SUNNYSIDE PARK DITCH

Loan Application

MAY 31, 2022

SUNNYSIDE PARK DITCH
10615 Sunnyside Circle Salida, CO 81201

Sunnyside Park Ditch Company

Kathy Rohrich
Sunnyside Park Ditch Company –Treasurer
10615 Sunnyside Circle
Salida, CO 81201
719-221-3121

May 31, 2022

Colorado Water Conservation Board:
Finance Section
Attn: Matt Stearns, P.E.
1313 Sherman Street, Room 718
Denver, CO 80203

Dear Mr. Stearns,

I am submitting a loan application for the Sunnyside Park Ditch Company. You will find the details of the project and the loan request information in the document to follow.

This document contains details of the project, our company's need for financing, and our current financial information.

We hope that this request will merit your approval. If you need any further information please feel free to reach out.

Sincerely,

Kathy Rohrich
Treasurer
Sunnyside Park Ditch Company

COLORADO
Colorado Water Conservation Board
Department of Natural Resources

Water Project Loan Program

Projects financed by the Water Project Loan Program must align with the goals identified in Colorado's Water Plan and its measurable objectives.

Application Type

☐ Prequalification *(Attach 3 years of financial statements)* ☑ Loan Approval *(Attach Loan Feasibility Study)*

Agency/Company Information

Company / Borrower Name: Sunnyside Park Ditch

Authorized Agent &Title: Kathy Rohrich - Treasurer

Address: 10615 Sunnyside Circle Salida, CO 81201

Phone: (719)221-3121 | Email: brute_swazz@yahoo.com

Organization Type: ☑ Ditch Co, ☐ District, ☐ Municipality ☐ other: _____ | Incorporated? ☑ YES ☐ NO

County: Chaffee | Number of Shares/Taps: 146

Water District: 11 | Avg. Water Diverted/Yr 5000 acre-feet

Number of Shareholders/Customers Served: 17 | Current Assessment per Share $ 150 (Ditch Co)

Federal ID Number: 84-1546880 | Average monthly water bill $ _____ (Municipality)

Contact Information

Project Representative: Nancy Roberts

Phone: ( )303-618-3135 | Email: nancyroberts1@aol.com

Engineer: Rob Fontaine

Phone: ( )719-275-4465 | Email: robert.fontaine@usda.gov

Attorney: David L Kueter

Phone: ( )303-722-2828 | Email: dkueter@holsingerlaw.com

Project Information

Project Name: Sunnyside Park Ditch

Brief Description of Project: (Attach separate sheets if needed)

Our project is to pipe approximately 2850' of the ditch due to blowouts and access issues stemming from a housing development above it and the Arkansas River below. A feasibility study was conducted, pipe and contractor services have been sourced and the project is ready to be completed.

Project Start Date(s) Design: Completed Construction: 9/1/22

General Location: (Attach Map of Area)

Maps attached

Project Costs - Round to the nearest thousand

Estimated Engineering Costs: Completed | Estimated Construction Costs: $850,000

Other Costs (Describe Above): | Estimated Total Project Costs: $850,000

Requested Loan Amount: $589,000 shortterm$75,000longterm | Requested Loan Term(10, 20, or 30 years): 10 Years

Signature

Signature / Title: [signature] TREASURER | Date: 5/31/22

Return to: Finance Section Attn: Matt Stearns
1313 Sherman St #718
Denver, CO 80203
Ph. 303/866.3441
e-mail: matthew.stearns@state.co.us

Sunnyside Park Ditch Loan Application

1. Background

The Sunnyside Park Ditch is comprised of several water rights that divert off of the Arkansas River, located northwest of the town of Salida, Colorado in Chaffee County.

The ditch serves about 1,000 acres, and the board of directors want to reduce water losses and reduce maintenance by replacing the existing open ditch, though a highly developed section, with a pipeline and/or lined conveyance system. Additionally, the ditch has experienced multiple failures over the years as it travels adjacent and above the Arkansas River. The likelihood of a complete ditch blowout grows each year and it is becoming more difficult each year to access the ditch.

