

STATE OF COLORADO

Colorado Water Conservation Board Department of Natural Resources

1313 Sherman Street, Room 721
Denver, Colorado 80203
Phone: (303) 866-3441
Fax: (303) 866-4474
www.cwcb.state.co.us



January 12, 2012

Senator Gail Schwartz
Chair, Senate Agriculture, Livestock and Natural Resources Committee

Representative Jerry Sonnenberg
Chair, House Agriculture, Livestock and Natural Resources Committee

John W. Hickenlooper
Governor

Mike King
DNR Executive Director

Jennifer L. Gimbel
CWCB Director

Re: 2011 Small Project Loan Report
Construction Fund and Severance Tax Trust Fund Perpetual Base Account

Dear Senator Schwartz and Representative Sonnenberg,

Pursuant to Section 37-60-122(b) of the C.R.S. we are submitting the attached written determination of the basis for all loans authorized by the Colorado Water Conservation Board (CWCB) under \$10,000,000 during the past calendar year 2011. The report was completed by CWCB staff on January 12, 2012 and will be presented at the Colorado Water Conservation Board Meeting January 23, 2012, in Denver, Colorado.

The report will be posted on the web at www.leg.state.co.us and the CWCB web-site www.cwcb.state.co.us and available for distribution from the CWCB. A copy of the report has been submitted to the Legislative Library, Room 029 of the State Capital Building. Under your direction, we are prepared to present copies of the report to your committee members and others.

If you have questions or need additional copies of the report, please contact Mr. Andy White, Legislative Program Manager, at 303-523-4225.

Sincerely,

Jennifer Gimbel, Director
Colorado Water Conservation Board

Colorado Water Conservation Board

CONSTRUCTION FUND
AND
SEVERANCE TAX TRUST FUND
PERPETUAL BASE ACCOUNT

2011 SMALL PROJECT LOAN REPORT



Colorado Water Conservation Board
Department of Natural Resources

January 12, 2012

PREFACE

Pursuant to Section 37-60-122(b) of the C.R.S. the Colorado Water Conservation Board (CWCB) is required to submit a report by January 15th of each year to the Colorado General Assembly describing the basis of all Construction Fund and Severance Tax Trust Fund Perpetual Base Account loans authorized by the CWCB under \$10,000,000. This report fulfills the CWCB reporting obligations for those “small project” loans for calendar year 2011.

The report includes a summary spreadsheet identifying each loan approval date, the project sponsor or borrower, the project name, the loan amount, and the name of the County and river basin where the project is located. There were 14 new loan projects under \$10,000,000 approved by the CWCB in calendar year 2011. The Board also approved loan increases to two (2) previously approved projects. The total loan value of the 16 projects is approximately \$23 million.

Also included in the report is a loan project data sheet for each new loan project that includes a project description, project location map, and other pertinent loan and project information.

January 12, 2012

**Colorado Water Conservation Board
Small Project Loans
For Calendar Year 2011**

Item	Date Approved	Sponsor	Project	Amount Approved	County	Basin
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Construction Fund

1	01/25/11	Snowmass Water and Sanitation District	Ziegler Reservoir Expansion Project	\$ 2,873,804	Weld	South Platte
2	03/16/11	Trinchera Irrigation Company	Garland No. 2 Canal Repair	\$ 251,793	Denver	South Platte
3	05/18/11	Lake Durango Water Authority	Animas-La Plata Source Water Supply Project	\$ 2,525,000	Douglas	South Platte
4	07/12/11	Last Chance Ditch Company	Last Chance Ditch Headworks Replacement Project	\$ 185,436	Pueblo / Huerfano	Arkansas River
5	07/12/11	Fisher Ditch Company	Fisher Ditch Infrastructure Improvements Project	\$ 454,500	Lake	Colorado River
6	07/12/11	Thunderbird Water and Sanitation District	Lambert Ranch Water Rights Purchase	\$ 318,150	Rio Grande	Rio Grande
7	07/12/11	Town of Georgetown	Georgetown Lake Dam Outlet Works Modification Project	\$ 2,976,975	Park	South Platte
8	09/14/11	Lake Canal Reservoir Company	North Gray Reservoir Rehabilitation Project	\$ 116,625	Larimer / Weld	South Platte
9	09/14/11	The Jackson Ditch Company	Check Dam Rehabilitation Project	\$ 81,810	Larimer	South Platte
10	09/14/11	Tri-County Water Conservancy District	Ridgway Reservoir Micro-Hydro Project	\$ 9,090,000	Ouray / Montrose / Delta	Gunnison
11	11/15/11	Crystal Lakes Water and Sewer Association	Lower Lone Pine Lake Enlargement Project	\$ 2,363,400	Larimer	South Platte
12	11/16/11	Paradise Acres Homeowners Association	Paradise Acres Dedicated Fill Pipeline Project Construction	\$ 62,721	Huerfano	Arkansas River
13	11/16/11	Big Elk Meadows Association	Big Elk Meadows Raw Water System Improvements	\$ 272,700	Boulder / Larimer	South Platte
14	11/16/11	Two Rivers Water Company	Orlando Reservoir Rehabilitation	\$ 1,184,882	Huerfano / Pueblo	Arkansas River
15	01/25/11	WRCC, Inc.	Increase to Cobb Lake Inlet Structure Project	\$ 50,702	Larimer / Weld	South Platte

Total Small Project Loans Approved in 2011 From Construction Fund

\$ 22,808,497

Severance Tax Trust Fund Perpetual Base Account

16	03/15/11	Farmers Pawnee Canal Company	Increase to Ditch Flow Control Structures Rehabilitation	\$ 28,280	Logan	South Platte
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Total Small Project Loans Approved in 2011 From Severance Tax

\$ 28,280

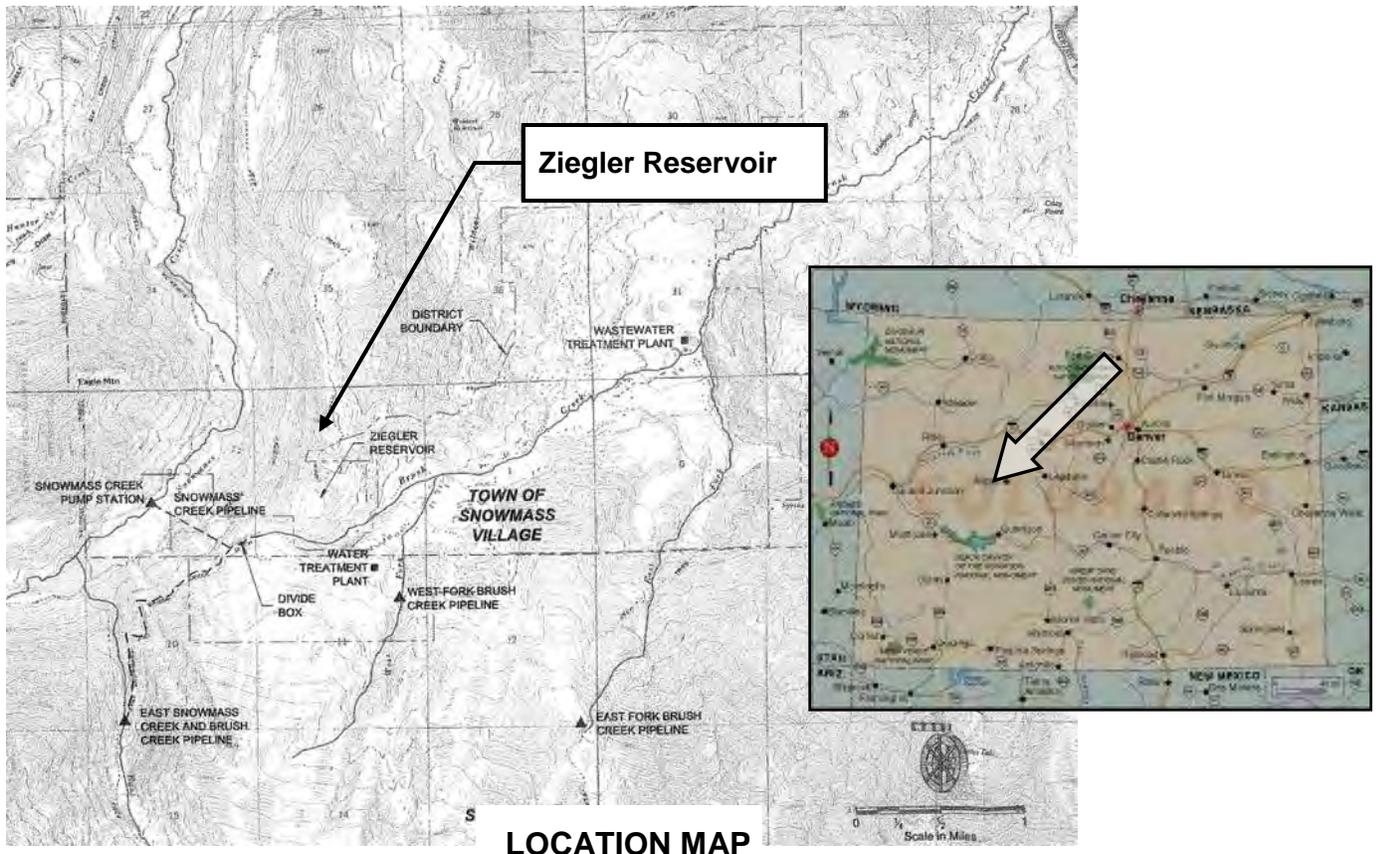
Grand Total - Small Project Loans in 2011

