



COLORADO

Colorado Water Conservation Board

Department of Natural Resources
1313 Sherman Street, Room 718
Denver, CO 80203

November 21, 2025

Tiffany Speakman, Office Manager
Redlands Water and Power Company
2216 S. Broadway
Grand Junction, CO 81507
tiffanys@redlandswpc.com

Re: Lift Station No. 2 Renovation - Loan Approval

Dear Tiffany,

I am pleased to inform you that on November 20, 2025, the Colorado Water Conservation Board approved your loan request for the Lift Station No. 2 Renovation described in the application and approved Loan Feasibility titled, "Loan Feasibility Study: Lift Station #2 Renovation" submitted September 30th, 2025. The Board approved a loan not to exceed \$1,212,000 (\$1,200,000 for Project costs and \$12,000 for the 1% service fee). The loan terms shall be 3.25% per annum for 20 years.

I have attached a copy of the Board Memo updated November 21, 2025, that includes the Board's approval. After the Board approves a loan there are a few steps that remain in the loan process including:

Contracting: An executed loan contract must be in place before funds can be disbursed for eligible project expenses. Kaylee Salazar, Loan Contracts Manager, will contact you to initiate the loan contracting process. She can be reached at kaylee.salazar@state.co.us.

Design/Construction: You must adhere to the CWCB Design and Construction Administration Procedures including an invitation to the Prebid, Preconstruction and Bid Opening meetings. Joshua Godwin, P.E., will be the Project Manager for this phase of the process and will work with you on the disbursements of your loan funds. He can be reached at joshua.godwin@state.co.us.

On behalf of the Board, I would like to thank you for your interest in a loan from the CWCB.

Sincerely,

Kirk Russell, P.E., Chief
Finance Section

Attachment: Updated Board Memo





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Conservation Board**
Department of Natural Resources

1313 Sherman Street, Room 718
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: November 19-20, 2025 Board Meeting (**Updated November 21, 2025**)

AGENDA ITEM: 21b. Water Project Loans
Redlands Water and Power Company
Lift Station No. 2 Renovation

Staff Recommendation (Board approved Staff Recommendation November 20, 2025)

Staff recommends the Board approve a loan not to exceed \$1,212,000 (\$1,200,000 for project costs and \$12,000 for the 1% service fee) to the Redlands Water and Power Company for costs related to the Lift Station No. 2 Renovation, from the Construction Fund. The loan term will be 20 years at an interest rate of 3.25% per annum. Security for the loan shall be in compliance with CWCB Financial Policy #5.

Introduction

The Redlands Water and Power Company (Company) is applying for a loan at a blended interest rate to fund the Lift Station No. 2 Renovation (Project). The Company is located in the Grand Valley near Grand Junction where it diverts approximately 850 cfs from the Gunnison River into their Redlands Power Canal. The Company uses three lift stations to send water uphill to their agricultural and municipal shareholders. The Company's Lift Station No. 2 was built in the 1950's and has seen few improvements since. Many of the components of Lift Station No. 2 are past the end of their service life - recent mechanical failures have highlighted the need for relocating the electrical components, as well as upgrading the station's pumps and motors to Variable Frequency Drives that will allow for more efficient operations and cost savings. The total Project cost is estimated to be \$1,310,000. See attached Project Data Sheet for a location map and Project summary.



Borrower - Redlands Water and Power Company

The Company is an irrigation and power provider for the Redlands area of the Grand Valley of Colorado. The Company was established in 1905 and is a nonprofit corporation. The Company generates power via its hydroelectric facility, the electricity from which is used to power the lift station and any excess is sold to Grand Valley Power. The Company also serves as an irrigation water provider for which it issues shares per its Articles of Incorporation. At present there are 5,772 shares held by 1,125 shareholders. The shareholders irrigate approximately 1,970 acres of land which is served by approximately 600 system headgates. Within the Company's service area 72% of the land is residential, 26% agricultural pasture grass, and 2% orchards and vineyards. Loan contract terms may be accepted by a majority vote of the Board. The Company is in good standing with the Colorado Secretary of State.

