A regular meeting of the Board of Directors of the Upper Eagle Regional Water Authority (Authority) was held July 26, 2018, at 8:30 a.m., in the Walter Kirch Room of the Eagle River Water & Sanitation District (District), 846 Forest Road, Vail, Eagle County, Colorado, in accordance with the applicable statutes of the State of Colorado.

The following Directors were present, thereby constituting a quorum:

Geoff Dreyer, Arrowhead Metropolitan District
Pam Elsner, Beaver Creek Metropolitan District
George Gregory, Berry Creek Metropolitan District
Sarah Smith Hymes, town of Avon, via phone
Kim Bell Williams, EagleVail Metropolitan District

The following Director was absent and excused:
Mick Woodworth, Edwards Metropolitan District

The following Alternate Director was present and acting:
Kara Heide, Edwards Metropolitan District

Also in attendance were:
District Staff
Linn Brooks
Jason Cowles
Carol Dickman
Catherine Hayes
Diane Johnson
John McCaulley
Siri Roman
Jeff Schneider
Amy Schweig
Brian Tracy
James Wilkins

Len Wright
Consultants
Jim Collins, Collins Cockrel & Cole
Scott Fifer, Resources Engineering, Inc.
Ashley Hernandez-Schlagel, Nathan Dumm & Mayer PC, via phone
Andy Nathan, Nathan Dumm & Mayer PC, via phone
Glenn Porzak, Porzak Browning & Bushong LLP
Public
Melissa Nelson, Berry Creek Metropolitan District
Brian Sipes, Minturn resident

DISCLOSURES OF POTENTIAL CONFLICTS OF INTEREST
The Board noted it had received more than 72 hours prior to the meeting certain disclosures of Potential Conflicts of Interest Statements for the following Directors indicating the following conflicts:

Director Elsner disclosed her membership with the Vilar Performing Arts Center Guild, which operates within the Authority’s service area. Director Gregory and alternate Director Simmons disclosed that they serve on the Board of the Eagle River Water and Sanitation District. Director Gregory also disclosed that he occasionally undertakes small development and construction activities within the Authority and District service areas. Alternate Director Simmons noted he serves on the Edwards Metropolitan District board and is employed by Beaver Creek Metropolitan District, an Authority member. Director Williams disclosed that she is the Eagle County Housing Director. Director Woodworth disclosed that he is employed by the Eagle River Fire Protection District, which operates within the Authority’s service area.

CALL TO ORDER
Chair Gregory called the meeting to order at 8:30 a.m.

INTRODUCTIONS
Introduction of any guests was requested and there were none.

ACTION ITEMS
Consideration of Minutes – The minutes of the regular meeting of June 28, were considered. Upon motion duly made and seconded, it was unanimously

RESOLVED that the minutes of the June 28, 2018, regular meeting be accepted and hereby are

approved as amended.
2017 Audit Consideration – Mr. Wilkins discussed his board action request and the 2017 audit, copies of which are attached hereto as Exhibits A and B, respectively, and incorporated herein by this reference. Mr. Wilkins discussed a meeting he had with the auditors, McMahan and Associates, and the Audit/Budget committee (Chair Gregory and Treasurer Dreyer) regarding the draft audit. Discussion ensued regarding the schedule by which capital assets are depreciated, and whether the assumed lifetime of 40 years should be adjusted for some assets. Staff and consultants will look into the depreciation schedule and adjust if necessary to include a more realistic timeline, as many of the Authority’s capital assets likely have a longer lifetime. After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED that the 2017 audit be and hereby is approved as amended and final copies distributed, and

FURTHER RESOLVED that Ms. Brooks and Mr. Wilkins are hereby authorized to sign the letter of representation addressed to McMahan and Associates.

STRATEGY

Update on Benchmarking and Metrics Reporting – Ms. Brooks discussed her memo regarding the benchmarking and metrics report being compiled by staff, a copy of which is attached hereto as Exhibit C and incorporated herein by this reference. She noted reliance on the American Water Works Association benchmarking manual for data allowing comparison of the Authority and District to other similar entities. Staff has also gathered trending data, allowing the Authority and District to look at its own metrics year over year. The Board agreed with the chosen benchmarks and metrics and directed staff to continue working on the report, which is scheduled for presentation to the boards in October.

