

STATE OF COLORADO

COLORADO WATER CONSERVATION BOARD

Department of Natural Resources

823 State Centennial Building
1313 Sherman Street
Denver, Colorado 80203
Phone: (303) 866-3441



January 30, 1984

Richard D. Lamm
Governor

J. William McDonald
Director

David W. Walker
Deputy Director

The Honorable Ted Strickland
President of the Senate
Colorado General Assembly
State Capitol
Denver, Colorado 80203

The Honorable Carl B. Bledsoe
Speaker of the House
Colorado General Assembly
State Capitol
Denver, Colorado 80203

Gentlemen:

As required by section 37-60-122, CRS 1973, as amended, I am submitting the enclosed annual report from the Colorado Water Conservation Board.

Sincerely,

J. William McDonald
Director

JWM/gl

Enclosure: as stated

cc: Marjorie Nielson, Secretary of the Senate
Lorraine Lombardi, Chief Clerk of the House
Members, Senate Committee on Agriculture,
Natural Resources and Energy
Members, House Committee on Agriculture,
Livestock and Natural Resources
Members, Colorado Water Conservation Board
Executive Director, Colorado Water Resources
and Power Development Authority
Lyle Kyle, Tina Walls and Jim Hill, Legislative Council

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1984 ANNUAL REPORT TO THE
COLORADO GENERAL ASSEMBLY
FROM THE
COLORADO WATER CONSERVATION BOARD
January, 1984

Introduction

Section 37-60-122 (1)(a), CRS 1973, as amended, directs the Colorado Water Conservation Board to submit an annual report to the General Assembly. The purpose of this annual report is threefold.

First, section 37-60-122 (1)(a), CRS 1973, as amended, directs the Board to report on the proposed facilities which the Board recommends be constructed with moneys appropriated or otherwise credited to the construction fund created pursuant to section 37-60-121 (1), CRS 1973, as amended. Section 37-60-122 (1)(a), also directs that the Board's report include a suggested list of priorities for the funding of such proposed facilities.

Second, section 37-60-121 (1)(c), CRS 1973, as amended, directs the Board to apprise the General Assembly of the steps taken to comply with the criteria which are set forth in section 37-60-121 (1)(b), CRS 1973, as amended. In consideration of making expenditures from the construction fund, the Board is to be guided by the subject criteria.

Finally, section 37-60-121 (4)(b), CRS 1973, as amended, directs the Board to make an accounting of all expenditures from the construction fund incurred through the end of the previous fiscal year for the personal services, operating, travel and subsistence, and capital expenses of administering and managing the construction fund program. This subsection specifies that the Board is authorized to expend for such purposes, on a continuing basis, not more than one and one-half percent of the moneys appropriated, allocated, or otherwise credited to the construction fund.

Projects Recommended for Authorization

At its January 5-6, 1984, regular meeting, the Board voted to recommend that three projects be authorized in the order of priority listed in Table 1. Brief summaries of each proposed project are also enclosed.

Compliance with Construction Fund Criteria

Since the adoption in 1981 of the criteria set forth in section 37-60-121 (1)(b), CRS 1973, as amended, all actions taken by the Board concerning the construction fund program have been in compliance with those criteria. In particular, the Board has taken the following steps:

1. Over two-thirds of the Board's cost of the projects recommended since the adoption of the subject criteria have been for projects which will increase the beneficial consumptive use of Colorado's compact entitled waters.
2. No applications for domestic water treatment and distribution systems and flood control projects have been accepted by the Board since March, 1981.
3. All feasibility studies initiated by the Board include the information required by criteria (IX).

Expenditures During FY 82-83

The following expenditures of construction fund moneys were made during FY 82-83 pursuant to section 37-60-121 (4), CRS 1973, as amended:

Personal Services	\$ 73,521
Operating	26,512
Travel	2,903
Capital	<u>391</u>
Total	\$103,327

Status of Construction Fund

Pursuant to H.B. 1320 (1983 Session), \$22.5 million was transferred from the construction fund to the fiscal emergency fund last fiscal year. While this left sufficient money in the construction fund to proceed with projects scheduled for FY 83-84 (which projects were identified in sec. 5, H.B. 1102, 1983 Session), other already authorized projects cannot be started until the \$22.5 is returned to the construction fund.