A feasibility study has been completed using an NRCS engineer for technical assistance and working with an additional local engineer. The rehabilitation project will be implemented in accordance with Feasibility Study recommendations for efficient, cost effective solutions. Funding has been secured through local, state and federal resources. Preliminary planning and design work is completed and the project is ready to proceed upon receipt of necessary funding.

Funds through grants have been obtained through Chaffee Common Ground, NRCS-EQIP, WSRF (CWCB) and Colorado State Conservation Board (CSCB) for implementation of this ditch rehabilitation project - laying approximately 2,800 feet of pipe, installing water control structures and seeding disturbed areas. The major obstacle is that the NRCS funding is not available until the project is complete and the ditch company does not keep this amount available. Gap funding is needed for this and long term funding due to the installation costs being above what was anticipated.

2. Project Sponsor

The Sunnyside Park Ditch was incorporated in 1884 and serves 17 shareholders including several large ranches irrigating 780-1000 acres and impacting over 10,000 acres of land. It runs along 2 miles of the Arkansas river, through two growing subdivisions.

The revenue source for the ditch is through shareholder assessments. The ditch has no current debts.

The Sunnyside Park Ditch articles of incorporation are included in Design Feasibility Study.

3. Water Rights

The Sunnyside Park Ditch is comprised of 3 water rights
serving about 1,000 acres of irrigated pasture and hay. All rights originate from the same point of diversion and are carried by the same irrigation ditch off the Arkansas River about 5 miles northwest of Salida, in Chaffee County, Colorado. Historically diversion occurs year-round for stock water, with the majority of water use for irrigation occurring from April through October.

The two oldest rights specified to the Sunnyside Park Ditch are for 4.17 cfs (1,872 gpm) and 10.0 cfs (4,490 gpm) with the same appropriation date of 1/3/1884. The third right was appropriated on 10/1/1891 and has a net absolute amount of 25.0 cfs (11,225 gpm). Ditch administrative staff have specified a flow rate quantity (Q) of 39.0 cfs for design purposes.

The Sunnyside Ditch has the appearance of a small ephemeral stream. The soils in the channel bed and banks are porous cobbly/gravelly, sandy loams.

4. Project Description – Analysis and Selected Alternative

   A. Alternatives

      1. The alternatives evaluated to accomplish the Water User's objectives are:
         a) Reconstruction of the Sunnyside Park Ditch and lining it with concrete or geomembrane. Estimated Cost is about $288,680 assuming approximately 650 cubic yards of concrete (6 cubic ft. per foot). This alternative still has high maintenance requirements for continual trash removal from ditch and replacing concrete sections damaged by the high elevation climate and high velocity flows. The estimated service life of this alternative is 10 years. The ditch cross section is deep and wide in spots, (6-8 ft. bottom width, 2-3 ft. depth), and could be a hazard to small children and animals due to the high flow velocity. For these reasons, alternative (a) is not recommended.
         b) Replacing the existing ditch with an underground pipeline. Installing a new concrete inlet and screen structure and running the ditch via gravity flow in a 48-inch buried pipe. Corrugated HDPE, corrugated metal pipe (CMP), reinforced concrete pipe (RCP) and solid PE pipe were evaluated for use. With provisions to maintain open channel flow, the Corrugated HDPE Plastic (HDPE-CPP), with smooth interior wall (ADS HP Storm Pipe) results in the most durable option that will accomplish the water user's objectives. The estimated cost of this alternative is in the range of $524,498 to $612,309. This option eliminates most daily maintenance requirements and should have a significantly longer service life (>25 years). Cleanouts along the pipeline alignment should be installed to provide additional maintenance points and should be placed in locations where water can be outletted safely in a non-threatening, and non-erosive manner, in the event of the pipeline plugging.
         c) Same as alternative (b), except CMP is substituted for HDPE-CPP. The estimated construction cost is in the range of $497,122 to $550,000. CMP has a greater roughness factor, thus requiring a larger diameter conduit. CMP will also incur extra expense because of the number of steel bands needed to join each section of pipe. Furthermore, although zinc coating helps protect CMP, it will have a shorter life than HDPE-CPP, especially as the coating wears off over time and the steel begins to oxidize and rust out. Excavation costs (trenching) would be almost the same.
         d) Same as alternative (b), except reinforced concrete pipe (RCP) is substituted for HDPE-CPP. The estimated construction cost is in the range of $544,894 to $600,000. Class 3 pipe would be sufficient as there will be no significant loads and would have an extremely long lifespan. Excavation costs (trenching) would be almost the same.

