WATER LAW | REAL ESTATE | LITIGATION | BUSINESS EST 1953

Scott Grosscup Office (970) 945-6546 Direct (970) 928-3468 sgrosscup@balcombgreen.com

December 4, 2020

Kelly Sheridan 843 County Road 6 Meeker, CO 81641

David Smith, Jr. P.O. Box 359 Meeker, CO 81641

Paul Neilson P.O. Box 656 Meeker, CO 81641 Benjamin J. Rogers P.O. Box 1083 Meeker, CO 81641

Bailey Franklin P.O. Box. 1236 Meeker, CO 81641

Anthony R. Theos P.O. Box 267 Meeker, CO 81641 Walter N. Proctor P.O. Box 642 Meeker, CO 81641

Shawn Welder P.O. Box 2318 Meeker, Co 81641

Re: Board Meeting – December 11, 2020

Dear Directors:

Enclosed are materials for the Board meeting for the Yellow Jacket Water Conservancy District for Friday, December 11, 2020 at 10:00 a.m. The meeting will be held using Gomeet.Com. You can participate virtually through video conference or by telephone. To participate with a smart phone or computer with camera and microphone, just type gomeet.com/ScottGrosscup into the browswer and it will lead you to the meeting. Or you can call in as a conference call to 1-571-748-4021, pin 625 6985#. I am happy to do a runthrough with anyone if interested.

Budget. Here is the recent budget. We expect that it may change by a few dollars as the final assessments are provided. Otherwise, the budget is similar to the budget provided you in October.

Water Court Cases. The Dsitrct has three pending water court applciaitons.

Case No. 19CW3017, is the change of Sawmill Mountain Reservoir to Lake Avery. The Colorado Water Conservation Board and Colorado Parks and Wildlife have filed statements of opposition. CPW is willing to enter into a stipulation, however, I have been wating to confirm that CWCB consents to the proposed uses. The CWCB has requested revised language for piscatorial uses below Lake Avery. CWCB now requests the following language:

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YJWCD December Meeting December 4, 2020 Page 2 of 3

"The water storage right shall not be released and used for piscatorial purposes below Lake Avery absent an agreement with the CWCB for instream flow use to achieve flows up to the decreed flow rates for existing instream flow water rights downstream of Lake Avery decreed on Big Beaver Creek and White River decreed in Cases No. (77) W3652E and (77) W3652, to preserve the natural environment to a reasonable degree."

This proposed language is different from previous proposed language, and is somewhat more limiting. It only allows water to be released for environmental purposes to meet the CWCB's instream flow right and does not allow for releases for endangered fish. However, there currently is no biological opinion on the White River so arguably no need. Thus, I would recommend the board accept the proposed language as part of a final settlement with the CWCB.

However, the CWCB still has questions about how the water will be stored and released from Lake Avery. There currently is not an agreement with CPW as to how to handle that. The CWCB wants to meet with CPW to get a better understanding of how that all works, so we are waiting on CWCB to discuss with CPW.

Case No. 20CW3031 is the application to change Ripple Creek Reservoir to Kellog Gulch, and to change the Lost Park Feeder Canal to the Oak Ridge Park Ditch. Statements of opposition were filed by Mahogany Energy Resources, LLC, Colorado Water Conservation Board, Westlands LLC, and Colorado Parks and Willife. This case is waiting the Division Engineer's consultation report. However, I understand that the Division Engineer may move to intervene in the case. The State is taking the position that a water conservancy district cannot release water for compact compliance purposes.

In addition to the forgoing opposers, The Oil Shale Corporation has asked the District to include the following term and condition from the settlements of the preivous diligence decree in any decree entered in this case. And should the District agree to the condition, then it wouldn't oppose the entry of a final decree.

"The District shall not place a call against any water right located between the original point of diversion and the new point of diversion or place of storage sought in this case for: (1) the Ripple Creek Reservoir water right confirmed by the Decree in Civil Action No. 1269, District Court in and for the County of Rio Blanco, dated November 21, 1966; and (2) the North Fork Feeder Conduit water right confirmed by the Decree in Case No. W-4325, Water Division 5, dated September 28, 1977."

