

RECORD OF PROCEEDINGS

UPPER YAMPA WATER CONSERVANCY DISTRICT BOARD OF DIRECTORS MEETING MARCH 22, 2018 12:30 PM 3310 CLEAR WATER TRAIL, STEAMBOAT SPRINGS

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, Tom Sharp, and Webster Jones. General Manager Kevin McBride, District Engineer Andy Rossi, Office Manager Karina Craig, Administrative Assistant Barbara Wilson, and General Counsel Bob Weiss were also present.

Members of the public present were Erin Light, Division Engineer, Colorado Division of Water Resources; Lou Dequine, property owner in Morrison Creek; Claire Sollars, Attorney, Cantafio Hammond, Frank Alfone, General Manager, Mount Werner Water; Frank Schaffner, Andy Schaffner, Rick Milway, and Tyler Snyder; Yamcolo storage contract holders; Jerry Smith; Scott Hummer, Water Commissioner, Colorado Division of Water Resources, Kelly Romero-Heaney, Water Resources Manager, City of Steamboat Springs; Chris Treese, External Affairs Manager, Colorado River District; Nicole Seltzer, Consultant; Jackie Brown, Natural Resource Policy Advisor, Tri-State Generation & Transmission; Zach Smith, Attorney, Colorado Water Trust; Karen Wogsland, Director of Programs, Colorado Water Trust; and Frank Alfone, General Manager, Mount Werner Water District.

The following agenda was proposed:

AGENDA

- (1) *12:30 pm* Establishment of Quorum and Call to Order;
- (2) Approval of Agenda for Meeting; action item
- (3) *12:35 pm* Approval of the minutes of the January 31, 2018 Board Meeting and Ratification of the February 14, 2018 Executive Committee Meeting; action item
- (4) Public Input and Comment;
- (5) *12:40 pm* Financial Report; action item
 - a) Approval of Disbursements
 - b) Budget Comparison
- (6) *12:50 pm* Bobby George Grant Application; action item
- (7) *1:05 pm* Andy Schaffner Rick Milway – Individual Irrigators and Ditch Users Presentation; action item
- (8) *1:30 pm* Bear River Administration;
 - a) River Commissioner, Scott Hummer
 - b) Bear River Reservoir Company Contract

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- c) Yamcolo Water Orders
- (9) 2:30 pm Report of the General Manager;
 - a) 2018 Lease with CWT, Zach Smith
 - b) Office Update – Proposed Lease and Expansion Plan
 - c) External Affairs
 - i) CWC State Affairs Update, Chris Treese
 - ii) Roundtable/IBCC
 - iii) Stream Management Plan
 - iv) CWCB Notice of Recommended 2019 ISF
 - d) Morrison Creek
 - i) Permitting
 - ii) Land issues
 - e) Public Information
 - f) Opposition to Porcupine Ridge System Conservation Pilot Program application
- (10) 3:45 pm Report from District Engineer;
 - a) Reservoir Water Status and Forecast
 - b) Yamcolo Bid
 - c) Upper Yampa River Watershed Study action item
- (11) 4:00 pm Report from General Counsel;
 - a) Water Rights Update
 - b) YIA Pricing Negotiations action item
 - c) Stagecoach Municipal Contract Extensions
- (12) Executive Session with Bob Weiss, legal Counsel, under CRS § 24-6-402(4)(b) to discuss legal issues on YIA negotiations, Mount Werner Water Office Lease negotiations, Morrison Creek Reservoir Legal/Pending Diligence Issues (16CW3016), Stagecoach Contract Extension, and other Pending Water Rights Cases. Mere presence or participation of an attorney at an executive session of the local politic body is not sufficient to satisfy the requirements of this subsection (4).
- (13) New Business;
 - a) Next EC Meeting date April 25, 2018 12:00pm?
- (14) Adjournment.

Meeting Agenda Director Monger moved to approve of the agenda with City of Steamboat Springs Grant Application and the Office Update items to 2:30 pm. Director Woodmansee seconded the motion which was unanimously approved.

Meeting Minutes Director Jones moved to approve the January 31, 2018 Board Meeting Minutes and ratify the February 14, 2018 Executive Committee Meeting Minutes. Director Redmond seconded the motion which was unanimously approved.

Public Comment Director Monger thanked Manager McBride for his presentation at the State of the River meeting.

Financial Report The financial reports were reviewed and discussed.

Approval of Disbursements Director Redmond moved to approve the Cash Disbursements report, Director Woodmansee seconded the motion which was unanimously approved.

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Budget Comparison Director Monger requested a report on legal expenses at a future meeting. Director Monger moved to accept the Budget Comparison report. Director Jones seconded the motion which was unanimously approved.

Bobby George Grant Application Mr. George was not present. The item was tabled to be immediately before the Executive Session.

