

STATE OF COLORADO

Colorado Water Conservation Board Department of Natural Resources

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TO: Colorado Water Conservation Board Members

FROM: Ryan Edwards, P.E., Project Manager
Kirk Russell, P.E., Chief
Finance and Administration Section

DATE: March 5, 2013

SUBJECT: **Agenda Item 17a, March 19-20, 2013 Board Meeting**
Finance/Water Supply Planning – CWCB Loan and WSRA Application
Ordway Feedyard, LLC (LOAN), Crowley County (GRANT)
Ordway Feedyard Raw Water Line Extension Project

John W. Hickenlooper
Governor

Mike King
DNR Executive Director

Jennifer L. Gimbel
CWCB Director

Introduction

The Ordway Feedyard, LLC (Company) is applying for a CWCB loan, and Crowley County is applying for a Water Supply Reserve Account (WSRA) Grant, to finance a portion of the Ordway Feedyard Raw Water Line Extension Project (Project). The purpose of the Project is to complete a raw water system that will provide a consistent, viable water supply, enabling the Company to sustain its operations and provide economic stability within Crowley County. The total cost of the Project is estimated to be \$3,381,500. Crowley County was approved for a \$275,000 WSRA grant, by the Arkansas River Basin Round Table. The Company is requesting a loan from the CWCB to cover the remaining 90% of Project Costs. See the attached Project Data Sheet for a location map and project summary.

Staff Recommendation for WSRA Grant

Staff recommends approval of \$225,000 from the Statewide Account and \$50,000 from the Arkansas Basin Account to Crowley County to fund the Ordway Feedyard Raw Water Line Extension Project.

Staff Recommendation for Construction Fund Loan

Staff recommends the Board approve a loan, from the Construction Fund, not to exceed \$2,525,000 (\$2,500,000 for Project costs and \$25,000 for the 1% Loan Service Fee) to the Ordway Feedyard, LLC for the Ordway Feedyard Raw Water Line Extension Project. The loan terms shall be 30 years at the agricultural interest rate of 1.75% per annum. Security for the loan shall be in compliance with CWCB Financial Policy #5.

Background

The Company utilizes the feedyard, located two miles east of Ordway CO, to feed and tend cattle until they are market ready. The Company is an essential member of the Crowley County economy, representing its 3rd largest employer. Crowley County once had over 50,000 acres of agricultural land in production. Throughout the 1970's and 80's large-scale municipal water transfers diminished the available raw water supply in the county. Actively irrigated agricultural land now makes up approximately 6,600 acres of land.

The Company owns both the feedyard and River Ranch, a 1,000-acre ranch located fifteen miles to the southwest of the feedyard. The ranch is situated along the Arkansas River and has 20 existing wells which are decreed for irrigation and stock watering. Currently there is no means to convey water between the ranch and feedyard. The current water supply for the feedyard is derived from shares in the Colorado Canal, leased water, and potable water supplied by the 96 Pipeline Company. The water is used primarily for livestock drinking water, dust abatement, mill operations and compost conditioning for the feedyard. The Company is in need of securing a more reliable and affordable water supply.

This Project is intended to complete an infrastructure network capable of delivering high-quality well water from the ranch to the feedyard to augment its dependence on potable water (approximately 14 AF per year), leased water, and reduce transit losses on ditch water. The water supply enhancements are expected to reduce operational costs and preserve transit and evaporation losses at an estimated rate of 850 AF annually. The economic benefit to Crowley County has encouraged it to be an active participant in the Project, contributing cash and applying for a WSRA grant to assist in funding the Project.

Loan Feasibility Study

The loan feasibility study titled "*Feasibility Study – Ordway Feedyard, LLC*," dated January 2013, was prepared by Elise M. Bergsten, from Balanced Management Services Company, Colorado Springs, with support from Tyler Karney, manager for the Ordway Feedlot. Engineering was provided by Kidd Engineering and Construction Management Services, Inc., Avondale, CO; and legal support was provided by Mrs. Wendy Shinn, from Shinn, Steerman & Shinn, Lamar, CO. The study was prepared in accordance with CWCB guidelines and includes a preliminary engineering design that was used in the determination of the total Project cost.

Ordway Feedyard, LLC

The feedlot, originally established in 1972, has changed ownership several times since its inception and was most recently acquired by Ordway Feedyard, LLC. The Company was created in 1996 and owns the land and majority of physical assets associated with the River Ranch and feedyard. Ordway Cattle Feeders, LLC, created in 2006, owns the cattle and equipment and constitutes the farming operation. The two companies operate jointly. Combined the companies have 70 full-time employees, 10 part-time employees, and operate on an annual payroll in excess of \$1.7 million.

The Company appoints a manager to conduct the business and manage its assets. The manager has signatory authority and the right to borrow money for any Company purpose and to encumber, pledge or hypothecate all or any part of the Company property.

Water Rights

The Company is located in the Arkansas River Basin, District 17. The Company water rights portfolio includes 569 shares in the Colorado Canal (originally decreed 6-9-1890 in Case CA2535) that are paired with shares of either Lake Meredith or Lake Henry, along with three shares in the Twin Lakes Reservoir and Canal Company. The Company has recently entered into a 15-year lease with the Pueblo Board of Water Works for an average annual delivery of 700 AF. The Company also owns the River Ranch property, which includes 20 wells decreed for irrigation and stock watering. No additional water rights acquisitions are planned as part of the Project.

Project Description

The objective of the Project is to provide a cost effective means for securing and delivering a reliable and sustainable supply of water to continue feedyard operations. The Company has explored the two following alternatives:

Alternative 1 – No Action

This option does not provide an alternative to the rising cost of potable and leased water necessary to maintain operations. With no action it is anticipated that the Company will be unable to operate through the foreseeable future.

Alternative 2 – Raw Water Line Extension

This option focuses on rehabilitating the existing ranch irrigation system and installing additional pipeline and a booster pump station to deliver well water from River Ranch to the feedyard. As part of this alternative the Company evaluated a variety of alignments to determine the most ideal location for the pipeline and booster pump station.

After evaluating the technical, operational, and economical considerations of available alternatives, the Company selected Alternative 2 – Raw Water Line Extension as the preferred alternative. This option provides a two-phased approach to replace the dependence on potable water with a secure, reliable raw water supply. Phase one, funded entirely by the Company, includes rehabilitation of 4.2 miles of pipe, 4 wells, and two booster pump stations. The existing water supply system on the ranch was originally installed in 1980 to support pivot irrigation and has been idle for over 25 years. Construction of phase one was started in the summer of 2012 and is expected to be complete by early spring 2013.

Phase two includes engineering and construction of 10.5 miles of new pipeline, a new booster pump station with back-up generators, and the installation of a remote monitoring and control system. Table 1 provides a Project Cost Summary.

TABLE 1: TOTAL PROJECT COST SUMMARY

| Task | Cost |
|---|--------------------|
| Phase I – Engineering (Funded by Company) | \$15,000 |
| Phase I – Construction (Funded by Company) | \$584,000 |
| Phase II – Engineering | \$37,500 |
| Phase II – Construction | \$2,466,500 |
| Phase II – Construction Management & Administration | \$102,500 |
| Contingency | \$176,000 |
| Total | \$3,381,500 |

The Company worked closely with Crowley County representatives to plan the pipeline in existing easements/rights-of-way where possible, with the goal of minimizing impacts to natural and man-made environments. Final easement acquisitions and road crossings will be completed as part of the final engineering design. No additional permits or approval requirements are anticipated. Final engineering is expected to commence following contracting, with the start of construction scheduled to lag by three months. Construction is expected to take nine months to complete.

Table 2 provides a summary of financing components for the Project.

TABLE 2: PROJECT FUNDING SUMMARY

| | |
|---|--------------------|
| Applicant Contribution (Phase I) | \$599,000 |
| Lower Arkansas Valley Water Conservancy District (LAVWCD) | \$2,500 |
| Crowley County | \$5,000 |
| WSRA Grant | |
| Arkansas River Basin | \$50,000 |
| Statewide | \$225,000 |
| TOTAL | \$275,000 |
| CWCB Construction Fund Loan | \$2,500,000 |
| Total Project Cost | \$3,381,500 |

The WSRA grant will be used prior to the loan for Project related expenses. After all grant funds have been expended the remaining Project costs will be funded by the CWCB Loan up to the approved limits.

Water Supply Reserve Account Grant

At the January 9, 2013 Arkansas Basin Roundtable meeting the Roundtable granted Crowley County approval of the Ordway Feedyard Water Line Extension Project application request for \$50,000 in Basin Funds, and recommended approval of \$225,000 of Statewide Funds. A letter of support signed by eight local farmers was received on behalf of the Project.

