STATE OF COLORAD

COLORADO WATER CONSERVATION BOARD
Department of Natural Resources
721 State Centennial Building
1313 Sherman Street
Denver, Colorado 80203
Phone: (303) 866-3441

January 31, 1989

Roy Romer
Governor
J. William McDonald
Director
David W. Walker
Deputy Director

Senator Ted Strickland
President of the Senate
Colorado General Assembly
State Capitol
Denver, CO 80203

Representative Carl B. Bledsoe
Speaker of the House of Representatives
Colorado General Assembly
State Capitol
Denver, CO 80203

Gentlemen:

As required by section 37-60-122 (1)(a), CRS, please find enclosed the annual report from the Colorado Water Conservation Board. The recommendations contained in the report pertain to S.B. 85.

Sincerely,

J. William McDonald

J. William McDonald
Director

JWM/gl
Enclosure: as stated
cc: Secretary of the Senate
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
Director, Legislative Council

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1989 ANNUAL REPORT TO THE COLORADO GENERAL ASSEMBLY FROM THE COLORADO WATER CONSERVATION BOARD January, 1989

Introduction

Section 37-60-122 (1)(a), CRS, directs the Colorado Water Conservation Board to submit an annual report to the General Assembly. The purposes of this annual report are fourfold.

First, section 37-60-122 (1)(a), CRS, 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. Section 37-60-122 (1)(a) also directs that the Board's report include suggested priorities for the funding of such proposed facilities.

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

Third, section 37-60-115(4)(d), CRS, requires the Board to report annually on any potential reservoir sites which may be encroached upon by incompatible land uses. The initial dam site inventory for which section 37-60-115(4) calls was completed about a year ago.

Finally, this report covers such additional matters concerning the use and status of the construction fund as the Board believes desirable to bring to the General Assembly's attention.

Projects Recommended for Authorization

The Board recommends that five new projects be authorized to receive loans subject to the terms of financing set forth in Table 1. Brief summaries of each proposed project are enclosed.

The Board further recommends that the General Assembly authorize it to expend $6,000,000 from the construction fund on a non-reimbursable basis for the cost-sharing which Congress imposed last October on the federal Closed Basin Project. A summary of this proposal is also enclosed.

Recommended Amendments to Rock Creek Project Authorization

The Board recommends that the 1987 authorization for the Rock Creek project be amended to authorize construction of either Rock Creek or Muddy Creek Dams. Both are feasible alternatives to meet the same water needs, with the Muddy Creek Dam having now been identified through the EIS process as the preferred alternative. The authorization for Rock Creek Dam would remain at $9 million at 5% for 25 years. The authorization for Muddy Creek Dam would be for $13.06 million at 5% for 25 years. The Board would be authorized to provide financial assistance to only one or the other of these two dams under this recommended amended authorization.

Further, the Board recommends that if the project sponsor, the Colorado River Water Conservation District, applies for a mitigation grant pursuant to section 37-60-122.2, CRS, then the loan assistance to the project should be reduced by the amount of the grant. In this way, the total financial assistance to the project from Board sources would be 50 percent of project costs.

Recommended Amendments to Lone Cabin Project Authorization

The Lone Cabin Reservoir repair project was authorized for $80,000. The repayment period was 28 years. The cost share was recommended to be 80/20 percent. The project was expected to cost $100,000.

The repairs, undertaken during the summer and fall of 1988, were more complicated than expected. They involved the unanticipated replacement of a control valve and outlet gate at an additional cost of $8,788.

Financial conditions among company shareholders appear to be such that continuation under the originally authorized loan arrangement is not feasible. The company proposes to contribute $10,000 toward the $103,000 completed project cost. Further, in order to keep annual payments at about $5,000, the repayment period would have to be extended from 28 years to 40 years.

The Board recommends that the project's previous authorization be amended to increase the loan from the Board to $92,700 and the repayment period to 40 years, provided that the company pays $10,300 from its cash reserves.

Recommended Study of Fish Culture and Propagation for Endangered Fish

The Colorado Squawfish, the Humpback Chub, the Bonytail Chub, and the Razorback Sucker have been listed either as threatened or endangered species by the U.S. Fish and Wildlife Service (USFWS) under the federal Endangered Species Act. This

act requires that the USFWS develop a program by which these species will be protected from extinction and eventually recovered.