Dry-Year Management Plan and Policies – Ms. Brooks presented information on the dry-year management plan, a copy of which is attached hereto as Exhibit D. Ms. Brooks discussed the spring and summer weather, which has been abnormally dry and hot, causing the base flows in local streams to decline. Information from prior drought years in 2002 and 2012 was also presented and compared to current conditions. Ms. Brooks discussed proposed policies for enforcement, to ensure streamflows remain viable for aquatic life if and when low water levels are approached. Large irrigators and customers alike would be asked to reduce outdoor water use in amounts commensurate with keeping enough water in streams. Some exceptions would be made, allowing continued water use for economic drivers like ball fields and public gardens. There was no expectation that indoor use, which has very little consumptive impact, would be limited. Staff will bring documentation will follow at the August meeting for incorporation into the Rules and Regulations. Discussion ensued, and upon motion duly made and seconded, it was unanimously
RESOLVED that the proposed policies and implementation be and hereby is approved as presented for immediate implementation.

A copy of the enforcement action is attached hereto as Exhibit E and incorporated herein by this reference.

Board Member Input – Board member input was requested and there was none.

GENERAL MANAGER REPORT

Ms. Brooks presented the General Manager report, a copy of which is attached hereto as Exhibit F and incorporated herein by this reference. Monthly reports were acknowledged, copies of which are attached hereto as Exhibit G and incorporated herein by this reference.

Red Canyon II Fire in Wolcott – The Board discussed the water supply emergency that was enacted amidst a Wolcott wildfire on July 8 that threatened electric power supply to the entire valley. Firefighting efforts successfully protected the power infrastructure, so the water supply emergency lasted only eight hours. Staff discussed use of the incident command system during this and other emergencies; use of ICS is now standard protocol in such events. While not every specific emergency can be planned for, the ICS provides a structured system to respond to any incident. Ms. Johnson explained the many channels by which the District can communicate supply emergencies and other information; this is dependent on the details of each event and other information dissemination that is going on at the time. She confirmed that the water supply emergency was not communicated via an Eagle County Alert (EC Alert) because that channel was being heavily used to distribute fire and power-related information.

OPERATIONS REPORT

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

Nutrient Management Memorandum of Understanding – Ms. Roman presented her memo and the related MOU with the Water Quality Control Division (WQCD) of the Colorado Department of Public Health and Environment (CDPHE), copies of which are attached hereto as Exhibits I and J, respectively, and incorporated herein by this reference. The MOU was recently signed by the District and WQCD and is the culmination of years of work by District staff to achieve phased implementation of the state’s nutrient regulations across the District’s three wastewater treatment facilities. This will ultimately bring larger benefits to stream health, allow for operational efficiencies, and be more cost effective. Ms. Brooks thanked Ms. Roman and noted this was a huge achievement for staff, also signaling the WQCD’s willingness to be flexible and work with providers on innovative solutions.

ENGINEERING REPORT

Mr. Cowles presented his report, a copy of which is attached hereto as Exhibit K and incorporated herein by this reference.
Current Construction Costs – Mr. Cowles discussed a memo by Mr. Schneider regarding construction costs, a copy of which is attached hereto as Exhibit L and incorporated herein by this reference. Colorado Department of Transportation produces a quarterly construction cost index, which was used in the memo. Construction costs had rapidly increased in the past few years and seem to have leveled off currently. Mr. Cowles pointed out that the current administration’s tariffs may affect materials and pricing of some planned projects, however.

Eagle River Village (ERV) Mobile Home Park Update – Mr. Cowles discussed the water rights associated with the ERV, progress on which has not been as fast as anticipated due to other competing demands. In response to a question, Mr. Porzak discussed the water rights needs of the ERV should its owner decide to connect to the Authority’s system. Full diversions would have to be augmented in August and September, which is driving much of the high estimated cost of the project.

COMMUNICATION AND PUBLIC AFFAIRS REPORT

Ms. Johnson discussed her report, a copy of which is attached hereto as Exhibit M and incorporated herein by this reference.

