

AGENDA
UPPER YAMPA WATER CONSERVANCY DISTRICT
BOARD OF DIRECTORS MEETING
WEDNESDAY, JUNE 19, 2019 (1:30 PM)
MOUNTAIN VALLEY BANK COMMUNITY ROOM
2220 CURVE PLAZA, STEAMBOAT SPRINGS, CO

- (1) *1:30 pm* Establishment of Quorum and Call to Order;
- (2) Consent Agenda; action item
 - a) Approval of Disbursements
 - b) Budget Comparison
 - c) Approval of the minutes of the April 24, 2019 and May 15, 2019 Board Meeting
 - d) Resolution to Open New Bank Account
- (3) Approval of Agenda for Meeting; action item
- (4) Public Input and Comment;
- (5) *1:40 pm* Report of the General Manager; action item
 - a) Elk River Augmentation Plan
 - b) West Slope Roundtable “Summit”
 - c) New Position Interviews
 - d) 360 Assessment Update
 - e) Forest Service Land Swap
- (6) *3:15 pm* Report from District Engineer;
 - a) Reservoir Water Status
 - b) Capital Projects Update
- (7) *3:45 pm* Report from General Counsel;
 - a) Water Resumes
 - b) Status of other Water Cases, if any
 - c) ERC Legal Discussions
 - d) Bear Lake Colorado Parks and Wildlife Agreement action item
- (8) *4:30 pm* Executive Session with Bob Weiss, legal Counsel, under CRS § 24-6-402(4)(b) to discuss legal issues on Water Resumes, Water Cases, and Contract Negotiations. Mere presence or participation of an attorney at an executive session of the local politic body is not sufficient to satisfy the requirements of this subsection (4).
- (9) New Business;
- (10) Adjournment.

2)





BOARD COMMUNICATION FORM

From: Karina Craig

Date: June 14, 2019

Item: Financial Reports: Cash Disbursement Report, Budget Comparison Report, Banking Resolution

DIRECTION
 INFORMATION
 MOTION
 RESOLUTION

I. Request/Issue and Background Information:

The Cash Disbursement Report contains reconciled disbursements incurred through credit card or check payments. Disbursements include operating and capital expenditures.

The Budget Comparison report was run on June 4th, for transactions up to and including May 31, 2019. Additional transactions for the month of April are expected.

All expenditure line items (operating & capital expenditures) in the budget comparison report are expected to be within budget.

Power Revenues and Property Tax Revenues shown are for the period January-May 2019. Water storage revenues will be invoiced and realized in the coming months.

Resolution to Open Bank Accounts at MVB

The District currently conducts its daily banking operations with Wells Fargo (WF) bank and has an existing banking relationship with Mountain Valley Bank (MVB) that is limited to a CD account. Because of the new office location and to increase efficiencies, the proposal is to conduct daily banking operations with MVB instead of WF. Time would be saved by not having to drive away from the office into town, and instead the same transaction would require just a few minutes. The District enjoys zero-cost banking for most of its daily operations with WF. This would be maintained with MVB; no additional costs would be incurred. Some fees charged by WF bank which the District incurs on occasion, such as fees for a stop payment on a check or domestic wires, would be avoided. A Resolution to open bank accounts at Mountain Valley Bank is presented. Once open, the funds from WF would be transferred to their equivalent (new) accounts at MVB and the WF accounts would be closed.



II. Summary and Alternatives: The alternative would be not to perform daily banking with MVB and to stay with WF.

III. Staff Recommendation: Accept reports & approve resolution

IV. Legal Issues: None

V. Consistency with Board Goals and Policies:

Attachments:

Attachment 1: Cash Disbursement Report

Attachment 2: Budget Comparison Report

Attachment 3: Resolution No. 2019-2

Additional Attachments: none.

a)



Cash Disbursement Report

As of June 4, 2019

Date	Name	Memo	Amount
04/15/2019	Mountain View Car Wash	Vehicle cleaning; vacuum; Dodge.	4.08
04/17/2019	ACE Hardware	office supplies: trash bags, brush, kleenex, cleaning supplies.	63.29
04/17/2019	Amazon	Office supplies	15.17
04/17/2019	Amazon	Office supplies	39.00
04/18/2019	Mountain Temp Services	Clerical work, week of 4-14-19	406.00
04/19/2019	CenturyLink	Office Telephone.	98.75
04/23/2019	US Postal Service	Postage, Canada	3.58
04/23/2019	City Market	Office supplies	62.02
04/23/2019	Adobe	Adobe software	24.99
04/24/2019	Big House Burgers	Food, board meeting	172.37
04/24/2019	Edge Communications	Phone & Internet - 4 SIP Trunks & 5 DID	163.65
04/25/2019	Mountain Temp Services	Clerical work, week of 4-21-19	112.00
04/26/2019	ACE Hardware	Temporary curtain for Kevin's office	14.08
04/27/2019	SmartVault	Software, interphase with quickbooks	34.60
04/30/2019	Restaurant.	Meeting, moving expenses.	60.68
05/01/2019	US Postal Service	Postage. AECOM check + stamps	8.05
05/02/2019	Mountain Temp Services	Clerical work, week of 4-28-19	252.00
05/02/2019	Mountain Temp Services	Clerical work, 5-2-19	112.00
05/02/2019	Signs.com	District sign, for front door	26.78
05/03/2019	NDS Northwest Data Services	LT workstation and server remote monitoring & management; advanced protection	86.00
05/04/2019	Doodle Poll	Admin: Office software - Doodle Poll annual subscription. 5-4-2019 TO 5-4-2020.	49.00
05/04/2019	CrashPlan Code42	Admin: Software - Cloud Backup	9.99
05/07/2019	Restaurant.	Meeting supplies. Skull Creek	48.00
05/10/2019	Intuit QuickBooks	Quickbooks 2019	799.95
05/10/2019	YVEA	3/31/19 to 4/29/19 electrical service to Shed	36.10
05/10/2019	YVEA	3/31 to 4/29 electric at SC Powerhouse	174.51
05/10/2019	NDS Northwest Data Services	OptiPlex 3060 MT Desktop. IT services. Laptop setup, New office IT & new phone system set up.	5,177.90
05/15/2019	Conoco Universal WEX	Gasoline. Payment confirmation #26805162019	47.64
05/15/2019	CenturyLink	Office Telephone. May 7 to Jun 6.	230.28
05/15/2019	Weiss & Van Scoyk	Legal servies, February & March General Matters,	7,659.00
05/15/2019	AECOM	Stagecoach Firming Project. March 30 to April 26, 2019.	32,212.89
05/15/2019	Edge Communications	4 SIP Trunks & 5 DID- Phone & Internet	103.14
05/15/2019	Amazon	Vacuum cleaner & other supplies for new office	278.35
05/15/2019	Amazon	Office supplies: avery legal tab divider	6.45
Subtotal			48,592.29

Cash Disbursement Report

As of June 4, 2019

Date	Name	Memo	Amount
05/15/2019	Amazon	Office supplies: recycling containers	18.99
05/15/2019	Amazon	Wastebasket	9.10
05/15/2019	Restaurant.	Meeting supplies	180.00
05/15/2019	City Market	Meeting supplies	61.29
05/16/2019	Amazon	wall mounted inboxes, for new office	17.87
05/16/2019	Steamboat Motors	Dodge Durango, maintenance	187.66
05/16/2019	Mount Werner Water.	Postage, April 2019.	37.90
05/16/2019	Advanced Copier Solutions, Inc.	Savin Printer. March 2019	216.88
05/16/2019	Mountain Valley Bank	Monthly lease payment	2,900.00
05/16/2019	NORCAN Hydraulic Turbine, Inc	Hydroplant equipment, shipping	685.59
05/16/2019	Advanced Copier Solutions, Inc.	Savin Printer. April	134.72
05/16/2019	CDC Civil Design Consultants	Five Pine Mesa Ditch repairs & maintenance	4,530.80
05/17/2019	Balcomb & Green, P.C.	April Legal Services: General Matters, MWW opposition 18CW3020	1,745.00
05/17/2019	Snell & Wilmer LLP	February and March legal Services: Million Utah filing	2,783.50
05/17/2019	Balcomb & Green, P.C.	March Legal Services: General Matters, Master Plan, MWW opposition 18CW3020	4,048.50
05/17/2019	Ski Town Moving & Delivery Incorporated	New office, moving expenses	407.00
05/17/2019	Airgas USA, LLC	SC Annual Maint: Cylinder Lease 6/1/2019-5/31-2020	206.29
05/17/2019	Yampa Valley Tire Pros & Express Lube	2017 Chevy Truck Oil Change	74.53
05/17/2019	Flat Tops Ranch Supply	Yamcolo maintenance.	12.99
05/17/2019	Environmental Solutions	Professional services, USGS nutrient & sediment study - 3/14 through 5/7	1,155.00
05/17/2019	Environmental Solutions	Professional Services, UCWCD/NRCS Super mini grant acquisition project. 2/27 through 3/21	2,160.00
05/17/2019	PostNet	Water notices to Ditch and Reservoir water users	232.20
05/17/2019	Weiss & Van Scoyk	March legal services: Yamcolo matters, April legal services: General matters	4,698.50
05/17/2019	Anton Collins Mitchell LLP	Consulting services.	2,029.08
05/17/2019	Wells Fargo Bank	Stop payment fee	31.00
05/20/2019	Balcomb & Green, P.C.	February Legal Services: General Matters, Master Plan, MWW opposition 18CW3020, Elk River Augmentation Plan	3,188.00
05/20/2019	NDS Northwest Data Services	IT Services	784.39
05/20/2019	Verizon Wireless	SC cell phones 5/14 to 6/13	103.71
05/29/2019	Western Slope Health Care	Health Insurance	10,363.33
05/29/2019	Metlife	Dental Insurance	874.56
05/29/2019	Mountain Valley Bank	Monthly lease payment	2,900.00
05/31/2019	Quickbooks Payroll Service	May Payroll	29,132.80
05/31/2019	Expense Reimbursements	Mileage, Phone, Travel and Training	221.56
05/30/2019	ICMA	Retirement Accounts	7,825.29

Subtotal**83,958.03**

Cash Disbursement Report

As of June 4, 2019

Date	Name	Memo	Amount
06/03/2019	NDS Northwest Data Services	IT services	873.00
06/04/2019	Balcomb & Green, P.C.	May 2019 legal Services: General, Master Plan Diligence, Opposition cases 18CW3020 & 19CW3005	3,210.00
06/04/2019	Conoco Universal WEX	Gasoline	516.57
06/04/2019	CDR Associates	Strength Deployment Inventory Assessment	200.00
06/04/2019	Flat Tops Ranch Supply	Stagecoach & Yamcolo Maintenance supplies. Locking plie, motor oil, clam, eye bolts	90.09
06/04/2019	Staples	Office supplies	30.28
06/04/2019	ACE Hardware	Stagecoach maintenance: paint, prem roller, windshield wash, goatskin glove, towels. Office supplies, curtain, knife, pad felt, plates, paper towels, glue, duct tape, keys.	450.75
06/04/2019	Budget Conferencing Inc. - PGI	Conference call service	106.44
06/04/2019	Workplace Resource	Office furniture & open space cubicle partitions	18,754.52
Subtotal			24,231.65
Total			156,781.97

b)



UPPER YAMPA WATER CONSERVANCY DISTRICT - MAY 31, 2019 BUDGET COMPARISON REPORT

	2018 ACTUALS	2019 BUDGET	2019 YTD ACTUALS	2019 PROJECTIONS
Fund Opening Balance including Encumbered Funds	12,683,250	14,263,919	14,263,919	14,263,919
Encumbered Funds	919,734	919,734	919,734	919,734
Stagecoach Wetlands Mitigation Reserve	419,734	419,734	419,734	419,734
Routt County Road #14 Contribution	500,000	500,000	500,000	500,000
Unencumbered Funds	11,763,516	13,344,185	13,344,185	13,344,185
Revenues				
Facilities				
Stagecoach Reservoir				
Power Sales	129,492	200,000	88,416	200,000
Water Sales	505,201	403,144		427,790
Yamcolo Reservoir				
Water Sales	130,760	133,410		121,052
Stillwater Ditch & Reservoir Company	7,744	7,965		7,965
Property taxes	2,269,399	2,284,084	1,786,902	2,284,084
Interest earned	249,892	284,500	133,669	284,500
Other income				
	revenues	3,292,487	3,313,103	2,008,987
Expenditures				
Operating				
Facilities				
Stagecoach Reservoir - Power Generation	171,623	248,954	71,414	248,954
Stagecoach Reservoir - Water storage	279,641	266,927	73,947	266,927
Yamcolo Reservoir	132,790	144,594	41,968	144,594
Stillwater Ditch & Reservoir Company	12,550	45,065	7,882	45,065
Administration	139,144	203,198	66,073	203,198
Board of Directors	64,906	83,105	27,495	83,105
External Affairs	58,016	129,754	23,520	129,754
Finance	99,340	132,880	42,800	132,880
Legal	166,889	178,567	50,510	178,567
Planning	136,625	432,927	117,461	432,927
Grants, Scholarships & Public Information	39,021	257,588	38,590	257,588
Treasurer fees	72,507	73,786	56,880	73,786
Subtotal Operating	1,373,053	2,197,345	618,540	2,197,345
Capital				
Stagecoach Reservoir - Power Generation	3,967	102,900	19,483	102,900
Stagecoach Reservoir - Water storage	27,462	62,900	11,942	62,900
Yamcolo Reservoir	302,537	108,900	18,487	108,900
Stillwater Ditch & Reservoir Company		40,300	278	40,300
Elk River Augmentation				
Office Space	4,800	130,000	63,953	130,000
Subtotal Capital	338,766	445,000	114,142	445,000
	expenditures	1,711,818	2,642,345	2,642,345
	net income (loss)	1,580,669	670,759	1,276,305
Ending Fund Balance	14,263,919	14,934,678	15,540,224	14,946,966

c)



d)



RESOLUTION NO. 2019-2

**A RESOLUTION AUTHORIZING CERTAIN BANK ACCOUNTS
AND SETTING FORTH MATTERS PERTAINING THERETO**

WHEREAS, the Board of Directors ("Board") of the Upper Yampa Water Conservancy District ("District ") desires to authorize and establish certain accounts in Mountain Valley Bank (the "Bank") as more particularly set forth herein.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF
THE DISTRICT THAT:**

1. The General Manager and Secretary/Treasurer of the District, Kevin McBride, is authorized to open the following accounts at the Bank in the name of the District:

- (a) Money market account;
- (b) Checking account; and
- (c) Business premium checking account.

The General Manger, Kevin McBride is authorized to endorse checks and orders for the payment of monies and otherwise withdraw or transfer funds on deposit in any such accounts in amounts less than \$10,000. Any check, withdrawal or transfer in an amount of \$10,000 or more shall also require the signature of at least one of the following Directors of the District:

Ken Brenner
Douglas Monger

2. This resolution shall continue to have effect until express written notice of its rescission or modification has been received and recorded by the Bank. Any and all prior resolutions adopted by the Board of Directors of the District and certified to the Bank as governing the operation of the District's accounts are revoked and terminated. Any revocation, modification re replacement of this resolution must be accompanied by documentation satisfactory to the Bank, establishing the authority for the changes.

3. The signature Board President below on this resolution is conclusive evidence of his authority to act on behalf of the District.

4. All transactions, if any, with respect to any deposits and withdrawals by or on behalf of the District with the Bank prior to the adoption of this resolution are hereby ratified, approved and confirmed.

Dated this ____ day of _____, 2019.

Ken Brenner, President

ATTEST:

Secretary

5)



a)



BOARD COMMUNICATION FORM

From: Scott Grosscup, legal counsel

Date: June 11, 2019

Item: Elk Creek Umbrella Augmentation Plan

X DIRECTION
X INFORMATION
_____ MOTION
_____ RESOLUTION

I. Request/Issue and Background Information: The District obtained a decree from the Division 6 Water Court granting an “umbrella augmentation plan” for the Elk River and its tributaries in Case No. 15CW30058. The plan allows water users within the area covered by the plan to contract with the District for augmentation water delivered from Steamboat Lake or by exchange from Stagecoach Reservoir and be covered under the District’s court decreed plan without otherwise being required to obtain their own court decree. The District has decreed a similar plan for water delivered from Stagecoach Reservoir for the Yampa River mainstem and its tributaries, excluding the Elk River, in Case No. 2006CW49.

In 2010, the District adopted a Water Marketing Policy and form contract for the delivery of water for the Yampa mainstem augmentation plan. Attached to this memorandum is a draft Water Marketing Policy specific to the Elk River and the umbrella augmentation plan decreed in Case No. 15CW3058. In addition to the changes unique to the individual augmentation plans – references to case numbers, incorporation of Steamboat Lake supplies, and revised service areas – the proposed policy includes the following changes:

- Differentiates between Large, Industrial, and Small Applications. A Large Application is one that anticipates diversions in excess of 0.25 cfs and 30 acre feet per year; an Industrial Application is defined as one that does not meet standard domestic/commercial uses described in the decree; and a Small Application is less than 0.25 cfs and 30 acre feet per year. This change eliminates the Large and Small “Commercial Application” and “Irrigation” and “Recreation Application” thereby consolidating the number of different types of applications into three types based on volume and not use.
- Requires all applications to be reviewed by the Division Engineer. The previous plan only applied to “Large” and “Industrial” applications. Large and Industrial Applications must also be sent to the various parties that participated in the water court process for review and comment. They then have 63 days to provide comments on whether the

assumptions made in the application are consistent with proposed uses. This was required by the parties as settlement of the case.

- The Shortage or abatement provisions are modified to first abate contracts for irrigation purposes, then Large and Industrial Contracts and lastly Small Contracts. The prior plan differentiated between first Irrigation Contracts, next Commercial Contracts and then all remaining contracts. This change was necessary due to the changes in the types of contracts being offered. The Board may wish to consider whether to modify this abatement protocol.
- Finally, it omits language related to hydrological assumptions for the water available in Stagecoach Reservoir that were only germane to the decree entered for the mainstem plan.

The Contract for service remains largely unchanged, with minor changes to references of relevant court decree and contract type, consistent with the decree and revised marketing plan.

II. Summary and Alternatives: The Board will need to decide pricing on the various contracts and minimum and maximum amounts that could be contracted for as well as abatement policy. The draft policy includes the amounts and pricing structure from the plan that was approved in 2010 and has not been updated to reflect current or increased pricing because the District is leasing water from Colorado Parks and Wildlife. The Marketing Plan and Contract highlight these areas of discussion.

III. Staff Recommendation: Staff recommends adoption of marketing plan and contract subject to final determination of contracting terms.

IV. Legal Issues: None other than contracting terms discussed above.

V. Consistency with Board Goals and Policies: The Water Marketing Plan implements the District's court decree entered in Case No. 15CW3058.

VI. Fiscal Impact. With proper pricing, the plan would increase District Revenues would increase.

Attachments:

Attachment 1: Water Marketing Plan for the Elk River and its exhibits.

WATER MARKETING POLICY FOR THE ELK RIVER OF THE
UPPER YAMPA WATER CONSERVANCY DISTRICT
FOR AUGMENTATION PLAN SERVICE

_____, 2019

WATER MARKETING POLICY

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1. PURPOSE OF MARKETING PROGRAM

The Upper Yampa Water Conservancy District's ("District") purpose is to conserve, develop, and stabilize supplies of water for domestic, irrigation, manufacturing, and other beneficial uses and by the construction of works for such purposes. The District also plans for and assists with the development of water resources of the District for municipal, domestic, industrial, recreational, and other beneficial uses of water resources within the District among other purposes. The District's water rights include rights to Stagecoach and Yamcolo reservoir and contract rights to Steamboat Lake water among others.

The District is authorized to appropriate water rights and initiate and implement plans for augmentation for the benefit of water users within the District's boundaries. Water is available to provide contracts to District constituents to augment their out-of-priority depletions pursuant to the Augmentation Decree of the District Court for Water Division No. 6, Case No. 15CW3058, which is defined below. The District's Board of Directors has approved the marketing of such water and other District water supplies as may be used to complement the use of such Reservoirs' water supplies through a contracting program described herein.

2. AUTHORITIES UNDER PROGRAM

- a. The General Manager is delegated the authority of the Board to implement and administer this Policy and the issuance of the augmentation contracts made pursuant to this Policy for Small Applications as defined in this Policy, and authority for assignments of all contracts issued for both Small and Large and Industrial Applications. The General Counsel shall assist in the negotiation and drafting of the contracts.
- b. The Board retains authority to approve Large Applications along with all other powers not specifically delegated.

3. DEFINITIONS

- a. "Area A": Areas described below and governed under this Water Marketing Policy; provided, that only the portions of Area A that are located within the District's boundaries may be served by the District.
- b. "Area B": Areas outside of Area A as described below.
- c. "Augmentation Decree": Decree entered in Case No. 15CW3058, District Court, Water Division 6, on July 29, 20108, as such Decree may be amended.
- d. "Augmentation Plan" or "Plan for Augmentation": Means a detailed plan to increase the supply of water available for beneficial use as defined in C.R.S. § 37-92-103(9).

- e. "Contract": A water allotment contract issued by the Upper Yampa Water Conservancy District for delivery of water consistent with this Water Marketing Policy for the Elk River.
- f. "District": The Upper Yampa Water Conservancy District, a political subdivision of the State of Colorado, its Board of Directors, employees and agents.
- g. "Division Engineer": The engineer assigned to oversee the water matters for Water Division No. 6 as specified under C.R.S. § 37-92-202.
- h. Equivalent Residential Unit ("EQR"): Equal to 350 gallons per day.
- i. "Large Applications": A contract application to the District to augment uses, other than industrial uses, with a planned average daily diversion rate in excess of 112 gallons per minute (0.25 c.f.s.) or that identifies planned total annual diversions exceeding thirty (30) acre feet per year.
- j. "Industrial Applications": A contract application to the District to augment industrial uses that either exceeds a planned average daily diversion rate of 15 gallons per minute or for which the following commercial EQR ratings do not apply:
 - Single family home = 3.5 persons using 100 GPCD (gallons/capita/day) = 350 gallons per day = 1 Equivalent Residential Unit (EQR)
 - Apartments = 0.75/EQR unit
 - Mobile Homes = 0.75/EQR unit
 - Office = 0.6 EQR/1,000 square feet
 - Warehouse – 0.30 EQR/1,000 square feet
 - Retail Sales = 0.60 EQR/1,000 square feet
- k. "Small Applications": A contract application to the District to augment uses that *do not* exceed a direct flow or storage diversion demand for groundwater or surface water of greater than 0.25 c.f.s. or 30 acre-feet annually.
- l. "Water Court": The District Court in and for Colorado Water Division No. 6 as defined in C.R.S. § 37-92-201.

4. SOURCES AND SCOPE OF MARKETING PROGRAM

- a. Sources of Water available for augmentation or exchange:

- i. “In-Basin Supply”: Water delivered from Steamboat Lake, for which the District has a Water Lease with Colorado Parks and Wildlife for storage water right decrees were obtained in Case No. 90CW01 and 95CW142 District Court for Colorado Water Division No. 6, and for which additional storage water right decrees may be obtained in the future by the District, water available from the District’s contractual right to water deliveries, and other water sources available to the District for use in its Water Marketing Program for the Elk River.
- ii. “Stagecoach Reservoir Supply”: Water delivered from Stagecoach Reservoir, for which storage water right decrees were obtained by the District in Cases No. CA3538, W-414-72, W-946-76, W-1091-76, 94CW149, 95CW78, 97CW84, and 01CW41, District Court for Colorado Water Division No. 6, and for which additional storage water right decrees may be obtained in the future by the District, water available from the District’s contractual right to water deliveries, and other water sources available to the District for use in its Water Marketing Program for the Elk River.
- iii. “Yamcolo Reservoir Supply”: Water delivered from Yamcolo Reservoir, for which storage water right decrees were obtained by the District in Case Nos. W-946-76, 82CW211, 01CW41, and 03CW58, District Court for Colorado Water Division No. 6, and for which additional storage water right decrees may be obtained in the future by the District, water available from the District’s contractual right to water deliveries, and other water sources available to the District for use in its Water Marketing Program for the Elk River.

b. Volumetric Description:

The total maximum amount of augmentation or exchange water involved in and committed to the District in this plan for augmentation is 360 acre feet or such lesser amount available pursuant to retained jurisdiction or future board direction. The amount needed by any individual Contractor will depend on the nature and amount of its uses and, in some situations, the location of its diversions and return flows in relation to senior diversions.

c. Geographic Area:

Area A encompasses portions of the Elk River below its confluence with Willow Creek including the West Fork of the Elk River and Willow Creek from its confluence with the Elk River extending to locations upstream from Steamboat Lake where use of the water rights in the Augmentation Decree can fully augment structures developed by District Contractees. **Exhibit A.** All areas outside of the below described areas are referred to as Area B. The augmentation plan allows direct augmentation on the Elk River and Yampa Mainstem and exchange augmentation on the Elk River Tributaries.

