



TO: Colorado Water Conservation Board Members

FROM: Kirk Russell, P.E., Finance Section Chief

DATE: January 22-23, 2018 Board Meeting

AGENDA ITEM: 7b. 2018 Projects Bill
Chatfield Reservoir Reallocation

Introduction

This agenda item is an update to the November 2017 Board Meeting Agenda Item 7c, which recommended an \$8 million request for the Chatfield Reservoir Reallocation (Project) funding. Staff is now recommending a reduction to this funding request due to updated information.

Staff Recommendation

Staff recommends the Board modify its appropriation request for the Chatfield Reservoir Reallocation Project funding from \$8 million to \$4 million. This will be an appropriation request from the General Assembly in the 2018 Projects Bill for the increased costs for CWCB's 6,883 shares in the Project.

Background

The CWCB received a \$62 million appropriation to purchase available shares in the Project and for the long term funding for operation, maintenance, and replacement costs (O&M) each year. The estimate at the time of the original appropriation was \$46 million for the Project and \$16 million for O&M.

The current cost of CWCB's proportional ownership is now estimated to be \$57M (\$11M increase). To date, O&M expenses have totaled approximately \$1.5M. The future estimated annual O&M costs total approximately \$5.5M for the next years of Project development. This requires a total of \$7M for past and future O&M. CWCB continues to work with potential buyers of its shares which will reduce CWCB's O&M obligation. Any excess appropriated funds will remain available for this purpose until they are no longer needed. In addition, staff is proposing a \$2 million contingency for unforeseen project costs.

At the November 2017 Board meeting, staff indicated a potential need to appropriate funds to pay for possible newly "orphaned" shares as a result of the increased Project cost estimate. Subsequent to the November Board meeting, all participants have elected to maintain their level of participation in the Project and the need for CWCB to purchase additional orphan shares no longer exists.

Table 1 shows CWCB's estimate of funds needed to continue its involvement in the Chatfield Reallocation Project.

Table 1. Estimate of CWCB's Project Funding

	Original	Current
CWCB Ownership (Construction)	\$46M	\$57M
Est. CWCB O&M Obligation	\$16M	\$7M
Contingency		\$2M
	\$62M	\$66M