Because this condition was part of the previous stipulation entered in the previous case and is already a condition of the water rights, I recommend that I be authorized to enter into the proposed stipulation.



YJWCD December Meeting December 4, 2020 Page 3 of 3

Case No. 20CW3034 is the District's application for finding of reasonable diligence on its remaining conditional water rights. No statements of opposition were filed to the application. We are awaiting the Division Engineer's consultation report on this case. I do not see this case being wrapped up ahead of the other two pending matters.

Sincerely, Ant Amp Scott Grosscup

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Meeting of the Yellow Jacket Water Conservancy District Friday December 11, 2020 10:00 to 12:00 a.m.

via gommet.com/ScottGrosscup or by phone 1-571-748-4021 pin 625 6985#

Agenda

- 1. Call Meeting to Order.
- 2. Approval of Minutes from July 2, 2020
- 3. Public Comment –
- 4. Approval of Accounts Payable
- 5. Approval of 2021 Budget
- 6. Status of Water Rights Cases
 - a. Case No. 19CW3017 Change of Sawmill Mountain Reservoir
 - b. Case No. 20CW3031 Change of Ripple Creek Reservoir and Lost Park Feeder Canal
 - c. Case No. 20CW3034 Diligence
- 7. New Business
- 8. Adjourn

Meeting of the Yellow Jacket Water Conservancy District Thursday, July 2, 2020 3:00 to 5:00 p.m.

Fairfield Center 200 Main Street, Meeker, CO 81641

<u>Call to Order</u> The meeting was called to order at 3:00 p.m.

Roll Call Directors Present Kelly Sheridan Walter Proctor David Smith Paul Neilson Shawn Welder Bailey Franklin Anthony Theos <u>Staff Present</u> Scott Grosscup, District Attorney

Others Present Erin Light, Division Engineer Alden Vandenbrink and Wade Cox, RBWCD Ed Olszewski Esq., RBWCD by Phone Craig Ullman, Applegate by Phone

Approval of Minutes from February 6, 2020

Director Smith moved to approve the minutes from the February 6, 2020 meeting as presented, Director Franklin seconded, all in favor.

Public Comment

There were no members from the public wishing to discuss items not on the agenda.

Approval of IGA – Rio Blanco Water Conservancy District

Scott discussed the intergovernmental agreement ("IGA") between the Rio Blanco Water Conservancy District and the Yellow Jacket Water Conservancy District presented to the Board at its February meeting. The IGA allows the RBWCD to use its water rights stored in the proposed Wolf Creek Reservoir to serve constituents within the YJWCD's boundaries. Scott worked with the attorney for the RBWCD to incorporate several changes to the document including recognition of demands within the two districts and to allow the two districts to enter into a subsequent agreement whereby YJWCD water could be stored in the proposed Wolf Creek Reservoir. Mr. Ed Olszewski, attorney for the RBWCD, indicated that the IGA allows RBWCD to benefit YJWCD constituents and expands the area that could be served. Mr. Alden Vandenbrink with the RBWCD agreed with the summary. Discussion followed with Director Sheridan stating that the agreement does benefit YJWCD constituents. Director Proctor noted that it creates partnership opportunities in the event YJWCD projects do not move forward, or moves forward at a different pace. Director Welder agreed that it provided alternatives.

Director Proctor moved to approve the IGA as presented and authorize President to sign the IGA, Director Franklin second, all in favor.

Approval of Accounts Payable

Director Proctor discussed the YJWCD's financial status. He indicated that the District received the annual payment from the Highland Ditch.

Director Proctor moved to pay the invoice from Balcomb & Green, Director Nielsen second, all in favor.

Director Proctor moved to pay the invoice from Applegate Group, Director Smith second, all in favor.

Director Proctor noted that much of the Engineering budget has been spent. He suggested that there may be money in the operating account should transfers need to be made and that funds carried forward from last year may be available and may require budget adjustments should ongoing projects require additional engineering analysis. Discussion followed. The board decided to wait to adjust fund allocation until the next meeting. Director Proctor reported that due to the current pandemic the deadlines for counties to certify values has changed. This will cause the time frame to create a budget to be very short. Director Proctor then discussed potential costs of Lake Avery and ability to pay for such expansion and difficulties of fiscal management of a project that size based on current TABOR and budgeting limitations.