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- i. Area A-1 includes structures that will divert water from within that portion of Area A encompassing all areas tributary to the Elk River and its tributaries in a stream reach extending from a downstream terminus at the confluence of the Elk River with the Yampa River to an upstream terminus located on the Elk River just upstream of its confluence with Willow Creek, a distance of approximately 27 miles. The boundaries of Area A-1 are depicted on the map that is attached hereto as **Exhibit A**. The total amount of augmentation water available for Area A-1 is 360 acre feet. The rate of exchange within Area A-1 is 1.4 c.f.s. for the entire area A-1 and not to exceed 0.3 c.f.s., with the exception of Salt Creek not to exceed 0.5 c.f.s., within any one of the seventeen major tributaries and watersheds: (1) Farnsworth Creek, (2) Trull Creek, (3) Dry Gulch, (4) Salt Creek, (5), Deep Creek, (6) Long Gulch, (7) Dutch Gulch, (8) McPhee Creek, (9) Sand Creek, (10) Cottonwood Gulch, (11) Greenville Creek, (12) Franz Creek, (13) Taylor Canyon, (14) Keller Ditch Area Watersheds, (15) Wither Ditch Area Watersheds, (16) Willow Creek Basin, and (17) Lester Creek.
 - ii. Area A-2: Area A-2 includes structures that will divert water from within that portion of Area A encompassing all areas tributary to the West Fork of the Elk River and its tributaries in a stream reach extending from a downstream terminus at the confluence of the West Fork of the Elk River with the Yampa River to an upstream terminus located where the West Fork of the Elk River branches off the Elk River, a distance of approximately 1.9 miles. The boundaries of Area A-2 are depicted on the map that is attached hereto as **Exhibit A**. The total amount of augmentation water available for Area A-2 is 50 acre feet. The rate of exchange within Area A-2 is 0.2 c.f.s. for the entire area A-2, and not to exceed 0.2 c.f.s. within major tributary listed below. This amount does not include the amount of exchange for Area A-1. The tributary is: (1) DeCora Gulch.
5. CONTRACTING PROCESS AND TERMS
- a. Application Process
 - i. Written Application: Prospective Contractees shall make written application to the District on forms prepared by District staff and approved by the General Manager and General Counsel. Such completed application forms shall be accompanied by the Applicant's non-reimbursable payment to the District of the application fee for processing of the application for approval. Application fees for contract applications that are denied by the District or the Division Engineer shall not be refunded.
 - ii. Served Property: Applicant must use the water allotted pursuant to its Contract for beneficial purposes by diversion at Applicant's point of diversion under the District's direct flow water rights and/or for use by augmentation or exchange. Applicant must use the water allotted by the

District within or through facilities or upon lands owned, operated, or served by Applicant, which are described in the Contract Application. Applicant shall provide proof of ownership of, or legal right to use, the property and facilities to be served by the Contract. All lands, facilities, and areas served by the Contracted Water shall be situated within the boundaries of the District. Unless waived in writing by the General Manager, the Application shall include both a legal description suitable for recordation in the property records and accurate and legible map of the actual location of use if that location is part of a larger undivided property owned or controlled by the Applicant.

- iii. Verification of Need: The application process shall include a description by the Applicant of the nature of its water service, its places of use, its available water rights and supplies, and need for Contracted Water. The need of the Applicant for program water in the quantity requested shall be verified by the General Manager, in consultation with the General Counsel as necessary. If the General Manager determines that all or any portion of a Water Contract request is not based upon legitimate need, the General Manager shall report that finding to the District Board, which shall make the final decision, and the Board will allow the Applicant to present written information in support of its claimed need. The Board's decision on such matters shall be final.
- iv. Review by Division Engineer: All applications submitted to the District will be submitted to and may be reviewed by the Division Engineer. The Applicant shall be responsible for providing the information required in Paragraph 8.7.2 of the Augmentation Decree to the extent applicable. Large and Industrial Applications will also be provided to the Opposers listed in Exhibit B of the Augmentation Decree for informational purposes only. The Opposers may communicate specific concerns to the District, the Division Engineer, or both. The Division Engineer shall review the Application to determine whether any existing water right will be injured, or whether the calculated amount of depletions is reasonable, or whether the site-specific conditions described in any lagged depletion analysis is reasonable. The Division Engineer has sixty-three (63) days to provide written specific objections to the District. If no objections are made within said 63-day period, the District may issue a Water Contract. If the Division Engineer, within the 63-day period, provides written objection to the approval of such large application, the District must deny such application.
- v. Contract Execution - The Applicant for a Water Supply Contract shall have sixty-three (63) days after mailing or electronically transmitting the final Contract document to them in which to execute the final Contract and deliver the executed originals to the District's offices. If such execution and delivery are not accomplished in that time, the Applicant shall be deemed to have rejected the District's offer to contract.

b. Quantities

- i. Minimum: The minimum amounts of water that may be contracted pursuant to this Policy shall be 0.1 acre feet annually.
- ii. Maximum: The maximum amount of water that may be contracted for the benefit of any single property on a case-by-case basis shall be 10 acre feet without prior Board approval.
- iii. Water Contracts shall be rounded off in one-tenth acre foot units.
- iv. Changes per DEO review or retained jurisdiction: The District reserves the right to change quantities in a Water Contract per orders from the Division Engineer or Water Court as allowed under the Augmentation Decree.

c. Deliveries

- i. Project Year: The basis for calculating payment and delivery obligations shall be “Project Year” or multiples thereof, which shall be the period from April in one year through March in the succeeding year.

d. Charges and Fees

i. Application Fees:

- i. The Board shall determine application fees annually.
- ii. The application fee for a Water Supply Contract shall be determined annually by the Board for each application type. An application will not be processed until the appropriate application fee has been received. Initial fees shall be as follows:

(a) Small Application: \$600

(b) Large Application: \$2,000

(c) Industrial Application: \$2,000

- iii. The General Manager will impose a fee of \$600 for contract assignments.
 - iv. Request for contract amendments must initiate new application process and pay associated Application fees as indicated above.
- ii. Rates for Classes of Users: The price for each type of water shall be reviewed and set annually by the Board of Directors. Any approved Contract is subject to change in price as annually determined by the

District. The initial approved pricing per acre foot of water for the current Project Year is as follows:

Supply Pricing	
Large Applications	\$195 per AF/year
Industrial Applications	\$195 per AF/year
Small Applications	\$165 per AF/year

- iii. Minimum Charges: The minimum annual contract charge will be \$200.
- iv. O&M Assessments: Contractor shall pay any special assessment levied by the District on Contractor to recoup expenses from extraordinary maintenance incurred by the District.
- e. Required Meters:

Applicant agrees to provide, at its own expense, a totalizing flow meter, or other device as required by the District, to continuously and accurately measure at all times all water diverted pursuant to the terms of Applicant's water right and the terms of this Contract. On or before November 5 of each year, or more frequently if required by the Division Engineer, Applicant will 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 District, the Division Engineer and Water Commissioner. Applicant acknowledges that failure to comply with this paragraph could result in legal action to terminate Applicant's diversion of water by the State of Colorado Division of Water Resources.
- f. Use Reporting:
 - i. Commencement of Service: Service will commence upon execution of the Water Contract, payment of applicable fees, and approval as may be required under the Augmentation Decree by the Division Engineer or Water Court. Contractor must record water use at commencement of service.
 - ii. Periodic Reporting per District Requirements: Contractor shall maintain an accounting of its use of all water used or supplied by Contractor on forms acceptable to the District specifically for the purpose of enabling the District to prove the use of project water rights and to administer and operate the project and water right decrees and/or administrative approvals related to Contractor's use of Contracted Water. Contractor shall submit its accounting forms and records to the District promptly upon request and shall assist the District as it may reasonably request in

presenting and/or verifying such evidence of use in court or before administrative agencies by testimony of Contractor or its authorized and informed officers or agents.

- iii. District Right to Enter and Verify: Applicant acknowledges that District representatives or agents have the right to enter upon property that Applicant represented in the Application for which the Contract Water is to be used. The District may verify water use in conformance with the Water Contract and Policy, including, but not limited to amounts, locations used, types of use, and accuracy of flow meters.

g. Well Permit:

If Applicant intends to divert through a well, then Applicant must provide to District a copy of Applicant's valid well permit before the District is obligated to deliver any water hereunder, 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 pursuant to C.R.S. §37-90-137. The Applicant must comply with any other statutory or regulatory requirements for issuance of well permits to be augmented pursuant to this plan, including the 600-foot spacing requirement of C.R.S. § 37-90-137(2)(b). Compliance with said statutory well-spacing criteria shall be 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.

h. Noncompliance:

- i. Report to DEO: Breach of the Contract by the Contractor will result in the District reporting the noncompliance to the District Engineer.
- ii. Curtail releases: The District may withhold deliveries of Contracted Water in the event of Contractor's nonpayment for Contracted Water or any other breach of the Contract by Contractor. Such remedies shall not be the exclusive remedies in the event of such a breach.

i. Assignment:

- i. The water right allotted under any Water Contract shall be beneficially used for the purposes and in the manner specified in the Application. The Water 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 form. The restrictions on assignment contained

herein shall not preclude the District from holding the Applicant, or any successor of the Applicant, responsible for the performance of all or any part of the Applicant's covenants and agreements contained in the contract.

- ii. The Board shall determine assignment fees annually. The initial fee for a contract assignment shall be \$600.

j. Limitation on Sale:

Applicant may not sublet, sell, donate, loan or otherwise dispose of any of its rights to a Water Contract or Contracted Water separate from the property that it serves without prior written notice to, and the written approval of, the District as provided in the Contract. The District will approve such disposition in all instances 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 District to be served with the Contracted Water. Any disposition of an Applicant's rights to a Contract or Contracted Water must be by written instrument signed by the District. As provided above, a fee will be imposed for each contract assignment.

k. Form of Contract, Term and Renewal:

Contracts shall be made in the form approved by the Board, as the same may be revised from time to time in the discretion of the Board. The form of contract approved as of the date of this Policy is attached at Exhibit B. The term of such contracts shall be for 40 years commencing on January 1st of the year in which such contract is executed.

6. DELIVERY CONTINGENCIES AND SHORTAGE CRITERIA

a. Shortages:

Delivery of water is subject to limitations of the hydrological conditions, availability of water under the Augmentation Decree including limitations on exchanges, and the provision for curtailment below. In the event that the District is unable, because of either legal or physical reasons (including but not limited to, hydrologic shortages and operational restrictions), to deliver any or all of the full amount of water contracted from the District, the District reserves the right to apportion the available water among its several contractors. If the District is to apportion the available water among its contractors as provided herein, the District shall notify the respective Contractors in writing of such fact by August 1st of that year. Water shortages among the District's Contractors shall be apportioned in the following sequence:

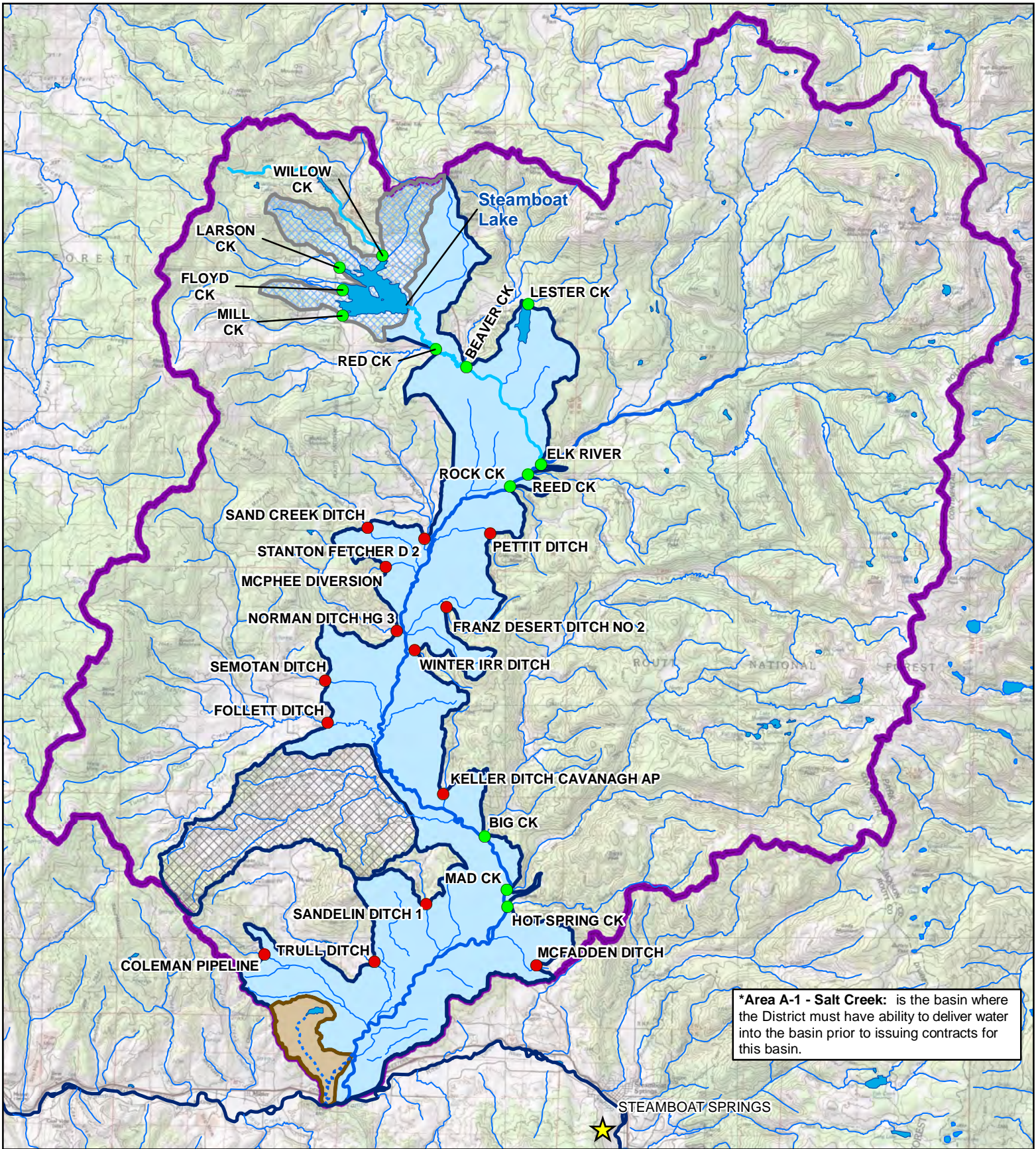
- i. Large or Small Contracts used for solely for irrigation purposes are pro-rata shorted up to 100%.

- ii. Large and Industrial contracts are then pro-rata shorted up to 100%.
- iii. Small contracts then are shorted as necessary on a pro-rata basis.

Replacement of depletions using the decreed appropriative exchanges shall require that said exchange(s) be in priority and have water physically and legally available in the exchange reach(es) from the exchanged from point to the exchanged-to point(s) in the amount(s) to be exchanged. Out-of-priority diversions not meeting this requirement shall be subject to curtailment.

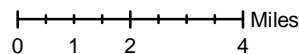
b. Tri-State Right of First Refusal:

If additional storage water in Stagecoach Reservoir is allocated for industrial use, Tri-State Generation and Transmission Association, Inc. may have the first right to purchase such additional storage water on the same terms and conditions as would be offered by the District to any other industrial user. The District shall give Tri-State written notice of the availability of such additional water and the terms and conditions so offered, and Tri-State shall elect within thirty days after receipt of such notice whether to purchase the additional right.



Date: 2018-04-23
 File: 1047-1.10
 Drawn: ABS
 Approved: RSF

Exhibit A Area A Location Map Case No. 15CW3058



- | | |
|--------------------------------|---------------------|
| Area A | Elk River Watershed |
| Area A-1 | City |
| Area A-1 - Salt Creek* | Reservoirs |
| Area A-2 | Streams |
| Area A-1-F | Elk River |
| Potential Calling Right | West Fork Elk River |
| CWCB ISF | Willow Creek |
| Ditch Name | Yampa River |

AUGMENTATION CONTRACT No. ____
UPPER YAMPA WATER CONSERVANCY DISTRICT
ELK RIVER SUPPLY

_____ (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 _____ 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 July 29, 2018 in Case No. 15CW3058, 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 for the Elk River, 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 type of contract as the same are defined in the District's Water Marketing Policy: **Select** Large, Small, Industrial.

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 1st 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 6 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 for the Elk River 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 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 6 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

Notice to District

Upper Yampa Water Conservancy District
Attention: General Manager
P.O. Box 883990
Steamboat Springs, CO 80488
_____@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:

Applicant's Address:

Telephone No.: _____

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: _____
_____, President

ATTEST:

_____, 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

b)





BOARD COMMUNICATION FORM

From: Kevin McBride, General Manager

Date: Friday, June 14, 2019 _____

Item: _West Slope Summit/Risk Study_____

DIRECTION
 INFORMATION
 MOTION
 RESOLUTION

I. Request/Issue and Background Information:

As part of what is now termed the “Big River Issues” at the Roundtable this powerpoint will be presented at the West Slope roundtable summit 6/20/19 in Grand Junction. The powerpoint involves some “scenarios” of how a compact might be administered or a water “bank” created.

There have been weekly calls previously called the technical review group for several years. More recently this included the Roundtable chairs on modelling and presentation over the past several months. I have attended these and can provide some limited description of the slide topics but not modelling details. It was related to me that what these slides represent are not proposals, but examples of how modeling can be used. Considerable background information is provided.

II. Summary and Alternatives:

This is for information only. Future discussion of Big River Issues will be scheduled.

III. Staff Recommendation:

Make time to discuss these issues at a future work session.

IV. Legal Issues:

None presently as these are not proposals.

V. Consistency with Board Goals and Policies:

The Board wishes to be informed on these issues



Attachments:

Attachment 1: Background Materials for 6.29.19 - PDF

Attachment 2: Risk Study Phase III for the 4BRT meeting – PDF (powerpoint)

Additional Attachments:

Colorado River Risk Study Phase III Update

June 20, 2019

Modeling Assumptions, Additional Results, and other Background Information.

Disclaimer: The findings presented herein are for discussion purposes only, and do not represent the official position of any entity with respect to factual or legal matters concerning the Colorado River.

All Results Presented herein are Preliminary and Subject to Change

Preamble

The information herein is intended to accompany the handout of slides to be presented by John Carron of Hydros Consulting at the June 20, 2019 Four West Slope Basin Joint Roundtable Meeting in Grand Junction, Colorado. It provides additional background information and results related to the presentation, but is not intended to be a comprehensive report on the work, which will be produced as a Final Report this summer.

Please note that the presentation slides and this supplementary material is intended to provide background information regarding the hydrology, water operations, demands, and associated risk factors that may be considered when formulating future water management policies and strategies.

They are not comprehensive in that regard (for example, we make no attempt to quantify the economic costs or benefits of any hypothetical actions), nor should they be taken in any way as a proposal for action or statement of policy by any participating group.

As will become readily apparent in the presentation, the results presented are inextricably tied to the assumptions made about future hydrology, the fate of the 2007 Interim Guidelines, the Drought Contingency Plan, the rate of future growth of demand in the Upper Basin and Colorado, and a number of other model assumption. We are not attempting to forecast the future.

This document is organized into two sections. The first provides a broad overview of the modeling assumptions, including hydrology, demands, river operations, water rights administration, and the generation of output statistics. The second section generally follows the slide presentation sequence, providing additional background information and/or anticipating questions that may arise from those particular slides.

Model Background

1. Modeling Tools

The results presented for Lake Powell and Lee Ferry flows are from model runs simulated using the Colorado River Simulation System (CRSS) see, for example, <https://www.usbr.gov/lc/region/g4000/riverops/model-info-APR2018.html>). The CRSS Model is available from Reclamation online: http://bor.colorado.edu/Public_web/CRSTMWG/CRSS. This model

has been modified to reflect various components of the Drought Contingency Plan, Minute 323 of the U.S./Mexico Treaty, and to incorporate river flows at the various outflow points from the State of Colorado, which are generated using StateMod (see below, and also the final report from Phase II Task 2 of the Risk Study).

To simulate water use within the State of Colorado, we utilize the StateMod modeling tool available from the Colorado Water Conservation Board (CWCB) (<https://www.colorado.gov/pacific/cdss/statemod>). The StateMod versions used in this analysis included the “west-slope linked model” provided by the CWCB, and the individual basin models available through the CDSS website.

The linked model has the same basic model structure as used by the State for its Compact Compliance Study. The linked model as provided by the CWCB did NOT include any assumptions regarding methodologies for administering a compact call, nor did it include any alternate hydrology or demand data outside of what can be obtained from the CDSS website. We also employed the individual basin models for each west slope sub-basin. These are the “Yampa/White”, “Colorado”, “Gunnison”, and “San Juan/Dolores” basins. The Yampa/White basin model is actually two separate model networks, and so results are presented separately for those two basins.

2. Model Assumptions

Hydrology:

The hydrologic basis for the modeling results herein is the so-called “Stress Test Hydrology” which covers the calendar years 1988-2015. The Stress Test hydrology was used extensively by Reclamation and the Upper Colorado River Commission when evaluating possible actions for the Drought Contingency Plan, and was also used in Phases I and II of this study.

None of the StateMod models used for this work extend through 2015. As a result, we appended data for the “missing” years by examining historical flows at gage locations for both the missing years and other available years in the model database. The missing years were then “filled” by using years that most closely replicated the gage volumes. This also allowed us to synchronize the StateMod model with the CRSS model, which already contained the full Stress Test period hydrology.

Water Rights Administration:

We use two different approaches to simulate water rights administration in StateMod. The default behavior in StateMod is to use the administration numbers assigned to each water right when simulating priority administration of each basin. A water right’s administration number is generally based on its adjudication date, prior adjudication dates, and its appropriation date. Use of the administration numbers in StateMod is consistent with the generally accepted understanding of how rights are administered “on the ground”.

The second approach is to use appropriation dates. When considering both the Colorado River Compact and potential administration across sub-basins within Colorado, it is worth considering differences in the timing of sub-basin adjudications, and also the interplay in timing between adjudication dates and the enactment of the Compact. It is also important to note that an appropriation date in and of itself does

not guarantee a pre-compact right, as the use of that water may not have been perfected by the date of the Compact.

Unless otherwise noted, we use the administration number paradigm for the StateMod analyses in this study.

Demands:

Two different data sets were used to represent “current” and “future” demands. For StateMod, the baseline data set is the best estimate of current demands within Colorado. The purpose of the “future” demand data set was to illustrate how an increment of additional consumptive use could impact the level of risk in the upper basin. Through coordination with the west-slope BRT technical representatives, we developed a “reasonable increment” of growth for each basin. In basins with Programmatic Biological Opinions (PBOs), we based the increment of growth on assumed full use of the PBO “allowances”. For basins without PBOs, we developed additional demands that were subjectively similar in scope to those developed under the PBOs, and to the extent possible based on existing decrees, projects, or published studies and reports. These future demands were added to the StateMod model(s) and a new set of depletions and basin outflows were developed*.

The table below shows the new demands by basin in the right-hand column. The average yield of the new demands is shown in the left column of data, and the total increase in consumptive use by basin is shown in the center column. Note that introduction of new demands on the system does not necessarily translate into additional depletions of the same volume. In the Colorado and Southwest basins in particular, new demands may be limited due to hydrologic shortages, particularly in dry years. The average annual increase in consumptive use of Colorado River Basin water in Colorado resulting from the addition of ~384 Kaf of new demands was slightly less than 290 Kaf, or about 11.5% of the current average annual depletion.

The values developed for the hypothetical future use in Colorado needed to be replicated for the other states of the Upper Basin in order to run future scenarios in CRSS. Using Colorado’s current (2019) share of demands under the 2016 UCRC demand schedule we matched the 11.5% increase for Colorado with an upper-basin-wide increase of 11.5%. That increase in use is approximately equivalent to 2037 demands in CRSS (using the 2007 UCRC demand schedule). Thus, when running CRSS for future use projections, Wyoming, Utah, and New Mexico demands were based on the 2037 demand level, which is an increase over current demands of about 300 Kaf for those three states.

StateMod Linked Model	Future Use Depletions (AF/yr)		
	Average Yield of New Depletions	Average Increase in Basin Depletions	Input Demand
Yampa	29,506	29,485	30,104
White	61,839	61,787	65,000
Upper Colorado & Front Range	86,077	82,425	120,450
Gunnison	31,053	31,100	37,900
Southwest	81,104	82,355	130,499
StateWide	289,578	287,153	383,953

**Note: The “future” demands shown are NOT intended to advocate for any specific projects, to limit or push any specific level of development, or to suggest appropriate allocations of growth across sub-basins. The purpose of simulating these demands is primarily to develop an understanding of how increased consumptive use in the upper basin as a whole may impact the likelihood of reaching critical elevations at Lake Powell or critical volumes at Lee Ferry.*

Trans-Mountain Diversions (TMDs):

As much as 500 Kaf of water is diverted from the Colorado River Basin into other basins within the State of Colorado. These diversions can be found in most Colorado sub-basins. Well over 95% of TMD water is diverted from the mainstem of the Colorado River itself. An even higher percentage of the TMDs used for M&I water originate from the Colorado mainstem. For this study, we only examine Colorado mainstem TMDs and the impact of a potential compact call on those water users.

CRSS River Operations:

The CRSS model simulates operations of many of the large Federal storage projects within the basin. Within Colorado this includes the Aspinall Unit and Taylor Park Reservoir. The other major CRSP reservoirs are also simulated (Powell, Navajo, Flaming Gorge), as well as the large main stem reservoirs in the Lower Basin (Mead, Mohave, Havasu). Operating policies for the Upper Basin CRSP facilities are based primarily on the Records of Decision for each (including the 2007 Interim Guidelines that dictate Lake Powell operations), and are part of the “standard” ruleset for the CRSS model.

Drought Contingency Plans (DCPs) and Minute 323 of the US/Mexico Treaty: CRSS was modified to incorporate the major components of the recently approved DCPs and Treaty Minute 323. For the Upper Basin, we only include the proposed Drought Operations of the CRSP facilities in the model. The Drought Operations ruleset was developed jointly by the UCRC Engineering Committee and Reclamation during DCP negotiations. The final version used by Reclamation in its DCP modeling is included in our simulations. No attempt was made to incorporate demand management or cloud seeding/flow augmentation in our modeling.

For the Lower Basin DCP, the model reduces deliveries to the states as laid out in the Lower Basin DCP agreement, and includes an assumed annual contribution by Reclamation of 100 Kaf. Minute 323 is also represented in the model, and reductions in deliveries to Mexico through their pro-rata “matching” of both the Interim Guidelines shortages and the DCP reductions are included.

Model Execution and the Index Sequential Method:

The CRSS model uses the “Index Sequential Method” (ISM) to perform multiple simulations using a single hydrologic data set. In this study, the Stress Test hydrology spans the period 1988-2015. That 28 year period of data is used to develop 28 different hydrologic traces. Each of these traces is then modeled in CRSS. Each simulation (trace) starts with a different year. The first trace is 1988-2015. The second trace begins with year 1989, runs through 2015, then appends 1988 as the last year of the trace. The third trace begins in 1990, runs through 2015, and then appends 1988 and 1989 onto the end. In this fashion, each year of the stress test period is used once as the start year, and the traces “loop through” the historical period.

Slide Presentation Addenda

Slide #3:

The entire text of Principle 4 reads:

“Principle 4: A collaborative program that protects against involuntary curtailment is needed for existing uses and some reasonable increment of future development in the Colorado River System, but it will not cover a new TMD.

