

Upper Eagle Regional Water Authority

Board of Directors Meeting

July 27, 2023

MINUTES

1 A regular meeting of the Board of Directors of the Upper Eagle Regional Water Authority (Authority) was
2 held July 27, 2023, at 8:30 a.m., in the Walter Kirch Room of the Eagle River Water & Sanitation District
3 (District), 846 Forest Road, Vail, Eagle County, Colorado, in accordance with the applicable statutes of the
4 state of Colorado.

ATTENDANCE

The following Directors were present and acting:

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8 Geoff Dreyer, Arrowhead Metropolitan District
9 George Gregory, Berry Creek Metropolitan District
10 Kevin Hillgren, Beaver Creek Metropolitan District
11 Mike Trueblood, Edwards Metropolitan District
12 Kim Bell Williams, EagleVail Metropolitan District

The following Director was absent and excused:

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14 Tamra Underwood, Town of Avon

The following Alternate Director was present and acting:

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16 Eric Heil, Town of Avon

Also in attendance were:

17	<u>District Staff</u>	30	Dan Siebert
18	Tom Borawski	31	Brian Thompson
19	Jim Cannava	32	Brad Zachman
20	Jason Cowles	33	
21	Alison Ebbets	34	<u>Consultants</u>
22	Tim Friday	35	Kristin Moseley, Somach Simmons & Dunn
23	Jesse Hooker	36	Kathryn Winn, Collins Cole Flynn Winn & Ulmer PLLC
24	Diane Johnson	37	
25	David Norris	38	<u>Public</u>
26	Chuck Owen	39	Joanna Kerwin, Edwards Metropolitan District Alternate
27	Siri Roman	40	Mike Towler, Beaver Creek Metropolitan District Alternate
28	Jeffrey Schneider		

DISCLOSURES OF POTENTIAL CONFLICTS OF INTEREST

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43 The board noted it had received more than 72 hours prior to the meeting certain disclosures of potential conflicts of interest for the
44 following Directors indicating the following conflicts: Director Gregory disclosed that he occasionally undertakes minor development and
45 construction activities within the Authority's service area. Director Bell Williams disclosed that she is the Housing Director for Eagle
46 County and works with the Eagle County Housing and Development Authority Advisory Committee. Director Dreyer disclosed that he is a
47 board member and secretary of Bachelor Springs Homeowners' Association.

CALL TO ORDER

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50 Having determined that quorum was established, Chair Gregory called the meeting to order at 8:33 a.m.

PUBLIC COMMENT

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52 Chair Gregory called for public comment and there was none.

ACTION ITEMS

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54 **Consideration of Minutes** – The minutes of the Jun. 22, 2023, regular meeting were considered.
55 Director Trueblood requested the minutes be amended to reflect his request to learn more about the
56 financial schedules included in the Notes to the Financial Statements. Upon motion duly made and
57 seconded, it was unanimously

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1 **RESOLVED** that the minutes of the Jun. 22, 2023, regular meeting be accepted and hereby
2 are approved as amended.

3 **INFORMATION REPORTS**

4 Directors reviewed the development report, board committees, June meeting summary, and contract log,
5 copies of which are attached hereto as **Exhibits A, B, C, and D**, respectively, and incorporated herein by this
6 reference.

7 **BOARD MEMBER INPUT**

8 Chair Gregory said a publicly noticed joint work session with the District board was held on Jun. 29 for a field
9 visit of the Bolts Ditch diversion structure and the Bolts Lake site; Authority board attendees were Chair
10 Gregory, Director Hillgren, Director Underwood, and Alternate Director Towler. Director Trueblood said he
11 and Director Underwood met on Jul. 17 to review the rate restructure analysis; he thanked Mr. Norris for his
12 thoughtful good work, plus scheduling time outside of the regular Water Conservation Committee meeting.

13 **GENERAL MANAGER REPORT**

14 Ms. Roman thanked directors for participating in the abovementioned field visit and proposed scheduling
15 another hike for interested directors.

16 **BUSINESS ADMINISTRATION REPORT**

17 **Quarterly financials** – Mr. Cannava presented the second-quarter financial report, a copy of which is
18 attached hereto as **Exhibit E** and incorporated herein by this reference. He said that revenue and
19 expenses from the first half of FY23 are tracking to budget, with water revenue slightly under budget
20 due to a wet June. He also said the Authority will pursue a bond for approximately \$20 million to fund
21 major capital projects. The board will be presented with bond parameters in September and a
22 resolution to consider in October.

23 **Wildfire preparedness** – Mr. Siebert presented a PowerPoint, a copy of which is attached hereto as
24 **Exhibit F** and incorporated herein by this reference. He reported on District wildfire mitigation
25 protocols and highlighted recent achievements in staff training, community partnerships, and risk and
26 resiliency assessment. Ms. Moseley then presented a memorandum with the attached Senate
27 Legislative Counsel Draft Copy of KAT23575 01V, a copy of which is attached hereto as **Exhibit G**
28 and incorporated herein by this reference. She said Senator Bennet’s office informed District staff that
29 a proposed Emergency Forest Watershed Program bill has been drafted to assist with wildfire
30 response; the bill includes language consistent with what the Authority and District negotiated into the
31 2016 No Name and Spraddle Gulch wilderness bills. The board gave direction to communicate that
32 the Authority supports the concepts of the proposed legislation.

