

**UPPER YAMPA WATER CONSERVANCY DISTRICT
BOARD OF DIRECTORS RETREAT
October 23, 2019, Catamount Lake House**

The retreat started at 8:30 a.m. Board members present were Ken Brenner, Bob Woodmansee, Doug Monger, Jim Haskins, Ron Murphy, Steve Colby, Webster Jones, and Tom Sharp (by phone). Also in attendance were General Manager Kevin McBride, District Engineer Andy Rossi, Office Manager Karina Craig, Marketing-Communications Manager Holly Kirkpatrick, Administrative Assistant Barbara Wilson, Facilities and Hydroelectric Power Plant Operator, Eddie Rogers, and General Counsel Bob Weiss. Ryan Golten of the Consensus Building Institute facilitated the meeting. Members of the public included Willie Summers and Brian Romic (Colorado Division of Water Resources) and Jackie Brown (Tri-State Generation & Transmission).

This document is intended to summarize the substance of the items discussed at the Retreat and to constitute the minutes of the Retreat as approved by the Board. It is not intended to be detailed minutes of the discussion or to reflect specific comments from individual Board members or other Retreat participants.

The chart below describes the **Next Steps** identified at the end of the day. These are explained in more detail by the notes further below.

Topic	Action	Who leads
<u>Strategic Plan</u>	Draft strategic plan will be edited in accordance with Board suggestions described below. The updated version will be posted on line for a 30-day public review. A link will be emailed to key stakeholders and press release prepared (~11/1).	Holly, in coordination with Kevin
<u>New admin position</u>	Refine job description and organizational chart Reach out to hiring committee for input Include line item for 1 FTE in 2020 budget	Kevin
<u>Develop fiscal & pricing policy</u>	Executive Committee to meet in December to develop a process 'roadmap' for early 2020 decision-making	Ken to call an EC meeting
<u>Draft budget</u>	Kevin work with staff to develop draft budget for Nov. Board meeting, with high-level explanation for how internal work plan /draft strategic plan have been incorporated. Budget will likely need refinement to reflect the Board's priorities for 2020.	Kevin, with staff
<u>Governance</u>	CBI to share set of options/recommendations for Committee and full Board to consider. Bob Weiss to draft proposed bylaws amendments for Board review.	Ryan/CBI, Bob Weiss

A. Taking Stock of Past Year

After introductory remarks and review of the Retreat agenda (copy attached), the Board and staff reflected on the following accomplishments and significant changes over the past year:

- New office; establishment of more of a UYWCD 'identity'
- Elk River Augmentation Plan

- Changing course on Stagecoach FIRMING
- Strategic planning (first-ever plan)
- Upper Yampa Irrigators contracts
- Hiring of Holly for new Marketing/Communications Manager position
- Increased involvement of the Board
- '360' District/Stakeholder Assessment
- Input from District stakeholders that the District is 'headed in the right direction'
- Kept water in the Yampa River
- Involvement in Yampa Integrated Water Management Plan

B. Finalizing & Operationalizing Strategic Plan – Staff/Board Discussion

Kevin and the staff reviewed a preliminary 'internal work plan,' organized by goals and objectives in the draft strategic plan, reflecting the current activities and existing plans for 2020. The work plan does not yet attempt to capture activities needed to fulfill new priorities identified in the draft strategic plan. Kevin's intent was to share a strawman for discussion, in order to get a refined sense of Board priorities. Kevin will then refine the staff's work plan in coordination with drafting a budget for the November Board meeting. These will be considered working documents, and will be refined by staff over time, with Board input, to reflect the Board's strategic vision for 2020.

Following the discussion below, the Board agreed to circulate an updated draft strategic plan for a 30-day public review. The draft will incorporate the changes described in the first two bullets below.

1) Suggestions for draft Strategic Plan and staff's internal work plan

- The Mission statement will be revised to include the following statement at the end '...for the benefit of the Basin.'
- Goal 7, Objective 4 will be revised to include 'District [absolute storage] rights' rather than 'District water rights'. Board members asked that brackets be included, so the Board can revisit the precise wording, but agreed this language should be included for the public draft.
- It was agreed the District should factor a changing climate into its water resources planning, but that it should not (and current does not) try to tackle the complex issue of combatting climate change, which is beyond the District's scope and capacity.
- Part of the District's planning should and will include integrating its water resources planning along with the needs of the various Basin water uses, in the context of efforts such as the Yampa Integrated Water Management Plan and others.
- In terms of Goal 8 (outreach/education), one suggestion from the public was that the website may not need a full redesign, that it works well if folks know where to look, and that a higher value outreach strategy may be a regular newsletter from the District. Holly emphasized that, to be effective, she'll need to understand the District's position on key topics to represent the views of the Board accurately. Participation or partnering in a potential annual event is a topic to address in the 2020 work plan. Finally, the Board will expect to see communications expenses reflected in the 2020 budget.
- Regarding Goal 10 (internal functions), Kevin acknowledged the challenge of building internal collaboration while respecting people's limited time and job duties. He will work

with staff, with support from CBI, to increase the collaborative environment. It was noted the goal of the District's Governance work is to increase 'esprit de corps' among both staff and Board. Regarding the final objective, some Board members expressed a preference to keep a Yampa water records repository in the Basin rather than on the Front Range. Finally, an objective will be added to Goal 10 to support Board engagement, to continue efforts to make Board meetings efficient and productive.

- The staff's internal work plan will be updated to reflect the updated goals/objectives in the version of the strategic plan that is posted for public review.