A collaborative program that protects existing uses and an increment of future development is a necessary element of Colorado’s water planning, regardless of whether a new TMD is developed. The Framework includes this principle to make clear that a collaborative program would not protect a new TMD.

The collaborative program should provide a programmatic approach to managing Upper Division consumptive uses, thus avoiding a compact deficit and ensuring that system reservoir-storage remains above critical levels, such as the minimum storage level necessary to reliably produce hydroelectric power at Glen Canyon Dam (minimum power pool). A goal of the collaborative program is that protection of Colorado River system water users, projects, and flows would be voluntary and compensated, like a water bank. Such protection would NOT cover uses associated with a new TMD.

A second goal of the collaborative program is protection of the yield of the water supply systems in place in the Colorado River Basin from involuntary curtailment. To achieve this goal, the program would need to expand to accommodate future western slope growth and growth of existing water supply systems, the pace of which is not now known. Protecting additional consumptive uses will increase the program’s scope and challenges. Some basins, such as the less-developed Southwest and Yampa/White/Green Basins, anticipate the need for future development and will seek terms to accommodate it in the collaborative program. Regardless of “when” a use develops, the program would strive to protect uses at the time of shortage, with the exception of a new TMD. By adapting to accommodate increased uses at any given time, the program should not lead to a rush to develop water rights. Section 9.1 of Colorado’s Water Plan provides additional discussion of the collaborative program.

The collaborative program will develop in concert with intra- and interstate water policies. The IBCC and roundtables can provide an important forum for sharing the work of ongoing interstate negotiations, scoping technical analyses, and identifying issues of concern at the stakeholder level, as well as providing input to the CWCB as it manages and conducts the technical, legal, economic, and other studies necessary for implementation.

Slide #4:

Why elevation 3,525’? Section II.A.2 of the AGREEMENT FOR DROUGHT RESPONSE OPERATIONS AT THE INITIAL UNITS OF THE COLORADO RIVER STORAGE PROJECT ACT on the rationale for using 3525’ as the Lake Powell target elevation:

Target Elevation: For purposes of this Drought Response Operations Agreement only, Lake Powell surface elevation 3,525 feet mean sea level (“msl”) will be considered the “Target Elevation” for minimizing the

risk of Lake Powell declining below minimum power pool (approximately elevation 3,490 feet msl) and to assist in maintaining Upper Division compliance with the Colorado River Compact. The Parties agree that this elevation appropriately balances the need to protect infrastructure, compact obligations, and operations at Glen Canyon Dam, as storage approaches minimum power pool with the Upper Division States' rights to put Colorado River System water to beneficial use.

Elevation 3,525 is also the threshold for the Lower Elevation Balancing Tier of operations under the 2007 Interim Guidelines:

Lake Powell Operational Tiers (subject to April adjustments or mid-year review modifications)		
Lake Powell Elevation (feet)	Lake Powell Operational Tier	Lake Powell Active Storage (maf)
3,700	Equalization Tier equalize, avoid spills or release 8.23 maf	24.32
3,636 – 3,666 (see table below)	----- Upper Elevation Balancing Tier release 8.23 maf; if Lake Mead < 1,075 feet, balance contents with a min/max release of 7.0 and 9.0 maf	15.54 – 19.29 (2008 – 2026)
3,575	----- Mid-Elevation Release Tier release 7.48 maf; if Lake Mead < 1,025 feet, release 8.23 maf	9.52
3,525	----- Lower Elevation Balancing Tier balance contents with a min/max release of 7.0 and 9.5 maf	5.93
3,370		0

(Record of Decision – Colorado River Interim Guidelines for Lower Basin Shortages and the Coordinated Operations for Lake Powell and Lake Mead, p.50.)

Note that releases under the Lower Elevation Balancing Tier could be as large as 9.5 Maf, while the maximum release in the Mid-Elevation Release Tier is 8.23 Maf.

Slide #5:

The May 2019 24-Month Study from Reclamation (<https://www.usbr.gov/lc/region/g4000/24mo.pdf>) forecasts that Lake Powell will end 2019 with 12,368,000 acre-feet of storage. That number is developed from the Colorado Basin River Forecast Center's most probable inflow data for the remainder of 2019 and projected releases, evaporation, and changes in bank storage through December 31.

Slide #6:

The “Stress Test Period” covers the calendar years 1988-2015. The average naturalized flow during that period is 13.18 Maf, with a maximum annual natural flow of 20.3 Maf in 2011, and a minimum of just over 6.0 Maf in 2002.

The average annual flow over the period of record (1906 – 2018 provisional) is 14.75 Maf.

The average annual flow over the period 2000 – 2004 is 9.55 Maf.

The average annual flow over the period 2000 – 2018 (provisional) is 12.36 Maf.

(Statistics above derived from data provided by Jim Prairie, Upper Colorado Region, Reclamation; May 3, 2019)

All of the modeling results presented herein are based on simulations using the Stress Test period hydrology. For this work we did not consider paleo-hydrology or climate change forecasts.

Slide #7:

For an overview of the modeling tools and assumptions used in this analysis, refer to the **Model Background** section above.

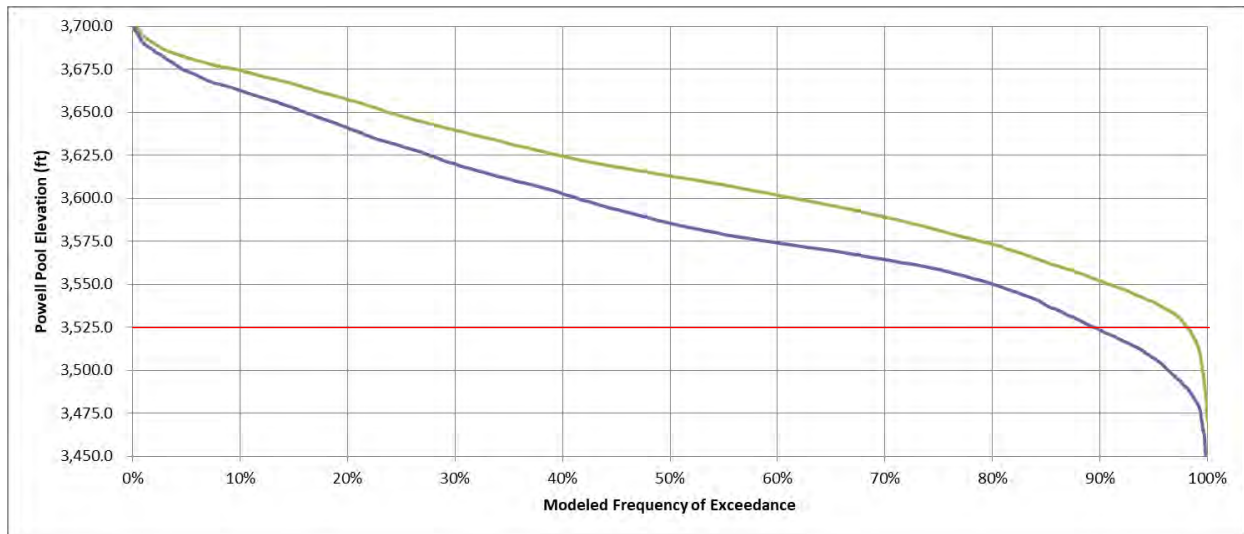
Background on the statistics presented in bullets 1-3: Recall that using the ISM method, the model generates a total of 28 traces, resulting in 28 simulations. For this study, we perform statistical analysis on the first 25 years of each simulation. Thus for the “current conditions” run there are a total of 28 traces x 25 years per trace = 700 years of data. There are two main statistical approaches we use to evaluate the outputs.

One is to quantify the likelihood that a specific event happens in any year across all the traces. Using Lake Powell Elevation as an example, we might count the number of years that Lake Powell drops below 3525 on January 1. If we find 11 such occurrences, then the likelihood of Lake Powell hitting that elevation in any given year would be $11/700 = 1.43\%$.

The second approach is to quantify the number of traces in which a particular event occurs. Keeping in mind that each trace is a hypothetical projection into the future, we would want to understand how many of those possible futures contain a bad outcome. It may not necessarily matter if it happens next year or in 20 years, we just want to know IF it happens. Now let’s assume that each of those 11 events mentioned above happened in different traces (our “futures”). Of all our assumed futures, 11/28 or ~39% are likely to encounter this condition at some point in the next 25 years. Now the risk looks very different, even though it is based on the same data.

This second approach, looking across the possible futures, is the method we use to generate the statistics for Slide #7.

The following exceedance curve uses the first approach, and the same model outputs for current and future demand runs as used for Slide 7. The difference between these two statistical methods explains why the exceedance curve - showing modeled likelihood across all years - can be perceived to represent a very low risk.



Slide #8:

Hopefully the previous presentation on the DCP provided sufficient background on this slide.

Slide #9:

The definition of a compact deficit itself is far from settled, and we are not going to delve into that question here. Nor is it a foregone conclusion that a deficit, if and when it does occur, would result in an involuntary curtailment.

Slide #10:

The data in this slide is developed from the individual CDSS (StateMod) basin models. The models use the current conditions (baseline) demand set from the CDSS website. These depletion values include evaporation and other losses incidental to water use. The variability in consumptive use is a result of hydrologic variability and the resulting simulation of junior users being called out in the model. For this and most subsequent slides, the main stem Colorado depletion values will be presented as a whole, as well as split into in-basin and trans-mountain diversion (TMD) uses.

Slides #11 - 12:

The questions surrounding the definition of pre-compact vs post-compact water rights (and perfected use) are numerous and beyond the scope of this work. Slide 12 shows the differences between the 1922 and 1929 compact dates, when determining pre-compact water use in Colorado. The default behavior for StateMod is to use Administration Numbers – which are derived largely from adjudication dates – when simulating water allocation. StateMod can also use appropriation dates to simulate the administration of water. Using appropriation dates instead of administration numbers when modeling a compact call yields between 105 Kaf and 125 Kaf additional pre-compact consumptive use in Colorado, depending on the assumption of compact date of enforcement. The results in this presentation related to a full compact call are based on model simulations that use administration numbers, and the Nov 24, 1922 compact date.

Slide #13:

To simulate the effects of a compact call on all post-compact rights, and to determine the total amount of (modeled) pre-compact consumptive use, we apply an infinitely large demand at the bottom (state line) of each model, with a priority date of 11/24/1922. Because there could be significant inter-annual variability in yield based on hydrology, we simulate the call for the entire simulation period, and then compute the average consumptive use across all years. This average pre-compact consumptive use totals ~1.6 Maf, and is shown in the middle column. The first column is from slide 10, and the third column is simply the percent of each basin' consumptive use that is attributable to pre-compact rights.

Slide #14:

The average annual volume of post-compact consumptive use is computed by subtracting the pre-compact average from the total average for all users. This difference represents approximately 932 Kaf of consumptive use by post-compact rights. The table percentages show the distribution by basin of those post-compact rights relative to the total, and the pie-chart is a visual representation of those percentages.

Slides #15-#26:

The results in this group of slides are based on a number of different “what-if” scenarios. The purpose of these scenarios is NOT to advocate for a particular approach to involuntary curtailment, nor to exclude any other possible approaches.

Slide #15:

What if...

Perhaps a total curtailment of all post-compact rights is not necessary to overcome a compact deficit, or perhaps an agreement is reached whereby Colorado water users must curtail a certain amount of consumptive use over some period of time. One obvious question would be, *“how deep would a call across all basins using a single administration number need to be in order to yield a certain volume of reduced consumptive use”*? To answer this question, we turned to the linked StateMod model that combines all the west-slope basin models into a single model that can be used to simulate the impact of a single call on all Colorado River water users.

To estimate the administration dates in the table, we place a large “demand” at the outflow point of the linked model, and iterate the model at different administration dates until we achieve the desired average yield. So for example, on average, to achieve a statewide reduction of 300,000 af. would require curtailment of all rights junior to September 1940.

To reiterate: all these simulations use administration numbers (based largely on adjudication dates), not appropriation dates, when simulating calls. The difference between depth of call when simulating these volumes using those two different administrative schemes is very small.

Slide #16:

This slide simply takes the total volumes and call dates computed in the previous slide, and breaks out how much reduction in consumptive use would result in each of the sub-basins. For example, a state-

wide September 1940 call would result in curtailment of an average of 40,233 af. in the San Juan/Dolores (Southwest) basin, or about 13% of the 300,000 af. total.

Slide #17:

This graphic is simply a bar chart reproduction of the data from the previous slide. The lighter colored “In-Basin” and “TMD” bars are the breakout of the Colorado mainstem total into those two constituent user types.

Slide #18:

In Slides #15-#17, we explored what a partial call across all basins using a single administration number might look like. Another approach might be to allocate the volume of required consumptive use reduction pro-rata, across the sub-basins, based on each sub-basin’s percentage of *post-compact* use. We can also explore the split in post-compact use between in-basin and TMD use in the Colorado mainstem.

Slide #19:

To develop a pro-rata distribution of each sub-basin’s hypothetical obligation to meeting the state-wide total reduction, we apply the percentage of post-compact use by sub-basin that was shown in slide #14, and compute each sub-basin’s portion. The volumetric requirements under this hypothetical approach are shown in the table.

Slide #20:

Under the scenario described in the previous slide, each sub-basin is responsible for its own pro-rata reduction in post-compact depletions. There are a number of different ways those sub-basins could agree on to reduce that volume of use. One such approach would be to implement a call within that sub-basin to a seniority that would yield the required volume.

For example, if the State is required to conserve 300,000 af, the Yampa basin’s portion of that volume under this approach would be 18,811 af. Using the Yampa StateMod model, we can compute a call date of August 1962 that would yield, on average, that volume of reduced consumptive use.

Slide #21:

We again perform a set of runs in StateMod using each sub-basin model to determine the call seniority by sub-basin that would be required to generate the target volumes. Those dates and associated volumes are shown in the table.

Note that a comparison can be made for each basin, by date and volume, with the state-wide call date shown in slide #15.

Slide #22:

Another hypothetical we can explore is allocating responsibility on the Colorado mainstem between in-basin post-compact uses and TMD post-compact uses (The vast majority of TMD consumptive use is post-compact). We only perform this analysis on the Colorado mainstem, as TMDs from other sub-basins are a very small percentage of total water use in those basins.

The Colorado mainstem as a whole consumes 67.2% of post-compact water in the State. That 67.2 percent is split into 57.1% (of the state-wide total) for the TMDs, and 10.1 % of the state-wide total for in-basin Colorado mainstem users.

As a percent of the Colorado mainstem alone, TMDs constitute 85% of post-compact use, with in-basin use comprising the remaining 15%.

Note that the call seniority is largely unchanged for the TMDs, but the in-basin call seniority is somewhat relaxed by this approach.

Slide #23:

From the above analyses, we can compare a state-wide call with a pro-rata distribution based on post-compact use, and see which sub-basins would experience deeper or shallower calls and associated volumes of use reduction.

Again, these call dates are the seniority required *on average* to yield the target volumes.

Slides #24-#26:

This set of slides aggregates the previous data into a comparison of these partial curtailment approaches and presents them by volume, and across each sub-basin. Note that the lighter shaded bars represent the breakout of Colorado mainstem uses into in-basin and TMD components.

Slide #27:

This is a short and necessarily incomplete summary of observations. These observations are not intended to be comprehensive, but to be a launching point for additional conversation.

The background of the slide is a light gray gradient with several realistic water droplets of various sizes scattered across it. The droplets have highlights and shadows, giving them a three-dimensional appearance. The largest droplets are located in the top-left and bottom-right corners, while smaller ones are more numerous in the center and bottom areas.

Colorado River Risk Study Phase III

An Update for the 4 West Slope Basin Round Table Meeting

Grand Junction, Colorado

June 20, 2019

Disclaimer: The findings presented herein are for discussion purposes only, and do not represent the official position of any entity with respect to factual or legal matters concerning the Colorado River.

All Results Presented herein are Preliminary and Subject to Change

Disclaimer Part 2:

1. All Models are Wrong, some are Useful – George Box

2. Any opinions expressed herein are my own

3. Don't shoot the messenger

Colorado River Risk Study

- Originated from joint West Slope BRT discussions and reflection on DCP process
- Funding via Colorado River District, Southwestern, West Slope BRTs (CWCB)
- Principle 4 of the IBCC Conceptual Framework from the Colorado Water Plan: *A collaborative program that protects against involuntary curtailment is needed for existing uses and some reasonable increment of future development in the Colorado River system, but it will not cover a new TMD.*
- Phase I completed Fall 2016; Phase II completed Fall 2018
- Takeaways thus far:
 1. Under current conditions and operating policies, the likelihood of reaching critical elevations or a compact deficit is low, but impacts could be significant
 2. Hydrology and amount of future growth in the Upper Basin are key drivers of risk
 3. It is not just a Lower Basin / Structural Deficit problem (hence the UB DCP plan)

Lake Powell and the Colorado River Compact

Upper Basin Objectives:

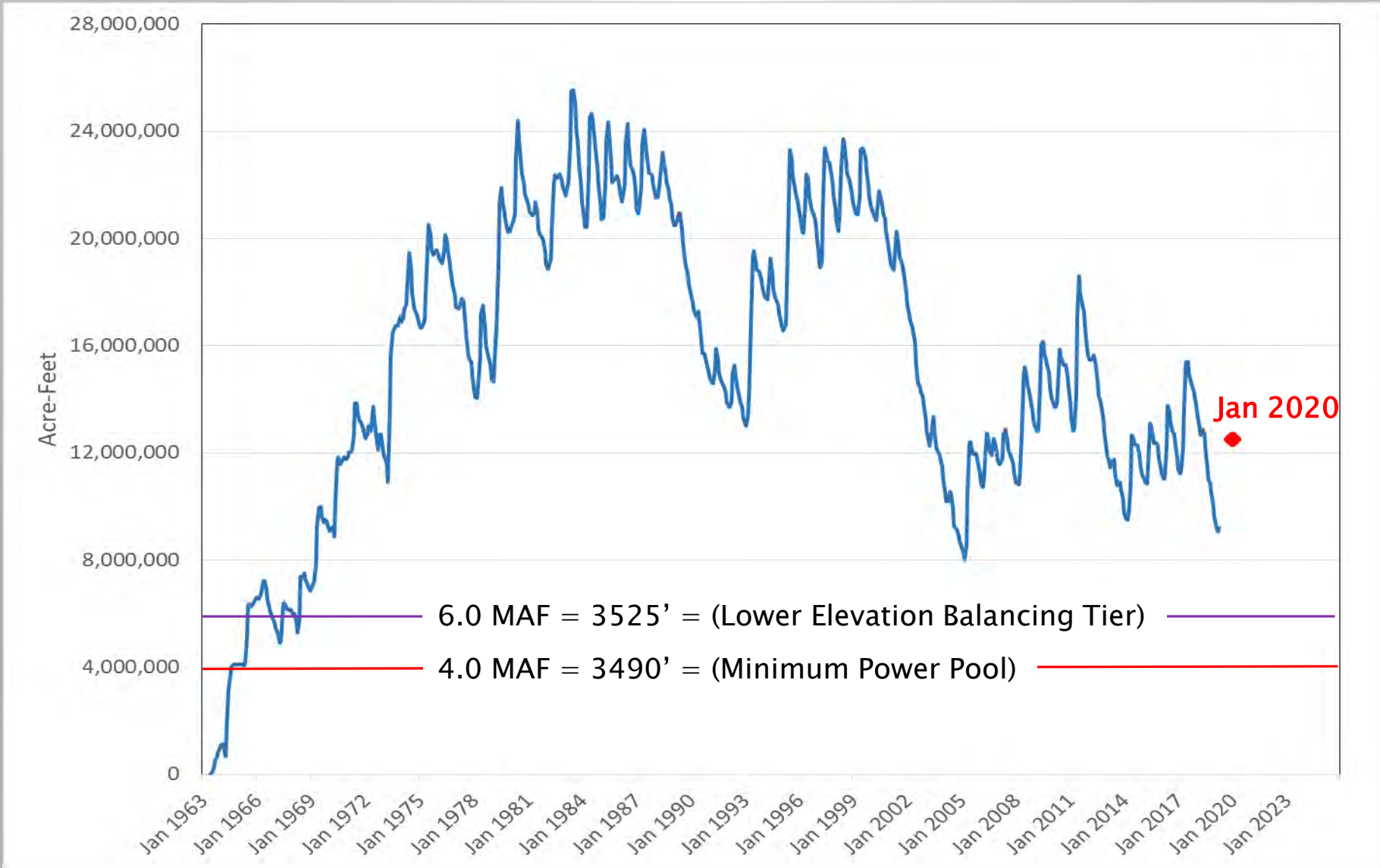
1. Avoid Compact Deficit which *might* lead to curtailment
2. Protect Lake Powell (Elevation 3525' is threshold for Lower Elevation Balancing Tier. 3490' is minimum power pool)

Risk Drivers:

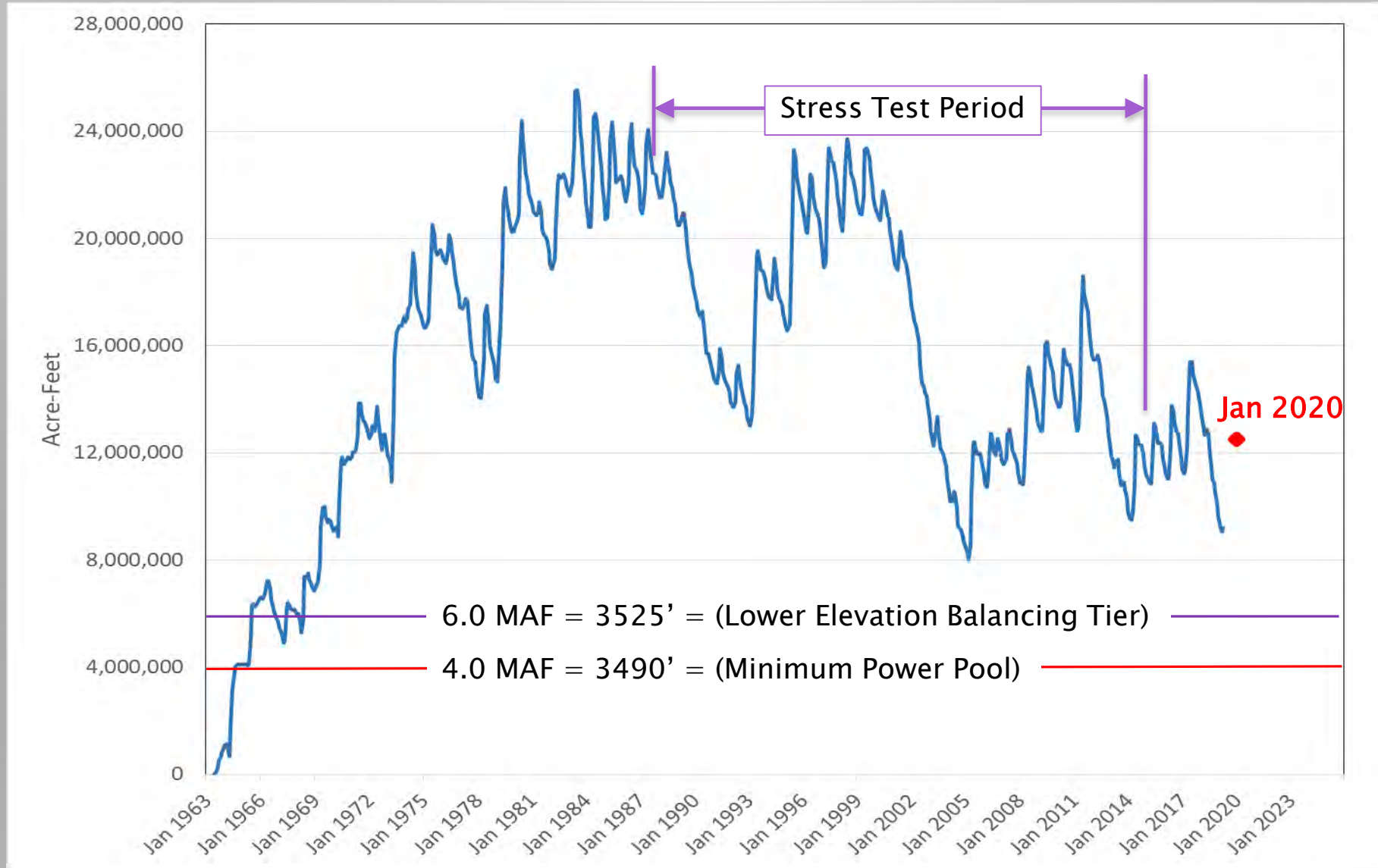
- Hydrology
- Consumptive Use
- Low Reservoir Storage Conditions



Lake Powell Storage



Lake Powell Storage



What does Modeling tell us about Risk?

Model analysis from Phase III of the Risk Study using the 1988–2015 Stress Test Hydrology indicates:

1. The likelihood of Lake Powell Dropping below 3525' at some point in the next 25 years is ~ 39% (11 of 28 traces).
2. The likelihood of the 10–year running average Lee Ferry volume dropping below 82.5 Maf is ~ 46% (13 of 28 traces)
3. The likelihood of the 10–year running average Lee Ferry volume dropping below 75 Maf is ~ 0%* (0 of 28 traces)

An increase in annual Upper Basin Consumptive Use averaging 11.5% (approximately 500 Kaf)** roughly doubles the risk of #1 and #2.

**Note that previous Risk Study simulations and Reclamation runs have shown likelihoods greater than zero at the 75 Maf threshold (Model assumptions matter!)*

***The UCRC Demand Schedule anticipates reaching that level of use by ~2037.*

Pre-Emptive Water Management Options

The recently approved Drought Contingency Plans (DCPs) provide a mechanism for protecting critical elevations at both Lake Powell and Lake Mead.

The Upper Basin DCP has three components intended to reduce or eliminate the risk of reaching critically low Lake Powell levels:

1. Cloud Seeding and Phreatophyte Control (Ongoing)
2. Drought Operations of CRSP storage facilities (Subject to consultation between UB States and Reclamation)
3. Exploration of voluntary and compensated Demand Management program, including use of 500,000 af water bank in one or more CRSP facilities

If these (and possibly other) pre-emptive actions are insufficient to protect Lake Powell levels, and if as a result Lake Powell was unable to release sufficient water past Lee Ferry, a Compact Deficit could result.