Yellow Jacket Water Storage Feasibility Study

Lake Avery Expansion Update. Scott provided a status update on the pending water court case. He stated that he negotiated with the Colorado Water Conservation Board over the types of uses that water released from Lake Avery could be used for. The CWCB requested that the use of fishery below the reservoir also require a contract with either the CWCB or some other entity with the legal authority for such use. He also said that a concern of both the CWCB and the Division Engineer have related to the contemplated draft of the water right. Additionally, the Division Engineer has raised questions about the need and demands presented by the District. He provided the court with a supplemental response to the consultation report addressing these issues.

Director Welder discussed the benefit of having water decreed for augmentation purposes. He stated the need for augmentation water can also exist due to diminished amounts of water in the River. Discussion followed about what an agreement might look like, and Scott reported that many districts develop standard form contracts for sale of augmentation water and that an agreement with the CWCB or other entity for fish releases would be negotiated in the future. Director Franklin indicated that Colorado Parks and Wildlife may need to release water from Lake Avery this year.

Lost Park and Ripple Creek Reservoirs, North Fork Feeder Conduit. Craig stated Applegate looked at Lost Park Reservoir location. It had a small drainage basin and its supply was primarily from feeder canals. This water right does not have a reliable water supply. A change of this water right to a new location is limited to the amount of water available at the original place of storage. The Ripple Creek Reservoir location, however, can supply the full amount of the 12,500 acre feet in most years except drought years. He suggests that the District let go of the Lost Park water right.

Craig stated that he looked at storage limitations downstream considering land ownership, costs, and water supplies. The Kellog Gulch location was previously looked at, but not considered when looking for a larger location. But with a smaller footprint the project is more feasible. The reservoir and pump station would be on public land and could hold the 12,500 remaining conditional water rights. He provided cost estimates based upon a smaller foot print. Estimated unit cost would be around \$2870 per acre foot.

Scott indicated that it was staff's recommendation to cancel Lost Park Reservoir right and move Ripple Creek Reservoir right to Kellog Gulch location.

Director Proctor moved to change the Ripple Creek Reservoir to the Kellog Gulch location and abandon Lost Park Reservoir, Director Franklin second, all in favor.

Director Proctor stated that he and Director Franklin have met with many of the property owners on the "off channel" reservoir sites. Most of the property owners are supportive of additional storage in that location. He suggested keeping the 25 cfs would be best upstream and could be used to fill the off channel locations. Discussion also followed on the Division Engineer's Office's comments on the ability to store all 10,000 acre of the Sawmill Mountain water right at Lake Avery and potential to store water not stored in Avery in the off channel locations. Both releases from Lake Avery and return flows or reservoir releases from irrigation in Coal Creek benefit critical reaches in the White River. Discussion followed.

Director Proctor moved to change 25 cfs to Oak Ridge Diversion, Director Smith second. All in favor with Director Sheridan abstaining.

Director Welder discussed augmentation needs within the basin and development outside of Meeker and possible curtailment of existing wells. He discussed the benefits for sharing of information between governmental agencies about needs and demands for water.

Measuring Devices

Ms. Callie Hendrickson of the White River and Douglas Creek Conservation Districts asked Director Sheridan to sign a letter to the Division Engineer to request delay in ordering the installation of new headgates. Director Welder suggested that delay of the order would be a good thing for water users. Discussion followed about benefits of headgates but problems with ongoing maintenance on some ditches and TABOR limitations.

Director Proctor moved to ratify Director Sheridan's signing the letter requesting delay on behalf of the YJWCD, Director Franklin second, all in favor.

Director Sheridan discussed concerns with grant funding for headgate improvements and stated that those that wait to fix their headgate may get the benefit of a grant but those who did not wait would not benefit from a grant program and be "punished" by acting appropriately. Director Smith suggested that there are difficulties in installing new systems due to COVID limitations and lack of materials.

Division Engineer Light discussed standards for installing a measuring device and tools on web site and water commissioners help out. She has not come to a resolution about delay, and indicated she wants it to be a planned decision.