Even with the return of the \$22.5 million, all monies available to the construction fund will probably have been authorized for expenditure by the spring of 1985 (assuming the authorization of the three projects recommended this year plus more next year). Thus, it will not be possible to start new projects after FY 84-85, except to the extent that annual income, amounting to about \$4-6 million, is received from interest, repayments, and mineral leasing monies allocated to the construction fund by statute, unless further appropriations are made to the construction fund

Table 2 details the status of the construction fund as of December 31, 1983. Table 3 projects the status of the construction fund through FY 84-85.

The Colorado Water Conservation Board strongly urges the General Assembly to repay to the construction fund in FY 84-85 the \$22.5 million which was transferred out. Failure to do so will result in the deferral of projects to which the General Assembly has previously committed funds.

Encls: Table 1
Table 2
Table 3
Project Summaries
 Summit Reservoir
 Monument Reservoir
 Fruitgrowers Reservoir
Letter: Torp/Stroup to Strahle

Table 1
 COLORADO WATER CONSERVATION BOARD
 RECOMMENDED PROJECTS
 for 1984

<u>Priority</u>	<u>Project Name</u>	<u>Location (County)</u>	<u>Total Cost</u>	<u>Board Cost</u>	<u>Repayment Period (yrs.)</u>	<u>Service Charge</u>	<u>Annual Charges</u>	<u>Total Payment</u>
1	Summit Reservoir	Montezuma	\$ 70,000	\$ 35,000	40	5%	\$ 2,040	\$ 81,600
2	Monument Reservoir	Gunnison	794,160	397,080	40	5%	23,142	925,680
3	Fruitgrowers Reservoir	Delta	<u>3,250,000</u>	<u>1,510,000</u>	40	5%	<u>88,003</u>	<u>3,520,120</u>
	Totals		\$4,114,160	\$1,942,080			\$113,185	\$4,527,400

Table 2

Status of CWCB Construction Fund
(from inception thru 12/31/83)

1)	Total Appropriations and Revenues	\$112,916,539
2)	Less Transfers To:	
3)	Water Resources & Power Development Authority	30,099,000
4)	Reserved Rights Litigation Fund	5,000,000
5)	Fiscal Emergency Fund	<u>22,500,000</u>
6)	NET FUNDS AVAILABLE	\$55,317,539
7)	Less Expenditures For:	
8)	Completed projects & feasibility studies	32,865,944
9)	Emergency disaster projects	675,000
10)	Administrative expenses	<u>376,354</u>
11)	TOTAL CASH ON HAND (12/31/83)	\$21,400,241
12)	Less Encumbrances (projects and studies in progress)	<u>11,857,711</u>
13)	UNENCUMBERED CASH (12/31/83)	\$ 9,542,530
14)	Less Authorized Projects & Studies	
15)	Priority projects (H.B. 1102)	12,262,500
16)	White River Study (H.B. 1102)	400,000
17)	Remaining authorized projects	<u>18,425,300</u>
18)	BALANCE	-\$21,545,300

Note: Line 5 does not include interest on the \$22.5M earned March through June, 1983, and not credited to Construction Fund, or interest earned on funds remaining in Construction Fund but transferred as earned to FEF.

Further, an additional \$1.6M in income was transferred from the fund on the basis of a receivable accrual credited to FEF on June 30, 1983. See attached letter from Torp/Stroup to Representative Strahle dated 8-26-83.

Table 3

Projected Status of CWCB Construction Fund
 (For period from 1/1/84 through 6/30/85)

1)	Unencumbered cash (from line 13, Table 2)	\$ 9,542,530
2)	Plus Estimated Income	<u>10,729,000</u>
3)	TOTAL CASH AVAILABLE	\$20,271,530
4)	Less Expenditures For:	
5)	Priority projects (H.B. 1102)	12,262,500
6)	White River Study (H.B. 1102)	400,000
7)	Administrative expenses	282,400
8)	Feasibility studies	<u>510,000</u>
9)	UNEXPENDED CASH (6/30/85)	\$ 6,816,630
10)	Less Remaining Projects	
11)	Already authorized (from line 17, Table 2)	\$18,425,300
12)	Recommended for authorization in 1984	<u>1,942,080</u>
13)	BALANCE	-\$13,550,750

Note: This table assumes that the \$22.5 million transfer from the construction fund to the fiscal emergency fund is not repaid in FY 84-85. As the "BALANCE" indicates (line 13), failure to repay the construction fund will prevent the construction of some already authorized projects (line 11) and these recommended for authorization this year (line 12).