A Compact Deficit could result in Involuntary Curtailment

Questions:

- How much Colorado River water does the State of Colorado use?
- How much of Colorado's depletions are pre-compact?
 - How is this volume split up across the west slope basins (including TMDs)?
 - How much post-compact use could be called out?
 - Where are those post-compact uses?
- What are potential approaches to "Sharing the Pain"?

Colorado's Consumptive Use of Colorado River Water

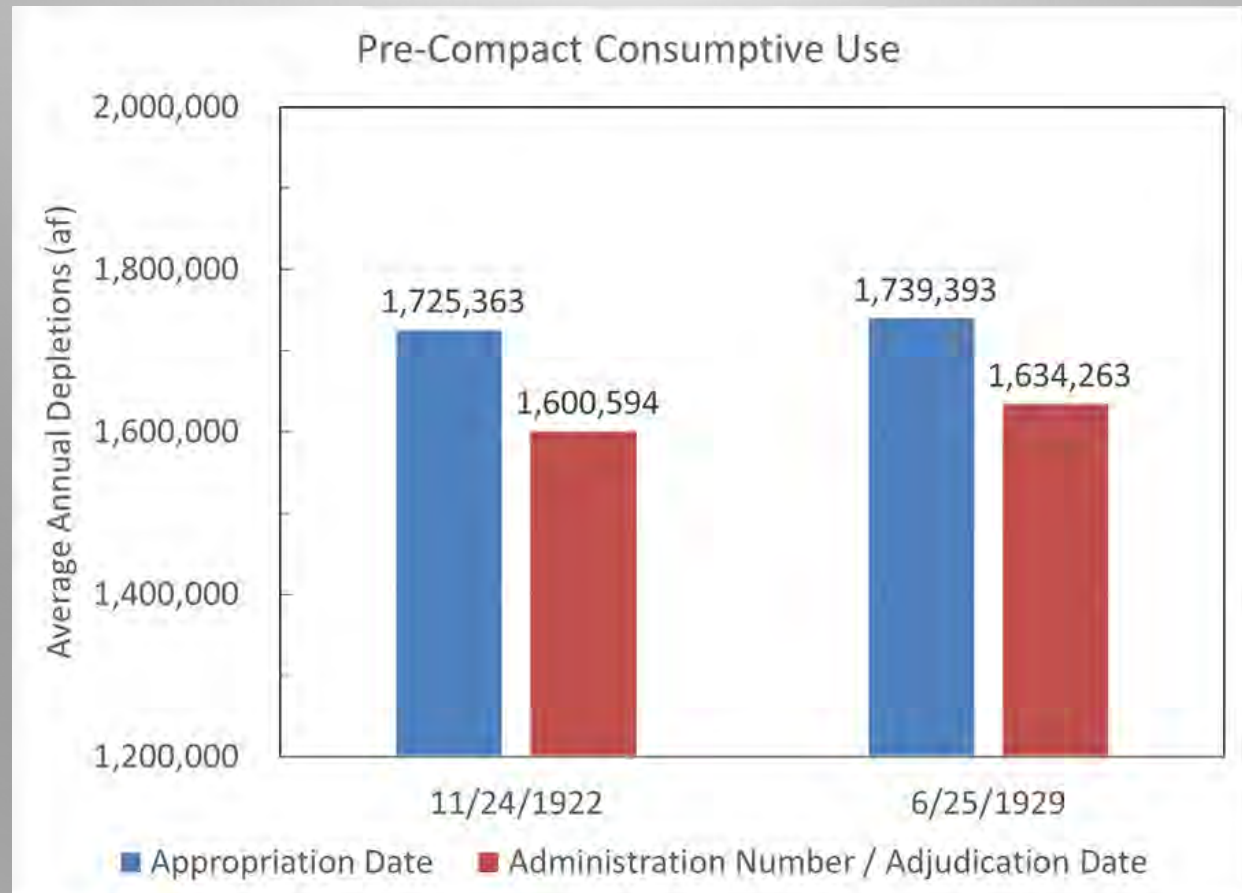
<i>Basin</i>	Annual Depletions (acre-feet)		
	Minimum	Average	Maximum
Yampa	173,547	196,982	215,193
White	48,550	62,060	70,397
Colorado	1,117,487	1,220,386	1,345,192
<i>In-Basin</i>	<i>650,887</i>	<i>669,397</i>	<i>692,333</i>
<i>TMDs</i>	<i>466,600</i>	<i>550,989</i>	<i>652,859</i>
Gunnison	481,626	552,418	601,030
Southwest	335,365	500,717	556,627
Total	2,156,575	2,532,564	2,788,439

Key Question: How Much Consumptive Use is Pre-Compact?

- Boulder Canyon Project Act (6/25/1929): U.S. Congress approves Colorado River Compact, which was signed by 6 of the 7 basin states on November 24, 1922.
 - Article VIII of the 1922 Compact: “Present perfected rights to the beneficial use of waters of the Colorado River System are unimpaired by this compact...”
- States of the upper basin would most likely attempt to maximize the amount of pre-compact consumptive use
- A point of contention regarding pre-compact rights is likely to be the quantification of “present perfected use” as of 1922.

Appropriation Dates vs. Administration Dates

- Administration of water rights in Colorado is generally based on adjudication dates (represented by admin numbers in StateMod)
- Modeling a Compact Call using appropriation dates yields more pre-compact consumptive use than using administration numbers/dates.

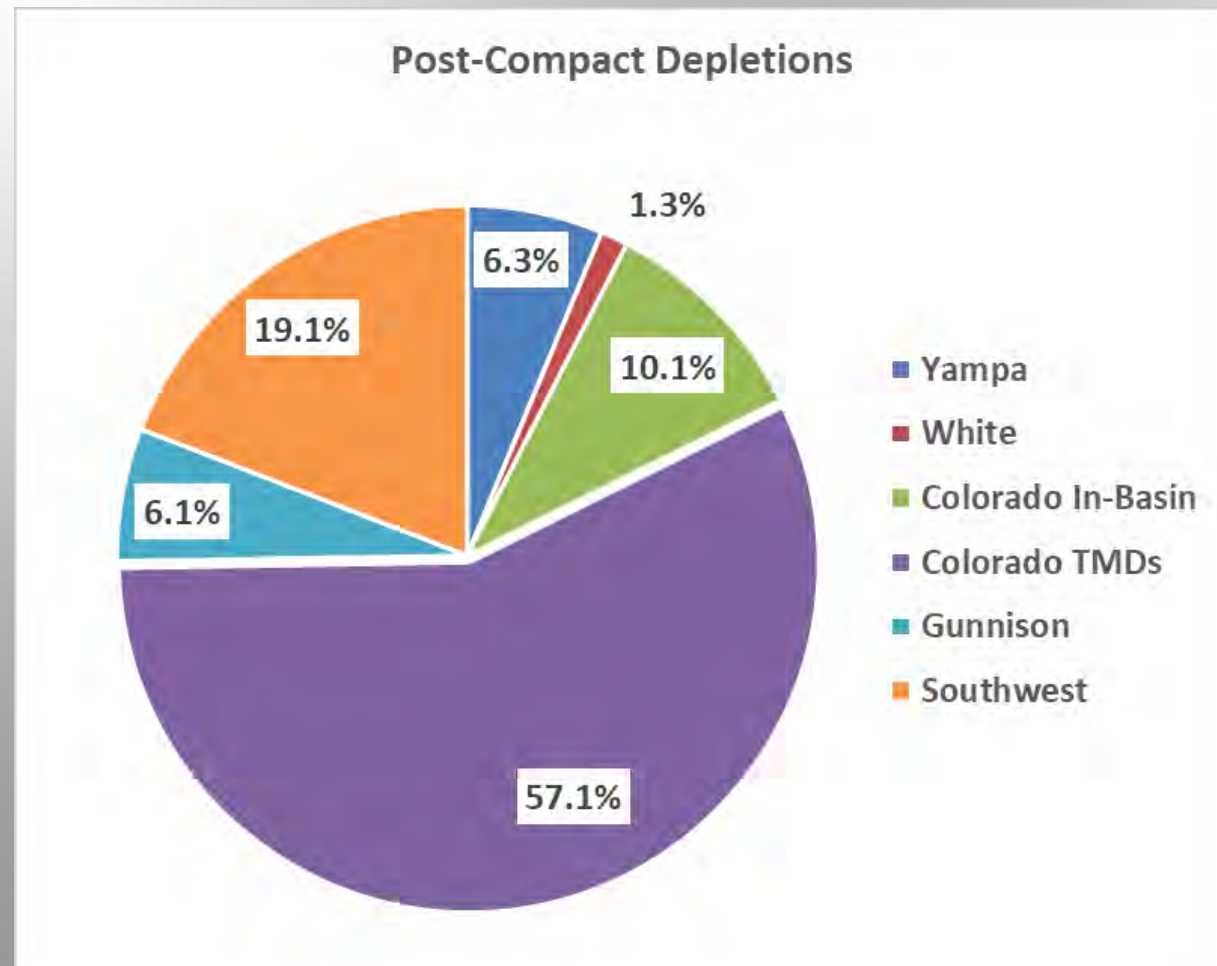


A Closer Look at Pre/Post Compact Depletions

<i>Basin</i>	Average Annual Depletions (acre-feet)		
	All Users	Pre-Compact	%Pre-Compact
Yampa	196,982	138,544	70%
White	62,060	50,173	81%
Colorado	1,220,386	594,169	49%
<i>In-Basin</i>	<i>669,397</i>	<i>574,997</i>	<i>86%</i>
<i>TMDs</i>	<i>550,989</i>	<i>19,173</i>	<i>3%</i>
Gunnison	552,418	495,147	90%
Southwest	500,717	322,561	64%
Total	2,532,564	1,600,594	63%

Who is Impacted by Curtailment of all Post-Compact Rights?

<i>Basin</i>	Average Annual Depletions (af)	
	Post-Compact	% of Total
Yampa	58,438	6.3%
White	11,887	1.3%
Colorado	626,216	67.2%
<i>In-Basin</i>	<i>94,400</i>	<i>10.1%</i>
<i>TMDs</i>	<i>531,816</i>	<i>57.1%</i>
Gunnison	57,271	6.1%
Southwest	178,157	19.1%
Total	931,969	100.0%



What if Curtailment of all Post-Compact Rights is not the only Option?

Q: How deep would administrative call be in order to yield a given volume?

Assume different target volumes for reduced consumptive use:

- 100,000 af
- 300,000 af
- 600,000 af

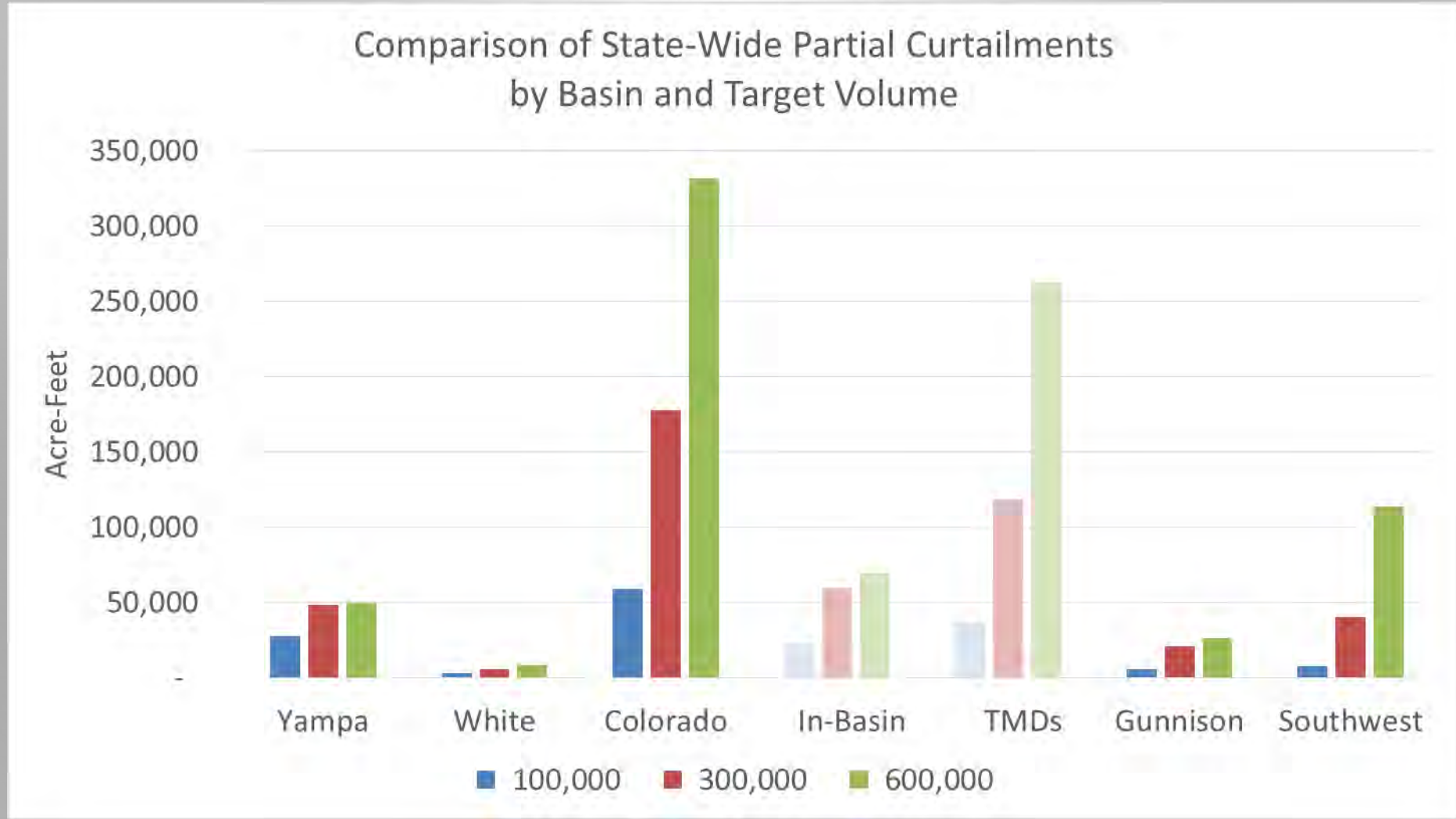
Recall that a “full” compact call yields about 932,000 af on average

Target Volume (acre-feet/yr)	All Colorado River Rights
100,000	Jul 1957
300,000	Sep 1940
600,000	Aug 1935
932,000	Nov 1922

Impact of a Single State–Wide Partial Call on each Sub–Basin

Target Volume (acre-feet/yr)	Yampa	White	Colorado	<i>In-Basin</i>	<i>TMDs</i>	Gunnison	Southwest
100,000 (Jul 1957)	28%	3%	59%	22%	37%	6%	8%
	27,627	2,753	59,124	22,309	36,815	5,925	7,528
300,000 (Sep 1940)	16%	2%	59%	20%	39%	7%	13%
	47,987	5,325	177,976	59,918	118,058	20,862	40,233
600,000 (Aug 1935)	8%	1%	55%	12%	44%	4%	19%
	49,679	8,478	331,556	69,452	262,105	26,163	113,862
Full	6%	1%	66%	10%	56%	8%	19%
	58,440	11,888	626,171	94,403	531,834	57,273	178,163

Impact of a Single State-Wide Partial Call on each Sub-Basin



What if Curtailment According to a Single State-Wide Priority Date is not the only option?

Purpose: Investigate different assumptions regarding the volume and distribution of mandatory curtailment actions *other than* total curtailment.

Examples: Agree to reduce consumptive use via a pro-rata basis. What if*:

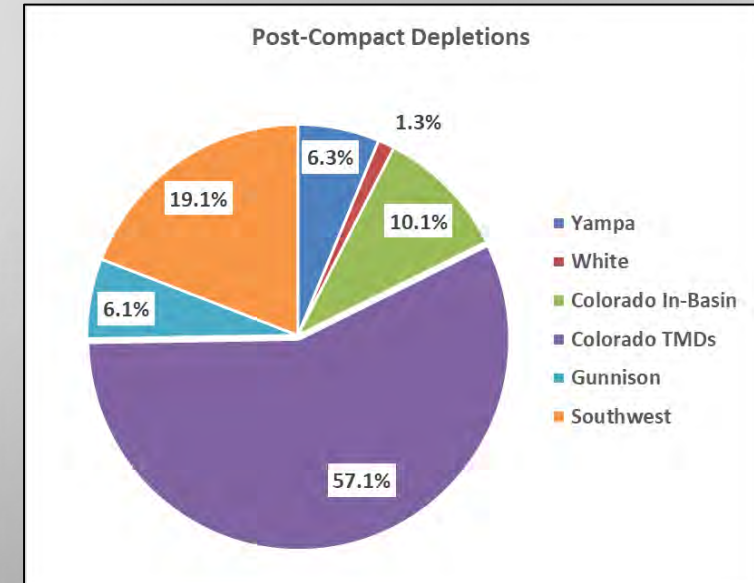
1. We distribute the mandatory reductions based on each sub-basin's percentage of post-compact water use relative to the State as a whole?
2. We distribute the mandatory reductions between in-basin uses and TMDs based on each group's percentage of post-compact water relative to the State as a whole?
3. The in-basin / TMD split is based only on relative uses in the mainstem Colorado (where the vast majority of TMDs occur)?

**These scenarios should NOT be construed as advocating for a particular approach to Compact administration. The intent is to quantify and better understand a variety of possible options.*

Partial Curtailment – by Sub-Basin

Q: How deep would the calls be in each basin to yield these volumes?

Assume that each sub-basin is responsible for reducing consumptive use by a volume of water based on the post-compact depletions *in that sub-basin* relative to the State as a whole



Target Volume (acre-feet/yr)	Yampa	White	Colorado	<i>In-Basin</i>	<i>TMDs</i>	Gunnison	Southwest
	6.3%	1.3%	67.2%	10.1%	57.1%	6.1%	19.1%
100,000	6,270	1,276	67,186	10,129	57,064	6,145	19,116
300,000	18,811	3,827	201,557	30,387	171,191	18,436	57,348
600,000	37,622	7,653	403,114	60,774	342,382	36,871	114,697
932,000	58,440	11,888	626,171	94,403	531,834	57,273	178,163

Partial Curtailment – by Sub-Basin

Example: If Colorado needed to generate 300,000 af annually, the Yampa basin portion of that volume would be ~18,811 af. To reduce average annual consumptive use in the Yampa by that amount would require calling out all rights junior to August 1962

A statewide call to yield 300,000 af requires a September 1940 call

Target Volume (acre-feet/yr)	Yampa	White	Colorado	<i>In-Basin</i>	<i>TMDs</i>	Gunnison	Southwest
	6.3%	1.3%	67.2%	10.1%	57.1%	6.1%	19.1%
100,000	6,270	1,276	67,186	10,129	57,064	6,145	19,116
300,000	18,811	3,827	201,557	30,387	171,191	18,436	57,348
600,000	37,622	7,653	403,114	60,774	342,382	36,871	114,697
932,000	58,440	11,888	626,171	94,403	531,834	57,273	178,163

Sub-Basin Distribution

For a given target volume, administration dates are developed for each sub-basin

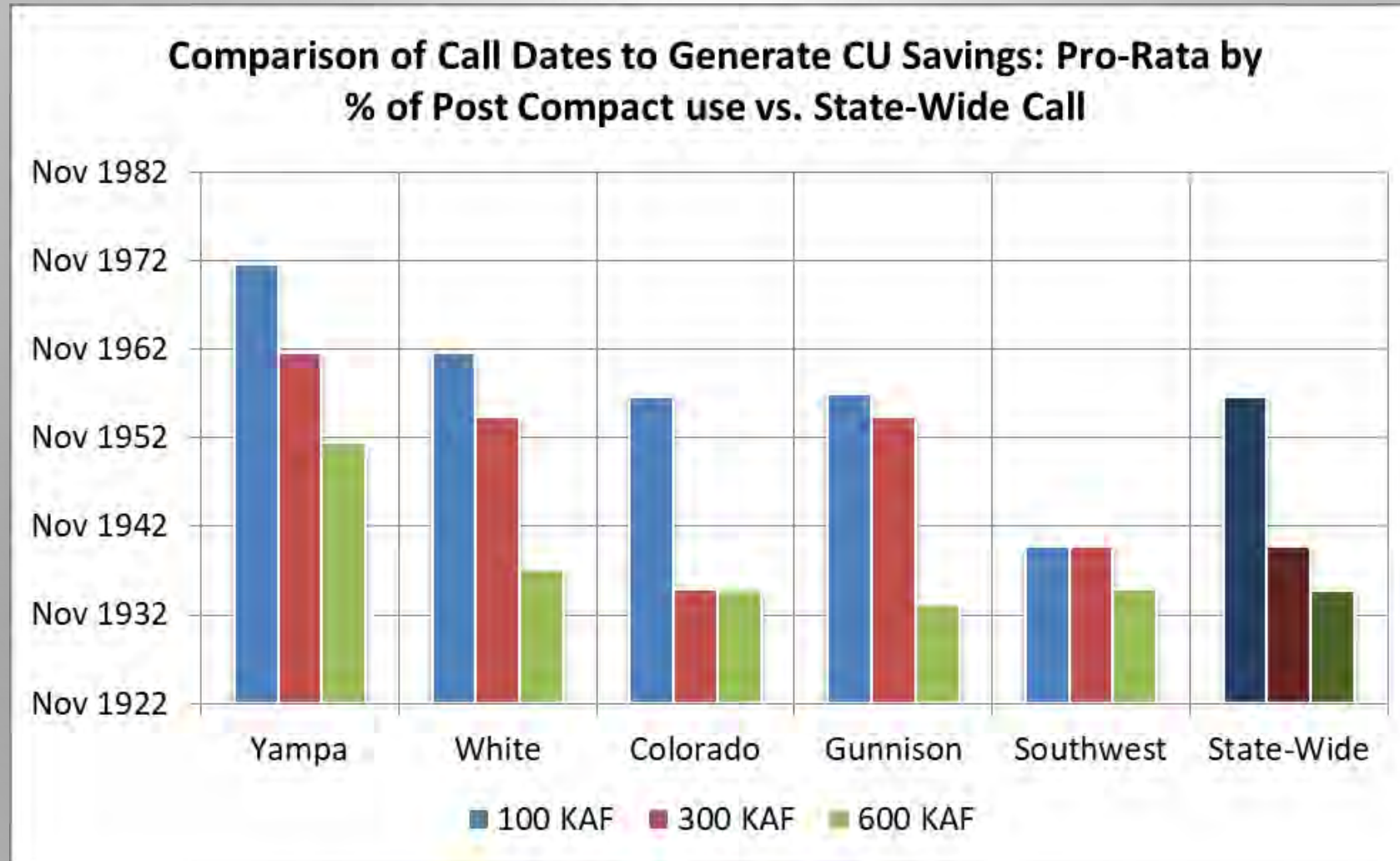
Target Volume (acre-feet/yr)	Yampa	White	Colorado	Gunnison	Southwest
	6.3%	1.3%	67.2%	6.1%	19.1%
100,000	6,270	1,276	67,186	6,145	19,116
	Jul 1972	Jul 1962	Jul 1957	Nov 1957	Sep 1940
300,000	18,811	3,827	201,557	18,436	57,348
	Aug 1962	May 1955	Nov 1935	Apr 1955	Sep 1940
600,000	37,622	7,653	403,114	36,871	114,697
	Jun 1952	Jan 1938	Aug 1935	Dec 1933	Nov 1935

Colorado Mainstem In-Basin/TMD Split

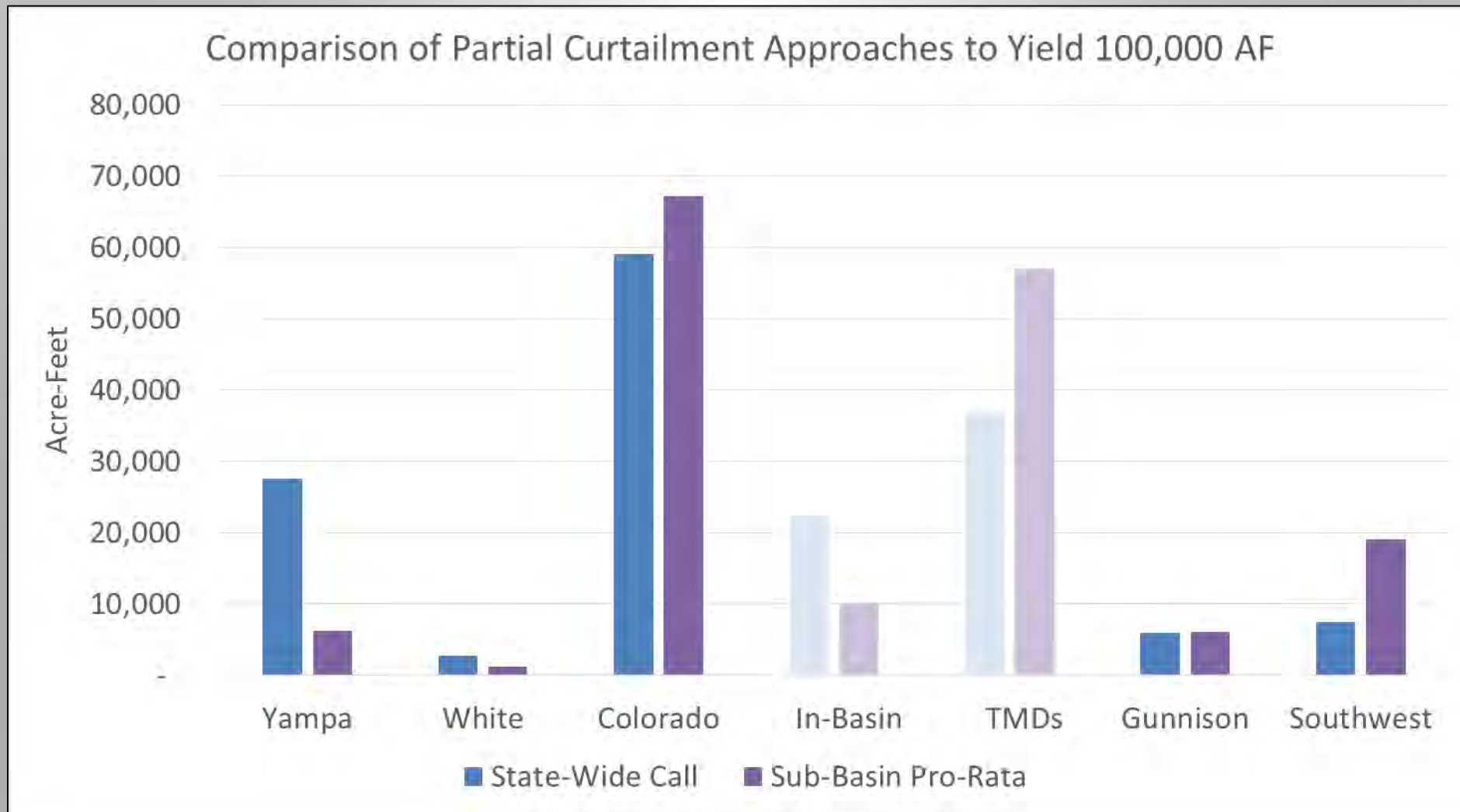
Splitting the mainstem Colorado into in-basin and TMD users relieves some in-basin administration, but TMD call remains essentially the same:

