

May 19, 2016

Kevin Reidy Colorado Water Conservation Board 1313 Sherman St, Room 721 Denver, CO 80203

Dear Kevin:

The St. Charles Mesa Water District (SCMWD) is seeking funding from the Colorado Water Conservation Board (CWCB) Water Efficiency Grant Program to annex the Zinno Subdivision into the SCMWD service area and install a new distribution system, service lines and meters. All of the CWCB Water Efficiency grant monies shall be utilized to purchase new water meters for the subdivision.

The proposed project focuses on performing two tasks:

- 1. Planning for the integration of the Zinno Subdivision into the St. Charles Mesa Water District.
- 2. Construction Project to install water infrastructure to enable the Zinno Subdivision to receive potable water from St. Charles Mesa Water District.

A detailed scope of work and budget are provided in the application.

SCMWD is requesting \$49,950 in CWCB Water Efficiency grant funding. To support this project SCMWD is requesting grant funding in the amount of \$569,293 from the Department of Local Affairs and \$25,000 from a CWCB WSRA grant. In addition, Pueblo County has committed to providing \$200,000 in road construction for the project. SCMWD has agreed to pursue a loan from the Colorado Water Resources and Power Development Authority for the amount of \$294,343 to assist with financing this important project. The total cost of the proposed project is \$1,138,587.

I would like to thank CWCB for this opportunity and please contact me with any questions.

Sincerely, Danie K. Simpson

David K. Simpson District Manager

ST. CHARLES MESA WATER DISTRICT WATER CONSERVATION IMPLEMENTATION & PUBLIC EDUCATION AND OUTREACH GRANT APPLICATION

May 19, 2016

ST. CHARLES MESA WATER DISTRICT WATER CONSERVATION IMPLEMENTATION & PUBLIC EDUCATION AND OUTREACH GRANT APPLICATION

Purpose:

The scope of work for this project is to annex the Zinno Subdivision into the St. Charles Mesa Water District (SCMWD) service area and install a new distribution system, service lines, and meters.

The Joseph Water Corporation was created in 1963 to serve the residents of the Zinno Subdivision. The subdivision comprises all of the service area of Joseph Corporation. There are presently 97 active water taps within the subdivision. The sole source of water for the subdivision is a shallow 43 feet deep well. In past years, power outages, pump failures and main breaks have caused numerous interruptions in service. The most serious have caused disruptions in service of up to two weeks. The interruptions in service are mostly due to poorly maintained infrastructure that has been neglected for many years. In addition, the residents have complained about the poor water quality coming from their tap. The water has a foul taste and is considered by most to be undrinkable. Due to the precarious nature of the Joseph Corporation water service, the residents of the Zinno Subdivision are actively seeking a remedy, which would provide them with continuous, quality, potable water service and stable water rates. SCMWD is willing to assist this effort by providing a reliable and potable water supply by including them in their District boundaries and constructing new infrastructure in order to deliver a secure water supply to the water users in the subdivision.

Several health and safety risks associated with the current water system will be eliminated with this project. Residents will receive a long-term, safe, and reliable water supply. New fire hydrants will be installed to reduce the chances of a catastrophic fire event. The new water system infrastructure will reduce the need of tearing up roadways to repair leaks. Old dilapidated roadways will be totally resurfaced. New copper service lines and accurate radio-read meters will be used to correctly measure the amount of water homeowners are using and being charged for. The water that is currently being wasted by leaking water mains and pipes will no longer be wasted due to a new delivery system being constructed.

SCMWD has agreed to pursue grant and loan funding for the construction of the subdivision's new water infrastructure. SCMWD is pursuing funding in the amount of \$569.293 from a Department of Local Affairs grant and also are requesting a \$25,000 grant from the Arkansas Basin Roundtable CWCB Water Supply Reserve Account. Pueblo County has committed to covering the \$200,000 cost of the demolition of existing streets and the reconstruction of those same roadways. SCMWD will also request a loan from the Colorado Water Resources and Power Development Association in the amount of \$294,343. This document serves as the CWCB Water

Efficiency Grant Program application for \$49,950 to assist with defraying the cost of the new radio-read water meter materials and installation costs. The entire project has a budget of \$1,138,586.

Due to the precarious and turbulent relationship between the Zinno Subdivision water users and the Joseph Water Corporation we are unable to access any information or data on the subdivision's water useage from Joseph Water. Thus, the historical data that is presented in this application is from SCMWD. Any future projected data includes the 100 taps within the Zinno Subdivision.

1. Name and contact information for the entity seeking the grant:

Contact: David Simpson, District Manager St. Charles Mesa Water District 1397 Aspen Rd. Pueblo, CO. 81006 719-542-4380 David.Simpson@scmwd-pueblo.org

2. Project Team Members:

This application shall be for the replacement of approximately 100 existing manually read water use meters, and replace them with new, electronic, radio read meters. St. Charles Mesa Water District will hire a skilled, reliable contractor to purchase the meters and materials and to perform the installations. The key staff members that will oversee or supervise this project follows:

David K. Simpson, District Manager – Mr. Simpson shall act as the Project Manager, and shall coordinate all transactions between the Water District and the Colorado Water Conservation Board (CWCB).

Don Williams, Distribution System Manager – Mr. Williams has worked for the District for over 43 years, holds a Class A Treatment Plant Operator's License and Class 4 Water Distribution System License. He will oversee all field installations and shall perform the GPS locates after the installations are complete.

Susan Long, Office Manager – Mrs. Long has worked for the District for 20 years and performs numerous duties related to billing, accounting, and information systems. She shall perform the data entry for the GPS locations of the new meters.

