at that highest price of \$125. So, small buyers, who need the amount of water over the longest period of time for purposes of their potential water augmentation plans, will continue to pay the highest rate, which is still very competitive in the Yampa River basin, and in fact is lower than the current quotes from the River District for Elkhead enlargement water for those purposes.

10. The “Right of First Offer” provision in the Ski Corp contract would also be in any of the new 22 year contracts. It would NOT be included in any shorter contract, such as the 15 or less year contracts.

11. We could think about applying the Matrix numbers to the proposed pricing for the EXISTING M&I water contracts that we extended into 2021 while waiting to see what Tri-State would do with its 7K contract. But those are already perpetual contracts, and the alternative for any of them is the annual determination of costs of Stagecoach divided by 15,000 AF denominator. That is unfavorable to UYWCD. I think we'll need to adjust that extended pricing to be starting at about \$90/AF/year for 22 years, adjusting for CPI, which is where the Tri-State water would be set if we agreed to their 4,000 AF 5-year proposal, using the above Matrix. Incidentally, I don't know how we could agree to Tri-State's requirement of guaranteeing instream flow administration below their Craig intake, which is outside of our boundary. That is impossible for us.

Let's give this Matrix idea some thought. Maybe the above Matrix is a way to adjust for the multiple pricing pressure points we have been feeling, and yet have pricing that is fair and reasonable, and, in some instances, really just the CPI adjustment for water pricing that began in 1989.

Tom



BOARD COMMUNICATION FORM

From: Karina Craig

Date: September 12, 2019

Item: Financial Reports: Projected 2020 tax revenues; Share of tax revenues generated by Energy sources.

DIRECTION
 INFORMATION
 MOTION
 RESOLUTION

I. Request/Issue and Background Information:

2020 Tax Revenues; share of Energy sources

The August 2019 Certification of Values was received from Moffat and Routt counties. These are used to make a preliminary estimate of the 2020 tax income. Final certified values will be received in December 2019, and our budgeted 2020 tax revenues will be adjusted.



Total assessed valuations for properties within our District are \$1,371,394,547.

2020 tax revenues are currently estimated to be \$2,495,938, about \$145,000 or 6% higher than our \$2,350,000 2019 projections.

Routt County represents 87% of our tax revenues, and Moffat 13%.

Energy sources represent 19% of our overall tax revenues.

Energy sources represent 7% from our Routt receipts, and 98% from our Moffat receipts.

Attached please find an analysis of 2020 tax revenues, segregating tax revenues from the Hayden Power Plant, Twenty Mile Coal, the Craig Power Plant, and the Trapper Mine.

Projected 2020 tax income, rounded to the nearest thousand, is as follows:

Routt, energy:	\$157,000
<u>Moffat, energy:</u>	<u>\$313,000</u>
Routt + Moffat, energy sources:	\$470,000

Routt, non-energy:	\$2,018,000
<u>Moffat, non-energy:</u>	<u>\$8,000</u>
Routt+Moffat, total non-energy:	\$2,026,000

Total expected tax revenues; Routt, Moffat, all sources: \$2,496,000

II. Summary and Alternatives: none.

III. Staff Recommendation: Accept reports.

IV. Legal Issues: None

V. Consistency with Board Goals and Policies:

Attachments:

Attachment 1: Projected 2020 Tax Revenues, by county and by source – energy/non-energy.

Projected 2020 Tax Revenues, by county and by source – energy/non-energy.

	Aug '19 assessed valuation	Mill Levy	Projected 2020 income	
UYWCD, RC	1,195,194,709	1.82	2,175,254	87%
UYWCD, MC	<u>176,199,838</u>	1.82	<u>320,684</u>	13%
	1,371,394,547		2,495,938	
Hayden Pwr Plant	71,731,300	1.82	130,551	
Twenty Mile Coal	<u>14,493,410</u>	1.82	<u>26,378</u>	
	86,224,710		156,929	
Craig Pwr Plant	156,412,200	1.82	284,670	
Trapper Mine	<u>15,544,422</u>	1.82	<u>28,291</u>	
	171,956,622		312,961	

2020 Projected income, excluding Energy sources listed above:

RC	1,108,969,999	1.82	2,018,325	99.60%
MC	<u>4,243,216</u>	1.82	<u>7,723</u>	0.40%
	1,113,213,215		2,026,048	

PROJECTED INCOME, BY SOURCE:

ROUTT	1,195,194,709	1.82	2,175,254	
Energy	86,224,710	1.82	156,929	7.20%
Other	1,108,969,999	1.82	2,018,325	92.80%
MOFFAT	176,199,838	1.82	320,684	
Energy	171,956,622	1.82	312,961	97.60%
Other	4,243,216	1.82	7,723	2.40%
ROUTT & MOFFAT	1,371,394,547	1.82	2,495,938	
Energy	258,181,332	1.82	469,890	18.80%
Other	1,113,213,215	1.82	2,026,048	81.20%





BOARD COMMUNICATION FORM

From: Karina Craig, Chief Accountant.

Date: June 12, 2020

Item: Proposed 2020 Budget Amendment

<input type="checkbox"/>	DIRECTION
<input checked="" type="checkbox"/>	INFORMATION
<input checked="" type="checkbox"/>	MOTION
<input type="checkbox"/>	RESOLUTION

I. Request/Issue and Background Information:

The Board of Directors approved the Upper Yampa Water Conservancy District (UYWCD) 2020 fiscal year budget on November 20, 2019. Since that date, some unscheduled events have occurred, such that a budget amendment is needed to fund appropriate activities. The budget amendments requested are as follows:

Stagecoach Reservoir, water storage:

The District contracted with Leonard Rice Engineers, Inc. (LRE) for water quality services. These will include the review of data that the Water Quality Control Division (WQCD) has used for the 2019 Regulation 93 RMH of Stagecoach Reservoir, a review of pertinent water quality data that may be available, and additional water quality testing protocols at Stagecoach Reservoir. The scope of services offered by LRE amounts to \$22,000. An agreement was presented to the Board and executed by the District in February 2020. The proposed amendment incorporates this agreement into the budget.

Administration:

The District moved offices in 2019. The building owner, Mountain Valley Bank, carried out improvements to the building to better fit District needs. Construction costs were finalized and provided by the owner to the District in early 2020. They were presented at the May 21, 2020 Board meeting, totaling \$241,053. The District's portion amounted to \$171,453.

The District executed a long-term rental agreement with MVB. Contract language stipulates that rent is comprised of *Gross Rent* and *Additional Rent*. *Gross Rent* payments started in 2019. As indicated in contract clause 4.2, *Additional Rent* payments start after one year of rent and the dollar amount is based on the Construction Costs described above. \$171,453 are to be paid over several years, in 48 equal payments of \$3,571.94. Based on this, the requested budget amendment is \$28,576, equivalent to 8 months of *Additional Rent*.



Monthly rent has increased from \$2,900 (*Gross Rent* only) to \$6,471.94 (*Gross + Additional Rent*).

Board of Directors:

Amendments to this department include maximum possible costs from Human Resources Consulting. This maximum cost is \$57,500, for the search of a new District General Manager.

The Board has worked in recent months with Consensus Building Institute (CBI) in the development of a long-term District Strategic Plan. 2020 actual expenditures through April 30, 2020 are \$17,880. No further invoices are expected.

These two projects have been approved by and have involved the Board, and they need to be incorporated into the 2020 budget. The requested budget amendment is \$75,380.

Amendments for costs related to changes in the General Manager position are not needed at this time. Additions may be needed later in the year, depending on salary and start date for the position, to be determined by the Board.

Stillwater Ditch:

Capital improvements for the Stillwater Ditch were not included in the adopted 2020 budget. The UYWCD District Engineer reviewed the physical condition of the Stillwater Ditch and has determined that up to \$120,000 of capital improvements are appropriate for the Stillwater Ditch for the latter half of 2020 and the first half of 2021. The cost estimate for the capital improvements was determined by the District Engineer and outside engineering consulting firms. The work done to determine this estimate included field survey data collection, engineering analysis and design, and an engineer's estimate of construction costs. The capital improvements planned for 2020 and 2021 will benefit the majority of the ditch users.

II. Summary and Alternatives: none.

III. Staff Recommendation: Approve the requested budget amendments.

IV. Legal Issues: None

V. Consistency with Board Goals and Policies: Goal 3.

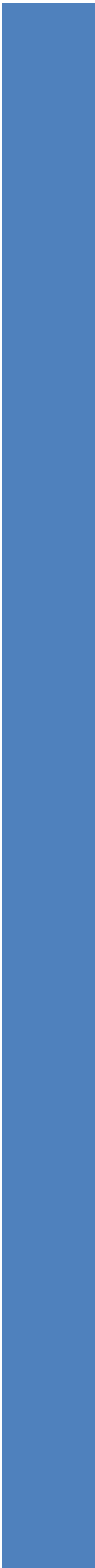
Attachments:

Attachment 1: *2020 Approved Budget and Proposed Budget Amendment.*

Additional Attachments: none.

UPPER YAMPA WATER CONSERVANCY DISTRICT - 2020 APPROVED BUDGET AND PROPOSED AMENDMENT

		2020 BUDGET	2020 BUDGET	2020 BUDGET
		Approved Nov 20, 2019	Proposed Additions	Proposed Amended Budget June 18, 2020
Fund Opening Balance including Encumbered Funds		14,945,119		14,945,119
Encumbered Funds		6,222,280		6,222,280
	Emergency Facilities Reserve	4,485,814		4,485,814
	Capital Maintenance Reserve	752,436		752,436
	Stagecoach Wetlands Mitigation Reserve	419,734		419,734
	Routt County Road #14 Contribution	500,000		500,000
	Tabor Reserve	64,296		64,296
Unencumbered Funds		8,722,839		8,722,839
Revenues				
	Facilities			
	Stagecoach Reservoir			
1	Power Sales	200,000		200,000
2	Water Sales	116,379		116,379
	Yamcolo Reservoir			
2	Water Sales	163,653		163,653
3	Stillwater Ditch & Reservoir Company	45,279		45,279
4	Property taxes	2,496,565		2,496,565
5	Interest earned	296,100		296,100
6	Other income			
		3,317,976		3,317,976
Expenditures				
Operating				
	Facilities			
7	Stagecoach Reservoir - Power Generation	224,582		224,582
7	Stagecoach Reservoir - Water storage	278,537	22,000	300,537
8	Yamcolo Reservoir	156,631		156,631
9	Stillwater Ditch & Reservoir Company	40,834	5,321	46,155
10	Administration	305,889	28,576	334,465
11	Board of Directors	115,304	75,380	190,684
12	External Affairs	121,909		121,909
13	Finance	152,813		152,813
14	Legal	158,090		158,090
15	Planning	74,572		74,572
16	Grants, Scholarships & Public Information	253,390		253,390
17	Treasurer fees	80,650		80,650
Subtotal Operating		1,963,200	131,277	2,094,477
Capital				
7	Stagecoach Reservoir - Power Generation	50,000		50,000
7	Stagecoach Reservoir - Water storage	50,000		50,000
8	Yamcolo Reservoir	80,000		80,000
9	Stillwater Ditch & Reservoir Company		120,000	120,000
10	Office Space			
Subtotal Capital		180,000	120,000	300,000
expenditures		2,143,200	251,277	2,394,477
net income (loss)		1,174,775		923,499
Ending Fund Balance		16,119,895		15,868,618





BOARD COMMUNICATION FORM

From: Deb Bastian, Business Manager

Date: June 12, 2020

Item: Committee Reports

DIRECTION
 INFORMATION
 MOTION
 RESOLUTION

I. Request/Issue and Background Information:

Verbal updates on committee reports will be presented, if any.

