

# AGENDA

## UPPER YAMPA WATER CONSERVANCY DISTRICT BOARD OF DIRECTORS MEETING

THURSDAY, DECEMBER 17, 2020 (12:00 PM)

### ONLINE MEETING:

[HTTPS://ZOOM.US/J/94557760160?PWD=DNl1U2VVeFE2LzV1BKDBKYTAQKSXZZ09](https://zoom.us/j/94557760160?pwd=DNl1U2VVeFE2LzV1BKDBKYTAQKSXZZ09)

#### INSTRUCTIONS ON HOW TO JOIN A ZOOM 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 – Including reminder to attendees about the use of the Chat function during Zoom meetings.
- (2) **12:00 PM** Approval of Agenda for Meeting **Action item**
- (3) **12:05 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) **12:10 PM** Consent Agenda
  - a) Approval of the minutes of November 19, 2020 Board Meeting and **Action item**  
approval and acceptance of minutes of December 9, 2020 Negotiating Committee Meeting
  - b) Augmentation Contracts
- (5) **12:15 PM** Report of General Manager
  - a) Update on Stagecoach Water Marketing Policies, including the Fill and Release Policies
  - b) Status of January 6, 2021, meeting with Stagecoach Reservoir Municipal Contractors
  - c) Amendment for Ski Corp Contract

- (6) **1:00 PM** Communications-Marketing Updates
  - a) List of industry meetings for review by Board
  - b) Letter of support for American Whitewater study**Action item**
- (7) **1:10 PM** Selection of Auditor  
**Action item**
- (8) **1:20 PM** Pending Water Cases
  - a) Water Resumes
- (9) **1:25 PM** New Business (Limited to emergency matters that came up during the course of the meeting)  
**Action item**
- (10) **1:30 PM** Determination of Next Meeting Agenda
- (11) **1:35 PM** Adjournment.

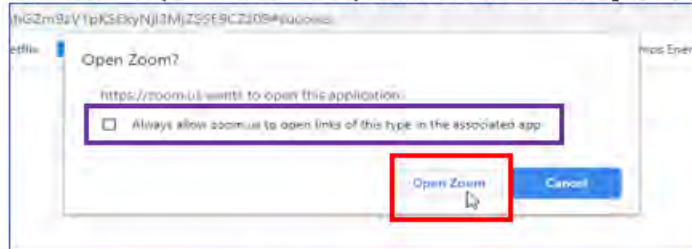
## How to join a Zoom meeting

### Join via "Join Zoom Meeting" link:

To join a Zoom meeting, click on the meeting link that has been sent to you by the host:

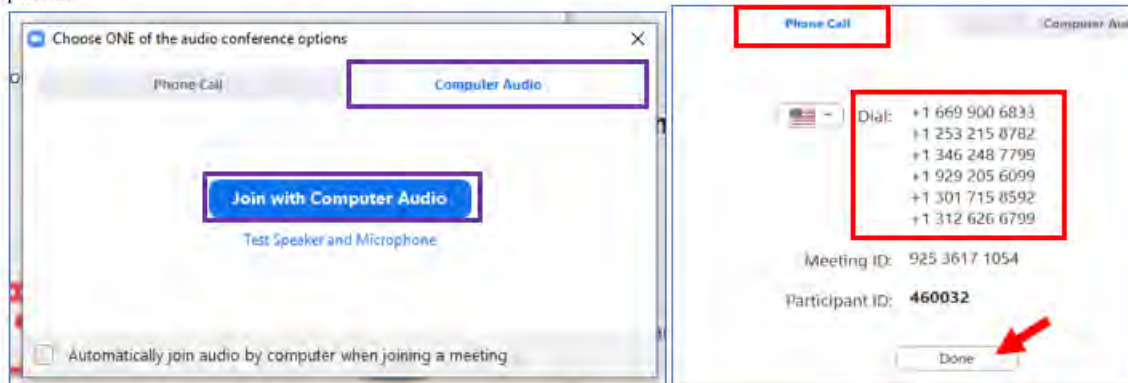


If you have not used Zoom before, you may receive this dialogue box to open Zoom. First, click on "always allow zoom.us..." so you will automatically connect for future meetings. Then, click on "Open Zoom" and follow the prompts.



Once you are connected to Zoom, you will need to choose your audio conference option. To join via your computer, click on "Computer Audio" and then "Join with Computer Audio".

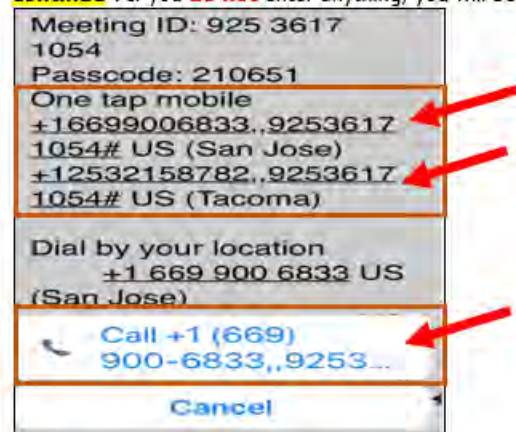
To use your cell phone or landline, click on "Phone Call" and then choose a number from the list. Once you dial the number, you will be asked for the Meeting ID and Participant ID to enter the meeting. Click on "Done" once you are connected to the Zoom meeting. Or, you can use the "One tap mobile" option, see below, to connect via your cell phone.



### Join via cell phone with "One tap mobile":

If you will be joining a Zoom meeting via your cell phone, click one of the "One tap mobile" links. Then click on "Call +1...". You will hear a request to "enter your Meeting ID followed by pound (#)". You **do not** need to enter the ID as the link will do this automatically for you.

You will be asked if you are a participant and to "Please press pound (#) to continue". You **must** press the pound key (#). Then you will be asked to "Enter your Participant ID followed by pound (#) or just press pound (#) to continue". If you **do not** enter anything, you will be automatically connected to the meeting.



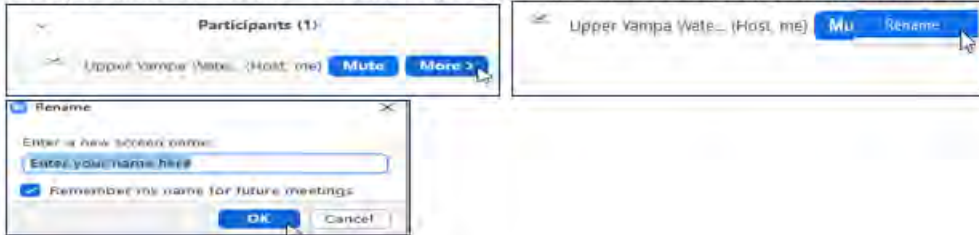
**Join via "Dial by your location":**

If you will be joining a Zoom meeting via your cell phone or landline, you can choose any of the numbers below to access the meeting. Once you dial the number you will be asked to "Enter your Meeting ID followed by pound (#)". Then, you will be asked to "press pound (#) if you are a participant". Finally, you will be asked to "Enter your Participant ID followed by pound (#) or just press pound (#) to continue". If you **do not** enter anything, you will be automatically connected to the meeting.



**Be sure you are identified properly:**

Once in Zoom, be sure that you are identified properly. If you need to change, in "Participants" click on your ID and hover your mouse on "More >" and then click on "Rename". In the dialog box, enter your name and click "OK".



Contact Deb Bastian for any questions

- Email: [dbastian@upperyampawater.com](mailto:dbastian@upperyampawater.com)
- Phone: 970-819-0189

## **PUBLIC INPUT AND COMMENT**

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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.



# RECORD OF PROCEEDINGS

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**UPPER YAMPA WATER CONSERVANCY DISTRICT  
BOARD OF DIRECTORS MEETING  
NOVEMBER 19, 2020 12:00 PM  
ONLINE MEETING:**

[HTTPS://ZOOM.US/J/98916413897?PWD=CLQ5dFRKWJtZ3dVVMlxdHdIc1hIZz09](https://zoom.us/j/98916413897?pwd=CLQ5dFRKWJtZ3dVVMlxdHdIc1hIZz09)

## 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 Andy Rossi, Communication/Marketing Manager Holly Kirkpatrick, Business Manager Deb Bastian, Chief Accountant Karina Craig, General Counsel Bob Weiss and Special Counsel Scott Grosscup were also present. Members of the public present included Ben Mendenhall, Colotrust; Kelly Romero-Heaney and Gary Suiter, City of Steamboat Springs; Sonja Macys, City of Steamboat Springs City Council; Mickey O'Hara and Alyson Gould, Colorado Water Trust; Erin Light, Colorado Division of Water Resources; Frank Alfone, Mt. Werner Water & Sanitation District; Greg Peterson, Colorado Agricultural Water Alliance; Brett Bovee, WestWater Research, LLC; Dave Hunter, Steamboat Ski & Resort Corp; Emily Lowell, Kevin McBride, Katie Duncan and Jerry Smith.

This meeting was held entirely by videoconference utilizing Zoom. 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) **12:00PM** Establishment of Quorum and Call to Order
- (2) **12:00PM** Approval of Agenda for Meeting
- (3) **12:05PM** Public Input and Comment

**Action item**

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) **12:10PM** Consent Agenda;
  - a) Approval of the minutes of October 15, 2020 Annual Retreat and Special Board Meeting
  - b) Approval of Disbursement

**Action item**

## RECORD OF PROCEEDINGS

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- c) Budget Comparison
- (5) **12:15PM** Report of General Manager
  - a) Presentation on UYWCD Assets with COLOTrust
  - b) **12:35 PM** Colorado Division of Water Resources Update from Div. 6 Representative
  - c) **12:50 PM** Colorado Agricultural Water Alliance Presentation
  - d) **1:05 PM** Resolution to Adopt Routt County Hazard Mitigation Plan **Action item**
  - e) **1:10 PM** Proposed UYWCD Board of Directors meeting schedule for 2021 **Action item**
  - f) **1:25 PM** Financial Audit Schedule Update
  - g) **1:30 PM** UYWCD 2021 Strategic Plan & Work Plan Implementation
  - h) **1:45 PM** 2021 Proposed Budget (with 3 Resolutions) **Action item**
  - i) **2:15 PM** City of Steamboat Springs Municipal Water Use Presentation
  - j) **2:45 PM** Stagecoach Reservoir Water Marketing Policy
  - k) **3:15 PM** Steamboat Ski and Resort Corporation Water Contract **Action item**  
Storage Accounting Letter
- (6) **3:20PM 5 Minute Break**
- (7) **3:25 PM** District Engineer Report
  - a) Reservoir Water Status
- (8) **3:35 PM** Communication-Marketing Updates
  - a) Grant Program
- (9) **3:40 PM** Board Member Reports
  - a) YWG Round Table
- (10) **3:50 PM** Pending Water Cases
  - a) Water Resumes;
  - b) Status of other Water Cases, if any; **Action item**
- (11) **4:10 PM** New Business (Limited to emergency matters that came up during the course of the meeting) **Action item**
- (12) **4:15 PM** Executive Sessions:
  - a) Executive session under CRS § 24-6-402(4)(b) to discuss legal issues on **Water Resumes, Water Cases, 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.
  - 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 Water Pricing and Water Contract Requests**. This session will be recorded, and a copy of the recording maintained for not less than 90 days. **(45 minutes)**
- (13) **5:00 PM** Board actions in regard to Executive Session: **Water Cases, Water Pricing, or Water Contract Requests** **Action item**
- (14) **5:05 PM** Determination of Next Meeting Agenda
- (15) **5:10 PM** Adjournment.



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Chairman Brenner established a quorum and called the meeting to order at 12:03 PM.

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

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

**Consent Agenda** Director Woodmansee requested to add an item to 9. Board Member Reports. Director Woodmansee moved to approve the consent agenda (approval of October 15, 2020 Annual Retreat and Special Board Meeting, cash disbursements and budget comparison), Director Haskins seconded the motion which was unanimously approved.

### **Report of General Manager**

Presentation on UYWCD Assets with COLOTrust – Ben Mendenhall, VP of Investment Advisory Services at Colotrust presented a review of interest rates, earnings, current economic environment, expectations for interest rates for the next 24 months and the safety and liquidity of Colotrust.

Colorado Division of Water Resources Update – District Engineer Erin Light discussed the Yampa River over-appropriation concerns. Erin asked all to consider the positives and negatives of designating the basin as over-appropriated. By the end of the year, Erin will be providing a report to State Engineer Kevin Rein to consider if the Yampa River should be considered over-appropriated and asked for the public to provide them with thoughts and opinions.

Colorado Agricultural Water Alliance Presentation – Greg Peterson provided an overview of Regulation 85. He further noted that there is a meeting in Craig on December 7<sup>th</sup> from 2:00-4:00 PM to discuss reservoir releases, managing storage in the Basin for agriculture and to learn more about abandonment. There will be a virtual option for the meeting on December 7<sup>th</sup>.

General Manager Rossi noted that the District wants to work with the Alliance to identify some voluntary agricultural users to participate in studies to help develop the required data for the Regulation 85 evaluation process. The District will work with the Alliance so it can be determined how best to move forward on this issue.

Resolution to Adopt Routt County Hazard Mitigation Plan – General Manager Rossi provided an overview of the County's Hazard Mitigation Plan.

Director Monger moved to adopt the Resolution, with the addition of adding a resolution number, as presented, Director Sharp seconded the motion which was unanimously approved.

## RECORD OF PROCEEDINGS

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Proposed UYWCD Board of Directors meeting schedule for 2021 – The Board reviewed the proposed 2021 meeting schedule. Director Sharp moved to approve the 2021 BOD meeting schedule as presented, with meetings starting at noon, and with the amendment that the 2021 Executive Committee will review the proposed Executive Committee meeting dates and make adjustments as needed for their schedules, Director Murphy seconded the motion which was unanimously approved.

General Manager Rossi provided an overview of staff recommendation to move to the use of tablets for in-person board meetings in lieu of staff assembling binders. The Board agreed with staff's recommendation.

Financial Audit Schedule Update – Chief Accountant Karina Craig provided an overview of the financial audit schedule. Directors Brenner and Sharp agreed to assist with the review of proposals to select an auditing firm to perform the 2020 financial audit.

UYWCD 2021 Strategic Plan & Work Plan Implementation – General Manager Rossi provided a review of the Strategic and Work Plans. Director Monger moved to approve the 2021 Work Plan tasks as presented, Director Woodmansee seconded the motion which was unanimously approved.

2021 Proposed Budget (with 3 Resolutions) – General Manager Rossi provided an overview of the UYWCD Budget development process and Chief Accountant Craig provided a presentation on the Gallagher Amendment. Andy reviewed the overall proposed budget and addressed inquiries from the Directors.

Director Monger moved to approve the 2021 budget and the Resolution to Adopt Budget and Salary Range Schedule as presented, Director Haskins seconded the motion which was unanimously approved.

Director Monger moved to approve the Resolution to Appropriate Sums of Money as presented, Director Redmond seconded the motion which was unanimously approved.

Director Monger moved to approve the Resolution to Set Mill Levies for 2021 as presented, Director Woodmansee seconded the motion which was unanimously approved.

Director Monger moved to approve the 2021 water prices as presented and that the Yampa River Augmentation Plan, Large & Small, Noncommercial price is \$215.65/AF, Yampa River Augmentation Plan, Large & Small Commercial price is \$254.86/AF and the Elk River Augmentation Plan is \$215.65/AF and with the notation that an adjustment to the prices will be made when current CPI data is available, Director Haskins seconded the motion which was unanimously approved.

City of Steamboat Springs Municipal Water Use Presentation – Kelly Romero-Heaney provided a presentation on the City's water supply needs and Stagecoach contract. Additionally, General Manager Rossi and Kelly will work on confirming the proposed date and agenda for the District and City to meet to discuss the Stagecoach Reservoir Water Marketing Policy.

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Stagecoach Reservoir Water Marketing Policy – Alyson Gould of the Colorado Water Trust presented on the issues they would like addressed and provided examples of environmental contract terms with regard to the Stagecoach Reservoir water marketing policy being considered by the Board.

Chairman Brenner asked the Directors their opinion on the proposed language on the term for municipal contracts. The Board directed staff to revise the DRAFT Stagecoach Water Marketing Policies to include a revised new municipal contract (2021 and beyond) term to an initial term of 40 years with the option to renew the contract for up to an additional 35 years, subject to the specific language on the final Stagecoach reservoir Water Marketing Policies.

Steamboat Ski & Resort Corporation (SSRC) Water Contract Storage Accounting Letter – The Board reviewed SSRC's request. Director Sharp recommended that the Board amend the existing contract with Ski Corp. to increase the contracted for volume by up to an additional 124 AF, leave the contract term which ends in 2041 unchanged, and retain the SSRC right of first offer, leave all other existing contract provisions the same, including the pricing. The change in the Stagecoach Reservoir storage pool terms of the existing contract is to be changed to state that the SSRC entire contracted storage volume is to be assigned to the M&I Pool in Stagecoach. Director Monger moved to support the recommendation set by Director Sharp, Director Jones seconded the motion which was unanimously approved by a 7-0 vote as Directors Sharp and Woodmansee left the meeting prior to the vote.