\$ 22,836,777

**CWCB Construction Loan Program
Project Data Sheet**

Borrower: Snowmass Water & Sanitation Dist. (Water and Sanitation Enterprise)	County: Pitkin
Project Name: Ziegler Reservoir Expansion	Project Type: Reservoir Expansion
Drainage Basin/District: Colorado River / 38	Water Source: Snowmass Creek
Total Project Cost: \$3,161,500	Funding Sources: Construction Fund
Type of Borrower: High-Income Municipal	Average Delivery: 1,850 AF
	New Storage: 168 AF
Loan Amount: \$2,873,804 (Including 1% fee)	Interest Rate: 4.75% Term: 20 years
	Reduced from: 5.0% at 30-yr

The District is requesting a loan to enlarge Ziegler Reservoir. The District purchased Ziegler Reservoir in 2008. Prior to that time it did not have a useable raw water storage facility. The District purchased the reservoir with the purpose of improving system reliability and plans to expand the reservoir from 57 AF to 225 AF. To regulate flows and provide a supply during times of diminished stream flows, a system to divert water to and pump water from the reservoir was also required. The CWCB previously approved a loan to the District in May 2009 to construct the pipeline to deliver water to and from the reservoir. The reservoir expansion plans were submitted to the State Engineers Office in November of 2010. Plan approval is expected by March of 2011 with construction occurring between June and November of 2011.



LOCATION MAP

Water Project Loan Program - Project Data

Borrower: Trinchera Irrigation Company

County: Costilla

Project Name: Garland #2 Canal Repair

Project Type: Ditch Rehabilitation

Drainage Basin: Rio Grande, District 35

Water Source: Ute Creek

Total Project Cost: \$277,000 (Construction)
Engineering provided by NRCS

Funding Source: Construction Fund

Type of Borrower: Agricultural

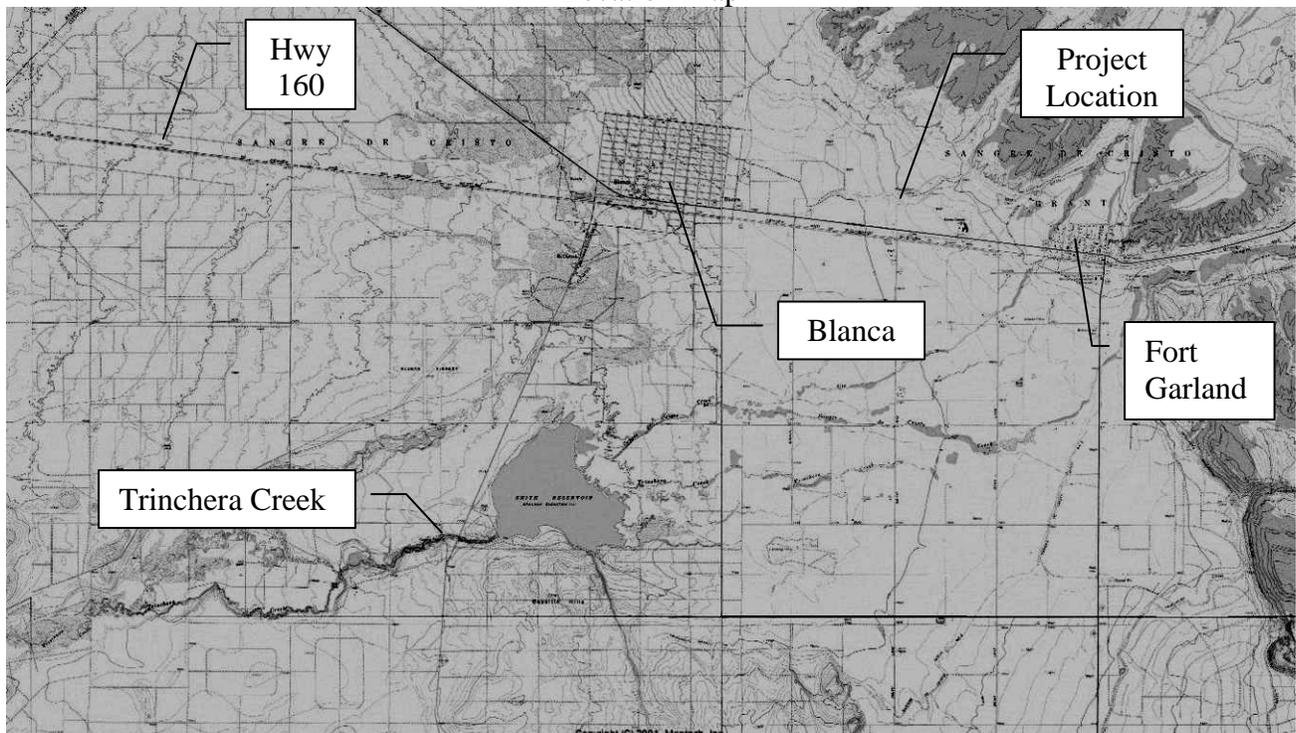
Avg. Annual Diversion: 26,700 AF

CWCB Loan: \$251,793 (incl. 1% loan fee)

Interest Rate: 2.75% **Term:** 30 years

The Trinchera Irrigation Company (Company) owns and operates Smith Reservoir, Mountain Home Reservoir, and approximately 26 miles of canals and 45 miles of laterals to provide irrigation water for the benefit of its shareholders. The Company services approximately 14,100 acres of irrigated farm land. The Company is applying for a loan to repair a portion of the Garland #2 Canal. The Canal was originally constructed around 1913 and is responsible for the average annual delivery of 3,700 AF of irrigation water to its shareholders. A substantial portion of the ditch is severely deteriorated and has become increasingly unreliable and inefficient. Emergency repairs were made following a 2010 flash flood; however, the repairs were temporary and never intended as a permanent solution. The proposed project includes: replacement of the diversion headgate, modifying the siphon inlet to accommodate a new trash rack, installing rock riprap at the siphon outlet, and installing 2,300 linear feet of 36" irrigation pipe. Construction is expected to commence immediately following loan approval in order to minimize the impacts during irrigation season.

