



SMWSA
SOUTH METRO WATER SUPPLY AUTHORITY

2010 ANNUAL REPORT

letter from our president

As South Metro Water Supply Authority moves forward into 2011, we also must look back at all of our accomplishments in 2010, both big and small.

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We started out 2010 the same way we always start a new year – with a focus to plan, develop and source renewable water for Douglas and Arapahoe Counties in Colorado. One of our members, Roxborough Water and Sanitation District was able to fulfill our plan by securing a permanent raw water supply through the City of Aurora. This contract allows Roxborough to now set the standard for sustainable water supplies for Douglas County. The 90-year contract includes an automatic 90-year renewal – a tremendous accomplishment for the Authority, Roxborough, the City of Aurora, Denver Water and the Douglas County Commissioners, all of whom were a part of the negotiations. This long-term agreement is good for the economy, the community and Roxborough residents.

We are able to provide valuable support and help secure deals like the Roxborough transaction because we have strength in numbers. We bring experience, resources and clout to the table. Our membership continued to grow in 2010 with the addition of our 14th and 15th members, Rangeview Metropolitan District and Dominion Water and Sanitation District.

Rangeview was formed in 1986 and its service area covers approximately 40 square miles of the Lowry Range, located in southeastern Arapahoe County. Its water supply comes from a diversified portfolio of surface water rights and ground water supplies used conjunctively to provide resistant water to its customers. By using its water supplies conjunctively, Rangeview captures and uses its surface water supplies during wet periods or seasonal storm events, with the ability to potentially store those water supplies to use throughout the year or during dry periods.

Created in 2009, Dominion Water and Sanitation District brings something unique to SMWSA. It is a wholesale water district formed to address the growing needs of Douglas County, Colorado.



Through a regional commitment and perspective, Dominion focuses on finding and developing reliable sources of renewable water to keep pace with the burgeoning population of the Chatfield Basin. Dominion promotes sustainable supplies, improved user conservation, and sound resource management as the keys to an integrated, innovative water strategy for the region.

We welcome both members and look forward to a long working relationship and many successes in the future.

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Another notable relationship we are thrilled about is the one between SMWSA, Denver Water and Aurora Water, better known as the WISE Partnership. This three-way collaboration provides several advantages for us including reduced reliance on groundwater, decreased need to purchase water rights and greater regional cohesion. WISE members also focus on using cooperative infrastructure and water sharing to promote conservation through reuse, fundamental objective for SMWSA.

The WISE Partnership recently made big strides with a significant agreement to create a regional water-supply project. After much dialogue, valuable engineering analysis and lengthy negotiations, the WISE members created a proposal that involves all WISE partners. The plan allows the WISE team to work together in 2011 to create a new method to water acquisition and delivery that supersedes past practices so that all parties benefit.

During a recent joint presentation, the Partnership divulged its accomplishments so far and discussed next steps for the project. West Slope representatives were present to address their views of WISE as it relates to the pending West Slope/Denver settlement agreement.



As always, water issues in Colorado are a challenge to solve, but with continued support and incredible members like the 15 water entities who make up SMWSA, we will continue to take those challenges head on and create new opportunities to secure the future of south-metro's water supply. We look forward to a prosperous and fruitful 2011.

Sincerely,

A handwritten signature in black ink that reads "Charlie Krogh". The signature is written in a cursive, flowing style.

CHARLIE KROGH
President

Although we are comprised of 15 separate water entities, we all have the same clear vision — to secure water rights, build infrastructure, and transport and store water for the present and future needs of our residents. Our size gives us clout and we use our bargaining power to close water-rights deals. We always welcome water entities that have the same goals as we do.

In 2010, we added our 14th and 15th members to the Authority, Rangeview Metropolitan District and Dominion Water and Sanitation.

Rangeview's service area includes approximately 40 square miles of land in unincorporated Arapahoe County known as the Lowry Range. Rangeview is a political subdivision, formed in 1986 to develop water resources, systems and facilities, and wastewater collection treatment facilities within its service area. Rangeview also provides water services to other approved areas in unincorporated Arapahoe County.

