

Town of Castle Rock, Castle Pines Metro District, and Castle Pines North Metro District

Water Resources Implementation Plan

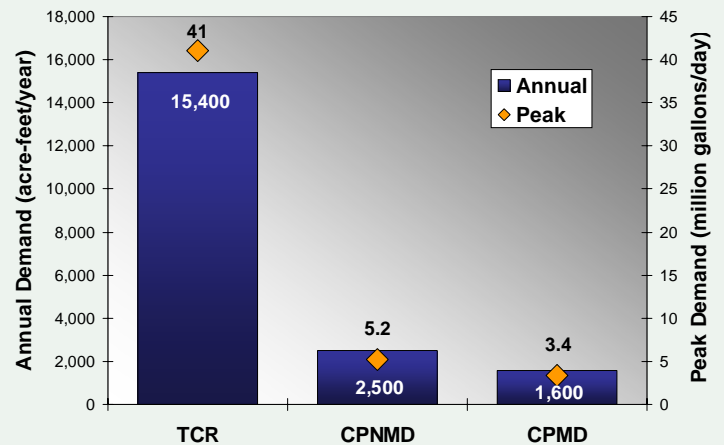
March 2008



The Town of Castle Rock (TCR), Castle Pines Metro District (CPMD), and the Castle Pines North Metro District (CPNMD) rely primarily on nonrenewable groundwater supplies to meet the water needs of their respective service areas. Looking toward development of sustainable, renewable water supplies, each of these entities (the Participants) jointly developed the Water Resources Implementation Plan to more fully utilize water supplies and return flows that are currently unused or under-utilized.

These supplies include:

- East and West Plum Creek alluvial and surface water rights.
- Treated wastewater effluent return flows from the Plum Creek Wastewater Authority (PCWA) Wastewater Treatment Plant (WWTP).
- Lawn irrigation return flows (LIRFs).
- Future imported renewable water supplies, including water from the South Platte River near Greeley delivered via the proposed South Metro Water Supply Authority (SMWSA) project.



Combined water demands of Participants will approach 20,000 acre-feet per year (AFY) at buildout, prompting a need for sustainable and reliable long-term supplies.

The Water Resources Implementation Plan is based on detailed analyses of alternative infrastructure systems that would capture, store, convey, treat, and distribute the renewable water from these sources. The result is a phased capital investment plan that will dramatically increase the sustainability of the Participants' water supply portfolios.

Overview of Recommended Plan

The Water Resources Implementation Plan includes phased implementation of renewable water supply sources to meet the current and future needs of the Participants as depicted below. Key components include:

- Construction of a pipeline interconnection with the Centennial Water & Sanitation District's (Centennial) potable water system to divert, treat, and deliver a portion of the local water supplies via Centennial's South Platte River diversions and treatment/distribution infrastructure.
- Acquisition of capacity in the East Cherry Creek Valley Water & Sanitation District (ECCV) Northern Water Supply system to

treat and deliver additional local supplies plus future imported water supplies.

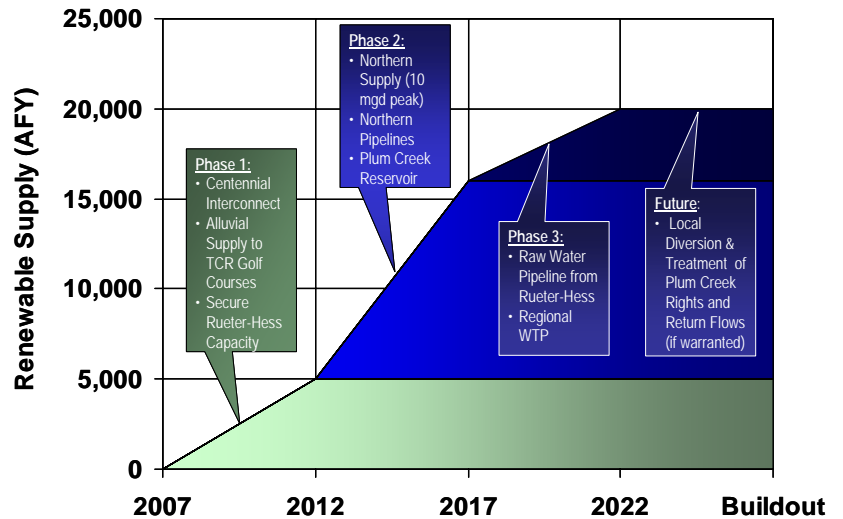
- Construction of new pipelines to deliver water from the ECCV Northern pipeline's terminus to the Participants' service.
- Acquisition of storage in Rueter-Hess Reservoir to store off-peak deliveries of water through the ECCV Northern system for subsequent periods of peak demand.
- Construction of a new Regional Water Treatment Plant (WTP) to treat water withdrawn from storage in Rueter-Hess Reservoir.

(continued)

This report is "final" only to the extent that the contemplated data collection and analyses have been completed. The conclusions reached in this report are based on the information known and assumptions made as of the time of completion. Over time, additional facts will become known, circumstances may change, and different assumptions may be made. The impact of any such developments on the conclusions herein cannot be known at this time.

Overview of Recommended Plan (cont.)

- Develop and implement aquifer storage and recovery (ASR) pilot testing program to convert groundwater well to ASR and evaluate technical feasibility of ASR for seasonal storage.
- Possible future development of a reclaimed water distribution system to serve certain nonpotable water demands (primarily irrigation) in the TCR service area.
- Possible future local diversion of Plum Creek water rights and PCWA WWTP effluent through a surface diversion, a new Plum Creek Reservoir, and a series of Lower Plum Creek alluvial wells, with conveyance to an expanded Regional WTP for treatment and subsequent distribution to the Participants.



Implementation is scheduled for three phases, which will incrementally increase renewable water supplies to the Castle Rock region. Key elements of each phase are indicated in the figure (right).

For this Plan, infrastructure was sized under the assumption that all Plum Creek supplies and return flows would be diverted, treated, and delivered through the ECCV Northern system. Should growth, cost-effectiveness, or other factors dictate the need for local diversions of local supplies and development of a TCR nonpotable reuse system, those costs would be added to the overall total.

Estimated capital costs for the combined needs of TCR, CPMD, and CPNMD, including infrastructure investments and water rights acquisitions, range from about \$750 million

to \$900 million in 2007 dollars. Allocation of costs between the three entities was not estimated as part of this Plan.

This Plan, as designed, will maximize the use of the Participants' local Plum Creek tributary supplies, ensure the ability to recapture all of the reusable return flows, and implement the renewable water supply goals of TCR, CPMD, and CPNMD in coordination with the adopted South Metro Regional Water Master Plan. Key infrastructure are shown in the figure (below). Through phased implementation of the components described in this Plan, the Participants will be able to transition to renewable water supplies in a timely and fiscally responsible manner to meet their customers' current and future water needs.