Line 2 does not include interest earned on \$22.5M from March through June, 1983, while in FEF, but to be repaid to Construction Fund under terms of H.B. 1320.

COLORADO WATER CONSERVATION BOARD
823 State Centennial Building
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January 5-6, 1984, Board Meeting

SUMMIT RESERVOIR REHABILITATION

Introduction

The Summit Reservoir is the largest of 3 reservoirs owned and operated by the Summit Reservoir and Irrigation Company. It is located 12 miles northeast of the Town of Cortez in southwest Colorado. It was originally built in 1905 and was enlarged to its present capacity of 4800 AF in 1938. Since then no improvements of any kind have been made to this reservoir. This reservoir, along with two others in the system, provides about a 50% supply of water to 4,000 acres of privately owned land in the area.

Problem

The problem with Summit Reservoir is a general deterioration of the embankment due to lack of attention over a long period of time. As a result of this deterioration, the State Engineer has advised the owners that if they do not take corrective action the allowable storage will be restricted. As the current yield of this irrigation system only provides 50% of the water needed for full crop production in the area, such a restriction would create quite a financial hardship on the water users.

Current Status

In October, 1982, the Summit Reservoir and Irrigation Company submitted an application to the CWCB for assistance. The Board subsequently authorized 50% funding for a feasibility study on the proposed project. That feasibility study has now been completed by Harris Water Engineering, a Durango consulting engineering firm, and is the basis of recommendations on this project.

Proposed Project

The project as proposed would involve rehabilitating the existing Summit Reservoir by: (1) recontouring some of the areas below the West and South Dikes to improve drainage away from the toe of those dikes, (2) raising the dike crests to a uniform elevation so that a proper freeboard could be maintained, (3) back-filling below the existing west outlet, and (4) placing a filter blanket on the middle South Dike to stabilize the embankment. The total estimated cost of the project is \$70,000.

Conclusions & Recommendations

Construction of this proposed project will ensure that no restriction is placed on the water users. The financial analysis in the report shows that with this project the annual assessment to the existing holders of the company's 400 shares of stock will increase from the current \$90 per share to \$99 per share. The report further shows that the repayment capability of the water users is about \$105 per share, so this is a financially viable project.

The recommended funding for this project is as follows:

Summit Reservoir & Irrigation Co. (own reserves and proposed loan)	\$35,000
State Funds (to be repaid by water users fees)	<u>\$35,000</u>
Total	<u>\$70,000</u>

Under this financing arrangement, charges would be levied by the State at the rate of \$2,040 per year for 40 years for a total repayment of \$81,600.

It is recommended that this project be recommended by the Board to the General Assembly for authorization in the amount of \$35,000, with the stipulation that the company furnish additional financing to the extent of \$35,000 and that the Boards' funds to be repaid per the terms set forth above.

/bm

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January 5-6, 1984, Board Meeting

MONUMENT RESERVOIR REHABILITATION

Introduction

The Monument Dam and Reservoir are located in Gunnison National Forest, Gunnison County, about 6 miles northeast of Paonia, Colorado. These facilities are owned by the Minnesota Canal and Reservoir Company. They furnish about 50% of the water supply for 2100 acres of various types of crops in the Paonia area. Available records show that these facilities were constructed about 100 years ago.

Problem

The dam shows signs of seepage on the downstream slope and it has been determined that it may be unstable when filled to near capacity. The main problem, though, is that with the existing spillway the dam would be overtopped and could fail completely during a high hazard design storm. Due to this situation, the State Engineer has limited storage in the reservoir to 440 AF, which is 80 AF less than the full capacity. Failure of the dam would not only deprive the users of valuable irrigation water, but it would also cause substantial damage to private and public lands and facilities, as well as possible loss of life.