Rangeview's water holdings include annual supplies of more than 30,000 acre feet of Denver Basin groundwater, approximately 3,200 acre feet of renewable water in tributaries to the South Platte River, more than 25,000 acre feet of reservoir storage sites, and in conjunction with its service provider, approximately 60,000 acre feet of renewable water in the Arkansas River.

Dominion Water and Sanitation District, formed in 2009, is a wholesale water provider that finds and develops water sources for the Chatfield Basin population, including Sterling Ranch and other communities in the Basin.

Dominion supports sustainable supplies, improved user conservation, and sound resource management as the keys to an integrated, innovative water strategy for the region.



Water Rights Achievements

Colorado's climate is mostly dry and sunny. It is commonly known as a semi-arid state, making water and the right to tap into it a precious commodity. In Colorado, water rights play a significant role in securing enough water to sustain a community. Through partnerships or individual water-entity efforts, we work diligently to find, negotiate and close opportunities that ensure abundant resources are available for residents' long-term water needs. We achieved great success in 2010 and anticipate even more noteworthy water-rights opportunities in the coming years for future generations of Coloradoans.

WISE Partnership

A Blueprint for the Future of Colorado's Water

We continue to make progress with the WISE (Water Infrastruc-

ture Supply Efficiency) Partnership agreement with Aurora Water and Denver Water. The partnership is on the verge of an historic agreement to create a regional water-supply project. After months of discussion, engineering analysis and negotiation, the WISE partners have designed a blueprint that outlines how all the involved parties can work together.

The crafted timeline will allow the team to work together this year, to forge a new approach in water acquisition and delivery and fundamentally change past practices to benefit all parties.

Roxborough

90-Year Sustainable Water Supply for Douglas County

Roxborough Water and Sanitation District (RWSD), with smart negotiations and due diligence,

secured a permanent raw-water supply through the City of Aurora. The contract allows Roxborough the ability set the standard for sustainable water supplies for Douglas County. The water supply for its residents is set for an initial period of 90 years with automatic 90-year renewals.

The City of Aurora, Denver Water, Douglas County Commissioners, and SMWSA all collaborated for this agreement. Larry Moore, RWSD general manager was especially appreciative of the City of Aurora's Mayor Edward Tauer for developing a very financially fair agreement.

Roxborough and its residents came together to reduce overall water consumption and practice water efficiency, and their demonstration of social and environmental responsibility helped to solidify this contract.



Water Rights Achievements

CO-WYO Coalition

Feasibility Study of Possible Flaming Gorge Project Underway

March 25, 2010 was a big day for public water entities from Colorado and Wyoming representing more than 500,000 state residents from the Front Range and eastern Wyoming. The coalition kicked off a joint collaboration at the State Capital to study the feasibility of a major water-supply project that could benefit Front Range communities in both states. The study is the first step in a long process to examine the possibility of building a pipeline from the Flaming Gorge to the Front Range to bring water supplies to coalition members in both states.

The alliance is composed of public-sector water providers from Colorado's Front Range and eastern Wyoming.

Many of our members were present for the kick-off meeting, as were representative from Douglas County, Donala Water and Sanitation District in Colorado, and the City of Cheyenne, City of Torrington and Laramie County in Wyoming.

THE GOALS OF THE FEASIBILITY STUDY WILL:

- Identify the future water needs of each Coalition member
- Evaluate the water supply available from the Flaming Gorge Reservoir to meet member needs
- Identify water-supply infrastructure alternatives to deliver water consistent with the needs, including the requirement for carryover storage
- Develop the costs for the alternatives to assess the economic feasibility of such a project.

SMWSA Enters IGA to Form Colorado Water Authority



Together with Parker Water and Sanitation District, Donala Water and Sanitation District, and the Town of Castle Rock, Colorado, we entered into an IGA in 2010 to create the Colorado Water Authority. The new Authority will contract with a similar water entity currently in development in Wyoming, a Joint Powers Board, that will create a bi-state entity and partnership to potentially contract with the Bureau of Reclamation for lease and ultimate delivery of Colorado River water currently being captured and stored in the Flaming Gorge Reservoir.