33 **Rate restructure analysis** – Mr. Norris presented a PowerPoint, a copy of which is attached hereto
34 as **Exhibit H** and incorporated herein by this reference. He also presented a spreadsheet privileged
35 as work product pursuant to § 24-72-202(6.5)(a), C.R.S. He said the Authority’s representatives on
36 the joint Water Conservation committee, Directors Trueblood and Underwood, supported the rate

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1 restructuring as presented at their Jul. 17 meeting. He also said per board direction in January,
2 finance and water conservation staff have been evaluating the Authority and District's current rate
3 structure, particularly concerning the amount of water allocated in each billing tier and the inequity of
4 multiplying the tier allotments by the customer account's Single Family Equivalent (SFE), which
5 results in homes with greater than 1 SFE that use water above Tier 1 paying less per 1,000 gallons
6 than smaller homes for the same amount of water use. As such, analysis has focused on eliminating
7 the SFE multiplier from the usage tiers used for billing and redesigning the tier allotments with a per
8 1,000-gallon price to align with volumetric thresholds. He reminded directors that the SFE multiplier
9 would continue to apply to fixed (base) rates, as larger homes require more infrastructure so those
10 accounts would continue to pay more for monthly base rates than smaller homes.

11 With analysis complete for one of the six account types within the District and Authority's
12 billing system – *Individually Metered Residential* – Mr. Norris was seeking direction on the suggested
13 rate methodology as rates are foundational to developing the proposed 2024 budget, which the board
14 will review this fall. He then reviewed the District and Authority's goal of reducing water use by 400
15 acre-feet by 2026 and said a key component is permanent reductions by accounts using the
16 proportionally highest amounts. His comments then focused solely on the variable (usage) rate
17 structure for *Individually Metered Residential* accounts; there are 8267 accounts of this type, which
18 represent 82.8% of the total accounts, 37.8% of the total water SFEs, and 36.4% of the 2022 total
19 billed consumption. He reviewed the number of SFEs, water use, and revenue in each community
20 area, along with potential financial impacts of the new rate structure – particularly in larger homes
21 with disproportionately high use. Homes with 2 or more SFEs are about 10% of this account type. Mr.
22 Norris also highlighted that 4,664 of these accounts (56.4%) are 1 SFE or smaller, so removing the
23 SFE multiplier from tier allotments would have no effect on these accounts. He stated the importance
24 of implementing an equitable rate structure, with stable revenues.

25 Discussion ensued regarding the rate restructuring and water conservation. The board gave
26 direction to incorporate this approach into the proposed 2024 budget. Mr. Norris said the joint Water
27 Conservation committee will meet in August to review the analysis of *Irrigation Only* accounts and he
28 will present a similar rate restructure analysis to the full board concerning those accounts. The
29 remaining account types: commercial, multifamily, municipal, and mixed use, will be addressed in
30 future iterations.

31 OPERATIONS REPORT

32 Mr. Zachman presented the report, a copy of which is attached hereto as **Exhibit I** and incorporated herein by
33 this reference. He had no further items to discuss.

34 ENGINEERING AND WATER RESOURCES REPORT

35 Mr. Cowles presented the report, a copy of which is attached hereto as **Exhibit J** and incorporated herein by
36 this reference. He had no further items to discuss.

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1 **COMMUNICATIONS AND PUBLIC AFFAIRS REPORT**

2 Ms. Johnson presented the report, a copy of which is attached hereto as **Exhibit K** and incorporated herein
3 by this reference. She had no further items to discuss.

4 **WATER COUNSEL REPORT**

5 Ms. Moseley presented a memorandum with its attached federal bill H.R. 4297, a copy of which is attached
6 hereto as **Exhibit L** and incorporated herein by this reference. She said Reps. Neguse and Lamborn
7 introduced H.R. 4297 into the U.S. House of Representatives and Sens. Bennet and Hickenlooper introduced
8 S. 2156 into the U.S. Senate; the bills would amend the 2019 John D. Dingell, Jr. Conservation, Management,
9 and Recreation Act to allow the District and Authority to use, maintain, and repair Bolts Ditch and its
10 associated headgate within Holy Cross Wilderness. The Dingell Act currently applies exclusively to the Town
11 of Minturn; this amendment is necessary to further the District and Authority's Bolts Lake project. Ms. Moseley
12 said this legislation will likely be incorporated into an omnibus bill.

13 **GENERAL COUNSEL REPORT**

14 Ms. Winn did not have a written report or any items for open session.

15 **EXECUTIVE SESSION**

16 Ms. Moseley requested the board move into Executive Session to receive legal advice of counsel related to
17 unallocated water supply. Upon motion duly made and seconded, it was unanimously

18 **RESOLVED** to enter into Executive Session at 10:39 a.m. to discuss matters related to
19 unallocated water supply, with no electronic record created as Ms. Moseley opined the
20 contents of the discussion would contain privileged attorney-client communications.*

21 The open session resumed at 11:36 a.m. During the executive session, the board did not take any formal
22 action or discuss any matters not enumerated in §24-6-402(4), C.R.S.

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1 **ADJOURNMENT**

2 There being no further business to come before the board at this meeting and upon motion duly moved and
3 seconded, it was unanimously

4 **RESOLVED**, that the signing of the minutes of this meeting shall be deemed to constitute full
5 and complete adoption, ratification, and approval of the business conducted and the
6 resolutions passed; and be it

7 **FURTHER RESOLVED**, that the meeting be adjourned at 11:36 a.m.

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9 Respectfully submitted,

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12 _____
13 Secretary to the Meeting

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15 **MINUTES APPROVED, FORMAL CALL, AND**
16 **NOTICE OF MEETING WAIVED**

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21 **Arrowhead Metropolitan District**

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25 **Town of Avon**

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29 **Beaver Creek Metropolitan District**

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33 **Berry Creek Metropolitan District**

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37 **EagleVail Metropolitan District**

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41 **Edwards Metropolitan District**

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45 *The undersigned attorney for the applicable Executive Session affirms that the portion of the discussion in
46 Executive Session not recorded constituted privileged attorney-client communications.
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51 **Kristin Moseley, Water Counsel**