



COLORADO
**Colorado Water
Conservation Board**
Department of Natural Resources

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Denver, CO 80203
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Jared Polis, Governor
Dan Gibbs, DNR Executive Director
Lauren Ris, CWCB Director

TO: Colorado Water Conservation Board Members

FROM: Joshua Godwin, P.E., Project Manager
Kirk Russell, P.E., Finance Section Chief

DATE: May 15-16, 2024 Board Meeting

AGENDA ITEM: 6b. Change to Existing Loan
Ogilvy Irrigation and Land Company
Seeley Reservoir Dredging - Loan Increase

Staff Recommendation

Staff recommends the Board approve a loan not to exceed \$3,284,520 (\$3,252,000 for Project costs and \$32,520 for the 1% service fee) to the Ogilvy Irrigation and Land Company for costs related to Seeley Reservoir, from the Severance Perpetual Base Tax Fund. The loan term will remain 30 years at an interest rate of 1.70% per annum. This is an increase of \$1,010,000 (\$1,000,000 for Project costs and \$10,000 for the 1% service fee). Security for the loan shall be in compliance with CWCB Financial Policy #5.

Introduction/Background

The Ogilvy Irrigation and Land Company (Company) received approval of a CWCB loan (CT2019-2099) for \$2,274,520 (\$2,252,000 for Project costs and \$22,520 for the 1% service fee) and a \$1,415,740 CWCB Water Plan Grant (CTGG1 2019-2018) to fund the dredging of Seeley Reservoir (Project) at the May 2018 CWCB Board Meeting. The Company began dredging Seeley Reservoir in late 2023 and removed 700,000 cubic yards (CY) of sediment - 125,000 CY greater than originally estimated in 2018. The Company has also opted to include the construction of a sedimentation basin at the reservoir inlet to slow future sediment accumulation. The Company is requesting an additional \$1,000,000 in loan funding, bringing the total Project funding to \$4,667,740. See the attached original board memo dated May 2018 and Data Sheet for a location map and Project summary.



Project Update

After the May 2018 approval of the original Project loan, the Company had difficulties finalizing the agreement to store the excavated sediment with the originally intended adjacent landowner. This led the Company into a 5-year land lease agreement with another adjacent landowner at the height of the recent pandemic - causing construction and material costs to increase for the Project. The Company has agreed to remove the material before the end of the lease term.

Prior to the approval of the loan in 2018, it was estimated that 575,000 CY would need to be removed to restore its original storage volume of 1,543 AF. A survey of remaining material in March 2024 had shown that a total of 700,000 CY of material would need to be removed. The excavation of sediment began in late 2023 and - as of the end of April 2024 - all sediment had been removed and the reservoir was brought back to its original storage volume.

The Company has also decided to construct a sedimentation basin at the inlet of Seeley Reservoir to eliminate the need for future dredging. The Company had intended to construct the sedimentation basin later, but reconsidered after the dredging was delayed 5 years - the Company chose to construct the basin while a contractor was on-site. The Company is requesting a \$1,000,000 increase to their existing loan to help cover the costs of the additional sediment removal, the construction of the sedimentation basin, and the associated costs for engineering and surveying with the remaining Project funding coming from the Company. An updated Project cost estimate is provided in Table 1.

TABLE 1: UPDATED PROJECT COST ESTIMATE

Tasks	Original	Current
Wetland Evaluation	\$8,000	\$8,000
Reservoir Dredging	\$3,641,740	\$4,329,240
Engineering/Surveying/Geotechnical	\$18,000	\$103,000
Sedimentation Basin	—	\$127,500
Contingency (2%)	—	\$100,000
TOTAL	\$3,667,740	\$4,667,740

Permitting: The Company has engaged with the Colorado Division of Reclamation, Mining, and Safety (DRMS). DRMS determined that a mining permit would not be needed so long as the removed sediment remained on-site or stored on the adjacent parcel described in their application. Since discovering that additional sediment would be dredged, the Company has opted to apply for a mining permit because the Company wants to sell the material before the 5-year land lease expires with the adjacent landowner.

Schedule: Project construction is underway. The dredging was completed in April and the sedimentation basin is expected to be completed in late May.