Location Map



**CWCB Water Project Loan Program
Project Data Sheet**

Borrower: Lake Durango Water Authority

County: La Plata

Project Name: Source Water Supply Project

Project Type: Water Rights
Purchase/Infrastructure

Drainage Basin: San Juan / Dolores

Water Source: ALP

Total Project Cost: \$3,000,000

Funding Source: Construction Fund and
WSRA Statewide Funds

Type of Borrower: Low-income Municipal

Average Delivery: 309 AF

CWCB Loan: \$2,525,000 (w/ 1% service fee)

Interest Rate: 4.0% **Term:** 30 years

WSRA Statewide Grant: ~~\$500,000~~ **\$450,000**

The Lake Durango Water Authority serves 1,435 taps in southwest La Plata County. A safe yield analysis has indicated that the Authority can only supply water to 792 taps in a drought year. This was an issue in the 2002-2003 drought, so the Authority is seeking additional supply and storage to safely serve its customers. The Authority is planning on purchasing 100 AF of A-LP water from the Colorado Water Resources and Power Development Authority, constructing a pump station at Lake Nighthorse, building an access road, and installing a pipeline to bring water from Lake Nighthorse to Lake Durango (where the Authority currently stores the majority of its water).



0 0.4 0.8 1.6 2.4 Miles

2009 NAIP aerial imagery provided by
the US Farm Service Agency



Water Project Loan Program – Project Data Sheet

Borrower: Last Chance Ditch Company

County: Weld

Project Name: Ditch Headworks Replacement

Project Type: System Rehabilitation

Drainage Basin: South Platte, District 5

Water Source: St. Vrain Creek

Total Project Cost: \$204,000

Funding Source: Construction Fund

Type of Borrower: Blended
(Agricultural, middle-income municipal, commercial)

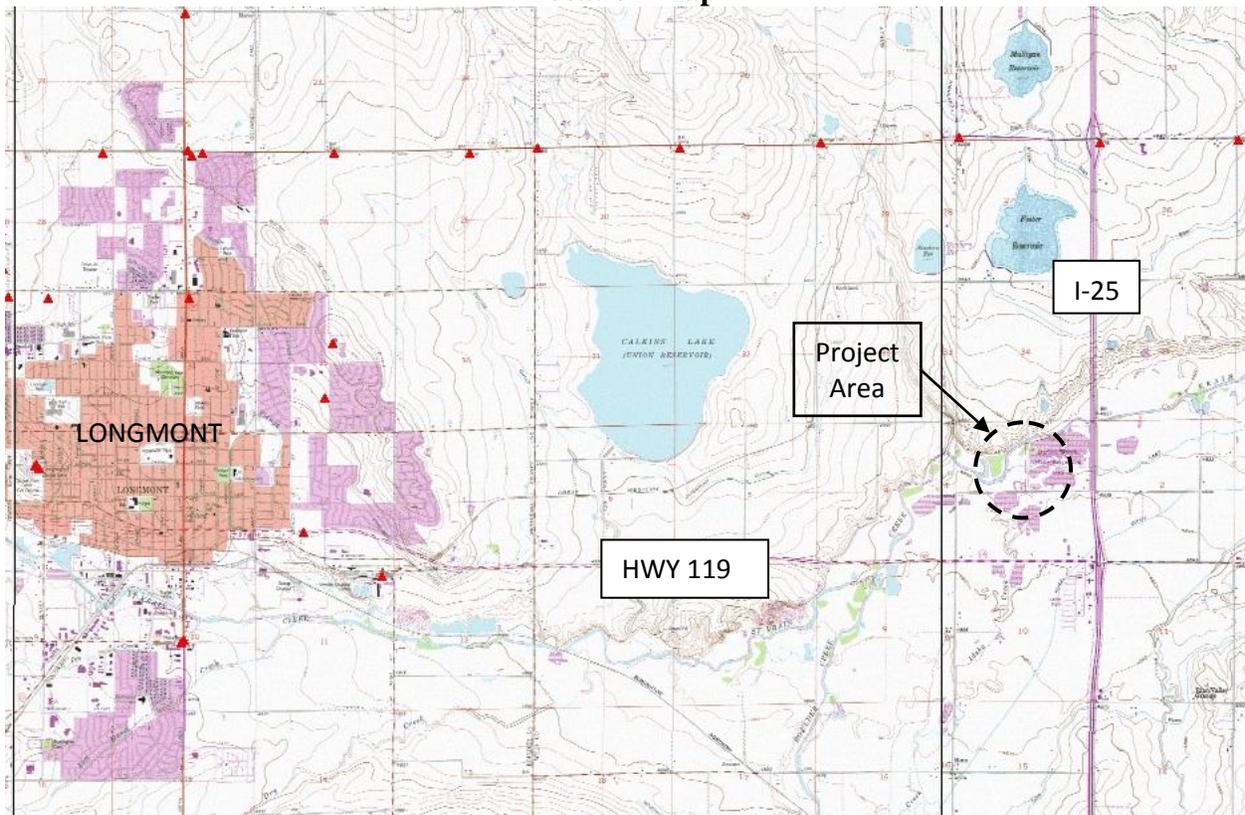
Avg. Annual Diversion: 9,257 AF

CWCB Loan: \$185,436 (w/ 1% service fee)

Interest Rate: 4.65% **Term:** 30 years

The Last Chance Ditch Company (Company) utilizes the Last Chance Ditch to supply water to its 14 shareholders for the purpose of irrigation and gravel company operations. The headworks of the ditch consist of a wooden structure with dual gates that have been in place since the early 1900's. The headgate has been rehabilitated numerous times over the years and the annual maintenance and reliability have become a growing concern. The Company is requesting a CWCB loan for the removal and replacement of the existing headworks with a reinforced concrete structure with dual headgates and an overshot gate. The Project will reduce the annual maintenance costs and increase the reliability of the structure.

Location Map



Water Project Loan Program – Project Data Sheet

Borrower: Fisher Ditch Company

County: Denver

Project Name: Ditch Infrastructure Improvements

Project Type: System Rehabilitation

Drainage Basin: South Platte, District 7

Water Source: Clear Creek

Total Project Cost: \$500,000

Funding Source: Construction Fund

Type of Borrower: Blended
(middle-income muni, high-income muni, commercial)

