



COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

Logan Tower Bldg. - Suite 620, 1580 Logan Street, Denver, Colorado 80203-1942
303/830-1550 • Fax 303/832-8205 • info@cwrpda.com

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MEMORANDUM

March 18, 2009

TO: Members, Colorado Water Conservation Board, and Jennifer Gimbel
FROM: Daniel L. Law, Executive Director
RE: Director's Report

American Recovery and Reinvestment Act of 2009 ("ARRA")

Funding for Colorado under ARRA:

WPCRF - \$31,350,000

DWRF - \$34,350,000

50 percent must go towards additional subsidization – principal forgiveness

20 percent must go for "green infrastructure"

Funds must be obligated by February 17, 2010.

Davis-Bacon wage requirements and buy American iron, steel and manufactured goods provision will be incorporated in all contract documents.

Authority Board set the following terms for ARRA funds:

Interest rate on loans – 0%

Administrative fees – None

Principal forgiveness – Up to \$2,000,000 per project

To be eligible for ARRA funds, the projects must be "shovel ready." The following deadlines must be met –

March 23 – submit Preliminary Engineering Report to the Division

April 27 – ARRA loan application, complete/approvable Site Application and fees to the Division

May 31 – Complete approvable Process Design Report or Engineering Report with fees to the Division

June 30 – Complete approvable Plans and Specifications and Environmental Report to the Division

July 31 – Fully respond to Division questions and comments

September 30 – Complete bidding process, issue NTP, and begin construction

Water Pollution Control Revolving Fund (WPCRF)

In order to be assured that these funds will be obligated by February 17th of 2010, the Water Quality Control Commission held a rule-making hearing on March 9 to add an additional project category to the WPCRF Project Eligibility List. The new Category Six projects for the WPCRF Project Eligibility List are eligible only for ARRA funding. Seventy-nine Category Six projects representing \$440,000,000 of need were added to the WPCRF list.

With the addition of the above Category Six projects, the 2009 WPCRF project eligibility list will have 395 projects representing a need of over \$2.6 billion. Loan requests totaling over \$39 million for the City of Fruita, Evergreen Metro District, Gunnison County, the Town of Hudson, Crested Butte South Metro District and Fremont Sanitation District have been approved by the Board. Loan and loan principal forgiveness capacity for 2009 is estimated at \$90 million.

To assist with economic recovery and to ensure full utilization of existing WPCRF loan funds, the Authority Board set new WPCRF loan terms for 2009:

Direct loans of \$2,000,000

Interest rate – 2%

Disadvantaged communities (61% to 80% of State MHI) – 1%

Disadvantaged communities (less than 61% of State MHI) – 0%

Administrative fees – up to 0.8%, only if there is an interest rate component

Leveraged loans of more than \$2,000,000

Interest rate – 2.5%

Administrative fees - None

Drinking Water Revolving Fund (DWRF)

As with the WPCRF program above, the Water Quality Control Commission held a rule-making hearing on March 9 to add an additional project category to the DWRF Project Eligibility List. The new Category Six projects for the DWRF Project Eligibility List are eligible only for ARRA funding. Ninety-four Category Six projects representing \$460,000,000 of need were added to the DWRF list.

With the addition of the above Category Six projects, the 2009 DWRF project eligibility list will have 399 projects representing a need of over \$1.7 billion. Loan requests totaling over \$9 million for the City of Lamar and the Towns of Rockvale, Nederland, Kim and La Veta have already been approved by the Board. Loan and loan forgiveness capacity for 2009 is estimated at \$90 million.

The Authority Board approved DWRF loan rates similar to the WPCRF loan rates above. The loan administrative fee for DWRF loans is up to 1.25% only if there is an interest rate component. Loan administrative fees for both programs are included in the stated interest rates and are not on top of those rates.

Animas – La Plata Project / La Plata River Future Projects Escrow

The Animas-La Plata Project is nearing completion. Pump testing is expected to start in April and reservoir filling in May or June. The Intergovernmental Agreement creating the Animas-LaPlata Operations, Maintenance and Replacement Association was executed the week of March 2. The draft Operation, Maintenance and Replacement Agreement between the Bureau of Reclamation and the Association has been under review for several weeks. A formal negotiation session between the parties is set for March 24 and 25 in Durango.

The La Plata WCD ("District") received its 404 permit for the Long Hollow Reservoir several weeks ago. The District has submitted a draft project proposal to initiate final design and other activities. Staff will be reviewing this request over the next several weeks.

Work is continuing on the La Plata West Water Authority's intake tower within Lake Nighthorse. The intake tower shaft has been drilled to the final elevation and a casing has been placed. The casing has been backfilled with concrete grout. Two intake tunnels connecting to the main shaft are being completed. Construction of the intake tower and intake tunnels is expected to be completed by the end of April.

Legislation for 2009

The annual joint resolution, HJR09-1002, adding, deleting and modifying the projects on the DWRF and WPCRF project eligibility lists was introduced on January 14th and approved in the House on January 22nd. In order to incorporate new Category Six projects adopted by the Water Quality Control Commission on March 9, the hearing before the Senate Ag Committee for HJR09-1002 was delayed until March 11. At the hearing, HJR09-1002 was amended to include the Category Six projects and then forwarded to the full Senate with a favorable recommendation. The Senate passed HJR09-1002 on March 16. House re-adoption of and Governor's signature on HJR09-1002 must be completed on or before April 1.

Board Members

Ty Wattenberg (North Platte), Steve Sims (South Platte), Frank Kugel (Gunnison and Uncompahgre) and Greg Fisher (Denver) were confirmed by the Senate in early February.

Future Board Meetings

April 24 – Authority Conference Room, 9:00 a.m.

June 6 – Authority Conference Room, 9:00 a.m.

