Brownstein Hyatt Farber Schreck

Ronda L. Sandquist
Attorney at Law
303.223.1191 tel
303.223.1111 fax
rsandquist@bhfs.com

January 23, 2019

VIA EMAIL & MAIL

Colorado Water Conservation Board
Finance Section
Attention: Anna Mauss
1313 Sherman Street, Suite 718
Denver, CO 80203
(Email: anna.mauss@state.co.us)

RE: Dominion Water and Sanitation District Water Project Loan Application

Dear Ms. Mauss:

On behalf of Dominion Water and Sanitation District, we are submitting our Water Project Loan Program Application along with the Loan Feasibility Study with its referenced appendices.

Please let me know if you have any questions or need any additional information.

Sincerely,

Ronda L. Sandquist

Enclosure: Dominion Water & Sanitation District's
Loan Application Documentation

cc: Mary Kay Provaznik
Sarah Stone

18656700.1

DOMINION WATER AND SANITATION DISTRICT'S PARTICIPATION IN THE CHATFIELD RESERVOIR REALLOCATION PROJECT

A CWCB Loan Feasibility Study, prepared by the
Dominion Water and Sanitation District

FEASIBILITY STUDY APPROVAL
Pursuant to Colorado Revised Statutes 37-60-121 &122, and in accordance with policies adopted by the Board, the CWCB staff has determined this Feasibility Study meets all applicable requirements for approval.

Signed 3/8/19 Date

January 23, 2019

DOMINION WATER AND SANITATION DISTRICT'S PARTICIPATION IN THE CHATFIELD RESERVOIR REALLOCATION PROJECT

A CWCB Loan Feasibility Study, prepared by the Dominion Water and Sanitation District

January 23, 2019

COLORADO
Colorado Water Conservation Board
Department of Natural Resources

Water Project Loan Program

Projects financed by the Water Project Loan Program must align with the goals identified in Colorado's Water Plan and its measurable objectives

Application Type

☐ Prequalification *(Attach 3 years of financial statements)* ☑ Loan Approval *(Attach Loan Feasibility Study)*

Agency/Company Information

Company / Borrower Name: Dominion Water & Sanitation District

Authorized Agent &Title: Sarah Stone, Interim General Manager

Address: 9250 E. Costilla Ave Suite 210, Greenwood Village, CO 80112

Phone: (303) 506-3003 | Email: sarah.stone@dominionwsd.com

Organization Type: ☐ Ditch Co, ☑ District, ☐ Municipality ☐ other: _____ | Incorporated? ☐ YES ☑ NO

County: Douglas County | Number of Shares/Taps: 1 wholesale customer

Water District: Dominion Water & Sanitation | Avg. Water Diverted/Yr 169 w const wtr acre-feet

Number of Shareholders/Customers Served: ~500 as of December 2018 | Current Assessment per Share $ N/A (Ditch Co) | Average monthly water bill $ 41k in 2018 (Municipality)

Contact Information

Project Representative: Dominion Water & Sanitation District, Sarah Stone

Phone: (303) 506-3003 | Email: sarah.stone@dominionwsd.com

Engineer: Leonard Rice Engineers, Inc, Greg Roush

Phone: (303) 455-9589 | Email: greg.roush@lrewater.com

Attorney: McGeady Becher, P.C., MaryAnn McGeady

Phone: (303) 592-4380 | Email: mmcgeady@specialdistrictlaw.com

Project Information

Project Name: CHATFIELD RESERVOIR REALLOCATION PROJECT

Brief Description of Project: (Attach separate sheets if needed)

Dominion is acquiring from CWCB 500 acre feet of storage in Chatfield, at a cost of $8,300 per acre foot; $4,150,000 (interest not included). Additionally, Dominion may be responsible for Project costs incurred, annual operating costs, and operating and maintenance costs. The Dominion Water and Sanitation District ("Dominion") is applying for a CWCB loan to finance its purchase of Chatfield storage.

Project Start Date(s) Design: _____ Construction: Under construction

General Location: (Attach Map of Area)

Northwest Douglas County

Project Costs - Round to the nearest thousand

Estimated Engineering Costs: | Estimated Construction Costs: $171,620,716.17

Other Costs (Describe Above): | Estimated Total Project Costs: Dominion Share: $4.15M

Requested Loan Amount: $4,150,000 | Requested Loan Term(10, 20, or 30 years): 30 Years

Signature

Interim General Manager 1/23/19
Signature / Title Date

Return to: Finance Section Attn: Anna Mauss
1313 Sherman St #718
Denver, CO 80203
Ph. 303/866.3449
e-mail: anna.mauss@state.co.us

TABLE OF CONTENTS

INTRODUCTION

In 1996, on behalf of fifteen water providers, the Colorado Water Conservation Board ("CWCB") formally requested the U.S. Army Corps of Engineers ("USACE") consider increasing water supply storage in Chatfield Reservoir (Chatfield) by reallocating existing flood storage. As a result, the federal Feasibility Report and Environmental Impact Statement ("FR/EIS") process was initiated in 1999. The FR/EIS evaluated the environmental, social, and economic effects of the proposed reallocation now referred to as the Chatfield Reservoir Reallocation Project ("Project"). The USACE issued the final FR/EIS on May 29, 2014. The Record of Decision for the Chatfield Reallocation Project was issued by the United States Army Corps of Engineers on May 29, 2014.

Dominion is acquiring from CWCB 500 acre feet of storage in Chatfield, at a cost of $8,300 per acre foot; equivalent to a total cost of $4,150,000 (interest not included). Additionally, Dominion may be responsible for Project costs incurred, annual operating costs, and operating and maintenance costs. The Dominion Water and Sanitation District ("Dominion") is applying for a CWCB loan to finance its purchase of Chatfield storage. The overall Project is estimated to cost $171 million (near-term cost only, does not include long-term operation and maintenance costs) approximately a 2.4% share to Dominion. Dominion is requesting a $4,150,000 loan to assist with its funding of the Project.

CWCB FEASIBILITY STUDY AND SUPPORTING DOCUMENTATION

Dominion, like other loan applicants for Chatfield storage, is relying on, and incorporates herein, the CWCB feasibility study prepared by Ryan Edwards, P.E., District Project Manager, with support from Bruce Lebsack, District Director of Finance and Rick McLoud, District Water Resources Manager. Legal support was provided by Edward Walsh of Hahn, Smith, Walsh & Mancuso.

The loan feasibility study includes the CWCB Loan Application, a historic and financial background on Dominion, an explanation concerning Dominion's water rights, an estimate of probable cost, and a project summary derived from two studies: the FR/EIS and a report titled *"Chatfield Reservoir Reallocation Project Fish, Wildlife and Recreation Mitigation Plan."* That report, known as the Mitigation Plan, was prepared by the Chatfield Reservoir Reallocation Project Participants in response to the requirements of Colorado Revised Statute §37-60-122.2. The Mitigation Plan was approved by the Colorado Parks and Wildlife Commission (CPW) on January 9, 2014, and by the CWCB on January 28, 2014.

The Mitigation Plan identifies proposed actions that the Project participants will implement to mitigate unavoidable adverse impacts the Project will have on fish, wildlife, and recreation facilities. The revised statute does not require that a mitigation plan for recreational impacts be approved by the CPW; however, the plan addresses all concerns raised by the CPW, and significant efforts are proposed to mitigate unavoidable impacts to recreational facilities and amenities.

CHATFIELD RESERVOIR REALLOCATION PROJECT

General Overview

Chatfield Reservoir, completed by the USACE in 1975, was constructed to provide flood protection for the Denver metropolitan area following a disastrous South Platte River flood in 1965. Chatfield is a South Platte River on-channel reservoir located at the confluence of the South Platte River and Plum Creek, approximately fourteen miles south of Denver. The reservoir is owned and operated by the USACE and has a maximum capacity of 350,653 acre-feet (AF). A Project Location Map is included in Appendix A.

The USACE designates storage in Chatfield in four distinct pools. Each pool is assigned a specific pool elevation in feet above mean sea level (m.s.l.), limiting the use of the water to a defined purpose. Currently 27,405 AF of storage is designated as conservation/multi-purpose pool storage, with a full pool water surface elevation of 5,432 feet above m.s.l. The maximum surcharge and flood control pools combine for 323,248 AF, and the inactive/sediment pool comprises 23 AF.

