

**AGENDA**  
**UPPER YAMPA WATER CONSERVANCY DISTRICT**  
**BOARD OF DIRECTORS WORKSESSION MEETING**  
**WEDNESDAY, FEBRUARY 20, 2019 (1:30 PM)**

***MOUNTAIN VALLEY BANK COMMUNITY ROOM***  
***2201 CURVE PLAZA, STEAMBOAT SPRINGS, CO***

- (1) *1:30 pm* Establishment of Quorum and Call to Order;
- (2) Approval of Agenda for Meeting; action item
- (3) Consent Agenda;
- (4) *1:35 pm* Work Session;  
Work session procedure: The Board will give direction to staff at work sessions for the presentation of action items at future Board of Directors Meetings, no motions will be considered. Public comment will be accommodated at the discretion of the Board of Directors majority.
  - a) *1:35 pm* 360 Review
  - b) *3:00 pm* Stagecoach Firming Task 1 – AECOM
- (5) Public Input and Comment;
- (6) *4:00 pm* Environmental-Recreational Contract policy discussion
- (7) *4:30 pm* Report of the General Counsel
  - a) Resume Review
  - b) Water Horse
  - c) City of Steamboat Springs 17CW3043
  - d) Diligence Application 16CW3016
- (8) *5:00 pm* Executive Session with Bob Weiss, legal Counsel, under CRS § 24-6-402(4)(b) to discuss legal issues on legal 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).
- (9) New Business;
- (10) Adjournment.

**INFORMATION TO BE PROVIDED**



## BOARD COMMUNICATION FORM

**From:** \_\_Ryan Golten \_\_\_\_\_

**Date:** \_2/15/19\_\_\_\_\_

**Item:** \_\_360 Assessment\_\_\_\_\_

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x \_\_\_\_\_ DIRECTION  
x \_\_\_\_\_ INFORMATION  
\_\_\_\_\_ MOTION  
\_\_\_\_\_ RESOLUTION

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

Ryan Golten will present high-level findings with the 360 Assessment conducted over the past 2 weeks at the District's request. See attached Proposal adopted by Board at its January meeting. Ryan will facilitate a Board discussion about the themes and proposed next steps to address and/or explore topics raised.

**II. Summary and Alternatives:**

Given the tight timeframe, interview themes will be drafted in the days leading up to the 2/20 meeting, following the conclusion of the interviews, and will be shared with the Board and posted on line the afternoon of 2/19, at least in draft form.

**III. Staff Recommendation:**

n/a

**IV. Legal Issues:**

n/a

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

Consistent with goals discussed at the October 2018 Retreat and January 2019 meeting.

**Attachments:**

Attachment 1: Assessment Proposal (approved by Board at January 2019 meeting)

# Upper Yampa '360' Stakeholder Assessment

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## Purpose

The Upper Yampa Water Conservancy District has been through rapid Board, staff, and project changes in recent years and has critical work to do in 2019. Current projects and issues include, e.g., evaluating future supply options, participation in the Basin Roundtable's Integrated Water Management Plan, Basin water fund proposals, and the uncertainty that surrounds supplying water in a changing climate. Our goal is to position Upper Yampa to be successful on all of these fronts, which will require a better understanding of both internal and external needs for the District.

## Goals of the Assessment would be to:

- *Build trust and relationships* with partners and stakeholders by seeking their input, sharing the District's current priorities, and initiating a 2-way conversation about how the District can be most effective and supportive of Basin efforts going forward.
- *Improve the District's work* by better understanding our strengths, where/how we can improve, the substantive priorities of our key partners, and how to leverage the new Outreach position and other District resources to help meet those needs.
- *Identify options*, based on input received, for improving the District's long-term functioning and effectiveness, both internally and externally. This could include approaches ranging from improved governance and facilitated discussions to long-term planning and outreach.

We received preliminary feedback from constituents through a survey conducted in 2017. In some ways this process is a follow-up to that survey, to better understand from key stakeholders what they'd like to see from Upper Yampa as a resource and partner.

## Proposed Approach and Schedule

The assessment would consist of up to 20 confidential interviews with key external stakeholders. In addition, it would include interviews with Board members regarding ideas for 1) strengthening Board functioning and Board-staff dynamics, and 2) positioning the District to follow up with the priorities identified at the October, 2018 Board retreat. It would also include staff input regarding District strengths, areas for improvement, and ideas for positioning the District for success.

Confidential interviews would be conducted in February. Without attribution, CBI would summarize the input according to theme. Based on issues and needs identified, the report would include options for a path forward to engage external partners, and support internal District functioning.

Schedule permitting, Assessment results will be shared through a facilitated discussion at the February 20 work session. Based on Board guidance, the Assessment may lead to follow-up discussions and/or actions to address issues raised by the assessment.

The following attachments have been refined by the Committee for Board review:

- **Attachments A:** draft interview questions
- **Attachment B:** draft list of interviewees, along with the criteria used to develop the list
- **Attachment C:** draft budget

## Attachment A: Draft Interview Questions

Upper Yampa Water Conservancy District 360 Assessment – Stakeholder Interviews

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### Purpose of Interviews

The Upper Yampa Water Conservancy District has undergone significant Board, staff, and project developments in recent years. Together with the broader water community, we have critical work to do in upcoming years with respect to managing and protecting the Basin’s water resources. The purpose of this assessment is to solicit input about what stakeholders would like to see from the District, how the District can be an effective partner for Basin-wide water initiatives, how our staff and Board can help meet those needs, and what if anything the District can do to improve as a whole, both internally and externally.

We received preliminary feedback through a survey conducted with District constituents in 2017. This process is a follow-up to that survey. Your input will help us position the District to work effectively with our partners and stakeholders to conserve, protect, provide and enhance the water resources of the Yampa River Basin. Thank you!

**Note:** These discussions will remain confidential. CBI will produce a report for the District summarizing key themes, without attribution to particular interviewees.

### Interview Questions

1. What do you consider to be strengths of the District, its Board, and its staff? (For this and Question #2, please address these categories separately as useful.)
2. What do you see as possible areas for improvement for the District, its Board, and its staff?
3. What would you like to see the District most focused on, in advancing its mission in the Basin? Please be as specific as possible.
4. Do you believe the District is properly involved in the various water efforts in the Basin? How so or how not? Please be as specific as possible.
5. What, if anything, do you see as holding the District back from doing the work you’d like to see it do? Please share any ideas for addressing this.
6. What ideas do you have for potential roles and responsibilities of a new District Outreach staff person?
7. Do you have other ideas for setting this staff person and the District up for success?
8. What else would you like to share?
9. How would you rate your satisfaction with the District on a scale from 1 to 5, with 5 being the most satisfied?

### Additional questions for Board members:

1. What ideas do you have for improving the functioning of the Board and GM – e.g., strengthening governance (revisiting bylaws, clarifying roles/responsibilities), improved communications or conflict resolution (mediated discussions to work through issues), or other. Please explain. How would you like to be involved?

**Additional questions for staff:**

1. Are you satisfied with your experience as an employee at UYWCD? Please explain.
2. How efficiently and effectively do you think the staff is functioning internally? Please explain.
3. How, if at all, could that be improved?

*Thank you!*

## Attachment B: Draft list of Interviewees for UYWCD 360 Assessment

To compile timely input from key groups, we are able to include interviews with up to 20 external stakeholders. In keeping with the goals described at the top of page 1, we have identified stakeholders who work closely with the District, are involved in other Basin water efforts, and are likely to have concrete input for the District. This list is not intended to be a comprehensive list of our partners and stakeholders. Future outreach will include engagement with these and many other District stakeholders. This list represents diverse stakeholder interests and key District partners. The list below is a draft. The Committee welcomes additional input from the Board.