In January, 1988, a "Cooperative Agreement for the Recovery Implementation Program for Endangered Species in the Upper Colorado River Basin" was signed by the Secretary of the Interior, the Department of Energy, and the Governors of Colorado, Utah, and Wyoming. These parties agreed to participate in and implement a comprehensive recovery program while allowing water development to proceed in the Upper Colorado River Basin. Without such an agreement, water resources development could be seriously impeded through the issuance of "jeopardy opinions" by the USFWS.

The recovery program consists of several elements, including the propagation of the threatened and endangered fish in hatcheries and their stocking in the wild. The Board feels strongly that this element of the program should move ahead as quickly as possible in order to speed up the recovery of these fishes and remove a potentially serious impediment to future water development in Colorado.

In this regard, the Board asked the USFWS to provide information on the requirements for a feasibility study for an endangered fish hatchery in Colorado. Based on criteria developed by the USFWS and the state, the objectives of the feasibility study would be to:

1) Test and determine fish culture requirements.

2) Determine the size and general design of facilities needed to produce fish required for research and stocking purposes.

3) Select, evaluate, and recommend the best site(s) at which development and construction of a facility is technically feasible.

4) Conduct various field studies necessary to determine technical feasibility based on requirements and criteria provided by the Board and the USFWS. These would include, but not be limited to, soil studies, water quality, volume, and availability, and availability of land.

5) Preparation of a feasibility level cost analysis of proposed facility.

6) Preparation of estimated annual operations and maintenance costs.

The feasibility study would be conducted in close cooperation with the USFWS and the other participants in the

Cooperative Agreement. It is expected that the study would cost up to $300,000 and would take about 12 months to complete.

The Board recommends that the General Assembly authorize it to expend up to $300,000 from the CWCB construction fund for the feasibility study.

Recommended Groundwater Study

S.B. 5 (1985) created a new section 37-60-115(3), CRS, concerning groundwater investigations to be undertaken by the Board. In 1987, the Board recommended, and the General Assembly authorized by S.B. 15, expenditures of $100,000 from the construction fund for a cooperative study of groundwater in the Denver Basin. An initial deep well was drilled at Castle Pines in cooperation with the U.S. Geological Survey and the Castle Pines Metropolitan District. Research analysis on the core is being conducted by Colorado State University. The investigation appears to be benefitting from high quality core samples and will include comparative analyses with a second test hole drilled nearby. Results are expected to increase scientific information on the specific yield of aquifers in the Denver Basin.

The Board has now received a new proposal from the U.S. Geological Survey for a groundwater investigation of western Colorado. The proposal suggests two phases. The first would be a compilation of existing information and its entry into a single automated data base. A bibliography would be included. The Board and the USGS would each contribute $37,500 to the study, which would take about 12 months. The Board recommends that it be authorized to proceed, using monies from the construction fund.

The second phase would be a demonstration of digital mapping. The Board does not recommend proceeding at this time, as it believes that this item should be considered at the conclusion of phase one.

Compliance with Construction Fund Criteria

Since the adoption in 1981 of the criteria set forth in section 37-60-121 (1)(b), CRS, 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. About 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 entitlements.

2. No applications for domestic water treatment and distribution systems or 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).

Dam Site Inventory

H.B. 1011 (1986), codified at section 37-60-115(4), CRS, directed the Board to prepare an inventory of potential dam and reservoir sites in the state. The inventory was prepared by obtaining information from federal, state, and local water entities and the State Engineer's water rights tabulation. As directed, the inventory is on a computerized retrieval system and can be continuously updated.

Section 37-60-115(4)(d) requires the Board to identify and report annually to the General Assembly on any potential reservoir sites which may be encroached upon by incompatible land uses. To accomplish this, and to refine and update the initial inventory, the Board was authorized to make further expenditures from the construction fund for this purpose.

Because of the short interval between completion of the inventory and this report, the Board has just began preparations to update the status of reservoir sites. The Board will report further when significant findings become available.