The Project proposes reallocating 20,600 AF of capacity in the flood control storage pool to the conservation/multi-purpose pool, increasing on-channel municipal and agricultural storage space in the upper reaches of the South Platte basin. It is projected that the average annual yield derived from the reallocation will result in approximately 8,500 AF of renewable surface water supplies that will benefit users along the South Platte River from Park County to Weld County. The reallocation will produce an infrequent twelve-foot maximum rise in the conservation/multi-purpose pool elevation, up to 5,444 feet. The USACE has determined that the reduction in flood storage capacity will not compromise the flood control functions of Chatfield.

Denver Water is the only water provider currently storing water in Chatfield's conservation/multi-purpose pool. Per a 1979 agreement, use of the pool by Denver Water is subject to certain conditions for maintaining water levels for recreation and conservation. Releases from Chatfield are administered by the State Engineer's Office, based on Colorado water law and the demand for water supply. As part of the 1979 agreement, Denver Water is required to minimize water level fluctuations during the recreation season (Memorial Day through Labor Day). When the pool elevation is in excess of 5,432 feet, the USACE is responsible for the release of water from the flood control pool.

The Project participants coordinated with federal and state agencies on the FR/EIS, including; navigating the regulatory process; and planning, design and construction of mitigation measures for fisheries, aquatic, wetland, riparian, recreational and wildlife habitat impacted by the twelve foot increase in pool elevation. A benefit to Dominion is that the physical infrastructure systems required for storing, discharging, diverting and putting the water to beneficial use are already in place. Infrastructure improvements, if required for individual participants to utilize their share of water, are independent of the overall Project and are not included in the Project scope or estimated Project cost.

Project Participation

The original number of fifteen participants has been reduced to eight since the Project was initiated in 1996. Each participant will be responsible for funding their pro-rata share of the overall Project cost and will receive a proportionate share in the additional storage volume. Appendix B contains a list of the eight current participants and their respective financial commitment in the Project.

The Project participants have consulted and conferred with a broad range of federal, state and local jurisdictions and environmental stakeholders to solicit input on appropriate mitigation of potentially adverse impacts associated with the Project. Public participation efforts included notices and public meetings, in compliance with National Environmental Policy Act (NEPA) requirements, during the release and review of the draft FR/EIS. Meetings with stakeholder entities started in 1994 and have continued through construction with periodic meetings hosted by the Chatfield Reservoir Mitigation Company and CWCB.

Alternatives

The FR/EIS used the CWCB's Statewide Water Supply Initiative (SWSI) and other relevant planning studies to identify storage alternatives. A total of 37 Project concepts were initially evaluated before being narrowed to four specific Project alternatives. The development of alternatives and the screening process are described in detail in Chapter 2 of the FR/EIS. The FR/EIS extensively evaluated the environmental, social, and economic impacts of the four prospective alternatives identified below:

Alternative #1 – No Action: Operation of Chatfield Reservoir would remain the same and water providers would use a combination of Penley Reservoir (off channel storage near Chatfield Reservoir) and gravel pit storage as a means to meet their future needs.

Alternative #2 – Least Cost Alternative to Chatfield Reservoir storage reallocation: Upstream users would continue to rely on non-tributary groundwater through the 50-year study period while downstream providers would be served by the development of gravel pits.

Alternative #3 – Reallocation to allow an additional 20,600 acre-feet of Water Supply Storage: USACE reallocates 20,600 AF of designated flood storage capacity in Chatfield Reservoir to conservation/multi-purpose storage.

Alternative #4 – Reallocation to allow an additional 7,700 acre-feet of Water Supply Storage: USACE reallocates 7,700 AF of designated flood storage capacity in Chatfield Reservoir to conservation/multi-purpose storage; non-tributary groundwater and gravel pits are used for the remaining yield.

The Project participants' preferred alternative was Alternative # 3 – Reallocation to allow an additional 20,600 acre-feet of Water Supply Storage, redefined as the Chatfield Reservoir Reallocation Project. It is desirable based on its ability to decrease the projected water deficit in the South Platte basin by utilizing an existing structure to enhance the raw water supply of multiple providers without drying up agricultural lands. The alternative is anchored around the conversion of flood storage to conservation/multi-purpose storage. Additional components of

the project include the design and implementation of mitigation measures to address the impacts resulting from the increased and fluctuating pool elevation. The following list highlights some of the proposed mitigation measures:

- Compensatory Mitigation Plan (CMP), addressing wetlands, Preble's mouse and bird habitat
- Aquatic mitigation within Chatfield State Park
- Tree management plan
- Stream enhancement downstream of Chatfield Reservoir
- Stream enhancement upstream of Chatfield Reservoir
- Recreational facility mitigation within Chatfield State Park
- CPW revenue mitigation (Financial Plan)
- Shoreline stabilization

The table in Appendix C provides an expanded list of tasks associated with the mitigation measures.

Regulatory Process

The Project has undergone significant regulatory scrutiny at federal, state and local levels. At the federal level the USACE performed extensive feasibility and environmental studies pursuant to its regulatory and planning requirements. The culmination of the process was a joint Feasibility Report/Environmental Impact Statement that serves as the basis for issuance of the Department of the Army Record of Decision ("ROD"). Following the ROD, a Water Storage Agreement ("WSA") was executed by the USACE and the Colorado Department of Natural Resources ("CDNR") on October 9, 2014. The WSA discusses the roles and responsibilities of the parties, as well as conditions for reallocation of water storage space, implementation of recreation modifications, and completion of compensatory mitigation features for the Project. The WSA grants the right to utilize water supply storage to the CDNR and its designees. Sub-agreements, referred to as Water Provider Agreements, were executed between CDNR and each of the participating water providers in October 2015. The sub-agreements extend the right to store water in the reallocated space for each of the water providers based on their pro-rata share in the Project. The USACE and Environmental Protection Agency ("EPA") have agreed on the appropriate regulatory process.

Additionally, Project storage which was not acquired or contracted for by Project participants was designated as "orphan shares" not committed by any participant. 500 acre-feet of storage for Roxborough Water & Sanitation District became orphan shares held by CWCB – it is these shares that Dominion will purchase.

The following is a summary of regulatory approvals required to implement the Project:

Federal – Compliance with the USACE regulations on reallocating storage space in a USACE facility; compliance with NEPA; compliance with Section 404 of the Clean Water Act ("CWA") for dredge and fill activities in designated water of the U.S. associated with the recreational facilities modification plan and other mitigation incident to the reallocation; compliance with

Section 7 of the Endangered Species Act ("ESA") related to impacts to Preble's mouse and its designated critical habitat; and U.S. Forest Service ("USFS") approval for work on USFS land along Sugar Creek.

State – Approval by CPW and the CWCB of the Fish, Wildlife and Recreation Mitigation Plan pursuant to C.R.S. § 37-60-122.2; Colorado Department of Public Health and Environment (CDPHE) construction permits for air quality, water quality certification for any discharge-related mitigation activities, and permits for stormwater and construction dewatering.

Local – Douglas County permits for construction work along Sugar Creek and at Chatfield Reservoir; and Jefferson County permits for construction work at Chatfield Reservoir.

Estimate of Probable Cost

The estimated total Project cost is approximately $171 million and includes the reallocation of storage, engineering design and construction of state and federal mitigation measures, and a USACE storage fee based on the pro-rata cost of constructing Chatfield. Costs per acre foot have increased from $7,200 to $8,300 as costs have escalated.

Table 1 provides a summarization of the Project cost. A more detailed list of itemized mitigation expenses is included in Appendix C.