Background

The Company uses three lift stations to send water uphill to their shareholders - Lift Station No. 2 is located at the Company's office and predominantly sends water to its agricultural users. Lift Station No. 2 was built in the 1950's, has seen few improvements since construction, and most of the infrastructure - including the pumps and motors - have reached the end of their service life. In the summer of 2025, one of the pumps failed and was pouring water across the lift station floor through live electrical components. Outdated electrical components within the system required Company staff to forcibly remove elements from the electrical boxes to cut off power to the building before the failed pump could be fixed. This event was the catalyst for this Project - the Company will have the electrical components improved to current standards and relocate them to a new structure adjacent to the lift station in order to improve the safety of the facility. Additionally, all four pumps and motors will be replaced with three pumps and motors with upgraded Variable Frequency Drives (VFDs) - allowing for more efficient operation and leading to long-term cost savings. Two pumps and motors will act as primaries and the third will be used as a backup should one of the primaries go down.

Loan Feasibility Study

Redlands Water and Power Company, with support from Purvis Industries, prepared the Loan Feasibility Study titled, "Loan Feasibility Study: Lift Station #2 Renovation" submitted September 30th, 2025. The feasibility study is in accordance with CWCB guidelines and includes an analysis of alternatives, estimated costs, and audited financial statements prepared by Blair and Associates, P.C.

Water Rights

The Company relies entirely on surface water diversions from its river diversion structure on the Gunnison River. It holds three water rights. The two senior rights are decreed for irrigation and power purposes and the junior right is decreed for power generation only. On average, the Company diverts 558,800 AF of water - most which is used in power generation - and delivers 24,974 AF to shareholders.

TABLE 1: PROJECT WATER RIGHTS

Name	Amount (cfs)	Appropriation Date	Adjudication Date	Case No.
Redlands Water and Power Company	670 cfs	07/22/1905	07/22/1912	CA1927
Redlands Water and Power Company	80 cfs	06/26/1941	07/21/1959	CA8303
Redlands Water and Power Company	100 cfs	10/01/1994	12/31/1994	96CW0158

Project Description

The purpose of this Project is to replace the existing motors and pumps of Lift Station No. 2 and provide a safer work environment by moving the electrical components to an adjacent building.

Alternative 1 - No Action: Taking no action would result in a continued safety risk due to the potential for water to be present near active electrical components. The pumps and motors of Lift Station No. 2 are near the end of their usable life and mechanical failures are likely to become more frequent. For these reasons, this option was not selected.

Selected Alternative 2 - Replace Pumps/Motors and Move Electrical Components: This alternative includes the replacement of four pumps and four motors in Lift Station No. 2 that have reached the end of their useful life with three pumps and three motors including upgrading to more cost efficient VFDs - two pumps and motors will act as primaries and the third will be a back-up should either of the other two go down. Additionally, the electrical components will be removed from the building housing the pumps and placed in a newly built adjacent building. Since the electrical components will be removed from areas where water could be present, this alternative would also provide for a safer work environment. The cost estimate for this alternative is \$1,310,000 as shown in Table 2.

TABLE 2: ESTIMATED PROJECT COST

Tasks	Cost
Design and Testing	\$24,000
Electrical Building	\$118,000
Pumps/Motors	\$306,000
Electrical	\$314,000
Piping	\$280,000
Lift Station Remodel	\$144,000
Equipment Rental	\$46,000
Contingency ~6%	\$78,000
TOTAL	\$1,310,000

Permitting: No permitting is needed for this Project - all construction and staging will occur on Company property.

Schedule: To avoid interruption of service, the Company anticipates having the renovation take place when Lift Station No. 2 is shut down between October 2025 and April 2026 for the irrigation off-season with the construction occurring prior to March to allow for start-up testing before irrigation season starts.

Financial Analysis

Table 3 provides a summary of the Project's financial aspects. The Company qualifies for a blended interest rate of 3.50% for a 30-year term (Ownership: 28% agricultural, 72% middle-income municipal). The Company is applying for a 20-year term; therefore, the interest rate is decreased by 0.25% for a final blended interest rate of 3.25%. All interest rate evaluations are per CWC Financial Policy #7 (Lending Rate Determination).