II. Summary and Alternatives:

n/a

III. Staff Recommendation:

n/a

IV. Legal Issues:

n/a

V. Consistency with Board Goals and Policies:

n/a



BOARD COMMUNICATION FORM

June 18, 2020 Board Meeting

From: Bob Weiss, Legal Counsel

Date: June 8, 2020

Item: Bylaw Amendments

DIRECTION
 INFORMATION
 MOTION
 RESOLUTION

I. Request/Issue and Background Information: The work of the Governance Committee and further review of the District Bylaws has identified several areas where amendments should be considered. I have prepared a bullet point outline below of potential amendments for the Board to consider. Based on Board direction I will prepare Bylaw amendments for the July meeting.

II. Summary and Alternatives: These are the potential Bylaw amendments:

- (a) New Business. The question of the agenda topic "New Business" was discussed when the Board manual was reviewed. Section 7 of Article III allows New Business as an agenda item. It was proposed that New Business be limited to items that require emergency action that have come up during the meeting but after approval of the Agenda.
- (b) Order of Business at Board meetings. The existing Bylaws contain Section 8 of Article III which lists in specific terms the "order of business" at Board meetings. This has proven to be problematic since all meetings are unique and there are often good reasons to change the order of agenda items. The Board manual addresses this in general terms and allows flexibility. There is nothing requiring that this be in the Bylaws and it has been proposed that it be eliminated. .
- (c) Minutes. Article III, Section 7 seems to require that minutes be kept of executive sessions. This is not a legal requirement. Executive sessions are recorded except for executive sessions on legal matters. This complies with the law and the Bylaws should be amended to address this.
- (d) Term of Board President. At the January meeting it was proposed that the maximum period of consecutive service of the Board president be reviewed. Currently it is 6 years. After a 2 year break, the six year period could start again.
- (e) Auditor. The Board expressed the desire to approve the firm hired for the District's annual audit. This should be clarified in the Bylaws.

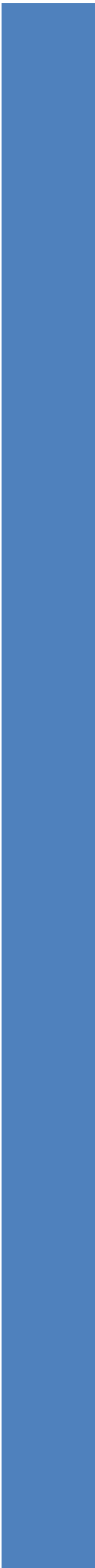
(f) Investments. At each regular meeting, the General Manager is required to deliver in writing to the Directors a Treasurer's Report including a list of investments held by the District and the yield being earned on such investments and a list of significant contracts not yet approved by the Board of Directors and executed by the District since the General Manager's last report. This is not current practice.

III. Staff Recommendation: Staff recommends that the Board consider the proposed Bylaw amendments and adopt them as the Board deems appropriate.

IV. Legal Issues: Legal issues are identified in Section II above.

V. Consistency with Board Goals and Policies: The Board should consider whether the proposed Bylaw amendments are consistent with Board Goals and Policies.

VI. Fiscal Impact: None of the proposed Bylaw amendments appear to have a significant direct financial impact.





BOARD COMMUNICATION FORM

From: Andy Rossi, District Engineer.

Date: June 10, 2020

Item: LRE Water Quality Update

DIRECTION
 INFORMATION
 MOTION
 RESOLUTION

I. Request/Issue and Background Information:

Leonard Rice Engineers have been retained to provide water quality services related to the CDPHE standard setting associated with Stagecoach Dam. Jessica DiToro, P.E. provided the UYWCD with a plan for water quality sampling at Stagecoach Reservoir for 2020. The estimate is provided for information purposes.

The initial cost estimate for the plan is approximately \$10,000.

II. Summary and Alternatives:

N/A

III. Staff Recommendation:

N/A

IV. Legal Issues:

N/A

V. Consistency with Board Goals and Policies:

Policies 2, 4, 6.

Attachments:

SAP from Jessica DiToro, LRE



SUMMER 2020 SAMPLING AND ANALYSIS PLAN
Stagecoach Reservoir
Upper Yampa Water Conservancy District

I. OBJECTIVE

The objective of the Summer 2020 Upper Yampa Water Conservancy District (the District) Stage Coach Reservoir water quality sampling is to characterize and evaluate the dissolved lead concentrations in Stagecoach Reservoir. This water quality sampling and analysis plan (SAP) will serve as a guide and documentation for sampling methods and protocols, field safety, sampling locations and schedule, quality assurance and quality control protocols, and laboratory analysis methods. The water quality data acquired under this SAP will be used to supplement the current dissolved lead data set for Stagecoach Reservoir to assess the Reservoir’s compliance with the acute and chronic aquatic life dissolved water quality standards for 303(d) Listing purposes. This sampling will inform future and/or additional sampling schedules and requirements needed to obtain the District’s objective(s).

II. FIELD SAFETY

The District is committed to providing field staff with a safe work environment. Field work will be managed to minimize risk. The attached Health and Safety Plan (HASP) provides detailed information regarding required safety equipment and protocol (Attachment A). Sampling will be conducted in teams of at least two people. Contact information for the field staff as well as their duties and responsibilities should be inserted by the District into Table 1, below. All field staff should read and sign the HASP prior to the first day of sampling.

Table 1: Staff Contact Information and Responsibilities

Name	Job Title	Phone Number Email Address	Responsibilities

III. SAMPLE LOCATIONS AND SCHEDULE

Water quality samples will be collected in the locations listed in Table 2, below (also see Figure 1)).

Table 2: Water Quality Sampling Locations

Location	Site ID	Location Description	Latitude	Longitude
Stagecoach Reservoir at Dam at Top	SCR_Top	Stagecoach Reservoir approximately 600 feet west of the Dam at approx. 3 ft below surface	40.285175	-106.834415
Stagecoach Reservoir at Dam at Bottom	SCR_Bottom	Stagecoach Reservoir approximately 600 feet west of the Dam at approx. 120 ft below surface	40.285175	-106.834415
Field Blank	Blank	Field Blank collected at Stagecoach Reservoir approximately 600 feet west of the Dam	40.285175	-106.834415
Duplicate	XXX_Dup ¹	Stagecoach Reservoir approximately 600 feet west of the Dam at either 3 ft or 120 ft below surface – Choose either SCR_Top or SCR_Bottom to duplicate.	40.285175	-106.834415

¹"XXX" should be replaced with site name that the duplicate is for. For example, if a duplicate is collected at SRC_Top the duplicate bottle should be labeled "SRC_Top_Dup".

The site above (40.285175, -106.834415) was chosen as it is exactly halfway in-between the Water Quality Control Division's sampling site and the United States Geological Survey's sampling site. This site is approximately located at the deepest point in the Reservoir (also depicted in Figure 1).

Sampling will begin after July 1, 2020, and will continue into September of 2020, but will not continue past September 30, 2020. Sampling will occur every 2 to 3 weeks, and a total of 5 to 6 samples will be collected within the 3 month sampling period. A recommended sampling schedule would look something similar to the following:

- Sampling Event #1: Thursday July 2nd
- Sampling Event #2: Thursday July 23rd
- Sampling Event #3: Thursday August 6th
- Sampling Event #4: Thursday August 27th
- Sampling Event #5: Thursday September 10th
- Sampling Event #6: Thursday September 24th (potentially optional depending on prior results)

Upper Yampa Water Conservancy District
 Summer 2020 Stagecoach Reservoir Sampling and Analysis Plan
 June 12, 2020

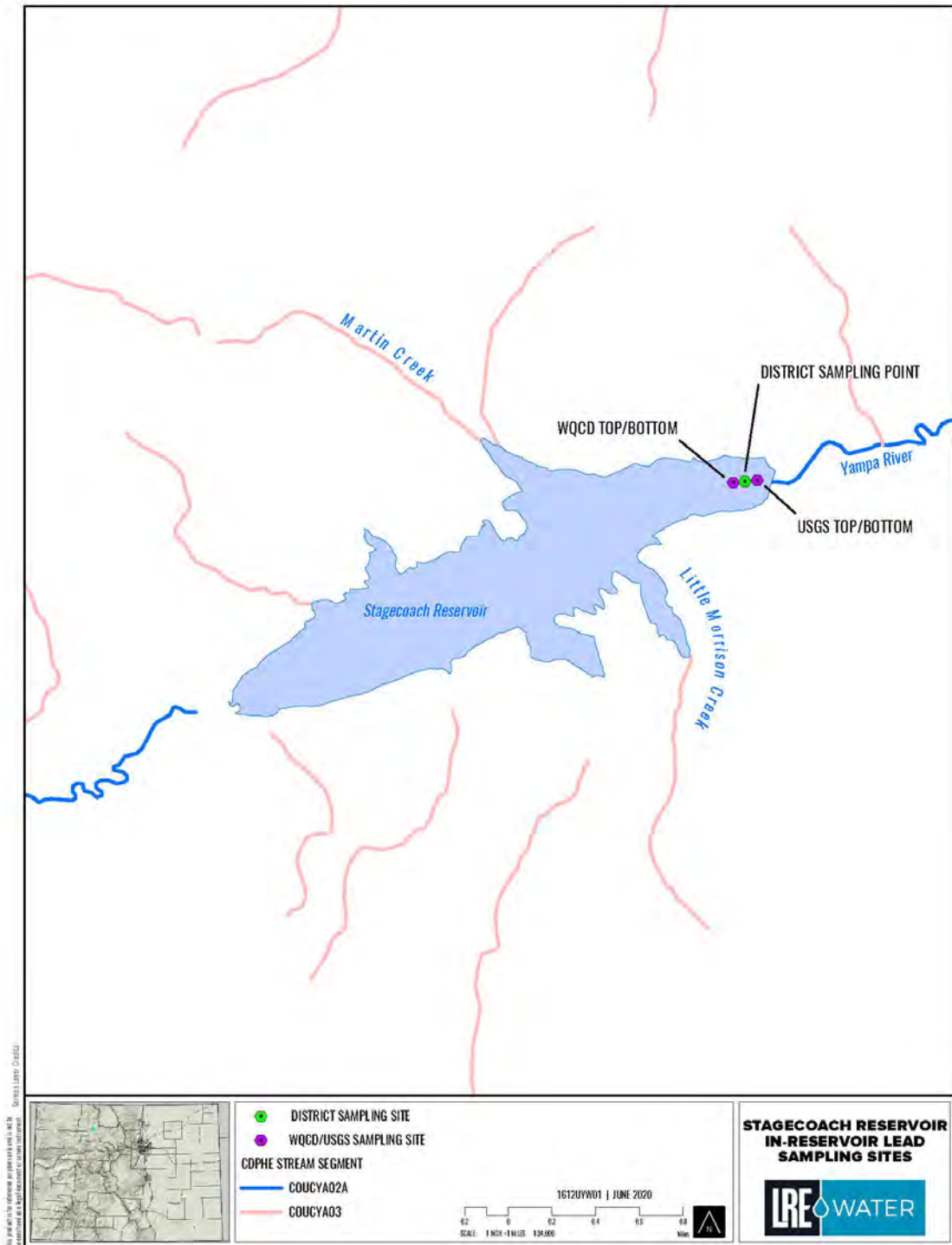


Figure 1. Map of Sampling Location(s)

IV. WATER CHEMISTRY SAMPLE COLLECTION AND FIELD MEASUREMENTS

When collecting water samples, the sampler will wear powder-free sampling gloves. All “pour” bottles will be rinsed three times with reservoir water prior to collecting the sample. For Stagecoach Reservoir sampling, a Van Dorn or LaMotte Horizontal water sampler will be used as the “pour” bottle to collect samples at the approximate depths (3 ft or 120 ft). The sampler will then submerge the “pour” bottle and collect water which has not come in contact with the sampler, equipment, or any sediment that may have been stirred up. The sample will be collected by filling the sample bottle to the neck with water directly from the “pour” bottle (the Van Dorn or the LaMotte Horizontal water sampler).

