



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

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

TO: Colorado Water Conservation Board Members

FROM: Zachary Salin, P.E., Project Manager
Kirk Russell, P.E., Finance Section Chief

DATE: November 19-20, 2025 Board Meeting

AGENDA ITEM: 21a. Water Project Loans
The Farmers' High Line Canal and Reservoir Company
Hyatt Lake Dam Rehabilitation

Staff Recommendation

Staff recommends the Board approve a loan not to exceed \$611,050 (\$605,000 for project costs and \$6,050 for the 1% service fee) to The Farmers' High Line Canal and Reservoir Company, for costs related to the Hyatt Dam Rehabilitation Project, from the Severance Tax Perpetual Base Fund. The loan term will be 10 years at an interest rate of 2.35% per annum. Security for the loan shall be in compliance with CWCB Financial Policy #5.

Introduction

The Farmers' High Line Canal and Reservoir Company (Company), applied for a CWCB blended interest rate loan for the Hyatt Dam Rehabilitation (Project). The Company is seeking to fund installation of a new toe drain and other needed elements of the Dam outlet and drain works. This Project will address issues that led to a storage restriction put in place by the State Engineer's Office (SEO) in 2018. The Project includes new toe drains, as well as a new toe drain discharge pipe and measurement weir, regrading and re-aligning the downstream channel, removal and abandonment of the North Outlet, and a new concrete channel, measurement flume and bypass pipe on the South Outlet.

The total Project cost is estimated to be \$672,000. See attached Project Data Sheet for a location map and Project summary.



Borrower - The Farmers' High Line Canal and Reservoir Company

The Company is a mutual ditch company founded in 1885 and located in Jefferson and Adams Counties. The Company serves 70 shareholders owning 1,100 shares of common stock and 10.9 shares of Class B stock in the Company. The Company diverts water off Clear Creek in Golden, CO and shareholders take delivery of water off the Company's 33 miles of canal within the South Platte Basin in Water Division 1. The municipalities of Westminster, Thornton, Northglenn, and Arvada collectively own approximately 82% of company shares, which are used for municipal supply. The Company is in good standing with the Colorado Secretary of State.

The Company has a five-member Board of Directors which is empowered to incur indebtedness and sign contracts on behalf of the Company, and the power to curtail water deliveries to shareholders that fail to pay their assessments. The Company's assessments are set by the shareholders at the Company's annual meeting, however the Board of Directors is empowered to increase assessments for debt repayment.

Background

The Company owns and operates Hyatt Dam, which impounds a 73-acre reservoir with a storage capacity of 760 AF. Hyatt Dam was originally constructed in 1863 and is located in Fairmount, Colorado. Hyatt Lake is impounded by an earthen dam that is classified as a high-hazard by SEO.

An inspection by the SEO in May 2018 identified greater than normal seepage at the toe of the dam. In October 2018 Hyatt Lake was placed under a storage restriction by SEO-DSB, which restricted the water elevation in the lake to a staff gauge height of 14.0 feet and a storage capacity of approximately 420 AF, a loss of approximately 340 AF of volume. In January 2024, a follow-up inspection by the SEO identified continued seepage around the north toe drain, including a small void at the toe drain outlet.

Loan Feasibility Study

Walter Kramb, P.E., of Schnabel Engineering prepared the Loan Feasibility Study titled, "CWCB Feasibility Study for Hyatt Lake Dam, Dam ID 070136" dated October 2025. The feasibility study was prepared in accordance with CWCB guidelines and includes preliminary engineering, an analysis of alternatives and costs. The Company provided financial statements for calendar years 2022-2024 prepared by Anderson & Whitney PC.

Water Rights

The Company's water rights associated with this Project include both storage rights and direct flow rights on Clear Creek. Storage rights and the direct flow water rights reportedly associated with the Project are shown in Table 1. The Company utilizes other reservoirs that contribute to their surface storage portfolio.

Hyatt Lake's current storage capacity is 760 AF, which exceeds the Company's storage rights of 693.4 AF.

