

Upper Eagle Regional Water Authority

Board of Directors Meeting

July 27, 2017

MINUTES

1 A regular meeting of the Board of Directors of the Upper Eagle Regional Water Authority (Authority) was
2 held July 27, at 8:30 a.m., in the Walter Kirch Room of the Eagle River Water & Sanitation District (District),
3 846 Forest Road, Vail, Eagle County, Colorado, in accordance with the applicable statutes of the State of
4 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>	24	Brian Tracy
15 Linn Brooks	25	James Wilkins
16 Jason Cowles	26	<u>Consultants</u>
17 Carol Dickman	27	Jim Collins, Collins Cockrel & Cole
18 Catherine Hayes	28	Glenn Porzak, Porzak Browning & Bushong LLP
19 Diane Johnson	29	<u>Public</u>
20 Nicole Lasseter	30	Mike Reisinger, Berry Creek Metropolitan District
21 John McCaulley	31	Kim Bell Williams, EagleVail Metropolitan District
22 Jeff Schneider		
23 Amy Schweig		

32 DISCLOSURES OF POTENTIAL CONFLICTS OF INTEREST

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

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

43 CALL TO ORDER

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

45 INTRODUCTIONS

46 Mr. McCaulley introduced Ms. Lasseter, who is a Customer Service summer intern.

47 ACTION ITEMS

48 **Consideration of Minutes** – The minutes of the regular meeting of June 22, 2017, were considered.

49 Upon motion duly made and seconded, it was unanimously

50 **RESOLVED** that the minutes of the June 22, 2017, regular meeting be accepted and hereby are
51 approved as presented.

52 **FY 2016 Audited Financial Statements** – Mr. Wilkins discussed the FY 2016 audit, which was
53 performed by McMahan and Associates. A related board action request, copy of the audit, and materials
54 from the auditors, are attached hereto as **Exhibits A, B, and C**, respectively, and incorporated herein by
55 this reference. Mr. Wilkins also said the auditors suggested the following: minor procedural changes to

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1 ensure sufficient checks and balances due to the small size of the finance department; and completion of
2 an arbitrage study within the calendar year. The audit committee, Chair Gregory and Treasurer Dreyer,
3 also discussed the audit, for which a clean opinion was issued. They recommended approval. Discussion
4 ensued regarding the board's request to include a reference to and short summary of the Authority
5 Agreement, the Authority's most current governing document. After discussion and upon motion duly
6 made and seconded, it was unanimously

7 **RESOLVED** that the receipt of the FY 2016 Audited Financial Statements be and hereby is
8 approved as amended, to include a reference to the Authority Agreement.

9 **STRATEGY**

10 **Upcoming Board, Subcommittee Vacancies** – Director Allender noted his EagleVail home was
11 under contract for sale; he expects September 28 to be his last Authority meeting. The Board
12 discussed the vacancies this would create on its various subcommittees and expects to address
13 this at its August meeting.

14 **Water Fluency Class Completion** – Ms. Williams noted Secretary Hymes had recently
15 completed the Colorado Foundation for Water Education's Water Fluency Class and presented
16 her certificate of completion.

17 **GENERAL MANAGER REPORT**

18 Ms. Brooks discussed her report, a copy of which is attached hereto as **Exhibit D**, and incorporated
19 herein by this reference. Monthly reports were acknowledged, copies of which are attached hereto as
20 **Exhibit E** and incorporated herein by this reference.

21 **Clean Water Rule Editorial** – Ms. Brooks discussed a recent Denver Post editorial (published
22 online only) by Colorado Water Congress director Doug Kemper, a copy of which is attached
23 hereto as **Exhibit F** and incorporated herein by this reference. Mr. Kemper discusses the Trump
24 administration's proposed reform of the Clean Water Rule of 2015. The Authority and District will
25 write a follow-up editorial to be published locally and using local examples of how the rule would
26 have included dry gulches and "waterways," the regulation of which would have little to no benefit
27 to water quality in local rivers. Mr. Kemper's editorial generally supported the upcoming process.

28 **New Customer Service Portal Testing** – Ms. Brooks discussed a memo from Maureen Egan,
29 water demand management coordinator, a copy of which is attached hereto as **Exhibit G** and
30 incorporated herein by this reference. Ms. Brooks requested board volunteers to test the new AMI
31 "smart meter" portal that customer service is currently testing. Users can sign up for the portal
32 and see water use in real time, among other benefits of the technology.

33 **FINANCE REPORT**

34 Mr. Wilkins presented the monthly finance report, a copy of which is attached hereto as **Exhibit H** and
35 incorporated herein by this reference. He noted water sales for both the Authority and District continue to

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1 trend below the five-year average, despite a semi-dry summer. He also said two large hotels in Vail
2 remain offline for upgrades, which had been expected to finish prior to now. Mr. Wilkins discussed
3 continued staff efforts to reduce rollovers, though the Authority's current spending is behind projections
4 due to capital project lag times. The Authority also continues to collect development fee revenues.

5 **OPERATIONS REPORT**

6 The operations report was presented, a copy of which is attached hereto as **Exhibit I** and incorporated
7 herein by this reference.