New Business

Division Engineer Erin Light stated many domestic wells may be exempt from administration and not need an augmentation plan. She also said the 2020 abandonment list has been issued and that of the 700 water rights on the list, more than 200 are alternate points of diversion. None of the water rights are pre-compact. Discussion followed about augmentation of existing wells and the uses being made.

Directors asked whether a determination of over-appropriation of the White River is in the future. Division Engineer Light said she will wait on Yampa to determine whether it is over-appropriated. She questions whether administration is a pre-requisite to a determination of over-appropriation.

Director Proctor indicated that through Callile Hendrikson, he had been asked about what the District's plans are. He suggested a board policy be on the table and steps to tell the public where the District is headed. He said part of the message is a shortage of water between Miller Creek and Piceance Creek and that the District is working on getting storage water to balance in the critical reach.

Director Welder updated on the board on the Yampa White Green Roundtable meeting with drought contingency planning to store water in Lake Powell under a water banking theory where

users curtail use and are compensated for that and allow that water to be used to meet a compact call. The roundtable is studying certain areas to see the impacts to fields that would be dried up. Discussion followed about impacts of drying up lands.

The meeting adjourned at 4;30 p.m.

Read and approved this _____ day of December 2020.

Signed: _____

Attest:_____

YELLOW-JACKET WATER CONSERVANCY DISTRICT PROPOSED BUDGET FOR 2021 SUBMITTED FOR BOARD REVIEW AND APPROVAL

The attached proposed budget is prepared for consideration by the Board of Directors of the Yellow Jacket Water Conservancy District ("District"). The primary funding source for the District comes from property tax revenues. The assessed value of property within the District is nearly the same for 2021. This budget considers maintaining the District's present mill levy of 0.209 mills. Revenues and expenditures remain consistent.

Expenditures of the District, over the past several years include ongoing reservoir feasibility study and research into other viable uses for the District's conditional water rights. The legal agreements that settled past concerns also established a very specific schedule for the use, movement or abandonment of the remaining District water rights and the District will continue with the next stages toward development of these water rights within these constraints.

The District's budget format follows the previous year's format that separates "Operating Expenses," which includes: Postage, Office Supplies, Checks, CPA Fees, Publication Fees, Meetings, Supplies, Treasurer's Fees, Meals and miscellaneous reimbursement for unanticipated expenses and "Legal Fees" are limited to such fees and do not include other costs.

The District anticipates incurring additional legal and engineering fees in 2021 as it continues to prosecute its water court applications and to develop its long term master plan for its water rights portfolio and expand upon previous studies for the feasibility of its water rights. The District also anticipates incurring additional legal and administration costs associated with the District's primary objective to expand the Big Beaver Reservoir (Lake Avery).

The budgetary basis of accounting the District uses is cash basis.

INCOME/ASSETS	2019 Actual	2020 Estimated	2021 Proposed
Fund Balance January 1 st	\$25,330	\$33,433*	\$20,614
YJ Reserve Checking	\$13,071	\$13,073	\$16,073
Property Tax			
Rio Blanco	\$18,509	\$18,546	\$18,422
Moffat	\$5,274	\$5 <i>,</i> 568	\$5,952
Garfield	\$265	\$567	\$195
Highland Ditch	\$1,500	\$1,500	\$1,500
Total Available Funds	\$63,949	\$72,687	\$62,756

*Adjusted after final payment of 2020 obligations in 2021.

Expenditures	2019 Actual	2020 Estimated	2020 Proposed		
General Operating Expenses					
Legal Fees	\$8,880	\$15,000	\$15,000		
Operating Expenses	\$3,555	\$6,000	\$6,000		
Engineering	\$5,010	\$15,000	\$15,000		
Total General Operating	\$17,445	\$36,000	\$36,000		
Ending Fund Balances					
Operating Fund	\$33,433	\$20,614**	\$7,681		
Reserve Fund	\$13,071	\$16,073**	\$19,075		

** These balances are based on assumption Directors will approve a transfer from OF to RF.

YELLOW JACKET WATER CONSERVANCY DISTRICT RESOLUTION TO SET MILL LEVY 2021 A RESOLUTION LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2021 TO HELP DEFRAY THE COSTS OF GOVERNMENT FOR THE YELLOW JACKET WATER CONSERVANCY DISTRICT IN GARFIELD, MOFFAT, AND RIO BLANCO COUNTIES, COLORADO FOR THE 2021 BUDGET YEAR.