TABLE 1: WATER RIGHTS ASSOCIATED WITH THE PROJECT

Name (WDID)	Amount (cfs or AF)	Appropriation Date	Adjudication Date	Case No.
Storage Rights				
Hyatt Lake Reservoir (0704396)	400.000 AF	12/31/1871	5/13/1936, 10/9/1895	CA60052

Hyatt Lake Reservoir (0704396)	693.400 AF	10/1/1889	5/13/1936, 10/9/1895	CA60052
Direct Flow Rights				
Farmers Highline Canal (0700569)	0.275 cfs	2/25/1860	10/4/1884	Elliott Decree*
Farmers Highline Canal (0700569)	1.000 cfs	5/16/1860	10/4/1884	Elliott Decree*
Farmers Highline Canal (0700569)	3.281 cfs	5/31/1860	10/4/1884	Elliott Decree*
Farmers Highline Canal (0700569)	39.800 cfs	7/1/1860	10/4/1884	Elliott Decree*
Farmers Highline Canal (0700569)	1.610 cfs	5/28/1863	10/4/1884	Elliott Decree*
Farmers Highline Canal (0700569)	2.750 cfs	6/20/1863	10/4/1884	Elliott Decree*
Farmers Highline Canal (0700569)	2.890 cfs	4/23/1865	10/4/1884	Elliott Decree*
Farmers Highline Canal (0700569)	0.807 cfs	11/2/1865	10/4/1884	Elliott Decree*
Farmers Highline Canal (0700569)	0.330 cfs	5/24/1870	10/4/1884	Elliott Decree*
Farmers Highline Canal (0700569)	154.000 cfs	4/1/1872	10/4/1884	Elliott Decree*
Farmers Highline Canal (0700569)	191.000 cfs	4/1/1886	10/9/1895	00CW0263, 02CW0266, 05CW0112
Farmers Highline Canal (0700569)	335.860 cfs	4/23/1895	10/9/1895	00CW0263, 02CW0266, 05CW0112

* No Arapahoe County Civil Action Number was assigned to the original 10/4/1884 general adjudication. It is commonly referred to as the Elliott Decree after Judge Victor Elliott.

Based on an average of 2014-2024, the Company diverts and delivers approximately 31,702 AF of water to its shareholders each year.

Project Description

The purpose of this Project is to rehabilitate Hyatt Lake Dam and remove the storage restriction placed by SEO.

Alternative 1 - No Action: Taking no action would result in the Company continuing to operate Hyatt Lake at the current restricted level. The identified seepage issues would persist, with waterlogged soil near the toe of the dam making mowing and vegetation removal difficult. These conditions would make it difficult to observe changes in seepage or new animal burrows on the dam, and the concerns highlighted by SEO-DSB would continue without resolution, possibly resulting in additional restrictions if observed seepage increased over time. Accordingly, this option was not selected.

Selected Alternative 2 - Toe Drain Rehabilitation: The proposed Project to rehabilitate the Hyatt Lake Dam would restore 340 AF of storage by installing new 8-inch slotted PVC toe drains within two-stage soil filters, including manholes and cleanouts for maintenance. The Project will also include a new toe drain discharge pipe and measurement weir, regrading and re-aligning the downstream channel, removal and abandonment of the North Outlet, and a new concrete channel, measurement flume and bypass pipe on the South Outlet.

The total estimated cost of this selected alternative is \$672,000 as shown in Table 2.

TABLE 2: ESTIMATED PROJECT COST

Description	Cost
Construction	
Mobilization & Demobilization	\$11,000
Toe Drain Replacement	\$293,000
Toe Drain Removal and Abandonment	\$26,000
South Outlet Repair	\$89,000
North Outlet Abandonment	\$34,000
Final Grading and Site Clean-up	\$38,000
Survey	\$12,000
Contingency (10% of Construction costs)	\$51,000
Subtotal	\$554,000
Engineering During Construction	
Construction Engineering	\$98,000
Permitting and Planning	\$20,000
Subtotal	\$118,000
TOTAL	\$672,000

Permitting: The Project has already obtained a Colorado Department of Public Health and Environment construction stormwater discharge permit as well as a Jefferson County grading permit. Based on a survey of wetlands at the Project site performed in October 2025, the project will not require a Section 404 permit.

Schedule: The Project is moving forward. The Company has a contract in place to execute the construction scope and the selected construction contractor has mobilized to the Project site and is beginning site preparation. The construction work is expected to complete prior to 2026.

Financial Analysis

Table 3 provides a summary of the Project's financial aspects. The Company qualifies for a blended (approximately 71% middle-income municipal, 18% high-income municipal, 10% commercial, and 1% agricultural) interest rate of 4.2%. Applicable interest rate deductions of 1.35% for a 10-year loan and a 0.50% reduction for work at a storage-restricted reservoir reduce the loan interest rate to 2.35% for a 10-year term. All interest rate evaluations are per CWCB Financial Policy #7 (Lending Rate Determination).