Prior to any water samples being collected the sampler(s) conducting the sampling must ensure the water samples are collected at the appropriate time of day and in the correct order. Reservoir sampling may disrupt fish and microscopic organisms, such as phytoplankton and zooplankton, which can interfere in sample collection and other field procedures. Any samples collected using a Van Dorn water sampler or a LaMotte Horizontal Sampler should be taken before any activity or procedure may disturb the bottom sediment in order to avoid any excess turbidity in samples. If any disturbances is observed, these should be noted in the “Observations” section of the appropriate field sheet. When collecting reservoir samples the boat is “parked” at the deepest location of the reservoir. This will aid in obtaining a deeper reservoir water sample. Care should be taken to avoid hitting the bottom of the Reservoir during sampling to avoid stirring up sediment. This will be accomplished by measuring depth with a depth finder and ensuring that the deep sample at location SCR_Bottom is collected from at least 5 feet above the bottom depth of the reservoir.

Select dissolved constituent(s) sample(s) may need filtering and preserving. The District may choose to filter and preserve these samples in the field *or* the District may choose to have the samples filtered and preserved by ACZ Laboratories in the laboratory for a fee of \$10.25 per sample (see Attachment B for quote received from ACZ Laboratory on June 5, 2020). If the District chooses to filter and preserve in the field, the dissolved samples must be filtered using a 0.45 micron filter (usually provided by the laboratory, request at time of bottle order). After the sample has been filtered, the preservative will be added to the sample. The sample bottle will then be closed and then gently inverted to mix the sample. If the District chooses to have ACZ Laboratories filter and preserve the dissolved sample(s), simply fill the sample bottle with water, cap it, and return the sample bottle to the cooler and store in the dark on ice. ***Please be sure to note on the bottle if the sample has or has not been filtered/preserved. It is also good practice to note on the chain of custody (COC) if dissolved constituent(s) sample(s) need to be filtered and preserved in the lab.***

Total constituent(s) sample(s) will require preservation in the field (for example total metals samples require preservation using nitric acid, HNO₃). Total constituent(s) sample(s) do ***not*** need to be filtered in the filter. Preservative will be added to the sample bottle ***after*** the water sample has been collected. The

sample bottle will then be closed and then gently inverted to mix the sample. Immediately following preservation, return the sample bottle to the cooler and store in the dark on ice. ***Please be sure to note on the bottle that the sample has not been filtered but that it has been preserved.***

All sample bottles collected at each individual site must be labeled appropriately. Sample bottles should be pre-labelled with the below information, except for date/time of sample taken, prior to going into the field. Labels will include the project name, sample identification, date (to be filled in at time of collection), and time (to be filled in at time of collection). It is also important to note on the sample bottle if the sample is to be filtered and/or preserved in the field. COC forms will be filled out specifying sampling information and analyses and will be sent with the samples to the lab. ACZ Laboratories will provide the COC with the bottle order.

Project Name: Stagecoach

Sample ID: SCR_Top

Date: 7/2/2020

Time: 0900

Be sure to note if sample has(not) been filtered and/or preserved

Sampling bottles, coolers, preservatives, and COCs will be provided by ACZ Laboratories prior to the day of sampling. It is the District's responsibility to place a bottle order prior to the sampling event, allowing ACZ Laboratories enough time to compile the bottle order so that the bottles are available to the District in time for the day of sampling. The District will work with ACZ Laboratories to either pick up the bottles and coolers directly from ACZ Laboratories, or have ACZ Laboratories ship them to the District.

All water chemistry samples will be stored in coolers on ice (away from light) immediately after collection/preservation. The coolers will then be delivered immediately following sampling to the ACZ Laboratories in Steamboat Springs:

ACZ Laboratories
2773 Downhill Drive
Steamboat Springs, CO 80487

V. DUPLICATES

A field duplicate is an independent sample collected as close as possible in time to the original, or "primary sample", from the same source, and under identical conditions. A duplicate for total lead will be prepared by filling a total recoverable metals bottle with the same exact water from the Van Dorn water sampler or a LaMotte Horizontal Sampler as was used for the "primary sample". The duplicate should be preserved in the field per Section IV above. The duplicate should be labeled "XXX_Dup", where "XXX" is the "primary sample" ID. For example, if the duplicate is collected at SRC_Top the duplicate sample bottle will be labeled "SRC_Top_Dup". Ideally a field duplicate should be collected during every sampling event at a randomly pre-selected site, but at a minimum a duplicate should be collected during the first sampling event and one other randomly selected sampling event later in the summer sampling season. However, it will be left to the District's discretion if, when, and where a duplicate sample will be collected and analyzed. Duplicate results should be compared to the non-duplicate results for the site that the duplicate was collected for. If the difference between the duplicate result(s) and non-duplicate result(s) are greater than +/- 10%, another duplicate sample should be collected and analyzed at the next sampling event. If the District intends to include a duplicate with its samples, be sure to include the field duplicate on the COC for total lead.

VI. BLANKS

The primary purpose of blank samples is to trace sources of artificially introduced contamination. Field blank results include total ambient conditions during sampling and laboratory sources of contamination. A field blank sample for total recoverable lead will be prepared by pouring laboratory-grade deionized (DI) water into one of the total recoverable metals sample bottles labeled "Blank". It is good practice to collect a field blank during every sampling event, but at a minimum a field blank should be collected during the first sampling event and one other randomly selected sampling event later in the summer sampling season. However, it will be left to the District's discretion if, when, and where a field blank will be collected and analyzed. If the first field blank comes back with a value other than non-detect, another field blank should be collected and analyzed at the next sampling event. If the District intends to include a field blank with its samples, sure to include the field duplicate on the COC for total lead.

A trip blank will be provided by ACZ Laboratories with the bottles and coolers, and will remain in the cooler throughout the sampling event, and will be returned to ACZ Laboratories in the cooler at the time the samples are delivered to ACZ Laboratories. The trip blank will be measured for temperature to make sure the collected samples were kept at the appropriate temperature when they arrive at ACZ Laboratories.

ACZ Laboratories will also perform method and instrument blanks at the time of sample analysis. Method and instrument blank results show only laboratory sources of contamination.

VII. FIELD DATA SHEETS

Site information will be recorded on a waterproof field data sheet using sharpies or similar non-smudge waterproof pens, for each site. Information recorded should include instantaneous physical parameter grab sample values (pH, temperature, conductivity, dissolved oxygen), photographs, and other observations as described below.

The following information is to be recorded on the field sheet at each site visit:

- Reservoir Site/Site ID
- Location Description
- Date and Begin and End Time: *Use military time (e.g., 13:00 for 1pm)*
- Sampler(s) Present
- Visual Description of Site
- Weather and Reservoir Conditions
- Water Temperature: *Units in degrees Celsius*
- Conductivity: *Units in mS/cm or μ S/cm*
- Dissolved Oxygen: *Units in mg/L and percent saturation*
- pH: *Units in standard units*
- Photographs: *Photographs should be taken with a digital camera if possible*
- pH/Conductivity/Dissolved Oxygen meter confidence check: *At each site, a confidence check of the pH, and conductivity probes against standards will be recorded on the field sheets. See the next section for details regarding the confidence check procedure.*

Photographs should be taken of the site at every single sampling event to document the unique and specific conditions of that day.

Attachment C contains an example field sheet for the District's use.

VIII. FIELD WATER QUALITY MEASUREMENTS QUALITY ASSURANCE/QUALITY CONTROL

Multi-parameter probes should be calibrated according to the manufacturer's instructions before sampling and data collection. pH 7 and pH 10 buffer solutions, and conductivity standard of 1413 μ S/cm, will be used for the pH and conductivity confidence checks which will occur at every sampling site. The meter reading and standard value will be recorded on the field data sheet. If the reading varies by more than +/- 10% from the standard, the meter will be recalibrated and recalibration information will be recorded on the field data sheet. Any conductivity or pH readings outside of these ranges may indicate that the instrument needs to be recalibrated, or that troubleshooting is required (e.g. instrument malfunction). The sample result and any recalibration notes will be recorded on the field sheets after recalibration. Field water chemistry measurements will be made at all sites according to the following protocols:

- Rinse sensors with small portion of confidence solution.
- Pour solution into a clean, dry transport/calibration cup making sure that the entire sensor is immersed in the solution during the check.
- Place probes into transport/calibration cup and turn on instrument.
- Enable the instrument calibration mode and wait about 2 minutes for readings to stabilize
- Take readings and record the values on the field sheet. If reading is within 10% difference, the instrument is ready to collect data.
- Dispose of solution after use into waste water bottles for proper disposal after sampling is completed.

The probes will be stored in the proper storage solutions and rinsed with DI water prior to use at each site.

IX. WATER CHEMISTRY LABORATORY ANALYSIS

Water quality samples will be collected at the following sampling sites throughout 2020. Table 3 summarizes the parameters that will be analyzed by the lab. The lab will analyze water samples in accordance with EPA approved analysis methods.

Table 3: Sampling Parameters by Site

Location	Site ID	Parameter	Method	Detection Limit	Purpose of Analysis
Stagecoach Reservoir at Dam at Top	SCR_Top	Dissolved Lead	M200.8 ICP-MS	0.1 ug/L	303(d) Listing Assessment
		Total Recoverable Lead	M200.8 ICP-MS	0.1 ug/L	QA/QC purposes and to better understand lead in Reservoir
		Dissolved Calcium	M200.7 ICP	0.1 mg/L	To calculate table value standards to assess dissolved lead compliance
		Dissolved Magnesium	M200.7 ICP	0.2 mg/L	
Stagecoach Reservoir at Dam at Bottom	SCR_Bottom	Dissolved Lead	M200.8 ICP-MS	0.1 ug/L	303(d) Listing Assessment
		Total Recoverable Lead	M200.8 ICP-MS	0.1 ug/L	QA/QC purposes and to better understand lead in Reservoir
		Dissolved Calcium	M200.7 ICP	0.1 mg/L	To calculate table value standards to assess dissolved lead compliance
		Dissolved Magnesium	M200.7 ICP	0.2 mg/L	
Field Blank	Blank	Total Recoverable Lead	M200.8 ICP-MS	0.1 ug/L	QA/QC
Duplicate	XXX_Dup ¹	Total Recoverable Lead	M200.8 ICP-MS	0.1 ug/L	QA/QC

¹"XXX" should be replaced with site name that the duplicate is for. For example, if a duplicate is collected at SRC_Top the duplicate bottle should be labeled "SRC_Top_Dup".