Source of Funds: \$225,000 Statewide Funds, \$50,000 Arkansas Basin Funds

Matching Funds: \$2,500,000 CWCB Loan, \$599,000 Applicant Contribution, \$5,000 Crowley County, and \$2,500 LAVWCD

Threshold and Evaluation Criteria: The application articulates how the Project satisfies the Threshold and Evaluation Criteria as summarized below:

Tier 1: Promoting Collaboration/Cooperation & Meeting Water Management Goals & Identified Needs: The Project is a collaborative effort amongst the Company, Crowley County and local farmers. The proposed improvements will provide a reliable supply of raw water for livestock and mill operations, reducing the demand for treated, potable water. In addition, by piping the water the Company estimates it can reduce transit and evaporative losses, conserving approximately 850 AF annually, making more water available for use in IPP's identified in SWSI and keeping water in higher elevation reservoirs to aid the riparian habitat. The Project will also include the installation of 10 fire hydrants along the pipeline, providing an emergency water supply to fight farmstead and wild land fires as the 2008 fire, responsible for the death of 2 fire fighters and destruction of 11 structures.

Tier 2: Facilitating Water Activity Implementation: The availability of a low-interest CWCB loan in combination with grant funding ensures that the Project remains financially viable. Failure to complete the Project would have an immediate and profound impact on both the Company, placing its viability in jeopardy, and the county. This Project is critical for the Company to stay in business and for Crowley County to maintain one of its largest revenue and employment resources.

Tier 3: The Water Activity Addresses Issues of Statewide Value and Maximizes Benefits: The Company is a direct and indirect agricultural and economic force in Crowley County, and the Arkansas and South Platte basin. Not only is the feedyard responsible for the production of cattle, but the cattle consume locally grown corn, hay and silage purchased from the surrounding community. Additionally, the Company has attempted to minimize the burden on the basin and statewide account by contributing \$599,000 in cash for Phase I and has committed to funding 90% of Phase II of the Project costs through a CWCB loan.

Discussion: The requested WSRA funds would enable the partnership between Crowley County and the Company to finance the second phase of a multi-purpose project in the Arkansas River Basin. The Project would bring a reliable and sustainable water supply to the Company, providing financial stability and certainty that would directly impact the county and surrounding agricultural producers. The Project offers consumptive and non-consumptive benefits by reducing water losses and enhancing reservoir habitat. The Company is the primary funding source, accounting for 92% of the overall Project cost through a CWCB loan and cash contributions.

Issues/Additional Needs: CWCB staff requests that the following issues be addressed during contracting and project execution:

- Applicant to provide a Statement of Work detailing the Project.
- A Memo of Understanding between Crowley County and the Company is required to indicate the intentions and delivery of WSRA funding for use on the Project.

Reporting and Deliverables: All products, data and information developed as a result of this grant must be provided to CWCB in hard copy and electronic format as part of the project documentation. This information will in turn be made widely available to Basin Roundtables and the general public and will help promote the development of a common technical platform.

Staff would like to highlight additional reporting and final deliverable requirements in accordance with the revised WSRA Criteria and Guidelines:

Reporting: The applicant shall provide the CWCB a progress report every 6 months, beginning from the date of the executed contract. The progress report shall describe the completion or partial completion of the tasks identified in the scope of work including a description of any major issues that have occurred and any corrective action taken to address these issues.

Final Deliverable: At completion of the project, the applicant shall provide the CWCB a final report that summarizes the project and documents how the project was completed. This report may contain photographs, summaries of meetings and engineering reports/designs.

Engineering: All engineering work (as defined in the Engineers Practice Act (§12-25-102(10) C.R.S.)) performed under this grant shall be performed by or under the responsible charge of professional engineer licensed by the State of Colorado to practice Engineering.

CWCB Construction Fund Loan

Financial Analysis

The Company qualifies for an agricultural interest rate of 1.75% for a 30-year term. Table 3 provides a summary of the financial aspects of the loan request.

TABLE 3: LOAN SUMMARY

| | |
|---|-------------|
| Total Project Cost | \$3,381,500 |
| Other Contributions | \$881,500 |
| CWCB Loan Amount | \$2,500,000 |
| CWCB Loan Amount (Including 1% Service Fee) | \$2,525,000 |
| CWCB Annual Loan Payment | \$108,903 |
| CWCB Loan Obligation (Including 10% Debt Reserve Funding) | \$119,793 |

Creditworthiness: The Company generates a majority of its revenue through a property lease to the Ordway Cattle Feeders, LLC. The Ordway Cattle Feeders, LLC generates revenue by providing custom cattle feeding services, with a capacity of up to 65,000 head. Based on recent financial statements, the combined companies' revenues have exceeded expenses over the past few years. The Company has made a commitment to this Project by investing nearly \$600,000 in cash towards this Project.

Combined, the two companies have numerous long-term liabilities, totaling \$5,351,331 (\$5,097,981 for Ordway Feedyard, LLC and \$253,350 for Ordway Cattle Feeders, LLC), for a variety of water and equipment leases related to operational expenses. The debt is secured by land and real property. The combined annual payments on the debt service total approximately \$1,000,000. The Company plans to secure its CWCB loan by pledging water rights and or land. Based on values provided by the Colorado Canal and Twin Lakes Reservoir and Canal Company, market rates of the Mutual Ditch Company stock shares owned by the Company are estimated as follows:

- \$27,500 per share in Twin Lakes
- \$6,000 per paired share of Colorado Canal and Lake Meredith
- \$11,000 per paired share of Colorado Canal and Lake Henry

Table 4 provides Financial Ratios for the Company.

TABLE 4: FINANCIAL RATIOS

| Financial Ratio | Past Average | Future w/ Project |
|--|---|---|
| Operating Ratio (operating revenues/operating expenses) weak: <100% - average: 100% - 120% - strong: >120% | 134% (strong) \$12.9M/\$9.6M | 133% (strong) \$12.9M/\$9.7M |
| Debt Service Coverage Ratio (total eligible revenues-operating expenses)/total debt service weak: <100% - average: 100% - 120% - strong: >120% | 430% (strong) (\$12.9M-\$8.6M)/\$1M | 391% (strong) (\$12.9M-\$8.6M)/\$1.1M |
| Cash Reserves to Current Expenses* weak: <50% - average: 50% - 100% - strong: >100% | 21% (weak) \$2M/\$9.6M | 20% (weak) \$1.9M/\$9.7M |
| Annual Operating Cost per Acre-Foot weak: >\$20 - average: \$10 - \$20 - strong: <\$10 | N/A | N/A |

* This ratio is typically used for a mutual ditch company and not for a for-profit company; therefore, the ratio may not apply here.

Collateral: As security for the loan, the Company will pledge lease revenues and other legally available revenues, and a combination of real property and water rights sufficient to exceed 110% of the loan amount. This is in compliance with the CWCB Financial Policy #5 (Collateral).

cc: Elise M. Bergsten, Balanced Management Services Company
 Susan Schneider, AGO
 Peter Johnson, AGO

Attachment: Water Project Loan Program – Project Data Sheet

Water Project Loan Program - Project Data

Borrower: Ordway Feedyard, LLC

County: Crowley

Project Name: Ordway Feedyard Raw Water Line Extension Project

Project Type: Pipeline

Drainage Basin: Arkansas, District 17

Water Source: Groundwater

Total Project Cost: \$3,381,500

Funding Source: Construction Fund, WSRA, Crowley County, LAVWCD

Type of Borrower: Agricultural

Avg. Annual Delivery: 500 AF (Feedyard)
1,000 AF (Ranch)