### ***District Engineer Report***

Reservoir Water Status – General Manager Rossi provided an overview of the reservoir water status for Stagecoach and Yamcolo. Additionally, he announced that Emily Lowell is the new District Engineer for the Upper Yampa Water Conservancy District. The Board requested a press release to announce the new District Engineer.

### ***Communications-Marketing Updates***

Grant Program – Communications/Marketing Manager Kirkpatrick provided an update on the Diversion Infrastructure Improvement Project.

### ***Board Member Reports***

YWG Round Table – Director Brenner provided an overview of the last Yampa/White/Green Round Table meeting.

Director Monger stated that the Strategic Plan has a task related to term limits for Directors. General Counsel Weiss was directed to review if there are statutory requirements for Director term limits and provide a report at the December Board meeting.

Director Woodmansee provided his resignation from the Board effective immediately. General Counsel Weiss will begin the process to seek a replacement.

## RECORD OF PROCEEDINGS

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### ***Pending Water Cases***

***Water Resume Review*** – Special Counsel Grosscup commented there was not anything in Divisions 5 or 6 to bring to the Board’s attention.

***Status of other water cases*** – Special Counsel Grosscup provided an update of the current water court cases. General Manager Rossi asked Scott to provide some clarification on the Tri-State case and the potential for the Districts involvement. Scott noted that the status is that the initial steps will be for filing of initial disclosures by the applicant and then by the District and then a potential for further discovery that could occur later in the year. The intent now is to work on settlement conditions.

Scott reviewed conditional water rights and provided an update of the Wolf Creek Reservoir project.

***New Business*** There was no new business.

***Executive Session*** It was determined that an Executive Session was not warranted.

***Board Actions Regarding Executive Session*** There was no Executive Session.

***Determination of next meeting agenda*** The agenda for the December 17, 2020 Board meeting were reviewed. The Board requested the following additions to the agenda:

- Refinement of pricing matrix
- Comments on the Fill and Release policies.
- Status of January 6, 2021, meeting the City of Steamboat Spring

Director Monger moved to adjourn the meeting at 5:47 PM. Director Redmond seconded the motion 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, District Secretary/Manager

Date: \_\_\_\_\_

## RECORD OF PROCEEDINGS

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### UPPER YAMPA WATER CONSERVANCY DISTRICT NEGOTIATING COMMITTEE MEETING WEDNESDAY, DECEMBER 09, 2020 (1:30 PM) ONLINE MEETING:

<https://zoom.us/j/99338641142?pwd=aGhqU1ZxQit2MWNvUisxcU04cnJWZz09>

#### MINUTES

Chairman Ken Brenner called the meeting to order and declared a quorum present. In addition to Chairman Brenner, the Committee Members present were Doug Monger and Tom Sharp. General Manager Andy Rossi, Communication/Marketing Manager Holly Kirkpatrick, Business Manager Deb Bastian and General Counsel Bob Weiss were also present.

This meeting was held entirely by videoconference utilizing Zoom. 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) **1:30 PM** Establishment of Quorum and Call to Order
- (2) **1:35 PM** Executive Session for determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators under CRS § 24-6-402 (4)(e)(I) concerning Stagecoach Reservoir Water Marketing Polices. This session will be recorded, and a copy of the recording maintained for not less than 90 days.
- (3) **2:30 PM** Adjournment.

Chairman Brenner established a quorum and called the meeting to order at 1:37 PM.

General Manager Rossi provided a recap of the recent Negotiating Committee Meetings.

*Executive Session* At 1:40 PM Director Sharp moved, Director Monger seconded, and it was unanimously agreed to go into Executive Session under provision 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 concerning Stagecoach Reservoir

## RECORD OF PROCEEDINGS

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Water Marketing Polices. This session will be recorded, and a copy of the recording maintained for not less than 90 days.

Chairman Brenner asked the Committee is there was any discussion in the Executive Session that was outside the scope of the Executive Session. No members express that concerned.

The meeting was adjourned at 2:47 PM.

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

\_\_\_\_\_  
Andy Rossi, District Secretary/Manager

Date: \_\_\_\_\_

DRAFT



AUGMENTATION CONTRACT No. A3-010  
UPPER YAMPA WATER CONSERVANCY DISTRICT

Whitehaven LLC (hereinafter "Applicant") has applied to the Upper Yampa Water Conservancy District (hereinafter the "District") a political subdivision of the State of Colorado, organized pursuant to and existing by virtue of Section 37-45-101, Colorado Revised Statutes, *et seq.*, for an augmentation contract for use of water supplies owned, leased, or hereafter acquired by the District. By execution of this Contract, Applicant and District agree to the following terms and conditions.

1. AUGMENTATION SUPPLY.

A. In consideration of the covenants and conditions herein contained, Applicant shall be entitled to the release of 0.5 acre feet per year of storage or other augmentation water owned or controlled by the District (the "Contracted Water") for use to augment depletions from Applicant's out-of-priority diversions pursuant to the District's Decree entered December 15, 2008 in Case No. 06CW049, Colorado Water Division No. 6 ("Augmentation Decree") and any amendments thereof obtained by the District in its sole discretion.

B. The Contracted Water amount is based on the water requirements table attached hereto as Exhibit A. Applicant shall restrict consumptive use under this Contract to that amount. Any increase or change in the water requirements to be supplied by the District shall require application for and issuance of a replacement contract, and cancelation of this Contract.

C. Any quantity of the Applicant's Contracted Water that is not used by Applicant by the end of each water year shall not carry over for the Applicant's future use but shall revert to the water supplies of the District. Such reversion shall not entitle Applicant to any refund of payment made for such water supply.

D. Contracted Water will be derived from exercise of the District's water rights decreed for augmentation pursuant to the Augmentation Decree. The District shall have the right, but not the obligation, to designate the water right(s) from which the Applicant's Contracted Water shall be released and to change that designation at any time in its discretion.



E. Applicant's use of any of the Contracted Water shall be subject to any and all terms and conditions imposed by the Water Court on the use of the District's water rights.

F. The water service provided hereunder is expressly subject to the provisions of the District's Water Marketing Policy, which provides, in part, for the possible curtailment of uses upon the occurrence of certain events and upon the District giving notice of such curtailment, all as more fully set forth therein. The service is specifically dependent on the legal and physical availability of the Contracted Water for delivery, and the District shall have no liability to Applicant for its inability to deliver any or all of the Contracted Water for such reasons.

G. Nothing herein gives the Applicant any equitable or legal title interest or ownership in or to any of the District's water or water rights or the facilities by which they are managed for use. Applicant is only entitled to benefit from the water supply allotted hereunder subject to the limitations, obligations and conditions of this Contract. Applicant shall not institute any legal proceedings for the approval of an augmentation plan and/or any change of the District's water rights.

H. The District's issuance of this Contract to the Applicant is based upon the Applicant's written application and the related information provided by the Applicant to the District in connection with that application. Applicant represents and warrants that the information provided in the contract application is accurate and complete.

2. PURPOSE AND LOCATION OF USE.

A. Applicant will use the Contracted Water to augment diversions at Applicant's point(s) of diversion. Applicant will use the Contracted Water within or through facilities or upon land owned, operated, or served by Applicant, which land is within the District's boundaries and is described on Exhibit B attached hereto; provided, that the location and purpose of Applicant's use of Contracted Water must be legally recognized and permitted by the applicable governmental authorities having jurisdiction over the property

served. Any change in the location of use shall require application for and issuance of a replacement contract.

B. Applicant's contemplated use for the Contracted Water is for augmentation of the following use or uses as the same are defined in the District's Water Marketing Policy: [Select]  Domestic,  Commercial,  Industrial,  Irrigation,  Recreation (pond and channel evaporation).

3. AUGMENTATION PLAN IMPLEMENTATION AND COMPLIANCE.

A. The District shall be responsible for the implementation of the Augmentation Decree including, without limitation, the review of water allotment contract applications with the Division Engineer and any other parties, making needed augmentation releases, and accounting for augmentation releases made for Applicant and other District allottees.

B. Applicant shall provide, at its own expense, a totalizing flow meter or other device approved by the District prior to installation, to continuously and accurately measure at all times all water diverted pursuant to the Augmentation Decree. On or before November 5 of each year, or more frequently if required by the Division Engineer, Applicant shall provide accurate readings from such device or meter (recorded on a monthly basis for the period November 1 through October 30 of each year) to the District, the Division Engineer and Water Commissioner. Applicant acknowledges that failure to comply with these provisions could result in legal action to terminate Applicant's diversion of water by the District or the State of Colorado, Division of Water Resources.

C. Applicant hereby specifically allows the District, through its authorized agents, to enter upon Applicant's property during ordinary business hours for the purposes of determining Applicant's measurement capabilities and actual use of water.

D. If Applicant intends to divert through a well, Applicant must provide to the District a copy of Applicant's valid well permit before the District is obligated to deliver any Contracted Water, and it is the Applicant's continuous duty to maintain a valid well permit. Applicant shall also comply with all restrictions and limitations set forth in the well permit obtained from the Colorado Division of Water Resources. Applicant must comply with the well-

spacing requirements set forth in C.R.S. § 37-90-137, as amended, if applicable. Compliance with said statutory well-spacing criteria is an express condition of the extension of service hereunder, and the District shall in no way be liable for an Applicant's failure to comply. Applicant agrees to mark the well in a conspicuous place with the permit number.

4. PAYMENTS.

A. Applicant shall pay the District annually for the Contracted Water herein at a price to be fixed annually by the Board of Directors of the District for such service. Payment of the annual fee shall be made, in full, within fifteen (15) days after the date of a notice from the District that the payment is due. Said notice will advise the Applicant, among other things, of the water delivery year to which the payment shall apply and the price which is applicable to that year. If a payment is not made by the due date, a late fee of \$50 (or such other amount as the Board may set from time to time) will be assessed and final written notice of the delinquent account and late fee assessment will be sent by the District to the Applicant at Applicant's address set forth below. If payment is not made within thirty (30) days after said final written notice, the District may, at its option, elect to terminate all of the Applicant's right, title, or interest under this Contract, in which event the Contracted Water may be transferred, leased or otherwise disposed of by the District at the discretion of its Board of Directors.

B. If water deliveries hereunder are made by or pursuant to agreement with some other person, corporation, quasi-municipal entity, or governmental entity, and in the event the Applicant fails to make payments as required hereunder, the District may, at its sole option and request, authorize said person or entity to curtail the Applicant's water service pursuant to this Contract, and in such event neither the District nor such persons or entity shall be liable for such curtailment.

C. Applicant agrees that so long as this Contract is valid and in force, Applicant will budget and appropriate from such sources of revenues as may be legally available to the Applicant the funds necessary to make timely annual payments. Applicant will hold harmless the District and any person or entity involved in the delivery of water pursuant to this Contract for discontinuance in

service due to the failure of Applicant to maintain the payments herein required on a current basis.

5. TERM. The term of this contract shall be for forty (40) years from January 1<sup>st</sup> of the year in which it is executed.

6. ASSIGNMENTS.

A. The Contracted Water shall be beneficially used for the purposes and in the manner specified herein, and this Contract is for the exclusive benefit of the Applicant's property and shall inure to the benefit of any successor in interest to the fee title to said property upon written assignment and notice thereof to the District, and subject to proof of eligibility as provided in the District's Water Marketing Policy, said assignment to be made using the District's approved assignment form.

B. Upon the sale of the real property to which this Contract pertains, Applicant has a duty to make the buyer aware of this Contract and of the need to assign the Contract to the buyer. Written notice of assignment to the District shall be necessary for the assignment to become effective. Payment of an assignment fee in an amount determined by the Board shall be required as a prerequisite to approval of the assignment.

C. If the Contracted Water will be used for the benefit of land that is now or will hereafter be subdivided or otherwise held or owned in separate ownership interests, Applicant may assign Applicant's rights hereunder only to a homeowners association, property owners association, water district, water and sanitation district or other special district, or other entity properly organized and existing under and by virtue of the laws of the State of Colorado, and then only if such entity establishes to the satisfaction of the District that it has the ability and authority to assure its performance of the Applicant's obligations under this Contract. In no event shall the owner of a portion but less than all of the property served under this Contract have any rights hereunder, except as such rights may exist through an association or special district as above provided.

D. The restrictions on assignment contained herein shall not preclude the District from holding the Applicant, or any successor to the Applicant,

responsible for the performance of all or any part of the Applicant's covenants and agreements herein contained.

7. MULTIPLE OWNERSHIP.

A. In the event of the division of the property served by this Contract into two or more parcels owned by different persons or entities, in addition to the obligations in Section 5 C. above, the Applicant shall give notice to purchasers of any part of the subject property of the obligations of this Contract and shall record such notice in the records of the Clerk and Recorder of the county in which such property is located.

B. If such divided property is to be served by a shared well, as a condition of service under this Contract, all of the owners of such property shall execute and record a well sharing agreement in a form acceptable to the District and provide evidence thereof to the District.

8. APPLICANT'S LEGAL COMPLIANCE.

A. Applicant's rights under this Contract shall be subject to the Water Marketing Policy and to any Water Service Plan adopted by the District and amended from time to time; provided, that such Policy and Plan shall apply uniformly throughout the District among water users receiving the same service from the District. Applicant shall also be bound by all applicable laws and regulations, including, for example, the provisions of the Water Conservancy Act of the State of Colorado.

B. Applicant shall comply with all federal, state, and local governmental laws and regulations in the construction, maintenance, operation, replacement or repair of the facilities required to divert and use water that is augmented pursuant to this Contract. Upon demand of the District, Applicant shall provide the District with documentary proof of such compliance.

C. Applicant shall only charge its water customers, if any, who are supplied based upon the Contracted Water such rates, charges, and fees as are permitted by Colorado law.

D. Applicant shall not discriminate in availability of or charges for any water service or water supply made available pursuant to or based upon the Contracted Water on account of race, color, religion, national origin, or any other criteria prohibited under state or federal law.

E. Applicant shall implement and use commonly accepted conservation practices with respect to use of water augmented by the supply allotted under this Contract and shall be bound by any conservation plan hereafter adopted by the District, as the same may be amended from time to time.

9. CONTRACT TERMINATION.

A. Termination by District:

1. The District may terminate this Contract for any violation or breach of the terms of this Contract by Applicant, including as provided in Section 4.A. above regarding delinquent payments.

2. The District may terminate this Contract if, in its discretion, any judicial or administrative proceeding initiated by Applicant threatens the District's authority to contract for delivery or use of the District's water rights, or threatens the District's permits, water rights, or other interests of the District.

3. The District may terminate this contract if Applicant opposes any of the District's Water Court applications regarding the District's water rights used for augmentation pursuant to the Augmentation Decree.

B. Termination by Applicant: Applicant may terminate this Contract in its entirety for any reason by notifying the District in writing of the termination on or before April 1. Notice by said date will prevent the Applicant's liability for the next annual contract charge.

C. Notice to Division Engineer: Upon termination of this Contract by either the District or Applicant, the District will provide notice of such termination to the Office of the Division Engineer, Colorado Division of Water Resources. The District shall have no liability to Applicant for any

administrative or legal action taken by the Division Engineer or other representatives of the State of Colorado to curtail or limit Applicant's use of water previously augmented by the Contracted Water under this Contract.

10. FORCE MAJEURE. The District shall not be responsible for any losses or damages incurred as a result of the District's inability to perform pursuant to this Agreement due to the following causes if beyond the District's control and when occurring through no direct or indirect fault of the District, including without limitation: Acts of God; natural disasters; actions or failure to act by governmental authorities; unavailability of supplies or equipment necessary to the District's ability to perform; major equipment or facility breakdown; and changes in Colorado or federal law, including, without limitation, changes in any permit requirements.

11. NOTICES. All notices required or appropriate under or pursuant to this contract shall be given in writing mailed or delivered to the parties or sent by internet communication at the following addresses:

Notice to Applicant  
Whitehaven LLC  
\_\_\_\_\_  
6936 L Street  
\_\_\_\_\_  
Omaha, NE 68117  
\_\_\_\_\_

Notice to District

Upper Yampa Water Conservancy District  
Attention: General Manager  
P.O. Box 775529  
Steamboat Springs, CO 80477  
uywcd @upperyampawater.com

Either Party may by notice given in accordance with this provision change the addresses to which future notices shall be mailed or delivered.

12. BREACH AND REMEDIES.

A. In the event of any breach of this Contract by the Applicant, the District may, in addition to contract termination as provided herein, pursue any additional remedy available to the District against the Applicant in law or in

equity. Applicant may do likewise in the event of breach by the District. The prevailing party in any litigation regarding such breach shall be entitled to recovery of its reasonable attorneys' fees.