Target Volume (acre-feet/yr)	Colorado	<i>In-Basin</i>	<i>TMDs</i>
	67.2%	10.1%	57.1%
100,000	67,186	10,129	57,064
	Jul 1957	Jan 1981	Jul 1957
300,000	201,557	30,387	171,191
	Nov 1935	Jul 1957	Aug 1935
600,000	403,114	60,774	342,382
	Aug 1935	Jul 1941	Aug 1935

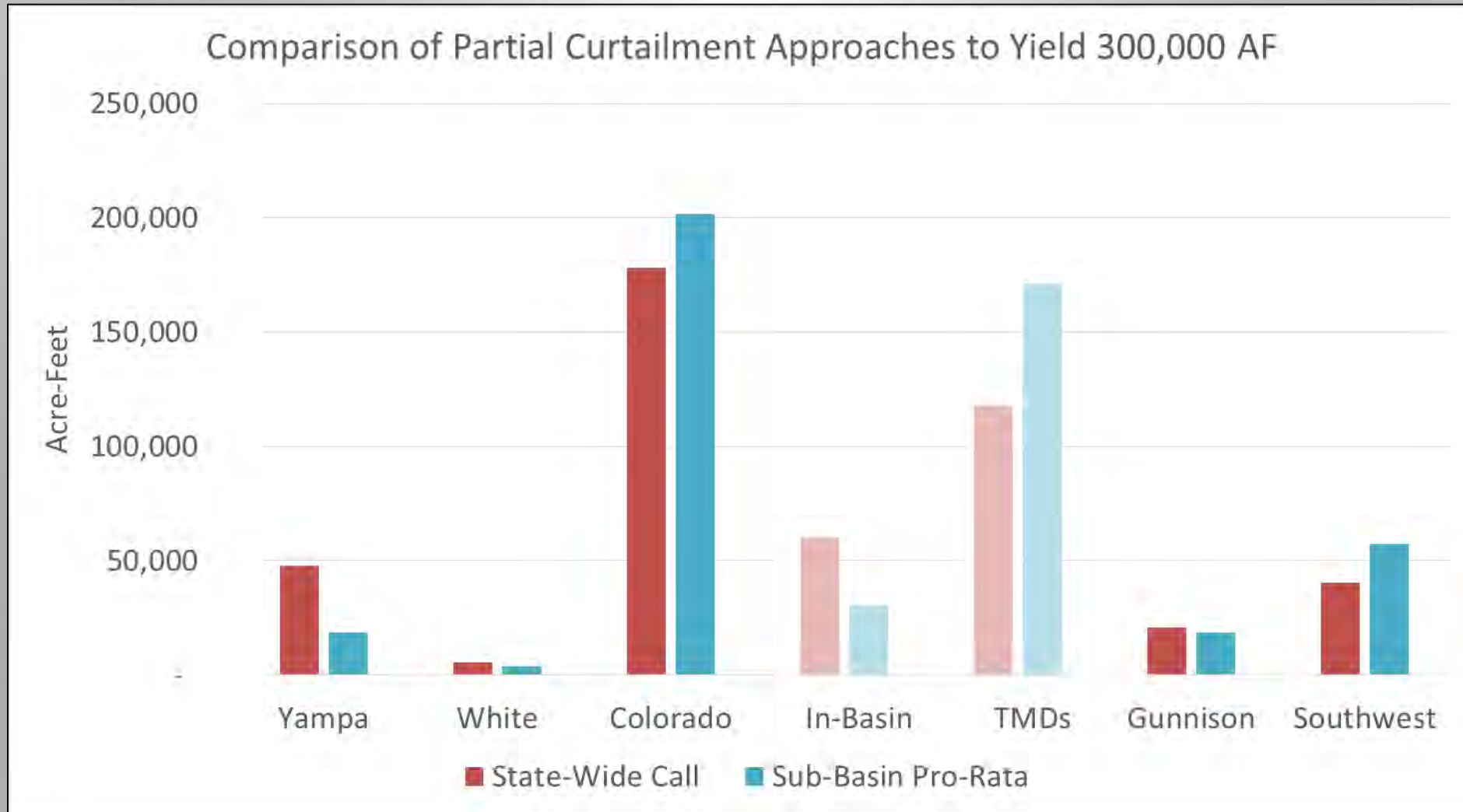
How would a Call vary across Sub-Basins (Pro-Rata) Compared to a State-Wide Call?



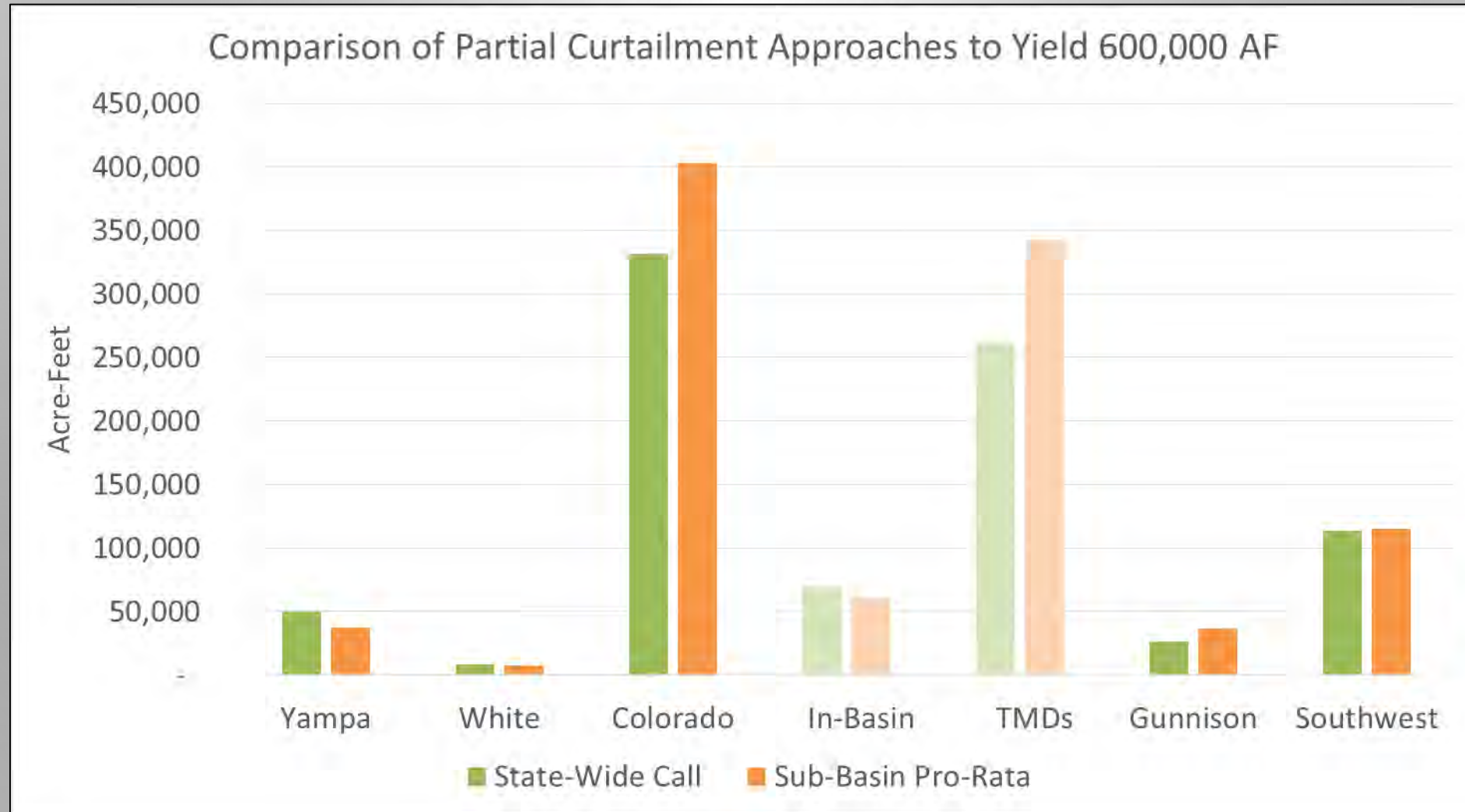
Comparison of State-Wide vs Sub-Basin Approaches to Curtailment



Comparison of State-Wide vs Sub-Basin Approaches to Curtailment



Comparison of State-Wide vs Sub-Basin Approaches to Curtailment



GENERAL OBSERVATIONS

1. Of Colorado's ~2.5 Maf of average annual consumptive use, approximately ~1.6 Maf is attributable to Pre-Compact rights, and ~900 Kaf is Post-Compact
2. TMDs constitute over half of the Post-Compact depletions (~56%)
3. Because of #2, the Colorado Mainstem users comprise 2/3 of all Post-Compact uses
4. The large TMDs often end up being the swing call, even across different volumetric reductions
5. Allocating deficit volumes pro-rata by sub-basin depletions results in substantially different administration dates for certain sub-basins when compared to a state-wide curtailment of all Colorado River water users.

END

c)





BOARD COMMUNICATION FORM

From: Kevin McBride, General Manager

Date: Friday, June 14, 2019 _____

Item: Marketing Manager search update _____

DIRECTION
 INFORMATION
 MOTION
 RESOLUTION

I. Request/Issue and Background Information:

Issue – Hiring the new Communications/Marketing Manager

II. Summary and Alternatives:

The Board appointed a committee to be involved in the hiring of the new staff referenced above. The committee consists of Directors Jones, Woodmansee, and Monger. We received 44 applications by the closing date. These were reviewed by the GM and nine were forwarded to the committee for further discussion. The committee will meet immediately prior to the full board meeting 6/19/2019 and report on process discussions to the full Board.

III. Staff Recommendation:

Continue the hiring process with the Board committee with the GM discussing final offer details with the selected candidate.

IV. Legal Issues:

N/A

V. Consistency with Board Goals and Policies:

This is per Board directions

Attachments:

Job description

Committee email correspondence

Communications/Marketing Manager

The Upper Yampa Water Conservancy District has a unique opportunity to play a key role in helping to highlight the value that we bring to the Public. This position will be the public face of Upper Yampa Water District. In this role you will prepare and deliver multi-media messaging that increases use of our services and educates our Public on the important water services the Upper Yampa Water Conservancy District provides.

This position is located in scenic Steamboat Springs, with easy access to all the activities and events the Colorado lifestyle provides. The Yampa Valley in Northwest Colorado is home to productive agriculture, significant energy resources, beautiful public lands, small town living, and world class skiing. This position will report to the General Manager and serve as lead for two District “departments”, Public Information and External Affairs. Communications and marketing duties will revolve primarily around these departments, including developing their budgets and implementing projects. Management of contractors and consultants in various capacities will be necessary. The Public Information department includes, communications/marketing and grant administration. External Affairs may include lobbying efforts.

Job duties and responsibilities

- Essential functions: This position requires the ability to lift 30 pounds of instructional materials and may lead field trips to District facilities, therefore the candidate should be comfortable working in remote areas and be able to hike over steep terrain.
- Key role in the development and maintenance of strategy and budgets for the Public Information and External Affairs departments.
- Coordinates with all concerned parties to guarantee adequate planning, execution and monitoring of communication activities.
- Develops marketing activities by demonstrating expertise in various areas (content development and optimization, advertising, events planning, etc.).
- Provides recommendations for future communication/marketing initiatives through sound policy and financial analysis.
- Plans and executes initiatives to reach the target audience through appropriate channels (social media, e-mail, press releases, presentations, etc.).
- Writes content for websites and coordinates its posting.
- Plans events, seminars and press conferences.
- Communicates with media.
- Builds long-term relationships with influencers and key stakeholders.
- Conducts market research to find answers about customer requirements, habits and trends.
- Participates on strategy teams and supports staff in developing grant applications, budgets and contract requirements.
- Manages administration of the grant cycle from application to closing; ensures that grant requirements are met, and payments are appropriate.
- Other duties as may be assigned.

To Be Successful In This Position You Will Have:

- In-depth knowledge of communications and marketing processes and best practices.
- Knowledge of Colorado water issues.
- Demonstrated strong communication skills.
- Demonstrated fiscal management skills, including budget management, developing and maintaining appropriate controls.
- Experience with grant administration including development of policies and procedures.
- Proven track record of successful project management, with examples.
- Outstanding interpersonal and presentation skills.
- Excellent organizational and time management skills.
- Excellent teamwork skills.
- A Bachelor's degree or advanced degree along with commensurate work experience in business, marketing, communications or related field.

Salary Range

\$5,100 to 7,800 per month DOQ. Hiring range maximum is typically midpoint of the salary range.

To Apply, please send cover letter and resume in PDF format to employment@upperyampawater.com by end of day May 24, 2019.

About Us:

The Upper Yampa Water Conservancy District, a public entity, was formed in 1966 under the Water Conservancy Act. It owns and operates Yamcolo and Stagecoach Reservoirs, collectively the largest stored water portfolio in the Yampa River Basin. As such the District is active in water resources issues locally and throughout the Colorado River Basin. The District is seeking a qualified and experienced individual to help communicate the District's mission and market its services to the Public. This position will help develop and maintain approaches to communicate the District activities to, and receive input from, District constituents. The District is committed to increasing its recognition in the community and more effectively marketing its services, including stored water, to citizens, public agencies, and non-profit groups. Future communication projects include improvements to the District's website, drafting press releases and community presentations. Grant programs and their administration will include both grants to the District and grant programs from the District to constituents. Marketing will include the District's water augmentation programs as well as other possible water and power sales. The External Affairs role will center on other communication with stakeholders in areas of public policy that impact the District and its constituents.

Doug,

Bob and Webb were in for the 360 Policy meeting and we briefly discussed the process. They did not seem interested in participating in phone interviews, but were interested in giving some feedback on the applicants, and (correct me if I'm wrong here gents) having some discussion of what the key attributes should be. My opinion is that the key attributes are, communications, business/grant program administration, and water knowledge (including the law and perspectives), really in that order. I would like the opportunity to talk briefly on the phone with each applicant and get an impression on those topics. Then, for say 3 in person interviews which the committee would be involved I'd ask them to look at our current website and come with some ideas, look at either our augmentation application or our Super Mini Grant program draft and give impressions on running those, and then ask some detailed water questions. The committee would provide input after the interviews and I'd make an offer. Our counselor advised me that this is a GM hire not a Board hire as the GM would be. (I suppose that is another governance issue). Obviously if there is a consensus which we all hope, this would be easy.

So I would suggest, at the Board meeting, the committee can discuss the 44 to 9 applicants the key attributes, and the remainder of the hiring process.

Kevin

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

From: Doug Monger <dmonger@co.routt.co.us>

Sent: Monday, June 10, 2019 12:26 PM

To: Barbara Wilson <bwilson@upperyampawater.com>; Bob Woodmansee <robert.woodmansee@icloud.com>; Webster Jones (hwebster@frii.com) <hwebster@frii.com>; Kevin McBride <kmcbride@upperyampawater.com>

Subject: RE: Hiring Committee meeting

What would be the purpose of meeting an hour before the board meeting, we can't interview anyone during that time frame, and we could establish a process and interview dates and times over a phone conference. Yes I could make the time work, just wondering the process. Doug Monger

From: Barbara Wilson [<mailto:bwilson@upperyampawater.com>]

Sent: Monday, June 10, 2019 11:54 AM

To: Bob Woodmansee <robert.woodmansee@icloud.com>; Doug Monger <dmonger@co.routt.co.us>; Webster Jones (hwebster@frii.com) <hwebster@frii.com>; Kevin McBride <kmcbride@upperyampawater.com>

Subject: Hiring Committee meeting

Doug, Web, Bob, and Kevin,

Would you be available to meet in the office conference room at 12:30 pm prior to the Board meeting on the 19th?

Please reply all.

d)





BOARD COMMUNICATION FORM

From: Ken Brenner and CBI facilitator Ryan Golten

Date: June 12, 2019

Item: Update and Request for Board Input by Special Committee on Goals/Governance

DIRECTION
 INFORMATION
 MOTION
 RESOLUTION

I. Request/Issue and Background Information:

The Committee is requesting Board input/feedback (verbally at today's meeting, and/or via subsequent written edits) and Board support to further refine the following:

1) Preliminary Draft - Mission/Goals document

- At its April meeting the Board authorized a Committee to draft a proposed Mission/Goals document for the Board's review and refinement, using the Upper Gunnison Water Conservancy District's work as a template. This Committee will also propose options for the Board to address the 'Board Governance' issues raised by the 360 Assessment.
- The Committee's met May 20, June 3 and June 10 with the primary focus of developing an initial draft Mission/Goals document for Board review and input, and a secondary goal of generating initial ideas for Governance improvements, for further Committee discussion and refinement.
- In developing this first draft, the Committee reviewed the 2016 and 2018 Board Retreat notes (strategic planning discussions), 2017 Survey results, and 360 Assessment. The Committee received helpful red-lined edits from Director Tom Sharp, which it addressed and incorporated at its second Committee meeting. The Committee also heard from legal counsel Bob Weiss regarding relevant legal considerations.
- In an effort to recognize the District's 'core mission' of storing and selling water, while also allowing a more expansive understanding of how the District might *strategically achieve* that mission going into the future, the Committee has proposed to distinguish between 'responsibilities' and 'opportunities' in its draft policies and goals.
- Where in doubt, the Committee opted to leave in suggested language for Board consideration and input, rather than delete it.
- This document represents an initial draft and is very much a work in progress. Before continuing to refine it, the Committee seeks Board feedback and input, as well as its support to continue. The Committee is open to any input from interested members of the public as well.
- Provided the Board is supportive, next steps for the Committee would include refining and prioritizing the current policies/goals and developing draft Objectives and Tasks



under each Goal, with relevant input from the Board. The Committee would like to have a draft ready for Board review in time to inform the District's budgeting and workplan development for 2020.

2) Preliminary Governance Suggestions

- This document represents a preliminary aggregate of initial Committee ideas. It has not yet been vetted with the Committee. The Committee welcomes initial ideas from the Board as it continues to generate ideas. The Committee will then study, discuss and evaluate these ideas in light of other models and best practices, before developing recommendations for Board consideration at a future meeting.
- **Staff Retreat.** A facilitated staff retreat is occurring on June 13 to begin to address internal issues that were raised by the 360 Assessment. The District is working with CBI to plan and facilitate that meeting, which will include helping the District identify and track relevant follow up actions.

II. Summary and Alternatives:

See above.

III. Staff Recommendation:

Continue to refine both draft documents with input and suggestions from the Board and interested members of the public.

IV. Legal Issues:

N/A

V. Consistency with Board Goals and Policies:

Consistent with Board direction.

Attachments/Relevant documents

- Bob Weiss legal memo regarding Committee drafts and relevant legal considerations
- Draft Values/Goals document
- Preliminary Governance Suggestions for District/Board
- May 20, 2019 Meeting Minutes
- June 3, 2019 Meeting Minutes

The following relevant documents have accompanied Board Communication Forms previously in 2019. They are not being reattached here. Please contact Barbara if you need any of them.

360 Assessment Report
CBI 360 Assessment Follow-Up Memo (3/12)
Bob Weiss Follow-Up Memo (3/7)
Committee Charter

February 2019 meeting packet
March 2019 meeting packet
March 2019 meeting packet
April 2019 meeting packet

Memo

TO: UPPER YAMPA WATER CONSERVANCY DISTRICT BOARD OF DIRECTORS
FROM: ROBERT G. WEISS, GENERAL COUNSEL
DATE: JUNE 12, 2019
RE: 360 COMMITTEE LEGAL DISCUSSIONS

In its work to draft a mission, goals and policies document for the District, the Committee, which we have been referring to as the "360 Committee," asked me to brief them on the purposes and powers of water conservancy districts in Colorado. I met with the 360 Committee last week to discuss these matters, and following the meeting, the 360 Committee asked me to prepare a memo for the Board summarizing our discussion.

The Water Conservancy Act is the organic statute originally adopted in 1937, and revised several times since, governing the formation of water conservancy districts in Colorado. The Upper Yampa Water Conservancy District was formed by decree of the Court in 1966. The District is a political subdivision of the State of Colorado and is governed by the Water Conservancy Act and the court Decree establishing the District. The purpose, authority and powers of the District are set forth and limited by Colorado State law.

The Water Conservancy Act contains a "legislative declaration" which defines the purpose for which districts are organized. It states in part that conservancy districts are organized to provide for the conservation of water resources of the state of Colorado and for the greatest beneficial use of water within the state and for the construction of "works." The legislative declaration also states in C.R.S. §37-45-102(3)(a) that "the development, use and conservation of water within this state is inextricably tied to the development and construction of works . . ." and in §37-45-102(3)(b) that the "development and construction of such works shall be deemed to be the development, use and conservation of water."

In the statute, "works" are defined as dams, storage reservoirs, compensatory and replacement reservoirs, canals, conduits, pipelines, tunnels, power plants and any and all works, facilities, improvements and property necessary or convenient for the supplying of water for domestic, irrigation, power, milling, manufacturing, mining, metallurgical and all other beneficial uses. Therefore, it is clear that conservancy districts are formed to construct works and other improvements for the purpose of supplying water for beneficial uses.

The 360 Committee has developed a draft statement of mission, policies and goals. I was asked to review the draft and to discuss with the 360 Committee whether the draft was consistent with the statutory purposes and powers of water conservancy districts. In general, I advised the Committee that I believe the current draft which is in your Board materials is not inconsistent with the water Conservancy Act.

In particular, I am aware of the 360 Committee's desire to include language of support for "aesthetic values and ecological or aquatic values" that are important to the communities and constituents of the District. While this language is arguably outside the statutory purposes of a water conservancy district, I believe that the District has broad authority to take actions in support of the development of works and improvements to provide water for beneficial uses. For example, in the construction of a reservoir or other improvements to supply water for beneficial uses, I think it would be appropriate for the Board to consider aesthetic, ecological or aquatic values important to its constituents and communities. In fact, such matters may likely be required to be considered in the regulatory process. Therefore, I do not think it inappropriate to include such language in the draft so long as it is made clear that the support for such values would be in the context of works and improvements of the District to supply water for beneficial uses or other authorized activities of the District.

I am also working with the Committee on its consideration of governance and organizational issues and will offer legal advice as needed.

UPPER YAMPA WATER CONSERVANCY DISTRICT MISSION, POLICIES & GOALS

Mission

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

The District will initiate and participate in works and projects that embody and promote the protection of water rights, provide broad benefits to District constituents and develop works and projects that provide responsible conservation, responsible growth, beneficial water storage and usage, and public awareness within the Upper Yampa Water Conservancy District.

The Board of Directors believes the Districts' mission is reflected in the following policy statements, as informed by guidance from the Upper Yampa District's 2017 community survey and 2019 stakeholder assessment report. Some of these policy statements reflect the District's responsibilities and core mission, while others reflect values and opportunities the Board sees embodied in carrying out its mission.

The statements and goals are not currently listed in order of priority. They are temporarily numbered for purpose of internal cross-referencing.

Policy Statements

1. The Board regards irrigation, municipal, commercial, domestic and industrial uses, and opportunities to support ecologic or aquatic values and water-based recreation, to be important matters for the District and the public it serves, and seeks to achieve mutual benefits among competing uses of water within the District to minimize conflict among uses.
2. The Board supports ranching and irrigated agriculture in the District for its economic, socio-cultural values, and environmental contributions to the community.
3. The Board recognizes that industrial uses, such as energy development and production, require direct flow and storage water, and support the economic welfare of the Yampa River Basin.
4. The Board supports planning and development of long-term water supplies for future municipal uses to ensure a vibrant diverse economy in the upper Yampa River basin.
5. The Board supports economically viable, water-based outdoor recreational activities, e.g., aesthetic enjoyment by residents and visitors, winter sports, water sports, fishing, and hunting.

6. The Board supports the concept that the Yampa River Basin and its healthy functioning rivers and streams are and will be the lifeblood of the county's agricultural, environmental, municipal, commercial, domestic, and recreational cultures, and, thus, its economic future.
7. The Board supports the District's participation in partnerships protecting the healthy functioning of rivers and streams, and the riparian and upland ecosystems and hydrology supporting such rivers and streams, within the District.
8. The Board supports wise land use policies by local governments to protect the Basin's water resources and the District's ability to develop the water resources of the Upper Yampa River basin.
9. The Board supports science-based programs related to monitoring, protection and restoration, as appropriate, in order to maintain the chemical, physical, and biological integrity of the rivers and streams in the upper Yampa River basin, and the health and protection of the ancillary watersheds from which such rivers and streams derive flow, as a necessary part of a healthy economy and environment within the District.
10. The Board acknowledges the written reports of the CWCB and the U.S. Bureau of Reclamation, and the preponderance of scientific evidence, which have predicted that warmer temperatures are already having effects in the District on quantity and timing of precipitation, evaporative losses, forest and rangeland health and timing of spring peak runoff, and that such changes will continue or increase in the future; it is therefore necessary to adapt the Board's future planning assumptions to appropriately take into account such predicted changing climatic conditions in the upper Yampa River basin.
11. The Board believes the District should participate in local and statewide processes to address co-occurring challenges such as climate, environmental, social, political, legislative, administrative and economic changes.
12. The Board recognizes the need for collaborative efforts with partners to monitor, and, if warranted and specifically directed by Board action, to support or oppose legislation, regulations, litigation, or administrative actions that have a nexus with water law or policy.
13. The Board opposes any new transfers of stream flow or storage water from the Yampa River and its tributaries to other basins, because such transfers would interfere with existing beneficial uses of water, damage economic stability, may diminish flows supporting the Colorado River Compact and reduce environmental quality of stream flow within the District.