Colorado River Basin Roundtable Update – Ms. Johnson discussed a recent meeting she attended of the basin roundtable. Topics included the water released downstream to protect four endangered species of fish on the Colorado (formerly called the 10825 water); this effort aims to have 850 cfs at the USGS gage at Palisade, which is far below the target currently. She noted consensus among the meeting attendees that water providers can only do so much to mitigate naturally-occurring low streamflows. Ms. Johnson also referenced discussion of the Lake Christine Fire in Basalt and questions regarding where the firefighting water comes from and how the water accounting works. The fire started on July 3 and has burned nearly 12,000 acres. Ms. Johnson noted firefighters will take water from anywhere possible during efforts to extinguish wildfires. The accounting will take place later, based on the water rights of entities in the area.

Large Irrigator Voluntary Water Use Reductions – Ms. Johnson further elaborated on Ms. Brooks’ discussion of efforts by large irrigators to reduce water use. Ms. Johnson cited the specific example of the Vail Golf Course, which has been using less water for the entire golf season and is prepared to further reduce. The town of Vail has also implemented voluntary reductions at nearly all of its irrigated areas, based on a prioritized list that considers the economic drivers of the town. The board expressed appreciation for these networks and relationships that are allowing for meaningful water use reductions.

WATER COUNSEL REPORT

Mr. Porzak referred to his confidential legal reports in the confidential packet.
Black Lakes Water – Mr. Porzak discussed the Black Lakes Augmentation water application, a
copy of which is attached hereto as Exhibit N and incorporated herein by this reference. Mr.
Porzak noted the water could be used by the Authority as purely augmentation water since it is
located above all Authority diversions. After discussion and upon motion duly made and
seconded, it was unanimously
RESOLVED that the application for Black Lakes Augmentation water be and hereby is
approved as presented for filing.

GENERAL COUNSEL REPORT
Mr. Collins referred to his confidential legal report included in the confidential packet.

EXECUTIVE SESSION
Mr. Collins requested the Board enter Executive Session to receive legal advice regarding Traer Creek
tank, pursuant to §24-6-402(4)(b) and (e) C.R.S. He asked that no electronic record be made, as the
discussion would be entirely privileged attorney-client communications. Upon motion duly made and
seconded, it was unanimously
RESOLVED to enter Executive Session at 10:07 a.m. to discuss attorney-client privileged
issues concerning the Traer Creek tank, pursuant to §24-6-402(4)(b) and (e) C.R.S. with no
electronic record created as Mr. Collins opined the contents of the discussion would contain
privileged attorney-client communications.∗

Special counselors Ms. Hernandez-Schlagel and Mr. Nathan joined the call at 10:11 a.m. They left the call at
10:26 a.m.

Mr. Porzak requested the Board continue Executive Session to receive legal advice regarding water
rights reports, Eagle River MOU, and Bolts Lake and Minturn water matters, pursuant to §24-6-402(4)(b)
and (e) C.R.S. He asked that no electronic record be made, as the discussion would be entirely privileged
attorney-client communications. Upon motion duly made and seconded, it was unanimously
RESOLVED to continue Executive Session at 10:26 a.m. to discuss attorney-client privileged
issues concerning water rights reports, Eagle River MOU, and Bolts Lake and Minturn water
matters, pursuant to §24-6-402(4)(b) and (e) C.R.S. with no electronic record created as Mr.
Porzak opined the contents of the discussion would contain privileged attorney-client
communications.∗

The regular meeting resumed at 11:23 a.m.
ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 11:24 a.m.

Respectfully submitted,

___________________________________
Secretary to the Meeting

MINUTES APPROVED, FORMAL CALL, AND
NOTICE OF MEETING WAIVED

___________________________________
Arrowhead Metropolitan District

___________________________________
Town of Avon

___________________________________
Beaver Creek Metropolitan District

___________________________________
Berry Creek Metropolitan District

___________________________________
EagleVail Metropolitan District

___________________________________
Edwards Metropolitan District

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

___________________________________
Jim Collins, General Counsel

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Glenn Porzak, Water Counsel