

3.201 Application Submission Requirements

In addition to the materials listed at Section 2.303, application for a permit to conduct a new municipal or industrial water project shall be accompanied by the following information in the number required by the Director:

- (1) Description of efficient water use, recycling and reuse technology the Project intends to use. Such description shall include estimated stream transit losses of water, reservoir evaporation losses, and power and energy requirements of the Project and alternatives to the Project.

The Project's proposed sources of water currently include groundwater supplies described above and in Appendix C. It is anticipated that the members' Rules and Regulations and/or restrictive covenants will require modern low flow water devices. The Sterling Ranch Metropolitan District No. 1's Intergovernmental Agreement with the Meridian Service District for wastewater treatment services at the Cherokee/Meridian Wastewater Plant provides that Sterling Ranch Metropolitan District No. 1 is entitled to available return flow water from the treated wastewater that is released from the Plant. However, Sterling's portion of the released treated wastewater is dependent on a yet to be approved, pending Replacement Plan, or an amended Replacement Plan or a new Replacement Plan. Stream transit and reservoir evaporation losses are not applicable as surface water supplies are not being contemplated at this time. All water supplies will be contained in closed storage facilities and pipes.

- (2) Map and description of other municipal and industrial water projects and providers in the vicinity of the Project, including their capacity and existing service levels, location of intake and discharge points, service fees and rates, debt structure and service plan boundaries and reasons for and against hooking on to those facilities.

The existing Falcon area metropolitan districts do not have adequate water supplies to meet the needs of their service areas at full buildout. A further complication to obtaining water from the Falcon area providers is that most, if not all, of their water resources are located in the Upper Black Squirrel Designated Ground Water Basin ("UBS") with restrictions on exporting the water outside the Basin. Sterling Ranch, The Retreat and portions of The Ranch are not in the UBS.

Cherokee Metropolitan District has a water line from the Sundance Ranch to a water storage facility on Tamlin Road, the excess capacity in that line is not adequate to meet the needs of Sterling Ranch, The Ranch and the Retreat. Cherokee's policy has been to provide water service to properties located within its boundaries only and has declined to allow the Falcon area water providers to use excess capacity in its line.

The City of Colorado Springs could become a viable source of water if it changes its longstanding policies and restrictions on providing water service outside its corporate boundaries. However, even in the event those policies are changed, the City is not expected to place County customers on an equivalent standing with its existing City customers and be willing to provide the binding commitments and non-interruptible supplies to County subdivisions required by State and County subdivision regulations.

The City of Colorado Springs has recently revised its guidelines and policies applicable to the annexation of residential properties. Where this potential change in policy might lead is uncertain at this time. State law does not permit involuntary annexations except in situations

where property has been surrounded by city limits for a period of three years. This situation does not apply to the service areas of any of the Falcon water providers and is unlikely to occur. After declining several times to annex Sterling Ranch prior to the Sterling Ranch Metropolitan Districts and developers spending significant funds designing, permitting and building the first phases of Sterling' water and wastewater systems, the City recently considered changing its position and requested that the Districts and major landowners submit an annexation petition. That petition was submitted but has now been withdrawn.

- (3) Description of the water to be used by the Project and to the extent identified by the Director in consultation with the applicant, alternatives, including: the source, amount, the quality of such water; the applicant's right to use the water, including adjudicated decrees or determinations and any substitute water supply plans, and applications for decrees or determinations; proposed points of diversion and changes in the points of diversion; the existing uses of the water; adequate proof that adequate water resources have been or can and will be committed to and retained for the Project, and that applicant can and will supply the Project with water of adequate quality, quantity, and dependability; and approval by the respective Designated Ground Water Management District if applicable. If an augmentation or replacement plan for the Project has been decreed or determined or an application for such plan has been filed in the court or with the Ground Water Commission, the applicant must submit a copy of that plan or application.

