

## **BERGEN DITCH AND RESERVOIR COMPANY**

**9329 Lark Sparrow Trail, Highlands Ranch, CO 80126 303-470-0774**

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November 23, 2015

Jonathan Hernandez, Colorado Water Conservation Board  
1313 Sherman Street, Suite 721  
Denver, CO 80203

Re: Bergen Reservoir #2 Rehab  
CWCB Contract # C150344

Owner: Bergen Ditch and Reservoir Company  
Contractor: America West

Dear Jonathan,

As you are aware we are nearing completion on a very successful project to rehabilitate our Bergen Reservoir #2 located near Belleview and C-470 in south Jefferson County. Our original approved loan amount for CWCB Contract #C150344 was \$2,000,000, plus a \$20,000 loan origination fee.

As we redesigned this project to reduce costs after the original design came in with bids in excess of the engineer's estimate, and as we entered into construction, testing, and construction management we informed CWCB that we might require as much as \$200,000 in additional funds to complete this important project. Now that we are near the point of substantial completion (and on schedule) we have revisited our needs and are hereby submitting a formal request for supplemental funds in the amount of \$90,205

Attached is a chart and notes summarizing the general costs that we estimated with our original application (which was approved in November 2012), and our estimate of the current costs for the general categories in that estimate.

Other relevant data includes:

- The 2012 application was based on our best estimate of costs prior to final design; the detailed design had not been completed at the time of the 2012 application, and the application included funding requested for project design.

- Project expenses to date (through November 19, 2015) are \$1,893,541.93 of which CWCB has paid 90% or \$1,704,187.73. Bergen has paid \$189,354 of costs to date (10%)
- Our request for supplemental funding would increase the original loan amount to \$2,090,205 plus a loan origination fee of \$22,900. We believe this revised amount will be sufficient funding to complete the project under the current 90% / 10% cost sharing with CWCB. The project is nearly complete and no other significant additional costs are anticipated.
- The additional funding will, according to our estimates, add approximately \$6,000 to the annual loan repayment cost. As with the original loan, the cost will be divided equally among current Bergen shareholders adding approximately \$18/year to the annual assessment for one Bergen share.
- The increased assessment noted above will raise the current Bergen assessment for debt retirement from \$275 to \$293 per share. There are a total of 403.5 shares to which this assessment is applied.

The requested supplemental funding is a 6% variance for a project that was originally estimated in 2012 without benefit of final State Engineer approved design, and has been completed to the satisfaction of the State Engineer in 2015; well within the construction window defined in the original contract.

The basic reasons for the need for additional funding include a combination of the following elements:

- Original project bid came in at over \$1.9 million just for construction. We were able, through re-design, to reduce that bid to \$1,755,800 which was \$142,830 more than original estimates.
- Project change orders have totaled 3% of the negotiated final bid and are anticipated to be approximately \$50,000.
- Construction observation and materials/compaction testing have exceeded our original estimates by \$20,000 due mostly to the fact we were not sure what conditions we would encounter. The soils testing and materials compaction costs eventually exceeded our estimate.
- Engineering and design costs have exceeded original estimates by approximately \$200,000. This is primarily due to major design changes to reduce the bid price, and to secure State approval for those design changes, for bid evaluation and negotiation of revised bid, and for eligible pre-project design work.

All of the other details and components of our original 2012 application remain the same. We are very pleased with how this project has evolved and have enjoyed working with

our engineers, our contractor and CWCB staff in reviewing progress and processing funding to date. We look forward to review and approval of this request.

Please feel free to contact me with any questions or should you require any additional information.

Sincerely,

A handwritten signature in blue ink that reads "Robert Easton". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Robert Easton, Manager  
Bergen Ditch and Reservoir Company

c: Colin Insley



Cost Item	Original Estimate in Formal funding application	October 2015 Estimated Cost
Outlet works	\$455,000	\$527,830
Embankment	\$1,158,000	\$1,278,000
Contingency	\$290,000 @ 18%	(spent)
Engineering Design and Permitting	\$129,000 @ 8%	\$335,620
Construction Management and Materials Testing	\$161,000 @ 10%	\$181,000
<b>TOTAL COST</b>	<b>\$2,195,000</b>	<b>\$2,322,450</b>
Approved Loan	\$2,000,000	@ 90 % = \$2,090,205 (requested )
Loan fee	\$20,000	\$20,900

Notes:

- 1) Construction bid was negotiated to a price \$142,830 higher than original estimate, and further increased due to approximately \$50,000 in change orders noted below.
- 2) Anticipate \$40,000 in final change orders at project closeout
- 3) Materials and compaction testing \$20,000 more than estimated
- 4) Engineering and design approximately \$200,000 higher than planned, due primarily to re-design required to keep construction within original funding approval and reimbursement for eligible pre-project expenses
- 5) All 2012 estimated contingency funds have been expensed on change orders, permitting, management, and materials testing costs.
- 6) Project has reached substantial completion and no significant additional costs are expected except for change order noted in item #2, which is primarily for an adjustment in earthwork quantities, actual versus estimated.
- 7) Approximately \$15,000 expected for final engineering and project closeout costs (\$11,000 already invoiced to us).