B. Venue for any dispute regarding this Contract shall be in the District Court for Routt County, Colorado.

13. RECORDING OF MEMORANDUM. In lieu of recording this Water Augmentation Contract, a Memorandum of Water Augmentation Contract will be recorded with the Routt County Clerk and Recorder's Office. The costs of recording the Memorandum shall be paid by Applicant.

APPLICANT:

Whitehaven LLC \_\_\_\_\_

Kevin Powell (Owner) \_\_\_\_\_

Applicant's Address:  
6936 L Street \_\_\_\_\_

Omaha, NE 68117 \_\_\_\_\_

Telephone No.: 402-680-6956

STATE OF COLORADO )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_,  
20\_\_, by \_\_\_\_\_.

WITNESS my hand and official seal.  
My commission expires:

\_\_\_\_\_  
Notary Public



UPPER YAMPA WATER CONSERVANCY  
DISTRICT

By: \_\_\_\_\_  
Ken Brenner \_\_\_\_\_, President

ATTEST:

\_\_\_\_\_  
Andy Rossi \_\_\_\_\_, Secretary

STATE OF COLORADO )  
  ) ss.  
COUNTY OF ROUTT     )

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_,  
20\_\_, by \_\_\_\_\_, President, Upper Yampa Water  
Conservancy District.

WITNESS my hand and official seal.  
My commission expires:

\_\_\_\_\_  
Notary Public

STATE OF COLORADO )  
  ) ss.  
COUNTY OF ROUTT     )

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_,  
20\_\_, by \_\_\_\_\_, Secretary, Upper Yampa Water  
Conservancy District.

WITNESS my hand and official seal.  
My commission expires:

---

Notary Public

AUGMENTATION CONTRACT No. A2-011  
UPPER YAMPA WATER CONSERVANCY DISTRICT

Robert Broadnax (hereinafter "Applicant") has applied to the Upper Yampa Water Conservancy District (hereinafter the "District") a political subdivision of the State of Colorado, organized pursuant to and existing by virtue of Section 37-45-101, Colorado Revised Statutes, *et seq.*, for an augmentation contract for use of water supplies owned, leased, or hereafter acquired by the District. By execution of this Contract, Applicant and District agree to the following terms and conditions.

1. AUGMENTATION SUPPLY.

A. In consideration of the covenants and conditions herein contained, Applicant shall be entitled to the release of 3.0 acre feet per year of storage or other augmentation water owned or controlled by the District (the "Contracted Water") for use to augment depletions from Applicant's out-of-priority diversions pursuant to the District's Decree entered December 15, 2008 in Case No. 06CW049, Colorado Water Division No. 6 ("Augmentation Decree") and any amendments thereof obtained by the District in its sole discretion.

B. The Contracted Water amount is based on the water requirements table attached hereto as Exhibit A. Applicant shall restrict consumptive use under this Contract to that amount. Any increase or change in the water requirements to be supplied by the District shall require application for and issuance of a replacement contract, and cancelation of this Contract.

C. Any quantity of the Applicant's Contracted Water that is not used by Applicant by the end of each water year shall not carry over for the Applicant's future use but shall revert to the water supplies of the District. Such reversion shall not entitle Applicant to any refund of payment made for such water supply.

D. Contracted Water will be derived from exercise of the District's water rights decreed for augmentation pursuant to the Augmentation Decree. The District shall have the right, but not the obligation, to designate the water right(s) from which the Applicant's Contracted Water shall be released and to change that designation at any time in its discretion.

E. Applicant's use of any of the Contracted Water shall be subject to any and all terms and conditions imposed by the Water Court on the use of the District's water rights.

F. The water service provided hereunder is expressly subject to the provisions of the District's Water Marketing Policy, which provides, in part, for the possible curtailment of uses upon the occurrence of certain events and upon the District giving notice of such curtailment, all as more fully set forth therein. The service is specifically dependent on the legal and physical availability of the Contracted Water for delivery, and the District shall have no liability to Applicant for its inability to deliver any or all of the Contracted Water for such reasons.

G. Nothing herein gives the Applicant any equitable or legal title interest or ownership in or to any of the District's water or water rights or the facilities by which they are managed for use. Applicant is only entitled to benefit from the water supply allotted hereunder subject to the limitations, obligations and conditions of this Contract. Applicant shall not institute any legal proceedings for the approval of an augmentation plan and/or any change of the District's water rights.

H. The District's issuance of this Contract to the Applicant is based upon the Applicant's written application and the related information provided by the Applicant to the District in connection with that application. Applicant represents and warrants that the information provided in the contract application is accurate and complete.

2. PURPOSE AND LOCATION OF USE.

A. Applicant will use the Contracted Water to augment diversions at Applicant's point(s) of diversion. Applicant will use the Contracted Water within or through facilities or upon land owned, operated, or served by Applicant, which land is within the District's boundaries and is described on Exhibit B attached hereto; provided, that the location and purpose of Applicant's use of Contracted Water must be legally recognized and permitted by the applicable governmental authorities having jurisdiction over the property

served. Any change in the location of use shall require application for and issuance of a replacement contract.

B. Applicant's contemplated use for the Contracted Water is for augmentation of the following use or uses as the same are defined in the District's Water Marketing Policy: [Select]  Domestic,  Commercial,  Industrial,  Irrigation,  Recreation (pond and channel evaporation).

3. AUGMENTATION PLAN IMPLEMENTATION AND COMPLIANCE.

A. The District shall be responsible for the implementation of the Augmentation Decree including, without limitation, the review of water allotment contract applications with the Division Engineer and any other parties, making needed augmentation releases, and accounting for augmentation releases made for Applicant and other District allottees.

B. Applicant shall provide, at its own expense, a totalizing flow meter or other device approved by the District prior to installation, to continuously and accurately measure at all times all water diverted pursuant to the Augmentation Decree. On or before November 5 of each year, or more frequently if required by the Division Engineer, Applicant shall provide accurate readings from such device or meter (recorded on a monthly basis for the period November 1 through October 30 of each year) to the District, the Division Engineer and Water Commissioner. Applicant acknowledges that failure to comply with these provisions could result in legal action to terminate Applicant's diversion of water by the District or the State of Colorado, Division of Water Resources.

C. Applicant hereby specifically allows the District, through its authorized agents, to enter upon Applicant's property during ordinary business hours for the purposes of determining Applicant's measurement capabilities and actual use of water.

D. If Applicant intends to divert through a well, Applicant must provide to the District a copy of Applicant's valid well permit before the District is obligated to deliver any Contracted Water, and it is the Applicant's continuous duty to maintain a valid well permit. Applicant shall also comply with all restrictions and limitations set forth in the well permit obtained from the Colorado Division of Water Resources. Applicant must comply with the well-

spacing requirements set forth in C.R.S. § 37-90-137, as amended, if applicable. Compliance with said statutory well-spacing criteria is an express condition of the extension of service hereunder, and the District shall in no way be liable for an Applicant's failure to comply. Applicant agrees to mark the well in a conspicuous place with the permit number.

4. PAYMENTS.

A. Applicant shall pay the District annually for the Contracted Water herein at a price to be fixed annually by the Board of Directors of the District for such service. Payment of the annual fee shall be made, in full, within fifteen (15) days after the date of a notice from the District that the payment is due. Said notice will advise the Applicant, among other things, of the water delivery year to which the payment shall apply and the price which is applicable to that year. If a payment is not made by the due date, a late fee of \$50 (or such other amount as the Board may set from time to time) will be assessed and final written notice of the delinquent account and late fee assessment will be sent by the District to the Applicant at Applicant's address set forth below. If payment is not made within thirty (30) days after said final written notice, the District may, at its option, elect to terminate all of the Applicant's right, title, or interest under this Contract, in which event the Contracted Water may be transferred, leased or otherwise disposed of by the District at the discretion of its Board of Directors.

B. If water deliveries hereunder are made by or pursuant to agreement with some other person, corporation, quasi-municipal entity, or governmental entity, and in the event the Applicant fails to make payments as required hereunder, the District may, at its sole option and request, authorize said person or entity to curtail the Applicant's water service pursuant to this Contract, and in such event neither the District nor such persons or entity shall be liable for such curtailment.

C. Applicant agrees that so long as this Contract is valid and in force, Applicant will budget and appropriate from such sources of revenues as may be legally available to the Applicant the funds necessary to make timely annual payments. Applicant will hold harmless the District and any person or entity involved in the delivery of water pursuant to this Contract for discontinuance in

service due to the failure of Applicant to maintain the payments herein required on a current basis.

5. TERM. The term of this contract shall be for forty (40) years from January 1<sup>st</sup> of the year in which it is executed.

6. ASSIGNMENTS.

A. The Contracted Water shall be beneficially used for the purposes and in the manner specified herein, and this Contract is for the exclusive benefit of the Applicant's property and shall inure to the benefit of any successor in interest to the fee title to said property upon written assignment and notice thereof to the District, and subject to proof of eligibility as provided in the District's Water Marketing Policy, said assignment to be made using the District's approved assignment form.

B. Upon the sale of the real property to which this Contract pertains, Applicant has a duty to make the buyer aware of this Contract and of the need to assign the Contract to the buyer. Written notice of assignment to the District shall be necessary for the assignment to become effective. Payment of an assignment fee in an amount determined by the Board shall be required as a prerequisite to approval of the assignment.

C. If the Contracted Water will be used for the benefit of land that is now or will hereafter be subdivided or otherwise held or owned in separate ownership interests, Applicant may assign Applicant's rights hereunder only to a homeowners association, property owners association, water district, water and sanitation district or other special district, or other entity properly organized and existing under and by virtue of the laws of the State of Colorado, and then only if such entity establishes to the satisfaction of the District that it has the ability and authority to assure its performance of the Applicant's obligations under this Contract. In no event shall the owner of a portion but less than all of the property served under this Contract have any rights hereunder, except as such rights may exist through an association or special district as above provided.

D. The restrictions on assignment contained herein shall not preclude the District from holding the Applicant, or any successor to the Applicant,

responsible for the performance of all or any part of the Applicant's covenants and agreements herein contained.

7. MULTIPLE OWNERSHIP.

A. In the event of the division of the property served by this Contract into two or more parcels owned by different persons or entities, in addition to the obligations in Section 5 C. above, the Applicant shall give notice to purchasers of any part of the subject property of the obligations of this Contract and shall record such notice in the records of the Clerk and Recorder of the county in which such property is located.

B. If such divided property is to be served by a shared well, as a condition of service under this Contract, all of the owners of such property shall execute and record a well sharing agreement in a form acceptable to the District and provide evidence thereof to the District.

8. APPLICANT'S LEGAL COMPLIANCE.

A. Applicant's rights under this Contract shall be subject to the Water Marketing Policy and to any Water Service Plan adopted by the District and amended from time to time; provided, that such Policy and Plan shall apply uniformly throughout the District among water users receiving the same service from the District. Applicant shall also be bound by all applicable laws and regulations, including, for example, the provisions of the Water Conservancy Act of the State of Colorado.

B. Applicant shall comply with all federal, state, and local governmental laws and regulations in the construction, maintenance, operation, replacement or repair of the facilities required to divert and use water that is augmented pursuant to this Contract. Upon demand of the District, Applicant shall provide the District with documentary proof of such compliance.

C. Applicant shall only charge its water customers, if any, who are supplied based upon the Contracted Water such rates, charges, and fees as are permitted by Colorado law.



D. Applicant shall not discriminate in availability of or charges for any water service or water supply made available pursuant to or based upon the Contracted Water on account of race, color, religion, national origin, or any other criteria prohibited under state or federal law.

E. Applicant shall implement and use commonly accepted conservation practices with respect to use of water augmented by the supply allotted under this Contract and shall be bound by any conservation plan hereafter adopted by the District, as the same may be amended from time to time.

9. CONTRACT TERMINATION.

A. Termination by District:

1. The District may terminate this Contract for any violation or breach of the terms of this Contract by Applicant, including as provided in Section 4.A. above regarding delinquent payments.

2. The District may terminate this Contract if, in its discretion, any judicial or administrative proceeding initiated by Applicant threatens the District's authority to contract for delivery or use of the District's water rights, or threatens the District's permits, water rights, or other interests of the District.

3. The District may terminate this contract if Applicant opposes any of the District's Water Court applications regarding the District's water rights used for augmentation pursuant to the Augmentation Decree.

B. Termination by Applicant: Applicant may terminate this Contract in its entirety for any reason by notifying the District in writing of the termination on or before April 1. Notice by said date will prevent the Applicant's liability for the next annual contract charge.

C. Notice to Division Engineer: Upon termination of this Contract by either the District or Applicant, the District will provide notice of such termination to the Office of the Division Engineer, Colorado Division of Water Resources. The District shall have no liability to Applicant for any

administrative or legal action taken by the Division Engineer or other representatives of the State of Colorado to curtail or limit Applicant's use of water previously augmented by the Contracted Water under this Contract.

10. FORCE MAJEURE. The District shall not be responsible for any losses or damages incurred as a result of the District's inability to perform pursuant to this Agreement due to the following causes if beyond the District's control and when occurring through no direct or indirect fault of the District, including without limitation: Acts of God; natural disasters; actions or failure to act by governmental authorities; unavailability of supplies or equipment necessary to the District's ability to perform; major equipment or facility breakdown; and changes in Colorado or federal law, including, without limitation, changes in any permit requirements.

11. NOTICES. All notices required or appropriate under or pursuant to this contract shall be given in writing mailed or delivered to the parties or sent by internet communication at the following addresses:

Notice to Applicant

Robert Braodnax

PO Box 776123

Steamboat Springs, CO 80477

Notice to District

Upper Yampa Water Conservancy District

Attention: General Manager

P.O. Box 775529

Steamboat Springs, CO 80477

uywcd @upperyampawater.com

Either Party may by notice given in accordance with this provision change the addresses to which future notices shall be mailed or delivered.

12. BREACH AND REMEDIES.

A. In the event of any breach of this Contract by the Applicant, the District may, in addition to contract termination as provided herein, pursue any additional remedy available to the District against the Applicant in law or in

equity. Applicant may do likewise in the event of breach by the District. The prevailing party in any litigation regarding such breach shall be entitled to recovery of its reasonable attorneys' fees.

B. Venue for any dispute regarding this Contract shall be in the District Court for Routt County, Colorado.

13. RECORDING OF MEMORANDUM. In lieu of recording this Water Augmentation Contract, a Memorandum of Water Augmentation Contract will be recorded with the Routt County Clerk and Recorder's Office. The costs of recording the Memorandum shall be paid by Applicant.

APPLICANT:

Robert Broadnax  
 \_\_\_\_\_  
 \_\_\_\_\_

Applicant's Address:  
 PO Box 776123  
 \_\_\_\_\_

Steamboat Springs, CO 80477  
 \_\_\_\_\_  
 Telephone No.: 404-431-1306  
 \_\_\_\_\_

STATE OF COLORADO    )  
   ) ss.  
 COUNTY OF \_\_\_\_\_ )

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_,  
 20\_\_, by \_\_\_\_\_.

WITNESS my hand and official seal.  
 My commission expires:

\_\_\_\_\_  
 Notary Public

UPPER YAMPA WATER CONSERVANCY DISTRICT

By: \_\_\_\_\_  
Ken Brenner \_\_\_\_\_, President

ATTEST:

\_\_\_\_\_  
Andy Rossi \_\_\_\_\_, Secretary

STATE OF COLORADO )  
  ) ss.  
COUNTY OF ROUTT )

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_,  
20\_\_, by \_\_\_\_\_, President, Upper Yampa Water  
Conservancy District.

WITNESS my hand and official seal.  
My commission expires:

\_\_\_\_\_  
Notary Public

STATE OF COLORADO )  
  ) ss.  
COUNTY OF ROUTT )

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_,  
20\_\_, by \_\_\_\_\_, Secretary, Upper Yampa Water  
Conservancy District.

WITNESS my hand and official seal.  
My commission expires:

---

Notary Public





## BOARD COMMUNICATION FORM

**From:** Andy Rossi, General Manager

**Date:** 12/09/20

**Item:** Stagecoach Reservoir Water Marketing Policy

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DIRECTION  
 INFORMATION  
 MOTION  
 RESOLUTION

---

### I. Request/Issue and Background Information:

The Upper Yampa Water Conservancy District (UYWCD) is in the process of developing a Stagecoach Reservoir Water Marketing Policy. The first draft of these policies was present to the UYWCD Board of Directors (BOD) at an October 9, 2020 meeting.