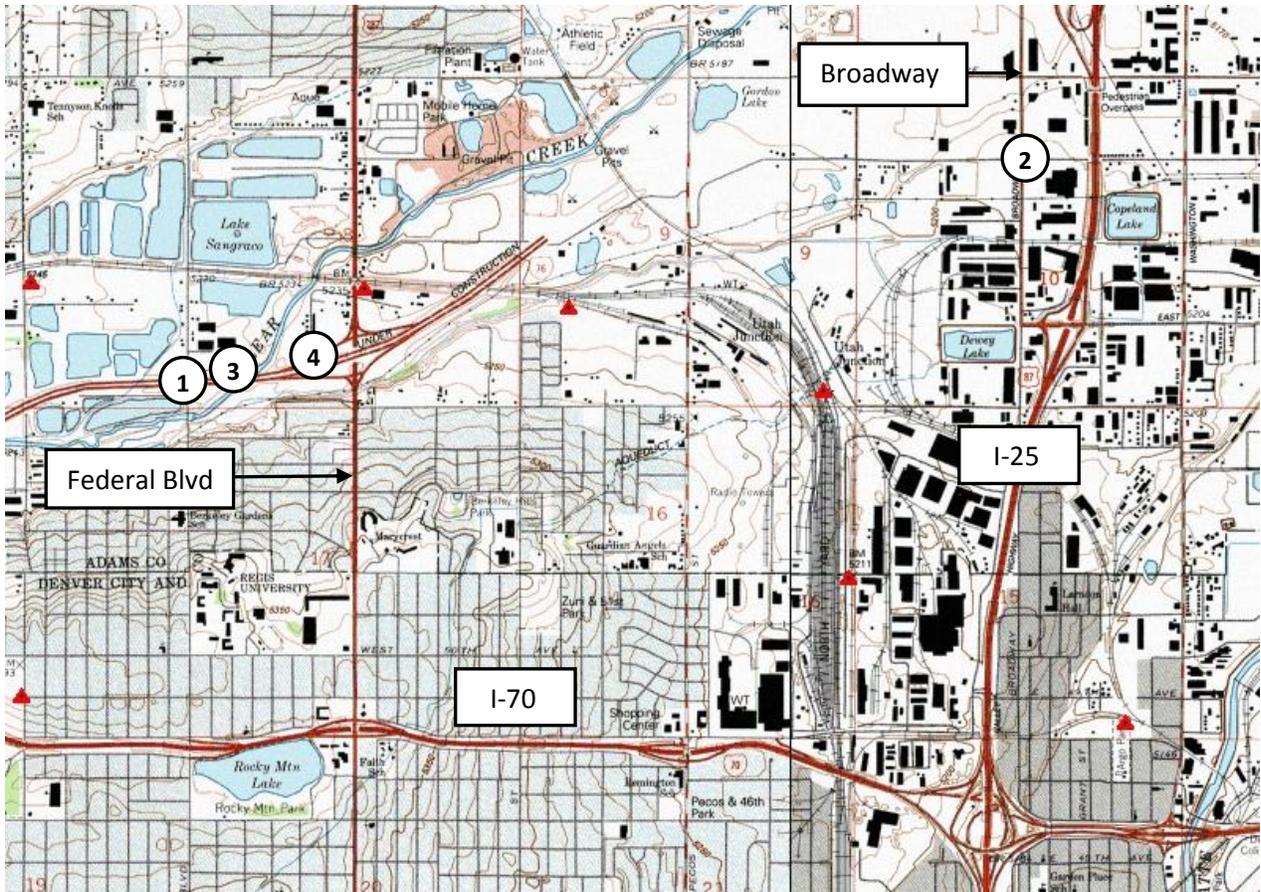
Avg. Annual Diversion: 7,623 AF

CWCB Loan: \$454,500 (w/ 1% service fee)

Interest Rate: 5.95% **Term:** 30 years

The Fisher Ditch Company (Company) utilizes the Fisher Ditch to supply water to its 28 shareholders for the purpose of irrigation, augmentation and industrial uses. The ditch has been in place for over 100 years and annual maintenance of its aging infrastructure is becoming a burden and inhibiting its ability to provide a reliable supply of water. The Company is requesting a loan from the CWCB for four system rehabilitation tasks: 1) headgate rehabilitation, 2) replacement of 650 LF of damaged CMP with RCP, 3) installation of a sand-out pipe and gate, and 4) burying 1,500 LF of open ditch with plastic irrigation pipe. This Project will restore reliable water deliveries while reducing annual maintenance costs.

Location Map



Water Project Loan Program – Project Data Sheet

Borrower: Thunderbird Water and Sanitation District

County: Douglas

Project Name: Lambert Ranch Water Rights Purchase

Project Type: Water Rights Purchase

Drainage Basin: South Platte, District 8

Water Source: Denver Basin Aquifer

Total Project Cost: \$350,000

Funding Source: Construction Fund

Type of Borrower: Middle-Income Municipal

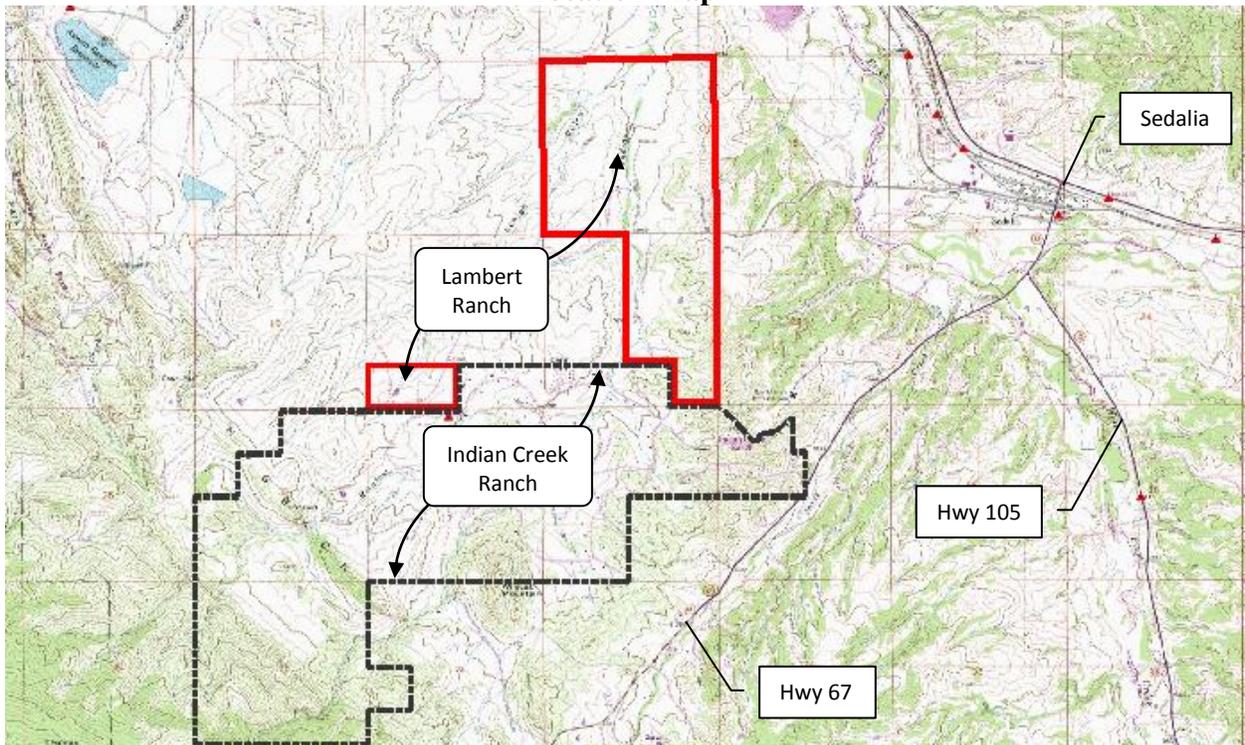
Avg. Annual Delivery: 55 AF

CWCB Loan: \$318,150 (w/ 1% service fee)

Interest Rate: 4.25% **Term:** 20 years

The Thunderbird Water and Sanitation District (District) provides potable water service for the Indian Creek Ranch subdivision, consisting of 2,420 acres and 175 customers. The District is applying for a loan to purchase 895.9 AF of Denver Basin decreed ground water rights that underlie the property known as Lambert Ranch. On average, the District delivers approximately 55 AF annually. The increase would enable the District to enlarge its available supply; thereby increasing system reliability, providing the redundancy necessary to allow for system maintenance and protect against aquifer depletions.

