

Upper Eagle Regional Water Authority

Board of Directors Meeting

October 27, 2016

MINUTES

1 A regular meeting of the Board of Directors of the Upper Eagle Regional Water Authority (Authority) was
2 held October 27, 2016, at 8:30 a.m., in the Walter Kirch Room of the Eagle River Water & Sanitation
3 District (District), 846 Forest Road, Vail, Eagle County, Colorado, in accordance with the applicable
4 statutes of the State of Colorado.

5 ATTENDANCE

6 The following Directors were present, thereby constituting a quorum:

7 Tom Allender, EagleVail Metropolitan District
8 Geoff Dreyer, Arrowhead Metropolitan District
9 Pam Elsner, Beaver Creek Metropolitan District
10 George Gregory, Berry Creek Metropolitan District
11 Sarah Smith Hymes, town of Avon
12 Mick Woodworth, Edwards Metropolitan District

13 Also in attendance were:

14 <u>District Staff</u>	23	Jeff Schneider
15 Linn Brooks	24	Brian Tracy
16 Jason Cowles	25	James Wilkins
17 Carol Dickman	26	<u>Consultants</u>
18 Maureen Egan	27	Jim Collins, Collins Cockrel & Cole
19 Catherine Hayes	28	Glenn Porzak, Porzak Browning & Bushong LLP
20 Debbie Hoffman	29	<u>Public</u>
21 Diane Johnson	30	Mike Reisinger, Berry Creek Metropolitan District
22 John McCaulley		

31 DISCLOSURES OF POTENTIAL CONFLICTS OF INTEREST

32 The Board noted it had received more than 72 hours prior to the meeting certain disclosures of Potential Conflicts of Interest
33 Statements for the following Directors indicating the following conflicts:

34 Directors Allender and Gregory and alternate Director Simmons disclosed that they serve on the Board of the Eagle River Water
35 and Sanitation District. Director Allender also disclosed that he is a former employee of Vail Resorts, which tangentially deals with
36 the Authority and District, as well as being employed part time by SE Group, which does planning and environmental work for Vail
37 Resorts and other ski areas. Director Elsner disclosed her membership with the Vilar Performing Arts Center Guild, which operates
38 within the Authority's service area. Director Gregory also disclosed that he occasionally undertakes small development and
39 construction activities within the Authority and District service areas. Alternate Director Simmons noted he serves on the Edwards
40 Metropolitan District board and is employed by Beaver Creek Metropolitan District, an Authority member. Director Woodworth
41 disclosed that he is employed by the Eagle River Fire Protection District, which operates within the Authority's service area.

42 CALL TO ORDER

43 Chair Gregory called the meeting to order at 8:30 a.m.

44 ACTION ITEMS

45 **Consideration of Minutes** – The minutes of the regular meeting of September 22, 2016, were
46 considered. Upon motion duly made and seconded, it was unanimously

47 **RESOLVED** that the minutes of the September 22, 2016, regular meeting be accepted and
48 hereby are approved as presented.

49 **Cordillera Rate Surcharge** – Mr. Cowles presented his board action request and a related
50 Cordillera water system fire flow analysis, copies of which are attached hereto as **Exhibits A** and
51 **B**, respectively, and incorporated herein by this reference. Discussion ensued regarding
52 Cordillera's current \$18.50/SFE surcharge, funds from which are used for capital improvements
53 to address water system deficiencies that existed when the Authority originally accepted the
54 Cordillera water system. Discussion ensued regarding which upgrades were the responsibility of

Upper Eagle Regional Water Authority

1 the Authority and which were borne by the individual Authority or contract member. The Board
2 recommended further staff analysis on the matter and requested such information at a future
3 meeting. No recommendation concerning a change to the \$18.50/SFE surcharge will be made to
4 Cordillera in the meantime.

GENERAL MANAGER REPORT

5
6 Ms. Brooks presented her report, a copy of which is attached hereto as **Exhibit C** and incorporated
7 herein by this reference. The monthly reports were also acknowledged, copies of which are attached
8 hereto as **Exhibit D** and incorporated herein by this reference.