Current Status

In July, 1980, the Minnesota Canal and Reservoir Company submitted an application to the CWCB for assistance. The Board subsequently authorized 50% funding for a feasibility study on the proposed project. That study has now been completed by Armstrong and Associates, Inc., a Grand Junction consulting engineering firm, and is the basis for recommendations on the project.

Proposed Project

The project, as proposed, would stabilize the dam by reinforcing the upstream and downstream slopes, adding filter drains, adding a toe drain and increasing the capacity of the existing spillway. It is anticipated that this project would require two construction seasons to complete. The estimated cost is \$794,160.

Conclusions and Recommendations

The feasibility study for this project shows that without the dam rehabilitation, further restrictions on the storage allowed in the reservoir are sure to be imposed. Delay of the project will deprive the users of increasing amounts of valuable irrigation water and will increase the threat of substantial property damage due to flooding as a result of dam failure.

The recommended funding for this project is as follows:

Minnesota Canal & Reservoir Co. (grants &/or loans)	-	\$397,080
State Funds (to be repaid by water users)	-	\$397,080
	Total	<u>\$794,160</u>

Under this financing arrangement, charges would be levied by the State at the rate of \$23,142 per year for 40 years for a total repayment of \$925,680. The users currently pay \$12 per share for water and with this project the cost would probably increase to about \$25 per share.

It is recommended that this project be recommended by the Board to the General Assembly for authorization in the amount of \$397,080, with the stipulation that the Minnesota Canal and Reservoir Company furnish additional financing to the extent of \$397,080, and that the Boards' investment be repaid per the terms set forth above.

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January 5-6, 1984, Board Meeting

FRUITGROWERS RESERVOIR ENLARGEMENT & REHABILITATION

Introduction

The Fruitgrower's Reservoir was originally constructed in 1898. It lies approximately one mile east of Orchard City, Colorado. It was washed out by a flood on June 13, 1937 and was rebuilt by the Bureau of Reclamation in 1939. On March 1, 1940 the operation and maintenance of the reservoir was assumed by the Orchard City Irrigation District.

The reservoir currently has an active storage capacity of 4400 acre-feet. It provides water for 2285 acres of irrigated land. The reservoir has filled and spilled every year since 1962 with the exception of 1977. The owners look at this spillage as a waste of water which could be utilized within the District.

Problem

The problems with the Fruitgrowers Reservoir are twofold:

- (1) The reservoir capacity needs to be enlarged so that the water users can take advantage of the available water for which they have storage rights.
- (2) A 1980 safety evaluation conducted by the Bureau of Reclamation determined that the existing dam spillway is deteriorating and that a new spillway is needed for the reservoir.

Current Status

In November, 1982, the Orchard City Irrigation District submitted an application to the CWCB for assistance. The Board subsequently authorized 50% funding for a feasibility study on the proposed project. That study has now been completed by McDermitt & Schuster, a Cedaredge consulting engineering firm, and is the basis of recommendation on this project.

Proposed Project

The proposed project would increase the capacity of the Fruitgrower's Reservoir from 4400 AF to 6600 AF by raising the crest of the existing dam about 4 feet. This work would also require several adjustments and/or additions to the existing facilities. In addition to raising the dam, the project also includes construction of a new spillway.

The estimated cost of increasing the storage capacity is \$1,510,000. The District is requesting this amount from the CWCB. The estimated cost of the new spillway is \$1,740,000 which the Bureau of Reclamation would construct at no cost to the District. Thus, the Board's participation would be less than 50 percent of the project's total cost.

Under the proposed financing for the project the consultant has calculated that the benefit/cost ratio would be about 1.75 to 1.

Conclusions & Recommendations

The study for this project shows that the additional storage would increase crop values by about \$70 per irrigated acre in the district and that the cost to the irrigators would be just over \$40 per acre. Using the Bureau of Reclamation's method for computing pay-back ability the consultant calculates that the irrigators should be able to pay \$51.25 per acre for water.

The recommended funding for this project is as follows:

Bureau of Reclamation (replacement facility)	\$1,740,000
State Funds (to be repaid by water users fees)	<u>1,510,000</u>
Total	\$3,250,000

Under this financing arrangement, charges would be levied by the State at the rate of \$88,003 per year for 40 years for a total repayment of \$3,520,120.