Financial Analysis

Table 2 provides a summary of the Project's financial aspects. The loan term shall remain 30 years. The interest rate shall remain a blended agricultural and municipal interest rate of 1.70% per annum (Share ownership is 95% agricultural and 5% Mid-Income Municipal) as approved at the May 2018 Board Meeting.

TABLE 2: UPDATED FINANCIAL SUMMARY

Tasks	Original Loan	Increase Loan
Project Cost	\$3,667,740	\$4,667,740
Water Plan Grant - Storage & Supply	\$1,415,740	\$1,415,740 ¹
CWCB Loan Amount	\$2,252,000	\$3,252,000
CWCB Loan Amount (Including 1% Service Fee)	\$2,274,520	\$3,284,520
CWCB Annual Loan Payment	\$97,416	\$140,674
CWCB Annual Loan Obligation (1 st Ten Years)	\$107,158	\$154,741
Number of Shares	360	360
Annual Loan Obligation per Share	\$298	\$430
Current Assessment per Share	\$200	\$200
Future Assessment per Share	\$310	\$200 ²
Project Cost per AF of Storage Recovered (356 AF)	\$10,303/AF	\$13,112/AF

1. Disbursal of WPGGrant and Loan will remain prorated as determined at prior loan amount.
2. The Company has determined that current revenues will be adequate but will increase the assessments if insufficient.

Creditworthiness: The Company had a previous CWCB loan (C150148) of \$353,500 for Seeley Lake Outlet Rehabilitation and paid the loan in-full 1 year early in August 2018 and a repayment history with no delinquencies. The Company has no other debt.

TABLE 3: UPDATED FINANCIAL RATIOS

Financial Ratio	Past Years	Future w/ Project
Operating Ratio (revenues/expenses) weak: <100% typical: 100% - 120% strong: >120%	241% (strong) \$2.51M/\$1.04M	209% (strong) \$2.51M/\$1.20M
Debt Service Coverage Ratio (revenues-expenses)/debt service weak: <100% typical: 100% - 125% strong: >125%	N/A	945% <u>\$2.51M - \$1.05M</u> \$155K
Cash Reserves to Current Expenses weak: <50% typical: 50% - 100% strong: >100%	345% (strong) \$3.59M/\$1.04M	299% (strong) \$3.59M/\$1.20M
Annual Operating Cost per Acre-Foot (14,778 AF) weak: >\$24 typical: \$3 - \$24 strong: <\$3	\$70.37 (weak) \$1.04M/14,778AF	\$81.20 (weak) \$1.20M/14,778AF

Collateral: Security for this loan will remain a pledge of the assessment revenues backed by a rate covenant, the sedimentation basin, and the Seeley Dam, including any easements, rights-of-way, or other property or property interests held and used in connection with the access and operation of Seeley Dam. This is in compliance with CWCB Financial Policy #5 (Collateral).

cc: Steve Kramer, President, Ogilvy Irrigation and Land Company
Jennifer Mele, Colorado Attorney General's Office

Attachments: Original Board Memo (May 2018)



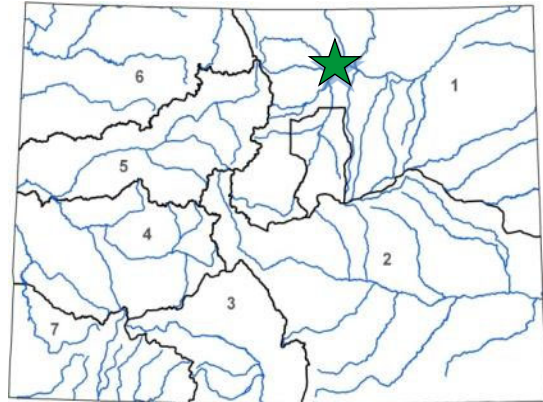
Seeley Reservoir Dredging

Ogilvy Irrigation and Land Company
May 2024 Board Meeting

(Increase)