2) Priorities for 2020

Staff shared a number of objectives they consider to be non-discretionary 'top priorities' (for example, infrastructure and regulatory matters). The Board was in agreement. Staff also identified a number of areas on which they would like Board input regarding how to prioritize. To take the Board's temperature for *initial* planning and budgeting – not for definitive decision-making – Board members were asked to evaluate these specific objectives in order of current priority. (Only seven members participated; Tom Sharp could not attend.) The staff will reflect this input in its draft budget in November for further refinement. Board members were asked to rank these particular objectives, on which the staff requested Board input, as follows:

1 = Must do in 2020

2 = Let's work on this opportunistically (i.e., during a work session)

3 = Wait until 2021

Results of the exercise were as follows:

Goal/Objective	1 Must do	2 Do opportunistically	3 Wait till 2021	Total # of votes
1.1 (Big River issues)	2	4	2	8
3.1-3.2 (Financial/ pricing policy)	6	2	0	8
4.3 (Aug. plans)	3	4	3	10
4.6,7,8 (Support env/rec uses; clarify policy)	6	4	2	12
6.4 (Board water resources education)	0	3	1	4
7.1-7.3 (Support water quality/watershed work; clarify policy)	1	2	5	8
7.4 (District rights for env/rec purposes)	4	3	0	7

3) Follow up – Budget and November Meeting

In preparing a draft budget for the November meeting, Kevin will attempt to incorporate the above priorities for the Board's review and input. The Board understands this will need further discussion and refinement, acknowledging the limited time between now and then. Kevin will draft a memo to

present with the draft budget, explaining the relationship of the above prioritization exercise and broader draft strategic plan to the draft budget.

November Board meeting items will include:

- Budget review, including staff response to Board prioritization of strategic plan
- Approval of budget and/or next steps
- Proposed 2020 work plan
- New hire update, if any (organizational chart/job descriptions)
- Follow up from Committee regarding governance ideas/recommendations

4) Circulating Draft Plan

The Board agreed to post and circulate the revised draft plan for a 30-day public review period. To do so, staff will post the draft plan on the District's website, develop a press release, and email a link to interviewees from the 360 Review process and other interested stakeholders as identified by staff or Board.

C. Fiscal Policy, Accounting Structure and Pricing

1) Developing a roadmap for decision-making

After some initial discussion, the Board agreed the Executive Committee should meet in December and propose to the Board a procedural roadmap and timeline for making decisions regarding the District's fiscal and pricing policies. An effective process, which should occur during the first quarter of 2020, should include the following:

- Clarify context and terminology (e.g., 'cost accounting' vs. 'enterprise accounting'). *What are we currently doing, where have we run into issues, etc?*
- Identify potential options for accounting, use of tax revenues, and pricing (including ERC).
- Clarify relationship between accounting structure, use of tax revenues, and pricing policy.
- What data or info do we need? How and from whom do we get this info? *(E.g., Karina can share last two years of data to show how District has been doing cost accounting.)*
- Overall timeframe for decision-making
- Immediate next steps

The Executive Committee and full Board should take into consideration the following questions and input:

- We need 5-10 year and longer term projections for revenues/expenses. The firming project should be excluded.
- How do we allocate indirect costs? Do we have current data?
- We have 16 million in reserves. How much do we need before we decide we have enough? What is our model?
- If/when there is future demand for storage, we want to be ready. There is strong interest in keeping the current mill levy.
- Designated versus undesignated reserves.
- Reserves should be earmarked.

- In setting policy, we need to consider perpetual as well as other contracts.
- In general, we need a defensible and transparent pricing strategy.
- In setting pricing policy, it will be important to list the factors the District considers, possibly in a matrix format. These could include, e.g., market rate, ability to pay, type of use, historic vs. new, contract terms, amount of water, length of time, clawback provision, firm yield.
- How do the above policy clarifications/decisions apply, if at all, to current contracts?

D. New Administrative Position

As described on the Board Communication Form, Kevin would like to move forward with hiring for a new full-time administrative position. Board members suggested that Kevin go ahead with including the FTE position in the 2020 budget. There was also a request that Kevin share a more detailed job description and organizational chart with the Hiring Committee and Board, and work with the Committee as needed to incorporate that input. The job description will set forth in more detail how the new position helps the District implement its strategic plan.

E. Governance Update

The Special Committee has identified several topics in need of clarification. Bob Weiss will draft proposed changes to bylaws, for Board review and consideration, to address the following:

- Process and roles for Board agenda-setting, as well as revised agenda template (reordering topics, including a consent agenda)
- Clarifying hiring/firing roles

Ryan/CBI are working with the Committee and will develop, for full Board consideration, potential language for a proposed Board Manual to address the following topics:

- Policy set by Board as a whole (responsibility of GM or Directors to clarify questions with full Board as needed)
- Board-staff communications (open communication, not ‘direction’)
- Board responsibilities and on-boarding of new members
- Use of subcommittees (if needed)
- Standardized, transparent annual review of GM
- Conflict resolution procedure
- Roles/expectations for representing District – messaging and coordination with staff
- Collaborative tone/approach
- Suggested protocol for productive, efficient Board meetings

F. Wrap Up and Adjourn

The next Board meeting will be **Wednesday November 20, 2019 at 1:30pm**, at the Mountain Valley Bank Community Room.

The meeting was adjourned at approximately 5:00 PM.

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


Date: 2/14/2020

Kevin McBride, District Secretary/Manager