

1991 ANNUAL REPORT TO THE  
COLORADO GENERAL ASSEMBLY  
FROM THE  
COLORADO WATER CONSERVATION BOARD  
January, 1991

Introduction

Section 37-60-122 (1)(a), CRS, directs the Colorado Water Conservation Board (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 in 1988.

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 attention of the General Assembly.

#### ACTIVITIES AND ACCOMPLISHMENTS

Stagecoach Reservoir project: The Stagecoach Reservoir on the Yampa River near Oak Creek is now complete. The project produces hydropower, irrigation water, municipal and recreation water. Campgrounds and public facilities were installed as required by the General Assembly except for the hiking trail. This project was partially financed by the CWCB construction fund, and it utilized a new dam construction technology (roller compacted concrete) which significantly reduced the overall cost of the project.

Towaoc Municipal Water Supply Pipeline: As part of the Colorado Ute Indian Water Rights Final Settlement Agreement, the Board was authorized to construct a water supply pipeline from the City of Cortez to the Town of Towaoc on the Ute Mountain Ute Indian Reservation, and a distribution system on the reservation. The purpose is to provide a safe, reliable domestic water supply utilizing treated municipal water from the City of Cortez. At the end of 1990, the project was operable with only minor right-of-way matters remaining for resolution before the project ownership is transferred to the Tribe.

Chatfield Channel Improvement Project: The request for \$1.1 million additional to modify a hazardous dam at Union Avenue was approved under SB 90-41. Negotiations are currently underway to finalize a contract with a consulting engineer for the design and construction management of the project.

West Slope Aquifer Study: The 1989 General Assembly authorized the CWCB to expend up to \$37,500 for an inventory of all available geohydrologic data on bedrock aquifers in Colorado west of the continental divide. Authority was granted under Section 3 of SB 85. Agreement on the scope of the project has been reached with the USGS and is contained in the "Project Proposal" dated June 29, 1990. A 50-50 cost-sharing agreement was executed with the US Geological Survey on October 1, 1989. The project is scheduled for completion on September 30, 1992.

Endangered Fish Study: The Colorado Water Conservation Board (CWCB) was authorized by the General Assembly to conduct a feasibility study of the culture techniques and on hatchery construction and operation for the propagation in Colorado of endangered fishes in the Upper Colorado River Basin. A total of \$300,000 was allocated for this study. The sum of \$55,000 was used in FY 90 to help fund the initial year of the Colorado Division of Wildlife's (CDOW) study on Intensive Culture of Colorado Squawfish. The remaining \$245,000 is budgeted for the Hatchery Study. Currently the CWCB has a contract with an engineering consultant to conduct this study which has a scheduled completion in March, 1992.

#### RECOMMENDED NEW PROJECT AUTHORIZATION

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

#### ADDITIONAL REQUESTS

1. Upper Gunnison Water Resources Study.

The Board has received a request for financial assistance from four water user entities, which with the assistance of the

*in the amount of \$100,000*

Bureau of Reclamation, want to develop two water management and development tools for the Gunnison River Basin. The proposal is endorsed by the Division of Water Resources.

The project would yield two products, one, a water accounting model would depict the daily operation of the existing water rights and facilities and would facilitate water rights administration. The board, as a water rights holder, and the division engineer would benefit from an accurate means to identify and predict the effects of facility operations and water administration. It will also facilitate record keeping.

The second product would be a predictive planning model to determine future water development opportunities and needs. The Gunnison River Basin is a highly complex system experiencing increasing demands and major proposals for out of basin diversions to the Front Range. The model would be used to identify and analyze the effects of water development proposals.

#### Recommendation

While traditional development and rehabilitation of water facilities remain the major focus of the investment from the Construction Fund, the Board is aware of the increasing opportunity for more effective and efficient use and management of water resources within hydrologic basins that encompass a range of facilities operated by independent entities. Only through modelling can opportunities for administration and management yield more reliable and better timed deliveries be accomplished and for evaluating proposed changes. Within the Board's broad mandate to promote the greatest utilization of the state's water, it is appropriate to join in a partnership which is seeking modern tools to manage water resources within a major river basin. The board recommends approval of this request for special authorization by the General Assembly to

#100,000  
contribute<sup>4</sup> to the study. Upon completion the board will report on the results of the modelling effort along with any observations about the desirability of further development of such tools.