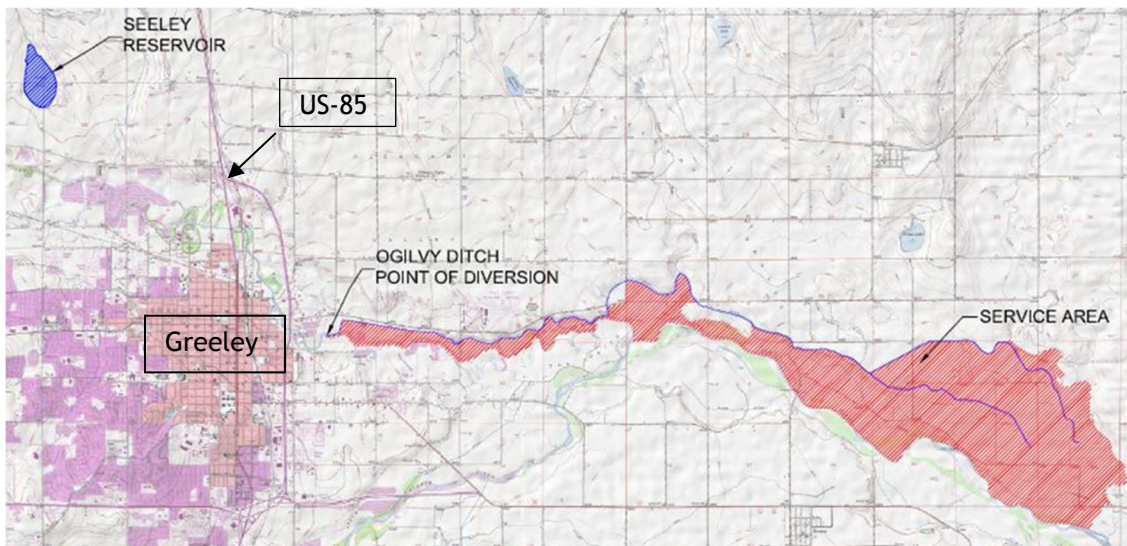
L O A N D E T A I L S	
Project Cost:	\$4,667,740 ⁽¹⁾
CWCB Loan (with 1% Service Fee):	\$3,284,520 ⁽²⁾
Loan Term and Interest Rate:	30 Years @ 1.7%
Funding Source: Severance Tax PBF & Water Plan Grant	
B O R R O W E R T Y P E	
Agriculture	Municipal Commercial
95%	0% Low - 5% Mid - 0% High 0%
P R O J E C T D E T A I L S	
Project Type:	Reservoir Rehabilitation
Average Annual Diversions:	14,778 AF
Recovered Storage:	356 AF

- 1 Project was increased from \$3,667,740.
- 2 Loan was increased from \$2,274,520 (\$2,252,000 with a 1% service fee).



L O C A T I O N	
County:	Weld
Water Source:	Cache La Poudre
Drainage Basin:	South Platte
Division:	1 District: 3

The Ogilvy Irrigating and Land Company is a Colorado Mutual Ditch that owns and operates Seeley Reservoir and the Ogilvy Ditch. The Ogilvy Ditch system encompasses 3,600 acres from a Cache la Poudre River diversion, located on the east edge of Greeley to farms east of Kersey. Seeley Reservoir has a decreed capacity of 1,543 acre-feet. The proposed project will re-establish the physical capacity to this decreed volume. The water stored in the reservoir is used to provide supplemental irrigation supplies to the Ogilvy Ditch service area. Stored water is also used to provide augmentation water for the Ogilvy Augmentation Company, whose members own wells that provide irrigation water within the same service area. This project will recover 356 acre-feet of reservoir storage space that has been lost to sedimentation deposition over many years and construction a sedimentation basin to reduce future sediment build up. Construction began in late 2023 and is anticipated to be complete in summer 2024. Funding will come from a Water Plan Grant for \$1,415,740 and a CWCB loan.





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John Hickenlooper, Governor

Robert Randall, DNR Executive Director

Rebecca Mitchell, CWCB Director

TO: Colorado Water Conservation Board Members

FROM: Rachel Pittinger, P.E., Project Manager
Kirk Russell, P.E., Finance Section Chief

DATE: May 23-24, 2018 Board Meeting (**Updated May 23, 2018**)

AGENDA ITEM: 8a. Water Project Loan/Grants
Ogilvy Irrigating and Land Company - Seeley Reservoir Dredging

Introduction

The Ogilvy Irrigating and Land Company (Company) is applying for a loan and Water Plan Grant for the Seeley Reservoir Dredging (Project). The purpose of the Project is to improve irrigation supply to farms served under the Ogilvy Ditch system by removing deposited sediment in Seeley Reservoir. The Project cost is estimated at \$3,667,740. The Company is seeking a loan from CWCB for \$2,252,000 and a Water Plan Grant from CWCB for \$1,415,740. The Water Plan Grant was initially considered at the March 2018 Board meeting and is also presented in Agenda Item 34a. The loan and grant together will cover 100% of Project costs. See attached Project Data Sheet for a location map and Project summary.