Ken Young, Principal Engineer for Young Technology Group – Mr. Young shall prepare the 50% and 75% completion reports, as well as the final report.

3. a. The identification of retail water delivery by the covered entity for each of the past five years (in acre-feet) and additional information characterizing past water use by sector (eg., residential, commercial, industrial, irrigation) and source (e.g., surface water, groundwater, etc.).

Table 3-1. SCMWD Retail Water Deliveries

	Production (AF)	Residential (AF)	Commerical (AF)	Institutional (AF)	Total Water Sold (AF)	Annual Loss (AF)	% Non-Revenue
2011	2,290	1,744	166	123	2,033	257	11%
2012	2,395	1,862	164	119	2,145	250	10%
2013	2,129	1,597	164	115	1,876	253	12%
2014	2,294	1,570	252	194	2,016	278	12%
2015	2,205	1,553	250	104	1,907	298	13%

Table 3-2. SCMWD Water Sources

Water Source	Raw V	Vater Dive	rted, by Ye	ar, In Acre-	Feet
	2011	2012	2013	2014	2 015
Bessemer Ditch	604	902	742	543	654
Cottonwood Creek	720	542	589	662	675
Zoeller Creek	530	487	493	494	408
Velazquez Creek	196	210	198	227	73
Well #1	143	122	50	69	123
Well #6	65	69	42	61	92
Well #8	11	21	5	10	12
Well #10	22	41	11	20	30
Project Water (Pueblo Reservoir)	0	0	0	209	137
Totals	22 9 0	2395	2129	2294	2205
	Retail V	Vater Deliv	eries, by Y	ear, In Acre	:-Feet
	2011	2012	2013	2014	2015
Totals	2033	2145	1876	2016	1907
Annual "Non-Revenue" Water Lost in Acre-Feet	257	2 50	253	278	298
Annual "Non-Revenue" Water Lost in Percent (%)	11%	10%	12%	12%	13%

3.b. Background characterizing the local water system, potential growth, and any other pertinent issues. This project will include annexing the Zinno Subdivision into the SCMWD service area and installing a new distribution system, service lines and meters. For a number of years, the Zinno Subdivision has experience power outages, pump failures and main breaks that have caused numerous interruptions in their water service. The interruptions in service are mostly due to poorly maintained infrastructure that has been neglected for many years by the current water provider, Joseph Water Corporation. In addition, the residents have complained about the poor water quality coming from their tap. The water has a foul taste and is considered by most to be undrinkable.

This project is the most sustainable for the residents of the Zinno Subdivision, as it would provide a new distribution system with an expected service life of 50-70 years. This project would eliminate guesswork by the subdivision as to securing a safe potable water supply, and will eliminate frequent service disruptions. This project will also partially fund the purchase of a new TR-840 filter which will be installed at the water treatment plant in the near future.

3.b.i. Current and past per capita water use for the last five years and the basis for this calculation. This calculation is based on annual population census performed by the Pueblo County GIS department and amount of total water that was sold.

Table 3-3. Per Capita Water Use

	Pueblo County GIS/Census									
	Total Water Sold	Population	Per Capita (GPCD)							
2011	2033	9552	0.21							
2012	2145	9553	0.22							
2013	1876	9566	0.20							
2014	2016	9557	0.21							
2015	1907	9560	0.20							

3.b.ii. Population for the past five years, current year and 10 year population projection served by the entity and the source of this information. This calculation is based on annual population census performed by the Pueblo County GIS department and their projection of 2% growth in 10 years.

Table 3-4 SCMWD Service Area Population past five years, current year and 10 year projection.

SCMWD	Population
2011	9,552
2012	9,553
2013	9,566
2014	9,557
2015	9,560
2016	9,556
2026	9,747

- 3.b.iii. Estimated water savings goals to be achieved through implementation of the Plan in acre-feet and as a percentage. Table 3-5 illustrates the estimated savings with conservation in acre-feet and in percentages through 2022.
- 3.b.iv. Estimates of water savings realized in the past 5 years through water conservation efforts implemented by the applicant. Table 3-5 illustrates the estimated savings with conservation in acre-feet and in percentages in the past 5 years.

Table 3-5 Residential and Commercial estimated water savings goals

					RESIG	DENTIAL			
Year	Growth	Residential	New	Residential	Replaced	Replaced	Non-Revenue	Projected	Projected
	Rate	Taps	Meters	Usage	Meters	Meters	Water Lost	Water Savings	Water Savings
	%		Ħ	Acre-Feet	訪	%	Without Conservation	With Conservation	With Conservation
							Acre-Feet	Acre-Feet	%
5011	0.00%	3,883		1,744	675	17.4%	191.8	30.3	15.89
2012	-0.10%	3,879	-14	1,852	1,065	27.5%	186.2	51.1	27.59
2013	0.23%	3,888	9	1,597	1, 327	34.1%	191.6	54.5	28.49
2014	0.25%	3,927	10	1,570	1,717	43.7%	188.4	68.6	36.49
2015	0.30%	3,966	12	1,553	2,107	53.1%	201.9	82.5	40.9%
2016	0.37%	4,006	15	1,559	2,497	62.3%	187.1	97.2	51.99
2017	2.53%	4, 146	105	1,598	2,987	72.0%	191.8	115.2	60.09
2018	0.96%	4,186	40	1,614	3,377	80.7%	193.6	130.2	67.2%
2019	0.97%	4,227	41	1,629	3,767	89.1%	195.5	145.2	74.39
2020	0.96%	4,268	41	1,645	4, 1.57	97.4%	197.4	160.2	81.29
2021	0.97%	4,310	42	1,661	4,310	100.0%	199.3	166.1	83.3%
2022	0.97%	4,352	42	1,677	4,352	100.0%	201.2	167.7	83.39