	<b>Entity</b>	<b>Representative</b>
1	Division Engineer	Erin Light
2	Steamboat Springs	Kelly Heaney
3	Tri-State	Jackie Brown
4	Basin Roundtable	Jackie Brown
5	Ag users (Yamcolo)	Andy Schaffner; Tyler Snyder
6	Ag Users (Downstream)	Marsha Daughenbaugh
7	Cattemen	Marsha Daughenbaugh
8	TNC	Geoff Blakeslee
9	CWCB	Jay Gallager
10	Friends of Yampa	Kent Vertrees
11	TU	Brian Hodge
12	Co River District	Jim Pokrandt
13	IBCC	Tom Gray; T Wright Dickenson
14	Moffat County Ag	Tom Gray; T. Wright Dickinson
15	CO extension	Todd Hagenbuch
16	Mt Werner	Frank Alfone
17	CPW	Craig Preston; Kris Middledorf
18	Ski area	Jim Schneider
19	Stagecoach POA	John Troka
20	River Network/IWMP	Nicole Seltzer

Later outreach/engagement should include, among many others:

- Towns of Hayden, Oak Creek, Yampa, Catamount
- Elk River/Upland ranchers
- Routt County Planning; Routt County Health
- USFS, BLM, NRCS
- CDPHE (CO Dept of Health & Env't)
- Outfitters
- FERC

## Attachment C: Draft Budget for '360 Assessment' of District

<b>Consensus Building Institute, Inc.</b> <b>Budget Estimate</b> <b>UYWCD 360 Assessment and Follow-Up</b>	As of			1/16/19
	Golten - Facilitator \$160.00	CBI Admin Support \$60.00	Cost	
<b>Labor</b>				
Finalize purpose/scope, list of interviewees, interview questions, interviewee invite letter, and plan/schedule with Board input	4			\$640
Schedule, conduct, and document interviews (assume 2 days of up to 14 in-person interviews, and up to 16 interviews by phone) - assumes 18 stakeholder interviews, plus 12 Board/staff interviews	42	10		\$7,320
Draft/refine/finalize assessment report+presentation for 2/20 Board mtg, with Committee input	14			\$2,240
Present findings and facilitation discussion at 2/23 Board meeting	4			\$640
Debrief 2/20 meeting, prepare/facilitate Assessment follow-up work with Committee, Board, and District (OPTIONAL)	40			\$6,400
Travel time for 3 trips (interviews + 2/23 Board mtg + 1 follow-up meeting), billed at half-rate, Longmont to Steamboat Springs	12			\$1,920
Total Hours	116	10		126
<b>Total Labor</b>	<b>\$18,560</b>	<b>\$600</b>		<b>\$19,160</b>
<b>Travel Expenses for 3 trips (Longmont/Steamboat Springs)</b>				
-	-			
	<u>Number</u>	<u>Unit</u>	<u>Unit Cost</u>	
Lodging	2	night	\$99	\$198
Per diem for 5 travel days/SBS	3	travel days	\$42	\$126
Mileage - RT Longmont-SBS (362 miles RT x 3 trips = 1086 miles)	1086	miles	\$0.545	\$592
				\$0
<b>Total Travel Expenses</b>				<b>\$916</b>
<b>Total Cost (Labor, ODCs and Travel)</b>				
				<b>\$20,076</b>







## BOARD COMMUNICATION FORM

**From:** AECOM, Andrea Parker

**Date:** February 13, 2019

**Item:** Stagecoach Firming

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DIRECTION  
 INFORMATION  
 MOTION  
 RESOLUTION

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

To present an update on efforts related to developing the preliminary Purpose and Need for the proposed Stagecoach Reservoir firming project.

**II. Summary and Alternatives:**

N/A

**III. Staff Recommendation:**

Request concurrence from the Board on the key study methods and assumptions associated with developing the Purpose and Need (Task 1.1).

**IV. Legal Issues:**

N/A

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

Yes – been asked to evaluate firming Stagecoach Reservoir to help achieve the District's mission

**Attachments:**

Attachment 1: PowerPoint presentation titled *Stagecoach Reservoir Firming Project Board Work Session, February 20, 2019*

Attachment 2:

Additional Attachments:

# Stagecoach Reservoir Firming Project Board Work Session

Upper Yampa Water Conservancy District

February 20, 2019



# Purpose of Task 1.1

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- Support continued planning for Stagecoach firming
- Build on 2016 Master Plan
- Consider State planning efforts (SWSI, Round Tables)
- Preliminary Purpose and Need
  - Unknowns are OK
  - Agencies want to know timing/quantity/location of supply
  - Will frame alternatives
  - Preparation of PAD (pre-application document)

# Agenda

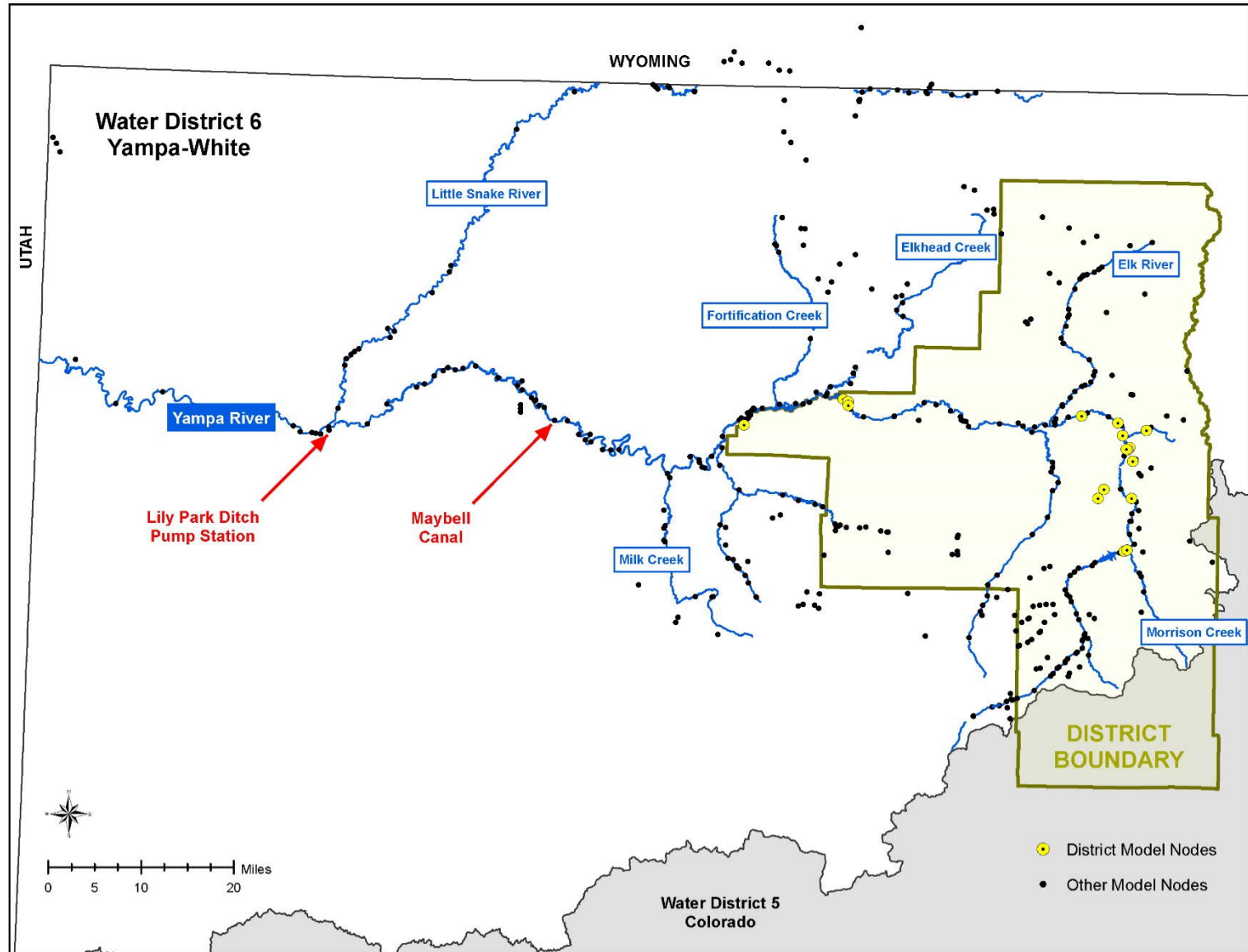
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- Goals of Work Session
  - Describe progress and recommendations towards developing a Purpose and Need
  - Concurrence from the Board on key study methods and assumptions
- Discussion Items
  - I. Yampa River StateMod Model
  - II. M&I and SSI (thermoelectric) Demands
  - III. Non-Consumptive Demands
  - IV. System Resiliency / Strategic Reserve

# What We Know – 2016 Master Plan

- Key Finding: Stagecoach Reservoir alone **can not fully support** projected 2050 demands.
- This finding provides a foundation for developing the Purpose and Need Statement, but it's only a starting point.
- The District needs to confirm, modify, or update...
  - ✓ Modeled assumptions related to reservoir operations.
  - ✓ Assumptions related to water availability.
  - ✓ Demand projections for the region.
  - ✓ The demand that will likely be served by the District.