14. The Board values education in order to provide water-related information to the public. In addition, the Board values a two-way exchange of ideas and information with our community regarding the District's programs and priorities.

15. Outreach by the District should focus on developing and improving partnerships, including identifying ways in which District activities can support broader Basin goals.

16. The Board supports and adopts as an integral part of its vision, policies, and goals, the legislative declaration of the Colorado Water Conservancy Act (the "Act") under which the District was created, as set forth in Colo. Rev. Stat. Ann. §37-45-102. In particular, the Board affirms that the development, use, and conservation of water within Colorado is inextricably tied to the development and construction of works as defined in the Act, that the development and construction of such works shall be deemed to be the development, use, and conservation of water, and that such works are deemed to be a public use essential for the public benefit of the people of Colorado and the Upper Yampa District.

17. The Board affirms the primacy, support and protection of the Yamcolo Reservoir and the Stagecoach Reservoir projects owned and developed by the District, and the efficient and beneficial storage, release and subsequent beneficial usage of waters therein.

18. The Board should continually but prudently seek to develop and construct financially viable water works within the District where appropriate for the continued or expansion of beneficial uses and conservation of water within the upper Yampa River basin.

District Goals

The goals below capture the Board's vision of what the District should pursue to advance the policy statements described above. (Note that each goal should correspond to at least one policy statement above. Each goal may have several concrete objectives and tasks associated with it.)

Goal 1 Protect Yampa water resources, and local beneficial uses of those water resources, with respect to new or expanded transmountain diversions, or other plans or projects that would impinge on those water resources and uses.

Goal 2 Prudently operate, maintain and improve the District's existing reservoirs and the efficient and beneficial storage of water and releases of such water for subsequent beneficial uses within the District.

- Goal 3 Promote and pursue water management that sustains historic agricultural, municipal, commercial, domestic, industrial and other beneficial uses while protecting the environmental and recreational uses of the Yampa River.
- Goal 4 Represent Yampa basin water interests at the regional and statewide level, including on relevant policy, legislative, administrative, regulatory, and judicial matters.
- Goal 5 Anticipate and plan for future long-term water benefits and needs in the upper Yampa River basin, including exploration of viable storage options.
- Goal 6 Study, address and promote water quality concerns in a manner that is consistent with the District's overall responsibilities, including protecting and encouraging the beneficial use of water within the District.
- Goal 7 Support and provide public education opportunities, regularly communicate with, and seek input from our constituents, including Board and staff members, regarding the goals and activities of the District and their relationship to broader water issues in the upper Yampa River Basin.
- Goal 8 Manage the District's water rights portfolio and water resources in, anticipation of predicted extended drought and changing climate conditions.
- Goal 9 Develop short- and long-term financial plans, with projections for potential impacts to future revenues and expenses, to support these goals. These projections will aid the Board of Directors during annual budget discussions concerning the implementation of our strategic priorities identified for that year. By anticipating potential revenue shortfalls and operating budget increases, the Board will be better able to set appropriate pricing for water.

Board/District Governance Suggestions

1) Clarify roles and responsibilities for Board/District operations

Process to better define and execute roles

- Need to work as a Board to understand different styles of governance and **best practices** for how board and staff can work together productively, without micromanaging – on annual basis (e.g., strategic planning and budget development) and on-going basis (e.g., developing Board meeting agendas).
- May be useful to define needed and/or wanted tasks and necessary skills/qualifications; then needed roles to perform tasks (staff, directors, contractors, volunteers). Encourage active participation of Board members in tasks (hands-on, or subcommittees).
- May need **bylaws** revisions as appropriate.
- Assignments to work with staff on particular issues should be **specified by Board** (unless specified by bylaws).

GM responsibilities should reflect District strategic planning

- GM responsibilities should reflect annual District goals and budget.
- Goals should be strategic, specific and **measurable** and become the basis for work plans and Board agendas.

2) Standardize process for updating annual goals and budget

Suggestions for setting annual goals and action planning

- Utilize five-year **budget projections** to develop specific District goals. Work with County Assessor's office to predict revenues and review expense projections (including impacts from decommissioning of power plants, reduced coal production, Gallagher).
- **Standardize** process for reviewing budget projections in late summer in anticipation of Board Retreat -- our opportunity to review and prioritize our strategic plan so budgeting reflects current goals for the District
- Consider whether Executive Committee or a new **Finance Committee** should oversee this responsibility.

3) Enhance clear, direct communications between Board and GM

- Board members to provide **policy direction** to staff in Board meetings, not one-on-one. (Okay to discuss issues or share opinions.)

- **Annual review** process should focus on discussing progress toward goals, reflecting strengths/areas for improvement, and goal setting for next year. Reviews should be clear, deliberative, and transparent (and not anonymous).
- **Specific** issues or concerns should be addressed as they arise in a direct and non-personalized manner. Initial communication should happen one-on-one, with a procedure for conflict resolution as needed.

4) Improve efficiency and productivity of Board meetings

Board meeting prep

- Continue to use **Board Communication Forms**. Add more detail – e.g., alternatives, pros/cons, other considerations to frame important discussions.
- Offer an option for electronic **packets** for Board members. Ensure electronic packets are available on website prior to the meeting.

Board meeting protocol and ground rules

- Ensure Board member comments are **succinct** and time-limited.
- Empower Chair to keep discussion **focused** and not let members dominate or ‘ramble.’ This can be disruptive and cast Board in a bad light with public.

Board meetings vs. Work Sessions

- More strategic use of **work sessions** versus meetings. **Alternate** months between normal board meetings (per bylaws) and work sessions (no more than 3 topics of importance). At work sessions, encourage candid discussion and questioning of ideas and strategies. At meetings, make decisions.
- More frequent Board meetings has been helpful.

Board meeting agenda structure/format

- Address **action items** at beginning of the meeting (important things first).
- Engineer’s report **earlier** on agenda – and/or use written reports from staff, as opposed to verbal. Information-only agenda items should be treated like consent agenda: **only discuss** if warranted and relevant to current or pending policy decisions. Need strategy for sharing FYI info, so as **not to limit** available information
- **Fewer items** on the agenda with more robust, thorough discussion on contentious issues.
- Create streamlined process to develop Board meeting **agendas** – including, at end of each meeting, have standing item to discuss **next meeting** agenda.
- **Invite** one stakeholder to join us for lunch before each meeting.
- Consider inviting **presentations** by external partners, Board members (for co-learning), and staff on specific topics.
- Utilize a brief “work session“ **before each meeting** to offer technical discussions by board members or the public.

Between meetings

- GM to provide regular e-**updates** to the directors on current events and activities.
- Use **committees** as appropriate to research and identify alternatives.

On-boarding of Board members

- **Orientation** to facilities, goals, statements, legal boundaries, etc.

5) Increase sense of inclusiveness/openness at Board meetings

Board meeting structure/format

- **Introduce** audience members at beginning of meetings. Directors should also welcome and introduce themselves to members of the public when they arrive at meetings, during breaks, or at other appropriate opportunities.
- **'Round robin'** format is useful to ensure directors have chance to comment on every discussion.
- Allow and encourage **public comment** at beginning of meeting and during agenda items as appropriate.
- More **voting** with possibility of minority or split votes (vs. voting procedure in which loudest/most passionate voice can sway the group).

Meeting protocol / ground rules

- Encourage open and candid discourse, but ensure that it is **polite**/respectful.
- Encourage well-articulated, well-reasoned arguments – e.g., using BCFs to share perspectives **prior** to meetings.
- Roberts rules?
- Get **agreement** from Board, then fully empower Chair to enforce agreements to keep comments focused and succinct, with no member dominating.
- Have meeting **placards** for each Board member.

Board meeting prep/between meetings

- Solicit and/or allow others to provide information to be included in board **packets**, in the form of letters, updates, or other.
- Fully utilize **website** to display minutes, agendas, packet materials, current events and news, water related data and educational material and videos.
- Ensure **transparency** on water pricing development and policy discussions to alleviate concerns that the district is motivated only for profitability as opposed to responsible public service.
- Board agreement on our mission will help.

6) Increase Board participation in Basin water efforts

Policy and protocol suggestions

- Strongly encourage all directors to regularly participate in **at least one** other external group and provide brief written report on key items (BCFs?).
- Clearly **identify** when speaking as Board member vs. a private individual in external meetings.
- Develop protocol for Directors in representing District positions externally, to ensure we are delivering a **consistent message**.
- When attending other regular meetings, provide brief **updates** on District's plans and policy discussions as appropriate.
- Need careful attention to **conflicts of interest**.

Considerations/priorities

- Actively support **Basin Roundtable** public outreach and education activities, e.g., the one mentioned at the May meeting involving local K-12 schools
- Fully participate in **western CO** Basin Roundtable collaboration.
- To help 'tell our story,' develop short **videos** for the District (2-3 minutes). These could include a wide array of topics, even detailing our options for firming Stagecoach.
- We should generally be perceived by district taxpayers, as the statutory water authority with a voter-approved tax base, as taking leadership on water matters.

Logistics

- Provide board members with District **name tags** (and business cards if they would like them for other meetings and water-related activities)

Board meeting structure

- Include agenda item for President's report and Board member **reports**?
- Set aside time at a few Board meetings during the year (i.e. **quarterly** for 1-2 hours) for presentations on water issues.

7) Encourage *more collaborative approach* in Board meetings and external engagement by District

Board meetings

- Active use of Board **subcommittees**
- More invitations for outside **presentations** (already started)

External protocol

- When attending outside meetings, prioritize **listening**, not lecturing or trying to convince. Demonstrate we can offer balance perspectives on most issues.

Activities

- Co-host annual '**Yampa water world**' conference engaging all water related groups and encouraging coordination/collaboration among the groups.
- Actively **support** the activities of the BRT and integrated water management plan efforts.
- Host annual picnic/bbq with **CPW** at Stagecoach, to showcase our park and rec opportunities at the reservoir, and to strengthen relationship with CPW.
- Coordinate/provide leadership to multi-group effort (with BRT, YIWMP) to upgrade **Ag infrastructure**, given pending 'over appropriation' designation.
- Revisit and possibly expand mini-grant program; review and update our criteria.

8) Conflict resolution procedure (within Board or Board-GM)

Rationale

- Areas of conflict that impact the Board should be brought to the attention of the Board in a timely and appropriate manner. Personal issues among Board and staff impact efficiency and productivity of both. Need **protocol** to address these situations.
- In general, want to encourage **clear, open, respectful** communication.

Policy suggestions

- Create new Board **Committee** (personnel committee, like contractual negotiation, State Park lease renegotiation, Stagecoach firming, etc) to address conflicts.
- Research **best practices**

Possible next steps (CBI suggestions)

1. Committee to hear relevant legal perspective/considerations from District counsel re: above governance issues

2. Committee to study models, best practices and other resources re the following:

- Roles and levels/types of involvement for Board officers and members – e.g., developing agendas, hiring/firing, representing District in external efforts, communicating with staff outside of Board meetings
- Annual reviews of GM
- Standardized practice for updating strategic planning docs along with annual work plan and budget
- Protocol for communicating official District positions with consistent messaging when Board members are involved in outside efforts
- Conflict resolution procedure – for staff, Board members, and Board/GM

3. Committee to make recommendations to Board as relevant in the form of:

- District and/or Board policies or procedures
- Internal Code of Conduct
- Proposed updated structure for Board meetings and/or process for info-sharing
- Bylaws updates
- Suggested presentations/trainings (e.g., retreat activity for Board development?)
- Other

DRAFT

RECORD OF PROCEEDINGS

**UPPER YAMPA WATER CONSERVANCY DISTRICT
BOARD OF DIRECTORS BOARD GOVERNANCE COMMITTEE MEETING
MAY 20, 2019 9:00 AM
MOUNTAIN VALLEY BANK COMMUNITY ROOM
2220 CURVE PLAZA, STEAMBOAT SPRINGS, CO**

MINUTES

The Board Governance Committee members present were Directors Ken Brenner, Bob Woodmansee, Jim Haskins, and Webster Jones. General Manager Kevin McBride, Administrative Assistant Barbara Wilson and Ryan Golten Consensus Building Institute Consultant, were also present.

The following agenda was proposed:

Goals/Governance Board Committee – Meeting Agenda

Purpose of the meeting:

- Clarify Committee's (limited) scope, timeline, and deliverables
- Broadly identify values and goals we propose to adopt from Upper Gunnison, those we don't, and those that need more discussion at next meeting – as first step in developing draft Values/Goals statement for Board review
- Confirm priorities for suggested Board governance improvements and discuss preliminary ideas – as first step in drafting recommendations for Board review

Clarify purpose, goals, and timeline (9-9:30)

- Review Committee scope and overall timeline
- Overall principles and process agreements
- Roles and responsibilities
- Discuss work plan (schedule, roles, meetings, outputs to Board)
- Confirm protocol for posting agendas/notes

Refinement of Vision/Values/Goals statement (9:30-11:00)

- Review Upper Gunnison document
- Identify the values and goals we propose to use/adopt for UYWCD, those we don't, and where we need more discussion (concepts only; no wordsmithing)
- Next steps for refining draft document for June Committee meeting

District/Board Governance (11:00-11:45)

- CBI to summarize relevant issues/needs from Assessment (pp. 4-5) & Charter
- Share initial ideas for addressing the following issues/needs:
 - Efficiency/productivity of Board meetings, including agenda structure
 - Inclusivity and openness to diverse perspectives at Board meetings
 - Board members' participation in other Basin water efforts
 - Encouraging collaboration in Board meetings and external efforts
 - Clarification of roles/responsibilities for Board operations and governance, including Exec Committee; communications and decision-making; and addressing areas of conflict or concern as they arise (including vis-à-vis Board and GM)
- Brief discussion and next steps for drafting initial recommendations
- Clarify governance topics for next meeting

Wrap Up, Next Steps, Actions Items (11:45-12:00)

RECORD OF PROCEEDINGS

Purpose of the meeting- Ryan Golten, Consensus Building Institute Consultant, reviewed the purpose of the meeting.

1. Strategic planning – develop first draft of Values/Goals statement
2. Board Governance – confirm priorities for suggested Board governance improvements

Clarify purpose, goals, and timeline- Draft Values/Goals statement to be presented to the Board at the June 19, 2019 Board of Directors Meeting. Board Governance draft to be presented to the Board at the August 21, 2019 Board of Directors Meeting.

Refinement of Vision/Values/Goals statement

Although the Committee is starting with Upper Gunnison document, agreement that we need to draft our own District goals. Kudos to Director Woodmansee for work he's done in reviewing and suggesting edits. Committee agreed to first review his suggestions, referring back to original Gunnison doc for reference.

Reminder that Mission is about what we do; Vision is about why/for what (future-oriented) purpose. Agreement not to get too hung up on language for now.

Committee likes structure of the document. No need to prioritize items at this time. The edits circulated after the 5/20 meeting reflect the Committee discussion and input.

Suggestions for Values section included:

- Call these policy statements, not value statements.
- Flood control should not be a mission of the District.
- 'Industrial' is more than just energy.
- Add "water based" to rec opportunities.
- Remove "strongly" from all the statements; we should not qualify them.
- Idea of watershed management may be problematic, but agreement that this idea is represented in discussion of partnership and other statements.
- Agreement to exercise caution not to 'take on' the issues that aren't the District's mission.
- Agreement to change 'Western Slope' to 'Yampa'. Notes about education and outreach requiring 2-way engagement and participation. Suggestion to omit 'co-learning'.

Suggestions for Goals section included:

- In developing our goals, need to look at the priorities expressed by our constituents in the 2017 survey and integrate the Board strategic planning discussions from our 2016 and 2018 Retreats, as well as what we heard in the 360 Assessment. Also need to look at enterprise funding categories, to ensure consistency between goals/actions and budget categories.
- Ultimately we need to prioritize the goals; some will be more important than others strategically and in terms of budget priorities.
- District should take leadership role for those items that are our direct purview.

RECORD OF PROCEEDINGS

- One of our goals should relate to our water contracts. We need to be consistent and eliminate potential problems that exist in the current contracts. Contracts are a high priority.
- Agreement that effective, 2-way communications with District constituents should be a goal. Consider making effective internal communication a goal as well.
- We'll need short- and long-term financial plans to support goals. For some, budget planning is a top priority goal.
- Need to have a goal about protecting/developing the resources District already has and follow-through with our master plan.
- Ms. Golten will talk with General Manager McBride to ensure that each current District priority corresponds to a goal, to identify any gaps.

All committee edits are represented in the Vision/Goals document for the June 3, 2019 Board Governance Committee meeting.

District/Board Governance

Homework to be submitted by 5/28: What ideas do you have for improving the District in the several areas below?

- Efficiency/productivity of Board meetings
- Board members' participation in other Basin water efforts
- Encouraging collaboration in Board meetings and external efforts
- Clarification of roles/responsibilities for Board operations and governance
- Communications and decision-making
- Addressing areas of conflict or concern as they arise

Input will be reflected in the June 3, 2019 Board Governance Committee meeting materials.

Wrap Up, Next Steps, Action Items

For 6/3 meeting, Ms. Golten to email a revised Vision/Goals document with edits from today's discussion. Committee to fill out Governance template and email to Ms. Golten by 5/28; she will compile the collected input for the 6/3 meeting.

Determination of future meetings The scheduled dates for the next Governance Committee meetings were confirmed: Monday June 3, at 1:00 PM and Monday June 10, 2019 at 9:00 AM at the District Office, 2220 Curve Plaza Ste. 201, Steamboat Springs, CO.

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

_____ Date: _____
Kevin McBride, District Secretary/Manager

RECORD OF PROCEEDINGS

**UPPER YAMPA WATER CONSERVANCY DISTRICT
BOARD OF DIRECTORS BOARD GOVERNANCE COMMITTEE MEETING
JUNE 3, 2019 1:00 PM
MOUNTAIN VALLEY BANK COMMUNITY ROOM
2220 CURVE PLAZA, STEAMBOAT SPRINGS, CO**

MINUTES

The Board Governance Committee members present were Directors Ken Brenner, Bob Woodmansee, Jim Haskins, and Webster Jones. General Manager Kevin McBride, Administrative Assistant Barbara Wilson and Ryan Golten Consensus Building Institute Consultant, were also present.

The following agenda was proposed:

Goals/Governance Board Committee – Meeting Agenda

Purpose of the meeting:

- Refine updated principles/goals document to propose to the Board on 6/19 as for Board review and further refinement
- Discuss and refine ideas for addressing priority Board governance topics; confirm next steps for developing recommendations to Board

Review last meeting and confirm goals for today (1-1:20)

- Brief review of 5/20 meeting and homework submitted
- Confirm goals for today

Refine Values/Goals statement (1:30-2:45)

- Review current draft (with edits from 5/20 meeting)
- Discuss and refine – including possibility of adding a Vision statement
- Next steps for developing for 6/19 Board meeting

District/Board Governance (2:45-3:45)

- Review and discuss input from Board members (post-5/20 meeting)
- Discuss possibilities for proposed action and/or policy updates
- Clarify what review and/or input needed at 6/20 Board meeting
- Discuss next steps and topics for 6/10 Committee meeting

Wrap Up, Next Steps, Actions Items (3:45-4:00)

- Review next steps – who, what, when; upcoming meeting schedule

RECORD OF PROCEEDINGS

Purpose of the Meeting - Ryan Golten, Consensus Building Institute Consultant, reviewed the purpose of the meeting:

- Refine updated principles/goals document to propose to the Board on 6/19 as for Board review and further refinement
- Discuss and refine ideas for addressing priority Board governance topics; confirm next steps for developing recommendations to Board

Review Last Meeting and Plan for Today - Since the last meeting, Director Tom Sharp offered redline edits to the draft document; Committee will review these today as we develop the next draft. Also, attorney Bob Weiss will present at the 6/10 meeting regarding any legal considerations regarding the Values/Goals document and governance recommendations the Committee was charged with developing.

Refinement of Values/Goals Statement

Preliminary discussion about Framing of Values/Goals:

- After some discussion, the Committee was in agreement about presenting, on 6/19, its initial recommendations to the Board, taking the Board's temperature to see if Committee is on the right track, getting initial input, and asking for Board approval for what Committee sees as its next stage of work for the Values/Goals document. We'll then reach out to the public for input as described in Charter. Committee will get Board's initial input on Governance ideas as well.
- Discussion about Vision vs. Mission statements and agreement to separate, for now, the first sentence of the District's Mission statement (more about why District exists) from its 2nd part (what District does to accomplish that vision) – for purposes of the Values/Goals document. Typically, a Vision statement describes Why you exist; it's more aspirational. Mission describes how you accomplish that and what you do.
- This led to an important insight and Committee agreement to differentiate, in the draft document, between responsibilities (core mission, legal mandate) and opportunities (how we want to go about accomplishing that mission, which includes a more expansive view of the District's activities). The draft policies and goals were edited accordingly. There was some discussion that the world was different when the Conservancy Act was written and we may now have additional responsibilities. The Committee will invite Bob Weiss to address this at its 6/10 meeting.
- Director Jones noted we discussed some of this at the October 2018 retreat as well and those notes are relevant to our Values/Goals, i.e., how the Board sees the District best accomplishing its mission.
- Agreement that everything staff does should be in service of one or more of our final goals.
- Agreement that each goal should have one or more corresponding policies. Ms. Golten will number the policies so the Committee can go through this exercise in the future.
- Agreement that current list of goals is not in any priority order.

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Discussion and agreements for document edits:

- Director Sharp's edits were well received. In general, the Committee was inclined to accept all of the proposed additions, but to leave in the draft language he proposed to omit, in order for the Board hear from Director Sharp and others and decide.
- Agreement in particular to leave in ecological and riparian needs, as well as aesthetic values, but to differentiate all of these as opportunities, not responsibilities (see discussion above).
- Agreement to separate water quality and supply ideas into different policy statements.
- Addition of a municipal policy statement.
- Agreement to omit pricing policy as its own goal; this will be part of the objectives to achieve the goals.
- Agreement to create a goal related to the District's water resources, under which protecting conditional rights and updating our Master Plan will be discreet objectives with associated tasks.

All committee edits are represented in the Vision/Goals document for the June 10, 2019 Board Governance Committee meeting.

District/Board Governance - Ms. Golten will re-send the Committee's initial compiled ideas along with some recommendations for next steps, for discussion on 6/10. Ms. Golten will ask Counsel Wiess if he can speak at the beginning of the meeting.

Input will be reflected in the June 10, 2019 Board Governance Committee meeting materials.

Wrap Up, Next Steps, Action Items - For 6/10 meeting, Ms. Golten to email a revised Vision/Goals document with edits from 6/3 meeting discussion, as well as an updated document with Committee Governance ideas.

Determination of future meetings The scheduled date for the next Governance Committee meeting was confirmed: Monday June 10, 2019 at 9:00 AM at the District Office, 2220 Curve Plaza Ste. 201, Steamboat Springs, CO.

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

_____ Date: _____
Kevin McBride, District Secretary/Manager

e)





BOARD COMMUNICATION FORM

From: Kevin McBride, General Manager

Date: Friday, June 14, 2019 _____

Item: USFS land “swap” _____

_____ DIRECTION
_____ INFORMATION
_____ MOTION
_____ RESOLUTION

I. Request/Issue and Background Information:

The Board purchased private land several years ago in the Morrison Creek drainage that includes a portion of Silver Creek, a major tributary to Morrison Creek (map included). The land was purchased as potentially helpful to potential future projects of the District. Silver Creek is mostly in public ownership and for much of its length forms the boundary between USFS land and USFS wilderness. There was discussion at the time of the purchase that it might be appropriate to swap, donate or use for mitigation the creek and associated riparian floodplain the district owns. In discussions with local USFS personnel there seemed to be acknowledgment of the benefits of having the creek entirely in USFS ownership. Staff understood that if the District wanted to propose any type of land negotiations with the USFS the Service might prefer it begin as a separate issue to any particular project.

A land swap and easement would have an impact on the size of the Morrison Creek alternative which has been discussed as one potential way to firm supplies into Stagecoach Reservoir. Mitigation would likely be required for any project in the Morrison Creek drainage.

II. Summary and Alternatives:

Discuss with the USFS the relationship between potential District needs and this property ownership.

III. Staff Recommendation:

Discuss with the USFS their potential interest in the property.

IV. Legal Issues:

Property ownership.