Staff Recommendation for CWCB Loan (Board approved Staff Recommendation on May 23, 2018)

Staff recommends the Board approve a loan not to exceed \$2,274,520 (\$2,252,000 for Project costs and \$22,520 for the 1% service fee) to the Ogilvy Irrigating and Land Company for costs related to the Seeley Reservoir Dredging Project, from the Severance Tax Perpetual Base Fund. The loan terms shall be 30 years at a blended interest rate of 1.70% per annum. Security for the loan shall be in compliance with CWCB Financial Policy #5.

Staff Recommendation for CWCB Water Plan Grant (Board approved Staff Recommendation on May 23, 2018)

Staff recommends the Board approve a grant of up to \$1,415,740 from the Water Plan Grant - Storage category to the Ogilvy Irrigating and Land Company for costs related to the Seeley Reservoir Dredging Project.



Background

The Company owns and operates Ogilvy Ditch that delivers water through a 15-mile ditch system to a 3,600 acre service area from Greeley to farms east of Kersey in Weld County. The Ogilvy Ditch delivers both direct flow diversions from the Cache la Poudre River and storage releases from Seeley Reservoir. The reservoir has a senior storage right for irrigation and a junior storage right for augmentation. The storage space available in the reservoir is critical, particularly during drought years when direct flow water supplies are insufficient to meet demands.

The physical capacity of the Seeley Reservoir has diminished due to sedimentation deposited near the reservoir inlet. The Company is pursuing maintenance operations to remove approximately 356 AF of sediment and restore the reservoir to its original capacity of 1543 AF.

The Company has been aware of the increasing sedimentation problem for many years and the inlet area has become more impacted with sediment over time. In 2005, Northern Colorado Geotech performed borings at the inlet area of Seeley Reservoir, collected soil samples, and provided a report for its recommendations on dredging. In 2006, a bathymetric survey was performed at Seeley Reservoir to estimate the volume of sedimentation accumulated in the inlet. The results of that survey indicate that approximately 356 acre-feet of sediment had accumulated in the reservoir at that time. In 2011, Colorado Department of Transportation (CDOT) completed major improvements to the Seeley Reservoir inlet channel at State Highway 392. These improvements mitigated the erosion conditions within the inlet ditch that generated the sediment impacting Seeley Reservoir.

Loan Feasibility Study

Douglas C. Seely, P.E., with the NOCO Engineering, Inc., prepared the Loan Feasibility Study titled, "Feasibility Study of the Seeley Reservoir Maintenance Dredging," dated February 2018. The feasibility study was prepared in accordance with CWCB guidelines and included an analysis of alternatives, preliminary engineering, and engineering cost estimate. Financial statements were provided by Marcia Siebring, CPA.

Borrower - Ogilvy Irrigating and Land Company

The Company is a Colorado Mutual Ditch Company and operates as a Non-Profit Corporation. The Company is in good standing with the Colorado Secretary of State. It was incorporated in July 1881 and has been in operation continuously since its inception. The 5-member board has the ability to take on debt, the power to set annual assessments to be paid by the shareholders, and the power to curtail ditch headgate deliveries of any shareholder that fails to pay their assessments. There are currently a total of 33 shareholders owning the 360 shares in the Company. Members of the Ogilvy Augmentation Company (OAC) are also shareholders in the Company, owning 208 shares out of the 360 shares. An operating agreement with the Company allows OAC to utilize the prorated storage space in Seeley Reservoir for augmentation purposes. Average annual diversions of the Company are 14,778 AF.

Water Rights

The Company's water rights impacted by the project are shown in Table 1.