### II. Summary and Alternatives:

Attached with this form is the current proposed DRAFT Stagecoach Reservoir Water Marketing Policy. The proposed policy contains distinct parts for UYWCD BOD consideration

- DRAFT Text of Proposed Stagecoach Reservoir Water Marketing Policy
- Appendix A: Contract Forms (*The Contract forms are to be determined pending final adoption of Stagecoach Water Marketing Policy*)
- Appendix B: DRAFT Stagecoach Water Price Matrix. DRAFT Pricing Matrix is presented for discussion purposes as UYWCD BOD considers policy components.
- Appendix C: Contract Assignment Form (*The Contract Assignment Form is to be determined pending final adoption of Stagecoach Water Marketing Policy*)
- Appendix D: DRAFT of Proposed Stagecoach Reservoir Fill and Release Policy

The UYWCD, in cooperation with the City of Steamboat Springs, will hold a Stagecoach Reservoir Municipal Water Contractor informational meeting on January 6, 2021. The purpose of this informational meeting is for the UYWCD to collect input on the Stagecoach Reservoir Water Marketing Policy from municipal water users.

After collecting input from potential contracting partners, the UYWCD staff will be well positioned to present a final draft of the Stagecoach Reservoir Water Marketing Policy to the UYWCD BOD at the January 20, 2021 UYWCD BOD meeting.



**III. Staff Recommendation:**

Review the proposed DRAFT Stagecoach Reservoir Water Marketing Policy ahead of the Stagecoach Reservoir Municipal Water Contractor meeting on January 6, 2021. A final draft of the Stagecoach Water Marketing Policy will be presented for consideration at the January 20, 2021 UYWCD BOD meeting.

**IV. Legal Issues:**

Stagecoach Reservoir Water Contracting, UYWCD By-Laws

**V. Consistency with Board Goals and Policies:**

UYWCD Strategic Plan Objective 3.2

**Attachments:**

Attachment 1: DRAFT Stagecoach Reservoir Water Marketing Policy



**DRAFT**

**Stagecoach Reservoir**

**WATER MARKETING POLICY**

**Upper Yampa Water Conservancy District**

**December 3, 2020**

**DRAFT**

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PURPOSE OF MARKETING PROGRAM

The Upper Yampa Water Conservancy District (UYWCD) is authorized and directed to provide for the beneficial use of water available for use from the UYWCD's storage capacity in Stagecoach Reservoir. The UYWCD's Board of Directors (Board) has approved the marketing of such water and other UYWCD water supplies as may be used to complement the use of such Reservoirs' water supplies through a contracting program described herein. The person or entity contracting with UYWCD for stored water under this policy is sometimes herein referred to as a "user" or "contract user" or "contractor."

1. 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 of not more than 100 acre feet in volume and for contract term of not more than 1 year made pursuant to this Policy on behalf of the UYWCD without further Board action. The General Manager will notify the Board of all such contracts.
- c. The General Counsel is directed and authorized to oppose Water Court applications which propose use of the UYWCD's water supplies without the existence of a current Water Supply Contract or otherwise at variance with this Policy.

2. SOURCES AND SCOPE OF MARKETING PROGRAM.

- a. Source: "Stagecoach Reservoir". Water delivered from Stagecoach Reservoir, for which a storage water right decrees were obtained by the UYWCD in the following Cases:

***NEW TABLE OF STORAGE RIGHTS TO BE INCLUDED  
(11/30/20 - table is complete and under review for inclusion in Fill and Release Policies)***

Additional storage water right decrees may be obtained in the future by the UYWCD, and other water sources available to the UYWCD for use in its Water Marketing Program.

- b. Geographic. The UYWCD may enter into contracts with third parties for use of UYWCD water supplies directly, or by exchange or augmentation, within the UYWCD Boundary, subject to site-specific determination by the UYWCD's Board of Directors, and subject to determination by the General Manager and General Counsel of the legal and physical feasibility of such use, and subject to the principles and limitations stated herein. The UYWCD will not contract to provide a water supply to any parcel of land or area that was previously served with water rights that were conveyed out of the UYWCD

District Boundary, absent express approval by the UYWCD Board of Directors. Contracts with third parties for use of the UYWCD water supplies outside of UYWCD Boundary or to facilitate uses outside of Water Division No. 6 (including for use outside of, or to facilitate use outside of, the UYWCD) require express approval, including pricing, by the Board of Directors. All contracts will describe the specific locations of use of the water supply by the Contract user, and for Environmental and Recreational Contracts, to the extent known, subsequent uses by downstream Reuse Contractors water users, so that any change of locations of use shall require prior approval of the Board of Directors.

3. NATURE OF WATER SERVICE.

- a. Contract Form. The UYWCD shall provide water supply for beneficial uses pursuant to contracts substantially in the forms attached hereto as Appendix A. The forms 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 the forms also may be used for Contract applications which are in progress as of such date. The Board reserves the authority to modify the Water Supply Contract forms 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. In the event of any conflict between an executed Water Supply Contract and these policies the Contract shall be controlling.
- b. Type of Service. The UYWCD will deliver previously stored water at the outlet of the UYWCD's storage facilities into a stream system. The contract user is responsible at the user's sole cost for arranging and obtaining the legal use or credit of such water, shall bear the burden of any stream flow losses (seepage and evaporation) below such outlet, and shall be responsible, in consultation with the Division Engineer for Water Division No. 6, for arranging and administering the delivery of such stored water below such outlet to the place or places of use by such user. As reasonably requested by the Contract user under an Environmental or Recreational Contract, the UYWCD will cooperate with the Contract user in fulfilling the Contract user's responsibilities as described in this paragraph.
- c. Primary Sources of Supply. As previously described in subparagraph 3.a. above, the UYWCD's supply of water for the program described herein is anticipated to derive substantially from the following sources of supply:
  - i. Stagecoach Reservoir. The UYWCD's volume stored in priority of Stagecoach Reservoir, located on the Yampa River.
- d. Alternate Sources of Supply. The UYWCD may, in its sole discretion, provide water to a Contract user from alternate sources or facilities, provided that the releases from alternate sources or facilities are suitable to legally and physically meet the calling water right at the point or points of delivery of such water at such alternate sources or facilities.

4. CONTRACTING PROCESS AND TERMS.

- 
- a. Timing. As to particular sources of supply, the UYWCD shall not execute any contracts until that source has been legally acquired by the UYWCD and all needed permits satisfactory to the General Manager have been issued by appropriate agencies and received by the UYWCD. Pending legal acquisition of and the receipt of all permits for a particular source of supply by the UYWCD, the UYWCD 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 UYWCD on forms prepared by UYWCD 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 UYWCD of \$300.00 as the fee for the UYWCD's processing of the application.
    - ii. The General Manager will impose a fee of \$600.00 for contract amendments and assignments. At the General Manager's discretion, the assignment and/or amendment fee 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 its 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 real, lawful, legitimate need, the General Manager shall report that finding to the UYWCD Board before approval of any contract, with a copy of such report provided to the Applicant. The Board will allow the contract applicant to present written information in support of its claimed need and in response to the General Manager's report, and the Board may in its sole discretion approve, disapprove, or approve with modifications or conditions the application. The Applicant may modify its application up to the date of decision by the Board. The Board's decision on such matters shall be final.
  - d. Consistency with UYWCD Programs. The General Manager and General Counsel shall review all contract applications for consistency with the principles and limitations stated herein, consistency with the District's water rights for the requested water supply, and consistency with Colorado law and state and local governmental regulations and 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 1 acre-foot annually. The maximum amounts of water which may be contracted to each person or entity pursuant to this Policy shall be as set forth below unless otherwise approved in advance by the Board of Directors on a case-by-case basis. In determining such maximum amount, existing prior contracts by the District for water supply for the applicant or its affiliates shall be counted and included in determining whether the maximum quantity would be exceeded by a new requested application.

Source	Maximum
Stagecoach Reservoir	2,000 AF

- f. Project Contract Year. The basis for calculating delivery obligations for water supply of the District contracted to persons or entities shall be the “Project Contract Year” or multiples thereof, ~~which~~ A “Project Contract Year” shall be the period from March 1 in one year through February 28 (29) in the succeeding year, and such a Project Contract Year shall be herein referred to as the calendar year in which it commences. The date or dates of payment for contracted water supply shall be set forth in the Contract by the General Manager, shall normally be expected to be August 1 ~~of~~ within the Project Contract Year for municipal and industrial water supplies, and October 31 for agricultural supplies within the Project Contract Year, but in all circumstances the date of payment for water to be delivered in a Project Contract Year shall be no later than October 31 of such Year.
- g. Terms and Provisions of Contracts. Multiple options are available for Contract terms, as follows:
- i. Term for Municipal or Industrial Contracts: The maximum duration or term for delivery of stored water of the District for ~~municipal or industrial~~ contracts shall be from the date of execution of such Contract through the end of the 2041 Project Contract Year. The maximum duration or term for delivery of stored water of the District for municipal contracts shall be from the date of execution of such contract through the end of the 2061 Project Contract Year. Any such Contract shall require the District to commence and participate in discussions with the contracting user regarding possible execution of a new water supply Contract, for the same or a lesser amount of stored water, to commence upon the end of the current Contract term, to be held within the final Project Contract Year of such Contract. The District reserves the right to change this policy and to change the pricing, duration, limitations, principles and forms for new water supply contracts going forward, at any time and from time to time, and such changes are to be applicable to all new contracts for the same type of water use thereafter, including any new contracts entered into by the District in 2021 or later pursuant to the following paragraph after the end of the 2041 Project Contract Year to users whose existing contracts will expire as of the end of the 2041 Project Contract Year immediately below.

However, the municipal contract user of any municipal water supply contract entered into by the District in 2021 or later, which expires at the end of or before the 20641 Project Contract Year, who has not defaulted on such contract provisions during the term thereof and whose area of use remains ~~the largest of~~ (a) the lawful boundary of such municipality, including any annexations into such municipality, or (b) the approved urban growth boundary, or (c) the approved municipal water service area boundary, each as may be determined by the governing board of such municipality from time to time during the contract, ~~may~~ request in writing to the District during the final Project Contract Year that the duration of a succeeding contract to such municipal user be for a term (a) ending

**Commented [AR1]:** At the January 2, 2021 UYWCD BOD meeting, the UYWCD will consider a pricing review with the potential for a pricing reset to occur at the end of the 2041 contract year for all new municipal contracts. The UYWCD will consider the addition of a force majeure clause for all new contracts.

at the end of the 20641 Project Contract Year, if the term of the existing contract ends before the 20641 Project Contract Year, or (b) in the event that the final Project Contract year of the existing contract is ~~2041~~ the 2061 Project Contract Year, then up to ~~35~~20 years after ~~such final 192061 Project Contract year~~2041, in either case for an annual supply up to but not exceeding the maximum amount under the then-effective water supply contract. If such request is made during the final Project Contract Year, and if such municipal user otherwise agrees with the pricing, limitations, principles, and form for such new municipal water supply contract under the policies of the District in effect at that time (other than any duration limitation), then the Board during such final Project Contract Year shall enter into such new municipal water supply contract with such municipal user on the then-approved form of Contract and then-prevailing municipal supply pricing, for the term requested by such municipal user but not ~~exceeding (a) the end of the 2041 Contract Year if the term of the existing contract ends earlier than 2041, or (b) exceeding 35 20 years, if the term of the existing contract ends at the end of the 2041 Project Contract Year.~~, for the amount of annual supply requested by such municipal user not exceeding the amount contracted for under the expiring Contract. It is expected that this policy and the pricing, limitations, principles and forms for new water supply contracts of the District will be changed from time to time in the future by the Board of Directors to adapt to changing conditions, including (but not limited to) changes in law and regulation, hydrologic changes, the financial condition of the District, availability of water sources, interstate conditions of the Colorado River system, environmental requirements or policies, water quality changes, or changes in the master planning of the District Board of Directors.

- ii. Term for Agricultural Contracts: The maximum duration or term for delivery of stored water of the District for agricultural contracts shall be from the date of execution of such Contract through the end of the 2041 Project Contract Year. Any such Contract shall require the District to commence and participate in discussions with the contracting user regarding possible execution of a new water supply Contract, for the same or a lesser ~~or greater~~ amount of stored water, to commence upon the end of the current Contract term, to be held within the final Project Contract Year of such Contract. The District reserves the right to change this policy and to change the pricing, duration, limitations, principles and forms for new water supply contracts going forward, at any time and from time to time, and such changes are to be applicable to all new contracts for the same type of water use thereafter, including any new contracts in 2021 or later~~after the end of the 2041 Project Contract Year to users whose existing contracts will expire as of the end of the 2041 Project Contract Year~~. Every agricultural use contract for delivery of stored water from Stagecoach Reservoir shall contain a limitation that the District may, in its sole discretion, upon written notice to such user terminate and end such contract prior to its stated termination date without liability of any kind to the contracting user if such contracting user physically uses the stored water to replace water lawfully available to such user from direct flow water rights or other storage supplies, if such user or its affiliates obtains economic benefits from the absence of use of lawfully available

direct flow water rights or other storage supplies in an amount exceeding the pricing paid or payable by such user of the stored water under the District's agricultural use water supply contract then in effect.

- iii. Term for Environmental or Recreational Contracts: The UYWCD recognizes that a diversity of contract terms may be necessary to provide mechanisms for environmental or recreational or in-stream flow enhancement agreements that allow for flexible water management. Unless otherwise determined by the Board of Directors on a case-by-case basis, the initial duration or term for delivery of stored water of the UYWCD for environmental or recreational or in-stream flow enhancement purposes shall be for one year from the date of execution of such Contract. ~~Unless otherwise determined by the Board of Directors on a case-by-case basis, the maximum duration or term for delivery of stored water of the District for environmental or recreational or in-stream flow enhancement purposes shall be from the date of execution of such Contract through the end of the second Project Contract Year, after the Project Contract Year in which such Contract was executed, i.e., for no more than 3 Project Contract Years in succession. Longer-term durations for environmental or recreational or in-stream flow enhancement agreements considered will not extend beyond the end of the 2041 project year.~~ No environmental or recreational or in-stream flow enhancement contract shall contain any renewal or extension clause or provision. Contracts for storage of water for intended release for environmental or recreational use shall (a) preserve the right of the District for first use to generate hydro power through Stagecoach Dam for all such releases, and (b) permit the allottee to sub-contract the return flow from the contracted environmental or recreational location(s) of use to other water users approved by the District (a "Reuse Contractor") for subsequent use downstream from the original contracted location(s) (whether within or outside of the District boundary) so long as such Reuse Contractor or its affiliates does not use the subcontracted reuse water to replace water lawfully available to such Reuse Contractor or its affiliates from direct flow water rights or other storage supplies (including storage supplies from a District project), and (c) be "take or pay" contracts requiring payment to the District for the full amount of the water contracted for storage in Stagecoach Reservoir annually whether or not the environmental or recreational allottee calls for and/or uses the full stored amount, so long as such full contracted amount is in fact stored during the Project Year. The District reserves the right to change this policy and to change the pricing, duration, limitations, principles and forms for new environmental or recreational or in-stream flow enhancement water supply contracts going forward, at any time, and such changes are to be applicable to all new contracts for the same type of water use thereafter.

- h. Pricing. The pricing for each type of water use described above in subsection (g) will be reviewed and set annually by the UYWCD's Board of Directors (which decision normally will be made prior to March 1 each year). The approved pricing for the current Project Contract Year is attached hereto as Appendix B. Each contract for water supply from the District shall contain a Cost of Living Adjustment (COLA) provision by which the amount payable per acre foot in the next Project Contract Year shall automatically be adjusted upwards by annual changes to the COLA index for the Denver-Aurora-

**Commented [AR2]:** The UYWCD will consider the topic of longer than one-year ERC agreements at the January 20, 2021 UYWCD BOD Meeting. ERC agreement term limits to not longer than 3 years will be considered. Proposals for ERC agreements for up to 10 years that include annual options that address concerns of both the UYWCD and potential contract partners will be considered.



Lakewood index, “all items,” “urban consumer” for the 12 -months ending at the end of June of the then-applicable Project Contract Year.

Annual payment terms in all water storage contracts, including contracts for industrial, municipal, agricultural, recreational, environmental or other purposes, shall be “take OR pay” contracts requiring payment to the District for the full amount of the water contracted for storage in Stagecoach Reservoir each year as required in such contract, whether or not the contractor calls for and/or uses the full stored amount that year, so long as such full contracted amount for that Project Year is in fact stored during that Project Year.