TABLE 1: Estimated Total Project Costs

Item	Cost Estimate ($) as of 01/01/2018
CEI GMP	30,384,075.82
Mortenson GMP	46,480,384.00
Other RM Work	—
Marina — Water Side	10,000,000.00
South Platte Enhancements	16,171,147.00
Marcy Gullch Enhancements	300,000.00
Sugar Creek	4,000,000.00
Off-Site EFUs	10,000,000.00
Design / Engineering	11,709,499.57
Program Management	4,784,961.84
Construction Management	5,759,495.40
First Cost of Storage	16,285,392.00
Fluctuation Zone and Tree Removal	5,000,000.00
Water Quality Modeling and Monitoring	1,300,000.00
Xcel Energy Gas Line Relocation	4,000,000.00
Vegetation, Weed Treatment & Appraisals	1,460,953.54
Tree Inventory and Test Plot	149,574.00
Legal Services	300,000.00
Upper Plum Creek Enhancements	200,000.00
Financial Plan (Revenue Agreements)	1,000,000.00
USACE Bulkhead Gate	500,000.00
Denver Water	330,000.00
Shoreline Stabilization Plan	716,100.00
Stream Enhancement — Upstream	269,600.00

Item	Cost Estimate ($) as of 01/01/2018
Stream Enhancement — Downstream	265,000.00
Insurance Policy — Builder's Risk	154,583.00
Total	**$171,620,716.17**

An explanation of existing infrastructure the District will utilize for conveyance of Chatfield water is provided in the Water Rights section of this study and an illustration is provided in Appendix A. Dominion will collaborate with Denver Water on releases and on any future Denver Water and other participants' infrastructures related to capturing water.

Project Schedule

The construction schedule is on track as of December 2018. The Project's target completion date is Spring of 2020 which will allow then for storage of water in the newly reallocated storage space.

The District is requesting loan funds be available by June 1, 2019.

DOMINION WATER AND SANITATION DISTRICT

District Background

The Dominion Water and Sanitation District is a wholesale water district that was formed in 2004 and provides water, wastewater and stormwater services. Dominion was formed as part of the County's vision to bring renewable water and access to centralized wastewater service to Northwest Douglas County. Dominion, acting by and through its Water Activity Enterprise, is building an integrated system that fully and efficiently utilizes its resources. By strategically partnering, planning for both long and short term, and integrating technology, Dominion is developing a reliable system for cost-effective service.

Dominion's service area is comprised of 33,000 acres that was established, in part, in direct response to the County's vision for residents in Northwest Douglas County to shift away from nonrenewable water supplies.

While those within Dominion's service area are not required to receive service from them, their services may be an option for water/wastewater providers, including:

- Sterling Ranch Community Authority Board (CAB), a Douglas County planned community covering 3,400 acres within Dominion's service area with plans for up to 12,000 residential homes that will incorporate renewable water
- Chatfield Valley Framework Entities (Chatfield Neighbors)
- Other retail water/wastewater provides that serve existing residents and businesses with in Dominion's service area (see map in Appendix A1)

Wastewater Facilities

Dominion is the owner of the Chatfield Basin Watershed Reclamation Facility ("CBWRF") which is capable of treating 0.6 million gallons per day (MGD) of wastewater. However, during low flow conditions, wastewater treatment facilities such as CBWRF may not function efficiently, so Dominion entered into an Intergovernmental Agreement with the City of Littleton to provide treatment initial start-up (early development) and back-up, if emergencies occur. In order to provide service to the growing Sterling Ranch community, Dominion is currently sending wastewater to Littleton/Englewood Wastewater Treatment Facility for treatment. When wastewater flows are low, treatment plants do not efficiently operate to treat the wastewater, although effective treatment can be completed. Dominion entered into an agreement with the City of Littleton to provide treatment for these initial smaller flows. Also, Dominion contracted with Roxborough Water and Sanitation District for capacity in its wastewater interceptor, O-line and lift station, to transmit Dominion's wastewater to Littleton/ Englewood Wastewater Treatment Facility. (O-Line Interceptor and Lift Station Capacity IGA, dated January 11, 2016; IGA for Emergency Interconnection (Littleton/ Englewood WRF), dated January 11, 2016).

There is an ability for Dominion to serve the "neighbors" by providing wastewater treatment, at either Littleton/Englewood or Dominion's CBWRF. No restrictions exist on Dominion providing wastewater service to any entity within its service area. Dominion provides service to communities which have the infrastructure to collect and transmit their sewage to Dominion's

CBWRF for treatment. Dominion has a long-term plan to expand the CBWRF to the estimated buildout capacity of 3.2 MGD.

Additionally, Littleton will provide treatment back-up service when CBWRF expansion is under construction or has any emergency failure. The phased operation of the CBWRF will assure economic and efficient wastewater services, as well as provide for the reuse of valuable water resources.

Water Rights

Dominion's largest customer, Sterling Ranch CAB, comprises approximately 3,400 acres and is projected to have 12,050 residential units, plus non-residential uses including business, civic facilities, industrial users, open space and parks, and schools by the year 2040. Chatfield Neighbors are seeking opportunities to acquire additional water supplies from Dominion due to current and projected reduction of ground water supplies.

Currently, Dominion's projected future water demands are estimated at 6,204 acre-feet (AF) for Sterling Ranch and Chatfield Neighbors. The Sterling Ranch development water demand is estimated at 6,029 AF based on the projected land uses and water supply standards approved by Douglas County in 2011. Sterling Ranch is being developed with both potable water systems, used for handling water that is suitable for consumption, as well as non-potable water systems, used for handling water that is not suitable for consumption. The Chatfield Neighbors future water demands are estimated at 175 AF to meet indoor potable demands. Within Dominion's remaining service area there exists potential future development and the need for water service. The location, amount and timing of the future water service needs, especially for renewable water sources, have not been defined at this time. It is intended that Dominion's current water rights and such other water rights Dominion may acquire would be used to serve the entire service area.

The present and initial water demand for Dominion's commitment to provide water to the Sterling Ranch CAB's Filing Nos. 1-5 is approximately 1,127 AF/yr.

Dominion, in conjunction with its largest customer Sterling Ranch CAB, evaluates and recommends conservation efforts implemented by the Sterling Ranch CAB on an annual basis to ensure the programs offered are cost effective and in compliance with current state regulations. Dominion will support Sterling Ranch CAB's efforts to file a conservation plan update with the CWCB every five years beginning on the date it was originally approved. Sterling Ranch CAB conservation efforts, including the development of an innovative water budget accounting program, have been successful in educating customers on the importance of water conservation. In addition to supplying potable water, Dominion is planning a non-potable system that will potentially supply irrigation water to a regional park, neighborhood pocket parks, non-residential landscape areas, and other open spaces within Sterling Ranch. Dominion is continually looking for cost effective means to expand its non-potable system to offset the reliance on potable water for irrigation purposes.

Dominion's water supply portfolio is based on a conjunctive use system of renewable water, non-tributary ground water ("NTGW") and the reuse of fully consumable return flows. Dominion's current average annual water supply of 1,864 AF consists of:

- Two intergovernmental agreements (IGAs) with the City of Aurora for a total delivery of 480 AF per year of fully consumptive, renewable, tributary water;

- a renewable and fully consumptive water supply in the upper South Platte River Basin out of the Hock Hocking mine for an average of 59 AF per year; and

- a renewable and fully consumptive water supply from the regional Water Infrastructure and Supply Efficiency (WISE) Partnership for a sustainable water future, for an average annual yield of 1,325 AF. WISE water has been dedicated in an IGA with Town of Castle Rock for 700 AF of a firm annual delivery of fully consumptive conjunctive use water supply (WISE and NTGW), and the remaining WISE water supply (625 AF) will be firmed up with additional NTGW and/or tributary water sources.

A summary of Dominion's water supplies that can be stored in Chatfield Reservoir is in Appendix D. Additional supplies may include a combination of additional NTGW, tributary water supplies, and reuse of fully consumable return flows. Dominion's goal is to meet the majority of its consumptive water demands with renewable water supplies.

Dominion's water supply framework (see Appendix A2) consists of a delivery system from the west, a delivery system from the east, reuse of return flow credits, and both direct diversions and storage within Sterling Ranch ("on-site") and storage in Chatfield Reservoir. Dominion intends to use storage in Chatfield Reservoir to capture in-priority water, reusable return flow credits, and regulate yield of other water supplies (i.e. Aurora Contract water, Hock Hocking Mine water) when deliveries exceed ability to divert and store in on-site storage. The current and proposed infrastructure necessary for Dominion to fully operate are shown in Appendix A2 and described in further detail below.