TABLE 1: IMPACTED WATER RIGHTS

Name	Amount	Appropriation Date	Adjudication Date	Water Court Case No.
Seeley Lake Reservoir (Irrigation)	1543 AF	6/12/1902	4/22/1922	CA2031
Seeley Lake Reservoir (Augmentation/Replacement)	1187 AF	12/31/2007	12/31/2007	07CW0331

Project Description

This Project will re-establish the original storage capacity to maintain the irrigation supply to the farms served under the Ogilvy Ditch system. The Company evaluated the following alternatives:

Alternative 1 - No Action: This alternative was not selected because is considered unacceptable to the Company to relinquish valuable storage space in Seeley Reservoir indefinitely.

Alternative 2 - Storage Development at Alternate Site: The development of lined reservoir storage at an alternate site was not selected for various reasons, including the fact that the site available is limited to a small area near the end of the Ogilvy Ditch system and could accommodate a reservoir with only about 100 acre-feet capacity. Also, storage releases from this location could not be delivered to the Ogilvy Ditch river headgate, except by river exchange, which is oftentimes limited. For these reasons, the development of new storage to replace the storage lost at Seeley Reservoir is not feasible.

Selected Alternative 3 - Dredge and Restore Capacity at Seeley Reservoir: This alternative includes dredging the accumulated sediment from the Seeley Reservoir inlet area and restoration of the original storage capacity. The sediment deposit area is owned by Keirnes Land Company, LLC and has agreed to allow the deposition of material on its land. It is anticipated that the reservoir will be drained in the fall of 2018. A channel will be excavated through the sedimentation area at the inlet in order the allow seepage flows through the reservoir. Construction mats will be used, as necessary, to track equipment into the dredge area. Excavators will load haul trucks to the deposit area on adjoining lands. After the material has sufficiently drained, final grading and re-seeding will occur over the approximate 130-acre area.

The total cost associated with the Project is \$3,667,740 as shown in Table 2.

TABLE 2: ESTIMATED PROJECT COST

Tasks	Cost
Engineering/Surveying/Geotechnical	\$18,000
Wetland Evaluation	\$8,000
Reservoir Dredging	\$3,641,740
TOTAL	\$3,667,740

Permitting: The Company anticipates that the Project will be exempt from Federal permitting requirements and does not anticipate County or local permitting requirements; however, these determinations will be confirmed prior to construction through a wetland evaluation and determination performed by the US Army Corps of Engineers. If it is determined that wetland mitigation is required, the Project may not be financially feasible.

Schedule: The Company anticipates draining Seeley Reservoir by the summer of 2018, removing sediment in the fall of 2018. Project completion is anticipated in the spring of 2019.

Financial Analysis

Table 3 provides a summary of the Project's financial aspects. The Company qualifies for a blended interest rate of 1.70% for a 30-year term (Ownership: 95% Agriculture, 5% Mid-Income Municipal). The interest rate was based on the March 2018 rates when the Company originally applied for a loan. Staff delayed the presentation of the loan to the May 2018 meeting so it could be approved concurrently with the approval of the Water Plan Grant.

TABLE 3: FINANCIAL SUMMARY

Project Cost	\$3,667,740
Water Plan Grant - Storage	\$1,415,740
CWCB Loan Amount	\$2,252,000
CWCB Loan Amount (Including 1% Service Fee)	\$2,274,520
CWCB Annual Loan Payment	\$97,416
CWCB Annual Loan Obligation (1 st Ten Years)	\$107,158
Number of Shares	360
Annual Loan Obligation per Share	\$298
Current Assessment per Share	\$200
Future Assessment per Share (Estimated)	\$310
Project Cost per AF of Storage Recovered (356 AF)	\$10,303/AF

Loan/Grant Disbursement: Payments from the CWCB funds will be processed at the following approximate percentages: 60% loan and 40% grant.

Creditworthiness: In Table 4, the Company has \$26,872 in existing debt that will be paid in full prior to the repayment of the new loan. In 2003, the Company obtained a loan from the CWCB for the rehabilitation of Seeley Lake Dam. The Company's loan is in good standing. Assessments have varied over the past years. In 2006 assessments were \$160/share, 2009 at \$200/share, 2013 at \$300/share, 2015 at \$450/share, 2017 at \$300/share and finally 2018 at \$200/share. The Company anticipates raising assessments to \$310/share as a result of this Project.

