

Peggy

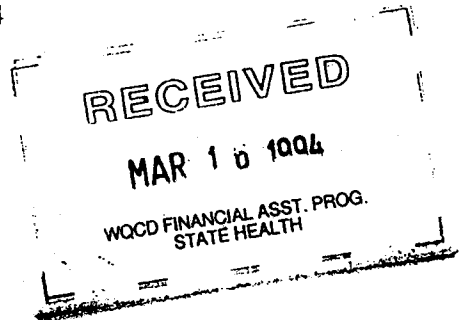


**COLORADO WATER RESOURCES &
POWER DEVELOPMENT AUTHORITY**

Logan Tower Bldg. - Suite 620, 1580 Logan Street, Denver, Colorado 80203
303/830-1550 FAX 303/832-8205

March 11, 1994

Mr. Jack Rychecky
U.S. EPA
Ref: 8WM-MF
999 Eighteenth Street, Suite 500
Denver, CO 80202-2466



Re: Orchard Mesa Loan Agreement

Dear Mr. ^{Jack}Rychecky:

As you requested, I am enclosing copies of recent correspondence between the Orchard Mesa Sanitation District and the Authority. As you can see by the letter dated March 3, 1994, the Authority offered to terminate the subject loan. Via a letter faxed to the Authority and dated March 4, 1994, the District accepted our offer to terminate. As a result, the loan was terminated as of March 4, 1994 with no funds being distributed to the District.

The District has requested that the upfront Administrative fee of \$2,184.00 be returned because the termination of the loan was due to circumstances beyond the District's control. The Authority will be addressing the return of this fee at its March 25, 1994 meeting.

If you have any further questions on this issue, please call.

Sincerely,

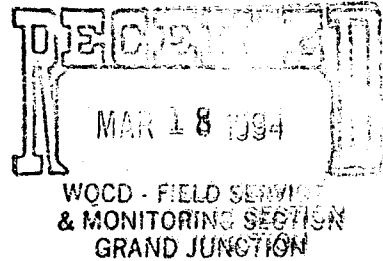
Daniel L. Law
Executive Director

DL/do

Enclosures: March 3, 1994 Authority letter
March 4, 1994 District letter

cc: Mr. Dick Long, EPA
Ms. Debbie English, CDOH-WQCD
Mr. Barry Cress, CDOLA-DLG

b:\jrycheck.ltr

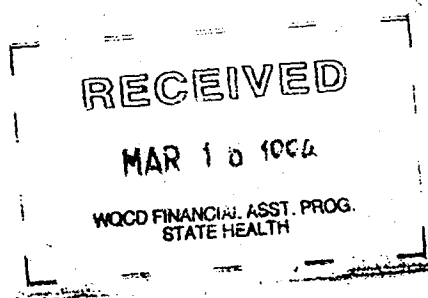


ORCHARD MESA SANITATION DISTRICT

240 27¹/₄ Road — Phone 245-0033

Grand Junction, Colorado 81503

March 4, 1994



Daniel L. Law
Colorado Water Resources &
Power Development Authority
Logan Tower Building, Suite 620
1580 Logan Street
Denver, Colorado 80203

RE: Loan Agreement between Orchard Mesa
Sanitation District and the Colorado
Water Resources & Power Development
Authority

Dear Mr. Law:

We are in receipt of your letter of March 3, 1994 wherein you advised that all conditions for the issuance of the existing loan have not been met and that funds from the Authority are not available for the construction of the Valle Vista line extension. This Board does not agree with that conclusion and believes that all procedures were properly followed by the Colorado Department of Health in its environmental review. However, the Board also recognizes that the EPA has issued a letter of non-compliance and that there will be time delays in the construction of the project if the District requires the use of the Colorado Water Resources & Power Development Authority funds. The District has received a very favorable bid for the construction of the Valle Vista line extension, and it is imperative that the line be substantially completed before water is turned into the irrigation canals in mid-April of 1994. Any construction delay at this point will postpone construction of the project until at least the late Fall of 1994, and we are confident that construction costs will increase if such a delay is imposed.

In order to allow the project to move forward as scheduled, the Board of Orchard Mesa Sanitation District hereby agrees to terminate the existing loan agreement and to cancel and return the governmental agency bond issued to evidence the loan. This District will pursue other funding sources for the construction of the line extension.