Dominion has plans in the future to construct a new Western diversion structure that will divert water supplies from the South Platte River near the CBWRF. CBWRF return flow credits from fully consumptive water supplies will be diverted directly, stored in Chatfield, or diverted by exchange either through the West or East Delivery Systems depending on river calls, stream flow conditions and internal operations. The South Platte River water supplies to be diverted include contract water from Aurora, recapture of reusable return flow credits, and other South Platte River water rights acquired by Dominion, such as a portion of the Hock Hocking Mine water right. Diversions will be delivered either directly to the Roxborough WTP (of which Dominion owns 50% of the treatment capacity) for treatment and potable use, directly to the non-potable water system, or to storage for later use in either potable or non-potable systems.

The East delivery system is under construction with a 6.5 million gallons per day (MGD) capacity treated water pipeline from Castle Rock to the Roxborough WTP to initially deliver contract water from Castle Rock for the next phase of development in Sterling Ranch.

Financial Analysis and Contracting

Dominion operates its water and wastewater services through an Enterprise Fund. The primary sources of revenue are the collection of wholesale water service rates, wholesale sewer service rates, tap fees, and developer advances from the Sterling Ranch developer. The Dominion Board determines rate and tap fee requirements based on a one-year budget projection and a long-term financial plan, and approves rates and tap fees annually at its November board meeting. Wholesale water service rates and wholesale sewer service rates are set to fund a portion of system operational expenses as Sterling Ranch develops. Sterling Ranch currently has approximately 280 occupied homes. As expected, operating revenue generated during these first few years of operation is not adequate to fully fund operational expenses. Operational deficiencies are funded by developer advances as needed. Wholesale service rates have been set and are evaluated annually to adequately fund operations and begin building operational reserves in the 2023 to 2024 timeframe.

Dominion collects tap fees and system connection fees for capital improvement projects and debt service. Tap fees revenue is currently generated though new builder agreements with the Sterling Ranch developer as the Sterling Ranch CAB continues to develop. Dominion can serve existing and future retail water and wastewater providers within our service area. As these new customers connect to the Dominion system, system connection fees will be collected over time. Dominion has assumed service connection fee revenue for approximately 100 EQRs in the included financial analysis.

Copies of the financial audits for 2016 and 2017, the approved 2019 budget are provided in Appendix E. The outstanding debt, as of December 31, 2017, is $126.2 million and consists of revenue bonds and loans. The 2019 debt service obligation is $5.3 million and in future years the annual debt service is an average of $7.8 million through the remainder of Dominion's outstanding bond terms. Assuming CWCB approval of the full $4.15 million loan request, this project is expected to increase the annual debt service by approximately $274,000, or 3.5%, which includes the CWCB 10% reserve account requirement.

The Dominion board adopted the 2019 budget and associated tap fee and wholesale service rate increases in December 2018. The 2019 tap fees and wholesale service rates are provided in Appendix E. The 2019 tap fee and rate increases were consistent with the financial plan developed as part of the 2016 Water and Sewer Tap Fees and Rates Study. Annual tap fee and wholesale service rates have been increased according to that plan in 2017 through 2019. At that time, tap fee increases, consistent with other regional districts, in future years were expected and were included in Dominion's long-term financial plan. Purchase of storage was anticipated as a capital improvement project in that study and tap fees were set to fund the full capital plan through Sterling Ranch CAB buildout. Dominion anticipates updating its rate study in 2019. Tap fees and service rates will be adjusted from time to time to ensure payment of the debt service for the CWCB loan for the 30-year term, along with Dominion's other obligations. A schedule of capital fund revenue and expenditures is provided in Appendix E demonstrating the repayment of the CWCB loan, assuming an annual 2% increase in tap fees. This annual increase will be refined in the 2019 rate study.

Dominion is governed by a five-member board of directors that meets on a monthly basis. The Board has the authority to authorize the District to contract and incur debt, and to set wholesale water and sewer service rates and tap fees as required to fund operating expenses and capital expenditures.

On January 7, 2019 the Dominion Board approved a resolution authorizing the submittal of this CWCB feasibility study and loan request, in the amount of $4.15 million, for funding Dominion's participation in the Chatfield Reservoir Reallocation Project. The resolution indicates the Dominion's desire to use the water storage as collateral for this loan request. A copy of the resolution has been included in Appendix F.

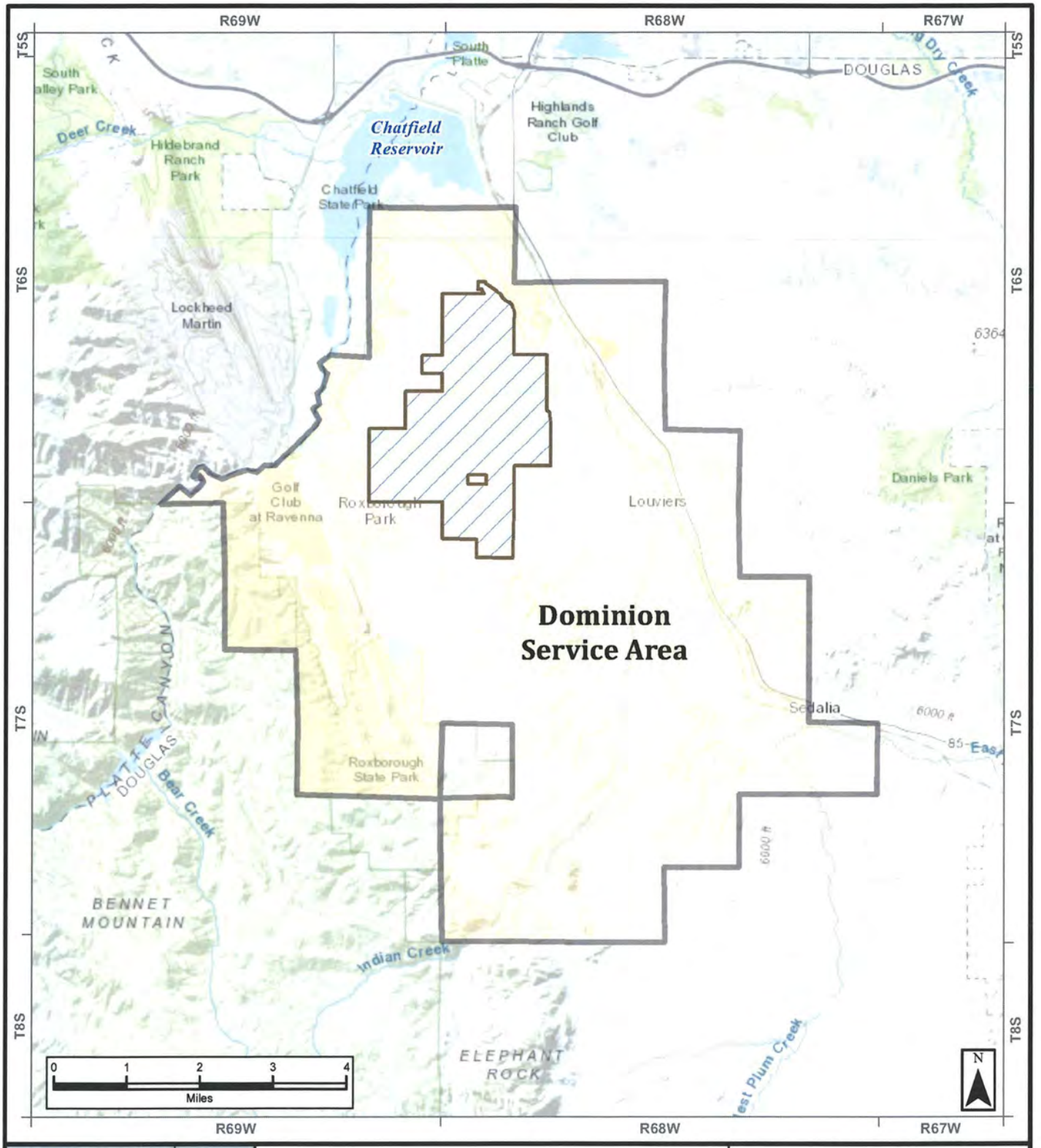
The Dominion Water and Sanitation District is the proposed contracting entity that will execute the CWCB contract. Dominion will satisfy the CWCB reserve account requirement through deposits to Dominion's Bond Reserve Fund. Pending loan approval, Dominion will provide an Attorney Opinion Letter, Proof of Insurance, Federal W-9 Form and electronic fund transfer (ETF) information in accordance with CWCB guidelines.