- h.i. Minimum Charges. The pricing charge under Appendix B for District water supply for each type of water use will be based upon the amount contracted by the user times the then applicable per-acre-foot price as of the date of execution of such contract, except that the minimum annual billing for any type of water supply use for any amount shall be \$100.00, which amount shall escalate in the same manner as provided in subparagraph h. above.
- h.j. Contract Execution. The applicant(s) for a Stagecoach Reservoir 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 UYWCD’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.
- h.k. Limitation on Disposition. Subject to the exceptions set forth below, Contractors may not sublet, sell, donate, loaned, or otherwise dispose of any of its rights to a Contract or Contracted Water. All Contracts will describe the specific locations of use of the water supply, so that any change of locations of use shall require prior approval of the Board of Directors. For municipal use Contractors, the specific location of use shall be the largest of (a) the lawful boundary of such municipality, including any annexations into such municipality, or (b) the approved urban growth boundary, or (c) the approved municipal water service area boundary, each as may be determined by the governing board of such municipality from time to time during the contract. The UYWCD will approve an assignment of a Contract for industrial or agricultural use water in all instances in which a permanent transfer and assignment 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 UYWCD to be served with the Contracted Water. Assignments and transfers of municipal use water shall require the approval of the Board of Directors of the District and will not be approved except in the case of merger or dissolution of the municipal user. Any disposition of a Contractor’s rights to a Contract or Contracted Water must be by written instrument signed by the UYWCD. An example of a Contract Assignment form is attached hereto as Appendix C. As provided in subparagraph 4.b. ii. above, a \$600.00 fee will be imposed for each contract assignment. Water supply contracted for environmental or recreational use may be used by Reuse

Contractors as set forth above in subparagraph 4.g.iii.

k-l. Pricing upon Assignment. Except for sub-contracts to Reuse Contractors of environmental or recreational water use contracts as described in Subsection 4(g) above, every assignment of a Contract will be subject to review and approval by the UYWCD, and such approval shall require the assigning Contactor and assignee to agree in writing to such changes in provisions of such Contract as will bring such Contract into full compliance with the then-current pricing and contracting policies duration, limitations, and principles in effect at the time of the assignment.

5. SHORTAGE CRITERIA. Water shortages among the UYWCD's Contractors shall be apportioned in the sequence detailed in the Stagecoach Fill and Release Policy attached hereto as Appendix D.
6. DELIVERY CONTINGENCIES. There are several assumptions upon which the UYWCD's ability to deliver water pursuant to this Water Marketing Policy are contingent.
  - Terms and conditions of applicable Water Court decrees for the sources of supply.
  - Terms and conditions of permits for all of said sources of supply and their related facilities.
  - Terms and conditions of any substitute supply plans and plans for augmentation or exchange regarding Contractors' use of the sources of supply.
  - Hydrologic availability of water supply from natural sources to Stagecoach Reservoir sufficient to place enough water in storage in any year sufficient to meet all of the permitted demands for deliveries under the contracts of the District.
  - The physical condition of Stagecoach Reservoir sufficient to physically store water up to the designed capacity of the Reservoir and to deliver water out of the outlet works of the Reservoir into the Yampa River below the dam.
  - The water quality of stored water in Stagecoach Reservoir being sufficient to meet the water quality requirements of any governmental entity or agency permitting raw water deliveries into the Yampa River below the dam.
7. ANNUAL REVIEW OF THIS POLICY. The Board of Directors shall review this Policy each year prior to the end of the calendar year, to determine if any amendments or revisions should be made to this Policy. The District Manager or Board Chairman shall place such review on the agenda of a Board meeting before the end of each calendar year.

**APPENDIX A**  
**CONTRACT FORMS**

**TO BE DETERMINED WITH FINAL VERSION OF POLICY**

**Stagecoach Reservoir Water Contract Pricing**

**DRAFT Appendix B - Option 1**  
**SAMPLE PRICING ALTERNATIVES FOR DISCUSSION PURPOSES ONLY**

Contract Category		Contract Period (Years or End Date)			Notes: BP +/- "\$ amount"
Contract Volume (AF)		11 years to 2041	6 to 10 years	1 to 5 years	
Industrial	500 to 2000	BP + 35	BP + 15	BP - 5	BP = Base Price (TBD by UYWCD BOD)
	1 to 499	BP + 40	BP + 20	BP	
		Contract Period (Years or End Date)			
		11 years to 2061	6 to 10 years	1 to 5 years	
New Municipal	500 to 2000	BP + 35	BP + 15	BP - 5	BP = Base Price (TBD by UYWCD BOD)
	1 to 499	BP + 40	BP + 20	BP	
		Contract Period (Years or End Date)			
		Existing Contract Term			
Existing Municipal	500 to 2000	CP			CP = Contract Price calculated as per existing contract terms w/Budget Data
	1 to 499				
		Contract Period (Years or End Date)			
		Contract Term (all end in 2041)			
Environmental Recreational	500 to 2000	BP - 5			BP = Base Price (TBD by UYWCD BOD)
	1 to 499	BP			
		Contract Period (Years or End Date)			
		11 years to 2041	6 to 10 years	1 to 5 years	
Agricultural	500 to 2000	BP + 15	BP + 5	BP - 5	BP = Base Price (TBD by UYWCD BOD)
	1 to 499	BP + 20	BP + 10	BP	
		Contract Period (Years)			
		40 years			
Augmentation	1 to 10	Augmentation water pricing and contract specifics are indicated in the Yampa River Augmentation Plan.			Price Approved by BOD Annually
	(Greater than 10 AF requires Approval by UYWCD BOD)				

**Stagecoach Reservoir Water Contract Pricing**

**DRAFT Appendix B- Option 2**  
**SAMPLE PRICING ALTERNATIVES FOR DISCUSSION PURPOSES ONLY**

Contract Category		Contract Period (Years or End Date)			Notes: BP +/- "\$ amount"
Contract Volume (AF)		11 years to 2041	6 to 10 years	1 to 5 years	
Industrial	500 to 2000	BP - 15	BP - 10	BP - 5	BP = Base Price (TBD by UYWCD BOD)
	1 to 499	BP - 10	BP - 5	BP	
		Contract Period (Years or End Date)			
		11 years to 2061	6 to 10 years	1 to 5 years	
New Municipal	500 to 2000	BP - 15	BP - 10	BP - 5	BP = Base Price (TBD by UYWCD BOD)
	1 to 499	BP - 10	BP - 5	BP	
		Contract Period (Years or End Date)			
		Existing Contract Term			
Existing Municipal	500 to 2000	CP			CP = Contract Price calculated as per existing contract terms w/Budget Data
	1 to 499				
		Contract Period (Years or End Date)			
		Contract Term (all end in 2041)			
Environmental Recreational	500 to 2000	BP - 5			BP = Base Price (TBD by UYWCD BOD)
	1 to 499	BP			
		Contract Period (Years or End Date)			
		11 years to 2041	6 to 10 years	1 to 5 years	
Agricultural	500 to 2000	BP - 15	BP - 10	BP - 5	BP = Base Price (TBD by UYWCD BOD)
	1 to 499	BP - 10	BP - 5	BP	
		Contract Period (Years)			
		40 years			
Augmentation	1 to 10	Augmentation water pricing and contract specifics are indicated in the Yampa River Augmentation Plan.			Price Approved by BOD Annually
	(Greater than 10 AF requires Approval by UYWCD BOD)				

**Stagecoach Reservoir Water Contract Pricing**

**DRAFT Appendix B- Option 3**  
**SAMPLE PRICING ALTERNATIVES FOR DISCUSSION PURPOSES ONLY**

Contract Category		Notes: BP +/- "\$ amount"			
		Contract Period (Years or End Date)			BP = Base Price (TBD by UYWCD BOD)
		11 years to 2041	6 to 10 years	1 to 5 years	
Industrial	Contract Volume (AF) 1 to 2000	BP -10	BP - 5	BP	
		Contract Period (Years or End Date)			BP = Base Price (TBD by UYWCD BOD)
		11 years to 2061	6 to 10 years	1 to 5 years	
New Municipal	Contract Volume (AF) 1 to 2000	BP -10	BP - 5	BP	
		Contract Period (Years or End Date)			CP = Contract Price calculated as per existing contract terms w/Budget Data
		Existing Contract Term			
Existing Municipal	Contract Volume (AF)	CP			
		Contract Period (Years or End Date)			BP = Base Price (TBD by UYWCD BOD)
		Contract Term (all end in 2041)			
Environmental Recreational	Contract Volume (AF) 1 to 2000	BP			
		Contract Period (Years or End Date)			BP = Base Price (TBD by UYWCD BOD)
		11 years to 2041	6 to 10 years	1 to 5 years	
Agricultural	Contract Volume (AF) 1 to 2000	BP -10	BP - 5	BP	
		Contract Period (Years)			Price Approved by BOD Annually
		40 years			
Augmentation	Contract Volume (AF) 1 to 10 (Greater than 10 AF requires Approval by UYWCD BOD)	Augmentation water pricing and contract specifics are indicated in the Yampa River Augmentation Plan.			

**APPENDIX C**

**CONTRACT ASSIGNMENT FORM**

**TO BE DETERMINED WITH FINAL VERSION OF POLICY**

**RESOLUTION NO. 2021-X**

**A RESOLUTION**

**ADOPTING STAGECOACH RESERVOIR FILL AND RELEASE POLICIES.**

**WHEREAS**, the Upper Yampa Water Conservancy District ("District") constructed, owns, and operates Stagecoach Reservoir located in Routt County, Colorado on the Yampa River; and

**WHEREAS**, the District is empowered pursuant to C.R.S. § 37-45-134 to make and enforce all reasonable rules and regulations for the management, control delivery, use and distribution of water; and

**WHEREAS**, the Board of Directors of the District ("Board") desires to adopt the attached fill and release policies for Stagecoach Reservoir, which the Board finds to be reasonable rules and regulations for the management, control, delivery, use and distribution of water, which maximize the beneficial use of water available for storage and release from Stagecoach Reservoir and which are consistent with all permits, approvals and contractual commitments of the District and the requirements of law for the operation of Stagecoach Reservoir.

**NOW THEREFORE**, be it resolved that the Upper Yampa Water Conservancy District Stagecoach Reservoir Fill and Release Policy attached hereto is approved and adopted effective **Month Day, 2021**.

**UPPER YAMPA WATER  
CONSERVANCY DISTRICT**

By: \_\_\_\_\_

**ATTEST**

\_\_\_\_\_  
Andy Rossi, Secretary



**Upper Yampa Water Conservancy District**  
**Stagecoach Reservoir Fill and Release Policy**

**I. General Policy**

The Upper Yampa Water Conservancy District (" District") has constructed and owns and operates a dam and reservoir known as Stagecoach Reservoir in Routt County, Colorado for the purpose of supplying water within its boundaries. The dam and reservoir are located on the Yampa (Bear) River upstream from the City of Steamboat Springs. The total storage capacity of the Reservoir is approximately 36,439 acre-feet. Water is stored in Stagecoach Reservoir pursuant to various water rights owned by the District. The storage and release of water to meet the needs of water customers holding water contracts with the District is the primary function of the reservoir. Use of the Reservoir as a recreational amenity and for generation of green hydroelectric energy are important ancillary benefits to the storage and releases of water but remain secondary to providing water to the District's allotment and augmentation contract customers. The District recognizes the need to adapt to the variability of precipitation throughout the year and over successive years in adopting these policies on reservoir filling and release. The District will continue to work towards making its system a reliable source of water for the District' s constituents by improvements in its operation of existing projects and contemplation of new projects that may change these policies in the future. To that end the District Board adopts these policies for the operation of Stagecoach Reservoir.

**II. Filling Policies**

Stagecoach Reservoir typically fills during spring runoff and releases water under allotment contracts in the late summer and fall of the year. Water is stored under decreed water rights owned by the District in order to best meet the needs of its constituents. Water accounting will be done in accordance with the laws of the State of Colorado. Water accounting procedures subject to these policies will be developed by UYWCD staff in consultation with the Division Engineer and approved by the Board.

**A. Water Rights**

**1. Water Rights Decreed for Storage**

Water rights decreed for storage in Stagecoach Reservoir. The following absolute and conditional water rights are decreed for storage in Stagecoach Reservoir:

WATER RIGHT				AMOUNT					ADMIN NO.	APPROP. DATE
<b><u>Agricultural HCU Credits/Ditch Rights</u></b> <b>(below per 95CW078)<sup>1</sup></b>				<b>518.4 AF absolute</b>						
Ditch	April	May	June	July	Aug	Sept	Oct	Total (AF)		
Yellow Jacket	0.5	16.5	52.1	48.9	23.8	5.5	0.7	148.0	14175.00000 33782.25353	
Union	1.5	20.7	165.3	154.7	36.4	2.9	0	381.5	14563.00000 33782.24988	
Union reduction <sup>2</sup>	1.3	18.7	149.1	139.5	32.8	2.6	0	344.0	n/a n/a	
Little Chief	0.8	4.8	12.3	6.8	1.6	0.1	0	26.4	20450.19968 33782.25353	
Total	2.6	40.0	213.5	195.2	58.2	8.2	0.7	518.4		
<b><u>Four Counties Ditch No. 1 and No. 3</u></b> <b><u>(Priority 40)</u></b>				<b><del>151-184.8</del> cfs (<del>302-366.55</del> AF/day)</b> <b>absolute</b> <b><del>605-571.2</del> cfs (<del>1210-1,133</del> AF/day)</b> <b>conditional</b>					<b>39599.00000</b>	<b>06/02/1958</b>
<b>Bear Reservoir</b>				<b>11,614.2 AF absolute</b>					<b>40815.00000</b>	<b>09/30/1961</b>
<b>Pleasant Valley Reservoir</b>				<b>20,854 AF absolute/ 9,246 AF conditional<sup>3</sup></b>					<b>41727.39991</b>	<b>06/29/1959</b>
<b>Pleasant Valley Feeder Canal</b>				<b>300 cfs (600 AF/day) conditional</b>					<b>41727.39991</b>	<b>06/29/1959</b>
<b><u>Four Counties Ditch No. 3 Enlargement and Extension</u></b> <b><u>(Priority 45)</u></b>				<b><del>864-394</del> cfs (<del>1728-781.5</del> AF/day)</b> <b>conditional</b>					<b>41727.41412</b>	<b>05/20/1963</b>
<b>Bear Reservoir Enlargement</b>				<b><del>22,105.83,928</del> AF conditional</b>					<b>44559.44488</b>	<b>10/21/1971</b>
<b><u>Bear/Stagecoach Reservoir 2<sup>nd</sup> Filling</u></b>				<b>6,670 AF absolute</b>					<b>53691.53386</b>	<b>03/01/1996</b>

- <sup>1</sup> Case No. 95CW078 changed these water rights for storage in Stagecoach Reservoir and allows for evaporation and augmentation and other uses under respective priorities.
- <sup>2</sup> Union Ditch consumptive use reduced for wetland development and maintenance, water supply for waterfowl ponds and recreation uses in Case No.9 5CW78.
- <sup>3</sup> 40,720 AF total per Case No. W-946-76, minus 20,854 AF absolute, minus 10,620 AF transferred to Morris on Creek Reservoir in Case No. 07CW061

Decreed Uses:

	Bear Reservoir (1st & Enlg.)	Bear Reservoir Refill	Pleasant Valley Reservoir	Four Counties P-40	Four Counties P-45	Agricultural HCU Credits
Irrigation	x	x	x	x	x	x
Stock	x	x	x			x
Domestic	x	x	x	x	x	x
Municipal	x	x	x	x	x	x
Industrial	x	x	x	x	x	x
Fish	x	x				x
Recreation	x	x		x	x	x
Aesthetics		x				
Evaporation			x			x
Power		x	x	x	x	x
Energy				x	x	
Mining				x	x	
Augmentation	x	x	x	x	x	x
Exchange	x	x	x	x	x	x

**2. Start of Fill**

The start of fill date for Stagecoach Reservoir is March 1 of each year.