Location Map



**CWCB Water Project Loan Program
Project Data Sheet**

Borrower: Town of Georgetown
(Water and Sewer Enterprise)

County: Clear Creek County

Project Name: Outlet Works Modification Project **Project Type:** Dam Rehabilitation

Drainage Basin/District: South Platte / 7

Water Source: Clear Creek

Total Project Cost: \$3,275,000

Funding Source: Construction Fund

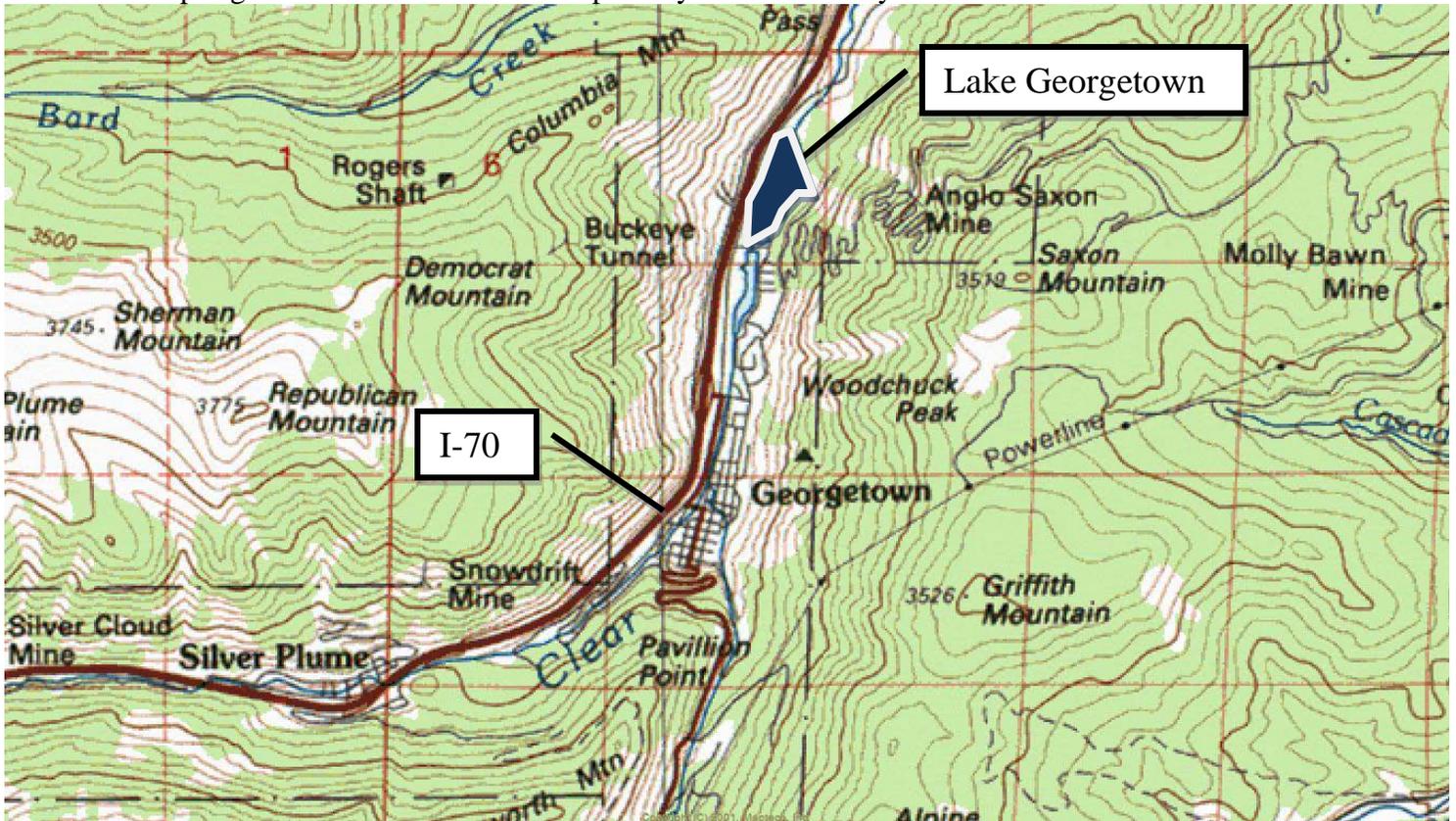
Type of Borrower: Middle-Income Municipal

Average Diversion: 208 AF

CWCB Loan: \$2,976,975 (w/ 1% service fee)

Interest Rate: 4.5% **Term:** 30 years

The Town of Georgetown is located on Clear Creek, along the I70 corridor, east of the continental divide. The Town needs to increase the outlet works capacity at Georgetown Lake Dam. The outlet works currently can release up to 260 cfs. In order to comply with an October 2010 court order regarding Georgetown Lake operations, up to 500 cfs must be released so the Town can meet the terms of its augmentation plan. The CWCB loan will be used to pay for the engineering costs and for the construction costs associated with the outlet works project. Construction is expected to begin in the spring of 2012 and should be complete by the end of the year.