# What We Know – Basin Wide Modeling

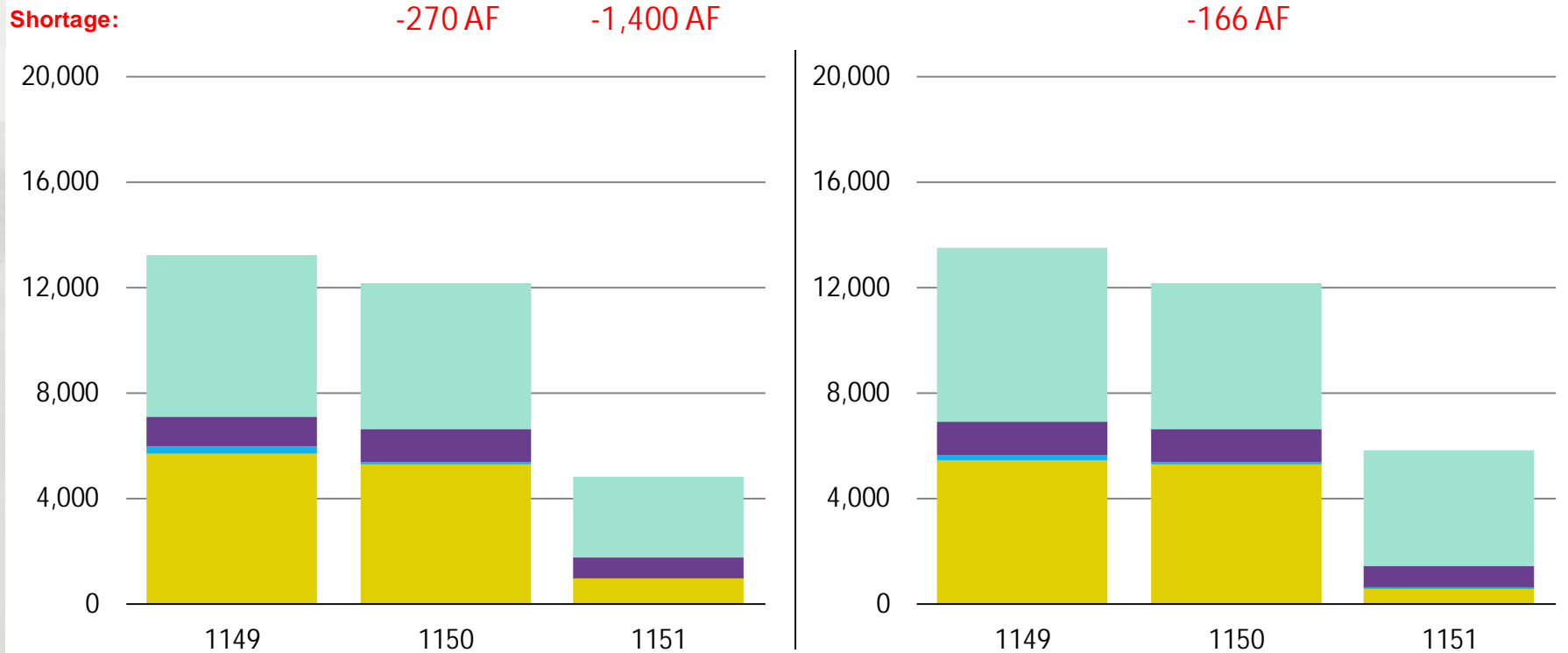


# What We Know – Delivered from Stagecoach

## SWSI 2010 Future Demands without Non-Consumptive

Scenario 1.A: w/o MCR

Scenario 1.B: w/ MCR



Tri-State Contract  
Municipal Contracts

Augmentation Plan  
Agricultural Contracts

Aggregated Future



# What We Know – Delivered from Stagecoach

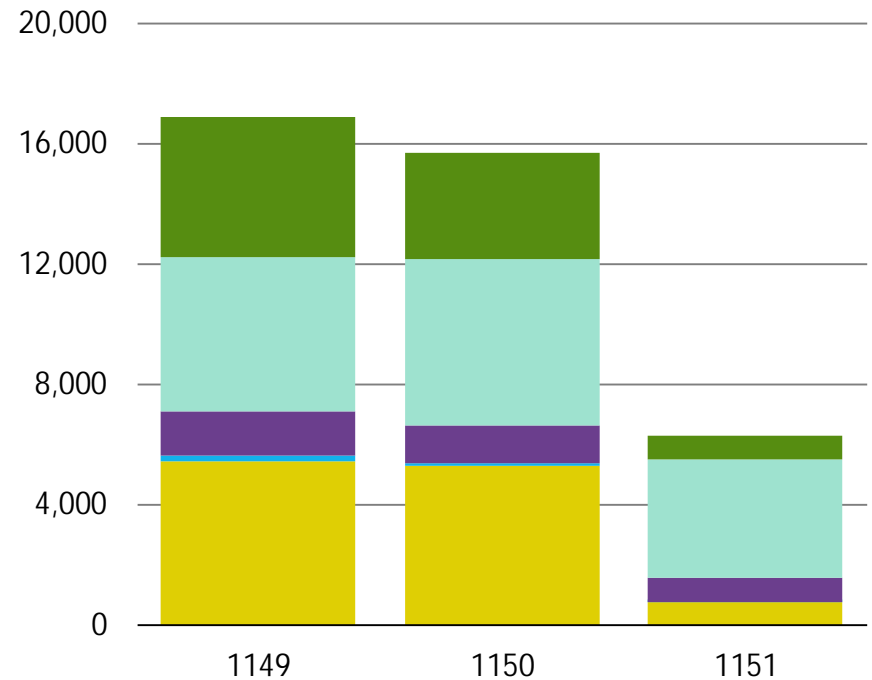
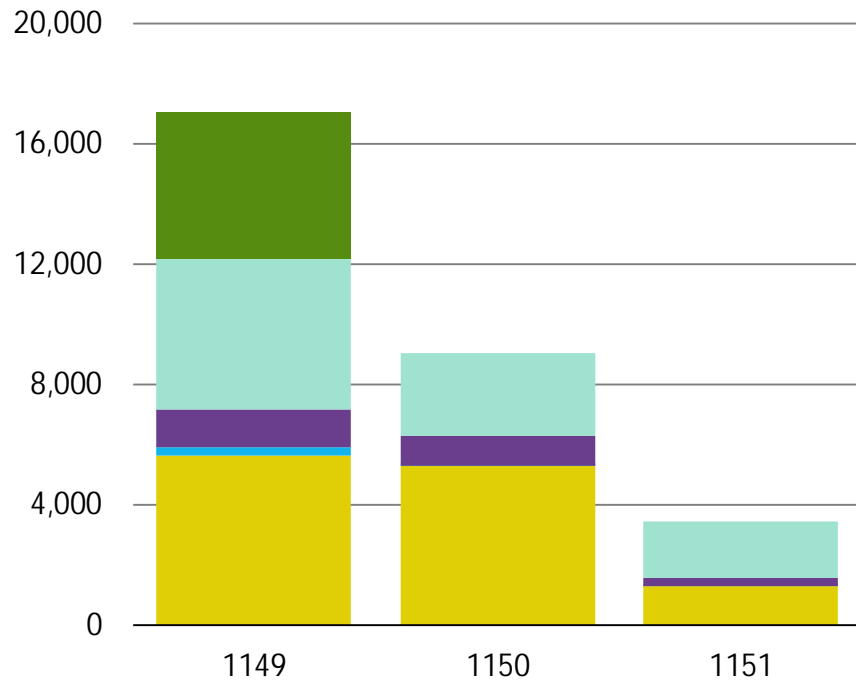
## SWSI 2010 Future Demands with Non-Consumptive