In order to receive loan funds Dominion will submit a pay request in accordance with CWCB guidelines. Dominion is requesting the CWCB disburse loan funds at a rate of 100% of the loan amount approved by the CWCB Board of Directors to purchase 500 shares in the Chatfield Reservoir Reallocation Project.

APPENDIX A – MAPS & EXHIBITS

A1 – District Service Boundary

A2 – District Facility Map



Dominion Service Area

Sterling Ranch CAB Service Area

This product is for reference purposes only and is not to be construed as a legal document or survey instrument.

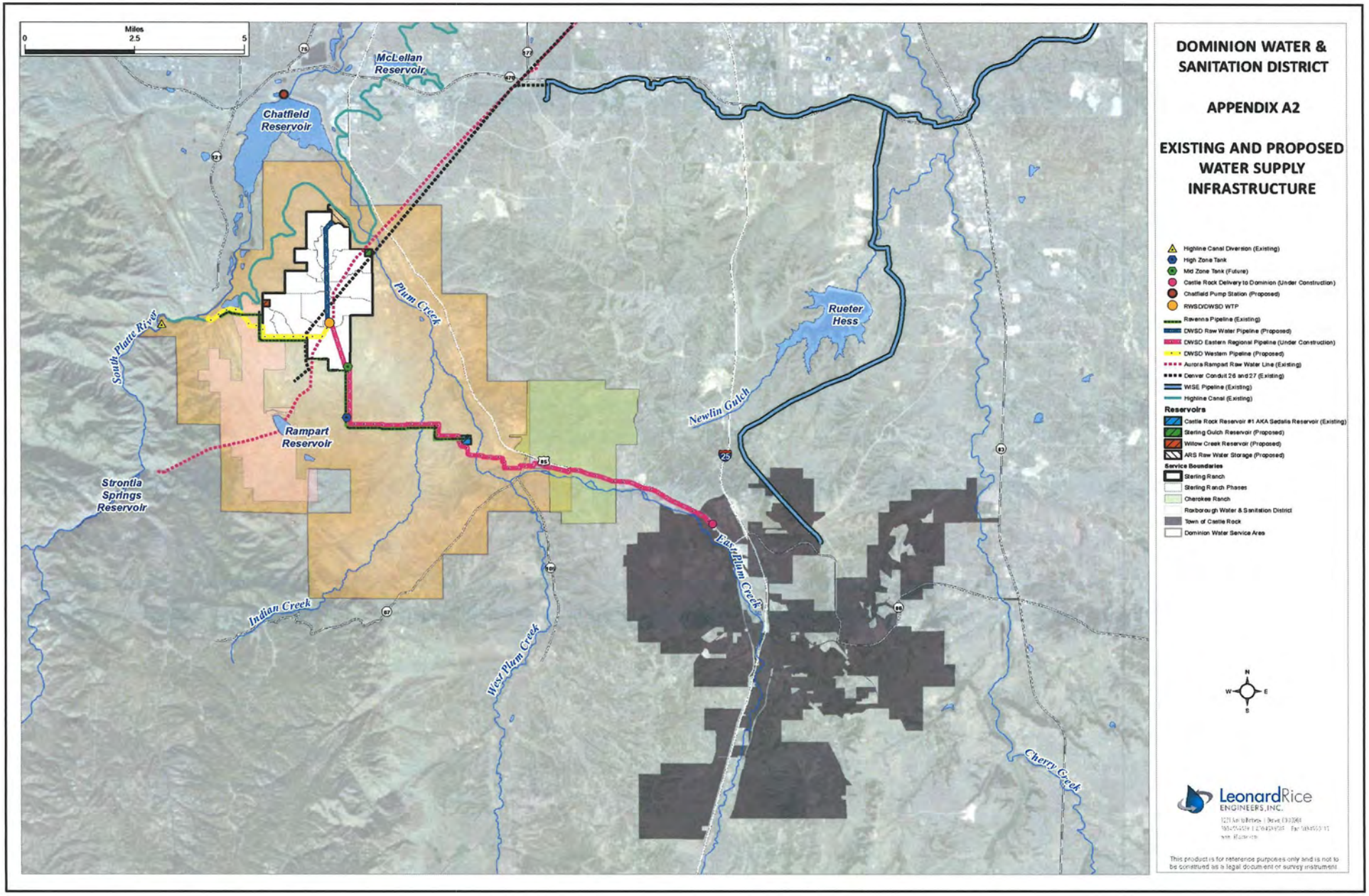
DOMINION WATER & SANITATION DISTRICT

APPENDIX A1

DOMINION SERVICE AREA

LeonardRice ENGINEERS, INC.

1207DOM01
July 2018


Miles
0
2.5
5
McLellan Reservoir
Chatfield Reservoir
Rueter Hess
Plum Creek
South Platte River
Rampart Reservoir
Strontia Springs Reservoir
Newlin Gulch
East Plum Creek
Indian Creek
West Plum Creek
Cherry Creek
DOMINION WATER & SANITATION DISTRICT
APPENDIX A2
EXISTING AND PROPOSED WATER SUPPLY INFRASTRUCTURE
Highline Canal Diversion (Existing)
High Zone Tank
Mid Zone Tank (Future)
Castle Rock Delivery to Dominion (Under Construction)
Chatfield Pump Station (Proposed)
RWSD/DWSD WTP
Ravenna Pipeline (Existing)
DWSD Raw Water Pipeline (Proposed)
DWSD Eastern Regional Pipeline (Under Construction)
DWSD Western Pipeline (Proposed)
Aurora Rampart Raw Water Line (Existing)
Denver Conduit 26 and 27 (Existing)
WISE Pipeline (Existing)
Highline Canal (Existing)
Reservoirs
Castle Rock Reservoir #1 AKA Sedalia Reservoir (Existing)
Sterling Gulch Reservoir (Proposed)
Willow Creek Reservoir (Proposed)
ARS Raw Water Storage (Proposed)
Service Boundaries
Sterling Ranch
Sterling Ranch Phases
Cherokee Ranch
Roxborough Water & Sanitation District
Town of Castle Rock
Dominion Water Service Area
N
W
E
S
LeonardRice ENGINEERS, INC.
This product is for reference purposes only and is not to be construed as a legal document or survey instrument.

APPENDIX B – PROJECT PARTICIPANTS & STAKEHOLDERS

APPENDIX B

CHATFIELD STORAGE REALLOCATION PROJECT
PARTICIPANTS AND FINANCIAL COMMITMENT

PARTICIPANT	STORAGE SPACE AMOUNT / PROJECT PERCENTAGE
Colorado Water Conservation Board	6,883 acre feet / 33.41%
Centennial Water and Sanitation District	6,922 acre feet / 33.6%
Central Colorado Water Conservancy District	4,274 acre feet / 20.75%
Castle Pines North Metro District	1,006 acre feet / 4.88%
Colorado Parks and Wildlife	1,000 acre feet / 4.85%
Castle Rock	374 acre feet / 1.82%
Center of Colorado Water Conservancy District	131 acre feet / 0.64%
Castle Pines Metro District	10 acre feet / 0.05%