Administrative Expenditures During FY 87-88

The following expenditures of construction fund moneys were made during FY 87-88 pursuant to section 37-60-121 (4)(a), CRS, which moneys were appropriated by the long bill for FY 87-88:

Personal Services, Operating and Travel	$451,965
Capital	10,127
Legal Services	16,707
Total	$478,799

Status of Construction Fund

The cumulative status of the construction fund from its inception through December 31, 1988, is shown in Table 2. The negative balance is of major concern to the Board. Although loan repayments, interest on monies in the fund, and federal mineral leasing payments provide several million dollars annually, and while there is usually a one or two year time lag between authorization of a project and actual construction, it is clear that the Board's project construction program cannot

continue indefinitely at its average level of $10-15 million of expenditures each year, even with the new appropriations described below.

Appropriations to the Board pursuant to section 37-60-121(6), CRS (HB 1340 (1986), as amended by HB 1158 (1987)), for wildlife mitigation and for the construction fund are to become available commencing on July 1, 1989. At that time, $3.75 million is to be transferred to the construction fund and $7.5 million to the new fish and wildlife resources account. The same sums are to be available on July 1, 1990. On July 1, 1991, $5 million is to be transferred to the construction fund and $10 million to the fish and wildlife resources account for the final payment called for by H.B. 1158. Thus, as against a $30 million deficit, the construction fund is programmed to receive $12.5 million of new appropriations, plus about $10 million of income each year, over the next three fiscal years. The projected result after the next three years of anticipated project activity is still a negative balance of $5-10 million.

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Encls: Table 1
Table 2
Project Summaries

Table 1
COLORADO WATER CONSERVATION BOARD
RECOMMENDED PROJECTS
FOR 1989

Priority	Project Name	Location County	Total Cost	Board Cost	Repayment Period (Yrs.)	Annual Interest Rate	Annual Payment	Total Repayment
1	Canon Heights Canals	Fremont	131,000	65,500	25	5%	4,647.22	116,180.25
2	Alsbury Dam	Mesa	70,000	35,000	20	5%	2,808.40	56,168.00
3	Coon Creek Reservoirs	Mesa	90,000	55,000	25	5%	3,902.25	97,556.25
4	Juniata Pipeline	Mesa	500,000	250,000	25	5%	17,737.50	443,437.50
5	Barnes Meadow Dam	Larimer	430,000	215,000	20	5%	17,251.60	345,032.00
	Total		$1,221,000	$620,500			$46,346.97	$1,058,374.00

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Table 2

STATUS OF CWCB CONSTRUCTION FUND
(from inception thru 12/31/88)

Total Appropriations and Revenues		$151,700,732[a]
Less Transfers		
Water Resources & Power Development Authority	$30,099,000	
Reserved Rights Fund	5,000,000	
Colorado Water Resources Research Institute	130,000	
		-$ 35,229,000
NET FUNDS AVAILABLE		$116,471,732
Less Expenditures and Obligations		
Authorized Projects and Feasibility Studies	$131,141,145[b]	
Emergency disaster projects	915,000[c]	
Administrative expenses	2,752,428[d]	
		-$134,808,573
SUB-TOTAL		-$ 18,336,841
Less Proposed Projects for 1989		-$ 7,221,000
Less Proposed Amended Authorizations and Proposed Studies		-$ 4,406,200[e]
FINAL BALANCE (deficit)		-$ 29,964,041

[Footnotes attached]

Notes to Table 2

a/

Revenue Sharing	$ 300,000
General Fund	600,000
Oil Shale Trust Fund	3,300,000
Sales & Use Tax (SB 537, 1980)	28,000,000
Tax Relief (SB 149, 1981)	40,000,000
Tax Relief (HB 1617, 1982)	10,000,000
Mineral Lease Payments	33,690.312*
Interest (as of 10/31/88)	24,512,048
Repayments	11,298,372
	$151,700,732

b/ This sum includes expenditures for already completed feasibility studies and projects, contract encumbrances for projects currently under construction and the sums authorized for projects on which construction has yet to be initiated.

c/ This sum is the amount which has been expended on project construction pursuant to disaster emergency proclamations by the Governor. The projects involved met the criteria governing the construction fund, although they had not been authorized by the General Assembly.