Scenario 2.A: w/o MCR

Scenario 2.B: w/ MCR

Shortage: -1,150 AF      -8,400 AF      -6,900 AF

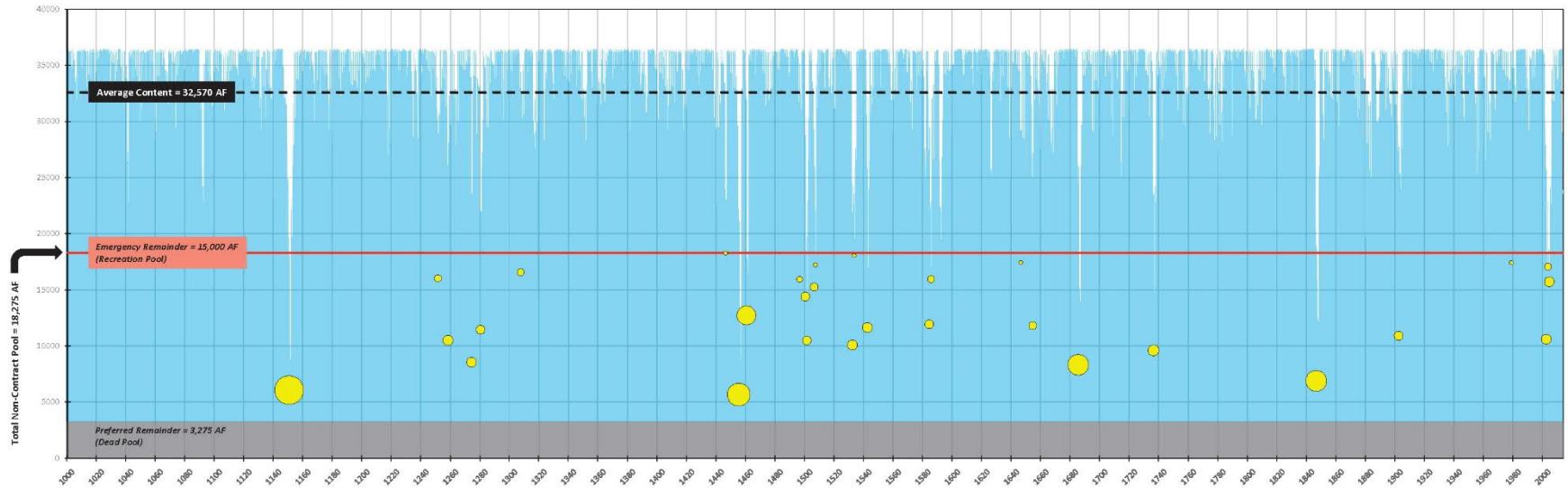
-1,450 AF      -425 AF      -3,050 AF



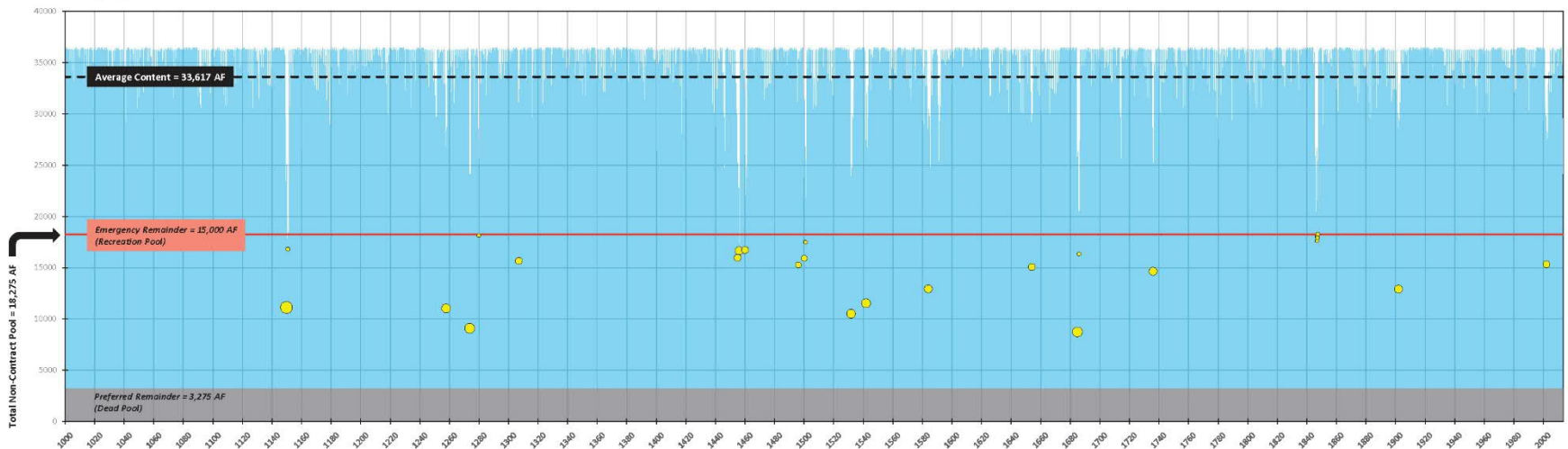
# What We Know – Impact to Storage Levels

**Scenario 1.A:** Paleo Hydrology & 2050 Demands based on 2010 SWSI Data without Morrison Creek Reservoir

● 24+ Consecutive Months Reservoir Levels below 18,275 AF  
● 12 - 24 Consecutive Months Reservoir Levels below 18,275 AF  
● 6 - 12 Consecutive Months Reservoir Levels below 18,275 AF  
● 1 - 6 Consecutive Months Reservoir Levels below 18,275 AF