APPENDIX C – PROJECT SUMMARY TABLE: FISH, WILDLIFE & RECREATIONAL MITIGATION

APPENDIX C

Table 1: Chatfield Reallocation Project Fish, Wildlife and Recreation Mitigation Plan (FWRMP)				
Proposed Mitigations for Proposed Action				
RESOURCE	**IMPACT**	**MITIGATIONS**	**SECTION OF FWRMP WHERE DISCUSSED**	**ESTIMATED COST**
WILDLIFE RESOURCES				
Within Chatfield State Park				
In-Reservoir Aquatics			-	-
Fish - Walleye	Disruption of Walleye Spawn period March 1 - April 15	1) Participants commit to ensure releases do not exceed 420 cfs during March 1 - April 15 period, understanding that critical time is March 15-30. 2) Regular coordination meetings between Participants and CPW to forecast upcoming operations - close coordination to minimize adverse impact from releases.	4.1.3.3(B)(1)	
Fish - Smallmouth Bass	Disruption of Smallmouth Bass spawn period June 1 - June 30	Mitigation dealt with in operations agreements - Participants commit to limit releases May 1-July 15 water decline will not be greater than 8000 AFT, July 16-Aug 31 water level decline not greater than 4000 AFT, May 1-Aug 31 collective daily discharge shall not exceed 420cfS	4.1.3.3(B)(2)	
Water Quality	Increase in phosphate and ammonia loading; Decreased Dissolved Oxygen; Increased mercury methylation - from anoxic or increased dissolved oxygen in the reservoir	1) Participants agree to water quality monitoring and modeling program in coordination with Chatfield Watershed Authority. 2) Wetland creation and habitat improvements on Plum Creek in the CMP. 3) Plum Creek riparian restoration.	4.4.1; 4.5; 4.3.2	$1,300,000 (est.) for water quality monitoring and modeling, $6,088,600 for Plum Creek restoration
Terrestrial wildlife			-	-
Preble's Mouse - Plum Creek Critical Habitat	75 acres of critical habitat/ 65 EFU's	1) From CMP: Onsite: 6 acres / 3 EFUs habitat creation. 2) From CMP: Offsite: unknown acres private land protection and enhancement / 62 EFU's needed.	4.5	$58,500,000 for CMP
Preble's Mouse - South Platte Critical Habitat	80 acres/ 2.8 miles	1) From CMP: Onsite: 17 acres habitat creation; 2) Offsite: 73 acres private land protection and enhancement. Chatfield Res Mitigation Company will coordinate w CPW in the development of this process; 3) 4.5 miles and 381 acres of Sugar Creek improvements	4.5	
Preble's Mouse - Non Critical Habitat	298 acres / 210 EFUs	1) From CMP: Onsite: 111 acres of habitat creation / 43 EFUs. 2) From CMP: Offsite: unknown acres private land protection and enhancement / 167 EFU's needed	4.5	
Other terrestrial wildlife and Birds	586 acres (inundation zone)/ 377 EFUs	1) From CMP: Onsite: 165 acres habitat creation and enhancement / 9 bird EFU's. 2) Plum Creek Restoration Plan; 3) Tree mitigation plan will address impacts as well. 4) From CMP: Offsite: unknown acres / 368 EFU's needed.	4.5; 4.3.2	
Amphibians/ Reptiles	Grouped into Preble's/wetlands/terrestrial	Mitigation actions covered under Preble's/wetlands/terrestrial resources	4.5	
Erosion of land area /habitat	Sediment erosion - due to new storage and water fluctuation	1) Bank stabilization / Erosion control/ Plum Creek erosion and stream erosion	4.3.4; 4.3.2	$716,100 for shoreline stabilization plan
CMP			-	-

Mature Cottonwoods and other cottonwoods	42.5 acres	1) 13 acres - new cottonwood generation on-site (in CMP). 2) 22.5 acres - protection of existing off-site habitat (in CMP). 3) 10 acres - new cottonwood generation off-site (in CMP). 4) Recreation modification plan will mitigate for additional cottonwoods. 5) Tree management plan. 6) Res operations plan - water level in summer.	4.5.3; 5.1.1; 4.5.5; 4.1.3.3	
Wetlands	up to 159 acres / 123 EFU's	1) In CMP: Onsite: 47 acres / 30 EFUs. 2) In CMP: Offsite: Unknown acres / 93 EFU's	4.5	
Invasive Species/ Weeds	Increased invasives	1) BMPs to control spread (in CMP). 2) Monitoring and treatment of noxious weeds in project area (greater than 400ft) 3) Weed monitoring and weed control for 5 years in revegetation / mitigation sites (in CMP and AMP). 4) Weed control in fluctuation zone is ongoing obligation (in CMP).	4.3.3	
DOWNSTREAM OF CHATFIELD STATE PARK				
Aquatic Resources			-	-
Downstream aquatic habitat	Decreased streamflow impact on aquatic habitat; Increased low flows / zero flow days	1) 0.5 mi of stream habitat improvement (Chatfield Dam to Marcy Gulch), potential use of CPW water rights to create an environmental pool to mitigate low flow days. 2) Best efforts to target releases to limit zero flow days and mitigate with environmental pool. 3) Potential development of environmental pool for target releases (first goal) and/or environmental flow releases. 4) Required releases for critical low flows.	4.2.1.2; 4.1.3.3(D)	$265,000 for .5 mile stream enhancement
Aquatic Habitat - water quality	Increase E.coli from reduced flows; Increase temperature from reduced flows	1) Water quality monitoring program below dam. 2) Best efforts to target releases to limit zero flow days (in operations plan add citation). 3) Required releases for critical low flows. 4) Potential development of environmental pool for target releases and/or environmental flow releases.	4.4.2; 4.1.3.3(D)	
Chatfield State Fish Unit	Decreased flows	Agree not to exercise rights senior to the hatchery if would cause curtailment of CSFU rights (only if historic flows would have passed by CSFU).	4.1.3.3(A); 4.2.3	
	Increase in zero flow days	Potential development of environmental pool and/or environmental flow releases	4.2.1.2	
UPSTREAM OF CHATFIELD STATE PARK				
Aquatic habitat	Inundation of upstream fish habitat - Permanent habitat conversion from sediment deposition; Loss of stream channel for native fish - from inundation impacts on Plum Creek	1) Fund habitat improvement for 0.7 miles upstream. 2) Plum Creed Restoration plan. 3) Wetlands improvements in CMP - might mitigate intermittent stream mileage. 4) Sugar Creek Improvements.	4.2.1.1; 4.5.3; 4.3.2	$369,600 for .7 mile stream enhancement
RECREATIONAL RESOURCES				
WITHIN CHATFIELD STATE PARK				
Facilities and Recreational Use	Loss of facilities due to inundation.	1) RMP details mitigation measures for facilities and recreational uses - includes contingency approach that gives the plan flexibility. 2) New temporary CPW engineering employee hired during design and construction of recreational facilities	5.1.1; 5.1.3	$31,600,000 for recreational facilities modification plan, $225,000 (est.) for temporary resident engineer
	Marina - unusable due to inundation	Chatfield Marina Coordination Committee (CMCC) working on separate mitigation plan for the marina.	5.1.2	$15,700,000

	Loss of wildlife viewing and shade	1) CMP & Tree Management Plans detail mitigation for wildlife viewing and shade - Plum Creek restoration (if approved) would address access to viewing opportunities. 2) 13 acres of on-site mitigation (for mature cottonwoods). 3) 32.5 acres of offsite mitigation. 4) Tree management plan modified to leave trees down to 5432 and use of adaptive management to remove dead or dying trees within the fluctuation zone.	4.5.3; 4.5.5; 4.3.2	
	Facility vulnerability to future flooding	Could be addressed in the design phase to raise the roads by swim beach, balloon area and Deer Creek - to make roads still able to handle 10 year floods	5.1.1	
	Quality of Recreational Experiences	1) Restrict releases to 8,000 ac/ft total from May 1 - July 15th and 12,000 total to August 31st. 2) Fluctuation zone mitigations that includes: vegetation and weed control, new cottonwood regeneration along shoreline and facilities, shoreline stabilization plan, plum creek improvements.	4.1.3.3; 4.3.3; 4.5.3; 4.3.4; 4.3.2	
	Increased Boating Hazards	Funding of contract labor and equipment for hazard removal, signing, operational impacts due to increased inundation and fluctuations. Operational issues will be covered in the financial mitigation plan.	5.2	
	Water Quality - raised elevation causes erosion which will affect access below campground	1) Monitoring and modeling of water quality. 2)Plum Creek restoration plan	4.4.1; 4.3.2	
	Public Understanding	1) Project Participants have agreed to a marketing plan to be implemented prior to construction and continuing after construction is complete - part of financial mitigation plan, when approved.	5.2	$200,000
Stream fishing	Reduced Recreational Opportunities - reduced fishing from additional zero or low flow days	1) Establish an environmental pool to mitigate low flow days - use of hatchery, downstream uses. 2) Mitigation of 0.5 mi of stream habitat improvement 3) Operations plan language of good faith efforts to strategic releases.	4.2.1.2; 4.1.3.3(D)	
Stream fishing	Reduced Recreational Opportunities - reduced fishing from intermittent inundation	1) 0.7 mi of stream habitat improvements. 2) Sugar Creek improvements	4.2.1.1; 4.5.3	
Revenue and Operating Expenses				
Park Revenue	Decreased revenues during construction and post construction	1) Financial Mitigation plan. 2) WP to cover lost revenue	5.2	$1,000,000 (est.) for financial plan
Park Operating	Increased operating expenses	WP to cover increased operating costs attributable to project	5.2	
Estimated Cost Totals				
Costs for mitigations required by the USACE				$107,100,000
Additional costs for FWRMP mitigations				$8,864,300
Total Mitigation Costs				$115,964,300

