



## COLORADO

Colorado Water  
Conservation Board

Department of Natural Resources

1313 Sherman Street, Room 718  
Denver, CO 80203

February 4, 2019

Mr. Sean Cronin, Executive Director  
St. Vrain and Left Hand Water Conservancy District  
9595 Nelson Road, Suite 203  
Longmont, CO 80501

Re: St. Vrain and Left Hand Water Conservancy District - Emergency Rock'n WP Ranch Lake  
No. 4 Repair  
Contract: CT2016-2452

Mr. Cronin:

I am pleased to inform you that on January 28, 2019, the Colorado Water Conservation Board approved an extension of the 0% interest period of the loan to 5 years followed by 27 years at a blended interest rate of 3.20% per annum. Security for the loan shall remain the same.

In addition, the contract will be modified to include a language regarding any FEMA grant funds received for this project.

Peg Mason, Loan Contracts Manager, will initiate the loan amendment process. You are always welcome to contact Peg at (303) 866-3441 x3227 regarding the status of the amendment.

I have attached a copy of the updated Board memo dated January 28, 2019 that includes the Board's approval. Feel free to contact us if you have any questions.

Sincerely,

Kirk Russell, P.E., Chief  
Finance Section

Attachment: Updated Board Memo





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1313 Sherman Street  
Denver, CO 80203

P (303) 866-3441  
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Jared Polis, Governor

Dan Gibbs, DNR Executive Director

Rebecca Mitchell, CWCB Director

**TO:** Colorado Water Conservation Board Members

**FROM:** Jonathan Hernandez, P.E., Project Manager  
Kirk Russell, P.E., Finance Section Chief

**DATE:** January 28-29, 2019 Board Meeting (Updated January 28, 2019)

**AGENDA ITEM:** 14a. Changes to Existing Loans  
St. Vrain and Left Hand Water Conservancy District - Emergency Rock'n WP Ranch Lake  
No. 4 Repair

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### Introduction

The St. Vrain and Left Hand Water Conservancy District (District), acting by and through its water activity enterprise, received approval of a \$4,545,000 CWCB Emergency Loan (Contract Number CT2016-2452) to finance the Emergency Rock'n WP Ranch Lake No. 4 Repair (Project) at the July 2014 Board Meeting. The District and Boulder County (County) are co-owners of Rock'n WP Ranch Lake No. 4 (Lake 4). The purpose of the Project is to repair the Lake 4 dam which was breached during the September 2013 flood event. CWCB provided emergency loans that included 3-years of 0% interest to give borrowers time and cash flow while they navigated possible FEMA grant funding. Project coordination between the District, County, and FEMA has resulted in multiple schedule delays. However, the final design is now complete and it is expected construction will begin in spring 2019. The loan contract was signed in 2016 and the 0% interest period ends on March 1, 2019. The District has therefore requested a 2-year extension on the 0% interest period to allow time for construction and for FEMA grant funds to be processed and disbursed.

### Staff Recommendation (Board approved Staff Recommendation January 28, 2019)

Staff recommends the Board approve the existing loan terms to be increased from 3 to 5 years of 0% interest followed by 27 years at a blended interest rate of 3.20% per annum. Security for the loan shall remain in compliance with CWCB Financial Policy #5.

Additionally, in accordance with similar emergency loans receiving FEMA funds, staff recommends modifying the existing contract condition that reads:

*"Any future grant funds obtained for the purpose of this Project shall be submitted to CWCB to be applied to the balance of the loan within thirty (30) calendar days after receipt of said funds."*

to read:

*"Any future grant funds obtained for the purpose of this Project shall be submitted to CWCB to be applied to the balance of the loan within thirty (30) calendar days after receipt of said funds except that FEMA grant funds can be applied to the balance of the loan within thirty (30) calendar days after FEMA Project Closeout, as long as the borrower deposits received FEMA grant funds in a secured account prior to Project Closeout. FEMA grant funds shall only be used for the repayment of rescinded grant funds or to pay down the loan principal."*



### **Project Update**

The emergency repair of Lake 4 has been combined with adjacent projects including the Lake 4 outlet pipeline repair (the subject of Agenda Item 14b), as well as emergency repairs to the adjacent County owned West Lake and A-Frame Lake. As these three lakes are in series and function as a system, it was determined by the County and District to combine the repair projects into one construction activity to be managed by the County. Costs for the individual projects will be accounted for separately to accurately split costs between the District and County.

Construction of Lake 4's emergency repair Project will include rebuilding the breached embankment, removal and replacement of the outlet works, construction of a new spillway, and the addition of a toe drain. Design began in 2016 and has gone through multiple iterations due to the nature of coordinating with multiple owners and simultaneous repair projects at the site. Final design was approved by the Dam Safety Branch of the State Engineer's Office in July 2018. All necessary pre-construction permits have been obtained and the Project is ready for construction bidding.

FEMA determined this repair project qualifies for a 75% public assistance grant reimbursement. The Project's most recent FEMA Project Worksheet estimated Project costs at \$10,336,356 for a like-for-like replacement. The District and County jointly submitted a Scope Change Request (SCR) in March 2018 to FEMA which reflects final design, including a Hazard Mitigation Proposal (HMP) that would reduce the potential for damage to Lake 4 from erosion in a future flood event. Due to the cost effectiveness of the HMP design, the final cost estimate has been reduced to \$8,325,000. However, since FEMA's standard is to provide like-for-like replacement and the final design includes flood mitigation improvements, to remain eligible for FEMA funds, the District and County need FEMA approval (through the SCR) to implement the final design even though it's a more cost effective solution.

**Schedule:** The project is ready to bid pending FEMA's approval of the SCR. To ensure the Project remains compliant with FEMA grant reimbursement procedures, the District and County have elected to not bid the Project until FEMA approval is obtained. It is anticipated that FEMA's approval will be obtained in time to allow the Project to be bid in early 2019 and construction to be complete by early 2020.

**Funding Update:** The District originally planned to receive a FEMA and state of Colorado public assistance grants that respectively equaled 75% and 12.5% of project cost. In addition to being approved for both of those grants, the District also received approval of a \$450,000 Community Development Block Grant for Disaster Recovery (CDBG-DR) which will further reduce the Emergency Loan's final principal balance. The District does not anticipate needing, and is not requesting, additional loan funds for this Project.

To date, only \$141,967 out of the available \$4,500,000 (3%) has been disbursed covering some engineering costs.

cc: Sean Cronin, Executive Director, St. Vrain and Left Hand Water Conservancy District  
Jennifer Mele, Colorado Attorney General's Office

Attachment: Original Board Memo (July 2014)