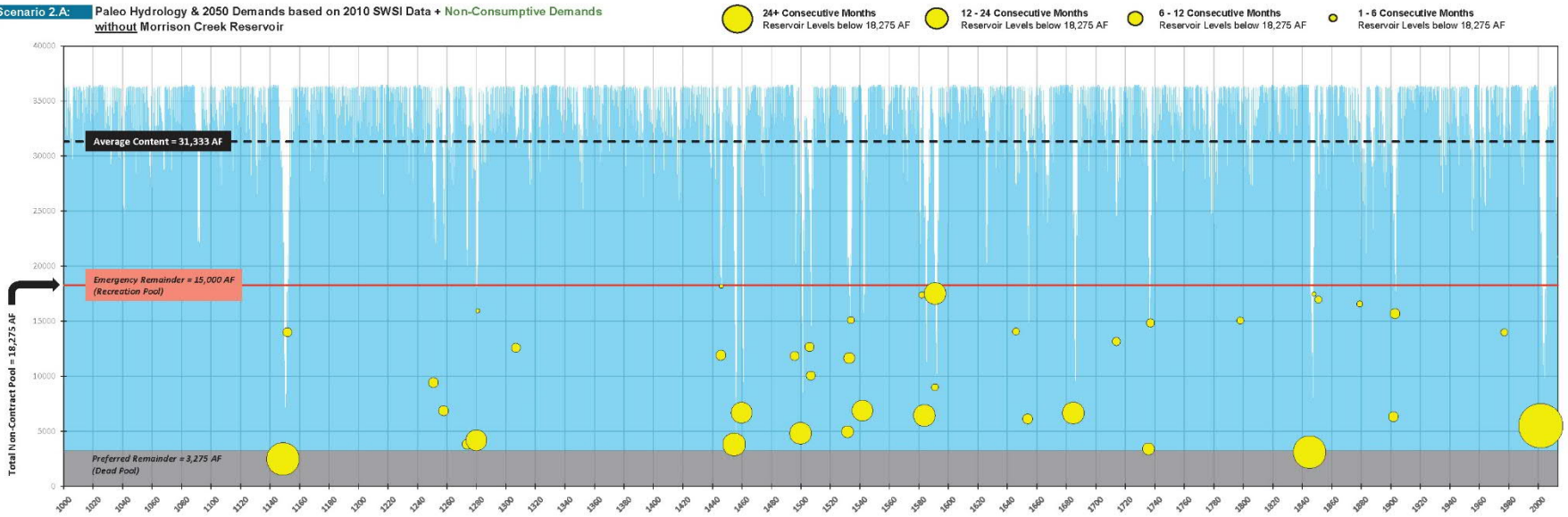


**Scenario 1.B:** Paleo Hydrology & 2050 Demands based on 2010 SWSI Data with Morrison Creek Reservoir

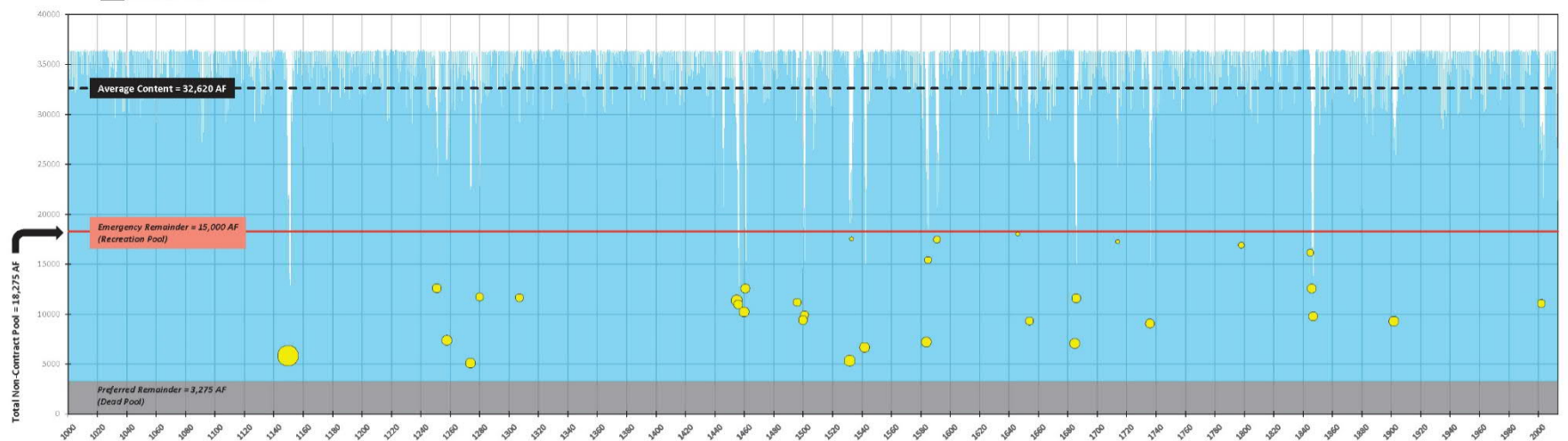


# What We Know – Impact to Storage Levels

**Scenario 2.A:** Paleo Hydrology & 2050 Demands based on 2010 SWSI Data + Non-Consumptive Demands without Morrison Creek Reservoir



**Scenario 2.B:** Paleo Hydrology & 2050 Demands based on 2010 SWSI Data + Non-Consumptive Demands with Morrison Creek Reservoir



# I. Yampa River StateMod Model

## District's 2015 Model

- 2010 SWSI Demands
- Paleo Hydrology (1000 – 2013)

## BRT Phase 3 Model

- 2010 SWSI Demands
- Climate Change (1975 – 2013)
- Stakeholder Refinements
  - City of Steamboat Springs
  - Mt. Werner Water District
  - Tri-State / Xcel

**RECOMMENDATION:** Use BRT Phase 3 StateMod Model with Paleo Hydrology

# II. M&I and SSI Demands - Introduction

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## 2010 SWSI Projections

- Three Demand Scenarios
  - Existing, Medium, & High
- Three Hydrology Scenarios
  - Wet, Average, & Dry
- Master Plan modeled the High & Dry scenario

## 2019 SWSI Projections

- Five available scenarios
  - Business as Usual
  - Weak Economy
  - Cooperative Growth
  - Adaptive Innovation
  - Hot Growth

## II. M&I and SSI Demands – M&I 2019 Update

### M&I 2019 Update:

- SWSI demand data to be available March
- Draft population estimates for the 5 SWSI Scenarios are available to compare to 2010 projections

	1	2	3	4	5
	Business as Usual	Weak Economy	Cooperative Growth	Adaptive Innovation	Hot Growth
2019: (Existing 24,100)	45,000	26,900	49,300	63,400	67,300
2010: (Existing 23,800)				2010: Hot & Dry = 63,000	

**RECOMMENDATION:** Evaluate 2019 SWSI Demands when Scenarios are Available

## II. M&I and SSI Demands – SSI 2019 Update

- SWSI 2019 demand data to be available mid-March
  - 2019 projections for future thermoelectric demands are likely to be similar to SWSI 2010 projections
  - The BRT Phase 3 Model reduced the SWSI 2010 projections for thermoelectric demands based on stakeholder input. (Tri-State & Xcel)
  - Operation of storage supplies for thermoelectric demands may change in the near future
- Local contact with Tri-State representatives will likely provide the best available information moving forward

**RECOMMENDATION:** Use BRT Phase 3 StateMod Model, Update as Necessary

# III. Non-Consumptive Demands

## Modeled in Master Plan

- Municipal Demand
  - City of Steamboat Springs' WWTP Water Quality (100 cfs Target)
  - Storage releases varied between 2,600 & 5,200 AF from June to October

## Potential P&N

- City's 2018 SMP
  - Municipal Demand Continued releases to WWTP
  - Recreational Demand Release to RICD water right

### Possible Partners

- City of Steamboat Springs
- The Nature Conservancy
- CWCB
- Colorado Parks & Wildlife
- Catamount Metro District

**RECOMMENDATION:** Include NC Demand in P&N Model, 100 cfs Target Flow



# IV. Strategic Reserve – Introduction

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Volume of Water to Reduce Risk and Provide Redundancy against...

- Unforeseen and/or Extreme Drought
- Faster Growth and/or Higher Demands than Projected
- System Emergencies

Precedence

- Every major water provider has one
- Acceptable to agencies

# IV. Strategic Reserve – Introduction

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## Policy Questions:

➤ Should the District develop a policy to maintain a minimum volume of storage for a strategic reserve? **YES**

1. How much and what should that amount be based on?
2. Would the storage reserve be interruptible in certain extreme years?
3. Would releases from the storage reserve be allowed for non-consumptive uses?