8 **Water Service Issues in Miller Ranch, Homestead** – Mr. Tracy and Mr. McCaulley discussed
9 issues the previous night with discolored water (one instance in Miller Ranch) and low pressure or
10 no water (various residences in the Homestead area). Staff investigated and believes a pressure
11 reducing valve for the Homestead Tank failed. Staff continued work on the issue this morning,
12 and all customers now have water service and no discoloration. Mr. McCaulley emphasized the
13 water is safe to drink.

14 **ENGINEERING REPORT**

15 Mr. Cowles discussed his report, a copy of which is attached hereto as **Exhibit J** and incorporated herein
16 by this reference.

17 **Workforce Housing Water Demands** – Mr. Cowles discussed his report, and specifically the
18 chart regarding workforce housing water demands. The chart considers the current water
19 demand calculations for indoor and outdoor usage at multifamily units, as well as a modified,
20 lower-demand calculation based on observed indoor demands of workforce housing units and
21 efficient outdoor irrigation application rates recommended by Leonard Rice Engineers. Discussion
22 ensued, and Mr. Cowles stated that staff would present more information on outdoor irrigation
23 application rates at the August meeting.

24 **Sonoran Institute Workshop at Keystone** – Mr. Cowles reported a grant was awarded to send
25 a local contingent to a September workshop at Keystone on Growing Water Smart. The group will
26 include representatives from local land use authorities, including the town of Avon and Eagle
27 County. The goal is to collaboratively work with this group towards a unified model of land use
28 planning and approvals that considers water demand as a key element.

29 **COMMUNICATION AND PUBLIC AFFAIRS REPORT**

30 Ms. Schweig presented her report, a copy of which is attached hereto as **Exhibit K** and incorporated
31 herein by this reference.

32 **Colorado Water Plan** – Ms. Johnson discussed a recent Colorado Basin Roundtable meeting,
33 which was attended by the newly appointed Colorado Water Conservation Board director, Becky
34 Mitchell. She said Becky had been the CWCB's water supply planning section chief for several
35 years and played a key role in developing Colorado's Water Plan, which she is now tasked with

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1 implementing. The CWCB recently established a new grant program and allocated \$9 million to
2 fund implementation projects, in addition to funds already available through the Basin
3 Roundtables, in an effort to make progress on the critical actions identified in the Water Plan. Ms.
4 Johnson relayed that Becky offered to meet with Authority and District representatives; directors
5 and counsel agreed, so Ms. Johnson will follow up.

GENERAL COUNSEL REPORT

7 **Notice to Cordillera Upper Lots re Water Service** – Mr. Collins presented a notice of no
8 commitment to provide domestic water service to certain residences in Cordillera, a copy of which
9 is attached hereto as **Exhibit L** and incorporated herein by this reference. The notice
10 memorializes that no commitment was ever made to provide service to certain Cordillera lots. The
11 Authority does provide water for fireflow to a hydrant at the furthest reach of the area, but
12 because of the physical location of the system there, cannot meet the stringent drinking water
13 quality regulations. The lot owners were aware of this at the time of purchase. The board
14 suggested an amendment to the notice to explicitly disallow use of Authority water there for
15 irrigation as well. The board unanimously approved the notice as amended. After discussion and
16 upon motion duly made and seconded, it was unanimously

17 **RESOLVED** that the Notice of Inability to Provide Domestic Water Service to certain
18 Cordillera lots be and hereby is approved as amended.

WATER COUNSEL REPORT

20 Mr. Porzak noted all of his items would be discussed in Executive Session.

21 Ms. Lasseter and Mr. Schneider left the meeting at 9:22 a.m.

EXECUTIVE SESSION

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

27 **RESOLVED** to enter Executive Session at 9:23 a.m. to discuss attorney-client privileged
28 issues concerning Traer Creek, pursuant to §24-6-402(4)(b) and (e) C.R.S. with no electronic
29 record created as Mr. Collins opined the contents of the discussion would contain privileged
30 attorney-client communications.*

31 Mr. Porzak requested the Board continue Executive Session to receive legal advice regarding
32 Eagle River MOU matters, Bolts Lake, and CRCA matters, pursuant to §24-6-402(4)(b) and (e)
33 C.R.S. He asked that no electronic record be made, as the discussion would be entirely privileged
34 attorney-client communications. Upon motion duly made and seconded, it was unanimously

35 **RESOLVED** to continue Executive Session at 9:45 a.m. to discuss attorney-client privileged
36 issues concerning Eagle River MOU matters, Bolts Lake, and CRCA matters, pursuant to

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1 §24-6-402(4)(b) and (e) C.R.S. with no electronic record created as Mr. Porzak opined the
2 contents of the discussion would contain privileged attorney-client communications.*
3 At 10:50 a.m., before the discussion of CRCA matters, Mr. Collins and all remaining staff left the room, with
4 the exception of Ms. Brooks and Ms. Johnson.
5 The regular meeting resumed at 10:59 a.m.

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1 **ADJOURNMENT**

2 There being no further business to come before the Board, the meeting adjourned at 11:13 a.m.

3 Respectfully submitted,

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6 Secretary to the Meeting

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

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12 **Arrowhead Metropolitan District**

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15 **Town of Avon**

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18 **Beaver Creek Metropolitan District**

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21 **Berry Creek Metropolitan District**

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24 **EagleVail Metropolitan District**

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27 **Edwards Metropolitan District**

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

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42 **James P. Collins, General Counsel**

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42 **Glenn Porzak, Water Counsel**