

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



March 20, 2013

Mrs. Jen Coates
Town of Ridgway, Town Manager
P.O. Box 10
Ridgway, CO 81432

John W. Hickenlooper
Governor

Mike King
DNR Executive Director

Jennifer L. Gimbel
CWCB Director

Re: Lake Otonowanda Rehabilitation Project
Grant Contract # C150508 and Loan Contract #C150340

Mrs. Coates:

I am pleased to inform you that on March 19, 2013 the Colorado Water Conservation Board approved your request for a change to the Scope of Work as it relates to the Lake Otonowanda Rehabilitation Project. The grant and loan terms and limits remain unchanged by this approval. I have attached a copy of the Board memo dated March 20, 2013, which includes the Board's approval.

Peg Mason will be in contact your office to resurrect the contracting process for this project. When all of the contract conditions are met and the contract is executed, the Town may request loan funds to cover eligible project expenses.

On behalf of the Board, I would like to thank you for your interest in a loan from the Colorado Water Conservation Board.

Sincerely,

Kirk Russell, P.E., Chief
Finance & Administration Section
Colorado Water Conservation Board

Attachment: Updated Board Memo

E-mail Copy (Including Attachments)

John McClow, CWCB Board Member – Gunnison River Basin
CWCB Finance Section Staff

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TO: Colorado Water Conservation Board Members

FROM: Kirk Russell, P.E., Chief *KGR*
Finance and Administration Section

DATE: March 8, 2013 (UPDATED MARCH 20, 2013)

SUBJECT: **Agenda Item 17c, March 19-20, 2013 Board Meeting**
Finance/Water Supply Planning – CWCB Loan and WSRA Application
Town of Ridgway – Lake Otonowanda Renovation Project
(CHANGE OF SCOPE TO EXISTING PROJECT)

Introduction

The Town of Ridgway (Town), acting by and through its Water Enterprise, received CWCB approval in September 2012 of a CWCB loan and a WSRA grant to finance the Lake Otonowanda Renovation Project (Project). The purpose of the Project is to rehabilitate Lake Otonowanda (Lake O) and increase the Town's raw water storage capacity to ensure a reliable water supply is available under future drought conditions. The Town is requesting the CWCB to consider a change in the Project's original Scope of Work (SOW). The total cost of the Project was and still is estimated to be \$2,080,850. See the attached Project Data Sheet for a location map and project summary.

Staff Recommendation for WSRA Grant (Board Approved Change March 19, 2013)

Staff recommends the Board approve a change to the Scope of Work to include acquisition of property for the Renovation of Lake Otonowanda. The WSRA Grant previously approved for this Project amount shall remain at \$600,000.

Staff Recommendation for Construction Fund Loan (Board Approved Change March 19, 2013)

Staff recommends the Board approve a change to the Scope of Work to include acquisition of property for the Renovation of Lake Otonowanda. The Loan terms of \$606,000 (\$600,000 for Project costs and \$6,000 for the service fee) for 30 years at 3.0% per annum from the Construction Fund shall remain.

Background

The Town is responsible for supplying potable water to 695 single family equivalence (SFE's). It derives the majority of its raw water supply from two sources: the Ridgway Ditch system and the Happy Hallow system. Diversions from these two systems directly feed the Town's treatment plant. During 2002, all of the Town's water rights fell out of priority due to extended drought conditions. Over the past decade, the Town has dedicated technical and financial resources towards studying, designing and constructing improvements to increase the reliability and efficiency of its municipal water system to avoid a recurrence of 2002. The renovation of Lake O will improve the Town's overall supply and storage system.

Lake O is a 109-AF reservoir located approximately 4 miles south of the Town. It is situated in a natural depression, and the storage volume is created by a dam crossing the depression. The Ridgway Ditch diversion is on the East Fork of Beaver Creek. A wooden diversion box adjacent to the reservoir controls flow to the reservoir or bypasses it to the Otonowanda Pipeline to the treatment plant's sedimentation basin. The Reservoir's outlet tunnel collapsed several years ago and is inoperable. The Town owns a pump that it can install to draw water from Lake O in an emergency event.

The improvements proposed with this Project include repairing the outlet, lining a portion of Ditch to protect against seepage, and purchasing additional land adjacent to the existing reservoir footprint in order to remove the existing dam and take advantage of the natural topography.

Loan Feasibility Study

The Loan Feasibility Study titled "*Town of Ridgway – Lake Otonowanda Rehabilitation Project*," dated July 9, 2012, was prepared by Joanne Fagan, P.E., Town Engineer for Ridgway. This study contemplated two options:

Alternative A: On Property - involved removing the existing dam and constructing a larger dam in its place. This scenario maintained the existing footprint while increasing the storage volume by approximately 254 AF (from 109 AF to 363 AF).

Alternative B: Off Property - involved purchase of adjacent land and removing the existing dam to utilize the natural topography to contain the reservoir. This scenario increases the storage volume by approximately 637 AF (from 109 AF to 746 AF) and the surface area by 36 acres (from 26 acres to 62 acres).

Both alternatives included options for seepage control, outlet control, inlet rehabilitation, and spillway design. Following the September 2012 CWCB approval, the Town determined that Alt. A was no longer the preferred alternate. The Town has begun to implement Alt B. Alt B will include negotiation in good faith with the adjacent land owner. The Town anticipates acquisition of the land by mutual agreement however it reserves the right to use other means as necessary, including condemnation. Table 1 provides a breakdown of the changes in Project costs associated with the change in Scope.

TABLE 1: TOTAL PROJECT COST SUMMARY

Task	Original Estimate	Current Estimate
Engineering and Construction Management	\$221,000	\$161,000
Permitting and Easement/Land Acquisition	\$40,000	\$690,000
Construction	\$1,660,000	\$1,120,000
Contingency (10%)	\$160,000	\$110,000
Total	\$2,081,000	\$2,081,000

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

TABLE 2: PROJECT FUNDING SUMMARY *(No Change from 2012 Approval)*

Applicant Contribution (in-house eng. design and construction mgmt.)	\$161,250
Department of Local Affairs (Energy and Mineral Impact Fund grant)	\$600,000
River District	
Design Grant	\$19,600
<u>Construction Grant</u>	<u>\$100,000</u>
TOTAL	\$119,600
WSRA Grant	
Gunnison River Basin	\$60,000
<u>Statewide</u>	<u>\$540,000</u>
TOTAL	\$600,000
CWCB Construction Fund Loan	\$600,000
Total Project Cost	\$2,080,850

Disbursement of CWCB Loan and WSRA Grant funds will be issued at a prorated ratio of 1:1, up to the approved limits for Project related costs.

cc: Joanne Fagan, P.E., Town Engineer, Town of Ridgway
 Susan Schneider, AGO
 Peter Johnson, AGO

Attachment: Water Project Loan Program – Project Data Sheet