At a time when the prospects for major water development projects are diminished, the development of new tools to manage existing supplies and facilities may offer new approaches to water management in Colorado.

## 2. Platoro Reservoir Project

In 1987, the General Assembly enacted a provision in SB 15 authorizing the Board to assist the Conejos Water Conservancy District in its intended purchase of Platoro Reservoir from the Bureau of Reclamation. Of the \$500,000 authorized, \$100,000 was a non-reimbursable investment to obtain the use of a portion of the storage capacity for the State Engineer to assist in meeting Colorado's obligations under the Rio Grande River Compact.

Further, the board was prohibited from expending any monies until an operating agreement between the District and the State Engineer concerning operation of the reservoir was executed.

Since the funds were authorized for purchase of Platoro Reservoir in 1987, the proposal for purchase of the Reservoir before the United States Congress has been modified. The District wishes to make those changes known to the Board and to the Colorado General Assembly to ensure compliance with the existing authorization and to request new authorization to the extent that that is necessary.

The current proposed legislation in Congress calls for a lump-sum payment of \$450,000 in satisfaction of the District's

repayment obligations in the repayment contracts. The reduced payment is the result of the District's agreement to provide additional water for instream flows from the project. The United States will transfer to the District all operation and maintenance functions of the Platoro Dam and Reservoir, including for flood control purposes. The District will have exclusive responsibilities for operation and maintenance, and exclusive use of all facilities. Title to Platoro Dam and Reservoir and all associated facilities will remain with the United States. The District will operate Platoro Dam and Reservoir primarily for water use, interstate compact and flood control purposes. It will operate the project secondarily for instream flow, fish and wildlife and recreational purposes.

The District has requested that it be authorized to expend up to \$50,000 from the original \$500,000 to prepare an operating model of the system as a basis for reaching agreement with the State Engineer.

The board recommends amendment of the original authorization by addition of language authorizing a loan for an operating model in advance of the remainder of the project. The recommended amendment is as follows:

~~Proposed Amendment~~

"The board shall not expend any moneys on the Platoro reservoir project until the state engineer certifies to the board that an operating agreement satisfactory to him for the state's use of the reservoir for compact purposes has been agreed upon, EXCEPT THAT THE BOARD MAY EXPEND UP TO \$50,000 FROM THE LOAN PORTION OF THE TOTAL AUTHORIZATION FOR PREPARATION OF AN OPERATIONAL MODEL AS THE BASIS FOR THE OPERATING AGREEMENT."

## RECOMMENDED DEAUTHORIZATION OF PREVIOUSLY AUTHORIZED PROJECTS

The Board recommends that one project be wholly deauthorized during 1991. The circumstances concerning this proposed deauthorization are briefly described below.

\$408,000 was authorized in SB 30 (1988 Session) to enable the Durango West Metropolitan District Nos. 1 and 2 to construct a new raw water transmission line from a new water source to its existing water treatment plant. The manager for these districts recently stated that an adjacent owner had agreed to provide the Districts all the water they needed at an affordable rate, and therefore the project proposed to be funded under SB 30 would no longer be required.

### 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

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.

The inventory is currently being up-dated to reflect the latest information available on potential dam sites.

### Administrative Expenditures During FY 89-90

The following expenditures of construction fund moneys were made during FY 89-90 pursuant to section 37-60-121 (4)(a), CRS, which moneys were appropriated by the long bill for FY 89-90:

Personal Services, Operating and Travel	\$554,259
Capital	6,629
Legal Services	<u>41,756</u>
Total	\$602,641

## Status of Construction Fund

Table 2 shows the cumulative status of the Construction Fund from its inception through June 30, 1990. Loan repayment, interest and mineral lease income accrues to the fund and payments are made to build and rehabilitate authorized projects. Factors which effect the annual balances includes authorized projects which may not proceed to construction, such projects as deauthorized when appropriate. Additionally, the size of authorized project outgoes will vary widely from year to year. Expenditures can be for new construction, repair and rehabilitation of projects which includes dam safety projects.