					COM	MERCIAL		,	
Year	Growth	Commercial	New	Commercial	# Replaced	% Replaced	Non-Revenue	Projected	Projected
	Rate	Taps	Meters	Usage	Meters	Meters	Water Lost	Water Savings	Water Savings
	%		S	Acre-Feet		%	(Without	(With	(With
							Conservation)	Conservation)	Conservation)
							Acre-Feet	Acre-Feet	%
2011	0%	189	6	166	10	5.3%	18.2	8.8	48.1%
2012	0%	189	0	164	20	10.6%	16.4	1.7	10.6%
2013	1%	190	2	164	34	17.9%	16.4	2.9	17.9%
2014	6%	202	12	252	34	16.8%	25.2	4.2	16.8%
2015	1%	<u>20</u> 4	5	250	44	21.6%	25.0	5,4	21.6%
2016	1%	306	2	252	59	33.5%	25.2	8.5	33.5%
2017	1%	208	2	255	94	45.2%	25.5	11.5	45.2%
2018	1%	510	2	257	119	56.7%	25.7	14.5	56.7%
2019	1%	212	2	260	144	67.9%	26.0	17.6	67.9%
2020	196	214	2	262	169	79.0%	26.2	13.3	50.9%
2021	1%	216	2	265	194	89.8%	26.5	17.4	65.9%
2022	1%	218	2	257	218	100.0%	26.7	21.8	81.7%

3.b.v. Adequacy, stability, and reliability of the entity's water system. The St. Charles Mesa Water District has an annual average use of 2,262 acre-feet of raw water, and an annual average retail use of 1,995 acre feet of potable water. Currently, the District has total raw water availability of 7,122 acre-feet, as indicated in Table 3-6.

Table 3-6 SCMWD Available Raw Water Sources

Water Source	Raw Water Availability
	acre-feet
Arkansas River & Bessemer Ditch	2,568
Cottonwood Creek	949
Zoeller Creek	620
Velazquez Creek	340
Well #1	215
Well #6	215
Well #8	107.5
Well #10	107.5
Project Water (Pueblo Reservoir - Drought Reserve)	2,000
Totals	7.122

The District's present treatment capacity is 6 Million Gallons per Day (MGD). The existing main treatment plant also has space for one more filter bay, which would boost treatment capacity to 8 MGD. This project will also partially fund the purchase of a new TR-840 filter which will be installed at the water treatment plant in the near future. The potable water storage capacity from the existing storage tanks was 4.7 million gallons. SCMWD recently added to an existing storage tank site at 25th Lane and LaSalle Road an additional 2.5 million gallon storage tank in 2014, bringing the total storage capacity to 7.2 million gallons.

3.c. Indicate how the Grant Program monies will be used to address the entity's stated water savings goal. All of the grant monies shall be utilized to purchase new water meters. Table 3-7 is a cost estimate for the replacement of 100 existing residential meters in the Zinno Subdivision. The material and labor unit costs are based the Preliminary Engineering Report (Attachment 1) cost estimate and are based on unit pricing to be purchased and installed by a skilled contractor.

Table 3-7 Cost Estimate for Replacement of 100 Residential Meters

Meter Replacement Costs for the Purchase and Install	ation of 100 Re	sidential R	adio-Read	Water N	Neters
Description - Unit Costs for water meter purchase and installa	tion per				
Engineer's Estimate	U	nit Cost	Units		Total Cost
Badger 8R 25 Radio Read Meter w/Orion Data Profile		\$1,200.00	100	EA.	\$120,000.00
Saddle and Corp. Stop		\$700.00	100	EA.	\$70,000.00
3/4" Type K Copper Pipe and fittings	\$	5.00	2,700	L.F.	\$13,500.00
Total Cost					\$203,500.00

3.d. Indicate how the activities will be monitored to estimate actual water savings during Project implementation. The purpose of replacing the meters in the Zinno Subdivision is to reduce non-revenue water, which is most likely due to inaccurate meter readings due to very old meters. This project will enable SCMWD to effectively track potential savings from other conservation measures and programs which are outlined in the Water Conservation Plan. The Zinno Subdivision customers who receive the new meters will receive written notification regarding the timing of the meter replacement. The notification will offer each customer the option of receiving a Water Meter Monitor, with the new meter installation. The monitors are available from SCMWD for a refundable \$80 deposit. This device is approximately the same size as a television remote control, and allows the customer to track their own water usage.

In addition to the Water Meter Monitor, the Zinno Subdivision customers who receive new meters shall be encouraged to participate in any or all of the Demand Side Programs and Measures listed in SCMWD's Water Conservation Plan, so that the District can keep an accurate accounting of potential water savings.

The impact of the meter replacement will be monitored monthly, during the District's normal monthly billing cycle. The intended outcome to the District should match the anticipated decrease in non-revenue water which are outlined in Table 3-5. The sum of all customers' use, which shall be measured by the individual water meters, is subtracted from the reading of the main meter at the main treatment plant. This method will give a monthly tally of the non-revenue water, which is expected to show a steady decrease, as SCMWD's meter replacement program progresses. In addition, the annual report shall indicate the annual non-revenue water volume. After the first year of collecting data from the use of the new meters, the District shall track the monthly use of the individual Zinno Subdivision customers who received the new meters, and compare the total use and billing to the previous year's use and billing, for each month. This will provide individual customer use tracking as well as total non-revenue water.