      2. The NRCS recommends selection of alternative (b), because it offers a significantly lower life cycle cost due to having the longest service life and lowest maintenance requirements.

This alternative minimizes conveyance losses and operation and maintenance requirements, and with proper maintenance should have a service life at least 25% longer than PVC and more than 3 times longer than the ditch lining alternative.

The detailed feasibility study is attached to this application. Maps and cross-sections of the planned alternative are included.

Impacts:

1. Significant labor savings of maintaining and repairing of the ditch that would be eliminated.
2. Ditch breaks through this area would be eliminated. It is currently very difficult to repair the ditch through this area due to the houses that have been built above the ditch and the river below. Access is extremely limited through this stretch of ditch.
3. There are no special environmental compliance requirements that must be accommodated by the design, except to avoid construction from March-June due to concerns for migratory birds.

Permits:

1. A General Permit for Off Farm Irrigation Improvements has been submitted to the DWR.
2. NRCS has a blanket permit for the COE.

5. Financial Feasibility

Several grants will be involved with the financing of this project estimated at $849,672. The Sunnyside Park Ditch Company is looking for gap funding to pay for costs upfront before our grant monies can be utilized. The remaining cost the ditch company would like to secure a long term loan at $75,000. The table below lists a detailed budget from estimated costs to actual bid numbers from contractors. It also lists the grants that we have already secured.

Sunnyside Park Ditch Pipeline
Budget

ESTIMATES:

From Feasibilty Study				From Contractors
2850' Pipe				
2850	127.78	364173		361,466
Fittings				
		13885		50,361
Excavation				
2850	50	142500		286910
Fill	1000 yds			
1000	3.94	3940		47875
Inlet/Outlet/Manholes				
		28,500		103,060
Total		$552,998		$849,672
GRANTS				
NRCS		$368,673		
		$122,891		
Common Ground		108,000		
CWCB		127,300		
CSCB		22,000		
CSCB		25,000		
Total Grants		$773,864		
Deficit				($75,808)
Loan amount requested				$75,000

The cost left for the Sunnyside Park Ditch Company is 11.33% of the entire project. These costs will be covered by increased ditch assessment fees. The Sunnyside Park Ditch Company is looking to secure gap funding until grant funding can be used and we are looking to secure a 10 year loan for $75,000. Historically ditch

assessment fees have ranged from $75 to $100 per share of water. We will increase assessments to $150 a share to cover the cost of the loan. Please see table below to reflect assessment income.

Yearly Assessment Fees	**Sunnyside Park Ditch Company Share owners**	**Total Income Yearly**
$150.00	146	$21,900

The next table describes the normal operating budget of the Sunnyside Park Ditch Company.

Expense Item:	**Budgeted cost of Expense:**
Contract Labor	$1600.00
Project Water	$2500.00
Insurance	$2200.00
Repair and Maintenance	$5000.00
Ditch Repair	$1500.00
Miscellaneous	$50.00
Total Expenses:	$12,850.00

The table below reveals the income versus expenses of the Sunnyside Park Ditch Company including the payment for the loan.

Yearly Income	**Budgeted Expenses**	**Loan payment**	**Net Cash**
$21,900.00	$12,850.00	$7918.66	$1131.34

The Table below reveals the amortization schedule of this 10 year loan.

Amortization Table

The following table is based on the information entered in the calculator form.
Principal Amount: $75,000.00
Interest Rate: 1 %
Term: 10 Years
Annual Payment: $7,918.66

Year	Interest	Principal	Balance
2022	$750.00	$7,168.66	$67,831.34
2023	$678.31	$7,240.34	$60,591.00
2024	$605.91	$7,312.75	$53,278.26
2025	$532.78	$7,385.87	$45,892.38
2026	$458.92	$7,459.73	$38,432.65
2027	$384.33	$7,534.33	$30,898.32
2028	$308.98	$7,609.67	$23,288.65
2029	$232.89	$7,685.77	$15,602.88
2030	$156.03	$7,762.63	$7,840.25
2031	$78.40	$7,840.25	$0.00
2032	$0.00	$7,918.66	$0.00

.