d/ Personal services, travel, operating, and legal services expenses for administering the program have been appropriated from the construction fund in recent years. This figure reflects costs through October 30, 1988.

e/

USGS study	$ 37,500
Muddy Creek (from 9M to 13.056M)	4,056,000
Lone Cabin (from 80K to 92.7K)	12,700
Fish hatchery study	$ 300,000
	$4,406,200

* Best available estimate

COLORADO WATER CONSERVATION BOARD

Canon Heights Canal System
Canon Heights Ditch and Reservoir Company

January, 1989

Introduction

The Canon Heights Ditch and Reservoir Company (Company) provides irrigation water to 232 people who irrigate 813 acres of land on the northern and northwestern edge of Canon City. Crops grown on this irrigated acreage include grass hay, alfalfa, fruits, vegetables, small grains and trees. The Company delivers water to this acreage from Four Mile Creek via a 13.2 mile combination ditch and pipeline system.

Problem

The U.S. Soil Conservation Service (SCS) has identified three reaches of the open ditch section of the delivery system where excessive seepage is occurring. Estimated losses due to seepage in these reaches is 3.9 c.f.s., which represents about 20 percent of the ditch carrying capacity of 19 c.f.s.

Proposed Project

The SCS has prepared an evaluation study of the delivery system which identified the three reaches stated above as the most critical problems in the system. They recommend replacing these three reaches of open ditch with a 36 inch reinforced concrete pipe. The total length of pipe required will be 1860 feet. The SCS will prepare all necessary plans and specifications for the project. The total project cost is estimated to be $131,000.

Proposed Financing

ASCS grant & company loan	$65,500
CWCB loan at 5 percent, 25 years	65,500
	$131,000

Under this financing arrangement the Company would pay the CWCB $4,647.22 per year for 25 years, for a total repayment of $116,180.25.

Recommendation

It is recommended that this project be authorized by the General Assembly in the amount of $65,500, subject to the proposed terms of financing set forth above and subject to the company demonstrating to the Board's satisfaction that it can meet its repayment obligation.

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COLORADO WATER CONSERVATION BOARD

Alsbury Dam
West Divide Water Conservancy District
January, 1989

Introduction

Alsbury Dam is owned by the West Divide Water Conservancy District (District). It is located about 23 miles southeast of Rifle. The dam is currently breached. The purpose of this proposed project would be to restore the dam to a height of 25 feet, which would create a capacity of 255 acre-feet in the reservoir.

Problem

The water users below Alsbury Reservoir are in need of supplemental water to increase hay production and to provide an augmentation source for domestic wells in several rural residences. This need is expected to increase in future years so the rehabilitation of this reservoir is of vital importance to the District.

Proposed Project

This project would consist of the reconstruction and enlargement of the existing breached dam on the headwaters of East Divide Creek in Mesa County. The proposed dam would be 25 feet high, which is 5 feet higher than the existing dam. This increased height would allow the district to store the maximum storm run-off capacity (for dam safety purposes), in addition to their decreed storage capacity of 255 acre-feet. The total estimated cost of this project is $70,000.

A technical issue associated with this project is that the left abutment of the dam site is created by a huge, pre-historic landslide mass about 1 mile wide and 2 1/2 miles long. The Alsbury dam and reservoir are located at the upstream, or south edge, of the landslide. Seven test pits were sunk at the dam site and the reservoir during the feasibility study to investigate the site and materials available. This matter will be investigated further as final designs for the project are prepared and a solution identified before construction commences.

Proposed Financing

District (capital reserve account)	- $35,000
CWCB loan (at 5 percent, 20 years	- 35,000
	$70,000

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Under this financing arrangement, the District would pay the CWCB $2,808.40 per year for 20 years for a total repayment of $56,168.

Recommendation

It is recommended that this project be authorized by the General Assembly in the amount of $35,000, subject to the proposed terms of the financing set forth above and subject to the company demonstrating to the Board's satisfaction that it can meet its repayment obligation.