- 4. For public and private entities Not applicable to this project
- 5. For entities, a description of the Project's scope of work shall be included. The scope of work shall state the purpose and primary features of the project, end products to be delivered, clear timelines, and provide a detailed narrative of all tasks to be performed for completion of plan. Timelines must include 50% and 75% progress reports and final report submission. Each task within the scope of work must:
 - Be numbered.
 - Contain a detailed description of work to be performed. Identify those responsible for performing the task.
 - Identify funding sources, such as; grant monies, entity funds, in-kind services, and cash contributions, necessary to complete the task.

Project Scope of Work

Project Overview:

The scope of work for this project is to annex the Zinno Subdivision into the St. Charles Mesa Water District (SCMWD) service area and install a new distribution system, service lines and meters. The Zinno Subdivision is located in eastern Pueblo County on the St. Charles Mesa. Attachment 2 contains a map of the subdivision and a map of the SCMWD service area. The Subdivision is bordered by 20th Lane on the west, Hillside Road to the north, 21st Lane on the east and Iris Road to the south. This project will also partially fund the purchase of a new TR-840 filter which will be installed at the water treatment plant in the near future.

The Joseph Water Corporation was created in 1963 to serve the residents of the Zinno Subdivision. The subdivision comprises all of the service area of Joseph Corporation. There are presently 97 active water taps within the subdivision. The sole source of water for the subdivision is a shallow 43 feet deep well. In past years, power outages, pump failures and main breaks have caused numerous interruptions in service. The most serious have caused disruptions in service of up to two weeks. The interruptions in service are mostly due to poorly maintained infrastructure that has been neglected for many years. In addition, the residents have complained about the poor water quality coming from their tap. The water has a foul taste and is considered by most to be undrinkable. Due to the precarious nature of the Joseph Corporation water service, the residents of the Zinno Subdivision are actively seeking a remedy, which would provide them with continuous, quality, potable water service and stable use rates. SCMWD is willing to assist the subdivision with procuring a reliable and potable water supply by including them in their District boundaries and constructing new infrastructure in order to deliver a secure water supply to the water users in the subdivision.

The consequences of not being able to receive water from SCMVD would be the residents of the Zinno Subdivision would continue to rely on the water service provided by the Joseph Water. The result could entail severe restrictions, variable and frequent increases in water rates due to the need to procure funds for maintenance, and the potential for extended periods of interrupted water service due to infrastructure breakdowns and lack of capital for controlled maintenance activities. In addition, their water supply would continue to be unreliable, of poor quality, and their property values would continue to decline.

By receiving potable water from the SCMWD it would eliminate the health and safety risks associated with the current water system. Residents will receive a long-term, safe, and reliable water supply. New fire hydrants will be installed to reduce the chances of a catastrophic fire event. The new water system infrastructure will reduce the need of tearing up roadways to repair leaks. Old dilapidated roadways will be totally resurfaced. New copper service lines and accurate radio-read meters will be used to correctly measure the amount of water homeowners are using and being charged for. The water that is currently being wasted by leaking water mains and pipes will no longer be wasted due to a new delivery system being constructed.

The residents of the Zinno Subdivision created a local Water Users Association in 2009 and have actively been looking for ways to secure a dependable water supply since that time. They do not have the financial ability to pay for the entire project themselves. In the fall of 2015 representatives of the Association approached the Lower Arkansas Valley Water Conservancy District (LAVWCD) for assistance. The LAVWCD has provided funding to the Water Users Association to cover legal costs, to explore various sources of funding, to open a dialogue with SCMWD, and to manage the project. The LAVWCD has been instrumental in providing necessary resources to the Association to move this project forward. Without this valuable support the Association would most likely continue to struggle to find a solution, as it has for the past several years. The financial support the Zinno Water Users Association has received from the LAVWCD has moved this project forward.

The Association's mission is to provide the subdivision with a reliable potable water supply if it could be accomplished for prices comparable to what they are currently being charged by Joseph Water Corporation. At a Water Users Association meeting held on February 11, 2016 the membership overwhelmingly directed the Board to explore a relationship with SCMWD. This relationship has resulted in SCMWD agreeing to pursue grant and loan funding for the construction of the subdivision's new water infrastructure. On March 15, 2016 the Zinno Water Users Association signed a Memorandum of Understanding (MOU) with St. Charles Mesa Water District. The MOU is included as Attachment 3. The MOU defines the agreement between the two parties with respect to the financing and construction of a new water system infrastructure for the subdivision. SCMWD has studied how the cost of the project could be paid. The Zinno Subdivision customers would be assessed additional charges to cover the costs and to repay a Colorado Water Resource and Power Development Association (CWRPDA) loan. The new rate is estimated to be around \$60 a month. The water users of Joseph Water Corporation are currently paying \$100 a month for water service in addition to fees for the amount of water they use. This assessment will begin when construction is completed and the residents begin receiving SCMWD water. This special assessment will last approximately 10 years, until the loan is paid. At that point the customers in the Zinno Subdivision will be charged accordingly like other customers of SCMWD. When this project is completed the users water rates will be reduced significantly while enjoying the necessity of having a reliable potable water supply.

The Zinno Water Users Association has agreed to commence a Declaratory Judgment Action seeking a court determination that by providing water to members of the subdivision that desire water service from SCMWD it does not constitute a condemnation of the property of Joseph Water Corporation by SCMWD and does not constitute unlawful interference with any of Joseph Corporation's economic interests by SCMWD. On March 24, 2016, the Zinno Water Association began circulating forms among its membership seeking annexation into the SCMWD service area boundaries, understanding that even if a parcel of property is annexed into SCMWD there is no requirement that the member obtain water from SCMWD and each member is free to obtain potable drinking water from

whatever source the member desires. These initial steps are necessary for completing the process of including the Zinno subdivision into the SCMWD service area.