It is recommended that this project be recommended by the Board to the General Assembly for authorization in the amount of \$1,510,000, with the stipulation that the District furnish additional financing to the extent of at least \$1,510,000 and that the Board's funds be repaid per the terms set forth above.

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STATE OF COLORADO

OFFICE OF STATE PLANNING AND BUDGETING

102 State Capitol Building
Denver, Colorado 80203
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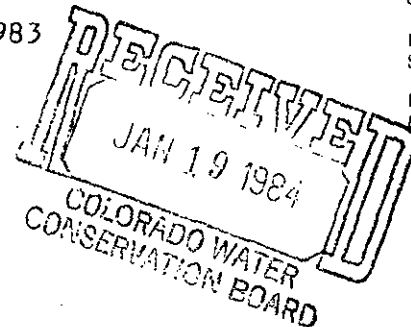
Richard D. Lamm
Governor

Planning
866-3386

Budgeting
866-3317

August 26, 1983

Representative Ronald H. Strahle
House Majority Leader
State Capitol Building Room 242
Denver, CO 80203



Dear Representative Strahle:

We are writing to you concerning the year-end general fund financial closeout of FY 1982-83. It is now confirmed that the fiscal year-end balance in the General Fund is \$7,325.

In calculating the year-end general fund balance we accrued a \$4.0 million liability against FY 1982-83 representing the cost of Medicaid services which were provided in FY 1982-83 but for which appropriations were insufficient to reimburse providers. We also included revenue of approximately \$24.6 million from the Colorado Water Conservation Board Construction Fund (CWCB/CF) which was available to the General Fund for deficit prevention purposes pursuant to H.B. 1320.

This raises an issue regarding the mechanics of H.B. 1320 as it appears in law which Legislative Council informs us may differ from legislative intent. Specifically, the law states that \$22.5 million shall be transferred to the fiscal emergency fund from the CWCB/CF as well as all monies ". . . otherwise accruing to such funds between the effective date of this section and June 30, 1983 . . ." Pursuant to the quoted provision (CRS 24-75-211), an additional \$1.6 million was required to be transferred to the fiscal emergency fund. The Attorney General's Office informs us informally that our understanding of this provision is correct. The initial transfer of \$22.5 million earned interest of \$.5 million in FY 1982-83 which also accrued to the fiscal emergency fund. A summary of CWCB/CF transfers to the fiscal emergency fund, under H.B. 1320 is as follows:

CWCB/CF Transfers² FY 1982-83

\$22.5 m	-	Transferred to FEF on 3/22/83
.5 m	-	Interest earned on above 3/22-6/30/83
<u>1.6 m</u>	-	Payments and accrued receivables to CWCB/CF 3/22-6/30/83 also transferred or accrued to FEF
\$24.6 m	-	Total

Representative Strahle
August 26, 1983
Page 2

We have discussed this issue with Mr. Lyle Kyle of Legislative Council and it is his view that the General Assembly clearly intended to transfer no more than \$22.5 million plus interest from the CWCB/CF to the fiscal emergency fund.


Given the apparent conflict between legislative intent and the law, we have decided to leave \$1.6 million in cash in the CWCB/CF but we have, pursuant to statute, accrued that amount as revenue to the fiscal emergency fund and a liability to the CWCB/CF. If you wish to change the language in CRS 24-75-211 to clarify legislative intent, a bill to this effect should be introduced to accomplish this revision. It should be noted, however, that a general fund balance of only \$7,325 will not allow a transfer out of the general fund without an appropriation from 1983-84 revenues. If no change to CRS 24-75-211 is forthcoming, we will then proceed to transfer the \$1.6 million cash from the CWCB/CF to satisfy the liability established as mentioned above.

Regardless of any further action, H.B. 1320 requires that the CWCB/CF be repaid all funds transferred plus interest by June 30, 1984, assuming revenues are available for such repayment.

If you have any questions regarding this matter, please feel free to contact either of us.

Sincerely,

Kenneth H. Torp
Executive Director


James A. Stroup
State Controller