The fund, while showing a negative balance, is in stable condition. Existing eligibility criteria are being reviewed to make sure that the Fund can meet project and rehabilitation needs throughout the state.

Some new uses of fund monies are being proposed. One is to invest in water conservation/efficiency measures by municipal water suppliers. Such proposals have been introduced in recent sessions and are likely for the 1991 session. Further, while new facilities are one way to meet needs, in some instances better operating or management measures, structural and nonstructural may yield better deliveries and improve the efficiency and effectiveness of existing facilities and systems. State investment in such measures would help achieve "greater utilization" of water resources. Such expenditures may better reflect the breadth of water development and management than the existing criteria for recommendation of projects.

Appropriations to the Board pursuant to section 37-60-121(6), CRS, for the fish and wildlife resources account and for the construction fund were postponed from July 1, 1990, to July 1, 1991, with the exception of \$1 million anticipated

for wildlife mitigation of the Muddy Creek project, which became available on July 1, 1990. Therefore on July 1, 1991, \$3.75 million is to be transferred to the construction fund and \$6.1 million to the fish and wildlife resources account. On July 1, 1992 and 1993, \$3.75 million and \$5 million, respectively, are to be transferred to the construction fund and \$7.5 million and \$10 million, respectively, to the fish and wildlife resources account.

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Enclosures: Table 1  
              Table 2  
              Project Summaries

TABLE 1

COLORADO WATER CONSERVATION BOARD  
RECOMMENDED CONSTRUCTION PROJECTS  
FOR 1991

<u>Pri-</u> <u>ority</u>	<u>Project Name</u>	<u>Location</u> <u>County</u>	<u>Total</u> <u>Cost</u>	<u>Board</u> <u>Cost</u>	<u>Repayment</u> <u>Period</u>	<u>Annual</u> <u>Interest</u> <u>Rate</u>	<u>Annual</u> <u>Payment</u>	<u>Total</u> <u>Repayment</u>
1.	Terrace Irrigation Company	Rio Grande & Conejos	\$1,650,000	\$1,650,000	40	5%	\$96,162.00	\$3,846,480
2.	Handy Ditch Co.	Larimer	310,000	310,000	30	5%	20,155.90	604,677
3.	Windsor Reservoir & Canal Company	Larimer	700,000	700,000	25	5%	49,666.00	1,241,650
4.	City of Greeley	Larimer	500,000	250,000	15	5%	24,086.00	361,290
5.	Lookout Mountain Water District	Jefferson	1,200,000	600,000	30	5%	39,030.00	1,170,900

TABLE 2

STATUS OF CWCB CONSTRUCTION FUND  
(from inception thru 6/30/90)

<u>Total Appropriations and Revenues</u>	\$172,381,275 <sup>a/</sup>
<u>Less Transfers</u>	
Water Resources & Power Development Authority	\$30,099,000
Reserved Rights Fund	5,000,000
Colorado Water Resources Research Institute	130,000
Fish and Wildlife Mitigation	385,000
NET FUNDS AVAILABLE	-\$ 35,614,000
	\$136,767,275
<u>Less Expenditures and Obligations</u>	
Authorized Projects and Feasibility Studies	\$138,645,195 <sup>b/</sup>
Emergency disaster projects	915,000 <sup>c/</sup>
Administrative expenses	<u>3,930,686<sup>d/</sup></u>
SUB-TOTAL	-\$143,490,881
	-\$ 6,723,606
Less Proposed Projects for 1991	-\$ 3,555,000
Plus Proposed Deauthorizations for 1991	<u>+\$ 408,000</u>
FINAL BALANCE (deficit)	-\$ 9,870,606