The current available legal water supply for these projects per the County's 300-year requirement is 832.71 acre-feet or enough to supply approximately 2,357 SFE's. The additional water supplies from the Bar X, McCune, and Shamrock West Ranches total approximately 1,164.27 acre-feet per the 300-year requirement (without augmentation), or enough water for an additional 3,295 SFE's. Finally, FAWA has identified water rights underlying several other ranches in this general area of northern El Paso County, containing over 1,000 acre-feet of decreed water per the County's 300-year requirement, that are believed to be available for sale. FAWA's water transmission lines are being sized with the capacity to convey water from these two potential sources, resulting in water supplies for over 3,000 additional SFE's.

Not only is the need for additional water supplies apparent for these three projects, the Falcon area metropolitan districts have experienced challenges obtaining sufficient water for final plats within their respective boundaries and have expressed an interest in the FAWA project. The potential for increased water availability for these districts from FAWA is enhanced by the proposed connection to Meridian Service Metropolitan District's upper water zone by way of Rex Road (see Appendix A hereto) and Woodmen Hills Metropolitan District's proposed water storage tank to be located adjacent to FAWA's pipeline terminus on the upper portion of Sterling Ranch.

Another factor supporting the need for the FAWA project is the declining aquifer levels in the immediate Falcon area. An Arapaho formation well in the immediate Falcon area is expected to produce less than 60 gallons per minute. The same depth (and cost) well on the Bar X Ranch is expected to yield 200-300 gallons per minute. At a cost of \$1.25 million dollars per well, this difference in yields represents a significant potential savings to the Falcon area water customers.

There are few, if any, other sources of available groundwater located in El Paso County sufficient in quantities to meet the needs of the Falcon area water providers. The City of Colorado Springs could become a viable alternative if it changes its longstanding policies and

restrictions on providing water service outside its corporate boundaries. However, even in the event those policies are changed, the City is not expected to place the County customers on an equivalent standing with its existing City customers and be willing to provide the binding commitments and non-interruptible supplies to County subdivisions required by State and County subdivision regulations.

Finally, the City of Colorado Springs has recently revised its guidelines and policies applicable to the annexation of residential properties. Where this potential change in policy might lead is uncertain at this time. State law does not permit involuntary annexations except in situations where property has been surrounded by city limits for a period of three years. Unlike the Cimarron Hills area (Cherokee Metropolitan District), this situation does not apply to the service areas of any of the Falcon water providers and is unlikely to ever occur. After declining several times to annex Sterling Ranch prior to the Sterling Ranch Metropolitan Districts and developers spending significant funds designing, permitting, and building the first phases of Sterling's water and wastewater systems, the City recently considered changing its position and has requested that the Districts and major landowners submit an annexation petition. That petition was submitted but has now been withdrawn.

Furthermore, the FAWA project will provide an excellent opportunity for Aquifer Storage and Recovery ("ASR") or Managed Aquifer Recharge ("MAR") programs. Such storage programs, which require little land and result in low evaporative loss, are currently being utilized by the Centennial Metropolitan District in the southern Denver area and at least 1,200 other locations in the United States and around the world. The FAWA pipeline and well system will be capable of being utilized in wet years by the City of Colorado Springs and Falcon districts to recharge the Arapaho and Laramie Fox Hills Aquifers from renewable water sources, including the Arkansas River.

(4) Loss of Agricultural Productivity

- (a) Information on any agricultural water rights in the region converted to provide water for the Project, now or in the future.

No water is being transferred, converted or taken out of beneficial use that has been previously used for agricultural purposes.

- (b) Information on the amount of irrigated agricultural lands taken out of production, and a description of revegetation plans.

No irrigated agricultural lands will be taken out of production for the implementation of the proposed facilities.

- (c) Economic consequences of any loss of irrigated agriculture, including loss of tax base, in the region.

No irrigated agricultural lands will be taken out of production for the implementation of the proposed facilities.

- (d) Information as to loss of wildlife habitat, loss of topsoil, or noxious weed invasion, as a result of the transfer of water rights and subsequent dry-up of lands.

No water is being transferred, converted or taken out of beneficial use that has been previously used for agricultural purposes.

- (e) Information on impacts to agricultural head gates and water delivery systems.

There are no agricultural head gates or water delivery systems that will be impacted by the proposed project.