APPENDIX D – WATER RIGHTS PORTFOLIO SUMMARY

APPENDIX D – WATER RIGHTS PORTFOLIO SUMMARY

Dominion Water Rights Summary

Storage space in Chatfield Reservoir provides the opportunity to maximize the dependable yield of Dominion's water rights portfolio. Current water sources that would be stored to match Dominion's customer demands include the following:

1. City of Aurora 230 IGA – This is an intergovernmental agreement for Dominion to receive 230 AF of raw water annually from City of Aurora. Under certain conditions water may be delivered in excess of demands and would need to be stored in Chatfield Reservoir.

2. City of Aurora 250 IGA – This is an intergovernmental agreement for Dominion to receive 250 AF of raw water annually from City of Aurora. Under certain conditions water may be delivered in excess of demands and would need to be stored in Chatfield Reservoir.

3. Hock Hocking Mine Water – Dominion currently owns a portion of the Hock Hocking Mine Water Right decreed in Case No. W-1318. The yield of Dominion's interest in the water right is estimated to range from 6 to 177 AF per year with an average annual yield of 62.5 AF at Hock Hocking Mine outlet.

4. Reusable return flow credits at the Chatfield Basin Water Reclamation Facility from fully consumable water sources (at this point all of Dominions owned water supplies are fully consumable).

5. Dominion's Junior Storage water right for 2,200 AF claimed in Case No. 18CW3039, plus storage regulation of other water rights claimed in Case No. 18CW3039.

APPENDIX E – FINANCIAL DOCUMENTATION

Dominion Water & Sanitation District

Appendix E - Schedule of Capital Revenue and Expenditures

Total Project Cost:	$ 4,150,000			
Source	Principal	Interest	Years	Payment
CWCB Loan	$ 4,150,000	4.30%	30	$248,813

	Annual Revenue							Annual Expenditures					CWCB Loan Reserve Fund[8]			Projected Capital Fund Balance[9]
Year	Water Tap Revenue	Sewer Tap Revenue	Total Tap Fee Revenue[1]	Future Bond Proceeds[2]	Transfers In[3]	Other Revenue[4]	Total Revenue	Water System CIP[5]	Wastewater System CIP[5]	Existing Debt Service[6]	Future Debt Service[2]	CWCB Loan payment[7]	Additions / Uses	Accumulated Balance	Total Expenditures	
														Beginning Balance:		$ 23,490,000
1	$ 13,251,225	$ 3,857,550	$ 17,108,775	$ -	$ 2,871,524	$ 834,320	$ 20,814,619	$ 35,497,000	$ 3,221,000	$ 5,312,925	$ -	$248,813	$ 24,881	$ 24,881	$ 44,304,619	$ -
2	$ 13,632,000	$ 3,781,000	$ 17,413,000	$ -	$ 12,950,619	$ 220,000	$ 30,583,619	$ 18,084,000	$ 3,531,000	$ 6,694,925	$ -	$248,813	$ 24,881	$ 49,762	$ 30,583,619	$ -
3	$ 15,375,000	$ 4,240,000	$ 19,615,000	$ -	$ 267,387	$ 220,000	$ 20,102,387	$ 3,929,000	$ 7,048,000	$ 8,651,693	$ -	$248,813	$ 24,881	$ 74,643	$ 20,102,387	$ -
4	$ 18,804,000	$ 5,249,000	$ 24,053,000	$ 26,500,000	$ -	$ 220,000	$ 50,773,000	$ 5,358,000	$ 9,821,000	$ 9,386,083	$ -	$248,813	$ 24,881	$ 99,524	$ 24,838,777	$ 25,934,220
5	$ 19,110,000	$ 5,361,000	$ 24,471,000	$ -	$ -	$ 220,000	$ 24,691,000	$ 12,237,000	$ 5,075,000	$ 9,286,253	$ -	$248,813	$ 24,881	$ 124,405	$ 26,871,947	$ 23,753,270
6	$ 19,177,000	$ 5,399,000	$ 24,576,000	$ -	$ -	$ 220,000	$ 24,796,000	$ 15,724,000	$ 3,818,000	$ 9,146,640	$ 2,350,978	$248,813	$ 24,881	$ 149,286	$ 31,313,312	$ 17,235,960
7	$ 19,320,000	$ 5,444,000	$ 24,764,000	$ -	$ -	$ 220,000	$ 24,984,000	$ 7,143,000	$ 999,000	$ 9,278,105	$ 2,350,978	$248,813	$ 24,881	$ 174,167	$ 20,044,777	$ 22,175,160
8	$ 18,079,000	$ 5,081,000	$ 23,160,000	$ -	$ -	$ 220,000	$ 23,380,000	$ 2,956,000	$ 2,774,000	$ 9,112,043	$ 2,350,978	$248,813	$ 24,881	$ 199,048	$ 17,466,715	$ 28,088,470
9	$ 17,807,000	$ 4,999,000	$ 22,806,000	$ -	$ -	$ 220,000	$ 23,026,000	$ 1,773,000	$ 6,702,000	$ 9,546,893	$ 2,350,978	$248,813	$ 24,881	$ 223,929	$ 20,646,565	$ 30,467,910
10	$ 18,874,000	$ 5,306,000	$ 24,180,000	$ -	$ -	$ 220,000	$ 24,400,000	$ 3,884,000	$ 7,851,000	$ 8,115,213	$ 2,350,978	$248,813	$ 24,881	$ 248,810	$ 22,474,885	$ 32,393,030
11	$ 18,249,000	$ 5,121,000	$ 23,370,000	$ -	$ -	$ 220,000	$ 23,590,000	$ 13,271,000	$ 4,307,000	$ 7,847,708	$ 2,350,978	$248,813	$ -	$ 248,810	$ 28,025,499	$ 27,957,530
12	$ 19,056,000	$ 5,352,000	$ 24,408,000	$ -	$ -	$ 220,000	$ 24,628,000	$ 1,775,000	$ 678,000	$ 7,868,063	$ 2,350,978	$248,813	$ -	$ 248,810	$ 12,920,854	$ 39,664,680
13	$ 19,144,000	$ 5,374,000	$ 24,518,000	$ -	$ -	$ 220,000	$ 24,738,000	$ 11,659,000	$ 2,568,000	$ 7,733,975	$ 2,350,978	$248,813	$ -	$ 248,810	$ 24,560,766	$ 39,841,910
14	$ 15,227,000	$ 4,235,000	$ 19,462,000	$ -	$ -	$ 220,000	$ 19,682,000	$ 3,995,000	$ 2,914,000	$ 6,823,605	$ 2,350,978	$248,813	$ -	$ 248,810	$ 16,332,396	$ 43,191,510
15	$ 11,966,000	$ 3,287,000	$ 15,253,000	$ -	$ -	$ 220,000	$ 15,473,000	$ 9,995,000	$ 429,000	$ 6,080,938	$ 2,350,978	$248,813	$ -	$ 248,810	$ 19,104,729	$ 39,559,780
16	$ 9,846,000	$ 2,669,000	$ 12,515,000	$ -	$ -	$ 220,000	$ 12,735,000	$ 8,339,000	$ 433,000	$ 5,589,078	$ 2,350,978	$248,813	$ -	$ 248,810	$ 16,960,869	$ 35,333,910
17	$ 9,043,000	$ 2,433,000	$ 11,476,000	$ -	$ -	$ 220,000	$ 11,696,000	$ 998,000	$ 326,000	$ 5,362,670	$ 2,350,978	$248,813	$ -	$ 248,810	$ 9,286,461	$ 37,743,450
18	$ 6,880,000	$ 1,656,000	$ 8,736,000	$ -	$ -	$ 220,000	$ 8,956,000	$ 9,920,000	$ 272,000	$ 5,725,822	$ 2,350,978	$248,813	$ -	$ 248,810	$ 18,517,613	$ 28,181,840
19	$ 3,542,000	$ 940,000	$ 4,482,000	$ -	$ -	$ -	$ 4,482,000	$ 824,000	$ 185,000	$ 140,400	$ 2,350,978	$248,813	$ -	$ 248,810	$ 3,749,191	$ 28,914,650
20	$ 1,233,000	$ 297,000	$ 1,530,000	$ -	$ -	$ -	$ 1,530,000	$ -	$ 11,000	$ 140,400	$ 2,350,978	$248,813	$ -	$ 248,810	$ 2,751,191	$ 27,693,460
21	$ 210,000	$ -	$ 210,000	$ -	$ -	$ -	$ 210,000	$ -	$ 2,000	$ 140,400	$ 2,350,978	$248,813	$ -	$ 248,810	$ 2,742,191	$ 25,161,270
22	$ 214,000	$ -	$ 214,000	$ -	$ -	$ -	$ 214,000	$ -	$ -	$ 140,400	$ 2,350,978	$248,813	$ -	$ 248,810	$ 2,740,191	$ 22,635,080
23	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 140,400	$ 2,350,978	$248,813	$ -	$ 248,810	$ 2,740,191	$ 19,894,890
24	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 140,400	$ 2,350,978	$248,813	$ -	$ 248,810	$ 2,740,191	$ 17,154,700
25	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 140,400	$ 2,350,978	$248,813	$ -	$ 248,810	$ 2,740,191	$ 14,414,510
26	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 140,400	$ 2,350,978	$248,813	$ -	$ 248,810	$ 2,740,191	$ 11,674,320
27	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 140,400	$ 2,350,978	$248,813	$ -	$ 248,810	$ 2,740,191	$ 8,934,130
28	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 140,400	$ 2,350,978	$248,813	$ -	$ 248,810	$ 2,740,191	$ 6,193,940
29	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,480,400	$ 2,350,978	$248,813	$ -	$ 248,810	$ 5,080,191	$ 1,113,750
30	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$248,813	$ (248,810)	$ -	$ 3	$ 1,113,750