**3. Carry Over Storage**

On the start of fill date, the total water supply stored under the Bear Reservoir 1st Fill storage right, Pleasant Valley Reservoir 1st Fill storage right, Bear Reservoir Enlargement storage right, and Bear Refill storage right for multiple uses is first allocated to the Bear Reservoir storage right up to a maximum of 11,614.2 AF, then it is allocated to the Pleasant Valley Reservoir storage right first in an amount up to the maximum decreed absolute volume and then in an amount up to the maximum decreed conditional volume, finally, any remaining storage is allocated to the Bear Reservoir Enlargement storage right first in an amount up to the maximum decreed absolute volume and then in an amount up to the maximum decreed conditional volume. In addition, the total water supply stored under the Bear Reservoir 1st Fill storage right, Pleasant Valley Reservoir 1st Fill storage right, Bear Reservoir Enlargement storage right, and Bear Refill storage right for non-augmentation uses is allocated in a similar manner, taking into account storage supplies already allocated to these rights for multiple uses. No water supply carried over from one water year to the next water year shall be allocated at the start of the fill year to the Four

~~Counties Ditch No. 1 and No.3, the Four Counties Ditch No. 3 Enlargement and Extension, the Yellow Jacket Ditch, the Union Ditch, or the Little Chief Ditch. On the start of fill date, water in storage in the Reservoir will be first allocated to the Bear Reservoir water right up to a maximum of 11,614.2 acre-feet and then to the Pleasant Valley Reservoir water right. No water carried over shall be applied against the Four Counties Ditch No. 1 and No. 3 or the Yellow Jacket, Union or Little Chief Ditches water rights.~~

**Commented [AR1]:** UYWCD will verify consistency of this statement with Stagecoach Reservoir accounting practices.

#### 4. First Fill

~~After the start of fill date, the remaining capacity in Stagecoach Reservoir shall be filled under the water rights set forth above in order of seniority, storing first up to the maximum decreed absolute volumes. After the start of fill date, the remaining capacity in Stagecoach Reservoir shall be filled under the water rights set forth above in order of seniority. Water stored under the Bear Reservoir and Pleasant Valley water rights and any other water rights decreed for augmentation use since the adoption of this policy shall include augmentation, if in priority for such use. Stagecoach Reservoir shall be deemed to have filled once when the volume of water stored is equal to the capacity of the Reservoir less water carried over from the prior year and less evaporation, seepage and releases occurring between start of fill and the completion of the first fill.~~

#### 5. Second Fill

~~After the start of fill date, any remaining capacity not carried over in Stagecoach Reservoir shall be filled under the water rights set forth above in order of seniority, to the extent each priority is available for storing. After the commencement of the first fill, evaporation and seepage during the water year shall be replaced by utilization of the water stored under the Yellow Jacket, Union and Little Chief Ditches, the Four Counties No. 1 and No. 3 rights, and the Pleasant Valley Reservoir 1st Fill water rights, in order of seniority. After a completed first fill of the Reservoir, and release of water from pools as described in Section III below, additional storable inflow may be stored during the remainder of the water year and allocated to the Stagecoach 2nd Filling water right."After the first fill, except for evaporation and seepage which shall be replaced by utilization of the Yellow Jacket, Union and Little Chief Ditches, and the Four Counties, and the Pleasant Valley Reservoir 1st Fill water rights in order of seniority, water shall be stored under the Stagecoach 2<sup>nd</sup> Filling water right.~~

## 6. Augmentation Use

The water rights listed in paragraph II(A)(1) above were changed to add and include as beneficial uses, appropriative rights of exchange and substitution, augmentation and exchange for replacement purposes and all other augmentation uses. The priority date for such additional uses for each of the water rights is the original decreed priority date with the exception of the Bear Reservoir and Pleasant Valley Reservoir water rights, which have a priority date for such additional uses of June 29, 2001. If water is stored under the Bear Reservoir and Pleasant Valley Reservoir water rights and/or any other water rights decreed for augmentation use at such time that such water rights are not in priority for augmentation uses but are in priority for other uses, the District shall account separately for such water stored for purposes other than augmentation and such water shall not be released for augmentation purposes in the year of storage or afterwards but may be released for all other purposes.

## ~~7. Raise Water Right~~

~~All water stored in Stagecoach Reservoir in excess of 33,275 acre feet in 2011 was stored pursuant to the Pleasant Valley Reservoir conditional water rights described in paragraph 1 (A) above.~~

## 8.7 Other Conditional Rights

In any year which the Bear Reservoir Enlargement, Pleasant Valley Reservoir conditional water rights, Pleasant Valley Feeder Canal conditional rights and remaining conditional water rights in Four Counties Ditch Nos. 1 and 3 and Four Counties Ditch No. 3 Enlargement and Extension are in priority when filling under the first fill, the District will fill under such rights and seek to make more of such rights absolute.

## 9.8 Filling Priority

The District has designated certain pools of water within the Reservoir for the purpose of contracting water. Contracts will be written and assigned to specific pools within the reservoir and contracts within each pool shall have equal priority (abated proportionally) when the pool contains water. Filling priority of Pools in the Reservoir shall be as follows:

**Commented [AR2]:** Diagram of pools will be added to final version.

- 1) 9,000 AF "Municipal/Industrial Pool"
- 2) 2,000 AF "Augmentation Pool"
- 3) 4,000 AF "General Supply Pool"
- 4) 3,164 AF "Raise Pool"
- 5) 3,275 AF "Preferred Remainder Pool"
- 6) 15,000 AF "Emergency Remainder Pool"

#### **10.9. Description of Pools**

##### **a. Municipal/Industrial**

The Municipal/Industrial Pool currently consists of:

9,000 acre-feet allocated for municipal and industrial uses pursuant to existing and future contracts between the District and such contracting entities, or the approved municipal or industrial allottees of water from Stagecoach Reservoir who contract for all or part of the 9,000 acre-feet allotted to such pool ("Municipal/Industrial Pool").

Water stored in the Municipal/Industrial Pool is available for release to municipal and industrial users including community water systems serving residential subdivisions and recreational in-channel diversions decreed to municipalities.

##### **b. The Augmentation Pool**

The Augmentation Pool currently consists of:

2,000 acre-feet of water allocated for augmentation use pursuant to the decree entered in Case No. 06CW49, Water Division 6 ("Master Augmentation Pool").

##### **c. The General Supply Pool**

The General Supply Pool currently consists of:

4,000 acre-feet of water allocated for agricultural, environmental, and recreational uses, and for municipal and industrial uses if the

Municipal/Industrial Pool described above becomes fully subscribed.  
192-acre feet is currently allotted to Brian Stahl et al.

**d. The Raise Pool**

The Raise Pool Currently consists of:

3,164 acre-feet of water not currently under contract which represents the increase in capacity of Stagecoach Reservoir resulting from the raise in the level of the spillway completed in 2011, and which may be contracted for any beneficial uses approved by the Board.

**e. The Preferred Remainder Pool**

The Preferred Remainder Pool currently consists of:

3,275 acre-feet of water not currently under contract which represents the remaining capacity of Stagecoach Reservoir not allocated to the pools described in paragraphs II(A)(10)(a) through (d) above or II(A)(10)(f) below. It is anticipated that water stored in this Preferred Remainder Pool will not be contracted long term by the District so long as stored water is available to be allocated from the pools described in paragraphs II(A)(10)(a) through (d) above.

**f. The Emergency Remainder Pool**

The Emergency Remainder Pool currently consists of:

14,000 acre-feet of water not currently under contract which represents the remaining capacity of Stagecoach Reservoir not allocated to the pools above 1,000 AF of Sediment Storage, physically dead storage, and water that has limited hydraulic capacity for release.

**III. Management of the Pools**

**A. Start of Year Allocation**

The water available in Stagecoach Reservoir on March first and any subsequent fill shall be allocated to the pools listed in paragraph II(A)(9) in order until each pool is completely filled before allocating any water to the next Pool. If insufficient water is available in any Pool to supply water to all parties holding contracts for delivery of water from that Pool, the water available for delivery to

each contract holder shall be reduced proportionally, based upon the respective amounts of maximum contract allotments under the existing contracts from such Pool.

#### **B. Commitment of Reservoir Pools**

When Stagecoach Reservoir is completely filled, all contracts and commitments made in previous documents are fully served, including all contractual obligations and non-contract obligations of in-reservoir recreation storage. Thus, when the reservoir is full, with the exception of evaporation and releases from storage for minimum stream flow, 18,275 AF will be left after contract releases for the year, until and unless the Preferred Remainder Pool is contracted to allottees in the future.

#### **C. Post Billing Fill**

When water is not available to fill the Reservoir by July 15 in any year, the Emergency Remainder Pool, first, and then thereafter the Preferred Remainder Pool will be shorted and reduced by the amount of the fill shortage. Thus, contractual obligations will be available within Stagecoach Reservoir at a volume of 18,164 AF (elev. 7178.7 or 25.3 ft. below spillway elevation = 7204 ft.). In any year where Stagecoach Reservoir is not full by July 15 and storable inflow is available between July 15 and March 1 of the following year such storage will be made available to the unfilled pools in the order of the priority of pools set forth in Section 9 above, to be available during the water year of such filling. Such additional water made available to a previously unfilled pool will be made available proportionally among all allottees holding contracts from such pool, up to the amount in each instance such allottee was shorted or curtailed before such additional water storage became available. If only the Emergency Remainder Pool and/or the Preferred Remainder Pool were not filled in such water year, then the additional post-July 15 storable inflow will be allocated to supply these pools, applied first to the Preferred Remainder Pool up to the amount it was shorted.

### **IV. Release Policies**

#### **A. Release Operations**

Except as otherwise required under the District's existing contracts for the delivery of water, releases of water pursuant to contract shall be made from the pool specified in the contract. Where feasible, Stagecoach Reservoir releases pursuant to contract will be made through the District's hydro-power generation facilities. Use of the Jet Flow valve



may be made in times of emergency if necessary, for structural concerns, control of dissolved oxygen levels downstream of the dam, or to minimize spilling over the dam crest for environmental concerns. These operational constraints made due to permitting requirements of the power plant through the Federal Energy Regulatory Commission (FERC) will be considered "Hydro" releases.

#### **B. Outlet Capacity and ramping**

Because of limited outlet capacity, the total instantaneous rate for contract releases at which water may be released from Stagecoach Reservoir will not exceed turbine capacity or the maximum instantaneous rate of release specified in an allotment contract, whichever is less. The District will make requested releases as soon as operationally possible (typically within 24 hours during the work week). Requested releases will be made in accordance with the District's ramping rate practices and current water order and release schedules.

#### **C. Evaporation**

Evaporation for the entire Stagecoach Reservoir will be applied and debited solely against the Emergency Remainder Pool.

#### **D. Minimum Streamflow releases**

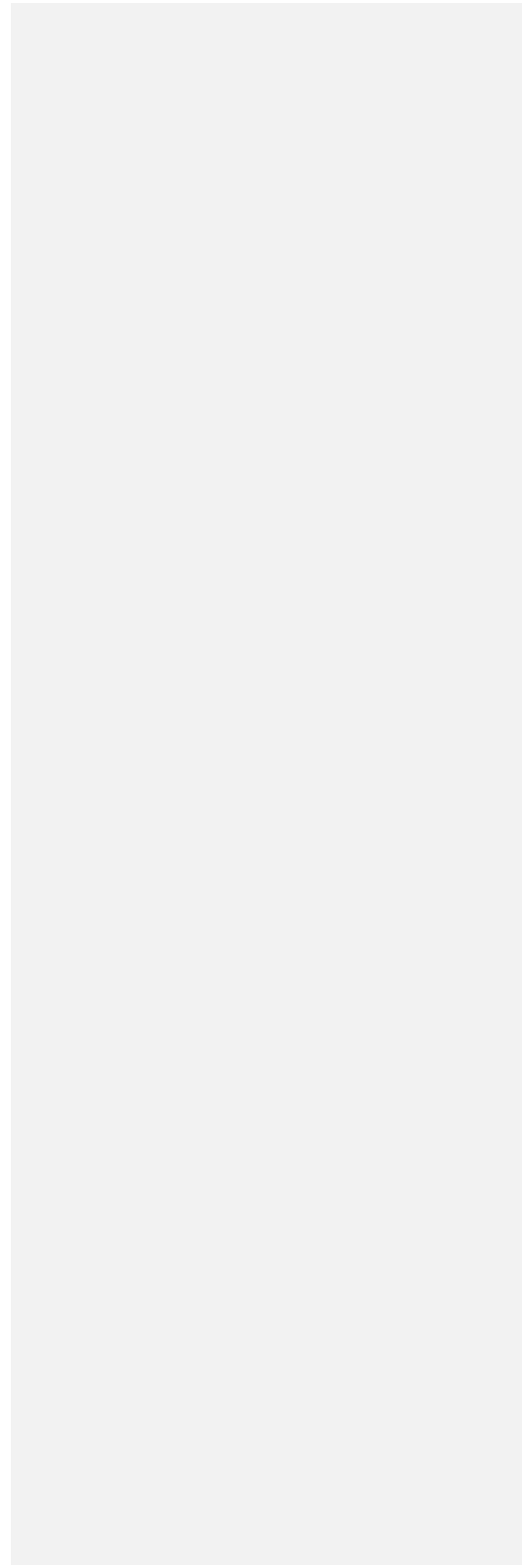
Required minimum stream flow releases which exceed inflow, and which are not released pursuant to contract shall be applied and debited first against the Emergency Remainder Pool and then against the Preferred Remainder Pool.

#### **E. Prevention of Ice Damage**

After August 1 of each year the District may make 1,500 AF space available as necessary from the Emergency Remainder Pool to avoid ice on the spillway crest, provided that such releases of stored water to make such space available are made through the hydro-electric power plant in the dam and not through the jet valve, in order to confirm accepted beneficial use of such releases. The District may release such additional water up to such 1,500 AF limit first from the Emergency Remainder Pool and then from the Preferred Remainder Pool in order to make space available in the Reservoir to store an amount not exceeding the 95% confidence of Reservoir filling based on the forecasts of Colorado River Basin Forecast Center as modified by adopted District forecast criteria and snowpack data. Consistent with sound operational practices for Reservoir operations, and use of the hydro-electric power plant in the dam, the District may schedule and time such releases up to 1,500 AF to co-ordinate with other requested storage releases from Stagecoach Reservoir for existing contract allottees, and to generate

income to the District from short-term environmental/recreational allotment contracts, and otherwise, in the discretion of the General Manager of the District, to co-ordinate with planned releases of stored water from other reservoirs in the Yampa River Basin owned or controlled by other entities where beneficial to improve the instantaneous in-stream flows below Stagecoach Dam and to ameliorate against periods of main-stem Yampa River administration by the Division Engineer.

DRAFT







## BOARD COMMUNICATION FORM

**From:** Andy Rossi, General Manager

**Date:** 12/09/20

**Item:** Stagecoach Reservoir Municipal Water Contractor Meeting

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DIRECTION  
 INFORMATION  
 MOTION  
 RESOLUTION

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### **I. Request/Issue and Background Information:**

The UYWCD, in cooperation with the City of Steamboat Springs, will hold a Stagecoach Reservoir Municipal Water Contractor informational meeting on January 6, 2021. The purpose of this informational meeting is for the UYWCD to collect input on the Stagecoach Reservoir Water Marketing Policy from municipal water users.

After collecting input from potential contracting partners, the UYWCD staff will be well positioned to present a final draft of the Stagecoach Reservoir Water Marketing Policy to the UYWCD BOD at the January 20, 2021 UYWCD BOD meeting.

### **II. Summary and Alternatives:**

NA

### **III. Staff Recommendation:**

Review the proposed DRAFT Stagecoach Reservoir Water Marketing Policy ahead of the Stagecoach Reservoir Municipal Water Contractor meeting on January 6, 2021.

### **IV. Legal Issues:**

NA

### **V. Consistency with Board Goals and Policies:**

UYWCD Strategic Plan Objective 3.2



**Attachments:**

Attachment 1: Stagecoach Reservoir Municipal Water Contractor Meeting Materials



December 9, 2020

**Subject: Upper Yampa Water Conservancy District Stagecoach Reservoir Water Marketing Policy**

Sir/Madame:

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. The UYWCD is now positioned to consider a Stagecoach Reservoir Water Marketing Policy for new water storage contracts for 2021 and beyond. As an existing municipal water storage customer in Stagecoach Reservoir or a local governmental entity, the UYWCD would like to invite you to review the attached DRAFT Stagecoach Reservoir Water Marketing Policy and provide your input on the subject of new municipal water contracts as we work to finalize our policies moving forward.

In cooperation with the City of Steamboat Springs, the UYWCD will host an informational meeting to review the current status of Stagecoach Reservoir municipal water contracts and receive public input on the DRAFT Stagecoach Water Marketing Policy on *January 6, 2021, at 12:00 pm*. We encourage you to join the meeting virtually (Zoom Meeting information attached) to provide your input or submit your comments directly to me at [arossi@upperyampawater.com](mailto:arossi@upperyampawater.com). The UYWCD requests that you submit any comments you may have on these matters by January 11, 2021.

As always, the UYWCD staff and Board of Directors values your input and will be considering all public comment prior to presenting a final draft of the Stagecoach Reservoir Water Marketing Policy to the UYWCD Board of Directors at the January 20, 2021 UYWCD Board of Directors meeting. The UYWCD looks forward to receiving your thoughts and input.

