

CENTENNIAL WATER AND SANITATION DISTRICT
BOARD COMMUNICATION

| DATE | SUBJECT | AGENDA NUMBER |
|------------|--------------------------------|---------------|
| 11/27/2017 | CHATFIELD REALLOCATION PROJECT | CWSD 17-149 |

INITIATED BY

Rick McLoud

STAFF RECOMMENDATION

Adopt Resolution No. 17-149 with the following action:

- Authorize the General Manager to submit a letter to CDNR regarding the continued participation in the Chatfield Reallocation project
- Authorize the General Manager and Finance Director to amend Centennial's loan with the Colorado Water Conservation Board for the Chatfield Reallocation project to cover Centennial's share of the Total Project Cost increase conveyed in the CDNR letter of October 13, 2017.
- Approval of an increase in appropriation of \$9,230,281 for the Chatfield Reallocation Project

BACKGROUND INFORMATION

The Chatfield Reallocation project has progressed in recent years such that final design and project construction cost estimates have allowed a revised Total Project Cost estimate to be made. This estimate complies with a requirement of Centennial's Water Provider Agreement (WPA) with the Colorado Department of Natural Resources, at Paragraph IV.J. Centennial's current participation level in the project is 33.6%. The new Total Project cost estimate raises Centennial's total cost commitment for near-term expenses to \$57,453,430. Centennial has an initial investment of \$48,502,657 made up of \$4,502,657 in cash and \$44,000,000 in original loan amount, so the cost increase totals \$8,950,773.

Paragraph IV.J of the WPA allows Centennial an opportunity to withdraw or reduce its participation in the project. CDNR sent a letter dated October 13, 2017 requesting Centennial's decision about future project participation.

Following a re-analysis of the project and Centennial's needs, Centennial has decided to continue in the project at its current participation level. This decision would be conveyed by the General Manager to CDNR in response to CDNR's October 13, 2017 letter.

Additionally, the Colorado Water Conservation Board has communicated that Centennial may amend one of its three existing loans for the Chatfield Project to cover the additional cost increase at the same 3% for 30-year loan terms. These terms allow for the continued favorable financing of the additional expense.


JK

CENTENNIAL WATER AND SANITATION DISTRICT

RESOLUTION NO. 17-149

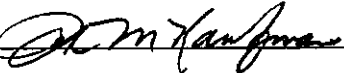
BE IT RESOLVED, that authorization for the General Manager to submit a letter to CDNR regarding the continued participation in the Chatfield Reallocation be and hereby is approved; and

BE IT FURTHER RESOLVED, that authorization for the General Manager to amend Centennial's loan with the Colorado Water Conservation Board for the Chatfield Reallocation project be and hereby is approved.

BE IT FURTHER RESOLVED, that an increase in appropriation of \$9,230,281 for Centennial's portion of the Chatfield Reallocation project be and hereby is approved.

Adopted this 27th day of November, 2017

Ayes 4 Nays 0 Abstained 0 Absent 0

Certified by , Secretary

CENTENNIAL

WATER AND SANITATION DISTRICT

November 28, 2017

Ms. Lauren Ris
Assistant Director Water
Colorado Department of Natural Resources
1313 Sherman St., Room 718
Denver, CO 80203

RE: Water Provider Agreement for Use of Storage Space at Chatfield Reservoir – Redetermination of Total Project Costs

Dear Ms. Ris:

In response to your letter of October 13, 2017 regarding Redetermination of Total Project Costs per Paragraph VI.J of the Water Provider Agreement (WPA) between the Colorado Department of Natural Resources (CDNR) and Centennial Water and Sanitation District (Centennial), Centennial hereby declines to terminate its WPA with CDNR or to relinquish its Pro Rata Share.

We understand that, in accordance with Paragraph VI.J of the WPA, the Total Project Costs for the Chatfield Reallocation project shall now be adjusted to equal the refined cost estimate of \$171,000,000 and that Centennial shall have 180 days to fully fund the additional amount of its Pro Rata Share of the total amount of the refined Total Project Costs in accordance with Paragraph IV.D.

We look forward to continuing to work with CDNR on this important project.

Sincerely,



John M. Kaufman
General Manager
Centennial Water and Sanitation District



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