# IV. Strategic Reserve – Basis of Amount

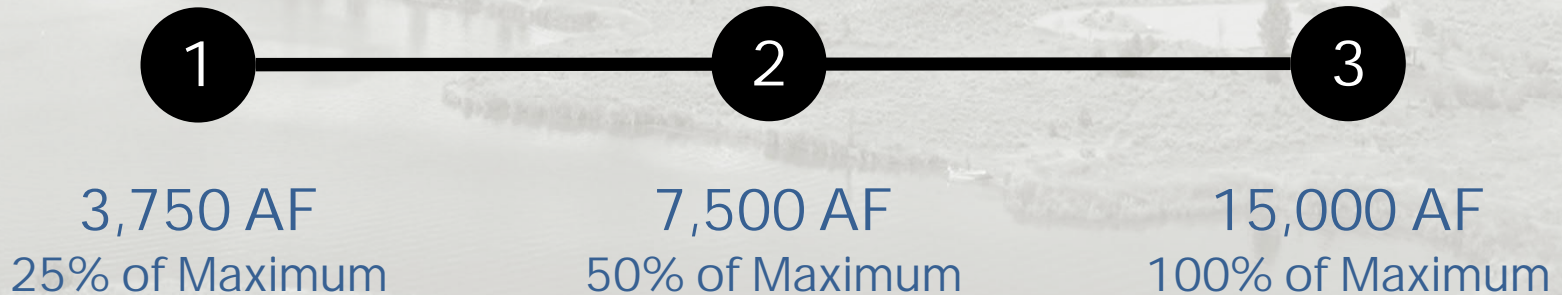
## Potential Strategic Reserve Factor

Percentage of the Maximum Annual Released Storage Supply

2016 Master Plan  
Maximum Annual  
Releases

1146-1160: 13,500 – 17,000 AF/year  
1580-1594: 14,600 – 17,300 AF/year  
1998-2012: 14,300 – 17,200 AF/year  
~ 15,000 AF

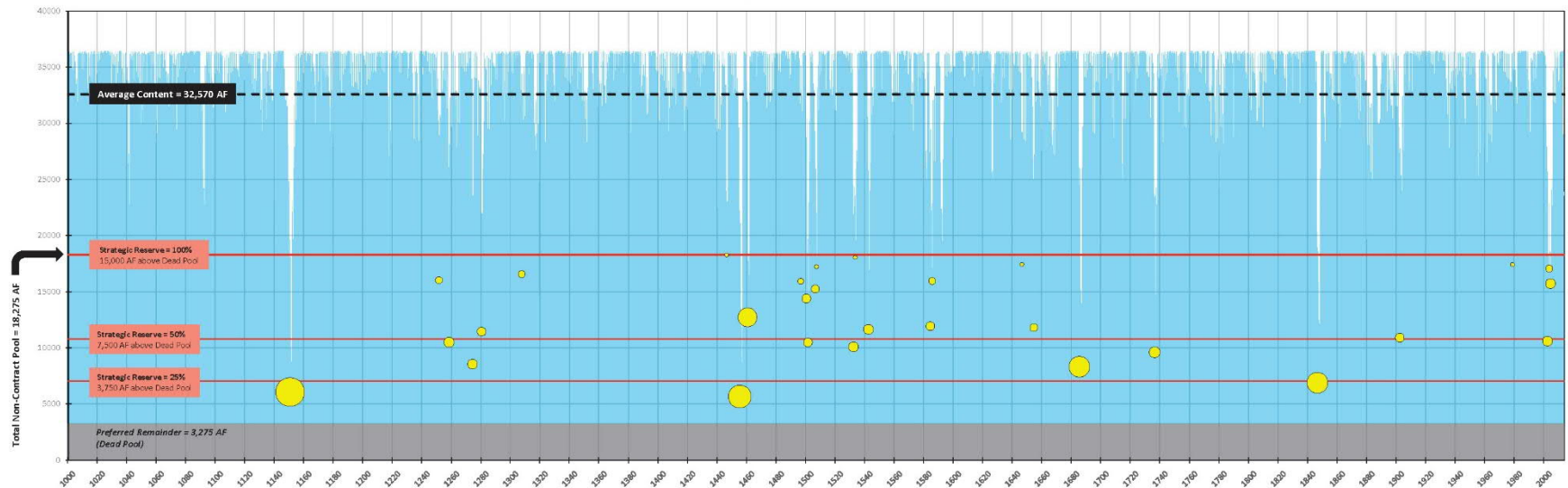
Least Conservative  Most Conservative



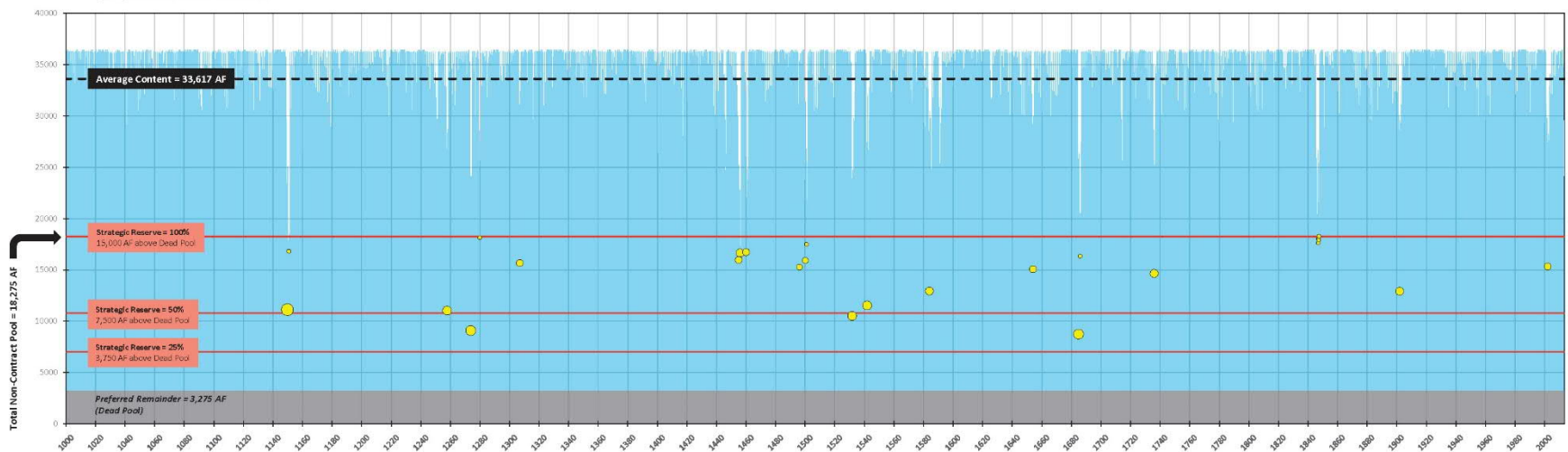
# Strategic Reserve – Level of Interruption

**Scenario 1.A:** Paleo Hydrology & 2050 Demands based on 2010 SWSI Data without Morrison Creek Reservoir

● 24+ Consecutive Months Reservoir Levels below 18,275 AF  
● 12 - 24 Consecutive Months Reservoir Levels below 18,275 AF  
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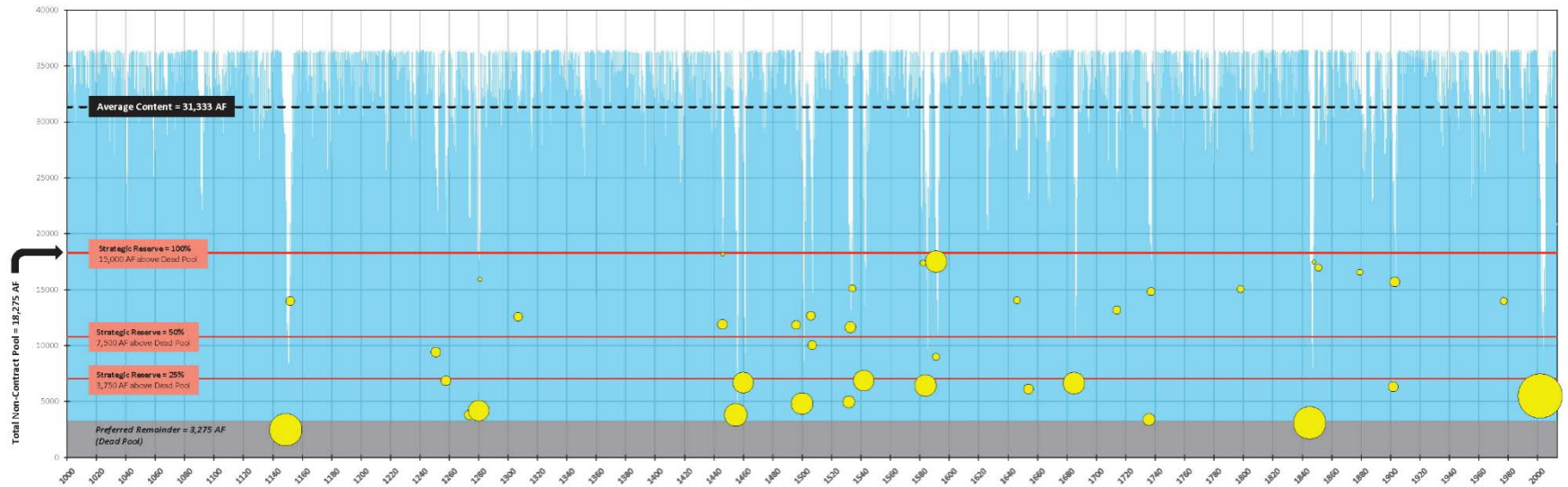
**Scenario 1.B:** Paleo Hydrology & 2050 Demands based on 2010 SWSI Data with Morrison Creek Reservoir