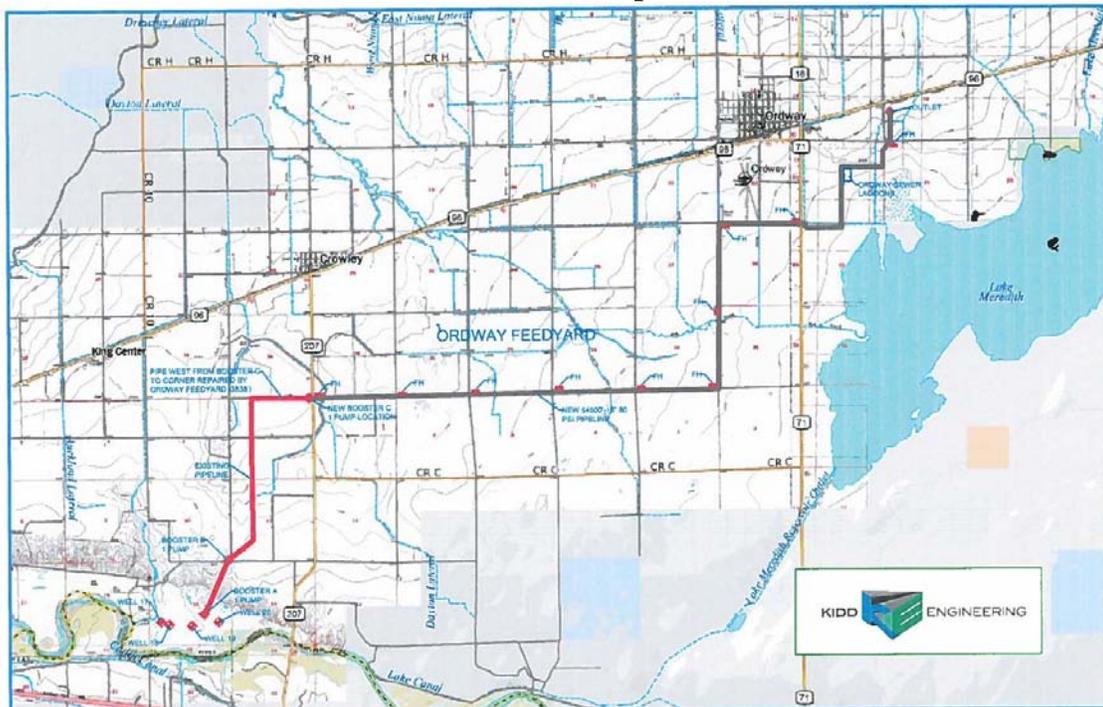
CWCB Loan: \$2,525,000 (incl. 1% loan fee)

Interest Rate: 1.75% **Term:** 30 years

WSRA Grant: \$275,000 (\$25,000/\$225,000)

The Company utilizes the feedyard to feed and tend cattle until they are market ready. The Company owns both the feedyard and River Ranch. The ranch has 20 existing wells which are decreed for irrigation and stock watering. Currently there is no means to convey water between the ranch and feedyard. This project will secure a more reliable and affordable water supply by completing an infrastructure network capable of delivering high-quality well water from the ranch to the feedyard to augment its dependence on potable (approximately 14 AF per year) and leased water. The water supply enhancements are expected to reduce operational costs and preserve transit and evaporation losses at an estimated rate of 850 AF annually. The economic benefit to Crowley County has made it an active participant in the project, contributing cash and applying for a WSRA grant to assist in funding the Project. The Project consists of two phases. Phase one includes the re-establishment of easements and the rehabilitation of: 4.2 miles of existing pipe line, 4 groundwater wells, and 2 booster stations. Phase two includes installation of the remaining infrastructure necessary to complete the delivery system. Construction is expected to begin in the summer of 2013 with completion by the summer of 2014.

Location Map





Arkansas Basin Roundtable
Official Records Location
c/o Board of Water Works of Pueblo
Attention: Leslie Martinez
P.O. Box 400
Pueblo CO 81002-0400

January 16, 2013

Greg Johnson
Colorado Water Conservation Board
Water Supply Planning Section
1580 Logan Street, Suite 600
Denver, Colorado 80203

Re: Water Supply Reserve Account Grant Application for Ordway Cattle Feeders Water Line Extension, Phase II

Dear Greg:

Under separate cover you will receive a WSRA grant application for the Ordway Cattle Feeders Water Line Extension, Phase II. At the January 9, 2013, Arkansas Basin Roundtable meeting, the Roundtable agreed by consensus to approve this application for \$50,000 in Basin Funds and \$225,000 of Statewide Funds.

My expectation is that this grant request will be heard at the March, 2013 CWCB meeting since it includes Statewide Funds. Please do not hesitate to contact me if you have any questions.

Sincerely,

Gary Barber
Chair

c: Executive Committee, Ark Roundtable
Todd Doherty, CWCB staff
Elise Bergsten



COLORADO WATER CONSERVATION BOARD
WATER SUPPLY RESERVE ACCOUNT
APPLICATION FORM



Ordway Cattle Feeders Water Line Extension, Phase II

Name of Water Activity/Project

Crowley County

Name of Applicant

Arkansas Basin

Amount from Statewide Account: 225,000

Amount from Basin Account(s): 50,000

Total WSRA Funds Requested: 275,000

Approving Basin Roundtable(s)
(If multiple basins specify amounts in parentheses.)

Application Content

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| Application Instructions | page 2 |
| Part I – Description of the Applicant | page 3 |
| Part II – Description of the Water Activity | page 5 |
| Part III – Threshold and Evaluation Criteria | page 7 |
| Part IV – Required Supporting Material | |
| Water Rights, Availability, and Sustainability | page 10 |
| Related Studies | page 10 |
| Signature Page | page 12 |

Required Exhibits

- A. Statement of Work, Budget, and Schedule
- B. Project Map
- C. As Needed (i.e. letters of support, photos, maps, etc.)

Appendices – Reference Material

- 1. Program Information
- 2. Insurance Requirements
- 3. WSRA Standard Contract Information (Required for Projects Over \$100,000)
- 4. W-9 Form (Required for All Projects Prior to Contracting)

Water Supply Reserve Account – Application Form

Revised December 2011

Instructions

To receive funding from the Water Supply Reserve Account (WSRA), a proposed water activity must be approved by the local Basin Roundtable **AND** the Colorado Water Conservation Board (CWCB). The process for Basin Roundtable consideration and approval is outlined in materials in Appendix 1.

Once approved by the local Basin Roundtable, the applicant should submit this application **with a detailed statement of work including budget and schedule as Exhibit A** to CWCB staff by the application deadline.

WSRA applications are due with the roundtable letter of support 60 calendar days prior to the bi-monthly Board meeting at which it will be considered. Board meetings are held in January, March, May, July, September, and November. Meeting details, including scheduled dates, agendas, etc. are posted on the CWCB website at: <http://cwcb.state.co.us> Applications to the WSRA Basin Account are considered at every board meeting, while applications to the WSRA Statewide Account are only considered at the March and September board meetings.

When completing this application, the applicant should refer to the WSRA Criteria and Guidelines available at: <http://cwcb.state.co.us/LoansGrants/water-supply-reserve-account-grants/Documents/WSRACriteriaGuidelines.pdf>

The application, statement of work, budget, and schedule **must be submitted in electronic format** (Microsoft Word or text-enabled PDF are preferred) and can be emailed or mailed on a disk to:

Greg Johnson – WSRA Application
Colorado Water Conservation Board
1580 Logan Street, Suite 200
Denver, CO 80203
gregory.johnson@state.co.us

If you have questions or need additional assistance, please contact Greg Johnson at: 303-866-3441 x3249 or gregory.johnson@state.co.us.

Water Supply Reserve Account – Application Form

Revised December 2011

Part I. - Description of the Applicant (Project Sponsor or Owner);

| | | | | |
|----|--------------------|--|-----------------|-----------------|
| 1. | Applicant Name(s): | Crowley County Board of Commissioners | | |
| | Mailing address: | 603 Main Street, Suite 2 Ordway, CO 81063 | | |
| | Taxpayer ID#: | | | |
| | Primary Contact: | Tobe Allumbaugh | Position/Title: | Commissioner |
| | Email: | tobe@crowleycounty.net | | |
| | Phone Numbers: | Cell: | Office: | 719-267-5555 x2 |
| | Alternate Contact: | Tyler Karney | Position/Title: | Manager |
| | Email: | tyler@ordwayfeedyard.com | | |
| | Phone Numbers: | Cell: | Office: | |
| | | 719-469-1964 | | |

2. Eligible entities for WSRA funds include the following. What type of entity is the Applicant?

- Public (Government) – municipalities, enterprises, counties, and State of Colorado agencies. Federal agencies are encouraged to work with local entities and the local entity should be the grant recipient. Federal agencies are eligible, but only if they can make a compelling case for why a local partner cannot be the grant recipient.
- Public (Districts) – authorities, Title 32/special districts, (conservancy, conservation, and irrigation districts), and water activity enterprises.
- Private Incorporated – mutual ditch companies, homeowners associations, corporations.
- Private individuals, partnerships, and sole proprietors are eligible for funding from the Basin Accounts but not for funding from the Statewide Account.
- Non-governmental organizations – broadly defined as any organization that is not part of the government.

Water Supply Reserve Account – Application Form

Revised December 2011

3. Provide a brief description of your organization

Crowley County is located in the high plains of Southeast Colorado. It was established in 1911. The Town of Ordway is the county seat, and lies about 50 miles east of Pueblo.