TABLE 3: FINANCIAL SUMMARY

Project Item	Loan
Project Cost	\$1,310,000
Redlands Water and Power Company Match	\$110,000
CWCB Loan Amount	\$1,200,000
CWCB Loan Amount (Including 1% Service Fee)	\$1,212,000
CWCB Annual Loan Payment	\$83,360
CWCB Annual Loan Obligation (1 st Ten Years)	\$91,696
Number of Shares	5,772
Current Assessment per Share	\$215
Annual Cost per Share to Service the Debt	\$15.89

Creditworthiness: The Company has two existing CWCB loans: the first loan (CT2021-2837) is for the Roller Gate Replacement and the second loan (CT2021-0511) is for the Pumpline Replacement. Both are in good standing with the CWCB and are detailed in Table 4 below.

TABLE 4: EXISTING DEBT

Lender	Original Balance	Current Balance	Annual Payment	Maturity Date	Collateral
CWCB CT2021-2837	\$404,000	\$332,479	\$23,298	2041	Revenues
CWCB CT2021-0511	\$568,944	\$469,545	\$33,631	2041	Revenues
Total		\$802,024	\$56,929		

TALE 5: FINANCIAL RATIOS

Financial Ratio	Past Years	Future w/ Project
Operating Ratio (revenues/expenses) weak: <100% typical: 100% - 120% strong: >120%	111% (typical) \$1.51M/\$1.36M	104% (typical) \$1.51M/\$1.45M
Debt Service Coverage Ratio (revenues-expenses)/debt service weak: <100% typical: 100% - 125% strong: >125%	233% (strong) (\$1.51M-\$1.24M) \$117k	131% (strong) (\$1.51M-\$1.24M) \$209k
Cash Reserves to Current Expenses weak: <50% typical: 50% - 100% strong: >100%	144% (strong) \$1.95M/\$1.36M	134% (strong) \$1.95M/\$1.45M
Annual Operating Cost per Acre-Foot (24,974 AF) ¹ weak: >\$24 typical: \$3 - \$24 strong: <\$3	\$54.35 (weak)	\$58.02 (weak)

1. The number reflects deliveries to shareholders. Diversions average 558,800 AF annually, most of which are used for power generation.

Collateral: Security for this loan will be a pledge of assessment revenues backed by an assessment covenant, as well as the Project itself (Lift Station No. 2 and electrical building, as well as including all access, easements, rights, and appurtenances associated therewith). This security is in compliance with the CWCB Financial Policy #5 (Collateral).

cc: Jon Mauch, President, Redlands Water and Power Company
Jennifer Mele, Colorado Attorney General's Office

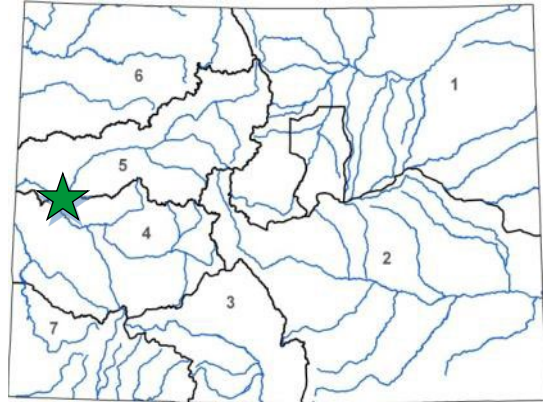
Attachments: Water Project Loan Program - Project Data Sheet



Lift Station No. 2 Renovation

Redlands Water and Power Company
November 2025 Board Meeting

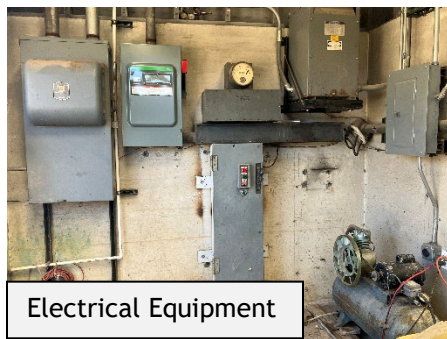
LOAN DETAILS	
Project Cost:	\$1,310,000
CWCB Loan (with 1% Service Fee):	\$1,212,000
Loan Term and Interest Rate:	20 Yrs @ 3.25%
Funding Source:	Construction Fund
BORROWER TYPE	
Agriculture	Municipal
28%	0% Low - 72% Mid - 0% High
Commercial	0%
PROJECT DETAILS	
Project Type:	Ditch System Improvements
Average Annual Delivery:	24,974 AF