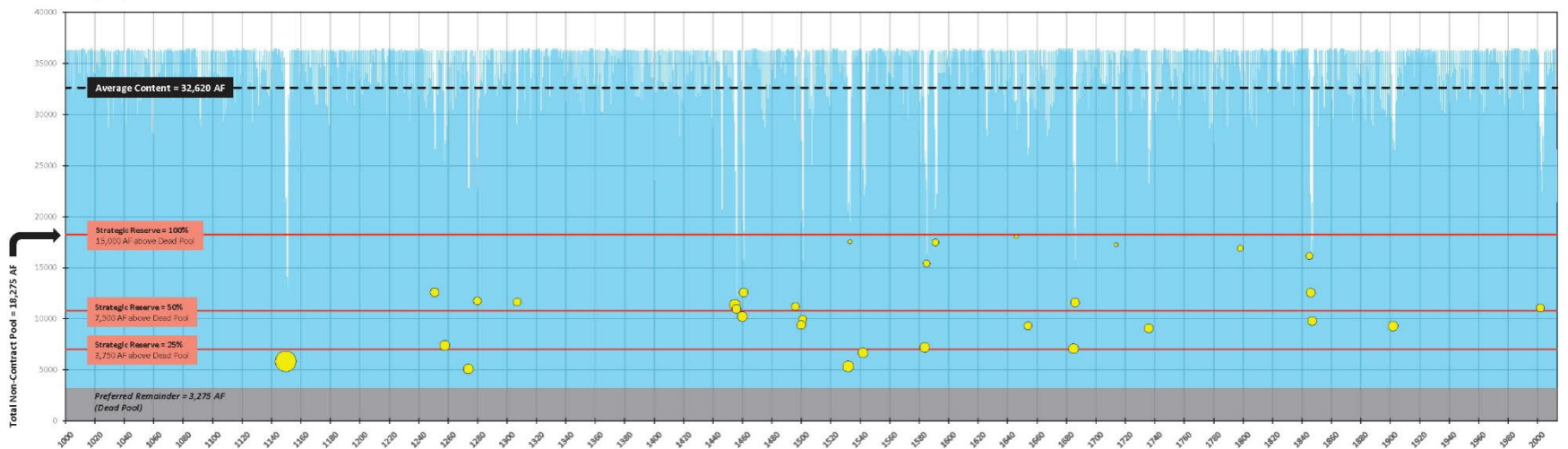
# Strategic Reserve – NC Storage Supply

**Scenario 2.A:** Paleo Hydrology & 2050 Demands based on 2010 SWSI Data + Non-Consumptive Demands without Morrison Creek Reservoir

● 24+ Consecutive Months Reservoir Levels below 18,275 AF  
● 12 - 24 Consecutive Months Reservoir Levels below 18,275 AF  
● 6 - 12 Consecutive Months Reservoir Levels below 18,275 AF  
● 1 - 6 Consecutive Months Reservoir Levels below 18,275 AF



**Scenario 2.B:** Paleo Hydrology & 2050 Demands based on 2010 SWSI Data + Non-Consumptive Demands with Morrison Creek Reservoir



# Summary of Recommendations

- Use BRT's Phase 3 StateMod Model with Paleo Hydrology
- Review SWSI 2019 Demands when Scenarios become available
- Model future SSI demands based on revised projections in the Phase 3 StateMod Model, update as necessary
- Include non-consumptive demands in Purpose & Need, model a 100 cfs streamflow target for municipal and/or recreational uses
- Develop a policy to maintain strategic reserves based on a percentage of the maximum annual storage release over the modeled paleo record





## BOARD COMMUNICATION FORM

**From:** \_\_\_Kevin McBride\_\_\_\_\_

**Date:** \_\_\_2/14/2019\_\_\_\_\_

**Item:** \_\_\_Non-consumptive Pricing, aka Environmental-Recreational Contracts  
(ERC)\_\_\_\_\_

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\_\_\_X DIRECTION  
\_\_\_ INFORMATION  
\_\_\_ MOTION  
\_\_\_ RESOLUTION

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

This is a continuation of an item the Board has discussed at several meetings. The non-consumptive water that has been leased to date has been with the Colorado Water Trust which began in 2012 at \$35 per AF (the then municipal rate) for 4,000AF. The 2018 lease rate had escalated by CPI to \$40.23 and 1800AF was leased. Discussions have revolved around price, maximum amount, term of lease, and delivery location and other administrative issues. Attached is an email thread you have seen before, it will aid in the conversation which is complicated by the nature of the contracts, the non-consumptive use of the water, the “delivery” location, and numerous legal issues including the District’s decreed uses for the water it stores.

This item is time can be framed by the proposal made by Director Sharp in his October email in the attached email thread. These are:

- ERC contract definition and relationship to current and future contractees
- Who can hold ERC contracts
- Contract term (number of years)
- ERC pricing (what % of M&I contract pricing) (including CPI increases)
- Discussion of discounts for delivery location (e.g. less \$ for longer residence in River)
- ERC contracts from Yamcolo Reservoir (same issues as above)
- ERC release rates

In addition, the reservoir pool(s) made available for ERC contracts should also be considered.

The key points are likely to be price, term, reservoir pool, and delivery locations. Direction should be given to allow a draft for public discussion at the March Board meeting.





**II. Summary and Alternatives:**

See above

**III. Staff Recommendation:**

Continue to make progress on ERC contracts, focus on pricing first.

**IV. Legal Issues:**

Drafting of proposed policy should consider legal issues including the District's decreed beneficial uses, leasing entities, delivery points, and administration by the Division of Water Resources.

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

This is formulation of policy. Non-consumptive/ERC policy will be important to, in particular, the Yampa Water Fund discussions as the continuation of Water Trust leases was one of the original reasons for fund development. Additionally, non-consumptive releases were modeled in the Water Rights Master Plan and a policy on ERC will be helpful to the purpose and need statement for the firming project should the Board agree that is a purpose.

**Attachments:**

Attachment 1: email

**From:** Ken Brenner <[kprennersteamboat@gmail.com](mailto:kprennersteamboat@gmail.com)>  
**Sent:** Thursday, November 29, 2018 12:05 PM  
**To:** Tom Sharp <[tom@tomsharp.com](mailto:tom@tomsharp.com)>  
**Cc:** Kevin McBride <[kmcbride@upperyampawater.com](mailto:kmcbride@upperyampawater.com)>; Andy Rossi <[arossi@upperyampawater.com](mailto:arossi@upperyampawater.com)>; Bob Weiss <[BWeiss@wvsc.com](mailto:BWeiss@wvsc.com)>; Scott Grosscup <[sgrosscup@balcombgreen.com](mailto:sgrosscup@balcombgreen.com)>; [robert.woodmansee@icloud.com](mailto:robert.woodmansee@icloud.com); Doug Monger ([dmonger@co.routt.co.us](mailto:dmonger@co.routt.co.us)) <[dmonger@co.routt.co.us](mailto:dmonger@co.routt.co.us)>; Jim Haskins ([haskywild@mail.com](mailto:haskywild@mail.com)) <[Haskywild@mail.com](mailto:Haskywild@mail.com)>; John Redmond <[redmondjv@gmail.com](mailto:redmondjv@gmail.com)>; Ron Murphy ([rmurphy@wreawildblue.org](mailto:rmurphy@wreawildblue.org)) <[rmurphy@wreawildblue.org](mailto:rmurphy@wreawildblue.org)>; Steve Colby ([scolby@mcwater.org](mailto:scolby@mcwater.org)) <[scolby@mcwater.org](mailto:scolby@mcwater.org)>; Webster Jones ([hwebster@frii.com](mailto:hwebster@frii.com)) <[hwebster@frii.com](mailto:hwebster@frii.com)>  
**Subject:** Re: T. Sharp thoughts on pricing strategy for environmental-recreation water storage contracts

Tom, Directors,

Thanks for sharing your thoughts on ERC pricing. I have a couple of suggestions that we can discuss further at our next meeting.

