

THE GREELEY & LOVELAND IRRIGATION CO.

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October 8, 2015

Mr. Jonathan Hernandez, P.E
Colorado Water Conservation Board
1313 Sherman St., Room, 718
Denver, Colorado 80203

Re: Irrigation System Improvements
CWCB Contract Number C150362

Dear Mr. Hernandez:

The Greeley and Loveland Irrigation Company is nearing completion of the Irrigation System Improvements Project, CWCB Contract Number C150362. Construction is expected to be completed early in December 2015.

In reviewing the amount of funds still available on the loan and the expected outstanding payments required to the contractor and the engineer on the final portion of the project, it is clear that Greeley and Loveland will need additional funds. The details of the projects, the cost overruns on each project, and the summary of remaining funds and remaining expected payments are in the Summary of Project Including Costs being provided to you along with this letter.

Based on the numbers in the Summary, the Greeley and Loveland Irrigation Company is requesting an increase in its loan commitment of 20% to cover the additional expected costs and to give a small amount to cover any additional change orders that might be necessary before the construction is complete.

Thank you for your consideration of this request.

Sincerely,



Ronald Brinkman, General Manage, Secy./Treas.
Greeley and Loveland Irrigation Company

Colorado Water Conservation Board
Irrigation System Improvements
Greeley and Loveland Irrigation Company
Contract Number C150362

Summary of Project including costs

This Project consists of two major irrigation improvements, one being the reconstruction of the High Level In/Outlet Structure on Boyd Lake. The new structure replaces an existing structure built in 1910 along with the original dam structure. The contract for this structure replacement was awarded to Moltz Constructors in December 2014 for construction starting in January, 2015 to be completed by early May. The contract was for \$33,587 more than the engineer's estimate including the contingency. Construction on this structure went extremely well with only two change orders in the amount of \$24,090 and no contract time adjustment. Total construction costs exceeded estimates by \$57,677.

The second major irrigation improvement is the Horseshoe Lake High Level Outlet construction. This improvement consists of a new "overshot" style headgate in Horseshoe Lake and a large pipeline from the new headgate to the shoreline of Boyd Lake. As Larimer County was planning on replacing the bridge over the spillway on Horseshoe Lake with a new concrete box culvert, it was decided to install the new headgate on Horseshoe Lake at the same time as the County was constructing the new street crossing. At the request of Larimer County, it was agreed to allow their contractor to also install the new headgate, to be provided by the ditch company, with Larimer County hiring the contractor and providing engineering observation on the project. The ditch company would reimburse Larimer County for the portion of the work involving the construction of the irrigation facilities and would provide and pay for the gate.

The construction of Phase 1 of the Horseshoe High Level Outlet was planned to begin in January, 2014 and to be completed by the end of April, 2014. Larimer County delays in getting the project out to bid, getting the contract executed, and getting utilities within the construction area moved, caused the construction to be delayed until mid March. The contractor was given approximately 100 days for the work. The ditch company had budgeted part-time construction observation (2 days per week) for Phase 1 in addition to the gate costs and the estimated contractor costs for the irrigation portions based on the total amount of the contract between Larimer County and the contractor. Soon after the beginning of construction, it was clear to the ditch company that the contractor hired by Larimer County was having problems understanding the plans for the irrigation portion of the work and was not familiar with the approval and inspection requirements of the State Engineer. The decision was made to provide full time (5 days per week) construction observation from URS Engineering by the ditch company in an effort to help the contractor execute the plans for the irrigation portion of his work. As the project construction continued, the contractor continued to seriously lag in the progress being made on the installation of the irrigation headgate as he concentrated on the completion of the bridge work. The projected completion date of early June was exceeded with no

clear date of when the irrigation portions of the work would be finished. The ditch company paid to have the mounting plates on the gate modified as the contractor was not able to install the mounting bolts in the correct locations for the original mounting plates. Work slowly preceded on the irrigation portions of the project, finally being completed in mid September with the installation of the new headgate and the final adjustments to the gate and water seals. The contractor submitted a billing to Larimer County for the irrigation portions of the project nearly \$100,000 in excess of the contract price, based on the extra three months of time involved in the construction. After many months of negotiation with Larimer County and with their contractor, a final settlement with the contractor was reached in which the ditch company paid an additional \$35,000. The other extra costs involved in the Phase 1 construction were excess construction observation costs of \$188,260 to URS, extra costs to modify the headgate mounting plates of \$8,000, and excess contractor and engineering costs reimbursement to Larimer County of \$73,737. The total of these excess costs, not originally included in the budget for Phase 1, were just under \$305,000.

Phase 2 of the Horseshoe High Level Outlet Project construction began in March 2015. It was agreed to build Phase 2 in two parts, the Boyd Lake outfall section and some connecting pipe in the period between March and June, 2015 and the balance of the project in September to December, 2015. Moltz Constructors was awarded the contract and did the first portion of the work on schedule. Work on the second portion was begun on September 28th and the project is expected to be completed by early December. The original contract with Moltz was for \$1,358,938. This amount was slightly below the engineer's estimate for the Phase 2 work and included both portions of the project. After work was nearly completed on the spring portion, a major miscalculation in excavation amounts, additional select fill, and additional rip-rap were discovered in the contract. The miscalculations were in the quantities provided to the contractor by the engineer and were not discovered by the contractor when bidding the project. Total additional costs for these three main items were nearly \$190,000. In addition, other cost adjustments to the contract covered a second mobilization, bike path detour and realignment costs, overtime authorized for the spring work, concrete pipe for culverts, and parking lot costs. The total amount of the Change Order on the contract is a net cost addition of \$277,958.50.

In summary, the additional costs for the Boyd Lake High Level Outlet Project were \$57,667. The additional costs for the Horseshoe High Level Outlet Project Phase 1 were \$305,000. The additional costs (to date) for the Horseshoe High Level Outlet Project Phase 2 are \$277,958.50. Adding up the additional costs for all three major projects, the total amount that the projects have exceeded budgeted amounts is \$640,635.50. Other additional cost overruns include the increase in the unit costs of materials, particularly in the cost of concrete. The decision was made to install poured-in-place box culverts from the headgate to the outfall structure on the Horseshoe High Level Outlet Project instead of using large diameter pipe. This decision was made because of the concern about the availability of the pipe and the large amount of lead time on a pipe order. This decision increased the cost of the project but put the timing of the project more under the control of the ditch company and the contractor. This change from pipe to poured-in-place boxes

and modifications in the Boyd Lake outfall structure also required additional engineering design costs that have not been broken down into an exact amount.

The total amount of the original loan commitment was \$3,154,230. The total amount that could be advanced after the 1% loan fee is \$3,122,687.74. The total Project costs to date are \$2,848,064.16 and total loan advances are 90% of that amount or \$2,563,257.74. This leaves a total of \$559,429.96 still available on the loan. The total amount still owing to Moltz at the end of construction of Phase 2 (including the 10% retention amounts) is expected to be \$916,320.62 without any additional change orders. The balance of the engineering contract with URS (AeCom) is \$159,960.00. Therefore the total expected payments that will be paid out by the end of the project are \$1,076,280.62. Since the amount available for advance on the loan is \$559,429.96 and the expected payments still to be made on the project are \$1,076,280.62, the ditch company expects to be short an amount of \$516,850.66. This overage is approximately 16% of the original loan amount.