X. EQUIPMENT LIST

The following lists the equipment that will be used to collect and complete water sampling:

- Waterproof field data sheets
- Makers (sharpie or similar brand) and pencils
- Life jackets
- Powder free gloves
- Van Dorn or LaMotte Horizontal water sampler with at least 120 ft long rope or cable
- Cooler with pre-frozen ice packs or ice
- Sampling bottles
- Extra set of sampling bottles
- Depth finder
- GPS
- Camera
- Extra batteries
- Maps
- Field Notebook
- Clear packing tape
- Secchi Disk
- Copy of SAP
- Copy of HASP
- Multi-parameter water chemistry such as a Pro1030 and an ODO Probe with at least 120 ft long cable
- Calibration solutions
- Distilled water or DI water for blank
- Waders and water proof boots
- Hard hats and high visibility vests
- Throw bag(s)
- Laboratory chain of custody
- Extra clothing/raincoat/sun shirts/hat, food, bottle(s) of water, sunscreen, and sunglasses as needed per HASP

Upper Yampa Water Conservancy District
Summer 2020 Stagecoach Reservoir Sampling and Analysis Plan
June 12, 2020

Attachment A – Health and Safety Plan

Upper Yampa Water Conservancy District
Summer 2020 Stagecoach Reservoir Sampling and Analysis Plan
June 12, 2020

[INSERT HASP HERE]

Upper Yampa Water Conservancy District
Summer 2020 Stagecoach Reservoir Sampling and Analysis Plan
June 12, 2020

Attachment B – ACZ Laboratories June 5, 2020 Quote

Quote Number: STAGECOACH

Matrix: Surface Water 5-8 surface water samples

Parameter	Method	Detection Limit	Cost/sample
Diskette/QC Summary			
Quality Control Summary			\$0.00
Inorganic Prep			
Lab Filtration (0.45um) & Acidification**	M200.7/200.8/3005A		\$10.25
Total Hot Plate Digestion	M200.2 ICP-MS		\$12.25
Metals Analysis			
Calcium, dissolved	M200.7 ICP	0.1 mg/L	\$19.25
Lead, dissolved	M200.8 ICP-MS	0.0001 mg/L	\$37.50
Lead, total	M200.8 ICP-MS	0.0001 mg/L	\$37.50
Magnesium, dissolved	M200.7 ICP	0.2 mg/L	\$19.25
Misc.			
Electronic Data Deliverable			\$0.00
Wet Chemistry			
Hardness as CaCO3 (dissolved)	SM2340B - Calculation	Calculation	\$0.00
		Cost/Sample:	\$136.00

This quote is based on a Standard Turn Around Time (TAT) of approximately 14 days (10 business days). TAT may vary with seasonal heavy workload. Please contact your PM if rush TAT is required. Rush TAT must be pre-approved prior to sample shipment to assure that due dates can be met. Pricing includes standard reporting formats and standard ACZ EDDs. All projects received are subject to a \$125.00 Minimum Invoice Charge. Please note that method detection limits are estimates and may be elevated depending on sample matrix that require dilution. Pricing includes coolers, bottles pre-preserved as needed, labels, COCs and ice-packs shipped to your site or office via UPS ground. Return shipping is the responsibility of the client. Please allow ample time for your bottles to arrive. ACZ assigns a Project Manager to all of our clients. Your Project Manager is Max Janioek. Max will serve as your main point of contact for all bottle orders, report statuses, questions on your data and changes to your account, and can be reached at maxj@acz.com or 970-879-6590 ext. 128.
 **Please be advised, NPDES regulations require that samples for dissolved metals be filtered within 15 minutes of collection and before adding preservatives (40 CFR 136.3).



Quote Number: STAGECOACH

CONTRACT DETAILS

Pricing includes coolers, bottles pre-preserved as needed, labels, COCs and ice-packs shipped to your site or office via UPS ground. Return shipping is the responsibility of the client. Please allow three to five days for delivery when ordering containers. ACZ must be notified prior to receiving samples of all special requests such as electronic data deliverables or special reporting requirements. The client will be charged for special sample containers or express shipping and additional charges may apply for non-standard requests.

This quotation is valid for six months from the bid date unless specified otherwise in the bid. All bids must be signed and returned to ACZ before the project(s) is received. The authorized signature represents acceptance of the pricing as well as the general terms and conditions of ACZ Laboratories, Inc. which may be downloaded from our web site at http://www.acz.com/wp-content/uploads/2015/10/ACZ_Terms_Conditions.pdf. Please note that MDL's in this quote may possibly increase due to sample matrix or samples with high TDS.

All orders that require shipping of coolers are subject to a minimum charge of \$200.00. Local orders without shipping are subject to a minimum charge of \$125.00. Samples may incur a \$11.00/sample disposal fee for any samples deemed to be hazardous.

ACZ Representative (Authorized signature and date) _____

Client Representative (Authorized signature and date) _____



Upper Yampa Water Conservancy District
Summer 2020 Stagecoach Reservoir Sampling and Analysis Plan
June 12, 2020

Attachment C – Example Field Sheet

Site Information			
Site ID:			
Date:			
Location Description:			
Latitude/Longitude		Elevation:	
Waypoint #/Site ID:		GPS Unit Used:	
Weather:			
Sampling Specifics			
Sampler(s):		Recorder:	
Probe Begin Time:		Probe End Time:	
Bottle Begin Time:		Bottle End Time:	
Blank Collected at this site? (Y/N):		Duplicate Collected at this site? (Y/N):	
Calibration			
Instrument Make & Model:			
pH Calibration Notes:			
Conductivity Cal. Notes:			
D.O. Calibration Notes:			
Results			
Air Temperature:			deg C
Water Temperature:			deg C
Specific Conductance:			mS/cm or uS/cm*
D.O. % Saturation:			%

Water Quality Field Sampling Notes – Page 2 of 2

D.O. Concentration		mg/L
D.O. Water Temperature:		deg C
Observations		
Photos (Camera used/photo #s):		
Observations:		
Comments on Reservoir Releases:		
Deviations from SAP:		

*Circle one or the other





BOARD COMMUNICATION FORM

From: Andy Rossi

Date: 06/10/20

Item: Reservoir Water Status

DIRECTION
 INFORMATION
 MOTION
 RESOLUTION

I. Request/Issue and Background Information:

A summary of the cost share distribution for the Routt County wide USGS water quality sampling program is presented for information purposes.

II. Summary and Alternatives:

NA

III. Staff Recommendation:

NA

IV. Legal Issues:

NA

V. Consistency with Board Goals and Policies:

2020 UYWCD Strategic Plan 2.2

Attachments:

Cost Share Data

2020 USGS Cost-Share Summary

Entity	2019 Bill	% Increase	2020 Calculated	% of Total	2020 Budget
<i>USGS</i>	14,969	0%	14,968	27%	14,968
<i>Routt County</i>	11,199	3%	11,535	21%	11,535
<i>City of Steamboat</i>	11,199	3%	11,535	21%	11,535
<i>Upper Yampa Water</i>	11,199	3%	11,535	21%	11,535
<i>Mount Werner Water</i>	2,800	3%	2,884	5%	2,884
<i>Morrison Creek</i>	2,800	3%	2,884	5%	2,884
Total	\$54,164		\$55,339	100%	\$55,339





BOARD COMMUNICATION FORM

From: Ken Brenner, Director

Date: June 12, 2020

Item: General Manager Search Committee Update

DIRECTION
 INFORMATION
 MOTION
 RESOLUTION

I. Request/Issue and Background Information:

See the attached memo for an update on the General Manager Search Committee.

II. Summary and Alternatives:

N/A

III. Staff Recommendation:

N/A

IV. Legal Issues:

N/A

V. Consistency with Board Goals and Policies:

N/A

Attachments:

Memo from Carolyn McCormick

Minutes of GM Search Committee meetings

TO: Board of Directors, Upper Yampa Water Conservancy District

FROM: Carolyn McCormick

DATE: 12 June 2020

SUBJECT General Manager Search Process Update

This is a summary of the work completed to date on the search for a new General Manager for the Upper Yampa Water Conservancy District.

Project Status

The project remains on track in terms of budget and timetable. We have completed these steps to date:

- Added Lyn Halliday to the Search Committee
- Reviewed applications of top candidates
- Completed initial vetting interviews of top candidates
- Reviewed supplementary materials submitted by top candidates; this included written responses to three questions and a short video presentation
- Confirmed candidates to be invited for preliminary interviews with search committee members
- Confirmed structure of preliminary interviews

Project Results to Date

- 44 applications received to date from around the country
- Conducted 9 initial vetting interviews; 1 other scheduled; most from Colorado
- 7 applicants will be scheduled for interviews with the search committee on June 24-25
- Applicant pool shows very high quality and enthusiasm for the work of the District

Criteria for Candidate Evaluation

Search Committee members and Search Consultant continue to use these parameters in reviewing the applications of candidates:

1. Leadership

- Candidate has held significant leadership roles, understands how to manage complex operations, and has detailed knowledge of the water resources and Colorado
- Candidate has understanding of facility operation, management, and maintenance
- Candidate has helped an organization build its capabilities
- Candidate has supervised staff and shows some experience in helping staff develop their capabilities

2. External Relations

- Candidate has an understanding of how to lead a public service organization
- Candidate has had experience in partnering with external, community groups
- Candidate has some experience in working with government officials and representatives
- Candidate has experience in working with a governing board

Page 2

Criteria for Candidate Evaluation (continued)

3. Other Factors

- Candidate's compensation requirements fit the posted range
- Candidate can begin work within roughly one month of receiving an employment offer

Next Steps

The Search Committee's next steps for the next six weeks include the following:

- Conduct interviews of semi-finalists June 24, 25
- Identify if additional interviews are needed to choose finalists
- Identify 2-4 finalists and publicly announce
- Develop interview plans for finalists
- Provide board with all application materials of finalists for review prior to meeting with finalists
- Complete background and reference checks for finalists
- Conduct meetings with finalists and the staff, the board, and potentially others; targeting July board meeting for full board to meet final candidates
- Make hiring decision and extend offer
- Negotiate and finalize terms of the offer
- Plan the effective transition for the new General Manager

RECORD OF PROCEEDINGS

UPPER YAMPA WATER CONSERVANCY DISTRICT
SEARCH COMMITTEE MEETING
WEDNESDAY, MAY 13, 2020 (2:00 PM)
ONLINE MEETING: [HTTPS://BLUEJEANS.COM/946 892 592](https://bluejeans.com/946892592)

MINUTES

Search Committee members present were Directors Ken Brenner, Doug Monger and Bob Woodmansee. Director Halliday, Business Manager Deb Bastian and Carolyn McCormick, Principal, Peak HR Consulting, LLC were also present. This meeting was held entirely by videoconference utilizing the BlueJeans platform. Instructions to the public describing the process to participate in the videoconference meeting and the meeting agenda were posted on the District website at least 24 hours in advance of the meeting.

The following agenda was proposed:

AGENDA

1. Establishment of Quorum and Call to Order;
2. Approval of minutes for April 5, 2020, April 22, 2020, April 29, 2020 and May 1, 2020 meetings; Action item
3. Review overall search timeline Action item
4. Deadline for applications; Action item
5. Review candidate vetting template; Action item
6. Executive Session under CRS § 24-6-402 (3.5) and (4)(e)(I) concerning employment of a new general manager. This session will be recorded, and a copy of the recording maintained for not less than 90 days.
7. Other items;
8. Confirm date of next meeting;
9. Adjournment

Director Brenner established a quorum and called the meeting to order at 2:04 PM.

Approval of minutes. Director Monger made a motion to approve the minutes of the April 5, 2020, April 22, 2020, April 29, 2020 and May 1, 2020 meetings as written. Director Woodmansee seconded the motion, which was unanimously approved.

RECORD OF PROCEEDINGS

Review overall timeline. The committee reviewed and discussed the timeline. Director Monger made a motion to accept the timeline with modifications that the application cutoff date will be June 10, 2020, the committee will reassess the cutoff date at the May 27, 2020 Search Committee meeting, include explanation of the interview process and note the 14 day posting period. Director Woodmansee seconded the motion, which was unanimously approved.

Deadline for Applications. Director Woodmansee made a motion to set the cutoff date for applications for June 10, 2020, with a reassessment of that date at the May 27, 2020 Search Committee meeting. Director Monger seconded the motion, which was unanimously approved.

Review candidate vetting template. The committee reviewed the candidate vetting template. Director Woodmansee made a motion to accept the vetting template as presented with the addition of staff development and supervisory experience. Director Monger seconded the motion, which was unanimously approved.