Notes:

[1] Projected water and sewer tap fees are assumed to include a 2% annual rate increase.

[2] Dominion is contemplating an additional bond issuance in the next three to four years for capital investment. For purposes of this schedule, an assumed future issuance of $32,000,000 principal amount of bonds and related debt service (net of reserve funds used for debt service at maturity of the bonds) has been included as a part of this projection with a 25-year term at an interest rate of 5.25%.

[3] Transfers into the Capital Fund are assumed to come from Dominion's Operating Fund and/or Sterling Ranch Developer Advances, consistent with the long-term financial plan. Dominion updates wholesale service rates and tap fees from time to time to ensure payment of all loan/bond obligations and operating expenses.

[4] Other revenue includes estimated interest earned on existing project and reserve fund balances and repayments of shared project costs from the Sterling Ranch Community Authority Board.

[5] Projected water and wastewater CIP expenditures include annual inflationary increases of 2% per year. On-going repair and maintenance costs following the initial infrastructure investment are assumed to be funded through Dominion's operating fund with service rate revenue. The activities of the operating fund is not included in this projection.

[6] Projected debt service for Dominion's Series 2016 Bond and outstanding water rights notes payable, net of reserve funds used for debt service at final maturity.

[7] Assumed 30-year term at an interest rate of 4.30%.

[8] CWCB loan reserve fund is funded over the first 10-years of the financial projection, and then held in reserve in Dominion's bond/loan reserve fund.

[9] The capital fund is used to fund CIP investment. The balance of funds available from investments as of December 31, 2016 was approximately $23,490,000.

APPENDIX F – BOARD RESOLUTION

APPENDIX F

RESOLUTION NO. 2019-1-]

RESOLUTION AUTHORIZING DOMINION WATER & SANITATION DISTRICT TO PURCHASE STORAGE IN CHATFIELD RESERVOIR (500 ACRE FEET) FROM COLORADO WATER CONSERVATION BOARD, AND OBTAIN A LOAN OR FINANCING FROM THE STATE OF COLORADO FOR SUCH STORAGE PURCHASE

A. Dominion Water & Sanitation District (the **"District"**) is a quasi-municipal corporation and political subdivision of the State of Colorado organized pursuant to Article 1, Title 32, Colorado Revised Statutes, by order of the District Court in and for Douglas County, Colorado, and operates pursuant to its Service Plan approved by the Board of County Commissioners of Douglas County, Colorado (the **"County"**), on October 27, 2004, as subsequently amended and/or modified.

B. The Service Plan contemplates that the purpose of the District is to carry out certain water activities, including, but not limited to, the acquisition, construction and finance of facilities for the diversion, storage, carriage, delivery, distribution, collection, treatment, use, reuse, augmentation, exchange or discharge of water and for the provision of wholesale water services and the acquisition of water or water rights, and to acquire, construct, finance and maintain public water, sewer and storm drainage improvements to the extent necessary or beneficial for assuring the capture and use of irrigation and return flows, all for the use and benefit of service users of the District's systems within western the County and in counties adjacent to the County.

C. The Service Plan contemplates that the District has all the powers of a water and sanitation district set forth in §§ 32-1-1001 and -1006, C.R.S.

D. Pursuant to § 32-1-1001(1)(f), C.R.S., the Board of Directors of the District (the **"Board"**) is authorized to acquire real and personal property, including, without limitation, rights and interests in property, for public use.

E. The District desires to acquire water storage in Chatfield Reservoir to store 500 acre-feet of water, the storage right that can be filled and re-filled as water is available to the District. Water storage is part of, and a key element of, the District's plans to provide water services to its service area. The Colorado Water Conservation Board, of the Department of Natural Resources, has initially committed to sell to the District 500 acre-feet of storage from the Chatfield Reallocation Project (Chatfield Reallocation Storage) subject to completion of suitable contracts and purchase terms.

F. The District further desires to obtain financing, from the State of Colorado, Department of Natural Resources which may be in the form of a loan, carry-back financing or such other instruments which would secure the water storage as collateral for the loan or financing.

G. The District is intending to make payment of the State of Colorado loan from rates and fees collected from its customers however it is not intending to pledge the District's rates and fees collected from customers for the State of Colorado loan or financing for the Chatfield water storage.

H. Pursuant to the Service Plan, Douglas County has a right to review District proposals for financing infrastructure.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DOMINION WATER & SANITATION DISTRICT, DOUGLAS COUNTY, COLORADO:

1. The recitals set forth above are hereby incorporated as if set forth fully herein.

2. The District has determined it to be in the best interests of its customers to acquire the Chatfield Reallocation Storage and directs its staff to take such actions as are necessary to acquire the Chatfield Reallocation Storage.

3. The District should obtain financing for its acquisition of the Chatfield Reallocation, which financing will primarily be secured by a lien on the District's Chatfield Reallocation Storage.

4. The District shall confer with Douglas County regarding the financing for Chatfield Reallocation Storage prior to closing on any financing for its acquisition of the Chatfield Reallocation.

[SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE TO RESOLUTION OF THE BOARD OF DIRECTORS OF THE DOMINION WATER & SANITATION DISTRICT AUTHORIZING DOMINION WATER & SANITATION DISTRICT TO PURCHASE STORAGE IN CHATFIELD RESERVOIR (500 ACRE FEET) FROM COLORADO WATER CONSERVATION BOARD, AND OBTAIN A LOAN OR FINANCING FROM THE STATE OF COLORADO FOR SUCH STORAGE PURCHASE]

RESOLUTION ADOPTED AND APPROVED on January 1, 2019.

DOMINION WATER & SANITATION DISTRICT

By: _____
President

Attest:

_____
Secretary
18508357