/bj

COLORADO WATER CONSERVATION BOARD

Coon Creek Reservoirs
Coon Creek Reservoir and Ditch Company
January, 1989

Introduction

The Coon Creek Reservoir and Ditch Company (Company) owns several storage reservoirs on Grand Mesa east of Grand Junction. These reservoirs store water for irrigation of about 1650 acres of alfalfa and pasture lands around the town of ... Mesa. The Company has submitted an application for financial assistance to rehabilitate two of its storage reservoir dams.

Problem

The Company's reservoir #1, with a capacity of 396 acre-feet, is currently under restriction by the State Engineer due to slumps on and seepage through the main embankment, an inadequate spillway, the need for improvements to the outlet works, and the need for riprap on the upstream side of the dam. Reservoir #2 is subject to restriction by the State Engineer unless the Company controls embankment seepage, performs maintenance work on the control gate, places erosion control mats in the spillway, and installs a flow measurement structure below the dam. To address these problems, the company had a feasibility study prepared by Wastewater Engineering, a consulting firm in Palisade, which study is the basis for the recommendation on this project.

Proposed Project

The proposed project is to rehabilitate the dams for reservoir #1 and reservoir #2 in accordance with the plans and specifications which have already received approval from the State Engineer's Office. Direct construction costs for this project are estimated to be $90,000.

However, the Company has already spent the following amounts for the project:

(a)	Design		
	1. Preliminary and final designs	$7,250	
	2. Soils and surveying	8,100	
	3. Feasibility report	2,500	
			$17,850
(b)	Legal		$ 500

(c) Construction		
1. Preliminary repair of seepage work for #2 reservoir	$2,500	
2. Resident engineering	660	$ 3,160
Sub Total		$21,510
Less 50% of feasibility study costs		-$ 1,250
Total		$20,260

These costs are normally incurred after a project is authorized and are included in total project costs for the purpose of computing the Board's percentage participation in a project. Thus, the Board recommends that this project's cost be considered to be $110,000.

Proposed Financing

Coon Creek Reservoir & Ditch Company (private loan)	$ 55,000
CWCB loan at 5 percent, 25 years	55,000
Total	$110,000

Under the proposed financing arrangement the Company would pay the CWCB $3,902.25 per year for 25 years, for a total repayment of $97,556.25

Recommendation

It is recommended that this project be authorized by the General Assembly in the amount of $55,000, subject to the proposed terms of financing set forth above and subject to the company demonstrating to the Board's satisfaction that it can meet its repayment obligation.

JWM/FMA/gl

COLORADO WATER CONSERVATION BOARD

Pipeline to Juniata Dam
City of Grand Junction
January, 1989

Introduction

In order to provide an adequate supply of treated water on peak use days, the City of Grand Junction has embarked on a program to: (1) increase the carrying capacity of existing diversion facilities, (2) enlarge an existing raw water storage reservoir, and (3) construct an interconnecting raw water pipeline between the above mentioned enlarged reservoir and the city's existing raw water transmission facilities. The city has asked for financial assistance on item (1) above. This proposed project would be located on Purdy Mesa, 17 miles southeast of Grand Junction.

Problem

The city currently has diversion rights for 28.37 cfs from the North Fork of Kannah Creek to its storage reservoir. However, the existing diversion facility only has a capacity of 5-6 cfs. In order to improve the yield of its system, the city must increase the capacity of its diversion facility. HDR Infrastructure, Inc., prepared a feasibility report on how best to accomplish this task. That report is the basis for the recommendation on this project.

Proposed Project

The consultant's recommendation is to replace the existing facilities with a 6000 foot - 30 inch diameter ductile iron pipe and appurtenances. This new pipeline would convey the city's water from the North Fork of Kannah Creek to Juniata Reservoir. The total estimated cost of the project is $500,000.

Proposed Financing

City of Grand Junction (Local Affairs grant and city reserves)	$250,000
CWCB loan at 5 percent, 25 years	250,000
Total	$500,000

Under the proposed financing arrangement, the city would pay the CWCB $17,737.50 per year for 25 years, for a total repayment of $443,437.50.

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Pipeline to Juniata Dam
January, 1989

Recommendation

It is recommended that this project be authorized by the General Assembly in the amount of $250,000, subject to the proposed terms of financing set forth above and subject to the city demonstrating to the Board's satisfaction that it can meet its repayment obligation.