Executive Session. At 2:57 PM Director Monger moved, Director Woodmansee seconded, and it was unanimously agreed to go into Executive Session under provision CRS § 24-6-402 (3.5) and (4)(e)(I) concerning employment of a new general manager. This session will be recorded, and a copy of the recording maintained for not less than 90 days. Director Monger moved and it was unanimously approved to go out of Executive Session at 3:50 PM.

Director Brenner asked the committee if there was any discussion in the Executive Session that was outside the scope of the Executive Session. No directors expressed that concern.

Other items. No other items were presented.

Confirm date of next meeting. The next meeting will be on Wednesday, May 20, 2020 at 2:00 PM via BlueJeans online meeting.

The meeting was adjourned at 3:52 PM.

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

Ken Brenner

Ken Brenner (May 20, 2020 15:09 MDT)

Ken Brenner, Chairman

Date: May 20, 2020






2020 05 13 Search Committee Meeting Minutes-Final

Final Audit Report

2020-05-20

Created:	2020-05-20
By:	Deb Bastian (dbastian@upperyampawater.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAWIUieErkp4wYNbfKNueiYirnImjZdYfq

"2020 05 13 Search Committee Meeting Minutes-Final" History

-  Document created by Deb Bastian (dbastian@upperyampawater.com)
2020-05-20 - 8:43:06 PM GMT- IP address: 63.224.69.143
-  Document emailed to Ken Brenner (kpbrennersteamboat@gmail.com) for signature
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-  Email viewed by Ken Brenner (kpbrennersteamboat@gmail.com)
2020-05-20 - 9:09:20 PM GMT- IP address: 74.125.212.63
-  Document e-signed by Ken Brenner (kpbrennersteamboat@gmail.com)
Signature Date: 2020-05-20 - 9:09:52 PM GMT - Time Source: server- IP address: 67.164.186.155
-  Signed document emailed to Ken Brenner (kpbrennersteamboat@gmail.com) and Deb Bastian (dbastian@upperyampawater.com)
2020-05-20 - 9:09:52 PM GMT

RECORD OF PROCEEDINGS

UPPER YAMPA WATER CONSERVANCY DISTRICT
SEARCH COMMITTEE MEETING
WEDNESDAY, MAY 20, 2020 (2:00 PM)
ONLINE MEETING: [HTTPS://BLUEJEANS.COM/906228795](https://bluejeans.com/906228795)

MINUTES

Search Committee members present were Directors Ken Brenner, Doug Monger and Bob Woodmansee. Director Lyn Halliday, Business Manager Deb Bastian and Carolyn McCormick, Principal, Peak HR Consulting, LLC were also present. This meeting was held entirely by videoconference utilizing the BlueJeans platform. Instructions to the public describing the process to participate in the videoconference meeting and the meeting agenda were posted on the District website at least 24 hours in advance of the meeting.

The following agenda was proposed:

AGENDA

1. Establishment of Quorum and Call to Order;
2. Approval of minutes for May 13, 2020 meeting;
3. Executive Session under CRS § 24-6-402 (3.5) and (4)(e)(I) concerning employment of a new general manager. This session will be recorded, and a copy of the recording maintained for not less than 90 days.
4. Other items;
5. Confirm date of next meeting;
6. Adjournment

Director Brenner established a quorum and called the meeting to order at 2:09 PM.

Approval of minutes. Director Monger made a motion to approve the minutes of the May 13, 2020 meeting as written. Director Woodmansee seconded the motion, which was unanimously approved.

Executive Session. At 2:10 PM Director Monger moved, Director Woodmansee seconded, and it was unanimously agreed to go into Executive Session under provision CRS § 24-6-402 (3.5) and (4)(e)(I) concerning employment of a new general manager. This session will be recorded, and a copy of the recording maintained for not less than 90 days. Director Woodmansee moved, Director Monger seconded, and it was unanimously agreed to go out of Executive Session at 3:07 PM.

Director Brenner asked the committee if there was any discussion in the Executive Session that was outside the scope of the Executive Session. No directors expressed that concern.

RECORD OF PROCEEDINGS

Other items. No other items were presented.

Confirm date of next meeting. The next meeting will be on Wednesday, May 27, 2020 at 2:00 PM via BlueJeans online meeting.

The meeting was adjourned at 3:08 PM.

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

Ken Brenner

Ken Brenner (May 27, 2020 14:57 MDT)

Ken Brenner, Chairman

Date: 5/27/2020






2020 05 20 Search Committee Meeting Minutes-final

Final Audit Report

2020-05-27

Created:	2020-05-27
By:	Deb Bastian (dbastian@upperyampawater.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAG3rQ-T24kqJIXHxSisVdBN6ynIOeKJ9

"2020 05 20 Search Committee Meeting Minutes-final" History

-  Document created by Deb Bastian (dbastian@upperyampawater.com)
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-  Document emailed to Ken Brenner (kpbrennersteamboat@gmail.com) for signature
2020-05-27 - 8:15:57 PM GMT
-  Email viewed by Ken Brenner (kpbrennersteamboat@gmail.com)
2020-05-27 - 8:57:10 PM GMT- IP address: 74.125.212.55
-  Document e-signed by Ken Brenner (kpbrennersteamboat@gmail.com)
Signature Date: 2020-05-27 - 8:57:56 PM GMT - Time Source: server- IP address: 67.164.186.155
-  Signed document emailed to Ken Brenner (kpbrennersteamboat@gmail.com) and Deb Bastian (dbastian@upperyampawater.com)
2020-05-27 - 8:57:56 PM GMT

RECORD OF PROCEEDINGS

UPPER YAMPA WATER CONSERVANCY DISTRICT
SEARCH COMMITTEE MEETING
WEDNESDAY, MAY 27, 2020 (2:00 PM)
ONLINE MEETING: [HTTPS://BLUEJEANS.COM/507737798](https://bluejeans.com/507737798)

MINUTES

Search Committee members present were Directors Ken Brenner, Doug Monger and Bob Woodmansee. Director Lyn Halliday, Business Manager Deb Bastian and Carolyn McCormick, Principal, Peak HR Consulting, LLC were also present. This meeting was held entirely by videoconference utilizing the BlueJeans platform. Instructions to the public describing the process to participate in the videoconference meeting and the meeting agenda were posted on the District website at least 24 hours in advance of the meeting.

The following agenda was proposed:

AGENDA

1. Establishment of Quorum and Call to Order;
2. Approval of minutes for May 20, 2020 meeting;
3. Executive Session under CRS § 24-6-402 (3.5) and (4)(e)(I) concerning employment of a new general manager. This session will be recorded, and a copy of the recording maintained for not less than 90 days.
4. Other items;
5. Confirm date of next meeting;
6. Adjournment

Director Brenner established a quorum and called the meeting to order at 2:01 PM.

Approval of minutes. Director Monger made a motion to approve the minutes of the May 20, 2020 meeting as written. Director Woodmansee seconded the motion, which was unanimously approved.

Executive Session. At 2:04 PM Director Monger moved, Director Halliday seconded, and it was unanimously agreed to go into Executive Session under provision CRS § 24-6-402 (3.5) and (4)(e)(I) concerning employment of a new general manager. This session will be recorded, and a copy of the recording maintained for not less than 90 days. Director Halliday moved, Director Woodmansee seconded, and it was unanimously agreed to go out of Executive Session at 2:50 PM.

Director Brenner asked the committee if there was any discussion in the Executive Session that was outside the scope of the Executive Session. No directors expressed that concern.

RECORD OF PROCEEDINGS

Other items. Chairman Brenner reported that the Search Committee chose May 27, 2020, as a decision point in the timeline to determine if there is a need to extend the date for accepting applications. The Search Committee discussed during Executive Session and determined that the committee has received enough quality applications that there is not a need to extend the deadline of June 10, 2020. The committee will continue with timeline that was adopted at the last general board meeting.

Confirm date of next meeting. The next meeting will be on Thursday, June 4, 2020 at 2:00 PM via BlueJeans online meeting.

The meeting was adjourned at 2:56 PM.

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

Ken Brenner

Ken Brenner (Jun 5, 2020 10:43 MDT)

Ken Brenner, Chairman

Date: Jun 5, 2020






2020 05 27 Search Committee Meeting Minutes-Final

Final Audit Report

2020-06-05

Created:	2020-06-04
By:	Deb Bastian (dbastian@upperyampawater.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAA4wSS0ZYL2_L7raMkDgAdU3FGdxtMwqur

"2020 05 27 Search Committee Meeting Minutes-Final" History

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-  Email viewed by Ken Brenner (kpbrennersteamboat@gmail.com)
2020-06-05 - 4:21:22 PM GMT- IP address: 74.125.212.32
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-  Signed document emailed to Deb Bastian (dbastian@upperyampawater.com) and Ken Brenner (kpbrennersteamboat@gmail.com)
2020-06-05 - 4:43:45 PM GMT

RECORD OF PROCEEDINGS

UPPER YAMPA WATER CONSERVANCY DISTRICT
SEARCH COMMITTEE MEETING
THURSDAY, JUNE 4, 2020 (2:00 PM)
ONLINE MEETING: [HTTPS://BLUEJEANS.COM/227781689](https://bluejeans.com/227781689)

MINUTES

Search Committee members present were Directors Ken Brenner, Doug Monger and Bob Woodmansee. Director Lyn Halliday, Business Manager Deb Bastian and Carolyn McCormick, Principal, Peak HR Consulting, LLC were also present. This meeting was held entirely by videoconference utilizing the BlueJeans platform. Instructions to the public describing the process to participate in the videoconference meeting and the meeting agenda were posted on the District website at least 24 hours in advance of the meeting.

The following agenda was proposed:

AGENDA

1. Establishment of Quorum and Call to Order;
2. Approval of minutes for May 27, 2020 meeting;
3. Executive Session under CRS § 24-6-402 (3.5) and (4)(e)(I) concerning employment of a new general manager. This session will be recorded, and a copy of the recording maintained for not less than 90 days.
4. Other items;
5. Confirm date of next meeting;
6. Adjournment

Director Brenner established a quorum and called the meeting to order at 2:01 PM.

Approval of minutes. Director Monger made a motion to approve the minutes of the May 27, 2020 meeting as written. Director Halliday seconded the motion, which was unanimously approved.

Executive Session. At 2:04 PM Director Monger moved, Director Woodmansee seconded, and it was unanimously agreed to go into Executive Session under provision CRS § 24-6-402 (3.5) and (4)(e)(I) concerning employment of a new general manager. This session will be recorded, and a copy of the recording maintained for not less than 90 days.

Director Brenner had to leave the meeting at 3:08 PM for another meeting and Director Monger took over as Chair for the meeting.

RECORD OF PROCEEDINGS

Director Woodmansee moved, Director Halliday seconded, and it was unanimously agreed to go out of Executive Session at 3:12 PM.

Vice Chair Monger asked the committee if there was any discussion in the Executive Session that was outside the scope of the Executive Session. No directors expressed that concern.

Other items. None

Confirm date of next meeting. The next meeting will be on Thursday, June 11, 2020 at 2:00 PM via BlueJeans online meeting.

The meeting was adjourned at 3:16 PM.