Andy Schaffner / Rick Milway – Individual Irrigators and Ditch Users Presentation

Rick Milway proposed the Yamcolo Irrigators Association (YIA) water and the 4,000 AF of water formerly known as “exchange water” be combined as agricultural water on a 20-year term contract. Director Sharp reviewed that a letter was received from YIA and the District’s YIA negotiators have not met yet to discuss the letter. Mr. Milway would like to represent the 4,000 AF of water as part of the negotiations.

Andy Schaffner presented information regarding the allocation of physical space in the Five Pines Mesa Ditch (ditch) and discussed the information included in the Board packet. Ms. Schaffner asked the Board to reserve space in the ditch for the YIA members who had paid assessments in the past but were not currently doing so. Ms. Schaffner believed there was an oversight by the water users at the time the agreement was signed, such that what they thought was their space was not reserved.

Director Sharp, who has been on the District Board since 1977, explained that circumstances are not the same as they were 40 years ago and that we need to move forward with contracting that makes sense in today’s environment.

Bear River Administration

River Commissioner – Scott Hummer reiterated that water cannot be administered as it was 40 years ago. He spoke about the new processes in place with the District. The District has a dedicated email address and voicemail for water users to make requests for their stored water. The District will be in frequent contact with him. Andy Schaffner will manage the Stillwater Reservoir requests for water. In addition, orders from the Division Engineers office have been sent to users, including the District, to improve head gates and water measuring devices where necessary. District Engineer Rossi stated the District has sent out letters to contractees asking that they indicate who the authorized agent is that can request water on behalf of their contract.

Rams Horn and Gardner Park reservoirs were discussed.

Mr. Hummer stated the Division Engineer’s office has determined a transit loss will be assessed to water released from reservoirs and he has sent the calculations to the District Engineer.

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Bear River Reservoir Company Contract - Director Redmond spoke. In the past, the District has operated the Stillwater reservoir and invoiced the Bear River Reservoir Company. He asked if this relationship could be formalized in a contract. Counsel Weiss stated that he was working on it.

A conversation about the Gardner Park reservoir took place. Counsel Weiss reminded the Board that the District does not own the Gardner Park Reservoir. Discussion followed.

Yamcolo Water Users – Authorized Agent letters were sent to all UYWCD storage contractees. Additional letters with specifics of the process for requesting water stored under contract in Yamcolo reservoir and Bear River water administration will also be sent to Bear River water user groups including storage contractees and Stillwater/5-Pine Mesa Ditch users.

Report of the General Manager

2018 Lease with CWT – Zach Smith and Karen Wogsland with the Colorado Water Trust were present. A memo was presented and discussion followed about strategies for future downstream deliveries of Stagecoach Reservoir water. The Board expressed support for the CWT and UYWCD staff to explore methods to continue the ability to lease water from Stagecoach Reservoir.

Office update – Proposed Lease and Expansion Plan – Director Sharp abstained from the discussion and left the room. Manager McBride presented background information.

Frank Alfone, General Manager of Mount Werner Water (MWW) spoke. MWW Board of Directors has decided that the offer of a future expansion of the office building is no longer possible. The original concept of an interior remodel within the existing footprint, but no further space, is still an offer and they would like to continue to work with the District on this, if the District were interested. The MWW Board sees a “synergy and efficiency” in having the District remain in the building, Mr. Alfone stated.

Director Monger suggested Manager McBride tour the Yampa Valley Electric Association building as a possible rental site for the District offices. Renting is an option until the District decides on its future needs.

Chairman Brenner suggested it would be good for the District to support the fire mitigation grant that MWW requested from the Yampa/White Basin RoundTable.

Kelley Romero-Heaney, City of Steamboat Springs (City), said the City presented a fire mitigation proposal to the Colorado Water Conservation Board. Chairman Brenner asked if the Board was willing to present a letter of support. Director Monger asked Ms. Romero-Heaney to please ask the District for a letter of support if needed. The Executive Committee would assist as needed.

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External Affairs –

CWC State Affairs Update – Chris Treese, External Affairs Manager, Colorado River District presented a memo on State legislative bills and gave general updates to legislation relating to water. Mr. Treese requested the Board stay in touch with these issues via the Colorado River District website or directly through himself. Andy Mueller is the new General Manager of the Colorado River District.

Mr. Treese briefly explained the Gallagher Amendment. The 1982 Amendment to the Colorado Constitution states that 45% of the state property tax collected must come from residential property and 55% non-residential. The actual assessment rates can fluctuate up or down as long as the 45/55 ratio is not affected. The residential rate in 1981 was approximately 21% and is currently at 7.2%. The residential rate is projected to go down; this shifts the burden to non-residential. The Tabor Amendment also has an influence. The River District has projected a property tax reduction of 16%.

Roundtable/IBCC – Manager McBride reviewed an IBCC document and discussed the three action items included.