WHEREAS, the Board of Directors of the Yellow Jacket Water Conservancy District, has adopted the annual budget in accordance with the Local Government Budget Law, on December 11, 2020;

WHEREAS, the amount of money available to balance the budget for general operating purposes from property tax revenue is \$24,569;

WHEREAS, the amount of money necessary to balance the budget for bonds and interest is \$0.00; and

WHEREAS, the 2020 valuation for assessment for the Yellow Jacket Water Conservancy District as certified by the County Assessors for Garfield, Moffat, and Rio Blanco Counties totals \$117,553,099.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE YELLOW JACKET WATER CONSERVANCY DISTRICT:

- That for the purposes of meeting the general operating expenses of the Yellow Jacket Water Conservancy District during the 2021 budget year, there is hereby levied a tax of 0.209 mills upon each dollar for the total valuation for assessment of all taxable property within the District for the year 2020;
- 2. That the established tax levy for the Yellow Jacket Water Conservancy District be certified to the respective County Commissioners for Garfield, Moffat, and Rio Blanco Counties.

ADOPTED, this 11th day of December, 2020, by a unanimous vote of the Yellow Jacket Water Conservancy District Board of Directors

Attest:

Kelly Sheridan, President Yellow Jacket Water Conservancy District Benjamin Rogers, Vice-President Yellow Jacket Water Conservancy District

YELLOW JACKET WATER CONSERVANCY DISTRICT RESOLUTION TO ADOPT BUDGET

A RESOLUTION SUMMARIZING EXPENDITURES AND REVENUES AND ADOPTING A BUDGET FOR THE YELLOW JACKET WATER CONSERVANCY DISTRICT IN GARFIELD, MOFFAT, AND RIO BLANCO COUNTIES, COLORADO FOR THE CALENDAR YEAR BEGINNING ON THE FIRST DAY OF JANUARY 2021 AND ENDING ON THE LAST DAY OF DECEMBER 2021 BUDGET YEAR.

WHEREAS, the Board of Directors of the Yellow Jacket Water Conservancy District has appointed Walt Proctor, Director, to prepare and submit a proposed budget to said governing body at the proper time;

WHEREAS, Walt Proctor, Director, has submitted a proposed budget to this governing body on October 13, 2020;

WHEREAS, upon due and proper notice published and posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on December 11, 2020, and interested taxpayers were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE YELLOW JACKET WATER CONSERVANCY DISTRICT IN GARFIELD, MOFFAT, AND RIO BLANCO COUNTIES, COLORADO;

- 1. That the budget as submitted, amended, and herinabove summarized is approved and adopted as the budget of the Yellow Jacket Water Conservancy District for 2021.
- 2. That the budget hereby approved and adopted shall be signed by the President and Vice President of the Board of Directors of the Yellow Jacket Water Conservancy District and made a part of the public records of the District.

Adopted this 11th day of December, 2020, by a unanimous vote of the Yellow Jacket Water Conservancy District Board of Directors.

Attest:

YELLOW JACKET WATER CONSERVANCY DISTRICT RESOLUTION TO APPROPRIATE SUMS OF MONEY

A RESOLUTION APPROPRIATING SUMS OF MONEY TO THE GENERAL FUND OF THE YELLOW JACKET WATER CONSERVANCY DISTRICT IN GARFIELD, MOFFAT, AND RIO BLANCO COUNTIES, COLORADO FOR THE 2021 BUDGET YEAR.