There are two tasks included in the proposed scope of work. The two tasks are:

- 1. Planning for the integration of the Zinno Subdivision into the St. Charles Mesa Water District.
- 2. Construction Project to install water infrastructure to enable the Zinno Subdivision to receive potable water from St. Charles Mesa Water District.

1. Planning for the integration of the Zinno Subdivision into the St. Charles Mesa Water District.

- A. Annexation the Zinno Subdivison into the St. Charles Mesa Water District (SCMWD) service area The proposed service area is required to be annexed into the SCMWD in order to receive service. This will be conducted by SCMWD in cooperation with the Zinno Water Users Association.
- B. Colorado Department of Public Health and Environment (CDPHE) Approval Submittal to the CDPHE is required, including the Preliminary Engineering Report (Attachment 1), and all construction documents and specifications. SCMWD will submit the necessary documents to CHPHE for approval.
- C. Geotechnical Testing The final design of the proposed pavement section shall be based on the bearing capacity of the underlying soil, as determined by the geotechnical testing and Pueblo County requirements. SCMWD will be responsible for contracting for the geotechnical testing and for working with Pueblo County's regulations.
- D. Surveying A detailed Utility, Right-of-Way and Topographic Survey of the Existing Street shall be required. SCMWD will contract to have the surveys completed.
- E. Construction Plans Detailed plans shall be required for the construction of the proposed potable water distribution system, and the proposed street reconstruction. SCMWD will be responsible for developing the construction of the new water distribution system. Pueblo County will provide the street construction plans and perform the work of reconstructing the streets.
- F. Contract Documents Additionally, detailed contract documents and technical specifications shall be required. SCMWD will have the responsibility of securing all detailed contracts and specifications.

2. Construction Project to install water infrastructure to enable the Zinno Subdivision to receive potable water from St. Charles Mesa Water District.

- A. SCMWD will contract with reputable and experienced construction surveying and traffic control contractors to successfully complete this task.
- B. Pueblo County Road and Bridges Department will perform the demolition of existing streets. This may include roto-milling of existing roadway material for incorporation as base course for the proposed roadway.
- C. SCMWD will contract with reliable and skilled contractors for the installation of the proposed potable water system. This includes approximately 600 lineal

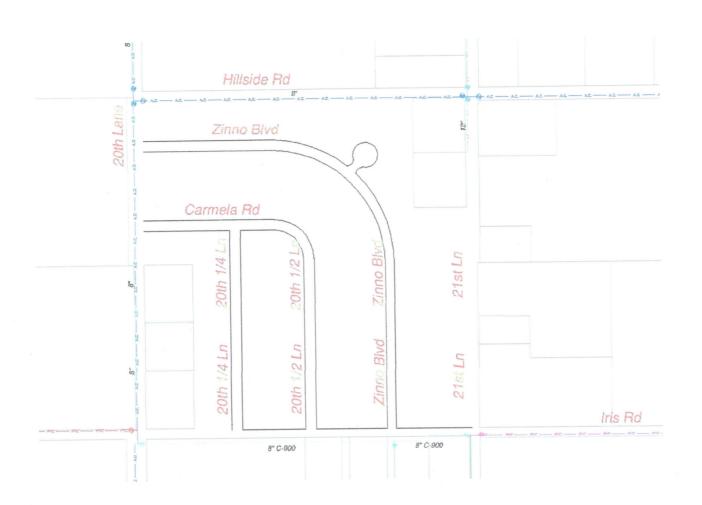
- feet of 12-inch diameter pipe, C900 PVC Water Main, 4,278 lineal feet of 6-inch diameter pipe, C900 PVC Water main, 4 Proposed Fire Hydrant Assemblies and various appurtenant valves and fittings.
- D. SCMWD will contract with reliable and skilled contractors for the installation of proposed individual user taps and water meters. This includes the installation of approximately 2,700 lineal feet of ¾-inch diameter type K Copper pipe, 100 Tap Saddle Assemblies, and 100 Badger BC 25 Radio-Read meters.
- E. Pueblo County Road and Bridges crews will reconstruct the roadways.
- 6. A detailed project budget, broken down by tasks, identifying all costs associated with the project, including but not limited to labor hours and costs (in-kind and cash), and other direct costs such as: travel, per diem, copies, rental of meeting space, materials, resources, etc. A detailed project budget and project schedule is included in Attachment 4.