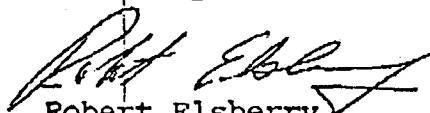
Daniel L. Law

-2-

March 4, 1994

The District believes that the termination of this loan was due to circumstances beyond the control of this District and therefore requests the return of the administrative fee paid by the District in the amount of \$2,184.00. Please make that refund check payable to the Orchard Mesa Sanitation District.

Sincerely,


Robert Elsberry

cc: Larry Beckner, Attorney
for Orchard Mesa Sanitation
Richard R. Long, Chief Municipal
Facilities Branch

WPCRF
Orchard Mesa



**COLORADO WATER RESOURCES &
POWER DEVELOPMENT AUTHORITY**

Logan Tower Bldg. - Suite 620, 1580 Logan Street, Denver, Colorado 80203
303/830-1550 FAX 303/832-8205

March 3, 1994

RECEIVED

MAR 10 1994

WOOD FINANCIAL ASST. PROG.
STATE HEALTH

Ms. Deborah Davis
Manager
Orchard Mesa Sanitation District
240 27 $\frac{1}{4}$ Road
Grand Junction, CO 81503

Re: Loan Agreement between the Orchard Mesa Sanitation District and
the Colorado Water Resources and Power Development Authority

Dear Ms. Davis:

As you know, on August 20, 1993, the Orchard Mesa Sanitation District ("District") and the Colorado Water Resources and Power Development Authority ("Authority") entered into a loan agreement for the provision of funds needed by the District for construction of a sanitary sewer outfall to connect the Valle Vista subdivision to the District's Sanitation System (the "Project"). The loan agreement requires that the District have or obtain all necessary governmental permits, approvals, or concurrences for the Project. See Exhibit G to Loan Agreement, No. 4, and Sections 2.01(d),(f),(g), and sec. 2.02(g). The loan was issued pursuant to the Water Pollution Control Revolving Fund program of the authority, which was created under the provisions of the federal Clean Water Act Amendments of 1987. The source of most of the funds for the loan is federal funding.

As we understand it, no construction has been commenced on the Project, and no draws have been made upon the loan. The District has just recently received the bids for the construction.

Meanwhile, in recent months considerable controversy about the Project has arisen, and a local citizen's group has organized to contest the Project. This group has contacted the Environmental Protection Agency ("EPA"), which has, as a result, reexamined the environmental review process followed by the State Department of Health for the Project to comply with federal environmental law. On January 26, 1993, the EPA issued a Notice of Noncompliance to the Authority, asserting that the environmental review did not follow State WPCRF procedures, and that therefore, it must perform additional reviews.

We have now received written notice that the EPA intends to issue an additional Notice of Noncompliance in connection with the Project. This Notice will direct that if federal funds are to be used for the Project (i.e., the Authority loan), an additional Environmental Assessment must be prepared. Depending on the result of the Environmental Assessment, an Environmental Impact Statement might also be required. The EPA letter, (copy enclosed) does indicate that the environmental review will not be required if federal funds are not used for the Project.

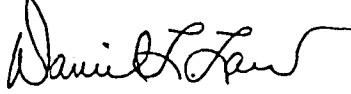
Ms. Deborah Davis
March 3, 1994
Page 2

While we do not believe that the State Health Department agrees that the additional review is required, we believe that either resolving that dispute, or preparing the environmental review requested will require several months, at least. Accordingly, because all the conditions for issuance of the loan apparently have not been met, we regretfully conclude that funds from the Authority are not available for the Project at this time.

Meanwhile, we understand that the current Valle Vista wastewater problem presents a significant ~~public health threat~~, and that construction must begin soon if the season is not to be lost. We also understand that the very favorable bids received for the construction may be lost if there is delay.

Under these circumstances, the Authority believes that the best route to follow at this time will be to terminate the Loan Agreement, and cancel and return the Governmental Agency Bond issued to evidence the loan, so that the District may, if it so desires, fund the construction with other funds. Please let us know your reaction to this suggestion.

Sincerely,



Daniel L. Law

Enclosure

cc: Larry Beckner, Esq.
Mary Hammond, Esq.
~~Pat Gormley~~
J. David Holm
Debbie English
Linda Preslan, Esq.
Tim Sarmo