WHEREAS, the Board of Directors has adopted the annual budget in accordance with the Local Government Budget Law, on December 11, 2020 and;

WHEREAS, the Board of Directors has made provision therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget, and;

WHEREAS, it is necessary to appropriate revenues provided in the budget to and for the purposes described below.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE YELLOW JACKET WATER CONSERVANCY DISTRICT IN GARFIELD, MOFFAT, AND RIO BLANCO COUNTIES, COLORADO;

The following sums are hereby appropriated from the General Fund for the purposes stated:

TOTAL AVAILABLE FUNDS:	\$62,756
General Operations:	\$ 36,000
Reserves:	\$ 19,075
Operating Fund Balance:	\$ 7,681

Adopted this 11th day of December, 2020, by a unanimous vote of the Yellow Jacket Water Conservancy District Board of Directors.

Attest:

Kelly Sheridan, President Yellow Jacket Water Conservancy District Benjamin Rogers, Vice-President Yellow Jacket Water Conservancy District

DISTRICT COURT, WATER DIVISION 6, STATE OF COLORADO Routt County District Court 1955 Shield Drive, Unit 200 Steamboat Springs, CO 80487				
CONCERNING THE APPLICATION FOR WATER RIGHTS OF:				
YELLOW JACKET WATER CONSERVANCY DISTRICT				
In the White River or Its Tributaries				
IN RIO BLANCO COUNTY, COLORADO	▲ COURT USE ONLY ▲			
Attorneys for Yellow Jacket Water Conservancy District Scott A. Grosscup, #35871 BALCOMB & GREEN, P.C. Post Office Drawer 790 Glenwood Springs, Colorado 81602 Tele: (970) 945-6546 Email: sgrosscup@balcombgeen.com Attorneys for The Oil Shale Corporation Alan E. Curtis, #34571 WHITE & JANKOWSKI LLC 1333 W. 120th Ave., Suite 302 Westminster, Colorado 80234 Tele: (303) 595-9441 Fax: (303) 825-5632 alanc@white-jankowski.com	Case No. 2020CW3031			
Jacques S. Ruda, #8456 6000 East Evans Avenue, Suite 1-211 Denver, Colorado 80222 Tele: (303) 297-3800 Fax: (303) 297-9417 Email: ruda@cmconline.com				
STIPULATION BETWEEN APPLICANT, YELLOW JACKET WATER				

STIPULATION BETWEEN APPLICANT, YELLOW JACKET WATER CONSERVANCY DISTRICT AND THE OIL SHALE CORPORATION

Applicant, Yellow Jacket Water Conservancy District ("District") and The Oil Shale Corporation ("TOSCO"), a wholly owned subsidiary of ConocoPhillips Company, by and through their undersigned attorneys enter this binding stipulation:

1. The District agrees to include the following or substantially similar language in any final decree entered in this matter:

The District shall not place a call against any water right located between the original point of diversion and the new point of diversion or place of storage sought in this case for: (1) the Ripple Creek Reservoir water right confirmed by the Decree in Civil Action No. 1269, District Court in and for the County of Rio Blanco, dated November 21, 1966; and (2) the North Fork Feeder Conduit water right confirmed by the Decree in Case No. W-4325, Water Division 5, dated September 28, 1977.

- 2. In return, TOSCO has stipulated and agreed that it will not file a statement of opposition, a motion to intervene, a protest to the Water Referee's ruling, or otherwise oppose the District's application in this case.
- **3.** TOSCO and the District stipulate and agree that each will bear their own costs and fees associated with this matter.
- 4. This Stipulation shall benefit and be binding upon heirs, successors, and assigns of the undersigned parties.
- 5. This Stipulation may be enforced both as an agreement of the parties and as an order of the Water Court.
- 6. TOSCO consents to and will support the District's motion to the Water Court for an order approving this Stipulation, provided that TOSCO will review the motion and proposed order before they are filed. The District will promptly file the approved motion and proposed order following the execution of this Stipulation.

Dated this _____ day of ______, 2020.

WHITE & JANKOWSKI LLC

BALCOMB & GREEN, P.C.

Alan E. Curtis (#34571) Attorneys for The Oil Shale Corporation

Alan E. Curtis for Jacques S. Ruda (#8456) Attorney for The Oil Shale Corporation

Scott A. Grosscup (#35871) Attorneys for the Yellow Jacket Water Conservancy District

Stipulation with The Oil Shale Corporation Case No. 2020CW3031 Page 3 of 2