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

Ken Brenner

Ken Brenner (Jun 11, 2020 16:05 MDT)

Ken Brenner, Chairman

Date: Jun 11, 2020






2020 06 04 Search Committee Meeting Minutes-Final

Final Audit Report

2020-06-11

Created:	2020-06-11
By:	Deb Bastian (dbastian@upperyampawater.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAU5fPgjdrcM-SNM2y_Dn_dWi1p_hswRc

"2020 06 04 Search Committee Meeting Minutes-Final" History

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-  Document emailed to Ken Brenner (kpbrennersteamboat@gmail.com) for signature
2020-06-11 - 8:39:32 PM GMT
-  Email viewed by Ken Brenner (kpbrennersteamboat@gmail.com)
2020-06-11 - 10:04:42 PM GMT- IP address: 74.125.212.63
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-  Signed document emailed to Deb Bastian (dbastian@upperyampawater.com) and Ken Brenner (kpbrennersteamboat@gmail.com)
2020-06-11 - 10:05:14 PM GMT



BOARD COMMUNICATION FORM

From: Scott Grosscup, legal counsel

Date: June 10, 2020

Item: Water Resume Review

DIRECTION
 INFORMATION
 MOTION
 RESOLUTION

I. Request/Issue and Background Information: I reviewed the Water Resumes for Water Divisions 5 and 6 for water court filings in the month of May and did not identify any water applications that would impair or injure the District's water rights.

One application that may be of interest, however, is an application filed by Catamount Development, Inc. and the Catamount Metropolitan District to make the Lake Catamount Refill Right absolute in the amount of 4,000 acre feet for municipal and irrigation purposes in Case No. 20CW3015. They are basing this claim on the finding in Case No. 90CW152 that the full 4,000 acre feet of the refill right had been diverted and stored.



BOARD COMMUNICATION FORM

From: Scott Grosscup, legal counsel

Date: June 10, 2020

Item: Water Court Cases Update

DIRECTION
 INFORMATION
 MOTION
 RESOLUTION

Following is an update of the status of water court cases in which the Upper Yampa Water Conservancy District is an Applicant or Opposer and matters pending before the Utah Division of Water Resources.

Case No. 17CW3043 – This is the application by the City of Steamboat Springs for an augmentation plan for Casey’s Pond. The District has stipulated consenting to the form of ruling in 2019. The ruling uses the District’s water rights from Stagecoach reservoir in its augmentation plan for Casey’s Pond. The Applicant and Mt. Werner Water & Sanitation District are soon to settle and present a final proposed Ruling to the Water Referee. We will continue to monitor the case to ensure that no concerns are raised in using the District’s water rights.

Case No. 18CW3020 – This is the application by the Mt. Werner Water & Sanitation District for new junior water rights at the Yampa Meadows Infiltration Gallery and plan for augmentation using water from Stagecoach and Yamcolo Reservoirs under two contracts with the UYWCD. The District stipulated with the Applicant, which was approved by the Referee, consenting to the relief requested and properly identifying water rights that may be used from Yamcolo Reservoir for augmentation. The City of Steamboat Springs is the only remaining oppose and they have indicated a settlement should be forthcoming.

Case No. 19CW3005 – This is an application for finding of reasonable diligence filed by Tri-State Generation and Transmission Association related to conditional water rights it owns in the Four Counties Ditch No. 3, Headgate 8 and in the Wessels Canal. Tri-State has now responded to the Division Engineer’s Consultation Report that questioned future need and demand for the water rights. Tri-State responded that the water rights could be used for “new generation facilities” such as pumped storage hydropower near the Craig Station. It also suggested undertaking a study during the following six years to evaluate the future needs and demands of the water rights.

Water Horse Resources – Water Horse Resources has switched counsel and its new counsel has requested additional time to submit information to the Wyoming State Engineer about the

application to transport water from Utah to Colorado's East Slope to April 2021 pending resolution with the Utah State Engineer. In Utah, Water Horse Resources is submitting additional information not previously provided to the State Engineer or other parties. It is unclear if this is new information or information that Water Horse simply did not submit at the original hearing. This submittal raises procedural questions about the timeliness of the submissions and ability for opposers to also submit responses to the new information.

DETERMINATION OF NEXT MEETING AGENDA



AGENDA
UPPER YAMPA WATER CONSERVANCY DISTRICT
BOARD OF DIRECTORS MEETING
THURSDAY, JULY 16, 2020 (12:00 PM)
ONLINE MEETING: [HTTPS://BLUEJEANS.COM/](https://bluejeans.com/)

INSTRUCTIONS ON HOW TO JOIN A BLUEJEANS MEETING FOLLOW THE AGENDA

A Board of Directors meeting packet is available for public review on our website at <http://www.upperyampawater.com/board-of-directors/agendas/> on the Friday before the meeting. Amendments to the Agenda and new documents that are generated or submitted after the original posting of the meeting materials will be posted under "Additional Documents" on the website for the relevant meeting.

MEETING PROCEDURE: Comments from the Public are welcome at two different times during the course of the meeting: 1) Comments no longer than three (3) minutes on items **not** scheduled on the Agenda will be heard under Public Input and Comment; and 2) Comments no longer than three (3) minutes on all scheduled public hearing items will be heard following the presentation. Please wait until you are recognized by the President. With the exception of subjects brought up during Public Input and Comment, on which no action will be taken or a decision made, the Board may take action on, and may make a decision regarding, ANY item referred to in this agenda, including, without limitation, any item referenced for "review", "update", "report", or "discussion" whether or not listed as an "Action Item."

- (1) Establishment of Quorum and Call to Order;
- (2) Approval of Agenda for Meeting
- (3) Public Input and Comment
The Board will make no decision nor take action, except to direct the General Manager. Those addressing the Board are requested to identify themselves by name, organization, if any, and address. Comments shall not exceed three (3) minutes.
- (4) Consent Agenda; **Action Item**
 - a) Approval of the minutes of June 18, 2020 Board meeting;
 - b) Approval of disbursements;
 - c) Budget comparison
- (5) Interview of Finalist for General Manager position **Action item**
- (6) Report of General Manager;
 - a) Financial Report
 - b) Work Plan Implementation
 - c) Proposal for Revised Schedule for 2020 UYWCD BOD Meetings **Action item**
 - d) Report on Findings of Risk Study Analysis of Yampa Doctrine and Equitable Apportionment (Presentation and Q&A with Taylor Adams of Hydros Engineering)
 - e) Stagecoach Fill and Release Policy **Action item**
- (7) Committee Reports
- (8) Report of General Counsel
 - a) Bylaws Amendment

- b) Yamcolo Raise Pool Water Contract
- (9) District Engineer Report
 - a) Reservoir Water Status
 - b) Capital Projects Update
- (10) Consideration/Action on District Project
 - a) Grants
 - b) Scholarships
- (11) Board Member Reports
- (12) Discussion of Pending Legislation
 - a) Water resumes;
 - b) Status of other water cases, if any;
- (13) New Business
- (14) Executive Sessions:
 - a) Executive session under CRS § 24-6-402(4)(b) to discuss legal issues on Water Resumes, Water Cases, Contract Negotiations and _____ (insert description) . Mere presence or participation of an attorney at an executive session is not sufficient to satisfy the requirements of CRS § 24-6-402(4)(b). Executive sessions to discuss legal matters are not recorded.
 - b) Executive session under CRS § 24-6-402(4)(e)(I) for the purpose of determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators with respect to _____ (insert brief description).
This session will be recorded, and a copy of the recording maintained for not less than 90 days.
- (15) Determination of next meeting agenda
- (16) Adjournment.





Board Governance Manual

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Upper Yampa Water Conservancy District Mission

To lead water resource management within the District’s boundaries by responsibly conserving, protecting, developing, providing and enhancing the water resources of the Upper Yampa River Basin for the benefit of the Basin.

Preamble

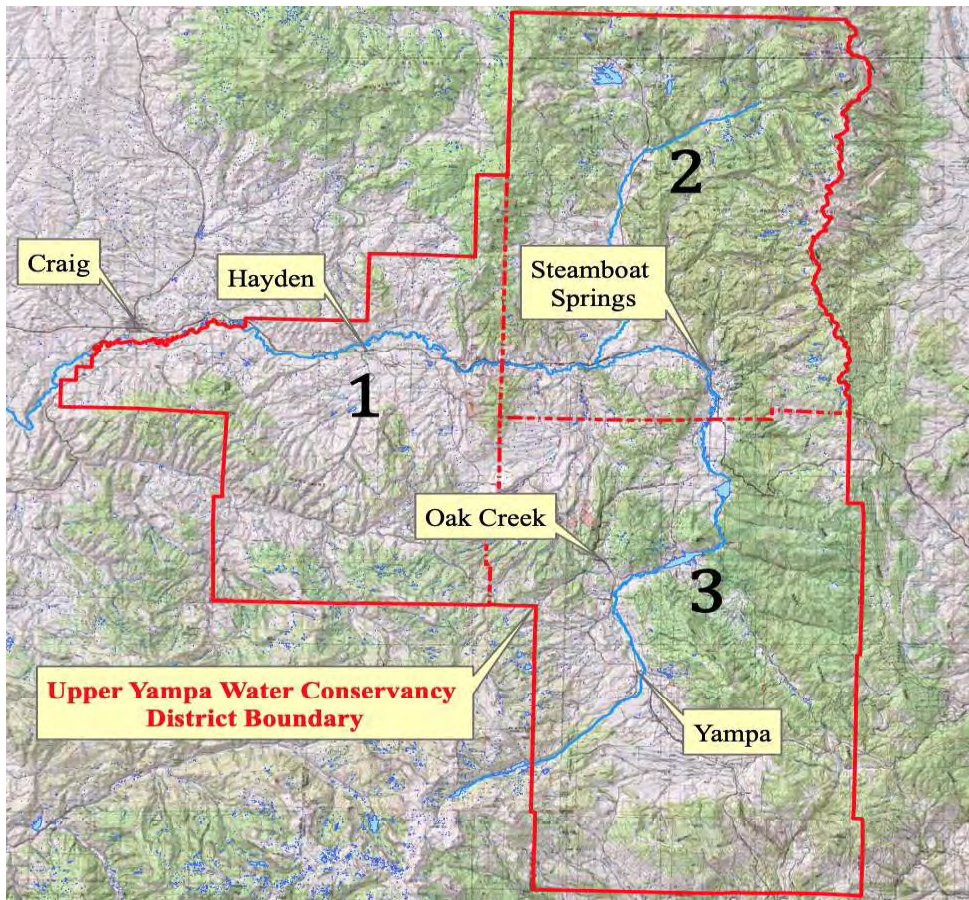
The Upper Yampa Water Conservancy District Board of Directors (herein ‘Board’) has developed and adopted, and will maintain, this Board Governance Manual as a resource to support the District’s mission, guide the Board, and encourage public confidence in the integrity of the District and its fair and effective operation. This Manual is shaped by the Board’s commitment to the following:

1. **Leadership** in the Upper Yampa Basin and regionally in the conservation and development of water resources.

2. **Partnership** with other agencies, stakeholders, and customers to conserve and develop water resources.
3. **Stewardship** of taxpayer dollars and the region’s precious water resources.

District Background

The Upper Yampa Water Conservancy District was formed in 1966 and instituted a mill levy under the Water Conservancy Act of the State of Colorado, in order to plan and develop water conservation projects in the Upper Yampa Basin. The District encompasses Routt County and a portion of Moffatt County and is divided into three divisions: Division 1 (Hayden area), Division 2 (Steamboat Springs area), and Division 3 (Oak Creek/Yampa area). The nine members of the Board of Directors, three representing each Division, are appointed by the District Judge to serve staggered four-year terms. Three Directors (one from each Division) are appointed each year, with the exception of every fourth year when no appointments are made. Directors must reside and own real property in the Division they desire to represent. There are no limits on the number of terms Directors may serve.