Crowley County was supported primarily by irrigated agriculture for several decades. Much of Crowley County's water rights were sold to Front Range municipalities in the 1970's and 80's, resulting in a reduction from approximately 50,000 to 6,600 acres of irrigated farm land. Crowley County is a prime example and a horrible warning of the effects on local economies of large-scale traditional water rights transfers from Agricultural to Municipal/Industrial uses.

At this time, Ordway Cattle Feeders, LLC and a private prison comprise most of the tax base for the county. The only other two significantly-sized local employers are both tax exempt; the local school system and a State prison. Crowley County officials state that the importance of the Ordway Cattle Feeders feedlot to the county's economy cannot be overstated, and that the county government would be bankrupted by a feedlot closure.

The original feedlot was built by Bill Foxley in 1972. Ordway Cattle Feeders, LLC is located two miles east of Ordway, Colorado. It is a Feedyard with a capacity of 65,000 head of cattle. Cattle are fed until market ready, and are then sent to packing plants to produce beef for widespread consumption.

The company is the third largest employer in Crowley County, and the largest employer of the local population. They provide direct employment to 70 full time and 10 part time employees, with an annual payroll in excess of \$1.7 million. They are a tremendous, vital economic force, impacting the local, regional and state economy. Details of this impact are provided in an addendum to the application.

4. If the Contracting Entity is different then the Applicant (Project Sponsor or Owner) please describe the Contracting Entity here.

The contracting entity will be Crowley County. There is a CWCB partner loan to this project. The loan contract entity will be Ordway Feedyard, LLC.

5. Successful applicants will have to execute a contract with the CWCB prior to beginning work on the portion of the project funded by the WSRA grant. In order to expedite the contracting process the CWCB has established a standard contract with provisions the applicant must adhere to. A link to this standard contract is included in Appendix 3. Please review this contract and check the appropriate box.

The Applicant will be able to contract with the CWCB using the Standard Contract

The Applicant has reviewed the standard contract and has some questions/issues/concerns. Please be aware that any deviation from the standard contract could result in a significant delay between grant approval and the funds being available.

6. The Tax Payer Bill of Rights (TABOR) may limit the amount of grant money an entity can receive. Please describe any relevant TABOR issues that may affect the applicant. N/A

Water Supply Reserve Account – Application Form

Revised December 2011

Part II. - Description of the Water Activity/Project

1. What is the primary purpose of this grant application? (Please check only one)

Nonconsumptive (Environmental or Recreational)

Agricultural

Municipal/Industrial

Needs Assessment

Education

Other

Explain:

2. If you feel this project addresses multiple purposes please explain.

This project develops a new water supply for the Ordway Cattle Feeders feedlot. By doing so, it conserves water that is now being lost in transit and evaporation, freeing up this water for other uses. By converting to groundwater from surface water, it also results in water being left in the Arkansas River for an estimated 36 miles, improving aquatic and riparian habitat, an environmental and recreational benefit. The project also provides rural access to water for farmstead and wildland firefighting. The new water supply will supply enough water to implement dust abatement at the feedlot, improving the environment and public health.

3. Is this project primarily a study or implementation of a water activity/project? (Please check only one)

Study

Implementation

4. To catalog measurable results achieved with WSRA funds can you provide any of the following numbers?

New Storage Created (acre-feet)

New Annual Water Supplies Developed, Consumptive or Nonconsumptive (acre-feet)

Existing Storage Preserved or Enhanced (acre-feet)

Length of Stream Restored or Protected (linear feet)

Length of Pipe/Canal Built or Improved (linear feet)

Efficiency Savings (acre-feet/year OR dollars/year – circle one)

Area of Restored or Preserved Habitat (acres)

Other – Explain: Acre feet saved from transit/evaporative loss

Water Supply Reserve Account – Application Form

Revised December 2011

4. To help us map WSRA projects please include a map (Exhibit B) and provide the general coordinates below:

Latitude:

Longitude:

5. Please provide an overview/summary of the proposed water activity (no more than one page). Include a description of the overall water activity and specifically what the WSRA funding will be used for. A full **Statement of Work** with a detailed budget and schedule is required as **Exhibit A** of this application.

This project completes a waterline that will provide water to the Ordway Cattle Feeders feedlot from wells located on a local ranch owned by the company. The wells are decreed for irrigation and livestock watering. The Ordway Cattle Feeders already has in place a battery of four wells, two booster stations, and 4.2 miles of pipe at the west end of the proposed system. Phase I, funded by Ordway Cattle Feeders in its entirety, includes re-establishing easements and the rehabilitation of the existing stretch of pipeline, wells and booster stations. Phase 2 completes the project with a third booster station, 10.5 miles of water pipeline, two back-up generators, and a remote monitoring and control system. WSRA funding will be dedicated to Phase 2.

The primary purpose of this project is to provide a consistent, viable supply of livestock drinking water, dust abatement, and compost conditioning water for the Feedyard. The Feedyard also intends to use this new water source to serve their feed mill needs in the future. In addition, the water supply will also provide an emergency source of water for fighting farmstead and wild land fires in the area from Crowley to Ordway. Crowley County and Ordway Feedyard, LLC will execute an MOU to detail their agreement and mutual benefits of the waterline, which will be owned by Ordway Feedyard, LLC.

The water needs of the Feedyard have been roughly equivalent to the needs of a town with a population of 5,500 people, using approximately 1,500 acre feet of water per year. Currently, two thirds of that water is purchased on the spot market from Front Range cities. In addition, the Feedyard owns 569 shares of Colorado Canal water paired with Lake Meredith and Lake Henry. Water is delivered from Pueblo Reservoir, stored in Lake Henry and then piped to the Feedyard.

There are several problems with the historic supply regimen, and corresponding opportunities provided by the proposed project.

- Combined transit and evaporative losses sustained under the current regimen were 66% in 2012 (data source-State Engineers Office and Colorado Canal Co). This means that the Feedyard lost 954 acre feet of water in order to provide 500 acre feet of water to the feedyard. This pipeline project eliminates 850 acre feet of that loss, freeing up that water for other uses.
- The current water supply is not secure. Evaporative loss forces the Feedyard to purchase water on the spot market – a vulnerable source.
- The current water supply storage and delivery system is not secure. The majority of Lake Henry water rights are held by Front Range cities. The reservoir's water levels are controlled mainly by Front Range users, creating increased vulnerability for the company. When less water is stored in Lake Henry, evaporation rates become greater. In the 2012 drought, the Feedyard was forced to install a floating pump in Lake Henry in order to get required water from the Lake.
- With use of Feedyard-owned wells, augmentation water could be stored at higher elevation reservoirs, further reducing evaporative loss.
- Finally, water quality from project wells is of higher quality than water that is currently being used.

Additional project benefits will be detailed later in the application.

Water Supply Reserve Account – Application Form

Revised December 2011

Part III. – Threshold and Evaluation Criteria

1. This water activity meets the eligibility requirements outlined in Part 2 of the Criteria and Guidelines. It is a structural water project, and the applicant, Crowley County, is an eligible entity.

1. a) The water activity is consistent with Section 37-75-102 Colorado Revised Statutes.¹ The project will not supersede, abrogate, or otherwise impair the State's current system of allocating water within Colorado, nor does it in any manner repeal or amend the existing water rights adjudication system. The project does not affect the State Constitution's recognition of water rights as a private usufructuary property right nor is it intended to restrict the ability of the holder of a water right to use or to dispose of that water right in any manner permitted under Colorado law.

1. b) The water activity has been approved by the Arkansas Basin Roundtable by consensus, at its January 9, 2013 meeting. There were no minority opinions expressed.

1. c) The water activity meets the provisions of Section 37-75-104(2), Colorado Revised Statutes,² meeting the following goals.

- The project helps fill the M&I gap by developing a non-treated water source and freeing up water that is currently being purchased from the spot market.
- Reduced evaporation losses reduce waste of water – 850af of water in 2012.
- Reduced demand for treated potable water.
- Improved utilization of purchased return flow water.
- Provides a consistent, stable supply of quality water to the Feedyard.
- Improves wetlands and riparian habitat along a 36-mile reach of the Arkansas River, due to change in point of diversion.
- Provides more water to be used for dust abatement, improving air quality, human health and the aesthetics of the surrounding area.
- Provides an emergency water supply to fight farmstead and wild land fires from west of Crowley to east

¹ 37-75-102. Water rights - protections. (1) It is the policy of the General Assembly that the current system of allocating water within Colorado shall not be superseded, abrogated, or otherwise impaired by this article. Nothing in this article shall be interpreted to repeal or in any manner amend the existing water rights adjudication system. The General Assembly affirms the state constitution's recognition of water rights as a private usufructuary property right, and this article is not intended to restrict the ability of the holder of a water right to use or to dispose of that water right in any manner permitted under Colorado law. (2) The General Assembly affirms the protections for contractual and property rights recognized by the contract and takings protections under the state constitution and related statutes. This article shall not be implemented in any way that would diminish, impair, or cause injury to any property or contractual right created by intergovernmental agreements, contracts, stipulations among parties to water cases, terms and conditions in water decrees, or any other similar document related to the allocation or use of water. This article shall not be construed to supersede, abrogate, or cause injury to vested water rights or decreed conditional water rights. The General Assembly affirms that this article does not impair, limit, or otherwise affect the rights of persons or entities to enter into agreements, contracts, or memoranda of understanding with other persons or entities relating to the appropriation, movement, or use of water under other provisions of law.