V. Consistency with Board Goals and Policies:
Move forward with District water planning efforts.

Attachments:

Attachment 1: Map of subject area

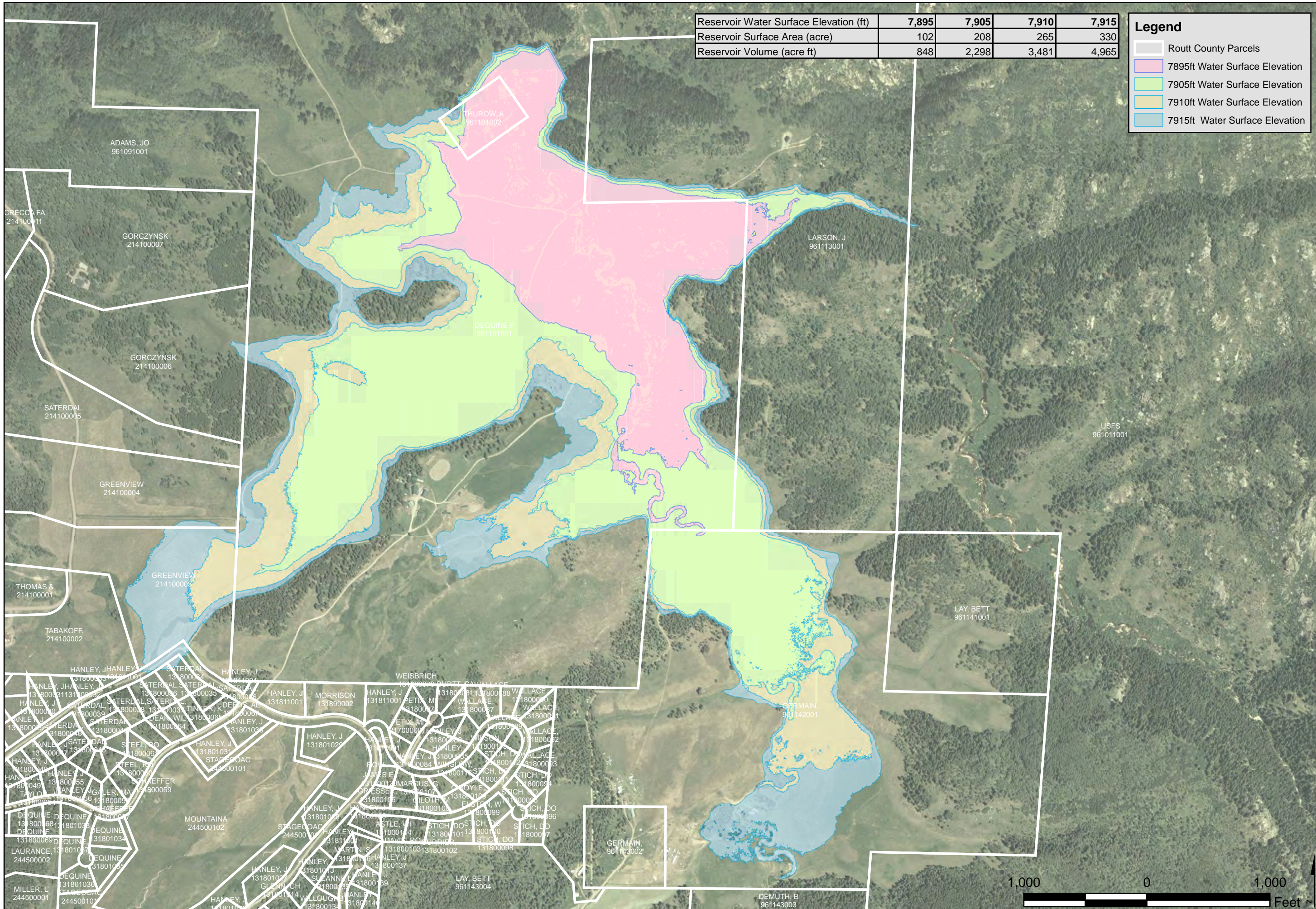
Reservoir Water Surface Elevation (ft)	7,895	7,905	7,910	7,915
Reservoir Surface Area (acre)	102	208	265	330
Reservoir Volume (acre ft)	848	2,298	3,481	4,965

Legend

-  Routt County Parcels
-  7895ft Water Surface Elevation
-  7905ft Water Surface Elevation
-  7910ft Water Surface Elevation
-  7915ft Water Surface Elevation

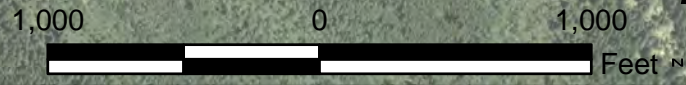


**Reservoir Water Surface
Elevation and Storage**
Routt County, Colorado
Conceptual Morrison/Silver Creek Reservoir
May 7, 2007

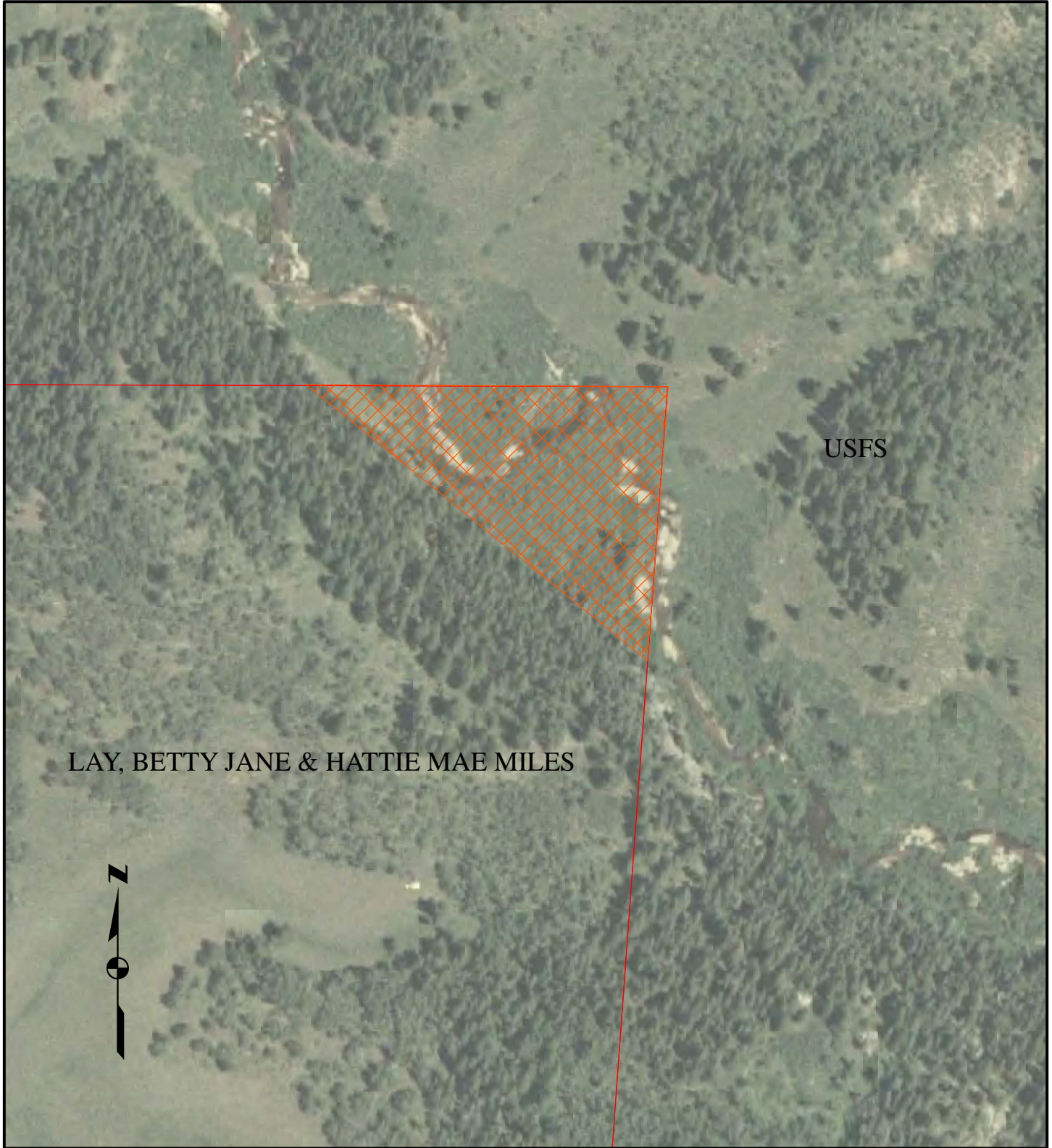


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No.	Date	By	Chk	Description



Wilderness Swap: Lay-Miles Property Corner



**Approximate Area of Property
for
Proposed Wilderness Swap:
3.03 Acres**

6)



a)





BOARD COMMUNICATION FORM

From: Andy Rossi

Date: 06/05/19

Item: Reservoir Water Status

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

I. Summary and Background Information:

Water storage data for Yamcolo Reservoir and Stagecoach Reservoir are included for reference materials for a summary discussion of the 2019 water year to date.

II. Alternatives:

NA

III. Staff Recommendation:

NA

IV. Legal Issues:

NA

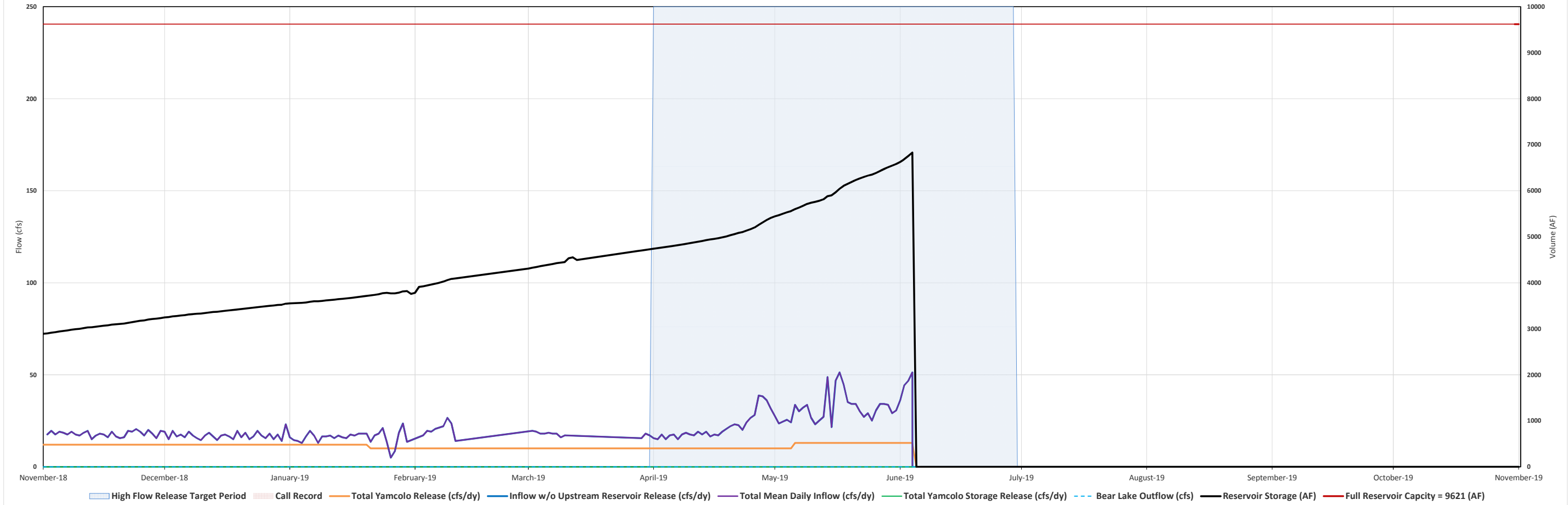
V. Consistency with Board Goals and Policies:

NA

Attachments:

Yamcolo Water Storage Data
Stagecoach Water Storage Data

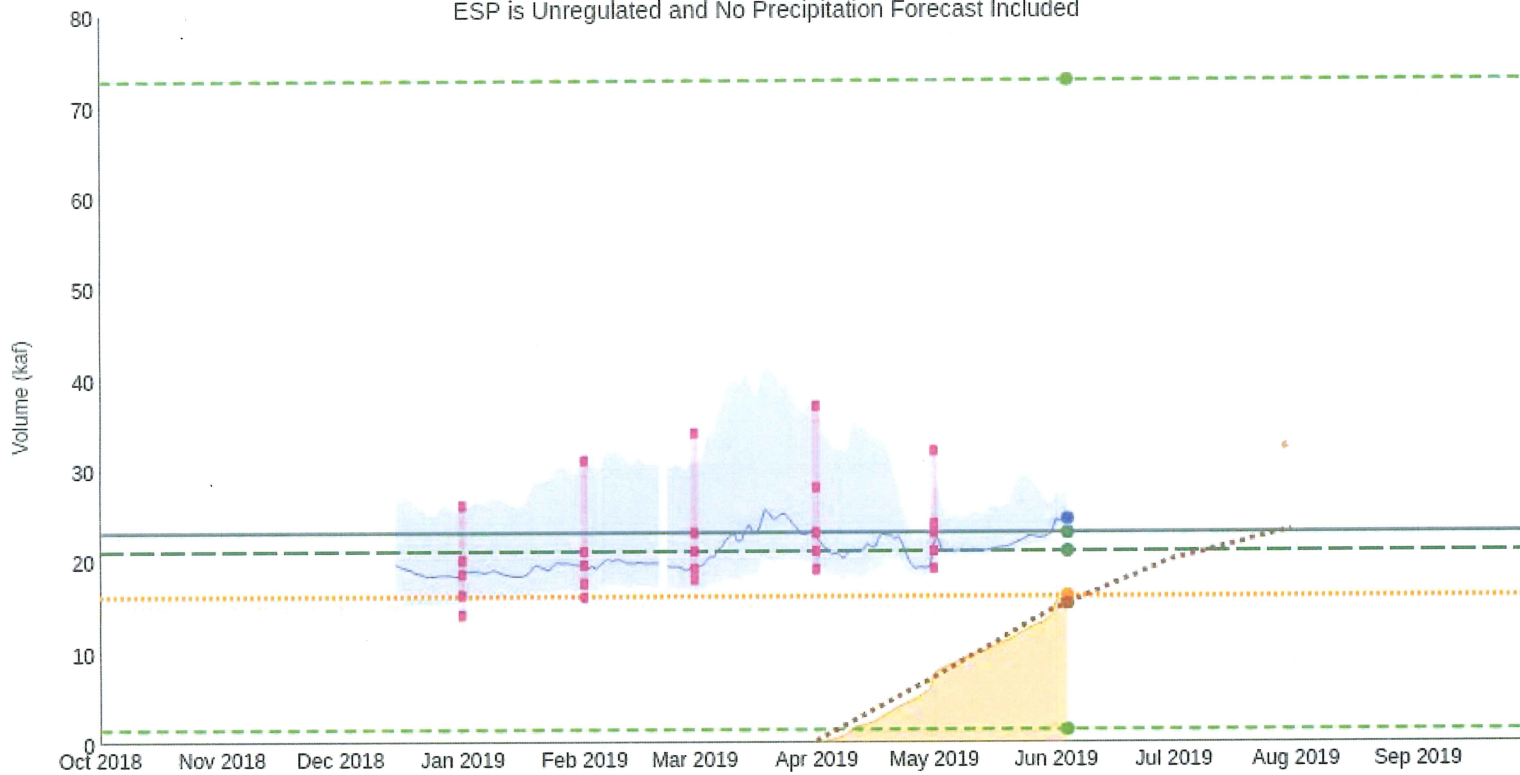
Yamcolo Reservoir: WY 2019 (Provisional Data)



Yampa - Stagecoach Rsvr, Abv (YASC2)

Period: Apr-Jul, Official 50% Forecast (2019-05-01): 23 kaf (100% Average, 110% Median)

ESP is Unregulated and No Precipitation Forecast Included



2019/06/04:

Max 2011: 72.79

Min 2002: 1.46

Average: 23

Median: 21

Observed

Accumulation: 16.1

Observed Total: 16.1

Normal Accumulation: 15.3

ESP: 24.5

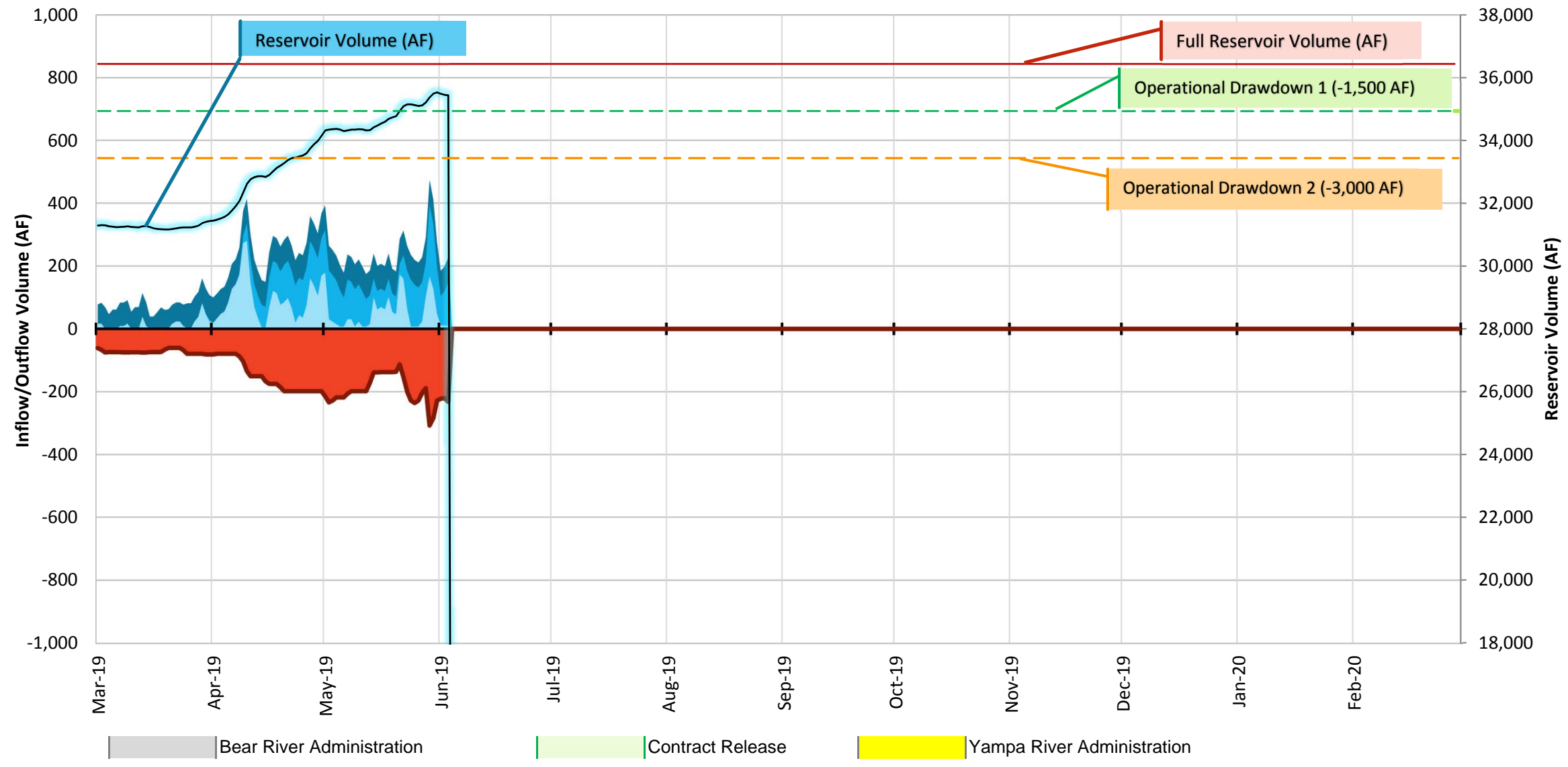
Stagecoach Reservoir Operations

Total Monthly Volume (AF)

Accounting Year 2019

INFLOW	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Total
Physical	2,475	7,391	7,642	610									18,118
Storable	413	5,011	5,182	372									10,978
Stored	405	2,869	1,764	32									5,069

OUTFLOW	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Total
Operator	-2,258	-4,544	-6,035	-674									-13,512
Spill	0	0	0	0									0
Gage	-2,254	-4,544	-6,035	-674									-13,508



b)





BOARD COMMUNICATION FORM

From: Andy Rossi

Date: 05/30/19

Item: Facilities Capital Projects

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

I. Summary and Background Information:

A verbal summary and information about the planned facilities maintenance projects for 2019 will be presented during the meeting.

II. Alternatives: NA

III. Staff Recommendation: NA

IV. Legal Issues: NA

V. Consistency with Board Goals and Policies: NA

Attachments

UYWCD Facilities Capital Projects Information

7)



a)



BOARD COMMUNICATION FORM

From: Scott Grosscup, legal counsel

Date: June 12, 2019

Item: Water Resume Review

DIRECTION
 INFORMATION
 MOTION
 RESOLUTION

I. Request/Issue and Background Information: I reviewed the Water Resumes for Water Divisions 5 & 6 for water court filings in the month of May and did not identify any water applications that would impair or injure the District's water rights. Therefore, I do not recommend the District file a statement of opposition at this time.

b)



BOARD COMMUNICATION FORM

From: Scott Grosscup, legal counsel

Date: June 12, 2019

Item: Water Court Cases Update

DIRECTION
 INFORMATION
 MOTION
 RESOLUTION

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

Case No. 16CW3016 – This is the District’s diligence application and to make absolute water rights stored in Stagecoach Reservoir. The Water Judge entered the final decree on May 26 in the form that we proposed and consistent with the District’s application and various stipulations. The final decree makes certain water rights absolute as being stored in Stagecoach Reservoir, continues others, and cancels other water rights the District’s master plan determined would not be developed. The following table describes the water rights made absolute and those continued for another six years.

Water Right	Original Decreed Amount	Amount Previously Made Absolute	To Remain Conditional	Amount Requested Absolute	Cancelled
Four Counties Ditch No. 1 Headgate No. 4 (40C)	50.0	-	47.8	2.2	-
Four Counties Ditch No. 3 Headgate No. 9 (40D)	35.0	-	30.33	4.67	-
Four Counties Ditch No. 3 Headgate No. 8 (40E)*	210.0	36.0	174.0	-	-
Four Counties Ditch No. 3 Headgate No. 7 (40F)	130.0	26.0	104.0	-	-
Four Counties Ditch No. 3 Headgate No. 6 (40G)	25.0	-	22.77	2.23	-
Four Counties Ditch No. 3 Headgate No. 5 (40H)	20.0	-	14.32	5.68	-
Four Counties Ditch No. 3 Headgate No. 4 (40I)	15.0	13.0	2.0	-	-
Four Counties Ditch No. 3 Headgate No. 3 (40J)	20.0	18.0	2.0	-	-
Branch of Four Counties Ditch No. 3 Headgate No. 12 (40K)	35.0	21.0	14.0	-	-
Branch of Four Counties Ditch No. 3 Headgate No. 11 (40L)	25.0	9.0	16.0	-	-

Water Right	Original Decreed Amount	Amount Previously Made Absolute	To Remain Conditional	Amount Requested Absolute	Cancelled
Branch of Four Counties Ditch No. 3 Headgate No. 10 (40M)	15.0	7.0	8.0	-	-
Four Counties Ditch No. 1. (40N)	30.0	-	24.26	5.74	-
Four Counties Ditch No. 3 and its Branch (40O)	125.0	-	111.71	13.29	-
Four Counties Ditch No.3 Enl. & Ext. Headgate No. 9 (45)	6.0	-	5.34	0.66	-
Four Counties Ditch No.3 Enl. & Ext. Headgate No. 13 (45A)	6.0	-	4.31	0.29	1.4
Four Counties Ditch No.3 Enl. & Ext Headgate No. 14 (45B)	49.0	-	36.2	1.8	11.0
Four Counties Ditch No.3 Enl. & Ext Headgate No. 15 (45C)	14.0	-	6.72	0.18	7.1
Four Counties Ditch No.3 Enl. & Ext Headgate No. 16 (45D)	70.0	-	0.22	0.88	68.9
Four Counties Ditch No.3 Enl. & Ext Headgate No. 17 (45E)	52.0	-	35.14	2.86	14.0
Four Counties Ditch No.3 Enl. & Ext Headgate No. 18 (45F)	30.0	-	19.86	0.84	9.3
Four Counties Ditch No.3 Enl. & Ext Headgate No. 19 (45G)	70.0	-	13.18	0.62	56.2
Four Counties Ditch No.3 Enl. & Ext Headgate No. 20 (45H)	130.0	-	100.95	5.95	23.1
Four Counties Ditch No.3 Enl. & Ext Headgate No. 21 (45I)	12.0	-	11.38	0.62	-
Four Counties Ditch No.3 Enl. & Ext Headgate No. 22 (45J)	75.0	-	61.68	3.82	9.5
Four Counties Ditch No.3 Enl. & Ext Headgate No. 23 (45K)	50.0	-	8.18	5.62	36.2
Four Counties Ditch No.3 Enl. & Ext (45L)	138.0	-	11.56	19.14	107.3
Four Counties Ditch No.3 Enl. & Ext (45M)	162.0	-	30.16	5.84	126.0
Bear Reservoir Enlargement	22, 105.8 af	-	3,927.9 af	-	18,177.9 af
Pleasant Valley Reservoir	43,220 af	23,354 af	19,866 af	-	-

Case No. 17CW3043 – This is the application by the City of Steamboat Springs for an augmentation plan for Casey’s Pond. We continue to wait on a proposed stipulation and ruling from the applicant who is working with the CWCB to determine the extent of the CWCB’s instream flow water right on Burgess Creek.

Case No. 18CW3020 – This is the application by the Mt. Werner Water & Sanitation District for new junior water rights at the Yampa Meadows Infiltration Gallery and plan for augmentation using water from Stagecoach Reservoir pursuant to a contract with the UYWCD. We have provided comments to the applicant on the form of proposed Ruling and are awaiting a revised Ruling and proposed stipulation that we can then present to the Board.

Case No. 19CW3005 – This is an application for finding of reasonable diligence filed by Tri-State Generation and Transmission Association related to conditional water rights it owns in the

Four Counties Ditch No. 3, Headgate 8 and in the Wessels Canal. No other statements of opposition were filed. Next step is to await the Division Engineer's Consultation Report.

Water Horse Resources – Utah counsel (Graham Gilbert of Snell & Wilmer) submitted a letter reply to Water Horse's submittal of supplemental information on March 15, 2019. Counsel informs us that the Utah Division of Water Rights tries to issue its findings within six months of the hearing. A decision is expected this fall or winter but may be sooner or later as the Division sees fit.

c)



BOARD COMMUNICATION FORM

(Not Confidential and Privileged Attorney-Client Communication)

June 19, 2019 Board Meeting

From: Robert Weiss, legal counsel

Date: June 13, 2019

Item: Environmental/recreation water contracts (ERC) legal issues

DIRECTION
 INFORMATION
 MOTION
 RESOLUTION

I. Request/Issue and Background Information: This is follow-up to agenda item on ERC program to discuss legal issues.

II. Summary and Alternatives: See Scott Grosscup memo. Scott will make presentation at Board meeting and discuss legal mechanisms available to the Upper Yampa Water Conservancy District to release water from Stagecoach Reservoir for Environmental and/or Recreational purposes.

III. Staff Recommendation: N/A

IV. Legal Issues: See attached

V. Consistency with Board Goals and Policies: N/A

VI. Fiscal Impact: N/A

Attachments: Scott Grosscup memo dated June 12, 2019 and Colorado Water Trust letter dated May 7, 2019



MEMORANDUM

To: Upper Yampa Water Conservancy District Board of Directors
From: Scott Grosscup
Date: June 12, 2019
Re: Environmental and Recreational Contracts

Issue. What are the legal mechanisms available to the Upper Yampa Water Conservancy District (“District”) to release water from Stagecoach Reservoir for Environmental and/or Recreational Purposes?