[Footnotes attached]

Notes to Table 2

<u>a/</u>	Revenue Sharing	\$ 300,000
	General Fund	1,000,000
	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	42,289,818*
	Interest (as of 10/31)	32,737,595
	Repayments	<u>15,753,862</u>
		\$172,381,275

b/ This sum includes expenditures for already completed feasibility studies (including statutorily authorized studies), already completed projects, contract encumbrances for projects currently under construction (including cost sharing grants on Corps of Engineers and Bureau of Reclamation projects), 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 which have been appropriated from the construction fund.

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\* Best available estimate

## COLORADO WATER CONSERVATION BOARD

Terrace Irrigation Company  
Terrace Irrigation System  
January, 1991

### Introduction

The Terrace Irrigation Company (Company) was formed in 1941 to serve its stockholders in their farming operations. Today the Company serves 26 owners who farm a total of 10,150 acres in south-central Rio Grande County and north-central Conejos County. The largest acreage crop grown by these farmers is barley, with alfalfa, potatoes, wheat and vegetables following in descending order. The major features of the Company's irrigation system are the Terrace Reservoir, the Alamosa Creek Canal and the Terrace Main Canal.

### Problem

The Company, with the assistance of the Soil Conservation Service, (SCS) has determined that the conveyance losses through its canals average about 11,100 acre-feet per year. Due to these excessive losses most of the farmers under these canals have had to rely more and more on underground pumping to supply the supplemental water needed to produce profitable yields from their crops.

### Proposed Project

The SCS, with the assistance of the Company, has completed a feasibility study which shows that the current losses of 11,100 acre-feet per year in the existing canals could be reduced to about 1,650 acre-feet if both canals were concrete lined for their entire length. The SCS recommendation is to install a concrete lining for the entire 44,650 foot length of the Terrace Main Canal and the entire 33,200 foot length of the Alamosa Creek Canal each of which would have a planned carrying capacity of 50 C.F.S. The SCS would prepare all plans and specifications for the project and provide all inspection and field engineering during construction. The company would acquire any necessary rights-of-way. The estimated cost of construction for this project is \$1,650,000.

### Proposed Financing

The Company is requesting a 100 percent construction cost loan in the amount of \$1,650,000 at 5 percent for 40 years. Even with this type of loan the annual assessment to the stockholders will increase by over 150 percent, however, they have unanimously voted their approval for the loan because the increased assessments would be more than compensated by the

pumping costs which would be eliminated with this project. Under this financing arrangement the Company would pay the CWCB \$96,162 per year for 40 years, for a total repayment of \$3,846,480.

Recommendation

It is recommended that this project be authorized by the General Assembly in the amount of \$1,650,000, 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.

DWW/FMA/bj

## COLORADO WATER CONSERVATION BOARD

Handy Ditch Company  
Welch Reservoir Project  
January, 1991

### Introduction

Welch Reservoir is located in Larimer County approximately 3 miles west and 1 mile north of Berthoud, Colorado. Welch Reservoir is owned by the Handy Ditch Company. The reservoir has a capacity of 6,747+ acre feet of water. The reservoir provides supplemental water for 10,000 acres of agricultural land in Larimer and Weld Counties.

### Problem

The State Engineer has imposed storage restrictions on Welch Reservoir after a sink hole developed near the outlet works in June of 1990. Temporary repairs were made to allow the reservoir to be used during the remainder of the 1990 irrigation season. As of September 30, 1990 the No. 1 outlet works could no longer be used until permanent repairs are made.

To avoid restrictions the company had a feasibility study performed to identify the problems. The study was performed by Rocky Mountain Consultants, Inc. of Longmont.

Numerous repair and improvement projects have been undertaken in past years by the Handy Ditch Company for which funding has been obtained by various sources. The Handy Ditch Company is therefore requesting loan monies to repay an existing loan from the Wichita Bank of Cooperatives in the amount of \$120,000. The total loan request is \$190,000 for a new outlet and \$120,000 for loan consolidation for a total of \$310,000 for a period of 40 years.