Sincerely,

Andy Rossi, P.E.  
General Manager  
[arossi@upperyampawater.com](mailto:arossi@upperyampawater.com)

Holly Kirkpatrick  
Public Information & External Affairs Manager  
[hkirkpatrick@upperyampawater.com](mailto:hkirkpatrick@upperyampawater.com)

# AGENDA

## UPPER YAMPA WATER CONSERVANCY DISTRICT BOARD OF DIRECTORS SPECIAL MEETING

### STAGECOACH RESERVOIR MUNICIPAL WATER CONTRACTS INFORMATION MEETING

**WEDNESDAY, JANUARY 06, 2021 (12:00 PM)**

**ONLINE MEETING:**

[HTTPS://ZOOM.US/J/91452236389?PWD=BFpkZlpmR2JWU0xEU0NvVk1UMnFhUT09](https://zoom.us/j/91452236389?pwd=BFpkZlpmR2JWU0xEU0NvVk1UMnFhUT09)

#### INSTRUCTIONS ON HOW TO JOIN A ZOOM 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** 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.
- (3) **12:10 PM** Summary of Stagecoach Reservoir Municipal Water Storage Contracts and DRAFT Stagecoach Reservoir Water Marketing Policies by Upper Yampa Water Conservancy District
- (4) **12:25 PM** Municipal Contractor Input, Comments, and Questions Regarding Stagecoach Reservoir Municipal Water Storage Contracts and DRAFT Stagecoach Reservoir Water Marketing Policies
- (5) **1:30 PM** Adjournment.







## BOARD COMMUNICATION FORM

**From:** Andy Rossi, General Manger

**Date:** 12/10/20

**Item:** Steamboat Ski and Resort Corporation Water Supply Contract for Additional Stagecoach Water

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

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### **I. Request/Issue and Background Information:**

The Upper Yampa Water Conservancy District (UYWCD) Board of Directors (BOD) approved an amendment to the existing Steamboat Ski and Resort Corporation's (SSRC) existing Stagecoach Reservoir water storage contract at the November 19, 2020 UYWCD BOD meeting.

A final copy of the SSRC amended contract is included with this communication.

### **II. Summary and Alternatives:**

Approve, deny, or revise the final SSRC Stagecoach Reservoir water storage contract amendment.

### **III. Staff Recommendation:**

Approve the final SSRC Stagecoach Reservoir water storage contract amendment.

### **IV. Legal Issues:**

All water storage contracts require UYWCD BOD approval.



**V. Consistency with Board Goals and Policies:**

UYWCD By-Laws

**Attachments:**

2020 SSRC Water Supply Contract Amendment

**AMENDMENT TO  
WATER SUPPLY CONTRACT**

This Amendment to Water Supply Contract (this “Amendment”) is entered into by and between STEAMBOAT SKI & RESORT CORPORATION, a Delaware corporation (“Contractor”), and UPPER YAMPA WATER CONSERVANCY DISTRICT, a Colorado water conservancy district (“Upper Yampa”), collectively referred to herein as the “Parties”, effective as of the date this Amendment has been fully executed by both Parties.

**RECITALS**

A. Upper Yampa and Contractor are parties to a Water Supply Contract, effective October 3, 2018, for the delivery of 250 acre-feet of water annually from Upper Yampa’s Stagecoach Reservoir (the “Contract”).

B. Pursuant to the Contract, the Contracted Water was to come from the Former Exchange Pool in Stagecoach Reservoir, unless space became available in the Municipal/Industrial Pool in Stagecoach Reservoir, in which case, the Contracted Water would be delivered from the Municipal/Industrial Pool.

C. Upper Yampa now has space available in the Municipal/Industrial Pool to deliver all of the Contracted Water from that pool.

D. Contractor has also requested an additional 125 acre-feet per year be delivered from Stagecoach Reservoir, consistent with the terms and conditions of the Contract.

E. Upper Yampa approved the delivery of an additional 125 acre-feet per year from Stagecoach Reservoir consistent with the terms of the Contract, as modified herein, at its regular meeting held November 19, 2020.

F. Upper Yampa and Contractor desire to amend the Contract to provide for an additional 125 acre-feet per year of Contracted Water and to recognize that all 375 acre-feet of the Contracted Water will be delivered from the Municipal/Industrial Pool.

NOW THEREFORE, in consideration of the mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Contractor and Upper Yampa agree to amend the Contract as follows:

1. **Amount.** The amount of the Contracted Water is increased by 125 acre-feet per year, from 250 acre-feet per year to 375 acre-feet per year. Recital E of the Contract is deleted and replaced with the following:

“Upper Yampa and the Contractor desire to enter into this contract for Upper Yampa to store and release unto Contractor 375 acre-feet of water stored in Stagecoach Reservoir from the Municipal/Industrial Pool for beneficial uses by the Contractor on an annual basis during the Term of this Contract (the “Contracted Water”).”

2. **Reservoir Pool.** The Contract is amended to recognize that all of the Contracted Water is to come from the Municipal/Industrial Pool in Stagecoach Reservoir. Paragraph 2.2 of the Contract is deleted and replaced with the following:

“The Contracted Water shall be stored as part of the Municipal/Industrial Pool of Upper Yampa, to be stored in the priority of such Contract Pool under the District Fill Policy.”

3. **Payment.** Upper Yampa has received its annual payment for the first 250 acre-feet of the Contracted Water for delivery for the 2020-21 Water Year. Contractor shall make payment to Upper Yampa for the additional 125 acre-feet of Contracted Water within fourteen (14) days after execution of this Amendment at the same price as set forth in the Contract. Subsequent annual payments per acre-foot for the Contracted Water shall be made pursuant to the terms of the Contract.

4. **No Further Amendment.** Except as amended by this instrument, the Contract between Upper Yampa and Contractor effective October 3, 2018 remains unchanged and, as so amended, is hereby ratified and confirmed by the Parties.

IN WITNESS WHEREOF, Contractor and Upper Yampa have executed this Amendment on the dates set forth below.

UPPER YAMPA WATER CONSERVANCY  
DISTRICT

DATE: \_\_\_\_\_

BY: \_\_\_\_\_  
Ken Brenner, President


ATTEST:  
  
\_\_\_\_\_

UPPER YAMPA WATER CONSERVANCY  
DISTRICT

BY: \_\_\_\_\_  
Andy Rossi, General Manager

STEAMBOAT SKI & RESORT  
CORPORATION

DATE: Dec 8, 2020

BY:   
Rob Perlman, President & COO





## BOARD COMMUNICATION FORM

**From:** Holly Kirkpatrick

**Date:** 12/9/2020

**Item:** UYWCD Representation at Industry Meetings

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DIRECTION  
 INFORMATION  
 MOTION  
 RESOLUTION

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### **I. Request/Issue and Background Information:**

The UYWCD is involved with many organizations, committees, and working groups both locally and statewide. Some organizations are formalized with appointed seats for UYWCD representatives, while others are less formal and simply consist of UYWCD participation. As you know, many of our directors play a multitude of roles in the community and may be involved in organizations or committees on behalf of an organization/role outside of UYWCD. As such, several directors and staff attend the same meetings without clear designation of who is representing UYWCD.

This matter has been discussed at several board meetings in 2020 and as we move into a new year, the board has decided to appoint a UYWCD director or staff representative for committee involvement and industry meetings. The appointed UYWCD representative will attend meetings on behalf of UYWCD and will provide committee reports to the UYWCD Board of Directors during regular board meetings. As we prepare for UYWCD operations in 2021, please review the attached list of industry meetings and committee involvement. Appointments for UYWCD representation will be made at the January board meeting.

The full meeting schedule for some of these organizations has not yet been published. However, if you are interested in a particular committee or organization, please contact me directly for available meeting information, including the time commitments they may require as these vary significantly based on the committee/meeting.

There is certainly a more extensive meeting list that could be generated, including other conservancy districts and conservation boards, but we want to make sure that our obligations are manageable. However, if you feel that there is an important committee/meeting missing from the list, please let me know.



**II. Summary and Alternatives:**

In addition to appointing UYWCD representatives for industry meetings, please also consider the upcoming election of officers and designation of an executive committee for the UYWCD BOD in 2021. Again, all appointments will be made at the January board meeting.

**III. Staff Recommendation:**

N/A

**IV. Legal Issues:**

N/A

**V. Consistency with Board Goals and Policies:**

Goal 5, Objectives 1 and 2.

**Attachments:**

Attachment 1: List of Industry Meetings & Committee Involvement

## UYWCD Industry Meetings & Committee Involvement

### **1. Colorado Water Congress**

- State Affairs Committee
- Water Quality Committee
- Water Stewardship Committee

### **2. Yampa/White/Green Basin Roundtable**

- Big River Committee
- PEPO (Public Education, Participation, and Outreach) Committee
- BIP (Basin Implementation Plan) Update Committee

### **3. Integrated Water Management Plan**

- Stakeholder Engagement Committee
- Technical Advisory Committee

### **4. Yampa River Fund**

- Technical Advisory Committee

### **5. Upper Yampa Watershed Group**

### **6. Colorado Watershed Assembly**

### **7. Water Education Colorado**







## BOARD COMMUNICATION FORM

**From:** Holly Kirkpatrick

**Date:** 12/8/2020

**Item: Letter of Support for American Whitewater Colorado Water Plan Grant Application**

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DIRECTION  
 INFORMATION  
 MOTION  
 RESOLUTION

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### **I. Request/Issue and Background Information:**

American Whitewater has applied for a Colorado Water Plan grant through the CWCB for an analysis on the economic impact of river recreation. If approved, the grant funded project will look at potential or existing river recreation in locations across the state. In the Yampa River Basin, American Whitewater will focus on the economic impacts river recreation could have in Moffat County and Craig, specifically. The project will partner with flow preference studies identified in the CWCB nonconsumptive toolbox and work with a team of economists and graduate students at the University of Colorado Boulder to conduct the economic study.

### **II. Summary and Alternatives:**

American Whitewater approached the Yampa/White/Green Basin Roundtable for a letter of support at the November meeting. The Roundtable voted to write a letter of support for the grant application. They are now requesting a letter of support from UYWCD. I have drafted the letter of support for your review.

### **III. Staff Recommendation:**

This economic study could be beneficial to our basin and I would recommend submitting a letter of support for American Whitewater's grant application to CWCB.

### **IV. Legal Issues:**

N/A



**V. Consistency with Board Goals and Policies:**

Goal 5, Objectives 1 and 2.

**Attachments:**

Attachment 1: Draft Letter of Support for American Whitewater's Economic Impact of River Recreation Grant Application



Chris Sturm  
Stream Restoration Coordinator  
Colorado Water Conservation Board  
(303) 866-3441 ext. 3209  
chris.sturm@state.co.us  
1313 Sherman Street, Room 718  
Denver, CO 80203

Dear Mr. Sturm,

The Upper Yampa Water Conservancy District (UYWCD) Board of Directors would like to express its' support for American Whitewater's Colorado Water Plan grant proposal. Their project, *Economic Impact of River Recreation*, aims to quantify the economic benefit that river recreation has on river basins and local municipalities across the state of Colorado.

The work of American Whitewater to assess flow preference studies in conjunction with economic information that seeks to provide realistic results that local governments can use in their economic development planning could not come at better time for the Yampa River Basin. We appreciate that this project will take place across multiple basins and provide multiple benefits but see the potential impact of this valuable information as extremely significant to the Yampa Basin, where communities are preparing for significant changes and job loss due to a dwindling energy sector in the basin on top of the already difficult challenges the pandemic has placed on our communities. Understanding the economic benefits of outdoor recreation could help local organizations build a more resilient economy for the future of the basin and the state.

The American Whitewater project will be analyzing the economic impact that Yampa river recreation has specifically on Craig, and Moffat County, which includes the communities most effected by the loss of energy jobs in the future. There is a unique opportunity to direct community, economic, and regional growth in an unprecedented way using the metrics that American Whitewater may discover in their project. The UYWCD supports this project and encourages the Colorado Water Conservation Board to approve their Colorado Water Plan grant application, so that we may better highlight the economic potential of river recreation along the Yampa River.

Sincerely,

Ken Brenner  
Board President  
Upper Yampa Water Conservancy District

Mailing Address  
P.O. Box 775529  
Steamboat Springs, CO 80477-5529

Location  
2220 Curve Plaza, Suite 201  
Steamboat Springs, CO 80487

Telephone  
(970) 871-1035  
Fax (888) 519-3464

**SELECTION OF AUDITOR**

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## BOARD COMMUNICATION FORM

**From:** Karina Craig. Chief Accountant.

**Date:** December 14, 2020

**Item:** Selection of Proposal for Auditing services in the year 2021

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DIRECTION  
 INFORMATION  
 MOTION  
 RESOLUTION

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### 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. Mayberry & Company LLC audited the District's 2019 financial statements, earlier this year. Due to the loss of some of their staff they are not able to audit our statements in 2021.

Seeking a new auditor, the District published a Request For Proposals (RFP). The following schedule was established:

- Dec 7, 2020: Deadline to submit proposals
- Dec 7 -11 2020: Staff (and UYWCD BOD) review proposals
- Dec 17, 2020: Report & Recommendation to UYWCD BOD. Selection made.
- Dec 18, 2020: Offer made
- February/March 2021/TBD: Audit work

### II. Summary and Alternatives:

The following firms submitted proposals:

- Feis & Company, P.C. of Brighton, CO
- Hinton, Burdick CPAs and Advisors of St. George, UT
- McMahan and Associates, L.L.C of Avon, CO
- Watson Coon Ryan, Certified Public Accountants of Greenwood Village, CO

The following information was requested through the RFP and these criteria were used to assess the proposals:

- Summary of reasons why the District should engage the firm's services, as stated by the auditor
- Background of the firm; years in business, amount of employees, industry specialty
- Proposed audit approach



- Proposed used of technology
- Ability to meet the District’s proposed timeline for each phase of the audit
- Proposed engagement team
- References and past work with clients similar to the District
- Proposed audit fee and fee schedule for work outside of the scope of work
- Additional services offered beyond the audit

All four proposals received adequately responded to the information requested in the RFP. They are all long standing accounting firms with ample experience in governmental accounting. They all can meet our deadlines, use a risk-based audit approach, offer a strong engagement team, have worked with agencies similar to the District, are prepared to carry out a first audit entirely online, are interested in continuity and visiting in person in future year audits, and have the proper certifications and peer reviews.

There was some variability in company size and fee schedules offered. Three proposals offered fees between \$8,500 and \$10,250. One proposal presented a fee schedule from \$21,500 to \$22,900.

### **III. Staff Recommendation:**

The proposals from Watson Coon Ryan and Feis & Company are very similar they were recognized by staff as the top two. Watson Coon Ryan distinguished itself by its participation as a reviewer in the CPA profession’s self-regulatory peer review process. The firm reviews around 80 other firms annually. This gives them a broad view of best practices and a variety ways of handling different challenges, beyond their own hands-on experience. Staff recommends the firm Watson Coon Ryan be selected for auditing services.

### **IV. Legal Issues: None**

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

#### **Attachments:**

- Proposal from Watson Coon Ryan, Certified Public Accountants
- Sample Engagement Letter from Watson Coon Ryan, LLC.



**WATSON COON RYAN**  
CERTIFIED PUBLIC ACCOUNTANTS

**PROPOSAL FOR PROFESSIONAL  
SERVICES PREPARED FOR**

**UPPER YAMPA WATER  
CONSERVANCY DISTRICT**

**ON  
DECEMBER 2, 2020**

**9250 EAST COSTILLA AVENUE #450  
GREENWOOD VILLAGE, COLORADO 80112  
P 303.792.3020  
F 303.232.7237  
E [KWATSON@WCRCPA.COM](mailto:KWATSON@WCRCPA.COM)  
WWW.WCRCPA.COM**



## GOVERNMENT AND NOT-FOR-PROFIT EXPERIENCE

In the final analysis, what you pay your service providers for is well-delivered knowledge. Knowledge of which financial changes will affect your government or not-for-profit organization. Knowledge of how those changes will impact your organization. We deliver that knowledge with extensive government and not-for-profit experience, personal interest and attention to your needs. Together, we will help you manage the ongoing issues that can define the success or failure of your finance function.

We are providing this response to your request for proposal from Watson Coon Ryan, LLC. Our firm has four partners and ten licensed professional staff.

One of our focuses is the specific audit and operational issues facing government and not-for-profit organizations. Your engagement team will be knowledgeable of the governmental environment and strive to maintain in depth knowledge of your organization. In addition, we will provide:

- Timely delivery of the audited financial statements.
- Senior engagement team member involvement in financial reporting issues.
- Ability to partner with your organization to find timely answers to accounting issues.

## CLIENTS

Watson Coon Ryan, LLC serves many types of governmental organizations. Our experience includes assistance with performing financial statement audits and reviews of an organization's financial statements and Comprehensive Annual Financial Report's. A substantial portion of our continuing education and training is focused on governmental accounting, reporting and internal control.

Our current governmental/single audit client base includes:

*Redstone Water & Sanitation Association* - Perform the annual audit of the Association's financial statements in accordance with applicable GASBs, 2006 – present.

Client Contact: Brian Olesen (970) 464-0745.

*Various Metropolitan Associations* - with Simmons & Wheeler PC acting as the Association Accountants, including Adonea #2, Beacon Point, Cross Creek, Heritage Todd Creek and Saddle Rock, - Annually perform the audit of these Associations' financial statements in accordance with applicable GASBs, 2003 - present.

Client Contact: Diane Wheeler (303) 689-0833.