Short Answer. While there are several options to pursue the release of water for an environmental or recreational purpose, each has limitations and may require further discussions with the Division Engineer’s Office to shepherd such water to the intended use. Such delivery may be further limited to the place of use and/or location of a decreed instream flow so that once water passes the identified area it would be subject to further appropriation by downstream water rights. Consultation with the Division Engineer’s Office would be advisable to determine the method that would be acceptable to enter into a long-term contract.

Water Rights Stored in Stagecoach Reservoir. The District stores water in Stagecoach Reservoir under several water rights decreed for various purposes as follows:

- Four Counties Ditch No. 1 and No. 3 and Four Counties Ditch No. 3, Enlargement and Extension – domestic, irrigation, industrial, generation of electric power and energy, mining, recreation, and all other beneficial uses including appropriative rights of exchange and substitution, augmentation and exchange for replacement purposes and all other augmentation uses.
- Bear Reservoir – irrigation, stock, domestic, municipal, industrial, piscatorial and recreational uses and appropriative rights of exchange and substitution, augmentation and exchange for replacement purposes and all other augmentation uses.
- Bear Reservoir Enlargement – water storage and appropriative rights of exchange and substitution, augmentation and exchange for replacement purposes and all other augmentation uses.
- Pleasant Valley Reservoir – Irrigation, domestic, stock watering, municipal, industrial and power uses and appropriative rights of exchange and substitution, augmentation and exchange for replacement purposes and all other augmentation uses.
- Yellow Jacket Ditch, Union Ditch and Little Chief Ditch - municipal, domestic, industrial, irrigation, stock watering, recreational, piscatorial, power generation, evaporation,

augmentation and exchange and appropriative rights of exchange and substitution, augmentation and exchange for replacement purposes and all other augmentation uses.

- In addition, the District owns a water right in the Stagecoach Hydro-Electric Power Plant in the amount of 110 cfs for power generation.

Statutory Framework. The Colorado General Assembly has provided that the Colorado Water Conservation Board (“CWCB”) is vested with the exclusive authority to appropriate waters required for minimum stream flows that the CWCB determines may be required to preserve the natural environment to a reasonable degree (“ISF”). §37-92-102(3), C.R.S.

The General Assembly has also empowered local governments to appropriate water for recreational in-channel diversions (“RICDs”). This is defined as the “minimum amount of stream flow” controlled between two control structures “for a reasonable recreation experience” between April 1 to Labor Day of each year.

Both an ISF and a RICD can be provided additional flows if the natural river flows are not capable of meeting the amounts of the decreed water right.

- §37-83-105, C.R.S., allows the owner of a water right decreed and used for agricultural irrigation purposes to loan all or a portion of the water right to be used for an ISF. The state engineer must determine that the CWCB’s use of the loaned water will not injure other water rights, and the loan may only be exercised three out of ten years. (The “3 in 10 Year” option.)
- §37-92-102(3), C.R.S., authorizes the CWCB to acquire by grant, purchase, lease or otherwise water rights to “preserve or improve” the natural environment to a reasonable degree. But in order to use such water for instream flow purposes, the CWCB shall file a change of water right application to use such water for instream flow purposes. *Id.* (The “Loan/Lease” option.)
- §37-92-308(5), C.R.S., authorizes the owner of a water right to apply to the state engineer for a temporary change of water right for a period not to exceed five years. (The “Temporary Change” option.)
- §37-92-305, C.R.S., authorizes the filing of plans for augmentation that could be used to augment an RICD or potentially an instream flow water right. (The “Augmentation Plan” option.)
- §37-87-103, C.R.S., allows the owner of a reservoir to release water from storage and have that water delivered to a downstream point for subsequent use. The District has contracted with the City of Steamboat Springs to release water for municipal purposes, which may include releases for the City’s RICD. (The “Contract” option.)

Administration Issues. The statutory tool used to deliver water from a reservoir can create different administration issues with respect to the release and shepherding of water down the river. The District may only release water for an identified beneficial purpose. A release that is not for a beneficial purpose may be deemed wasteful causing a “paper fill” scenario and possible problem in subsequent years of re-filling reservoir in priority.

- The 3 in 10 Year option has a limited term and cannot be used for extended droughts. The District has used this option in the past to release water for the instream flow. Discussions with the Division Engineer suggest that while there are several water rights that store for irrigation purposes within Stagecoach Reservoir, that office is taking the position that the 3 in 10 Year option applies to the reservoir itself and not to the individual water rights. Under that interpretation, the District cannot release water stored under the Four Counties rights for a period of 3 years, then in the next 3 years release water attributed to Bear Reservoir, then release water attributed to Pleasant Valley Reservoir, which would result in water being released in 9 of 10 years. Additionally, these releases would only be shepherded through the instream flow reach. The CWCB holds an instream flow right from the confluence with Morrison Creek to the inlet of Lake Catamount. After Lake Catamount, the water would then be available for appropriation by other water users.
- The Loan/Lease option could be used for longer periods. However, this would require a change of the District’s water rights to an instream flow purpose. That right to use for instream flow purposes could only be exercised by the CWCB. The law is not clear on whether water changed for this purpose could only be used within an instream flow reach or if it could be shepherded further downstream to “improve” a stream segment that does not have an instream flow water right. Rather than change an existing water right, the CWCB could appropriate a junior storage right for release from Stagecoach Reservoir for ISF purposes subject to an appropriate agreement with the District on CWCB’s rights to store and release any water in the reservoir.
- The Temporary Change Option as similar issues with the Loan/Lease option and also has limited duration. This option does not, however, require court approval.
- The Augmentation Plan option would only impact an RICD or instream flow reach with water then being made available to other appropriators. The Colorado General Assembly recently considered a bill to “clarify” the CWCB’s ability to use water decreed for augmentation purposes. The introduction and consideration of this bill raises questions about whether this option currently exists, or if there needs to be a statutory clarification. Also, in both instances the augmentation plan would not be making water available to a senior calling right but would be delivered for the non-consumptive uses within the affected stream reach. We are not aware of any decreed augmentation plans for such purposes. Augmentation plans are typically developed to allow the junior appropriator to continue diversions with depletions being replaced for the benefit of the senior

appropriator. This type of release to meet the demands of the junior appropriator, and not to replace its depletions, are more like the Contract option described below.

- The Contract option allows the District to deliver water for its decreed purpose to a point on the river for such use. The District has released water for municipal purposes to the City of Steamboat Springs at its wastewater discharge point to enhance water temperatures. These releases have resulted in improved stream health but are only delivered to the discharge point, and after which are then available for appropriation by other water users. The District could potentially release water for “piscatorial” purposes to enhance the Yampa River fishery. However, it is unclear if these releases would be shepherded down the river by the Division Engineer. Such releases could be considered wasteful if there is no defined need; i.e., how much water is needed to improve the fishery? Is it the instream flow amount or something else? There would need to be a defined area of need and stream reach in which the water would be used.
- The District could release water for hydropower purposes. However, such releases would only be measures at the reservoir outlet and without additional point of use would then be available for appropriation by other water users.

Contracting Questions. In developing contracts for an Environmental or Recreational purpose, the District would have several considerations including, but not limited to:

- Contract pricing: whether the price is the same or different as other contracts
- Contract pools: which pool would water be released consistent with the District’s Stagecoach Reservoir Fill and Release Policy
- Length or term of Contract
- Take or Pay or deliver when needed
- Interruptible or firm



COLORADO WATER TRUST

1420 Ogden Street, Suite A2, Denver, CO 80218
Tel: 720.570.2897 | www.coloradowatertrust.org

Tuesday, May 7, 2019

Board of Directors
Upper Yampa Water Conservancy District
2220 Curve Plaza Ste. 201
Steamboat Springs, Colorado
80477-5529

Re: Environmental Water Contracts in Stagecoach Reservoir

Dear UYWCD Board of Directors,

Colorado Water Trust would like to thank Upper Yampa Water Conservancy District for its collaboration over the past seven years. Staff at both organizations have worked together closely since 2012 to enable the release of water from Stagecoach Reservoir for in-channel uses on the Yampa River. This collaborative project to support the health of the Yampa River has been a resounding success, generating significant multi-purpose benefits for the natural environment and project partners, including:

- Hydropower production at Stagecoach Dam
- Increased operational flexibility at Stagecoach Reservoir
- Increased habitat availability for important populations of coldwater fish
- Increased water availability for water users downstream of defined in-channel uses
- Increased flow to meet decreed instream flow rates downstream of Stagecoach Reservoir
- Removed or held-off river closures to recreational use on multiple segments of the Yampa River during dry years
- Decreased water temperatures to the benefit of the river and the City of Steamboat Springs
- Increased awareness of river health issues locally and statewide

Stagecoach Reservoir releases for in-channel uses over the past seven years have occurred under two separate delivery mechanisms – releases for instream flow under a Temporary Instream Flow Loan to the Colorado Water Conservation Board (the first ever use of the statute in 2012, then again in 2013 and 2017), and releases for nonconsumptive municipal use by the City of Steamboat Springs at its wastewater treatment facility outfall (2015-2018). From 2012-2018 releases have increased flows on the Yampa for a total of 342 days at rates up to 30 cfs. The project, in total, has restored over 11,200 acre-feet of water to the Yampa River, provided over \$450,000 of revenue to UYWCD, and benefitted the regional community and economy.

The Water Trust desires to continue purchasing water for release to the Yampa River in future years, but we have met the maximum number of years allowed for utilizing the Temporary Instream Flow Loan initiated in 2012, and there are obstacles ahead. We hope that UYWCD can help to maximize our ability to contract for Stagecoach Reservoir water by considering fair and transparent pricing for environmental water, as well as a broader set of legal mechanisms for release and delivery of environmental water.



COLORADO WATER TRUST

1420 Ogden Street, Suite A2, Denver, CO 80218

Tel: 720.570.2897 | www.coloradowatertrust.org

The lack of decreed instream flow (ISF) water in Stagecoach Reservoir means the release options for in-channel uses are somewhat limited. There are numerous legal tools that would provide more flexibility and certainty for both UYWCD and the Water Trust, but many of them require some degree of quantification of existing water rights. These options include, but are not limited to:

- A Substitute Water Supply Plan (SWSP) for instream flow use.¹ This would entail a quantification of water rights to gain the State Engineer's administrative approval for a temporary change, and would not establish legal precedent for future water court change cases. Additionally, an SWSP could protect water through a longer reach of the Yampa beyond the bounds of the current instream flow reach decreed in 01CW106. This approach could allow for up to five years of releases for ISF use.
- An instream flow augmentation plan.² An ISF augmentation plan could protect water through a longer reach of the Yampa beyond the bounds of the current instream flow reach decreed in 01CW106, and it could use changed and quantified water rights that are already decreed for augmentation to boost streamflow.
- A permanent change of water rights to add instream flow or ISF augmentation use.³ This would require a water court change case including quantification and would create a reliable and permanent source of environmental water in the upper Yampa River basin.

While it is likely the Water Trust's project can rely on nonconsumptive municipal releases in the near-term, it is important that we look to the future to identify options that increase flexibility and certainty, not only for the Water Trust, but also for UYWCD. Ultimately, it will be Upper Yampa Water Conservancy District that decides the future of environmental releases on the Yampa River.

Thank you for your consideration. Please do not hesitate to contact staff at the Water Trust with questions.

Sincerely,

Mickey O'Hara
Water Resources Engineer
Colorado Water Trust

Kate Ryan
Staff Attorney
Colorado Water Trust

¹ C.R.S. 37-92-305(8)

² C.R.S. 37-92-102(3), see also H.B. 19-1271

³ C.R.S. 37-92-305

d)



BOARD COMMUNICATION FORM

June 19, 2019 Meeting

(Not Confidential and Privileged Attorney-Client Communication)

From: Andy Rossi, District Engineer
Robert Weiss, legal counsel

Date of memo: May 30, 2019

Item: Bear Lake Water Administration Agreement

DIRECTION
 INFORMATION
 MOTION
 RESOLUTION

I. Request/Issue and Background Information: The District has authorized the release of Yamcolo water to replace out-of-priority evaporative losses from Bear Lake Reservoir during the irrigation season. The attached agreement formalizes this arrangement.

II. Summary and Alternatives: Move to approve the proposed Agreement or table or deny the requested Agreement with CPW.

III. Staff Recommendation: Approve the proposed Agreement.

IV. Legal Issues: Agreement protects the District by requiring CPW to repay the released water promptly on request. The Agreement may be terminated by notice given by March 1 for the upcoming and future years.

V. Consistency with Board Goals and Policies: This matter has been previously discussed with the Board and reflects current practice.

VI. Fiscal Impact: None

Attachments: Contract

DRAFT

STATE OF COLORADO
acting by and through the
Department of Natural Resources
for the use and benefit of the Division of Parks and Wildlife
and the Parks and Wildlife Commission

WATER ADMINISTRATION AGREEMENT

with

UPPER YAMPA WATER CONSERVANCY DISTRICT

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1. PARTIES

This Water Administration Agreement (hereinafter called “Agreement”) is entered into by and between the State of Colorado, acting by and through the Department of Natural Resources for the use and benefit of the Division of Parks and Wildlife and the Parks and Wildlife Commission (hereinafter called “CPW or “the State”), and the Upper Yampa Water Conservancy District (hereinafter called the “District”). The Parties hereby agree to the following terms and conditions.

2. EFFECTIVE DATE and NOTICE of NONLIABILITY

This Agreement shall not be effective or enforceable until the Effective Date as set forth in §4.G. Neither Party shall be liable for any performance hereunder including, but not limited to, costs or expenses incurred, or be bound by any provision hereof prior to the Effective Date.

3. RECITALS

A. Authority, Appropriation, and Approval

- i. CPW’s authority to enter into this Agreement exists in C.R.S. §§ 33-1-101 et seq.
- ii. The District’s authority to enter into this Agreement exists in the Water Conservancy Act, C.R.S. § 37-45-101, et seq.

B. Consideration

The Parties acknowledge that the mutual promises and covenants contained herein and other good and valuable consideration are sufficient and adequate to support this Agreement.

C. Structure Ownership and Purpose

The District owns and operates Yamcolo Reservoir, located on the main stem of the Bear River in Water Division 6. CPW owns and operates Bear Lake Reservoir, located on the main stem of the Bear River approximately one-quarter mile upstream from Yamcolo Reservoir. CPW operates Bear Lake Reservoir for public recreational purposes and keeps Bear Lake Reservoir full and spilling during the Irrigation Season in order to optimize recreational opportunities for public visitors. This Agreement acknowledges the recreational value of keeping Bear Lake Reservoir full as often as possible during Irrigation Season prior to and including the Labor Day holiday weekend. Historically, during administration on the Bear River, Bear Lake Reservoir was out-of-priority but allowed to continue to spill and not drop at the rate of evaporation. The DWR allowed this knowing that sufficient water was released from Stillwater Reservoir and/or Yamcolo Reservoir to make up for this out-of-priority depletion to the system. In recognition of the foregoing public recreation benefits and uses at Bear Lake Reservoir, the Parties desire to formalize this historic practice with the understanding that only legally stored water in Yamcolo Reservoir will be used to replace the evaporative losses. The amount of water released from storage at Yamcolo Reservoir to replace such out of priority depletions at Bear Lake Reservoir shall be repaid to Yamcolo Reservoir through the release of stored water at Bear Lake Reservoir at the conclusion of the Irrigation Season unless otherwise requested by the District. .

D. References

All references in this Agreement to sections (whether spelled out or using the § symbol), subsections, exhibits or other attachments, are references to sections, subsections, exhibits or other attachments contained herein or incorporated as a part hereof, unless otherwise noted.

4. DEFINITIONS

The following terms as used herein shall be construed and interpreted as follows:

A. Agreement

“Agreement” means this Agreement, its terms and conditions, documents incorporated by reference under the terms of this Agreement, and any future modifying agreements, exhibits, attachments, or references incorporated herein pursuant to Colorado State law, fiscal rules, and State Controller policies.

B. Bear Lake Reservoir

“Bear Lake Reservoir” a/k/a Upper Stillwater Reservoir, means the reservoir, dam, and all associated facilities owned and operated by CPW, located in portions of Sections 19 and 20, T1N, R86W, and Section 24, T1N, R87W, Garfield County, Colorado, WDID 5803545, with Priority Number 48 and Priority Date January 5, 1961, pursuant to the decree entered in Case No. CA3538, District Court, Routt County, Colorado.

C. C.R.S.

“C.R.S.” means the Colorado Revised Statutes as amended.

D. CPW

“CPW” means the Colorado Division of Parks and Wildlife and the Parks and Wildlife Commission, also referred to herein as the “State”.

E. District

“District” means the Upper Yampa Water Conservancy District, a statutory water conservancy district and political subdivision of the State of Colorado located in Routt County and a portion of Moffat County, Colorado, created pursuant to the Water Conservancy Act, C.R.S., § 37-45-101, et seq.

F. Division Engineer

“Division Engineer” means the Colorado Division Engineer for Water Division 6.

G. Effective Date

“Effective Date” means the date that the last Party has signed this Agreement.

H. Irrigation Season

“Irrigation Season” means the summer irrigation season, which typically extends from May 1 to September 30.

I. Party or Parties

“Party” means the State or the District, and “Parties” means the State and the District.

J. Yamcolo Reservoir

“Yamcolo Reservoir” means the reservoir, dam, all associated facilities owned and operated by the District and located in portions of Sections 16, 17 and 20, T1N, R86W, Garfield County, Colorado, WDID 5804240, and the water storage rights decreed thereto.

5. TERM and EARLY TERMINATION.

The term of this Agreement shall be 30 years, unless sooner terminated. This Agreement may be terminated by either party by notice to the other in writing given no later than March 1 of the year termination is desired effective for the upcoming Irrigation Season.

6. REPLACEMENT OF BEAR LAKE RESERVOIR EVAPORATION

Unless otherwise requested by the District, when the Bear River is under administration due to the call of downstream senior irrigation water rights, out-of-priority evaporative losses from from Bear Lake Reservoir shall be released from Yamcolo Reservoir. The volume of water released from Yamcolo Reservoir shall not exceed 60 acre-feet during any Irrigation Season unless otherwise approved in writing by the manager of the District after consultation with CPW’s Northwest Region Water Resources Specialist. CPW recognizes that if the out-of-priority evaporative losses exceed 60 acre-feet in any Irrigation Season, that Bear Lake Reservoir will be administered in priority and will be dropped at the rate of evaporation by the Division Engineer.

7. RECORDS

Daily records showing the cumulative out-of-priority depletions from evaporative losses at Bear Lake Reservoir and cumulative volume of releases made from Yamcolo Reservoir pursuant to this Agreement shall be kept and maintained by CPW and provided to the Division Engineer and the District.

8. REPAYMENT OF RELEASED WATER

At the request of the District, CPW agrees to release, water stored in Bear Lake Reservoir to Yamcolo Reservoir to repay the District the volume of water released from Yamcolo Reservoir to replace Bear Lake Reservoir evaporation as provided in Paragraph 6 above. Such releases shall be made promptly following the request of the District in cooperation with the District and the Division Engineer. After such 'repayment' of water is released from Bear Lake Reservoir to Yamcolo Reservoir, CPW may begin storing water in Bear Lake Reservoir in accordance with its storage priority.

9. WARRANTIES and REPRESENTATIONS

The Parties warrant that they each possess the legal authority to enter into this Agreement and that they have taken all actions required by their procedures, by-laws, and/or applicable laws to exercise that authority, and to lawfully authorize their undersigned signatories to execute this Agreement and to bind each Party to its terms. The person signing and executing this Agreement on behalf of each Party hereby represents, warrants, and guarantees that they have full authorization to do so. If requested by the other Party, each Party shall provide the other Party with proof of its authority to enter into this Agreement within 15 days of receiving such request.

10. SUCCESSORS and ASSIGNS

All of the terms and provisions of this Agreement shall inure to the benefit of, and shall be enforceable by and binding upon, the heirs, personal representatives, successors and assigns of each of the Parties hereto.

11. ATTORNEYS’ FEES

In the event either of the Parties hereto brings an action or proceeding to enforce this Agreement or any provision thereof, the prevailing party in such action or proceeding shall be entitled to recover reasonable attorneys’ fees and costs, including court costs, expert witness fees and other necessary costs, whether or not such action or proceeding is prosecuted to judgment.

12. DEFAULT

A. Defined

In addition to any breaches specified in other sections of this Agreement, the failure of either Party to perform any of its material obligations hereunder in whole or in part or in a timely or satisfactory manner constitutes a breach. The institution of proceedings under any bankruptcy, insolvency, reorganization or similar law, by or

against the District, or the appointment of a receiver or similar officer for the District or any of its property, which is not vacated or fully stayed within 60 days after the institution or occurrence thereof, shall also constitute a breach.

B. Notice and Cure Period

In the event of a breach, notice of such shall be given in writing by the aggrieved Party to the other Party in the manner provided in §13. If such breach is not cured within 90 days of receipt of written notice, or if a cure cannot be completed within 90 days, or if cure of the breach has not begun within 90 days and pursued with due diligence, the aggrieved Party may terminate the Agreement, and/or exercise any of the remedies set forth in §12.

13. REMEDIES

If either Party is in breach under any provision of this Agreement, the other Party shall have all of the remedies available to them in law or equity and any other remedies set forth in other sections of this Agreement. The non-breaching Party may exercise any or all of the remedies available to it, in its sole discretion, concurrently or consecutively.

14. NOTICES and REPRESENTATIVES

Each individual identified below is the principal representative of the designating Party. All notices required to be given hereunder shall be hand delivered with receipt required or sent by certified or registered mail to such Party’s principal representative at the address set forth below. In addition to, but not in lieu of a hard-copy notice, notice also may be sent by e-mail to the e-mail addresses, if any, set forth below. Either Party may from time to time designate by written notice substitute addresses or persons to whom such notices shall be sent. Unless otherwise provided herein, all notices shall be effective upon receipt.

CPW:

Northwest Region Water Resources Specialist
Colorado Parks and Wildlife
711 Independent Ave.
Grand Junction, CO 81505
Email: David.graf@state.co.us
970-255-6142

With a copy to:
Northwest Regional Manager
Colorado Parks and Wildlife
711 Independent Ave.
Grand Junction, CO 81505
Email: jt.romatzke@state.co.us

The District:

Upper Yampa Water Conservancy District
2220 Curve Plaza, Suite 201
P.O. Box 775529
Steamboat Springs, CO 80477
Email: kmcbride@upperyampawater.com
Attn: District Manager

With a copy to:
Weiss and Van Scoyk, LLP
600 S. Lincoln Ave., Suite 202
Steamboat Springs, CO 80487
Email: BWeiss@wvsc.com
Attn: Robert Weiss, Esq.

15. LIABILITY LIMITATIONS

A. Governmental Immunity

Liability for claims for injuries to persons or property arising from the negligence of the State of Colorado, its departments, institutions, agencies, boards, officials, and employees is controlled and limited by the provisions of the Governmental Immunity Act (“CGIA”) located at C.R.S. § 24-10-101, *et seq.*, and the risk management statutes, located at C.R.S. § 24-30-1501, *et seq.*, as amended. No term or condition of this Agreement shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protections, or other provisions of the CGIA, as applicable now or hereafter amended.

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16. GENERAL PROVISIONS

A. Captions

The captions and headings in this Agreement are for convenience of reference only, and shall not be used to interpret, define, or limit its provisions.

B. Entire Understanding

This Agreement represents the complete integration of all understandings between the Parties and all prior representations and understandings, oral or written, are merged herein. Prior or contemporaneous additions, deletions, or other changes hereto shall not have any force or affect whatsoever, unless embodied herein.

C. Modification

i. By the Parties

Except as specifically provided in this Agreement, modifications of this Agreement shall not be effective unless agreed to in writing by both parties in an amendment to this Agreement, properly executed and approved in accordance with applicable Colorado State law, State Fiscal Rules, and Office of the State Controller Policies.

ii. By Operation of Law

This Agreement is subject to such modifications as may be required by changes in Federal or Colorado State law, or their implementing regulations. Any such required modification automatically shall be incorporated into and be part of this Agreement on the effective date of such change, as if fully set forth herein.

D. Severability

Provided this Agreement can be executed and performance of the obligations of the Parties accomplished within its intent, the provisions hereof are severable and any provision that is declared invalid or becomes inoperable for any reason shall not affect the validity of any other provision hereof, provided that the Parties can continue to perform their obligations under this Agreement in accordance with its intent.

E. Survival of Certain Agreement Terms

Notwithstanding anything herein to the contrary, provisions of this Agreement requiring continued performance, compliance, or effect after termination hereof, shall survive such termination and shall be enforceable by either Party if the other Party fails to perform or comply as required.

F. Third Party Beneficiaries

Enforcement of this Agreement and all rights and obligations hereunder are reserved solely to the Parties, and not to any third party. Any services or benefits which third parties receive as a result of this Agreement are incidental to the Agreement, and do not create any rights for such third parties.

G. Waiver

Waiver of any breach of a term, provision, or requirement of this Agreement or any right or remedy hereunder, whether explicitly or by lack of enforcement, shall not be construed or deemed as a waiver of any subsequent breach of such term, provision or requirement, or of any other term, provision, or requirement.

H. CORA Disclosure

To the extent not prohibited by federal law, this Agreement and the performance measures and standards under C.R.S. § 24-103.5-101, if any, are subject to public release through the Colorado Open Records Act, C.R.S. § 24-72-101, *et seq.*

I. Binding Arbitration Prohibited

The State of Colorado does not agree to binding arbitration by any extra-judicial body or person. Any provision to the contrary in this Agreement or incorporated herein by reference shall be null and void.

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17. SIGNATURES

THE PARTIES HERETO HAVE EXECUTED THIS AGREEMENT

*** Persons signing for the District hereby swear and affirm that they are authorized to act on the District's behalf and acknowledge that the State is relying on their representations to that effect.**

<p>Upper Yampa Water Conservancy District* A political subdivision of the State of Colorado</p> <p>_____</p> <p>Kevin McBride District Manager Upper Yampa Water Conservancy District</p> <p>Date: _____</p>	<p>STATE OF COLORADO Jared Polis, Governor Colorado Division of Parks and Wildlife and the Parks and Wildlife Commission Dan Prenzlou, Director</p> <p>_____</p> <p>J.T. Romatzke Northwest Region Manager Colorado Parks and Wildlife</p> <p>Date: _____</p>
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