### Proposed Project

The project consists of removing and replacing the old outlet structure, reconstructing the embankment and installation of new gates and trash rack. Total cost for the project including engineering is estimated to be \$190,000.

### Proposed Financing

The Handy Ditch Company proposes to borrow the \$190,000 for the project from CWCB. The Company wishes to refinance \$120,000 borrowed from the Wichita Bank of Cooperatives into the same loan. The repayment on \$310,000 at 5 percent for 40 years (\$19,000/year) would be \$760,000. The Handy Ditch

Company in effect is asking for a 100 percent financing of its new loan. The Company is presently paying \$13,511.87 on the \$120,000 Coop loan, the remaining years on the loan are 27. Payment on a \$310,000 30 year loan is \$20,155.90 at 5 percent. The total yearly payment on a loan mix of \$190,000 CWCB 40 year at 5 percent and the Coop loan is \$24,585.

#### Recommendation

It is recommended that this project be referred to the General Assembly for approval in the amount of \$310,000 and that the money be repaid over a 30 year period. This financial arrangement would increase the assessment per share for each stockholder from \$57.51 to \$64.55. The feasibility study indicates that the Company has adequate capacity to repay the loan.

GKE/bj

COLORADO WATER CONSERVATION BOARD

Windsor Reservoir and Canal Company  
Douglas Reservoir Rehabilitation  
January, 1991

Introduction

Douglas Dam is located in Larimer County on Dry Creek, a tributary to Cache La Poudre River. The Reservoir stores 8,800 acre feet of water. The Reservoir is owned by the Windsor Canal & Reservoir Company, and the water is used to help irrigate 55,000 acres of farm land in Larimer and Weld Counties, Colorado.

Problem

In the spring of 1990 seepage developed on the downstream-slope immediately above the outlet works. Previously the Colorado State Engineer's office had advised the company that the spillway needed enlargement to accommodate 75 percent PMP flood. The State Engineer's office has also advised that no water could be stored in 1991 until the seepage was addressed and resolved. The Company decided to proceed with the rehabilitation of the outlet works and correct the spillway deficiency. Woodward-Clyde Associates was hired to perform the feasibility study in accordance with the CWCB guidelines. This study is the basis for the proposed project.

Proposed Project

The project proposes to remove the embankment above the outlet works, construct a slurry cut-off wall at the upstream toe near the outlet, replacement of the embankment with a chimney drain downstream and relocating and enlargement of the spillway. The total cost of this project will be \$700,000. This work would be completed in the early months of 1991 before irrigation season.

Proposed Financing

(a) 1st Plan

Windsor Reservoir Company (assessment)	\$350,000
40 year CWCB Loan at 5 percent interest	<u>350,000</u>
	\$700,000

Under the proposed plan the Company would make 40 annual payments of \$20,397 for a total repayment of \$815,894.26. The State Engineer's restriction on the reservoir requires an early

start on the construction, the Company would borrow the CWCB portion for a short term from the local bank and repay the bank with proceeds from the CWCB loan when money is available after July 1, 1991.

The Company's banker indicates that the \$350,000 loan would carry an interest rate of 12 percent. The payment on this loan would be \$42,456, for the life of the loan or \$1,698,250. The combined annual payment for the CWCB loan and the Company's bank loan would be \$62,853. This amounts to an annual assessment of \$62.85/share for the Company.

(b) 2nd Plan

The Company has requested a 100 percent, 40 year 5 percent loan. The \$700,000 40 year loan requires a \$40,795 annual payment and a total payback of \$1,631,788.

Recommendation

The Board has considered the above requests and several options. Regarding the 100 percent loan request they are listed below.