FMA/gl

COLORADO WATER CONSERVATION BOARD

Barnes Meadow Dam
City of Greeley

January, 1989

Introduction

Barnes Meadow Reservoir is a high elevation water storage facility owned by the City of Greeley. It is located just south of State Highway 14 about 7 miles northeast of Cameron Pass. The dam is an earth embankment with a crest length of 1,260 feet. The reservoir has a storage capacity of 2,349 acre-feet.

Problem

Due to excessive seepage through the auxiliary spillway dike and the poor condition of the auxiliary spillway and emergency spillway chute, the city has restricted storage in the reservoir to 1,928 acre-feet. Although this reduces the available storage by only 421 acre-feet, the city feels that it must maintain all possible storage capacity in order to provide an adequate supply to meet its demands.

Proposed Project

The city hired Morrison-Knudsen Engineers, Inc. (MKE) to prepare the feasibility study for this project. After studying seven alternative solutions to the problems at Barnes Meadow Dam, MKE recommended work to level the dam crest, fill in the existing emergency spillway, reinforce existing riprap on upstream face of dam, reline the outlet works, remove existing service spillway, and construct a new roller compacted concrete service spillway. The total estimated project cost is $430,000.

Proposed Financing

City of Greeley (bonds or capital replacement fund)	$215,000
CWCB loan at 5 percent, 20 years	215,000
	$430,000

Under this financing arrangement the city would pay the CWCB $17,251.60 per year for 20 years, for a total repayment of $345,032.

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Recommendation

It is recommended that this project be authorized by the General Assembly in the amount of $215,000, subject to the proposed terms of financing set forth above and subject to the city demonstrating to the Board's satisfaction that it can meet its repayment obligation.

/bj

COLORADO WATER CONSERVATION BOARD

Closed Basin Project
U.S. Bureau of Reclamation
January, 1989

Introduction

The Bureau of Reclamation estimates that the construction cost of the Closed Basin Project will total not more than $100 million. This exceeds the heretofore authorized ceiling by $25 million. In light of this circumstance, the Rio Grande Water Conservation District and the Board sought legislation in the last Congress to increase the authorized ceiling for the project.

The district and the Board were able to obtain the necessary legislation in the waning days of Congress only by agreeing to a series of amendments to the original authorizing act for the project. One of these requires non-federal financing for a portion of the costs of the project beyond $75 million.

Non-Federal Financing Requirement

The new legislation amends section 109 of the original authorizing act to read as follows:

> SEC. 109. There is hereby authorized to be appropriated the sum of $94,000,000 (October 1988) for the construction of the Closed Basin Division of the San Luis Valley Project, ...; provided, that none of the funds authorized herein for construction in excess of $75,000,000 may be expended by the Secretary unless and until the State of Colorado or a political subdivision thereof has entered into a binding agreement with the Secretary to contribute during construction one-third of the costs of construction in excess of $75,000,000 or $6,000,000, whichever is less. Such agreement shall include a reasonable limitation on administrative overhead expenses charged by the Secretary.

In light of the fact that Congress has subjected nearly every federal project in the last three or four years to cost sharing in the range of 35 to 40 percent, we were fortunate to negotiate 33 percent non-federal financing. Furthermore, the $6,000,000 cap protects against any further increases in costs.

although none is expected. Given the circumstances faced in Congress, and given that construction on the project would have been terminated had the ceiling increase not been obtained last October, this was the best that could be done.

Total expenditures for construction will reach $75 million during the course of the current federal fiscal year. Thus, the $6 million of non-federal financing must be obtained and a binding agreement entered into with the Secretary within the next several months in order to avoid termination of construction.

The water supply which will be provided by the Closed Basin Project will assist Colorado in meeting its obligations under the Rio Grande Compact. Due to this fact, and because of the manner in which the project will be operated, the project will benefit the Rio Grande Valley and its water users in general. Under the circumstances, the Board believes that it would be appropriate for the state to provide the required $6 million on a non-reimbursable basis since it is impossible to assign project benefits to individual water users.