² 37-75-104 (2)(c). Using data and information from the Statewide Water Supply Initiative and other appropriate sources and in cooperation with the on-going Statewide Water Supply Initiative, develop a basin-wide consumptive and nonconsumptive water supply needs assessment, conduct an analysis of available unappropriated waters within the basin, and propose projects or methods, both structural and nonstructural, for meeting those needs and utilizing those unappropriated waters where appropriate. Basin Roundtables shall actively seek the input and advice of affected local governments, water providers, and other interested stakeholders and persons in establishing its needs assessment, and shall propose projects or methods for meeting those needs. Recommendations from this assessment shall be forwarded to the Interbasin Compact Committee and other basin roundtables for analysis and consideration after the General Assembly has approved the Interbasin Compact Charter.

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of Ordway.

-The project stabilizes the tremendous positive economic impact that Ordway Cattle Feeders brings to the Arkansas Basin and the State of Colorado, and allows for future growth of this company.

-The project sustains an agricultural business that is the third largest employer in a county that is statistically the poorest county in the State of Colorado; a business that goes a long way toward ameliorating the effects of Buy & Dry Ag water transfers that have taken place in Crowley County.

1. d) Matching Requirement: For requests from the Statewide Fund, the applicant is required to demonstrate a **20 percent** (or greater) match of the request from the Statewide Account. Statewide requests must also include a minimum match of **5 percent** of the total grant amount from Basin Funds. Sources of matching funds include but are not limited to Basin Funds, in-kind services, funding from other sources, and/or direct cash match. Past expenditures directly related to the project may be considered as matching funds if the expenditures occurred within 9 months of the date the application was submitted to the CWCB. Please describe the source(s) of matching funds. (NOTE: These matching funds should also be reflected in your Detailed Budget in **Exhibit A** of this application)

Project Funding Summary:

ORDWAY FEEDYARD WATER LINE EXTENSION

PROJECT FUNDING SUMMARY

Ordway Cattle Feeders Matching Funds

| | |
|--|------------------|
| Phase 1: Rehab of existing 4.3 mile pipeline-spent to-date | 453,000 |
| Phase 1: Rehab of existing 4.3 mile pipeline-to come | 125,000 |
| Phase 1: Re-establish easements for existing line | 6,000 |
| Phase 1: Preliminary Design | 14,904 |
| | 598,904 |
| LAVWCD - Phase 1 Cash Match | 2,500 |
| Crowley County Cash Match | 5,000 |
| WSRA Basin Funds | 50,000 |
| WSRA Statewide Funds | 225,000 |
| CWCB Loan | 2,500,000 |
| PHASE I COST: | 601,404 |
| PHASE II COST: | 2,780,000 |
| TOTAL PROJECT COST: | 3,381,404 |

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2. For Applications that include a request for funds from the **Statewide Account**, describe how the water activity/project meets all applicable **Evaluation Criteria**.

Tier 1: Promoting Collaboration/Cooperation and Meeting Water Management Goals and Identified Water Needs

- a. The water activity addresses multiple needs or issues, including consumptive and/or non-consumptive needs, or the needs and issues of multiple interests or multiple basins.

Multiple Consumptive Needs/Benefits

- Combined transit and evaporative losses sustained under the current delivery regimen were 66% in 2012 (data source-State Engineers Office and Colorado Canal Co). The Feedyard owns 3 Twin Lakes shares and 569 Colorado Canal shares. This means that the Feedyard was forced to lease or purchase from the spot market an additional 882 acre feet of year just to cover evaporative loss and still provide 500 acre feet of water to the feedyard. The Feedyard lost 954 acre feet of water in order to provide 500 acre feet of water to the feedyard. This pipeline project eliminates **850 acre feet** of that loss, conserving and freeing up that water for M&I use by multiple basins.
- The current water supply is not secure. Spot market purchases of water will be increasingly vulnerable to climate, population growth, and other factors outside the control of the feedyard. This project reduces the amount of water needed, and eliminates the necessity of spot market purchases for the foreseeable future.
- The current water supply storage and delivery system is not secure. The majority of Lake Henry water rights are held by Front Range cities. The reservoir's water levels are controlled mainly by Front Range users, creating another area of increased vulnerability for the company. When less water is stored in Lake Henry, evaporation rates become greater. In the 2012 drought, the Feedyard was forced to install a floating pump in Lake Henry in order to get required water from the Lake. The proposed project replaces this delivery system.
- With use of Feedyard-owned wells, augmentation water could be stored at higher elevation reservoirs, further reducing evaporative loss.
- Water quality from project wells is of higher quality than water that is currently being used. The project conserves *potable* water by allowing the conversion of the feed mill to a non-treated water source. The Feedlot currently uses an average of about 500,000 gallon of treated, potable water per month from 96 Pipeline Company, mostly for their feed mill. With the clean well water supply and future conversions at the mill, well water will replace the potable water from 96 Pipeline. Assuming that this conversion could reduce the 96 Pipeline use by 400,000 gallon per month, approximately 14 ac/ft per year of potable M&I water would be saved. Table 1-7 of the AV Conduit Draft EIS shows that the 2010 96 Pipeline demand was 56 ac/ft. Page A.1-4 states that AVC deliveries to 96 Pipeline are estimated to be 27 ac/ft per year of Fry-Ark allocations. This savings, therefore, would reduce that required allocation by over 50 percent, freeing up this water supply for M&I use.

Non-Consumptive Benefits

The water activity addresses multiple non-consumptive environmental and recreational needs.

- **Riparian Habitat:** Water will no longer be diverted at Boone. The diversion point moves downriver, improving wetlands, riparian and aquatic habitat along an estimated 36-mile reach of the Arkansas River.
- **Improved Air Quality:** Some water savings will be used for much-needed dust abatement, improving air quality, human health and the aesthetics of the surrounding area.

Multiple Interests

- Installation of ten fire hydrants along the waterline provides an emergency water supply to fight farmstead and wild land fires from west of Crowley to east of Ordway. A 2008 wildfire in rural Crowley County killed two firefighters, destroyed 22 structures and damaged 11 others. Destroyed structures were valued at a total of

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\$1,152,240. The damage could have been largely avoided if proposed hydrants were already in place. A secondary effect of the large-scale Buy & Dry practices in Crowley County is that revegetation was spotty after water sales took place, resulting in weedy fields at high risk for fire during dry conditions.

- The water activity directly benefits private and public entities, Ordway Cattle Feeders, LLC, Crowley County government, local farmers, ranchers, business owners, and the residents of Crowley County and its environs.
- Keeping the Feedyard in business benefits the economy of the entire State of Colorado. Please see the Addendum to the application for detail.

Multiple Basins

- Although not directly related to water management, the project positively affects the economy of several basins, as detailed in an addendum to the application. Municipalities in multiple basins purchased the bulk of the water rights of Crowley County. This water activity stabilizes the viability of a company that has largely replaced the economic benefit that was supplied by those lost 43,000 acres of irrigated agriculture.
 - The 850 acre feet of water conserved by this delivery method becomes available to Front Range water users.
- b. The project will directly benefit Crowley County, Ordway Feedyard, LLC and Ordway Cattle Feeders, LLC, who are collaborating on the combination of grants and loan. It will indirectly benefit numerous water interests, including shareholders of the Colorado Canal, Front Range municipalities, Lake Henry and Lake Meredith shareholders, and the Pueblo Board of Water Works.
- c. The water activity helps implement projects and processes identified as helping meet Colorado's future water needs, and/or addresses the gap areas between available water supply and future need as identified in SWSI or a roundtable's basin-wide water needs assessment.
- The project frees up 850 acre feet of water that was being lost to transit and evaporation. This water becomes available for interbasin or intrabasin use.
 - It frees up an estimated 14 acre feet of potable water that becomes available to other water users in and out of the basin.
 - This water activity addresses a water gap that was identified by the Arkansas Basin Roundtable in their 2012 annual report, as quoted here: "The impact of drought on the availability of augmentation water to support agriculture has brought into sharp focus a dependence on fully consumable, municipal return flow as a source. The municipal return flow is relied upon to meet the future municipal demands of the holder of the water rights; therefore, to the extent such flows have been assumed to be available for agricultural use, our agricultural water supply gap is higher than originally thought."
 - Addressing the gap by reducing evaporative loss will become ever more imperative as Colorado water needs increase. The historic water supply for this entity shrinks in volume by 66% due to transit and evaporative loss.