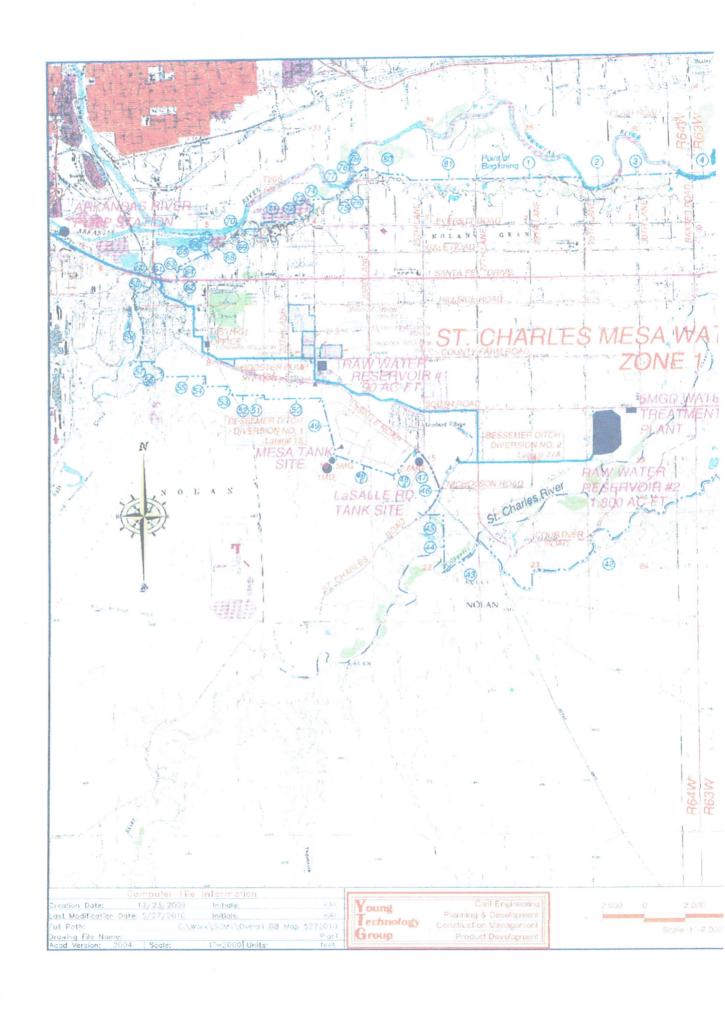
ATTACHMENT 2

Map of Zinno Subdivision

Map of
St. Charles Mesa Water District
Service Area

Map of Zinno Subdivision





ATTACHMENT 3

Memorandum of Understanding
St. Charles Mesa Water District
And
Zinno Water Users Association

MEMORANDUM OF UNDERSTANDING BETWEEN ZINNO WATER USERS' ASSOCIATION AND ST. CHARLES MESA WATER DISTRICT

This agreement is entered into on the 15^{4h} day of March, 2016 between Zinno Water Users' Association (ZWUA) and St. Charles Mesa Water District (SCMWD), hereinafter the Parties. It is entered into for the purpose of setting forth the agreement of the Parties with respect to the financing and construction of infrastructure and the provision of potable water to the members of ZWUA who desire such water from SCMWD.

WHEREAS, ZWUA was organized as a Colorado non-profit corporation on September 28, 2009 for the purpose of obtaining an acceptable source of potable water for its members and providing a safe and reliable distribution system to the homes of its members; and,

WHEREAS, the members of ZWUA are owners of property located in Zinno's Subdivision, First Filing, County of Pueblo, State of Colorado; and,

WHEREAS, members of ZWUA have been purchasing water from Joseph Corporation, a private water provider which has had difficulty providing high quality water on a consistent basis; and,

WHEREAS, Joseph Corporation has not been able to upgrade its water treatment and delivery system and has announced large price increases for members of ZWUA over the next two years; and,

WHEREAS, at a membership meeting of ZWUA held on February 11, 2016 the membership of ZWUA overwhelmingly directed the Board of Directors to explore a relationship whereby SCMWD would provide water to members of ZWUA who desired to purchase water from SCMWD and the membership overwhelmingly expressed a desire to purchase water from SCMWD if the same could be accomplished for prices comparable to what is currently being charged to members of ZWUA; and,

WHEREAS, SCMWD is willing to provide water to ZWUA pursuant to the rules and regulations of SCMWD which includes, but is not limited to the payment of a water supply fee and a water tap fee; and,

WHEREAS, the individual members of ZWUA do not have the resources to pay SCMWD a water supply fee and a tap fee but have retained the services of consultants to explore sources of funding including grants and loans that may be available to fund the water supply fee and the tap fee to cover infrastructure construction costs; and,

WHEREAS, ZWUA has prepared or will prepare applications for grants and loans to fund the water supply fee and the tap fees of SCMWD; and,

WHEREAS, the parties desire to set forth the terms and conditions under which SCMWD will agree to become the recipient of grants and loans for the benefit of ZWUA.

NOW THEREFORE, IN CONSIDERATION OF THE PROMISES AND COVENANTS CONTAINED HEREIN THE PARTIES AGREE AS FOLLOWS:

- I. ZWUA will prepare, and SCMWD will sign applications for grants and loans to various funding sources, including, but not limited to Pueblo County, Colorado Department of Local Affairs, Colorado Water Conservation Board, Colorado Water and Power Authority and the Colorado Department of Public Health and Environment. The funds secured from such grants and loans shall be used for the benefit of ZWUA including the payment of fees to SCMWD and treatment plant improvements necessitated by the additional customers represented by ZWUA.
- II. ZWUA will, not later than 30 days after the approval of this agreement by SCMWD commence a Declaratory Judgment Action pursuant to the provisions of C.R.C.P. 57 and C.R.S. §13-51-101, et. seq. seeking a determination that providing water to members of ZWUA who desire water service by SCMWD does not constitute a condemnation of the property of Joseph Corporation by SCMWD and does not constitute unlawful interference with any of Joseph Corporation's economic interests by SCMWD.