Since all other funding for the project is in the form of grants, the Company would have no other debt service on this project. Operation, maintenance costs, and cost of ditch blowouts are expected to decrease with the new piping project and can allow more room in the budget.

Credit worthiness: Sunnyside Park Ditch Company has no existing debt. This will be the only debt that we will incur.

Collateral: As security for the loan the Sunnyside Park Ditch Company can pledge assessment income, and the project itself.

6. Conclusion:

This project is necessary for the long-term viability of the ranching that depends on the irrigation from the Sunnyside Park Ditch. It supports several large ranches in the area and without the irrigation they would not be able to continue in agriculture.

Income Statement

Name **Sunnyside Park Ditch Co.**

Time Period **01/01/2021-12/31/2021**

Financial Statements in U.S. Dollars

Revenue		
Gross Assessments	10950	
Less: Sales Returns and Allowances		
Net Assessment Colletion		10950
Expenses		
Amortization		
Bad Debts		
Bank Charges		
Commissions		
Contract Labor - Ditch Walker	1600	
Contract Services - Ditch Repair		
Dues South Arkansas Projet Water	757	
Employee Benefit Programs		
Insurance	2207	
Interest		
Legal and Professional Fees	1193	
Licenses and Fees		
Miscellaneous - Col Cert of Good Standing	15	
Office Expense		
Payroll Taxes		
Postage		
Repairs and Maintenance	5196	
Supplies		
Travel		
Vehicle Expenses		
Wages		
Total Expenses		10968
Net Operating Cash		(18)
Other Income		
Gain (Loss) on Sale of Assets		
Interest Income		
Total Other Income		0
Net Cash (Loss)		(18)

Income Statement

Name **Sunnyside Park Ditch Co.**

Time Period **01/01/2020-12/31/2020**

Financial Statements in U.S. Dollars

Revenue		
Gross Assessments	11680	
Less: Sales Returns and Allowances		
Net Assessment Colletion		11680
Expenses		
Amortization		
Bad Debts		
Bank Charges		
Commissions		
Contract Labor - Ditch Walker	1600	
Contract Services - Ditch Repair		
Dues South Arkansas Projet Water	3017	
Employee Benefit Programs		
Insurance	2200	
Interest		
Legal and Professional Fees	840	
Licenses and Fees		
Miscellaneous - Col Cert of Good Standing	15	
Office Expense		
Payroll Taxes		
Postage		
Repairs and Maintenance	3500	
Supplies		
Travel		
Vehicle Expenses		
Wages		
Total Expenses		11172
Net Operating Cash		508
Other Income		
Gain (Loss) on Sale of Assets		
Interest Income		
Total Other Income		0
Net Cash (Loss)		508

Income Statement

Name **Sunnyside Park Ditch Co.**

Time Period **01/01/19 to 12/31/19**

Financial Statements in U.S. Dollars

Revenue		
Gross Assessments	14600	
Less: Sales Returns and Allowances		
Net Assessment Colletion		14600
Expenses		
Amortization		
Bad Debts		
Bank Charges		
Commissions		
Contract Labor - Ditch Walker	1600	
Contract Services - Ditch Repair	2260	
Dues South Arkansas Projet Water	1815	
Employee Benefit Programs		
Insurance	2450	
Interest		
Legal and Professional Fees	0	
Licenses and Fees		
Miscellaneous - Col Cert of Good Standing	15	
Office Expense		
Payroll Taxes		
Postage		
Repairs and Maintenance	6400	
Supplies		
Travel		
Vehicle Expenses		
Wages		
Total Expenses		14540
Net Operating Cash		60
Other Income		
Gain (Loss) on Sale of Assets		
Interest Income		
Total Other Income		0
Net Cash (Loss)		60