Recommendation

The Board recommends that the General Assembly authorize it to (1) expend up to $6 million from the CWCB construction fund for the required non-federal financing, such expenditure to be made on a non-reimbursable basis, and (2) enter into such agreement with the U.S. Bureau of Reclamation for non-federal financing as is required by the new federal legislation.

JWM/gl

STATE OF COLORADO

COLORADO WATER CONSERVATION BOARD
Department of Natural Resources
721 State Centennial Building
1313 Sherman Street
Denver, Colorado 80203
Phone: (303) 866-3441

MEMORANDUM

TO: Members, CWCB

FROM: Bill McDonald

DATE: March 14, 1989

SUBJECT: Agenda Item 10, March 20-21, 1989, Board Meeting--
Approval of Redlands Water and Power Company Project

Introduction

The feasibility study for this proposed project has been undertaken with partial funding from the Board pursuant to the Board's guidelines. It was originally intended that the proposed project, a summary for which is enclosed, be acted upon at the Board's January meeting. However, the feasibility study was not yet done and I did not include the project on the agenda.

I intended that the project be brought before the Board at this meeting for action when the feasibility study was completed and approved by the staff. However, due to the short legislative session, the House Agriculture Committee has already acted upon the annual projects authorization bill (S.B. 85). At my recommendation, this project was amended into the bill.

Discussion

The project was approved by the House Ag Committee with the proposed financing set forth in the enclosed project summary. Furthermore, as has become standard practice, the committee added a footnote stating that monies for the project "...shall not be made available by the Board until the Board has, in its sole discretion, determined that the project is technically and financially feasible."

Recommendation

The feasibility study has now been completed, reviewed, and approved by the staff. Based upon that study, the staff finds

that the proposed project is technically and financially feasible. Therefore, I recommend that the Board so determine at this time and authorize the staff to proceed with the project on the assumption that S.B. 85 is enacted into law with the above quoted footnote language. Should that language be altered as the bill moves through the balance of the legislative process, then the project would be brought back to the Board for such further deliberations as might be required by S.B. 85 as finally passed.

JWM/gl
Enclosure: as stated
cc: Project Proponent

COLORADO WATER CONSERVATION BOARD

Redlands Rehab Project
Redlands Water and Power Company
March, 1989

Introduction

The Redlands Water and Power Company (Company) is a mutual share company which provides irrigation water to all share holders in the Company. The Company currently provides irrigation water to 22 farm and ranch units (2,056 acres) which are engaged in commercial crop production and to 3,614 acres of suburban residences within the Redlands area. This area is located on the southerly side of the Colorado River adjacent to the southwesterly edge of Grand Junction. The total number of people served by the Company is 7,000.

Problem

The Company's water distribution system consists of diversion, conveyance, and pumping facilities, many of which are in need of replacement or extensive rehabilitation. Although the Company has an established operation, maintenance, and replacement program, the current needs for rehabilitation are so extensive that this existing program is inadequate to take care of the work required.

Proposed Project

The Company contracted with Western Engineers, Inc. to prepare a feasibility study on the project. The study identifies numerous problems with existing canals, siphons, flumes, pumping stations, etc. and it outlines a recommended plan to correct all these problems. The total estimated cost of the project is $2,960,000 (1989 price levels). However the Company proposes to construct the project in 3 phases, as follows:

Phase 1 is proposed for 1989 at a cost of $840,000.

Phase 2 is proposed for 1994-1995 at a cost of $1,015,000.

Phase 3 is proposed for 1999-2000 at a cost of $1,105,000.

Proposed Financing for Phase 1

The Company proposes to finance phase 1 by using $420,000 of its own reserves and borrowing $420,000 from the Board.

With respect to its own reserves, the Company has $250,000 on hand at this time and will collect from its assessments the balance of what is needed before construction.

The loan from the Board would be at five percent for 40 years. Under this financing arrangement, the Company would pay the Board $24,477.60 per year for 40 years, for a total repayment of $979,104.

Proposed Amendment to SB 30

Priority	Project	Bd/loan	Repayment Period Years	Total repayment
	DeWeese Dye Ditch	106,000*	40	247,107.20

* Based on 50% cost share

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