- III. The parties agree that any loans received by SCMWD for the benefit of ZWUA members will be repaid over time by adding surcharges to the water bill of ZWUA members and that SCMWD will collect those amounts and make the payments on the loans for the benefit of ZWUA members.
- IV. The parties agree that ZWUA will, not later than 30 days after the approval of this agreement by SCMWD begin the process of annexing the property of its members into SCMWD. It will begin circulating forms among its members seeking annexation. It is understood that even if a parcel of property is annexed into SCMWD there is no requirement that that member obtain water from SCMWD and each member is free to obtain potable drinking water from whatever source the member desires.
- V. SCMWD will determine the design of the system for delivery of water to ZWUA members who wish to obtain water from SCMWD. The plans and the request for proposal for construction of such a system currently require approval by CDPHE, if funds are supplied from the Colorado Department of Local Affairs, prior to the request for proposal being issued. Upon such approval being received SCMWD will issue the request for proposal and provided the bids received are within the funds available, as herein provided, proceed with the construction of the delivery system, subject to the other terms of this Agreement. The parties agree that SCMWD will provide new infrastructure from the main to the meter. If the existing service line from the meter to the house is not serviceable, it will be the responsibility of the ZWUA member to arrange for a new line from the meter to the house at the members expense.
- VI. The parties agree that this agreement may be terminated if:
 - A. Grants and loans are not obtained in sufficient amounts to pay the requisite fees to SCMWD and the fees cannot be financed in some other fashion.
 - **B.** The members of ZWUA determine that the repayment cost of the fees, when added to their bills, is not economically feasible.

C. ZWUA is unable to obtain a final decision in the Declaratory Judgment Action that is acceptable to SCMWD.

VII. Miscellaneous Provisions.

- 1.0 ADDITIONAL DOCUMENTS OR ACTION. The Parties agree to execute such additional documents or take additional actions as may be reasonably required to carry out this Agreement.
- 2.0 INTEGRATION AND AMENDMENT. This Agreement represents the entire agreement between the Parties with respect to the subject matter and there are no oral or collateral agreements or understandings with respect to the subject matter. This Agreement may be amended only by an instrument in writing signed by the Parties. If any provision of this Agreement is held invalid or unenforceable, no other provision hereof shall be affected by such holding, and all of the remaining provisions of this Agreement shall continue in full force and effect.
- 3.0 WAIVER OF BREACH. A waiver by any Party to this Agreement of the breach of any term or provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by any Party.
- 4.0 GOVERNING LAW; VENUE. This Agreement shall be governed by the laws of the State of Colorado, and venue shall be in the District Court in Pueblo County, Colorado.
- 5.0 BINDING EFFECT. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors, heirs, and assigns, provided that nothing in this paragraph shall be construed to permit the assignment of this Agreement except as otherwise expressly authorized herein.
- 6.0 EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

- 7.0 NO THIRD-PARTY BENEFICIARIES. This Agreement is intended to describe the rights and responsibilities only as to the Parties hereto. This Agreement is not intended and shall not be deemed to confer any rights on any person or entity not named as a Party hereto.
- 8.0 NO PRESUMPTION. The Parties to this Agreement and their attorneys have had a full opportunity to review and participate in the drafting of the final form of this Agreement. Accordingly, this Agreement shall be construed without regard to any presumption or other rule of construction against the Party causing the Agreement to be drafted.
- 9.0 EXECUTION REQUIRED. This Agreement shall not be binding upon any Party hereto unless and until the Parties have each executed and delivered to the other this Agreement.
- 10.0 DAYS. If the day for any performance or event provided for herein is a Saturday, a Sunday, a day on which national banks are not open for the regular transactions of business, or a legal holiday pursuant to Section C.R.S. § 24-11-101(1), such day shall be extended until the next day on which such banks and state offices are open for the transaction of business.
- 11.0 GOOD FAITH OF PARTIES. In the performance of this Agreement or in considering any requested approval, acceptance, or extension of time, the Parties agree that each will act in good faith and will not act unreasonably, arbitrarily, capriciously, or unreasonably withhold, condition, or delay any approval, acceptance, or extension of time required or requested pursuant to this Agreement.
- 12.0 PARTIES NOT PARTNERS. Notwithstanding any language in this Agreement or any other agreement, representation, or warranty to the contrary, the Parties shall not be deemed to be partners or joint venturers, and no Party shall be deemed to be partners or joint venturers, and no Party shall be responsible for any debt or liability of the other Party.
- IN WITNESS WHEREOF, the parties hereto have entered into this

Agreement the day and year first written above.

ATTEST:	ST. CHARLES MESA WATER DISTRICT
By: Clay Toppanon Secretary	By: John Marsch President Date: 03/15/2016
ATTEST:	ZINNO WATER USERS' ASSOCIATION
By: Secretary	By: Samuel de Molelle President