*South Metro Fire & Rescue Authority* - Annually performed the audit of the Authority's Comprehensive Annual Financial Report and Uniform Guidance Reports in accordance with applicable GASB standards; 2009-present; total assets of \$153 million, and total revenue of \$65.5 million.

Client Contact: Dillon Miskimins, CFO, (720) 989-2211.

Other governmental services - Audits for numerous other organizations including utility districts, fire districts, metropolitan districts, municipalities, HUD and Federal Awards.

## **WHY CLIENTS PREFER OUR FIRM**

Clients recognize the value-added benefits of using our firm's for professional services. The value added benefits include:

- Our partners in charge of accounting and auditing services are actively involved in the planning, assessment, execution and communication phases of our financial statement audit work.
- Historically we have employed only experienced accountants. This allows you to reap the benefits of utilizing professionals with in-depth knowledge of financial reporting rather than spending your valuable time training inexperienced accountants.
- The size of our firm uniquely positions us for personal service and attention from our personnel, with staffing capability to conduct your audit in a timely and professional manner.
- Clients appreciate our proactive approach to helping them with their accounting and compliance issues. We regularly communicate with our clients about new matters of interest that may impact them, and we work collaboratively with them to address these matters.
- We do not bill by the hour, but rather on the value we provide. This allows us to put our clients first, emphasizes teamwork, and encourages our clients to contact us with questions throughout the year. We have found that increased communication throughout the year is extremely helpful in aiding in the efficiency and efficacy of our audits.

## **OUR FINANCIAL REPORTING APPROACH**

Our approach embodies our belief that whether the engagement is an audit, review or other information reporting engagement it should be a proactive, integrated process rather than a post-mortem exercise. To provide our clients with maximum value requires approaching each engagement as a process that involves some key parameters:

- Understanding your organization and its environment
- Consistent communication with management throughout the year
- Client-involved planning
- Early partner and manager involvement
- Mutually agreed upon timetables and working practices
- WCR strives to provide staff continuity year over year and has low staff turnover.

We believe that good service must be relevant and timely. As transactions are planned and programs are developed, we will work with you to determine the accounting ramifications of various decisions. Of course, we believe that your mission should drive your decision making; however, we also believe that it is prudent to be knowledgeable about the accounting and reporting effects of those decisions so that a fully integrated decision is made. We hold ourselves accountable for ensuring that good communication occurs between ourselves and our clients.

Our firm embraces the technology and tools to make engagements more efficient. We have utilized paperless work papers for over ten years. Our files are accessed remotely and we do not carry client files on our laptops. We utilize a secure client portal to obtain and share files. We use data extraction techniques to efficiently perform analytical procedures and determine samples.

The vision of our firm is to improve the State of Colorado and the Denver Metropolitan area by expertly supporting governments, not-for-profit organizations and privately held businesses. We believe that we must diligently understand your processes and procedures. It is our responsibility to match that understanding to best practices and provide you with the feedback to improve your organization.

Our firm gains its government and not-for-profit experience from direct experience with many organizations. We are also members of the AICPA's Governmental Audit Quality Center.

Each of our engagement team members complete over 80 hours of general accounting and auditing and 25-30 hours of government and not-for-profit specific continuing professional education every two years. All key engagement members are properly licensed to practice in the State of Colorado and maintain active licenses.

We are also active participants in the CPA profession's self-regulatory peer review process. Through that process we review and discuss audit engagements with firms across the United States.

We conduct a number of audits that maintain their books through various computerized systems and as a firm, we operate in a paperless environment.

Audit adjustments, if necessary, are discussed with management when they are identified. All approved adjustments are accumulated and provided to the District in written form at the conclusion of the audit.

## **TIMING AND SCHEDULING**

We will coordinate with you appropriate times for the performance of the planning and execution phases of the engagement. We strive to identify where efficiencies can be gained by performing procedures prior to the end of the year. We have the current capacity and ability to perform your work beginning with testing beginning in February with issuance by the end of March 2020. It is important for you to have timely reporting so that you can complete your annual report without delay.

We view the performance of an engagement as an interactive process wherein the scheduling for the performance of procedures is tailored around your schedule to the extent possible. When the procedures require us to be in your offices, we will conform to your office hours.

After an initial meeting with you, we will prepare a tailored information request list. The list will include all of the information and documents that will be required to complete your audit.

Upon conclusion of each year's engagement, our Engagement Team will meet with your management and Board of Directors to communicate the results of our fieldwork and to discuss recommendations.

## **YOUR ENGAGEMENT TEAM PARTNERS**

**Troy Coon, CPA, Partner** will be reviewing the engagement. He received his Bachelor of Science degree in accounting from Eastern Kentucky University. He has over two decades of public accounting experience. His areas of expertise encompass a wide range of governmental, not-for-profit and corporate organizations.

**Kelly Watson, CPA, Partner** is the partner in charge of governmental financial reporting services. Kelly received her Bachelor of Science degree in accounting from University of Colorado, Boulder. She has 12 years of public auditing experience. Her areas of expertise encompass a wide range of governmental entities, including recreation districts, utility districts, fire districts, metropolitan districts, municipalities, HUD and Federal Awards, as well as, other non-governmental not-for-profit organizations and internal control consulting.

Kelly Watson will be actively involved during the audit to assist with field work and oversight of Watson Coon Ryan, LLC personnel. Kelly will be your primary contact on the engagement and will be reachable throughout the year with any questions that may arise.

Our audit team prides itself on consistency. We value our team and as a result have experienced extremely low turnover. We have had no audit staff turnover in the previous four years.

## **PROPOSED FEES**

Engagement fees are based on our estimate of the time we will incur on the services you require, and by the rates of the assigned team members. The procedures we use are specifically tailored to each client, and assigned team members are knowledgeable in governmental organizations, therefore we are confident that all work will be performed efficiently and effectively.

Our fee structure is based on these efficiencies, as well as certain key assumptions:

- We will receive timely assistance from your personnel in the preparation of necessary schedules, account analyses and reconciliations, document and supporting data retrieval.
- We will receive the requested financial information from your personnel on a timely basis, allowing for adherence to an agreed-upon timeline for turnaround, commencement and completion of work.

Our commitment is to provide you with top value for the fees expended. Our goal is to provide quality, timeliness and responsiveness at a fee that is competitive yet allows us the ability and resources to deliver exceptional service year round.

Based on our review of your engagement, and with the assumptions above, we estimate the annual fee for the December 31, 2020, December 31, 2021 and 2022 audits of the financial statements to be \$8,500. We will provide a written engagement letter that documents our fee estimate. Any increases in the audit fee will be discussed and disclosed to the District at least 180 days prior to the start of a

new District Budget Cycle in order to be effective for the audit. Increased fees will only be necessary if the key assumptions detailed above prove to be inaccurate or if new significant transactions/changes in accounting principles require significant additional time in the future.

Our firm policy is to provide assistance on questions or concerns that may arise throughout the year without additional cost. If these questions become an issue requiring substantial additional time, we may need to consider additional fees. We would discuss with you in advance any additional fees required by the implementation of new or revised professional accounting or audit standards. We do not bill by the hour, but we would anticipate spending a week in December on interim, with a follow up week in April for fieldwork.

Fees for additional services, outside of normal routine questions, provided throughout the year are based on the time spent and our hourly rates. Our audit partner's rate is \$250 per hour and staff rates range from \$100 to \$150 per hour.

## **OTHER**

We are not aware of any relationships that would impair our independence with respect to Upper Yampa Conservancy District. We are pleased to note that we have never had a complaint against our firms or staff leveled by the state board of accountancy or any other regulatory authority. We do not anticipate that we would use any affiliate member firm personnel or resources to perform the audit.

Watson Coon Ryan, LLC was formed in January 2018 by the merger of Watson Coon & Associates, P.C. and Wilson Downing Group, LLC. This new combination of talent expands our ability to work collaboratively and brain storm ideas as we seek to serve our clients in even more efficient, unique, and extraordinary ways. Watson Coon Ryan, LLC employs sixteen people of which eleven are licensed CPAs. Both firms received a pass rating on their most recent peer review performed under the American Institute of Certified Public Accountants' peer review program.

The peer review of Watson Coon Ryan, LLC will occur in 2020. Watson Coon & Associate's peer review was performed by Schulz & Company, P.C. Wilson Downing Group's peer review was performed by RSM US, LLP. We are pleased to note both firms have received a pass report. We have included a copy of our most recent peer review reports.

## **IN CONCLUSION**

Watson Coon Ryan, LLC is committed to organizations like Upper Yampa Conservancy District. Our dedication to passionate organizations like yours is one of the cornerstones of our accounting and auditing practice. Your business and relationship with our firm are important to us, and it would be our honor and great pleasure to work with you. We would be happy to address any questions about us or our proposal at your convenience.



9250 EAST COSTILLA AVENUE, SUITE 450  
GREENWOOD VILLAGE, COLORADO 80112  
303-792-3020 (o) | WWW.WCRCPA.COM

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December 11, 2020

Upper Yampa Water Conservancy District  
PO Box 775529  
Steamboat Springs, Colorado 80477

Dear Board of Directors,

The following represents our understanding of the services we will provide Upper Yampa Water Conservancy District.

You have requested that we audit the business-type activities of Upper Yampa Water Conservancy District, as of December 31, 2020, and for the year then ended and the related notes, which collectively comprise Upper Yampa Water Conservancy District's basic financial statements as listed in the table of contents. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on each opinion unit applicable to those basic financial statements.

Accounting principles generally accepted in the United States of America, (U.S. GAAP,) as promulgated by the Governmental Accounting Standards Board (GASB) require that management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America, (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

- Management's Discussion and Analysis

Supplementary information other than RSI will accompany Upper Yampa Water Conservancy District's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and perform certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and additional procedures in accordance with U.S. GAAS. We

intend to provide an opinion on the following supplementary information in relation to the basic financial statements as a whole:

- Schedule of Revenue, Expenditures and Changes in Fund Net Position – Budget and Actual

### **Auditor Responsibilities**

We will conduct our audit in accordance with U.S. GAAS. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.

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 basic financial statements. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we will request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the basic financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements (whether caused by errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the basic 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 control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the basic financial statements that we have identified during the audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

## **Compliance with Laws and Regulations**

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of Upper Yampa Water Conservancy District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

## **Management Responsibilities**

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America.
- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
- c. To provide us with:
  - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters;
  - ii. Additional information that we may request from management for the purpose of the audit; and
  - iii. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
- d. For including the auditor's report in any document containing basic financial statements that indicates that such basic financial statements have been audited by the entity's auditor;
- e. For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities;
- f. For adjusting the basic financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole; and
- g. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
- h. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
- i. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on the financials; and
- j. For the accuracy and completeness of all information provided.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the



applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

With respect to any nonattest services we perform, including the following at the end of each year:

- Propose adjusting or correcting journal entries to be reviewed and approved by Upper Yampa Water Conservancy District management.
- Prepare financial statements and related notes to those statements to be reviewed and approved by Upper Yampa Water Conservancy District management.

We will not assume management responsibilities on behalf of Upper Yampa Water Conservancy District. However, we will provide advice and recommendations to assist management of Upper Yampa Water Conservancy District in performing its responsibilities.

Upper Yampa Water Conservancy District's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the engagement are as follows:

- We will perform the services in accordance with applicable professional standards.
- This engagement is limited to the services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries. Our firm will advise Upper Yampa Water Conservancy District with regard to tax positions taken in the preparation of the tax return, but Upper Yampa Water Conservancy District must make all decisions with regard to those matters.

## **Reporting**

We will issue a written report, in electronic format, upon completion of our audit of Upper Yampa Water Conservancy District's basic financial statements. Our report will be addressed to the governing body of Upper Yampa Water Conservancy District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to

modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

### **Other**

We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions we select for testing.

If you intend to publish or otherwise reproduce the basic financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

### **Provisions of Engagement Administration, Timing and Fees**

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

The timing of our audit will be scheduled with fieldwork to begin in February 2021 and a draft to be provided in late March 2021. We anticipate the issuance of the report no later than March 31, 2021.

Kelly Watson is the engagement partner for the audit services specified in this letter. Her responsibilities include supervising Watson Coon Ryan, LLC's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses. Invoices will be rendered every two weeks and are payable upon presentation. we estimate the annual fee for the December 31, 2020, December 31, 2021 and 2022 audits of the financial statements to be \$8,500. We will provide a written engagement letter that documents our fee estimate. Any increases in the audit fee will be discussed and disclosed to the District at least 180 days prior to the start of a new District Budget Cycle in order to be effective for the audit. Increased fees will only be necessary if the key assumptions detailed above prove to be inaccurate or if new significant transactions/changes in accounting principles require significant additional time in the future.

Our firm policy is to provide assistance on questions or concerns that may arise throughout the year without additional cost. If these questions become an issue requiring substantial additional time, we may need to consider additional fees. We would discuss with you in advance any additional fees required by the implementation of new or revised professional accounting or audit standards. We do

not bill by the hour, but we would anticipate spending a week in December on interim, with a follow up week in April for fieldwork.

Fees for additional services, outside of normal routine questions, provided throughout the year are based on the time spent and our hourly rates. Our audit partner's rate is \$250 per hour and staff rates range from \$100 to \$150 per hour.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

At the conclusion of our audit engagement, we will communicate to identify those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

The audit documentation for this engagement is the property of Watson Coon Ryan, LLC and constitutes confidential information. However, we may be requested to make certain audit documentation available to certain regulators pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Watson Coon Ryan, LLC's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to specified regulators. The regulators may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the basic financial statements including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Respectfully,



Kelly Watson, CPA

Watson Coon Ryan, LLC  
9250 East Costilla Avenue, Suite 450  
Greenwood Village, Colorado 80112

\*\*\*\*\*

RESPONSE:

This letter correctly sets forth our understanding.

Upper Yampa Water Conservancy District

Acknowledged and agreed on behalf of Upper Yampa Water Conservancy District by:

\_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



# BOARD COMMUNICATION FORM

**From:** Scott Grosscup, legal counsel

**Date:** December 9, 2020

**Item:** Water Resume Review

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DIRECTION  
 INFORMATION  
 MOTION  
 RESOLUTION

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**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 November and did not identify any water applications that would impair or injure the District's water rights.

**NEW BUSINESS**

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**DETERMINATION OF NEXT MEETING AGENDA**

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# AGENDA

## UPPER YAMPA WATER CONSERVANCY DISTRICT BOARD OF DIRECTORS MEETING

WEDNESDAY, JANUARY 20, 2021 (12:00 PM)

### ONLINE MEETING:

[HTTPS://ZOOM.US/J/XXXXXXXXX?PWD=DN11U2VVeFE2LzV1BKDBKYT  
AQKSXZz09](https://zoom.us/j/XXXXXXXXX?pwd=DN11U2VVeFE2LzV1BKDBKYTAQKSXZz09)

### BOARD MATERIALS DUE JANUARY 13TH BY 5:00PM

#### INSTRUCTIONS ON HOW TO JOIN A ZOOM 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) **12:00 PM** Approval of Agenda for Meeting **Action item**
- (3) **12:05 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) **12:10 PM** Consent Agenda **Action item**
  - a) Approval of the minutes of December 17, 2020 Board Meeting and January 6, 2021 Special Board Meeting
  - b) Approval of Disbursements
  - c) Budget Comparison
- (5) **12:15 PM** Resolution to Approve Posting Place
- (6) **12:20 PM** Discussion of Pending Legislation and State Affairs

- a) Update on State of Colorado Demand Management Program Proceedings – Jackie Brown, CWCB
- (7) **12:50 PM** Report of General Counsel
  - a) Term Limits for Board Members
  - b) Update on New Director Appointment
  - c) Memo on Agreements for Water Deliveries Outside of UYWCD Boundaries
  - d) Report on the pros/cons of Yampa Basin Over-appropriation Designation
- (8) **1:30 PM** Report of General Manager
  - a) Election of Officers, Determination of Executive Committee **Action Item**
  - b) Schedule Annual Reviews for General Manager and General Counsel
  - c) Stagecoach Water Marketing Policies **Action item**
- (9) **2:30 PM** District Engineer Report
  - a) Update on Reservoir Water Status
- (10) **2:45 PM** Communications-Marketing Updates
  - a) Selection of Industry Meeting(s) UYWCD Participants
- (11) **3:00 PM** Board Member Reports
- (12) **3:10 PM** Pending Water Cases
  - a) Water resumes
  - b) Status of other water cases
- (13) **3:30 PM** New Business (Limited to emergency matters that came up during the course of the meeting) **Action item**
- (14) **3:35 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 \_\_\_\_\_ (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) **XX:XX PM** Board actions in regard to Executive Session
- (16) **XX:XX PM** Determination of Next Meeting Agenda
- (17) **XX:XX PM** Adjournment.