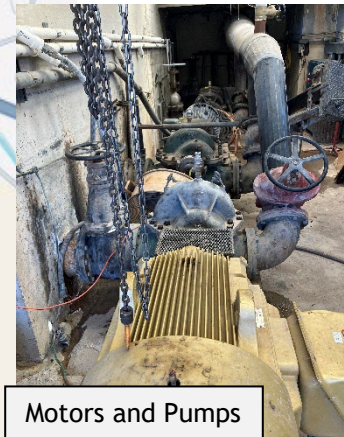
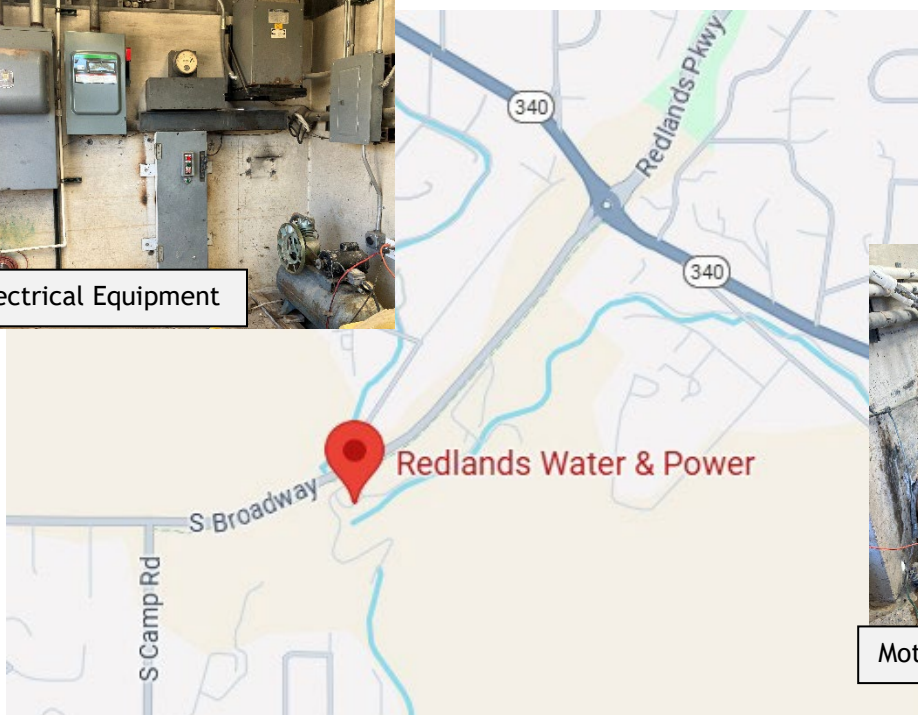
LOCATION	
County:	Mesa
Water Source:	Gunnison River
Drainage Basin:	Gunnison
Division:	4
District:	42

The Redlands Water and Power Company is a non-profit corporation formed in 1905 to provide irrigation water to 1,970 acres in the Grand Valley for residential landscaping, pasture grass, orchards and vineyards. Shareholders are predominantly located on bench lands above the Colorado and Gunnison Rivers, requiring most of the irrigation water to be pumped uphill to them. The Company also generates power via a hydroelectric facility to power its pumping plant, with any extra electricity being sold to Grand Valley Power as an additional revenue stream.

The Company has three lift stations that deliver water from the river to shareholders. Lift Station #2, located adjacent to the Company office, contains four pumps, motors, and electrical equipment, including the main electrical panel. When pumping operations are occurring, the pumps leak, and water can build up on the floor of the Lift Station causing a safety issue with operating the shutoff for the main electrical panel. The Project will include relocating the electrical panel to a new building adjacent to the lift station and replacing the pumps and motors, including more efficient Variable Frequency Drives. Construction is expected to begin in the fall of 2025 and take several months.



Electrical Equipment



Motors and Pumps