Tier 2: Facilitating Water Activity Implementation

- d. Funding from this Account will reduce the uncertainty that the water activity will be implemented. For this criterion the applicant should discuss how receiving funding from the Account will make a significant difference in the implementation of the water activity (i.e., how will receiving funding enable the water activity to move forward or the inability obtaining funding elsewhere).

Applicants explored funding opportunities with DOLA and with CDPHE. Both said that they would like to support the project but have no available funding.

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The availability of a low-interest CWCB loan in combination with grant funding ensures that the water activity will remain financially viable and move forward in a timely manner. Loan funding in the amount of \$2,500,000 is being sought by project partner Ordway Feedyard, LLC.

In addition to the cost of transit and evaporative loss, the cost of current drought conditions to the company in increased food cost makes this project particularly time-sensitive. The failure to complete this water activity as soon as possible would likely result in the failure of the company, effectively bankrupting Crowley County government.

The Ordway Cattle Feeders, LLC funding of Phase I in its entirety, a cost of nearly \$600,000, demonstrates a significant & appropriate commitment to the project. CWCB loan funding equals 74% of the total project cost. The cash match and basin funds = 74% of total grant and cash match funding. Basin funds constitute 18% of total grant funding.

Tier 3: The Water Activity Addresses Other Issues of Statewide Value and Maximizes Benefits

- e. The water activity helps sustain agriculture & open space, or meets environmental or recreational needs.

The Ordway Feedyard is a vital agricultural economic force in Crowley County and the Arkansas and South Platte Basins. The water activity supports the viability of the future of this company, and the economy of the entire region, an area heavily impacted by the transfer of agricultural water to municipal and industrial uses.

The water activity has additional environmental benefits, as detailed above.

- f. The water activity is complimentary to or assists in the implementation of the CWCB loan program.

Part IV. – Required Supporting Material

1. **Water Rights, Availability, and Sustainability** – This information is needed to assess the viability of the water project or activity. Please provide a description of the water supply source to be utilized, or the water body to be affected by, the water activity. This should include a description of applicable water rights, and water rights issues, and the name/location of water bodies affected by the water activity.

Currently, Ordway Feedyard owns 3 shares of Twin Lakes water and 569 Colorado Canal shares that are paired with Lake Henry and Lake Meredith. They have a 15-year lease with Pueblo Board of Water Works for 700 acre feet per year. In addition, they have been purchasing water on the spot market to meet their water needs, which are much greater than if the project is implemented, due to evaporative loss.

The Feedyard also owns River Ranch, which has 20 wells decreed for irrigation and livestock watering. The wells average an allocation of 1,000 acre feet/year.

Potable water that is being used by the feedlot for the office and for the feed mills is currently supplied by 96 Pipeline Company. The feedlot is using approximately 500,000 gallons per month. Much of the potable water supply will no longer be needed.

The project will pump water from River Ranch wells to the feedyard, augmenting the wells with owned and leased shares as listed above.

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2. Please provide a brief narrative of any related studies or permitting issues.

Crowley County and Ordway Feedyard are working together to secure easements across private property. Agreements have been made and formal easements are in progress. No problems are anticipated.

Exhibit A
Statement of Work

WATER ACTIVITY NAME – Ordway Cattle Feeders Water Line Extension, Phase II

GRANT RECIPIENT – Crowley County

FUNDING SOURCE - WSRA Basin and Statewide Funds, CWCB Loan

INTRODUCTION AND BACKGROUND

This project completes a waterline that will provide water to the Ordway Cattle Feeders feedlot from wells located on a local ranch owned by the company. The Ordway Cattle Feeders already has in place a battery of four wells, two booster stations and 4.2 miles of pipe at the west end of the proposed system. Phase I, funded by Ordway Cattle Feeders in its entirety, includes the re-establishing easements and the rehabilitation of the existing stretch of pipeline, wells and booster stations. Phase 2 completes the project with an additional booster station, 10.5 miles of water pipeline, 2 back-up generators, and a monitoring/control system. WSRA funding will be dedicated to Phase 2, and a partner CWCB loan will fund the bulk of the project.

OBJECTIVES

The primary purpose of this project is to provide a consistent, viable supply of livestock drinking water, dust abatement, and compost conditioning water for the Feedyard. The Feedyard also intends to use this new water source to serve their feed mill in the future. This water supply will also provide a source of water for fighting farmstead and wild land fires in the area from Crowley to Ordway.

The water needs of the Feedyard are roughly equivalent to the needs of a town with a population of 5,500 people, using approximately 1,500 acre feet of water per year. Currently, two thirds of that water is purchased on the spot market from Front Range cities. In addition, the Feedyard owns approximately 500 acre feet of water rights. Water is delivered from Pueblo Reservoir, stored in Lake Henry and then piped to the Feedyard.

There are several problems with the historic supply regimen, and corresponding opportunities provided by the proposed project. Evaporative loss from Pueblo Reservoir to Lake Henry is 26%. The evaporative loss from Lake Henry is approximately 50%. This pipeline project eliminates those evaporation and transit losses. The current water supply is not secure. The majority of Lake Henry water rights are held by Front Range cities. As water supply needs increase for the Front Range, less water will be available for purchase on the spot market, and Front Range providers will likely hold their water closer to home. With less water being stored in Lake Henry, evaporation rates will be even higher. In the 2002 drought, the Feedyard was forced to install a floating pump in Lake Henry in order to get required water from the Lake. With use of the wells, augmentation water could be stored at higher elevation reservoirs, greatly reducing evaporative loss. Finally, water quality from project wells is of higher quality than water that is currently being used. This higher quality and consistent water source will allow the Feedyard to convert their feed mill and reduce their potable water demand by approximately 14 acre feet per year.

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DESCRIPTION BY TASK

TASK 1 – Final Design, Phase II

Description of Task

This task includes survey work and final design of a 10.5 mile stretch of pipeline and related booster station.

Method/Procedure

Kidd Engineering will perform final design and construction documents.

Deliverable

Final Design drawings and maps.

TASK 2 – Pipeline

Description of Task

Installation of 54,500 linear feet of pipeline, with 10 fire hydrants, and two State Highway bored crossings.

Method/Procedure

Ordway Cattle Feeders will solicit proposals for construction of the pipeline and enter into a construction services contract. Kidd Engineering will provide construction QA/QC services.

Deliverable

Completed improvements. As-built drawings.

TASK 3 – Booster Station and Emergency Stand-by Generators

Description of Task

Construction and installation of Booster Station C. Furnish and install emergency stand-by generators at the three booster stations and Well #20.

Method/Procedure

Ordway Cattle Feeders will solicit proposals and enter into a contract for construction of the booster station and installation of the pump, with variable frequency drive. Kidd Engineering will provide construction QA/QC services. Kidd Engineering will provide a performance specification for the four generators. Ordway Cattle Feeders will solicit proposals and enter into a contract to furnish and install the emergency stand-by generators.

Deliverable

Completed improvements.

TASK 4 – Supervisory Control and Data System

Description of Task

Furnish and install a Supervisory Control and Data System for three booster stations, four well pumps, and electronic controlled valving.

Method/Procedure

Kidd Engineering will provide a performance specification for the SCADA system. Ordway Cattle Feeders will solicit proposals and enter into a contract to furnish and install the SCADA system.