TABLE 4: EXISTING DEBT

Lender	Original Balance	Current Balance	Annual Payment	Maturity Date	Collateral
CWCB (C150148)	\$353,500	\$26,872	\$22,143	2019	Assessment Covenant/Property
Total		\$26,872			

TABLE 5: FINANCIAL RATIOS

Financial Ratio	Prior Years	Future w/ Project
Operating Ratio (revenues/expenses) weak: <100% - average: 100% - 120% - strong: >120%	123% (strong) \$243K/\$197K	100% (average) \$282K/\$282K
Debt Service Coverage Ratio (revenues-expenses)/debt service weak: <100% - average: 100% - 120% - strong: >120%	309% (strong) (\$243K-\$175K) \$22K	100% (average) (\$282K-\$175K) \$107K
Cash Reserves to Current Expenses weak: <50% - average: 50% - 100% - strong: >100%	63% (average) \$125K/\$197K	44% (weak) \$124K/\$282K
Annual Operating Cost per Acre-Foot (14,778 AF) weak: >\$20 - average: \$10 - \$20 - strong: <\$10	\$13.35 (average) \$197K/14,778AF	\$19.10 (average) \$282K/14,778AF

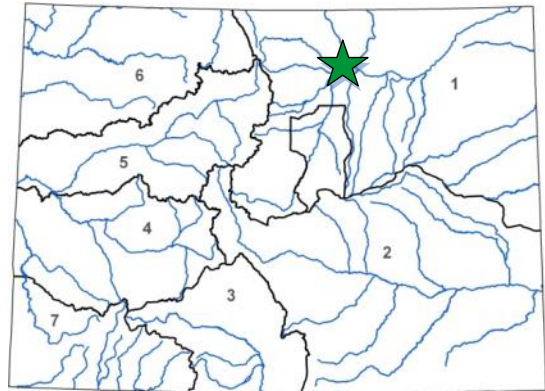
Collateral: Security for this loan will be a pledge of the assessment revenues backed by a rate covenant, and the Seeley Dam, including any easements, rights-of-way, or other property or property interests held and used in connection with the access and operation of Seeley Dam. This is in compliance with CWCB Financial Policy #5 (Collateral).

cc: Mr. Donald Wacker, President, Ogilvy Irrigating and Land Company
 Mr. Scott Cockroft, Vice President, Ogilvy Irrigating and Land Company
 Jennifer Mele, Colorado Attorney General's Office

Attachment: Water Project Loan Program - Project Data Sheet



L O A N D E T A I L S	
Project Cost:	\$3,667,740
CWCB Loan (with Service Fee):	\$2,274,520
Loan Term and Interest Rate:	30 Years @ 1.70%
Funding Source:	Severance Tax PBF & Water Plan Grant
B O R R O W E R T Y P E	
Agriculture	Municipal
95%	5% Mid
	Commercial
	0%
P R O J E C T D E T A I L S	
Project Type:	Reservoir Rehabilitation
Average Annual Diversions:	14,778 AF
Recovered Storage:	356 AF



L O C A T I O N	
County:	Weld
Water Source:	Cache La Poudre
Drainage Basin:	South Platte
Division:	1
District:	3

The Ogilvy Irrigating and Land Company is a Colorado Mutual Ditch that owns and operates Seeley Reservoir and the Ogilvy Ditch. The Ogilvy Ditch system encompasses 3,600 acres from a Cache la Poudre River diversion, located on the east edge of Greeley to farms east of Kersey. Seeley Reservoir has a decreed capacity of 1,543 acre-feet. The proposed project will re-establish the physical capacity to this decreed volume. The water stored in the reservoir is used to provide supplemental irrigation supplies to the Ogilvy Ditch service area. Stored water is also used to provide augmentation water for the Ogilvy Augmentation Company, whose members own wells that provide irrigation water within the same service area. This project will recover 356 acre-feet of reservoir storage space that has been lost to sedimentation deposition over many years. New water storage sites have been considered, but would be limited to about 100 acre-feet of capacity. Sedimentation of Seeley Reservoir resulted largely because of the high inflows running through the steep inlet channel above the reservoir. The Colorado Department of Transportation completed major improvements to the Seeley Reservoir inlet channel at State Highway 392 in 2011 that substantially mitigated the conditions causing the erosion within the inlet ditch generating sediment at Seeley Reservoir. It is expected that the recurrence of sedimentation will be limited. Construction is scheduled for the fall of 2018. Funding will come from a Water Plan Grant for \$1,415,740 and a CWCB loan.