**CWCB Construction Loan Program
Project Data Sheet**

Borrower: Lake Canal Reservoir Company

County: Larimer and Weld

Project Name: North Gray Reservoir
Rehabilitation

Project Type: Reservoir Rehabilitation

Drainage Basin: South Platte River

Water Source: Box Elder Creek

Total Project Cost: \$128,300

Funding Sources: Construction Fund

Type of Borrower: Blended Agricultural
Municipal & Commercial

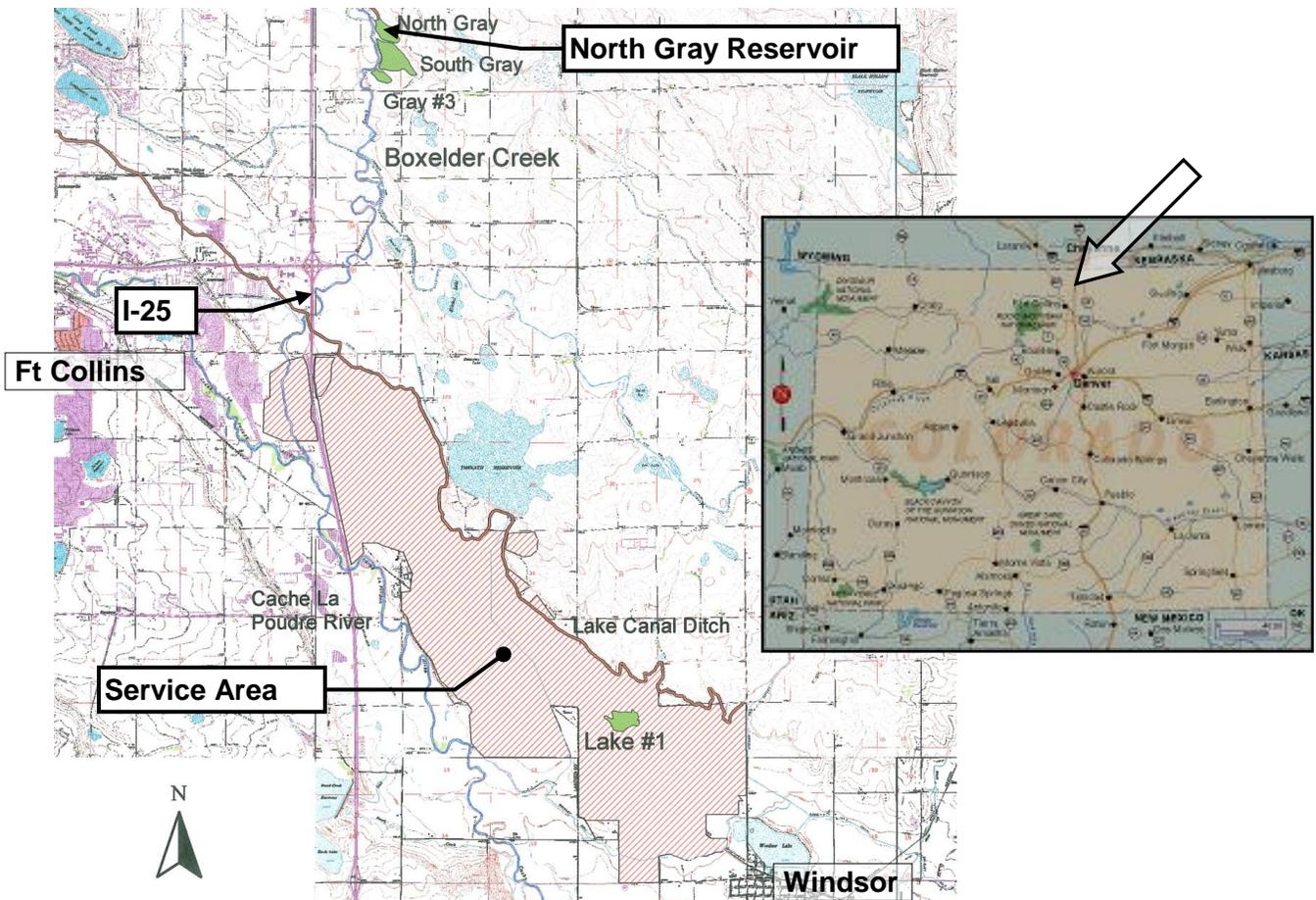
Details: 333 AF Stored
75 AF Recovered

Loan Amount: \$116,625 (Including 1% fee)

Interest Rate: 2.10% **Term:** 30 years

The Lake Canal Reservoir Company is requesting a CWCB loan to construct a new spillway on North Gray Reservoir. The reservoir is currently under a storage restriction by the Office of the State Engineer (SEO). The existing spillway is a corrugated metal pipe that has corroded through. The existing pipe will be removed and the area will be backfilled. A new concrete cutoff wall and riprap lined channel will be constructed to replace the old spillway. Project design and SEO review is expected to be completed by July 2012. Construction is planned for September through November of 2012.

Note: Because this reservoir is on the SEO's restricted reservoir list and the Company is predominately owned by agricultural interests, this loan qualifies for a 1.0% interest rate reduction. The blended rate of 3.10% was reduced to 2.10%.



CWCB Construction Loan Program Project Data Sheet

Borrower: The Jackson Ditch Company

County: Larimer

Project Name: Check Dam Rehabilitation

Project Type: Ditch Rehabilitation

Drainage Basin: South Platte River, District 3

Water Source: Cache la Poudre River

Total Project Cost: \$90,000

Funding Sources: Construction Fund

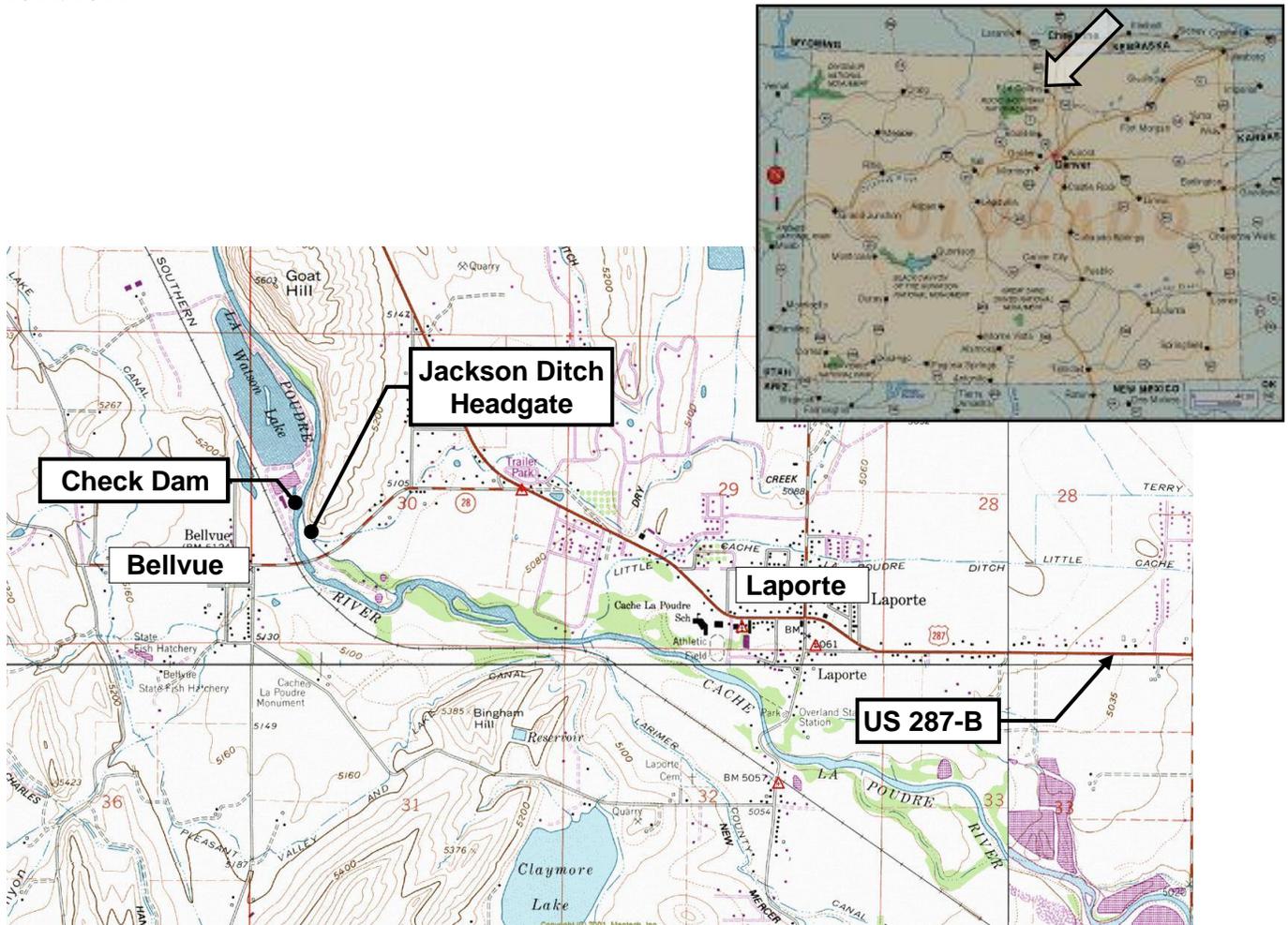
Type of Borrower: Blended Agricultural,
Municipal & Commercial

Details: Avg. 5,500 AF diverted annually

Loan Amount: \$81,810 (Including 1% fee)

Interest Rate: 3.60% **Term:** 30 years

The Jackson Ditch Company is requesting a CWCB loan for rehabilitation of its check dam structure on the Cache la Poudre River. The river splits and flows around an island just upstream of the Company's diversion headgate. When flows are particularly low the structure is utilized to convey flows to the east side of the island where they can be diverted through the headgate. The concrete check dam has been in place since the 1960's, but has recently fallen into disrepair, preventing the Company from diverting its most senior water rights at times. The project will provide a long-term, low maintenance solution for restoring the ability to deliver water to shareholders during times of extreme river conditions. Construction is planned for the winter of 2011/2012.