9 **Lake Creek Wells** – Ms. Brooks updated on the status of the Lake Creek test wells. She noted
10 drilling was complete; water quality and production testing will follow. Further information will be
11 provided at an upcoming meeting.

12 **Water Demand Management Update** – Ms. Egan discussed her memo and presented
13 information regarding the water demand management program, copies of which are attached
14 hereto as **Exhibits E** and **F**, respectively, and incorporated herein by this reference. She
15 referenced the water demand management pilot program, which began in 2015 and continued
16 into the 2016 irrigation season. Ms. Egan discussed the program purpose, which is to use water
17 more efficiently and serve an expanding population with existing supply. She also reviewed
18 goals and successes, including: maintain quality landscapes while using less water; utilize
19 efficient irrigation strategies and new technology; and lower system-wide usage. Based on the
20 2016 results, staff will work to improve customer access to information, develop water budgets,
21 and partner with land use authorities to continue to achieve success in reducing overall water
22 demand. Ms. Egan will also work on an Authority water conservation plan. She contracted with
23 ELEMENT Water Consulting, which will apply for and expects to receive a Colorado Water
24 Conservation Board grant for this work. The board thanked Ms. Egan for her very informative
25 and well-presented information.

FINANCE REPORT

26
27 Mr. Wilkins presented the finance report, a copy of which is attached hereto as **Exhibit G** and
28 incorporated herein by this reference.

29 **2017 Draft Budget Update** – Mr. Wilkins discussed the 2017 draft budget and process by which
30 it was created. Related documents are attached hereto as **Exhibit H** and incorporated herein by
31 this reference. He noted the Capital Improvements Program staff was consulted early in the
32 process to better understand timing for capital projects and spending over time. The Board also
33 discussed Traer Creek tank cost and design. The final budget will be presented for Board
34 consideration at the November 17 meeting, which was previously noticed as a public budget and

Upper Eagle Regional Water Authority

1 rate increase hearing. The budget subcommittee, Chair Gregory and Treasurer Dreyer,
2 recommended budget approval.

3 **OPERATIONS REPORT**

4 The Operations Report was presented, a copy of which is attached hereto as **Exhibit I** and incorporated
5 herein by this reference.

6 **Low Flow Operations** – In response to specific questions about the instream flow (ISF) levels,
7 Ms. Brooks noted that current streamflows were well below average. The Authority and District
8 can modify system operations to improve streamflows, including moving diversions downstream
9 to the lowest point in the interconnected system. Many Authority and District water rights are
10 senior to the ISF, but both entities recognize the importance of leaving water in the river for
11 aquatic health purposes.

12 **Eagle Park Reservoir Company Quarterly Report** – Ms. Brooks briefly discussed the EPRC
13 quarterly report and noted a meeting of the EPRC board would be held later that day.

14 **COMMUNICATION AND PUBLIC AFFAIRS REPORT**

15 Ms. Johnson presented her report, a copy of which is attached hereto as **Exhibit J** and incorporated
16 herein by this reference.

17 **Vail Farmers' Market** – Ms. Johnson reviewed a successful season at the Vail Farmers' Market.
18 Eighteen different employees distributed water and interacted with market attendees during the
19 16-week season. She estimated that staff gave out over 2,100 gallons of water.

20 **Climate Change and Colorado River Operations** – Ms. Johnson discussed various articles
21 included in board packets regarding climate change and its effect on Colorado River operations,
22 as well as water supply and demand in the west. Discussed ensued, and Ms. Johnson offered to
23 coordinate a speaker on the topic for an upcoming meeting.

24 **GENERAL COUNSEL REPORT**

25 **Traer Creek Update** – Mr. Collins reported that the court reviewed the Authority's request for
26 declaratory judgment and requested the Authority join all parties in the matter. Work towards this
27 end is ongoing. Once all parties are joined, the court will re-entertain the motion for declaratory
28 judgment.

29 **Letter to the Department of Natural Resources (DNR) re Well Locations** – Mr. Collins
30 discussed a letter sent to the DNR requesting the state engineer stop publishing well locations of
31 water providers. This is a matter of security regarding the public drinking water supply.