<u>Loan Amount</u>	<u>Interest Percent</u>	<u>Term Years</u>	<u>Annual Payment</u>	<u>Cost Per Share</u>
\$700,000	5 %	30	\$45,536	\$45.53
700,000	5 %	25	49,666	49.66
700,000	5 %	20	56,169	56.16
700,000	6 %	30	50,854	50.85
700,000	6 %	20	61,029	61.02

It is the Board's recommendation that this project be authorized by the General Assembly in the amount of \$700,000 with a 25 year repayment period, subject to the Windsor Reservoir Company demonstrating to the Board's satisfaction that it can meet its repayment obligation.

DWW/GKE/bj

COLORADO WATER CONSERVATION BOARD

City of Greeley  
Hourglass Reservoir  
January, 1991

Introduction

Hourglass Dam and Reservoir are located on a tributary to Beaver Creek about 9 miles south of Rustic, in Larimer County, Colorado. Hourglass Reservoir has a storage capacity of 1,693 acre-feet. The Dam and Reservoir are part of the City of Greeley's water system that is used to store water for transmission to the City's treatment plant located on the Poudre River near Bellvue, Colorado.

Problem

The first work at Hourglass was completed in 1898, some rehabilitation work was completed in 1967, and the reservoir returned to use. Extensive seepage developed at the downstream toe and a toe drain was installed. At near-full reservoir levels, the high seepage persisted and the State Engineer's office further restricted the storage levels. This latest action by the State Engineer's office prompted the City to have a feasibility study done to address the seepage problems. The feasibility study was performed by McCall, Ellingson-Woodward Clyde and it is the basis on which the recommendation for this project is based.

Proposed Project

The engineers have identified a number of safety issues which need immediate attention. These items include toe drains, chimney drain, extension of the outlet to permit downstream flattening of the embankment, armoring the spillway with riprap and armoring the left abutment groin. This work is estimated to cost \$500,000.

Proposed Financing

City of Greeley	\$250,000
CWCB loan at 5 percent	250,000

Under the proposed financial plan the city would pay CWCB an annual payment of \$24,086 for a 15 year period.

Recommendation

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

COLORADO WATER CONSERVATION BOARD

Lookout Mountain Water District  
Rehabilitation of Upper Beaver Brook Dam and Reservoir #3A  
January, 1991

Introduction

The Lookout Mountain Water District (District) was formed at election in May 1988. The District currently serves 469 taps (1200 people) on Lookout Mountain which were formerly served by the City of Golden. The District could ultimately serve an additional 76 taps for a total of 545 potential taps.

Problem

The District's primary raw water storage facility, Upper Beaver Brook Reservoir #3A, has a decreed capacity of 257 acre-feet but it is under current restriction by the State Engineer's Office to 86 acre-feet due to an inadequate spillway. In order to protect its existing decreed water storage right, to provide for its ultimate raw water needs, and to have the State Engineer's restriction lifted the District is requesting financial assistance on the renovation to the Upper Beaver Brook Dam.

Proposed Project

The District's staff and Joseph A. Cesare and Associates, Inc., have prepared a feasibility report which concludes that the best solution to resolve the restriction problem is to raise the existing earth fill dam approximately 25 feet and construct a new emergency spillway. The estimated cost of this project is \$1,200,000.

Proposed Financing

The District approved a \$2,500,000 general obligation bond issue when it was formed in 1988 for renovation of water facilities and purchase of new water rights. The District has completed several phases of the work required under the bond issue. However, due to increases in costs since the bond issue was approved, the current estimated cost to complete all the work contemplated in 1988 has risen to \$3,100,000. Therefore, the District has requested additional funding for this project as follows:

Lookout Mountain Water District (bonds)	\$ 600,000
CWCB loan @ 5% for 30 years	<u>600,000</u>
	\$1,200,000

Under this financing arrangement the District would pay the CWCB \$39,030 per year for 30 years, for a total repayment of \$1,170,900.

Recommendation

It is recommended that this project be authorized by the General Assembly in the amount of \$600,000, subject to the proposed terms of financing set forth above and subject to the District demonstrating to the Board's satisfaction that it can meet its repayment obligation.

DWW/FMA/gl