**CWCB Construction Loan Program
Project Data Sheet**

Borrower: Tri-County Water Conservancy District **County:** Ouray, Montrose, Delta

Project Name: Ridgway Reservoir Micro-Hydro **Project Type:** Hydroelectric

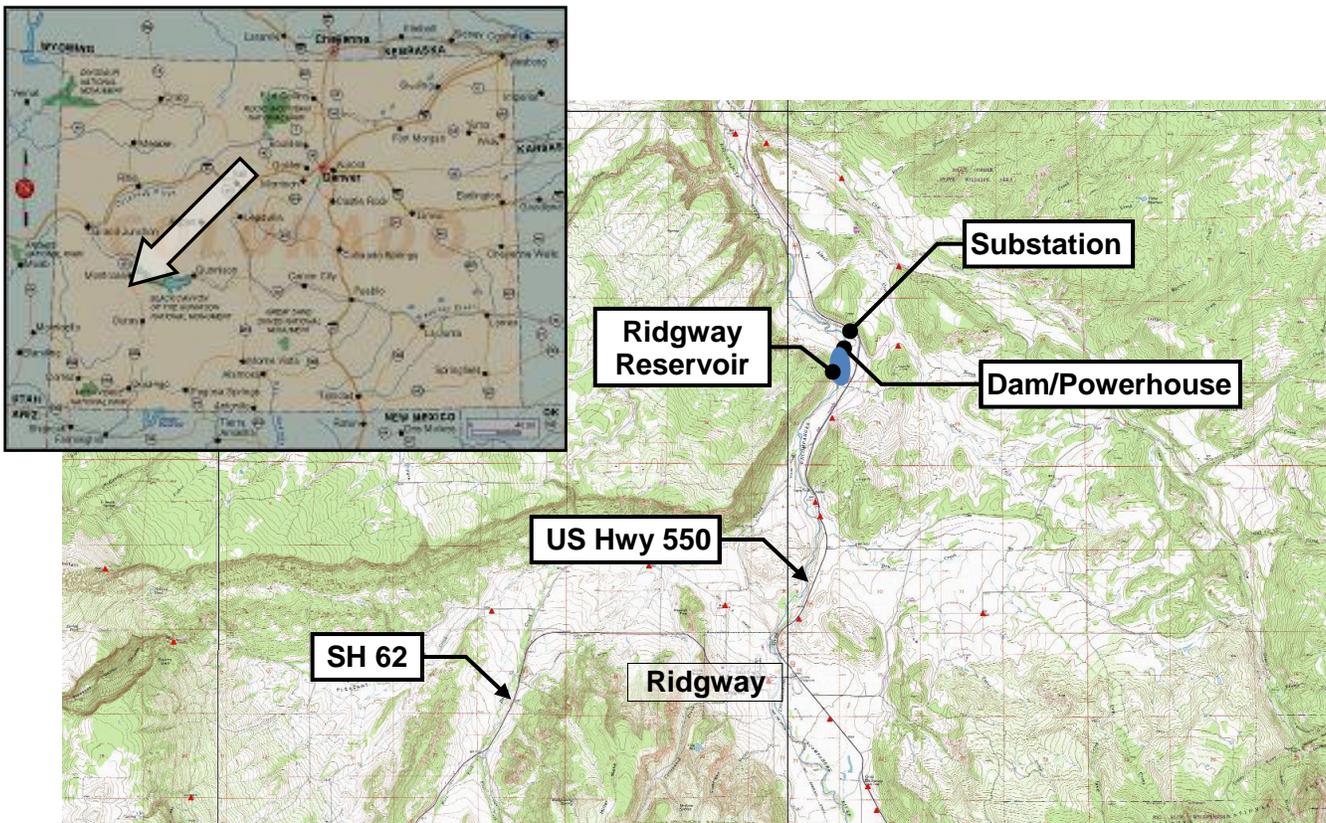
Drainage Basin: Gunnison, District 68 **Water Source:** Uncompahgre River

Total Project Cost: \$18,172,000 **Funding Sources:** Construction Fund, CWRPDA, GEO

Type of Borrower: Hydroelectric **Avg. Diversion:** 35,000 AF (84,410 AF of reservoir storage)

Loan Amount: \$9,090,000 (Including 1% fee) **Interest Rate:** 2.00% **Term:** 30 years

The Tri-County Water Conservancy District (District) is requesting a CWCB loan for the construction of a 7MW hydroelectric power generating facility at Ridgway Reservoir. The project will be permitted through the “Lease of Power Purchase” process with the Bureau of Reclamation (Bureau), allowing the incorporation of a hydropower facility into the existing outlet works of Ridgway Dam. The dam, constructed by the Bureau as part of the Dallas Creek Project, began storing waters of the Uncompahgre Basin in 1987. The District projects that the facility will produce an annual average of 22,600 MWh, which will be sold to the San Miguel Power Association/Tri-State Generation and Transmission and the City of Aspen/Municipal Energy Agency of Nebraska through a Power Purchase Agreement. Construction is scheduled to begin in the spring of 2012 and take approximately 2 years to complete, with energy production expected by spring 2014.



Water Project Loan Program – Project Data Sheet

Borrower: Crystal Lakes Water and Sewer Association

County: Larimer

Project Name: Lower Lone Pine Reservoir Enlargement

Project Type: Reservoir Enlargement

Drainage Basin: South Platte, District 1

Water Source: North Lone Pine Creek
(tributary to Cache la Poudre River)

Total Project Cost: \$2,600,000

Funding Source: Construction Fund

Type of Borrower: Lower-Income Municipal

Avg. Annual Diversion: 271 AF

CWCB Loan: \$2,363,400 (w/ 1% service fee)

Interest Rate: 4.00% **Term:** 30 years

The Crystal Lakes Water and Sewer Association (Association) is requesting a loan to enlarge Lower Lone Pine Lake Reservoir from 10.5 AF to 100.5 AF. The enlargement will be used to store Upper Lone Pine Reservoir (no yet constructed) water rights in Lower Lone Pine Reservoir for the purpose of augmentation of well water consumption for residences of Crystal Lakes. The Crystal Lakes subdivision, a private community located in Larimer County, was established in 1969 and includes 1,656 lots distributed over 4,800 acres. More than 800 residences are currently served by the Association. The decreed augmentation plan specifically links the allowable use of water to the amount of augmentation water held in storage. Without increased storage capacity the community is likely to face routine water restriction. No change in use of the Upper Lone Pine Reservoir rights has been requested, only an alternate place of storage.