The Colorado entities participating in the IGA would be entitled to lease and receive water that is allocated to Colorado's allocation of the Colorado River Water. Wyoming entities would seek lease and delivery of a portion of Wyoming's allocation.

Chambers Line

Right of Way Purchase and Engineering Design

SMWSA continued to move forward with the Chambers Pipeline from ECCV's Western Line to Rueter Hess Reservoir in 2010. We were able to identify the necessary Right of Way (RoW) and solve conflict issues with other utilities proposed to go into Chambers Road.

We also met with the E-470 Authority to secure a crossing. Our plans for 2011 are to purchase the RoW from the E-470 Authority for approximately \$70,000 and to begin the engineering design. For the engineering design, SMWSA has budgeted \$550,000 with the balance of the engineering to be complete in 2012. We also intend to complete acquisition of the RoW. A formal process with Douglas County will be initiated.

Joint Water Purification Project Wins Engineering Excellence Award

The Joint Water Purification Project (JWPP) for the Arapahoe County Water and Wastewater Authority (ACWWA) and Cottonwood Water and Sanitation District (CWSD) recently won an Engineering Excellence Award presented by American Council of Engineering Companies (ACEC) of Colorado and now has the opportunity to compete at the national level in Washington, D.C.

Richard P. Arber Associates recently completed a seven-year development of the JWPP. Central to the project is an advanced water-treatment facility to provide a sustainable water supply for the two water providers, ACWWA and CWSD. The two agencies developed this cooperative project to meet their customers' increasing potable water demands. The 12-million gallon-per-day facility will ultimately serve 12,000 residential and 30,000 commercial customers.

The JWPP launched a new era in our water-supply strategy. They no longer receive complaints about poor water quality, but instead hear compliments from customers about receiving bottled-water quality from the tap.

The new treatment facility uses reverse osmosis and advanced oxidation with UV light to produce potable water. This combination of advanced treatment processes provides multiple treatment barriers for contaminants, thereby providing one of the safest potable water supplies in Colorado.

Construction of the project began in February of 2008 with the selection of Weaver General Construction Company, Inc. as the general contractor. Working closely with suppliers and subcontractors, Weaver completed construction of the facility in July of 2010.



Water Infrastructure Achievements



Additional Dollars Awarded for ASR Pilot Study

At the September 2010 meeting of the Colorado Water Conservation Board (CWCB), SMWSA was awarded an additional \$125,000 from the State of Colorado's Water Supply Reserve Account (WSRA) for its Aquifer Recharge Pilot Study. In January 2010, South Metro applied for a total of \$550,000 for the ASR Pilot Study and was granted a total of \$425,000. The additional funding will allow SMWSA to fully implement its original pilot study.

During the first phase of the study, well-pumping data from SMWSA's members was used to form a greater understanding of the Denver basin aquifers. Based on the results of the study, two wells will be identified for retrofitting to ASR.

Rueter Hess Reservoir On Track for Late Fall 2011

Parker Water and Sanitation District (PWSD) is near completion of the approximately 30-year-old Rueter Hess Reservoir project, located southeast of metro Denver in the Parker area.

Originally permitted in 2004, PWSD received \$104 million in funding to build the 16,400-acre-foot reservoir. Shortly after starting construction, PWSD enlarged the reservoir to 72,000-acre-feet to accommodate the needs of Castle Rock, Castle Pines North and Stonegate Metropolitan District. The additional cost of the expansion is being paid for by the three additional communities and not by PWSD customers. On track or even a little ahead of schedule, Rueter Hess is estimated to be completed late Fall 2011. Close to 15-million yards of earth were moved for the reservoir to come to fruition.

Every drop of the water PWSD stores has to be pumped in, so the district will begin that process in 2012. PWSD will realize the benefit of having an additional approximate 45,000 surplus acre feet of storage, which can be used for sale to other water suppliers or as carry-over storage of floodwater for future use.