First, I believe we said that we would be willing to place this agenda item on both our worksessions and regular board meetings prior to making a final decision. We want to invite public comment and ensure a transparent process considering that there will likely be a fair number of public that may want to comment.

Second, I like almost all of the concepts that you suggested. You included included in E and F suggestions regarding a potential discounted price for ERC. I would like to propose for your consideration that for E. we use a range of 70% - 80% depending how far water is delivered downstream. And for F. the range would be from 50% - 70%, again depending on how far downstream the water is delivered.

I'll look forward to our discussion at our next meeting to hear all of your thoughts!

On Mon, Oct 29, 2018 at 12:26 AM Tom Sharp <[tom@tomsharp.com](mailto:tom@tomsharp.com)> wrote:

Oct 28, 2018

Kevin & Staff & fellow Directors:

As discussed at the recent Board retreat, I believe the UYWCD needs to consider and adopt a policy that sets out how we are going to price allotment contracts for environmental-recreational uses. Here are some of my thoughts:

1. Kevin has proposed in the past, and the Board has approved, short-term contracts with the Colorado Water Trust in certain years for rates, most recently \$43.50/AF. The rate represents the then highest M&I rate we have on our books, being the 7,000 AF allotment contract out of Stagecoach to Tri-State per the 1994 modification.
2. We should define what is an "environmental-recreational contract" ("ERC"). We should recognize differing pricing depending upon the requested length of contract, assuming we will continue to only execute "take or pay" contracts. We may want to recognize differing pricing depending upon where the ERC will "use" the released storage water and how far down-river we can get that water. We need to be careful in that definition, since many of our M&I contracts now in existence and which will be entered into

in the future permit the allottee to make use of the stored water by augmentation or exchange plans, in which case the storage water is released from our storage and physically is escorted past the location of the actual junior priority M&I diversion and looks to the untrained eye like a “streamflow enhancement” release. For example, that is what happened with several of our allottees this past summer when the River went under administration. If an allottee proposes to use a water storage contract for augmentation of a junior priority diversion into such allottee’s physical diversion/use system, such a contract is not an ERC, but is a regular M&I contract. We have to be careful in definitions so that M&I users don’t contend they get the below-described ERC “discount” on pricing.

3. I recommend that, in the policy, we use percentages as related to a defining and objective pricing point, so that we don’t have to “reset” the actual dollar amounts every year.

Try this:

A. An “irrigation contract” (“IC”) is a contract for storage water in which the use of the water is limited only to irrigation and related agricultural uses (“irrigation uses”), and the allottee has no right of re-use or successive uses of the storage water. An “environmental-recreation contract” (“ERC”) is a contract for storage water in which the use of the water is limited only to stream flow enhancements in the Yampa River for a defined reach of the River, and the allottee may not use the storage water for other non-irrigation uses directly or indirectly by augmentation or exchange, and the allottee may not re-use or successively use the storage water for other purposes below the lower end of the defined reach of the River. An “M&I contract” (“MIC”) is any allotment contract that is not an IC or an ERC.

B. ERC contracts will only be entered into with public or private entities or governments which are legally authorized to obtain and direct the flow of storage water for environmental & recreational purposes, such as the CWCB, the USFWS Endangered Fish Recovery Program, CDPOR, the Colorado Water Trust, Nature Conservancy, YVCF Water Fund, and similar entities.

C. ERC contracts shall be “take or pay” contracts by which the allottee pays the annual price if the contracted water is placed in storage by the District, whether or not the allottee directs the release of all or any of the water. ERC contracts shall be entered into for terms of consecutive years not exceeding the longer of (i) 10 years or (ii) the then-longest term MIC or IC from the applicable storage reservoir, and preferably for terms of 3-years or less.

D. The annual price for ERC contracts exceeding one year in duration shall include a CPI adjustment clause to increase the price in subsequent years by the increase in the Denver-Aurora-Littleton “all items” index for urban consumers, using the same wording we now include in our M&I contracts. Price shall be paid one-half by August 1 and the balance by November 1 each year.

E. The annual price for an ERC contract for 1 to 3 years shall be 80% of the highest MIC or

IC of the District out of the applicable storage reservoir in year 1 of that contract. For 2019 our highest rate for an MIC out of Stagecoach is the the Ski Corp's \$118.13/AF rate. Our highest rate for an MIC out of Yamcolo is somewhere around \$83/AF?

F. The annual price for an ERC contract for 4 to 10 years shall be 70% of the highest MIC or IC of the District out of the applicable storage reservoir in year 1 of that contract.

G. In any year in which the ERC allottee is able to obtain assured protection by the DEO and Water commissioner for the delivery of a contracted amount of storage water released out of Stagecoach Reservoir downstream to at least the location of the City of Craig municipal diversion structure, the allottee will be "credited" against the balance of the purchase price in the amount of 15% of that year's purchase price of the amount of storage water so actually released and delivered to or past the City of Craig municipal diversion structure. If the released storage water is only "protected" for delivery through the City of Steamboat Springs, for example, the 15% credit would not apply. This encourages the allottees to try to figure out how to protect the stream flow for the furthest down-river distance. The credit only applies to actual stored water released per the allottee's request and which makes it past the City of Craig structure that year.

H. In any year in which the ERC allottee is able to obtain assured protection by the DEO and Water commissioner for the delivery of a contracted amount of storage water released out of Yamcolo Reservoir downstream to at least Stagecoach Reservoir, the allottee will be "credited" against the balance of the purchase price in the amount of 15% of that year's purchase price of the amount of storage water so actually released and delivered to Stagecoach Reservoir. Once the water arrives at Stagecoach Reservoir, it may be captured and stored by the District and used for any lawful purposes, and the allottee has no claim for the re-stored water in Stagecoach Reservoir.

I. Any ERC must contain the customary protections regarding maximum rate of flow delivery out of the dam, risk of transit loss on the allottee, advance notice for delivery requests & maximum frequencies of adjustment of release rates, etc.

Tom

## REPORT FROM GENERAL COUNSEL

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# BOARD COMMUNICATION FORM

**From:** Scott Grosscup, legal counsel

**Date:** February 12, 2019

**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 January and did not identify any water applications that would impair or injure the District's water rights. Thus, I do not recommend the District file any statements of opposition at this time.

# BOARD COMMUNICATION FORM

**From:** Scott Grosscup, legal counsel

**Date:** February 13, 2019

**Item:** Water Horse Resources

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X\_\_\_\_\_ DIRECTION  
\_\_\_\_\_ INFORMATION  
\_\_\_\_\_ MOTION  
\_\_\_\_\_ RESOLUTION

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**I. Request/Issue and Background Information:** Water Horse Resources provided a 12 page written response and additional 237 pages of supporting technical information to the Utah State Engineer's request for additional information on February 8. The response provides legal arguments and technical support that the project. The letter argues that the project is viable, that water is available for appropriation, and that the project is economically feasible.

I am speaking with the Colorado River District and Utah counsel later this week and will provide an update to the Board at its meeting.

**VERBAL UPDATE**