The District was formed on the basis that properties within the District would benefit through conservation, development, and stabilization of water supplies for domestic irrigation, power, manufacturing, and other beneficial uses. This led to the construction of Yamcolo Reservoir, located in the Flattops near the headwaters of the Yampa River, in 1980 and Stagecoach

Reservoir, located southeast of Steamboat, in 1989. Yamcolo offers 9,621 acre feet of storage, which primarily provides water to agricultural operations in South Routt County; some of which is delivered via the Stillwater Ditch, a District-owned and operated irrigation ditch that crosses the Five Pines Mesa. With up to 36,439 acre feet of storage, Stagecoach serves a multitude of water users, including municipalities, industrial use such as energy production, agricultural operations, and recreation including snowmaking. The District also owns and operates an 800 kW hydroelectric power plant at Stagecoach Dam. In addition to safely maintaining and operating District-owned facilities, the District promotes healthy reservoirs, streams, and watersheds within the District. In 2012, the District partnered with the Colorado Water Trust to coordinate the first environmental water release out of Stagecoach Reservoir. As part of its maintenance and operation, the District also closely adjusts and monitors the temperature and oxygen content of its releases to ensure a healthy habitat for trout and other aquatic life downstream, a contribution to both the environment and recreational opportunities on the Yampa River. In collaboration with various agencies, the District supports water quality efforts and participates in working groups to address issues that may affect water quantity in the future. The District monitors issues throughout the Colorado River Basin in an effort to protect the water resources of the Upper Yampa Basin and plan for potential water shortages.

The District is committed to an Upper Yampa River Basin with safe, secure water storage and supply that benefits all uses in the Basin.

Relevant Legal Authority

The District is a governmental entity organized under the Colorado Water Conservancy Act found in Title 37, Article 45 of the Colorado Revised statutes. The Act contains the State law governing the creation, powers and authority, governance, operation, and financing of the District. The 1966 Decree forming the District describes the Boundaries and Divisions within the District, the Board structure, and the certain projects then expected to be undertaken by the District. The District is also subject to other legal requirements of state and federal law including the Colorado Open Meetings law, the Open Records Act, the Local Government Budget Law, the Colorado Governmental Immunity Act, and the Code of Ethics. The District has adopted Bylaws, policy resolutions, Personnel Guidelines, and this Board Governance Manual.

Chapter 1 – Role and Authority

Board Values

District constituents, and persons and entities who contract for allotments of water from the District, are entitled to Directors (herein ‘Directors’) who are fair, ethical, and accountable. Directors strive to constantly seek to reflect the following qualities in discharging their duties:

- Strive to be independent, impartial, and fair in their judgment and actions;
- Use their public office for the public good, not for personal gain; and
- Conduct public deliberations and processes openly, where not legally confidential, in an atmosphere of respect, civility and transparency.

Role of the Board

The primary role of the Board is to establish policies and strategic direction that guide the District to meet its mission. The Board gives clear direction to the General Manager through motions, resolutions and other directives at Board meetings. This includes the need for visionary planning and adapting to unforeseen events. The Board exercises this authority only collectively as a Board, rather than as individuals. Directors recognize and respect the distinction between their policy-setting and oversight role, and the day-to-day implementation of policy by staff. The Board's role is to be 'nose in, fingers out,' meaning the Board is kept regularly informed of major District activities, pursuant to the Board's overall strategic plan and policy priorities, with the opportunity to provide feedback or raise questions at any time, and to discuss issues at Board meetings. The Board does not direct the day-to-day activities of the staff.

The Board's responsibilities are set forth in the District Bylaws and include the following:

- Promote the best interests of the District's constituents and stakeholders by establishing policies that support the current vision and mission of the District and ensuring implementation of those policies. Policies include the governing principles, strategic plans, and course of action for the organization.
- Establish policies that ensure fiscal stability and the effective use of funds. Each fiscal year the Board adopts a budget covering the anticipated revenues and expenditures of the District and reviews budget reports throughout the year. In addition, the Board hires an independent auditor to ensure District finances comply with standard governmental accounting rules. From time to time, the Board also reviews and/or adopts amendments to the District's cash reserve, investment, and other policies as necessary.
- Hire a General Manager to manage the day-to-day operations of the District. The Board holds the General Manager accountable for the effective operational management of the District and evaluates the General Manager at least annually.
- Engage legal counsel as needed to effectively represent the needs and interests of the District.
- Approves certain contracts and projects, appropriates water rights, and takes such other actions as set forth in the Bylaws.

For the Board of Directors to function in an effective manner, it is important that each member understand his/her respective role and the relationship they have to other members of the Board and to the General Manager.

Chapter 2 – Board Interactions with General Manager, Counsel and Staff

The Board is committed to supporting a healthy, responsive and well-functioning organization. This requires collaborative, open and well-defined relationships with the Board's General Manager, counsel, and staff.

The Board's Relationship with the General Manager

A strong collaborative relationship between the District Board and the General Manager is essential to a highly functioning Board and District. The General Manager is the primary agent of the Board and is the one to whom the Board delegates authority to manage and administer the District's daily operations in accordance with approved policies, budget, and governing documents of the District. The General Manager has two roles: chief executive officer and top advisor to the Board. As the most visible employee, the General Manager represents the District to its stakeholders and constituents.

Directors will focus on maintaining a shared sense of purpose, open communication, honesty, trust and mutual support of each another, Counsel, and staff. The Board must be able to support the decisions of the General Manager, provide the General Manager with clear direction, and grant him/her the authority to manage and lead the District. Both parties will endeavor to publicly support and be responsive to one another. They are expected to raise questions or concerns with one another in a direct, timely manner through open, honest and respectful communications, with regard to both the District's internal and external operations.

The General Manager is responsible for ensuring Directors have the information they need to make Board-level decisions and that all Directors are provided the same information. Directors expect the General Manager to make a recommendation on issues before the Board, except those that are strictly reserved to the Board or legal matters within the responsibility of the District's legal counsel.

In addition to the above, the following guidelines are intended to help define the relationship between the Board and the General Manager:

- 1) Individual Directors are encouraged to discuss District-related matters with the General Manager at any time, including to provide feedback, input, and/or suggestions concerning District policy and operations. If at any time the General Manager or a Director believes an issue may require broader policy clarification and/or decision making by the Board, he or she brings the issue to the full Board for input or guidance.
- 2) The General Manager prepares an annual budget and work plan for approval by the Board of Directors. The General Manager's annual work plan directly references and advances the District's strategic plan.
- 3) The Board reviews and, as needed, updates the District's strategic plan on an annual basis, prior to the General Manager's development of the budget and work plan for the following year.
- 4) The Board provides the General Manager with a written evaluation at least annually that is standardized, transparent, and tied to his/her job description and annual work plan.
- 5) The General Manager updates the Board bimonthly on the status and implementation of his/her work plan, to foster open communication regarding District activities, accomplishments, and any areas of concern. Any specific concerns and/or feedback should be raised during the General Manager's reports at these meetings, rather than being delayed until his/her annual review, consistent with the provisions of Chapter 5 below.

- 6) Directors are encouraged to engage on water matters with District stakeholders and others. Important issues or information from these discussions should be shared with the General Manager.
- 7) The General Manager provides all Directors with the same information regarding District business.
- 8) When a Director is going to be out of town or unavailable for a Board meeting or other function involving the Board, he/she notifies District staff in a timely manner.
- 9) The General Manager advises the Board of Directors when he/she is out of the office for an extended period of time and designates the individual who shall be acting General Manager during that time.
- 10) If a Director or General Manager has concerns that these guidelines are not being properly followed, he or she will raise the issue with the full Board and/or in accordance with the conflict resolution procedure in Chapter 5, as appropriate.

The Board's Relationship with Counsel

- 1) **General counsel.** In general, any Director may contact the District's General Counsel with District-related inquiries. If the matter involves a request for significant legal work, it is approved by the Board as a whole. Exceptions include Directors collaborating with Counsel on longer-term District projects, in which cases approval by the Board is presumed, provided the Board initially authorized the project and is kept up to date. The Board President may also communicate with Counsel for purposes of Board meetings as needed; the General Manager is generally kept abreast of these communications. On an annual basis the Board shall approve an engagement letter with its General Counsel.
- 2) **Special counsel.** The District will from time to time employ special counsel. Unless otherwise determined by the Board, the protocol for Board member interaction with Special counsel is the same as with General Counsel.

Interactions with Staff (Apart from General Manager)

District staff serves the District as a whole. The Board adheres to the following guidelines in interacting with staff serving under the supervision of the General Manger:

- 1) Directors do not direct staff to initiate any action, change a course of action, or prepare any report without the approval of the General Manager and, if necessary, Board action.
- 2) Directors may make reasonable inquiries to staff regarding District-related matters. Requests for staff research are directed to the General Manager. Responses involving District policy are generally shared with the full Board.
- 3) Directors do not attempt to pressure or influence staff discussions, recommendations, workloads, schedules, or priorities.
- 4) If Directors have questions or information they would like addressed by staff at Board meetings, they strive to share this reasonably in advance with the General Manager, so that staff can provide the desired information in the regular Board meeting packet and verbally at the meeting as requested.

- 5) Soliciting political support from staff is prohibited. District staff may, as private citizens, support political candidates, but all such activities must be done away from the workplace and may not be conducted while on the job.
- 6) Any issues or conflicts are addressed in accordance with the issue or conflict resolution procedure in Chapter 5.

Chapter 3 – Board Governance

The District Bylaws establish the orderly conduct of District business where not otherwise provided by State law. The provisions below are non-binding guidelines, except where explicitly stated in the Bylaws.

The officers of the Board of Directors include the President and Vice-President. The General Manager serves ex officio as Secretary/Treasurer of the District. Officers of the District are elected annually by the Board.

Role of Board President

A collaborative relationship between the President and General Manager is essential to a highly functioning Board. The primary role of the Board President is to preside over meetings, consult with the General Manager regarding Board meetings, and sign certain District documents and checks. The President is expected to meet with the General Manager before Board meetings, to frame and clarify topics, and after Board meetings, to ensure clear and timely follow up regarding Board-related activities and tasks.

Board Meeting Schedule and Location

The regular monthly meeting schedule is approved by the Board at the November Board meeting for the upcoming year. In general, every other Board meeting will include topics, materials, and/or policy issues with a need for more lengthy, informal, and participatory discussions, which will often inform future decision-making. These ‘work session’ style meetings are still considered Board meetings with accompanying agendas, minutes and relevant action items.

Currently, most (but not all) regular Board meetings are held on the third Thursday of each month commencing at 12:00 pm in the upstairs conference room known as the Mountain Valley Bank Community Meeting Room, 2220 Curve Plaza, Suite 201, Steamboat Springs, Routt County, Colorado. Lunch is normally served before the meeting starting at 11:30 am. The Board may hold a day long Board retreat in October in lieu of the October Board meeting. Special meetings may be called from time to time in accordance with the Bylaws.

Board Meeting Agenda Development

Board meeting agendas are generally set at the end of each meeting for the next Board meeting. Once set, they may be subsequently modified by the General Manager and Board President, or at the request of two Directors, provided any changes are made well before Board packets are distributed and posted, except in the case of urgent matters. Where possible, the General

Manager and Board President come to agreement on the agenda topics and briefing materials required, in order to help ensure Board meetings are organized and productive.

Board Meeting Structure

In general, Board meetings will follow the following agenda:

- Establishment of Quorum and Call to Order
- Approval of Agenda for Meeting
- Public Input and Comment
- Consent Agenda (minutes, financial report, disbursements, and other consent items)
- Report of General Manager
- Committee Reports
- Report of General Counsel
- District Engineer Report
- Consideration/Action on District Projects
- Board Member Reports
- Discussion of Pending Legislation
- New Business (as defined in District Bylaws)
- Determination of Next Meeting Agenda
- Adjournment

As specified in the Bylaws, the ‘Board of Directors Reports’ section of each meeting agenda is for members of the Board to provide brief reports on matters of interest to the Board, including all meetings attended in their capacity as Directors. If the report is lengthy, or a Director wishes to raise an issue for Board consideration, the report is put in writing in the form of a Board Communication Form for staff to include in the Board meeting packet.

