

# 2018 MESSAGE FROM THE BOARD OF DIRECTORS

The 2017 irrigation season enjoyed abundant Gunnison River water through a very hot and dry season. Redlands started the season April 10th with completion October 23, which provided an extra two weeks over the traditional season.

Two unplanned irrigation water outages were the result of major issues with the 1.6 megawatt hydro generator which powers the main 1750 horsepower Pump Station #1. Fortunately repairs could be made to the 1932 unit including the replacement of the lower bearing and repairs to the exciter unit including damaged brushes and burned wiring. The cost of these combined repairs causing two outages was \$50,000.

Redlands plans to complete the installation of the two new spill gates at the Power Canal Diversion during the forthcoming low water/winter season. These stainless steel gates are estimated to cost \$100,000 spread over the past three years and have been fabricated and will be installed by Redlands Water and Power staff.

Other notable expenses this year involve the repair and upgrade of excavators and vehicles as reflected in the year end budget totals. Redlands maintains and repairs all of its own equipment which includes pickups, dump trucks, water trucks, trailers and tractors. Numerous other daily repairs of our 100 year old system will be discussed at the annual meeting.

Redlands Water and Power has been recognized in the Governor of Colorado's Water Plan as being a very strong candidate for funding to upgrade or replace the Hydro Electric plant and the #1 Pump Station. RWP currently has a \$75,000 grant application under review for funding an Engineering Study to determine the best solutions for replacement of the #1 Pump Station. The current pump station was constructed in 1917 and many of the pumps are WWII era models. A new pump station would enjoy the benefits of energy efficient motors and pumps along with modern motor controls which could reduce energy consumption by as much as 50%. The estimated \$1,000,000 replacement costs would also be funded through future grants and low interest loans.

Concerning finances, Redlands continues to build "rainy day reserves" with investment of assessment monies to safely maximize returns. The pump station #1 improvements will require more grants as well as the possibility of matching funds. The Board is committed to investigating the availability of grant funds for the pump station #1 construction and other future large projects. The Board recommends a \$5 increase per share to \$185 for 2018.

Sincerely,

*Redlands Water and Power Company*