Location Map



Water Project Loan Program – Project Data Sheet

Borrower: Paradise Acres Homeowners Association

County: Huerfano

Project Name: Dedicated Fill Pipe

Project Type: Pipeline Project

Drainage Basin: Arkansas River, District 79

Water Source: Pass Creek

Total Project Cost: \$69,000

Funding Source: Construction Fund

Type of Borrower: Low-Income Municipal

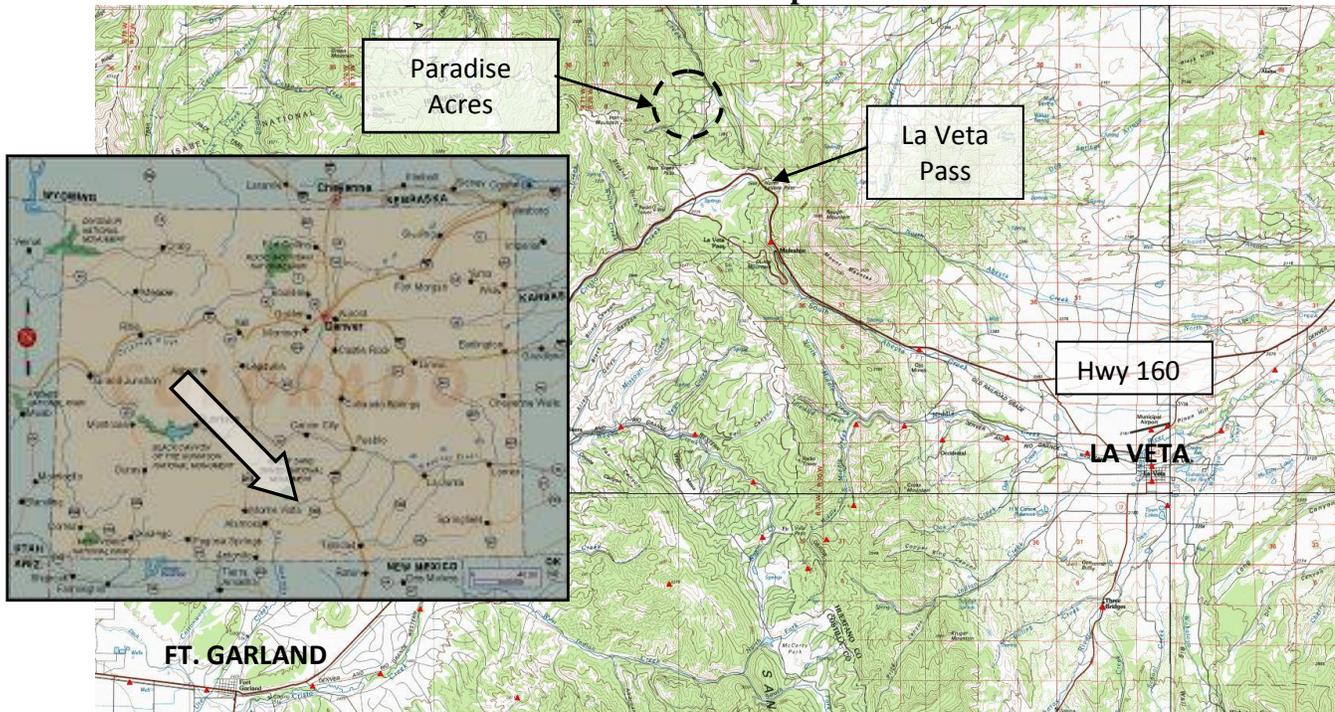
Avg. Annual Delivery: 5.37 AF

CWCB Loan: \$62,721 (w/ 1% service fee)

Interest Rate: 4.00% **Term:** 30 years

The Paradise Acres Homeowners Association is responsible for supplying the Paradise Acres subdivision with potable water. Paradise Acres is a 140-lot subdivision located 18 miles northwest of La Veta. The primary water supply for the community is from a groundwater well (Houchin Well #3). The proposed 3,700 LF of 2” pipe will complete a direct fill line capable of transmitting raw water between the well and two storage tanks, isolating the raw water supply from the distribution network. Without the project the Association is unable to comply with a disinfection mandate from the CDPHE, subjecting the Association to fines and shut-down of their potable water distribution network, leaving the residences of Paradise Acres without water.

Location Map



Water Project Loan Program – Project Data Sheet

Borrower: Big Elk Meadows Association

County: Boulder/Larimer

Project Name: Raw Water System Improvements

Project Type: System Rehabilitation

Drainage Basin: South Platte, District 4

Water Source: West Fork of L.T. River

Total Project Cost: \$300,000

Funding Source: Construction Fund

Type of Borrower: Middle-Income Municipal

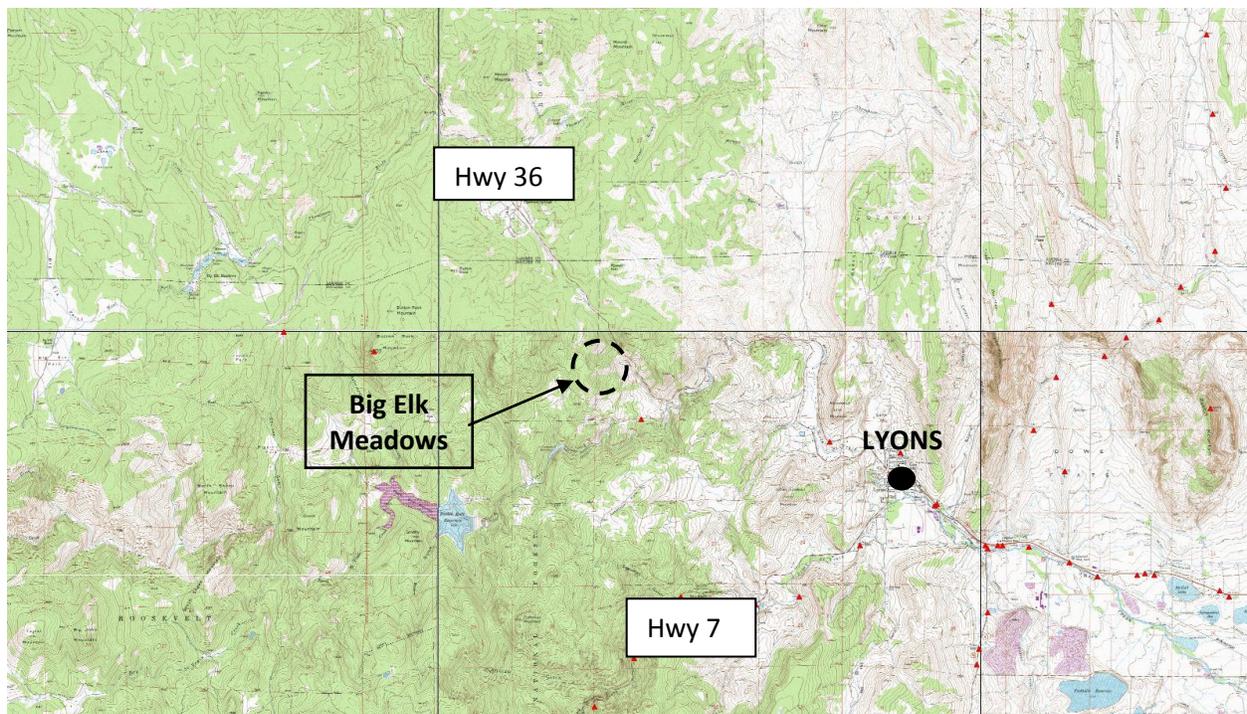
Avg. Annual Depletion: 76 AF

CWCB Loan: \$272,700 (w/ 1% service fee)

Interest Rate: 4.50% **Term:** 30 years

The Big Elk Meadows Association (Association) is requesting a loan for improvements to their raw water system which serves Big Elk Meadows, a 205-lot subdivision with 160 residences distributed across 460 acres. During an SEO inspection of the Association's raw water system and review of their water accounting practices it was determined the outlet conduit from Meadow Lake Dam was collapsing and there was no way to control release rates. It was also determined that the Association has no accurate means to measure flows and accurately control reservoir releases, violating the terms of its 1995 decree regarding return flows. The SEO has required that the Association improve their raw water system and accounting protocol in order to function safely and in compliance with its decrees. Project improvements include: Meadow Lake Dam outlet replacement, raw water monitoring, and ISH Reservoir augmentation outfall. This project will provide the Association with a means to monitor and control reservoir releases while satisfying downstream obligations per their augmentation plan.

Location Map



CWCB Construction Loan Program Project Data Sheet

Borrower: Two Rivers Water Company

County: Huerfano & Pueblo

Project Name: Orlando Reservoir Rehabilitation

Project Type: Reservoir Rehabilitation

Drainage Basin: Arkansas River

Water Source: Huerfano River

Total Project Cost: \$1,303,500

Funding Sources: Construction Fund

Type of Borrower: Agricultural

Average Delivery: 6,800 AF

Loan Amount: \$1,184,882 (Including 1% fee)

Interest Rate: 2.5%

Term: 20 years

(Reduced)

The Two Rivers Water Company is requesting a CWCB loan to restore aging water infrastructure in order to support the company's agricultural production. Loan funds will be used to modify the spillway at the Cucharas Dam. This will bring the spillway up to SEO standards and will allow the company to store water and avoid a pending breach order. Loan funds will also be used to repair the outlet works at the Orlando Reservoir No. 2, to construct a new headgate on the Orlando Canal, and to replace the old Huerfano-Cucharas Irrigation Company (HCIC) headgate with new automated gates. Construction on these projects will begin in the fall of 2011 with completion expected by January of 2013.