TABLE 3: FINANCIAL SUMMARY

Item	Amount
Project Cost	\$672,000
Company Cash	\$67,000
CWCB Loan Amount	\$605,000
CWCB Loan Amount (Including 1% Service Fee)	\$611,050
CWCB Annual Loan Payment	\$69,278
CWCB Annual Loan Obligation (1 st Ten Years)	\$76,206
Number of Shares	1,110.9
Current Annual Assessment per Share	\$765
Est. Future Annual Loan Obligation per Share*	\$69
Cost per AF of storage rehabilitated	\$1,976

Creditworthiness: The Company currently has one active loan with CWCB for the System Rehabilitation Project and no other debt. Details are provided in Table 4. The Company is in good standing with the CWCB and has a good repayment history for their existing loan. Financial ratios for the Company are shown in Table 5.

TABLE 4: EXISTING DEBT

Lender	Original Balance	Current Balance	Annual Payment	Maturity Date	Collateral
CWCB (CT2015-019)	\$2,209,597	\$274,413	\$138,054	5/1/2028**	An undivided 100% Interest in the Company's main diversion structure on Clear Creek.

** CWCB understands that this loan will likely be paid off in full prior to the start of repayment for the Hyatt Loan, and thus is not included in the 'Future w/ Project' column of Table 5.

TABLE 5: FINANCIAL RATIOS

Financial Ratio	Past Years	Future w/ Project
Operating Ratio (revenues/expenses) weak: <100% typical: 100% - 120% strong: >120%	115% (typical) \$938K/\$817K	124% (strong) \$938K/\$755K
Debt Service Coverage Ratio (revenues-expenses)/debt service weak: <100% typical: 100% - 125% strong: >125%	188% (strong) <u>(\$938K-\$679K)</u> \$138K	341% (strong) <u>(\$938K-\$679K)</u> \$76K
Cash Reserves to Current Expenses weak: <50% typical: 50% - 100% strong: >100%	64% (typical) \$520K/\$817K	60% (typical) \$453K/\$755K
Annual Cost per Acre-Foot (31,702 AF) weak: >\$24 typical: \$3 - \$24 strong: <\$3	\$25.76 (weak)	\$23.81 (typical)

Collateral: Security for this loan will be a pledge of assessment revenues backed by an assessment covenant and the Project itself including all access, easements, rights, and appurtenances associated therewith. This security is in compliance with the CWCB Financial Policy #5 (Collateral).

cc: Michael Bollinger, General Manager, Farmers' High Line Canal and Reservoir Company
Jennifer Mele, Colorado Attorney General's Office

Attachments: Water Project Loan Program - Project Data Sheet

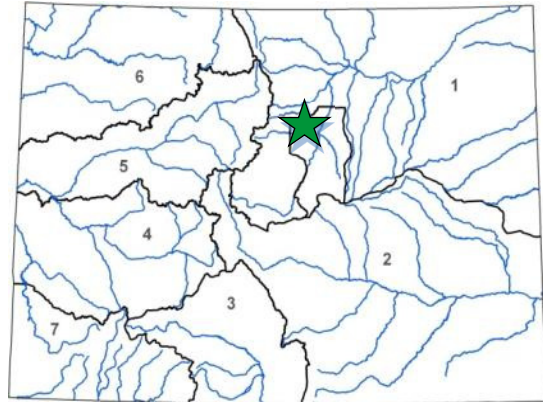


Hyatt Dam Rehabilitation

Farmers Highline Canal and Reservoir Company

November 2025 Board Meeting

LOAN DETAILS	
Project Cost:	\$672,000
CWCB Loan (with 1% Service Fee):	\$611,050
Loan Term and Interest Rate:	10 Yrs @ 2.35%
Funding Source:	Severance Tax Perpetual base Fund
BORROWER TYPE	
Agriculture	Municipal Commercial
1%	0% Low - 71% Mid - 18% High 10%
PROJECT DETAILS	
Project Type:	Reservoir Rehabilitation
Average Annual Delivery:	31,702 AF



The Farmers' High Line Canal and Reservoir Company (Company) is a mutual ditch company and non-profit that was founded in 1885 to deliver irrigation water for farmland via a 31-mile canal. Due to urban development shareholders have shifted to primarily be made up of municipalities. The Company currently serves 70 shareholders for a variety of beneficial uses.

LOCATION	
County:	Jefferson
Water Source:	Clear Creek
Drainage Basin:	South Platte
Division:	1 District: 7

Hyatt Dam (Dam) is a high hazard earthen structure built in 1863 and is currently under a storage restriction from the Colorado Dam Safety Branch, reducing available storage in the reservoir by 340 AF. The Project will replace the Dam's toe drain, regrade the downstream channel to reduce wet areas and improve maintenance, remove and abandon the outlet on the north side of the Dam, and extend the outlet on the south side of the Dam along with removing nearby trees and roots. Construction is expected to begin in the fall of 2025 and be completed prior to 2026.