Water Storage Achievements



Chatfield Reallocation Study In Public Comment Period

The Chatfield Reallocation Project continues to move forward, with the draft Feasibility Report and Environment Impact Study anticipated to be released to the public soon. Proponents of the project are planning a public-outreach effort to gather support for the reallocation.

Downstream and upstream water providers are interested in the additional storage space in Chatfield, if approved. The proposed action would increase the storage space by 20,600 acre feet. The project's estimate could be about \$128 million, or \$6,000 per acre foot.

IF THE REALLOCATION IS APPROVED, The Benefits Include:

- 8,500-acre feet of new water supplies for municipal and agricultural users
- Reduced dependency on non-renewable groundwater
- Environmental benefits
- Facilitates the reuse of water
- Uses an existing reservoir

*To learn more about the Chatfield project, please visit
www.ChatfieldStudy.org*

Water Conservation Achievements

Town of Castle Rock Works Toward 40-Percent Renewable Water

In 2010, The Town of Castle Rock wanted to establish a renewable, sustainable water supply that met 75 percent of the annual demand when built out. With this objective in mind, Castle Rock began preliminary designs for its Renewable Water Project. The long-term goal is to capture its available water rights locally (tributary surface water, reusable effluent and lawn irrigation flows) from East and West Plum Creek.

At the heart of this project is the proposed Plum Creek Water Purification Facility (WPF). This new surface-water treatment plant will provide advanced treatment utilizing a low-pressure membrane system to meet current and future regulatory requirements and the Town's water quality goals. Initially, the WPF

will be equipped to treat four-million gallons per day. As Castle Rock grows and available reusable return flows increase, the WPF may be expanded up to 10-million gallons per day.

The source water for the WPF will likely be from alluvial well fields located along East Plum Creek from the south end of town, all the way north to just downstream of the Plum Creek Wastewater Authority's wastewater treatment plant discharge. The water will then be pumped to the WPF for treatment and distribution. The Renewable Water Project is slated to be online ahead of the irrigation season in 2013 and will take Castle Rock's water supply from 100-percent non-renewable to 60-percent nonrenewable and 40-percent renewable with the flip of a switch.





DCWRA's Pilot Sprinkler Retrofit Program a Success

In July 2010, the Douglas County Water Resource Authority (DCWRA) embarked on a pilot study to retrofit sprinkler heads with water saving devices. The pilot program brought a new partnership between DCWRA, Arapahoe/Douglas Works, and the Douglas County School District. The pilot program hired three students from Douglas County to work under two supervisors to educate homeowners and retrofit their sprinkler system for greater water efficiency. The sprinkler heads chosen are anticipated to be 30 percent more efficient than the standard.

In August 2010, the three students returned to school after completing work retrofitting the sprinkler systems of over 40 yards in Douglas County. At the September 2010 meeting of the Colorado Water Conservation Board (CWCB), DCWRA was awarded a \$250,000 grant to retrofit 1,000 yards with the water-saving sprinkler heads in 2011.

SMWSA Board of Directors

Visit SMWSA Member Web Sites

Arapahoe County Water & Wastewater Authority
www.arapahoewater.org

Castle Pines Metropolitan District
www.castlepinesmetro.com

Castle Pines North Metropolitan District
www.cpnmd.org

Centennial Water & Sanitation District
www.highlandsranch.org/06_wsan/06_wsan_home.html

Cottonwood Water and Sanitation District
www.cottonwoodwater.org

Dominion Water and Sanitation District
www.dominionwsd.com

East Cherry Creek Valley Water & Sanitation District
www.eccv.org

Inverness Water & Sanitation District
www.invernesswater.org

Meridian Metropolitan District
www.dtcmeridian.com

Parker Water & Sanitation District
www.pwsd.org

Pinery Water & Wastewater District
www.pinerywater.com

Rangeview Metropolitan District
www.rangeviewmetro.org

Roxborough Water and Sanitation District
www.roxwater.org

Stonegate Village Metropolitan District
www.svmd.org

Town of Castle Rock
www.crgov.com



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