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Deliverable

Completed improvements.

| PROJECT SCHEDULE | START DATE | FINISH DATE |
|--------------------------------|----------------|----------------|
| FINAL DESIGN | Upon NTP | NTP + 45 days |
| PROPOSAL SOLICITATIONS | NTP + 45 days | NTP + 60 days |
| PIPELINE CONSTRUCTION | NTP + 75 days | NTP + 245 days |
| BOOSTER STATION C CONSTRUCTION | NTP + 75 days | NTP + 170 days |
| EMERGENCY STANDBY GENERATORS | NTP + 120 days | NTP + 245 days |
| SCADA INSTALLATION | NTP + 170 days | NTP + 170 days |

ORDWAY FEEDYARD WATER LINE EXTENSION - PHASE II

BUDGET BY TASK

| ITEM | DESCRIPTION | QUANTITY | UNITS | UNIT COST | AMOUNT |
|------|-------------|----------|-------|-----------|--------|
|------|-------------|----------|-------|-----------|--------|

PHASE I: (funding by Ordway Cattle Feeders, LLC and LAVWCD)

| | | | | | |
|----------------------|--|--|--|------------|----------------|
| a | PRELIMINARY DESIGN | | | 14,904.40 | 14,904 |
| b | REHAB OF EXISTING LINE: OCT-DEC 2012 | | | 453,000.00 | 453,000 |
| c | REHAB OF EXISTING LINE: REMAINING | | | 125,000.00 | 125,000 |
| d | RE-ESTABLISH EASEMENTS FOR EXISTING LINE | | | 6,000.00 | 6,000 |
| e | ADMINISTRATIVE-GRANT WRITING (LAVWCD) | | | 2,500.00 | 2,500 |
| TOTAL PHASE I | | | | | 601,404 |

PHASE II

TASK 1 - FINAL DESIGN

| | | | | | |
|---|-----------------------|-----|----|--------|--------|
| 1 | PROFESSIONAL ENGINEER | 64 | HR | 125.00 | 8,000 |
| 2 | EIT ENGINEER | 120 | HR | 90.00 | 10,800 |
| 3 | CAD TECHNICIAN | 160 | HR | 62.00 | 9,920 |
| 4 | SURVEY CREW | 32 | HR | 245.00 | 7,840 |
| 5 | MILEAGE | 270 | MI | 1.10 | 297 |
| 6 | PRINTING COSTS | 920 | SF | 0.90 | 828 |

TASK 2 - PIPELINE

| | | | | | |
|----|--|--------|----|-----------|-----------|
| 7 | FURNISH 15" DIA, CLASS 80 PVC PIPE | 54,500 | LF | 9.97 | 543,365 |
| 8 | INSTALL 15" DIA, CLASS 80 PVC PIPE | 54,500 | LF | 24.95 | 1,359,775 |
| 9 | FURNISH & INSTALL 15" DIA 90 ELLS | 5 | EA | 887.13 | 4,436 |
| 10 | FURNISH & INSTALL 15" DIA 45 ELLS | 28 | EA | 709.64 | 19,870 |
| 11 | FURNISH & INSTALL 15X15 TEES | 12 | EA | 815.22 | 9,783 |
| 12 | FURNISH & INSTALL 15" BF VALVES | 7 | EA | 2,000.00 | 14,000 |
| 13 | FURNISH & INSTALL BLOW-OFF ASSEMBLIES | 2 | EA | 2,000.00 | 4,000 |
| 14 | FURNISH & INSTALL 8" ALTITUDE VALVES | 3 | EA | 6,641.50 | 19,925 |
| 15 | FURNISH & INSTALL FIRE HYDRANTS | 10 | EA | 3,700.00 | 37,000 |
| 16 | BORE CROSSING HWY 207-INSTALL 24" CASING | 1 | EA | 18,000.00 | 18,000 |
| 17 | BORE CROSSING HWY 71-INSTALL 24" CASING | 1 | EA | 24,500.00 | 24,500 |
| 18 | CASING PROVIDED BY L&M UNDERGROUND | 250 | LF | 82.53 | 20,632 |

(continued on next page)

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TASK 3 - BOOSTER STATION C

| | | | | | |
|----|--|------|-------|-----------|---------|
| 19 | FURNISH & INSTALL 15X8 REDUCERS | 2 | EA | 600.00 | 1,200 |
| 20 | FURNISH & INSTALL PIPING PER PLAN | 1 | LS | 1,440.00 | 1,440 |
| | SPECIALTIES | | | | |
| 21 | FURNISH & INSTALL 8" CHECK VALVE | 1 | EA | 6,641.50 | 6,642 |
| 22 | FURNISH & INSTALL 8" BF VALVES | 2 | EA | 1,380.00 | 2,760 |
| 23 | FURNISH & INSTALL 6" FLOW METER WITH 5-20 ma OUTPUT | 1 | EA | 6,000.00 | 6,000 |
| 24 | FURNISH & INSTALL SUCTION AND DISCHARGE PRESSURE TRANSDUCERS WITH 5-20 ma OUTPUT | 2 | EA | 150.00 | 300 |
| 25 | FURNISH & INSTALL 8" GATE VALVE | 1 | EA | 1,380.00 | 1,380 |
| 26 | FURNISH & INTALL 1" AIR-VAC VALVE | 1 | EA | 948.38 | 948 |
| 27 | FURNISH & INSTALL 100 HP BOOSTER PUMP | 1 | EA | 50,334.00 | 50,334 |
| 28 | FURNISH 125 KVA GENERATOR | 3 | EA | 70,700.00 | 212,100 |
| 29 | FURNISH 100 KVA GENERATOR | 1 | EA | 49,250.00 | 49,250 |
| 30 | INSTALL GENERATORS | 4 | EA | 10,000.00 | 40,000 |
| 31 | FREIGHT FOR GENERATORS (2 TRUCKS*1300 MI) | 2600 | MILES | 3.00 | 7,800 |
| 32 | BUILDING FOR BOOSTER STATION C | 1 | EA | 17,100.00 | 17,100 |

TASK 4 - MISCELLANEOUS

| | | | | | |
|-----------------------|--|---|----|------------|------------------|
| 33 | SUPERVISORY CONTROL AND DATA SYSTEM FOR 3 BOOSTER STATIONS, 4 WELL PUMPS & ELECTRIC SHUT-OFF VALVE | 1 | EA | 82,133.00 | 82,133 |
| 34 | PROJECT MANAGEMENT & ADMIN | | | 12,000.00 | 12,000 |
| 35 | CONTINGENCY (<7% OF CONSTRUCTION) | | | 175,643.00 | 175,643 |
| TOTAL PHASE II | | | | \$ | 2,780,000 |

TOTAL PROJECT COST

3,381,404

The above statements are true to the best of my knowledge:

Signature of Applicant:

Print Applicant's Name: Tobe Allumbaugh

Project Title: Ordway Feedyard Water Line Extension

Return an electronic version (hardcopy may also be submitted) of this application to:

Greg Johnson – WSRA Application
 Colorado Water Conservation Board
 1580 Logan Street, Suite 200
 Denver, CO 80203
gregory.johnson@state.co.us

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TASK 3 - BOOSTER STATION C

| | | | | | |
|----|--|------|-------|-----------|---------|
| 19 | FURNISH & INSTALL 15X8 REDUCERS | 2 | EA | 600.00 | 1,200 |
| 20 | FURNISH & INSTALL PIPING PER PLAN | 1 | LS | 1,440.00 | 1,440 |
| | SPECIALTIES | | | | |
| 21 | FURNISH & INSTALL 8" CHECK VALVE | 1 | EA | 6,641.50 | 6,642 |
| 22 | FURNISH & INSTALL 8" BF VALVES | 2 | EA | 1,380.00 | 2,760 |
| 23 | FURNISH & INSTALL 6" FLOW METER WITH 5-20 ma OUTPUT | 1 | EA | 6,000.00 | 6,000 |
| 24 | FURNISH & INSTALL SUCTION AND DISCHARGE PRESSURE TRANSDUCERS WITH 5-20 ma OUTPUT | 2 | EA | 150.00 | 300 |
| 25 | FURNISH & INSTALL 8" GATE VALVE | 1 | EA | 1,380.00 | 1,380 |
| 26 | FURNISH & INTALL 1" AIR-VAC VALVE | 1 | EA | 948.38 | 948 |
| 27 | FURNISH & INSTALL 100 HP BOOSTER PUMP | 1 | EA | 50,334.00 | 50,334 |
| 28 | FURNISH 125 KVA GENERATOR | 3 | EA | 70,700.00 | 212,100 |
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| 30 | INSTALL GENERATORS | 4 | EA | 10,000.00 | 40,000 |
| 31 | FREIGHT FOR GENERATORS (2 TRUCKS*1300 MI) | 2600 | MILES | 3.00 | 7,800 |
| 32 | BUILDING FOR BOOSTER STATION C | 1 | EA | 17,100.00 | 17,100 |

TASK 4 - MISCELLANEOUS

| | | | | | |
|----|--|---|----|------------|---------|
| 33 | SUPERVISORY CONTROL AND DATA SYSTEM FOR 3 BOOSTER STATIONS, 4 WELL PUMPS & ELECTRIC SHUT-OFF VALVE | 1 | EA | 82,133.00 | 82,133 |
| 34 | PROJECT MANAGEMENT & ADMIN | | | 12,000.00 | 12,000 |
| 35 | CONTINGENCY (<7% OF CONSTRUCTION) | | | 175,643.00 | 175,643 |

TOTAL PHASE II

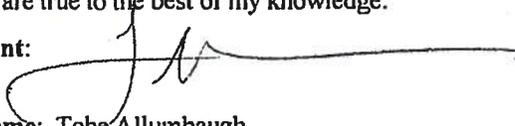
\$ 2,780,000

TOTAL PROJECT COST

3,381,404

The above statements are true to the best of my knowledge:

Signature of Applicant:



Print Applicant's Name: Tobe Allumbaugh

Project Title: Ordway Feedyard Water Line Extension

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 Colorado Water Conservation Board
 1580 Logan Street, Suite 200
 Denver, CO 80203
gregory.johnson@state.co.us

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Addendum: The Story of Ordway Cattle Feeders

The Ordway Cattle Feeders feedlot was founded in 1972. Bill Foxley bought the land and water in the mid 60's; likely knowing that one day the water would be sold. It *was* sold, and Pueblo, Pueblo West, Colorado Springs, and Aurora were all beneficiaries of that water sale. But Foxley built a feedlot and kept the River Ranch so that there would be an agricultural enterprise in Crowley County with a demand for the crops that the local farmers who still had their water rights and farms could market to. He left something behind so that it was not just buy-and-dry with nothing left. The feedlot struggled with water supply issues from the beginning, however.