32 **WATER COUNSEL REPORT**

33 **Arrowhead, Smith Creek Water Rights** – Mr. Porzak discussed the Arrowhead Water Rights
34 report presented at the September 22 meeting. He noted Smith Creek Metropolitan District

Upper Eagle Regional Water Authority

1 (SCMD) was included within Arrowhead and thus, its water rights were summarized in that report.
2 The report found that SCMD water use at full build-out will exceed its original water dedication.
3 Mr. Porzak said he would meet with the chair of SCMD, Doug Lovell, later in the day to discuss
4 the matter. Mr. Porzak noted SCMD was controlled by Vail Resorts, and he also outlined recent
5 promotions and changes to the executive team at Vail Resorts.

6 **Lake Creek Well Augmentation Plan** – Mr. Porzak presented the Lake Creek Well
7 Augmentation Plan, a copy of which is attached hereto as **Exhibit K** and incorporated herein by
8 this reference. He said all needed parties consented to the decree, which adjudicates all of the
9 Lake Creek Wells.

10 **Homestake Reservoir Exchange Diligence Application** – Mr. Porzak discussed the
11 Homestake Diligence Application, a copy of which is attached hereto as **Exhibit L** and
12 incorporated herein by this reference. After discussion and upon motion duly made and
13 seconded, it was unanimously

14 **RESOLVED** that the filing of the completed Homestake Reservoir Exchange Diligence
15 Application be and hereby is approved.

16 **Eagle Park Reservoir and Climax Matters** – Mr. Tracy and Mr. Porzak discussed matters
17 related to Eagle Park Reservoir and Climax Mine. Mr. Tracy noted the reservoir quality was good
18 and outlined monitoring efforts to ensure its continued protection. He also noted the possible
19 need to drill an additional monitoring well at a lower point near the inlet to get more accurate
20 metals data. Mr. Porzak summarized the various protections EPRC has against water quality
21 degradation, including the original purchase agreement with Climax. Mr. Tracy discussed
22 Climax's proposal to apply groundwater standards to monitoring wells that could adversely affect
23 water quality in Eagle Park Reservoir, as well as efforts to engage in a transparent dialogue with
24 Climax to maintain a good relationship in light of upcoming Eagle River MOU projects.

25 All staff with the exception of Ms. Brooks and Ms. Johnson left the meeting at 10:21 a.m.

26 **EXECUTIVE SESSION**

27 Mr. Porzak requested the Board enter into Executive Session to receive legal advice regarding CRCA
28 matters, pursuant to §24-6-402(4)(b) and (e) C.R.S. He asked that no electronic record be made, as the
29 discussion would be entirely privileged attorney-client communications. Upon motion duly made and
30 seconded, it was unanimously

31 **RESOLVED** to enter Executive Session at 10:22 a.m. to discuss attorney-client privileged
32 issues concerning CRCA matters, pursuant to §24-6-402(4)(b) and (e) C.R.S. with no
33 electronic record created as Mr. Porzak opined the contents of the discussion would contain
34 privileged attorney-client communications.*

35 The regular meeting resumed at 10:29 a.m.

Upper Eagle Regional Water Authority

1 **ADJOURNMENT**

2 There being no further business to come before the Board, the meeting adjourned at 10:30 a.m.

3 Respectfully submitted,

4
5 _____
6 Secretary to the Meeting

7
8 **MINUTES APPROVED, FORMAL CALL, AND**
9 **NOTICE OF MEETING WAIVED**

10
11 _____
12 **Arrowhead Metropolitan District**

13
14 _____
15 **Town of Avon**

16
17 _____
18 **Beaver Creek Metropolitan District**

19
20 _____
21 **Berry Creek Metropolitan District**

22
23 _____
24 **EagleVail Metropolitan District**

25
26 _____
27 **Edwards Metropolitan District**

28
29 *The undersigned attorney for the applicable Executive Session affirms that the portion of the discussion
30 in Executive Session not recorded constituted privileged attorney-client communications.

31
32 _____
33 **Glenn Porzak, Water Counsel**

34
35