Stream Management Plan – The City of Steamboat Springs Stream Management Plan was presented and discussed. Manager McBride pointed out that it is unclear how the District's Master Plan, the City's Stream Management Plan, the Integrated Water Management Plan, and the BIP integrate. Nicole Seltzer, consultant, stated that Dan Birch will be hired to solicit information from individual and small group interviews to set up tasks to present the Yampa/White Basin Roundtable.

Manager McBride asked Kelly Romero-Heaney to present the Stream Management Plan. Discussion followed.

Director Woodmansee pointed out three items in the plan: How important riparian habitat management is, which is outside of the city's reach; water quality issues; and the overlap of water quality and the Watershed Study.

CWCB Notice of Recommended 2019 ISF – The Board reviewed the CWCB recommendations; a question was raised about Watson Creek and if it includes any headgates.

Morrison Creek –

Permitting Issues – Manager McBride handed out a draft RFQ for preparation of the Pre-application Documents for firming of the water supplies in Stagecoach Reservoir. Director Monger estimated 60 days to get replies from the RFQ. Chairman Brenner suggested the final RFQ be ready a day or two before the next Executive Committee meeting for the Board to review. Director Sharp pointed out that the cost of a reservoir would require the District to borrow money so the District would have to go to the voters for approval. Director Woodmansee asked at what point do we say, "no more." The general response was: when the Board decides or the voters decide.

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Director Monger moved to send out the RFQ when the General Manager says it is ready. Director Jones seconded the motion which was unanimously approved.

Land Issues – The conservation easements are on hold until the RFQ is complete.

Bobby George Grant Application Mr. George was present but had to leave before the topic came before the board for the second time. Director Monger stated he would vote “no” for the grant because the District needs to save every cent if there is to be a new reservoir and there is no public benefit to the grant. Discussion followed.

Director Sharp moved to table the Bobby George Grant Application until the May Board of Directors meeting. Director Jones seconded the motion which was unanimously approved.

Chairman Brenner asked staff to notify Bobby George of a firm date and time early in the agenda.

Report of the General Manager (continued)

Public Information – Nicole Seltzer reviewed the survey and the draft 2018 Scope of Work. Director Woodmansee recommended adding CSU extension and the CSU Water Center to the list of organizations the District supports.

Opposition to Porcupine Ridge System Conservation Pilot Program Application – Manager McBride stated that the proposal to fallow land has been accepted by the Colorado Water Conservation Board (CWCB). The CWCB has turned it over to the Division Engineer, Erin Light, to administer the program. Ms. Light told Manager McBride earlier that any water curtailed will not go over to the Colorado Basin. Counsel Weiss said he would follow up with Scott Grosscup to get something more formal.

Report from the District Engineer

Reservoir Water Status and Forecast – District Engineer Andy Rossi presented an update on the current water volume status and inflow forecasts for Stagecoach and Yamcolo Reservoirs.

Yamcolo Bid – Engineer Rossi presented that the Yamcolo erosion repair contract has been awarded. Project construction will start after August 1, 2018.

Watershed Study – The Upper Yampa River Watershed Group (UYRWG) has solicited help from the USGS for water quality data analysis and interpretation. Mr. Rossi is requesting that the District act as the fiscal agent to assist with this project. If the UYRWG gets appropriate funding, the District will distribute the money to a project manager and the USGS. Counsel Weiss will see if there is any insurance requirement for the District to be the fiscal agent.

Director Sharp moved that the District serves as the fiscal agent for UYRWG project. Director Jones seconded the motion which was unanimously approved.

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Report from General Counsel

Water rights Update – Counsel Weiss asked the Board if there were any questions on the confidential memo distributed via email, discussion followed.

YIA Pricing – Director Sharp moved that the District accept and sign the Yamcolo Irrigators Association contract. Director Redmond seconded the motion which was unanimously approved.

Stagecoach Municipal Contract Extensions – Counsel Weiss reviewed. The District has not received a contract back from MWW and the City of Steamboat Springs. MWW is looking for a water attorney. Kelly Romero-Heaney spoke about the City's concerns.

Counsel Weiss spoke. MWW asked him if there would be a conflict if MWW hires Balcomb & Green PC as their water attorney. Discussion followed.

There was general agreement to oppose Mount Werner Water hiring Balcomb & Green PC as their water attorney. Director Sharp recused himself. Counsel Weiss was directed to follow up with MWW.

Director Brenner asked if anyone is doing anything about the Million filing; Counsel Weiss said he will find out. Director Sharp asked if the District took a position on this in the past? The deadline is April 5th. Director Sharp requested staff look into this.

Executive Session There was no Executive Session.

New Business There will be an Executive Committee meeting April 25, 2018 at 12:00 PM, at the District's office.

Determination of future meetings The scheduled date for the next Board meeting is Wednesday May 16, 2018 at 1:30 PM, at the District's office.

The meeting was adjourned at 5:30 PM.

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



Kevin McBride, District Secretary/Manager