The Feedyard pays nearly \$60,000 in annual County taxes and has an operating expense of \$4.5 million, *plus* livestock and feedstuffs. It is estimated that they have a regional economic impact of over \$50 million per year, and an *additional* \$135 million per year direct impact in the rest of the state of Colorado.

Statewide Economic Impact:

The feedlot sends an average of 1,000 head of cattle to JBS packing plant in Greeley, CO each week. This amounts to \$100 million worth of cattle shipped to JBS Greeley each year.

Foodstuffs purchased statewide:

| | | |
|----------------------------------|--------------------------------|--------------|
| 2,136,753 Bushels of Corn/year | Northern Colorado* | \$15,000,000 |
| 32,850 Tons Wet Distillers Grain | Ft. Collins | \$ 5,000,000 |
| Liquid supplement | Firestone, CO | \$ 4,500,000 |
| Alfalfa Hay | Sterling, Ft. Collins, Greeley | \$ 1,500,000 |
| Health Products | Greeley, | \$ 6,000,000 |

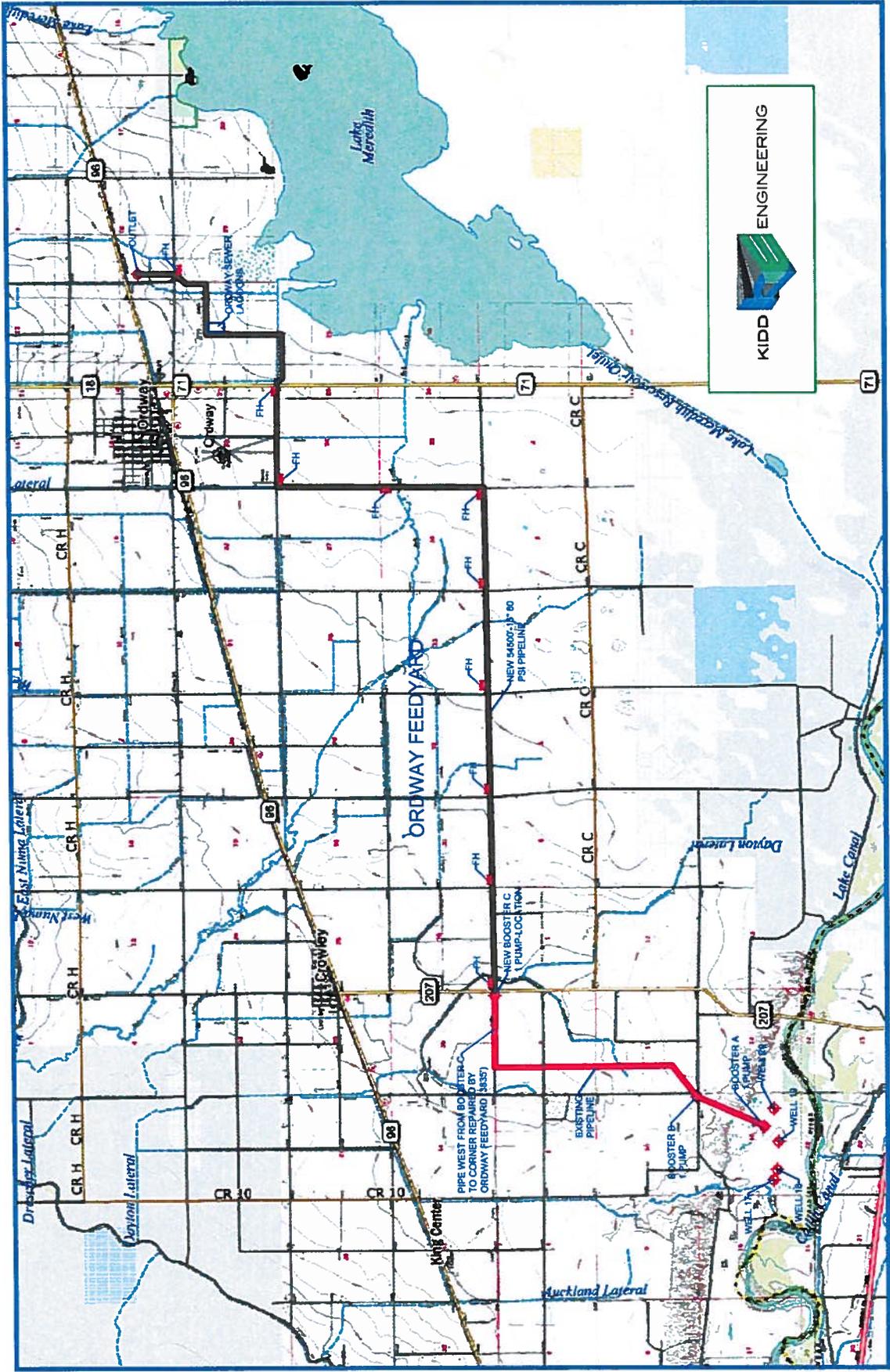
*from farmers and elevators in Akron, Greeley, Ault, Anton, Siebert, Flagler, Stratton, Cheyenne Wells, Burlington, and Limon, Colorado

Associated economic impacts of travel, trucking, and other impacts have not been quantified here, but may total over \$500,000,000 per year. An average of 20 trucks per day deliver foodstuffs and other supplies to the feedlot.

Both Crowley County and Ordway Cattle Feeders representatives stated the following:

In a worst case scenario, in which the Feedlot ceases to exist:

- This water line makes it possible for another industry to come in here and have water available, such as an ethanol plant or oil drilling company.
- The County has looked for alternate sources of water supply. The Feed Yard's water rights and wells could help meet that need.
- The County has studied and planned for additional water supply mains to provide a looped and redundant system for their distribution system. Over eight miles of the pipeline could serve that purpose.



KIDD ENGINEERING



ORDWAY FEEDYARD

PIPE WEST FROM BOOSTER C TO CORNER REPAIRED BY ORDWAY FEEDYARD (81357)

NEW BOOSTER C (PUMP-LOCATION)

NEW 54007-15-90 PSI PIPELINE

BOOSTER B PUMP

BOOSTER A PUMP

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Colorado Water Conservation Board
1313 Sherman Street, Room 721
Denver, CO 81063

Crowley County Farmers
Crowley County, CO

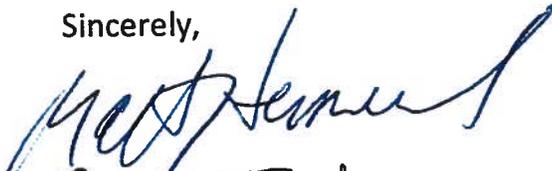
January, 21, 2013

Dear Sirs,

It is our understanding that the Ordway Feedyard Ltd. is applying for a loan from the CWCB to help finance the construction of 14 mile pipeline from the Arkansas River to the feedyard located one mile east of Ordway, in Crowley County. The pipeline will ensure that the feedyard has a reliable supply of water for the livestock at their facility.

The undersigned farmers who continue to farm under the Colorado Canal wholeheartedly support this application and would encourage the CWCB to do likewise. Not only does the feedyard consume locally grown corn, hay and silage but they are good corporate citizens lending support to our county fair, the local chamber of commerce and numerous other philanthropic ventures in the region. Crowley County and the Lower Arkansas Valley need more good neighbors and businesses like Ordway Feedyard Ltd.

Sincerely,


Quille & Cronby
D J Z
Paul H. Jensen
Susan Jordan


Eleanor Schuis
John A. Touhy