ATTACHMENT 4

Project Detailed Budget

Project Schedule

	DETAILED PROJECT BUDGET												CWC	B WSRA	CW	CB WE		Pueblo
sow		QUANITY	LIMIT	D/I /	ATERIAL COST		COSTS	Funder	DOI	A Grant	cw	RDA Loan		irant		rant		County
TASKS	SCOPE OF WORK TASK EXPLANATIONS	QUANTIT	UNIT	IVIP	ATERIAL COST	Ś	53,500	Turran										
TASK 1	Planning for the integration of the Zinno Subdivision into the SCMWD			Ś	100	Ś	33,300											
Α	Annexation the Zinno Subdivison into the SCMWD service area			\$	7,000		7,000	WSRA					\$	7,000				
В	CDPHE Approval			\$	6,000			WSRA					Ś	6,000				
С	Geotechnical Testing			*	,			DOLA	Ś	8,500				-/				
D	Surveying			\$,-		25,000		7	0,500	\$	25,000						
E	Construction Plans			\$			7,000				4	23,000	Ś	7,000				
-	Southern & Description of the Control of the Contro			\$	7,000			WSKA					~	7,000				
TASK 2	Construction Project to install water infrastructure to enable the Zinno Subdivision to receive p	otable water fi	om SCN	VIWD)	\$	1,085,087											
A	Construction surveying and traffic control					\$	25,000	DOLA/Durble		12,631							Ś	7,370
	Traffic Control			\$	20,000			DOLA/Pueblo	>	12,031			Ś	5,000			Y	1,57
	Construction Surveying			\$	5,000		5,000	WSRA					P	3,000				
В	Demolition of existing streets					\$	43,980										Ś	25,250
"	Cut existing asphalt	10,100	L.F.	\$	3			Pueblo Cty									\$	8,520
	Asphalt & base course removal (Zinno Blvd.)	852	S.Y.	\$	10			Pueblo Cty									ç	6,530
	Asphalt & base course removal (Carmela Rd.)	653	S.Y.	\$	10			Pueblo Cty									\$,
	Asphalt & base course removal (20 1/4 Lane)	368	S.Y.	\$	10			Pueblo Cty									5	3,680
	Installation of the proposed potable water system					\$	321,345											
C	Mobilization			\$	10,000	\$	10,000		\$	10,000								
		100	C.Y.	\$	90	\$		DOLA	\$	9,000								
	Rock Excavation	150	Tons	\$	30	\$	4,500	DOLA	\$	4,500								
	3/4" Washed Rock Bedding (10% of Trench)	750	Tons	\$	32	\$	24,000	DOLA	\$	24,000								
	Select Imported Backfill (50% of Trench)	1,936	L.F.	\$	28	\$	53,240	DOLA	\$	53,240								
	6" Dia. C900 Water Main (Zinno Blvd.)	1,490	L.F.	\$	28	\$	40,975	DOLA	\$	40,975								
	6" Dia. C900 Water Main (Carmela Rd.)	852	L.F.	\$	28			DOLA	\$	23,430								
	6" Dia. C900 Water Main (20 1/4 Lane)	600	L.F.	\$	38	\$	22,800	DOLA	\$	22,800								
	12" Dia. C900 Water Main (21st Lane)	5.500	L.F.	\$	0	Ś	1,100	DOLA	\$	1,100								
	Tracer Wire	3,500	EA.	Ś	2,800	Ś			\$	8,400								
	6" MJ Gate Valve & Box (Zinno Blvd.)	2	EA.	Ś	2,800		5,600	DOLA	\$	5,600								
1	6" MJ Gate Valve & Box (Carmela Rd.)	2	EA.	Ś	2,800		1300	DOLA	Ś	5,600								
	6" MJ Gate Valve & Box (20 1/4 Lane)	2	EA.	Ś	2,800		-,	DOLA	\$	5,600								
	12" MJ Gate Valve & Box (21st Lane)	5	EA.	\$	1,000			DOLA	Ś	5,000								
	8" x 6" MJ Tee	5	EA.	\$	1,000			DOLA	Ś	5,000								
1	8" Solid Sleeve			\$,	DOLA	Ś	1,500								
	12" 45Deg. MJ Bend	1	EA.	*	1,500				\$	12,800								
1	Fire Hydrant Assembly	4	EA.	\$	3,200			DOLA	Ś	2,800								
	Tie-In with Existing 8" Dia. A.C. Water Main	2	EA.	\$	1,400		,	DOLA	\$	4,200								
	Tie-In with Existing 8" Dia. C900. Water Main	3	EA.	\$				DOLA	Ś	2,800								
	Tie-In with Existing 12" Dia. A.C. Water Main	2	EA.	\$					Ś	73,000								
	Locate & repair existing water supply during construction			\$	73,000			DOLA	Þ	73,000								
D					_	\$		2014	Ś	12 500								
	3/4" Type K Copper Pipe	2,700							*	13,500 70,000								
	6" Tap Saddle Assemblies	100		\$					\$						\$	49,950		
	Meter Assemblies	100	EA.	\$	1,200			CWCB WE/DC	5	70,050					>	49,950		
E						5											d	15 76
"	Asphalt & base course repair (Zinno Blvd)	852	S.Y.		19			Pueblo Cty									\$	15,76
	Asphalt & base course repair (Carmela Rd.)	623	S.Y.	\$				Pueblo Cty									\$	12,08
	Asphalt & base course repair (20 1/4 Lane)	368	S.Y.	\$				Pueblo Cty									\$	6,80
		8,000	L.F.	\$	6			Pueblo Cty									\$	48,00
	Milling at curb	880	Ton	\$				Pueblo Cty									\$	66,00
	1/2 Street 1" overlayment			\$	234,165	5 5	234,165	CWRDA			\$	234,165						
	3-TR-840 filter for WTP						108,446	DOLA/CWRDA	4 \$	73,268	\$	35,178						
	Construction Contingency						1,138,587		\$	569,293	\$	294,343	\$			49,950		200,00
	TOTAL FOR TASKS 1 AND 2								\$	569,293	\$	294,343	\$	25,000	\$	49,950		200,00
	FUNDING BY SOURCE									50%		26%	,	2%		4%	S	18
	FUNDING PERCENTAGES			-					-		-							

PROJECT SCHEDULE												
2016	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER				
DESCRIPTION												
Annexation to St. Charles Mesa Water District												
Final Preliminary Engineering Report to CDPHE												
Geotechnical Testing & Report												
Field Surverying												
Preparation of Contruction Plans & Contract												
Documents												
Final Plans & Contract Documents to CDPHE												
2017	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
Final Plans & Contract Documents to CDPHE												
Bid Process												
Demolition of Existing Streets												
Water System Construction												
Testing & Disinfection												
Reconstruct Streets												
50% Report due to CWCB												
75% Report due to CWCB												
Final Report due to CWCB						·						