Bimonthly meeting agendas also include an update from the General Manager on the implementation of his/her work plan and any issues that may have arisen.

Board Meeting Protocol

The following describes the Board’s expectations for how its meetings are conducted.

- 1) Directors treat members of the public with courtesy and respect.
- 2) Board meeting minutes are distributed to Directors in advance of the next meeting and generally approved with corrections, if any, at the next regular Board meeting.
- 3) Information relevant to the Board’s decision making and oversight should be shared efficiently by staff, but without unnecessary bureaucracy. In general, Board agenda items are accompanied by a Board Communication Form that explains the issue and what action, if any, is being sought. The Board is kept apprised of issues relevant to Board policy or decision-making and on the progress of District activities. Relevant updates, information, and policy options are provided in writing prior to Board meetings. Board Communication Forms may be supplemented with discussion and questions as needed.

- 4) As set forth above, the President and/or Vice President is expected to meet with the General Manager prior to Board meetings to review and prepare for the upcoming meeting, as well as after the meeting to ensure clear and timely follow up.
- 5) At the direction of the General Manager, department heads or appropriate departmental managers will generally be present at Board meetings.
- 6) Committees are used where beneficial to discuss, vet and frame complex issues for broader Board consideration.
- 7) When appropriate the Board adopts policies by resolution and ensures a clear methodology for tracking policy resolutions.

Electronic Communications

Written and electronic documentation and communication regarding District business and/or operations is legally considered to be in the public domain. This excludes information protected by attorney-client or other privilege. Further, telephonic meetings, emails and texts that discuss public business and involve more than two members of the Board may constitute a ‘meeting’ under Colorado law and in such cases must be open to the public. Where appropriate, Directors’ ideas or proposals for consideration by the full Board are be sent to the General Manager (or, as relevant, the General Counsel) for inclusion in the Board packet prior to the next Board meeting. Board members understand that rules involving electronic communications are subject to change, and that their actions must be consistent with state law and the District Bylaws.

On-Boarding and Orientation of Directors

New Directors should receive copies of this Board Governance Manual, District Bylaws, Personnel Guidelines, current strategic plan, annual budget, and other relevant policy and governance materials.

Further, to effectively oversee the functions of the District, new Directors should receive a tour of District’s facilities and infrastructure within their first six months. All Directors are encouraged participate in this tour on a regular basis.

Chapter 4 – Board Interactions with the Public

As a public body, it is important for the District Board to establish a working environment that encourages public participation and trust. During their service, Directors may have a range of interactions with the public including written communication (i.e., letters, email, etc.), social media, phone calls, face-to-face, social functions, and regular and special Board meetings.

Engaging the Public in General

The Board respects the role of constituents in the governance of the District and encourages their participation. The Board values public comments, both in writing and during Board meetings, and will seek input from stakeholders where appropriate in District decision making. Directors will encourage constituents to attend Board meetings where they have input, comments or concerns to share, whether in person or writing.

Public Input During Board Meetings

The Board President maintains an orderly progression of the business before the Board, and to the extent possible regulates the amount and type of input from the public and from members of the Board and staff. To engage the public, public comment is generally accepted on all agenda items, with time set aside for general public comment on items not on the agenda. This is clearly indicated on meeting agendas. In addition, the Board will often invite a stakeholder group to attend lunch before Board meetings.

Generally, Directors will not respond to public comments during the public input portion of the agenda except to refer matters to the General Manager for follow-up. Directors may ask clarifying questions to ensure that staff provides an appropriate response. Occasionally, a prompt response may be offered by the President or the General Manager when an obvious answer or resolution is available. The Board will not enter into a debate or make decisions in response to public comments that are not on the agenda for consideration.

Representing the District Outside of Board Meetings

Directors are always encouraged to attend meetings and events related to relevant water matters in an informal capacity. Primarily this helps create a more informed Board and enables Directors to share relevant issues and information with the rest of the District Board and staff at District Board meetings (during ‘Board Member Reports’). Additionally, Directors’ participation in other Basin water efforts can be helpful in raising the visibility and public understanding of the mission and activities of the District.

Board members strive to represent the positions and perspectives of the District in an accurate and well-coordinated manner. To do so, Directors adhere to the following guidelines:

- 1) When Directors attend other meetings or events as Directors of the District, they are encouraged to be collaborative and participatory, with the primary goal of listening, asking questions and contributing ideas, and reporting back to the District about relevant efforts and topics.
- 2) Directors attending another meeting or event will clearly delineate between their personal views and opinions and official District policy.
- 3) Directors do not represent policy positions of the District unless adopted by the Board.
- 4) Directors communicate and coordinate closely with District staff prior to communicating District policy positions, to ensure messaging is clear and consistent.
- 5) When a Director participates in a non-District meeting that is attended by District staff and/or by another Director, they coordinate regarding their respective roles, including the responsibility for reporting back to the Board as appropriate.
- 6) The General Manager may invite Directors to accompany him/her to external meetings where useful in discussing official District business. (In some cases the General Manager may decide it would be useful to have two Directors attend such meetings.)
- 7) Directors may be called upon by the full Board and/or General Manager to represent the District in a formal capacity or otherwise. The Board may determine annually which Directors officially represent the Board in other water groups or initiatives.

- 8) To the extent a Director may communicate with constituents or stakeholders regarding Board perspectives on non-confidential matters, he/she will strive to offer a balanced perspective with adequate disclaimers about his/her own role. When expressing personal opinions and comments that may be contrary to adopted District policy, Directors will clarify that these statements do not reflect the official position of the Board or District.
- 9) When addressing the media or utilizing social media or other forms of communications to express positions contrary to official Board policy, Board members will explicitly state that their views reflect personal opinions rather than Board policy.
- 10) When three or more Directors are authorized by the Board to attend a meeting, the meeting is properly noticed as a public meeting of the District.
- 11) Once the Board of Directors has taken an official position on an issue, official District correspondence regarding that issue will normally reflect the Board's adopted position, except as otherwise directed by the Board.

Chapter 5 – Resolution of Issues or Concerns

The Board recognizes that concerns, misunderstandings, and differences of opinion are inevitable for any organization. While in some cases the Board may simply agree to disagree, the Board is committed to addressing concerns that impair the healthy functioning of the District or Board. The Board strives to address these concerns directly, respectfully, with curiosity, and as transparently as possible, whether they concern Board members, the General Manager, or the District as a whole. Concerns are addressed in a timely, open and responsive manner to promote mutual understanding and healthy functioning of the District.

This Chapter describes options for resolving concerns, misunderstandings, and differences of opinion. They are not intended to apply to disciplinary matters addressed in the District's Personnel Guidelines. The Board and the General Manager (in the case of matters within the purview of the General Manager) are free to modify the procedures described or to disregard them as they deem appropriate under the circumstances. These procedures are not mandatory and are not the exclusive means of addressing such matters.

Concerns Involving Board Members

It is not uncommon for miscommunication, misunderstandings or conflicts to surface among Board members or between a Board member(s) and the General Manager. Board members will address such issues in a timely and direct manner, taking the following steps as appropriate (generally but not always in the following sequence, as needed).

- 1) Attempt to address any personal conflicts or concerns in a direct and timely manner with the other party or parties, striving for mutual understanding, curiosity, and appreciation for the different viewpoints involved.
- 2) Bring the concern to the Board President, who will facilitate the Board's determination of how to proceed with the concern. The Board and/or party involved may ask that the complaint be summarized in writing to support productive discussions, particularly if the complaint is of a more serious nature. The Board may choose to address the matter at a

regular or special Board meeting, suggest mediation between the parties, and/or refer the issue to the appropriate parties. If the Board President is one of the people involved, the Vice President will serve in the role of the President. If the concern involves the General Manager, the Board may choose to address the issue in his/her annual review, consistent with the language in Chapter 2.

- 3) If the Board decides to address the concern at a Board meeting, the Board President in consultation with the General Counsel will ensure the concern is described and handled fairly and in accordance with District policy. This includes ensuring that the parties involved understand the concern and have an opportunity to share their perspectives. The President will facilitate the decision making of the Board. If the President is one of the people involved, the Vice President will serve in the role of President. The Board may review its past decisions if new information comes to light or for other reasons.
 - 4) If the Board decides the issue should be addressed through mediation, the Board President and/or Vice President will work with District Counsel to engage a neutral third party at the cost of the District to facilitate direct discussions between the parties to resolve the issue.
 - a. The mediator must be: a) a person that the parties agree to; or b) in the absence of agreement, a person appointed by the Board. The third party may be a Board member or impartial individual whose aim is to help the parties resolve the issue.
 - b. While the parties may agree to keep discussions confidential to the extent authorized by law, the result will be shared with the Board at whatever level of detail the parties agree is appropriate, to keep the Board apprised, avert surprises, and promote transparency.
- If the mediation process does not result in the dispute being resolved, the parties may seek to resolve the dispute by the Board or other means.
- 5) The Board may decide to refer the concern to appropriate authorities as needed.

Concerns Involving the General Manager

The above procedures apply to complaints or concerns regarding the General Manager from the public, Board members, staff, or Counsel.

Issues or Concerns Involving Staff Operations and Actions

Any concerns of a Director regarding the behavior or work of a District employee other than the General Manager are directed to the General Manager privately to ensure the concern is addressed. The GM will confer with District Counsel and keep him/her fully apprised of the handling of the issue. Directors do not reprimand employees directly nor do they communicate their concerns about individual staff members to anyone other than the General Manager or as otherwise permitted by law or the governing documents of the District. The General Manager addresses and tries to resolve the issue, consistent, where relevant, with the District's Personnel Guidelines. The General Manager keeps the Board apprised on the resolution of such issues in an appropriate and timely manner and in accordance with the Bylaws and other policies.

The District's Personnel Guidelines state that 'If the grievance involves the General Manager, the grievance should be reported to the District's Board of Directors President. In that case the Decision of the Board of Directors of the District shall be final.' If a grievance is escalated to this level, the Board will generally follow the procedures above.

Issues Involving the District in General

The Board recognizes there will be occasions in which members of the public or stakeholder of the District have concerns about District operations or policy and raise such concerns with the General Manager and/or members of the Board. The District is committed to handling these concerns or complaints responsively and openly. When such concerns are presented to a Board member, the Director will promptly raise the issue directly with the General Manager. When such concerns or complaints are presented to the General Manager, he/she will provide the Board with a written or verbal report of the concern and the District's response, if any. The Board is also kept informed of significant or, politically sensitive, urgent and/ or repetitive telephone or electronic communication inquiries.

Liability Concerns

Information that may expose the District to liability will be shared with the Board at a noticed, executive session meeting of the Board of Directors as allowed by applicable law

Chapter 6 – District Liability and Insurance Issues

As a Colorado governmental entity, the District, its Board and officers and employees enjoy limited protection from liability under the Colorado Governmental Immunity Act. In addition, the District maintains insurance, which includes coverage for general and automobile liability and public official liability coverage.

Disclaimer

This Manual is intended to provide guidance and establish best practices for Directors concerning their responsibilities as Directors and their interactions among themselves and with the public, staff, and constituents of the District in the conduct of District business and operations. This Manual does not establish binding requirements or legally enforceable rights. Nothing in this Manual is intended to supersede any applicable provision of the District's Bylaws, Rules and Regulations, adopted Policies, Personnel Guidelines or other applicable law, regulation, or document of the District.

CERTIFICATE OF SECRETARY

I hereby certify that the foregoing Board Governance Manual was approved by the Board of Directors of the Upper Yampa Water Conservancy District at a regular meeting of the Board on May 21, 2020.

By 

Andy Rossi, Acting General Manager
and Secretary/Treasurer






Governance Manual - Final

Final Audit Report

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