

Regional Rural Water Infrastructure Planning Effort in Douglas County, Colorado - \$997,500.00.

USDA Water and Environmental Programs (WEP) provides grants for drinking water, sanitary sewer, solid waste and storm drainage facilities in rural areas and cities and towns of 10,000 or less. WEP makes grants to nonprofit organizations to provide technical assistance and training to assist rural communities with their water, wastewater, and solid waste problems. Douglas County Community Foundation (DCCF) qualifies for TAT grants under these guidelines, and will work in association with Douglas County Water Resource Authority (DCWRA) to deliver TAT services under this grant funding. The purpose of the WEP program is to identify and evaluate solutions to water problems of associations in rural areas relating to: source, storage, treatment, and distribution. There are twenty water associations in the Douglas County, Colorado community who qualify under this program for assistance with these issues.

The planning assistance effort will be carried out by a regional coalition of water interests, including the Rural Water Authority of Douglas County (RWADC), working cooperatively under a recently formed intergovernmental agreement (IGA). The project will produce specific drawings that will be used to construct regional water infrastructure. This funding will NOT be used for construction, but for planning of that project. The effort will be directed by DCWRA, acting as the provider of expert services in the water arena to the applicant, Douglas County Community Foundation (DCCF).

The project is necessary because the region has grown dependent upon non-renewable Denver Basin groundwater. It is essential that renewable water supplies be brought into the region, and in a timely fashion. The time until a solution will be needed is already inside normal planning horizons for such projects, and so it is critical that these planning efforts now move along with all alacrity. The State of Colorado recently granted \$600,000 to DCWRA towards an estimated two million dollar planning effort. At the time the grant was requested, DCWRA indicated to the State that federal funds would be pursued as well. Existing infrastructure needs to be knitted together, and new water infrastructure needs to be built in order to deliver water supplies to communities. No community is capable of bearing the cost to produce a solution on its own, and so a regional cooperative approach is demanded. Eligible communities will benefit from the planning effort in order to bring together this regional approach to construct a project. The service area is Douglas County, Colorado. The county is located in central Colorado's Front Range area, halfway between the cities of Denver and Colorado Springs.

The goal of this grant funding is to move through regional planning steps in order to produce specific drawings to be used in funding and construction of a regional water infrastructure project. You're going to hear a lot in this grant about DCWRA, Douglas County Water Resource Authority. DCWRA will provide the expertise on water issues to the applicant for this grant. The applicant is Douglas County Community Foundation, DCCF. Its mission is helping meet the diverse needs of Douglas County. The hallmarks of this private non-profit include vision, awareness, preservation, simplicity, accountability, and permanence. DCCF will parlay this engagement in pursuit of its other efforts, including those surrounding water, the region's most challenging issue. The focus of this application is who we'll reach, what we'll do, and how the tasks will be performed and measured as part of planning a watershed based rural water project. It will be necessary for the Douglas County community to energize the water associations within its borders, as well as state and federal water entities, in order to achieve success.

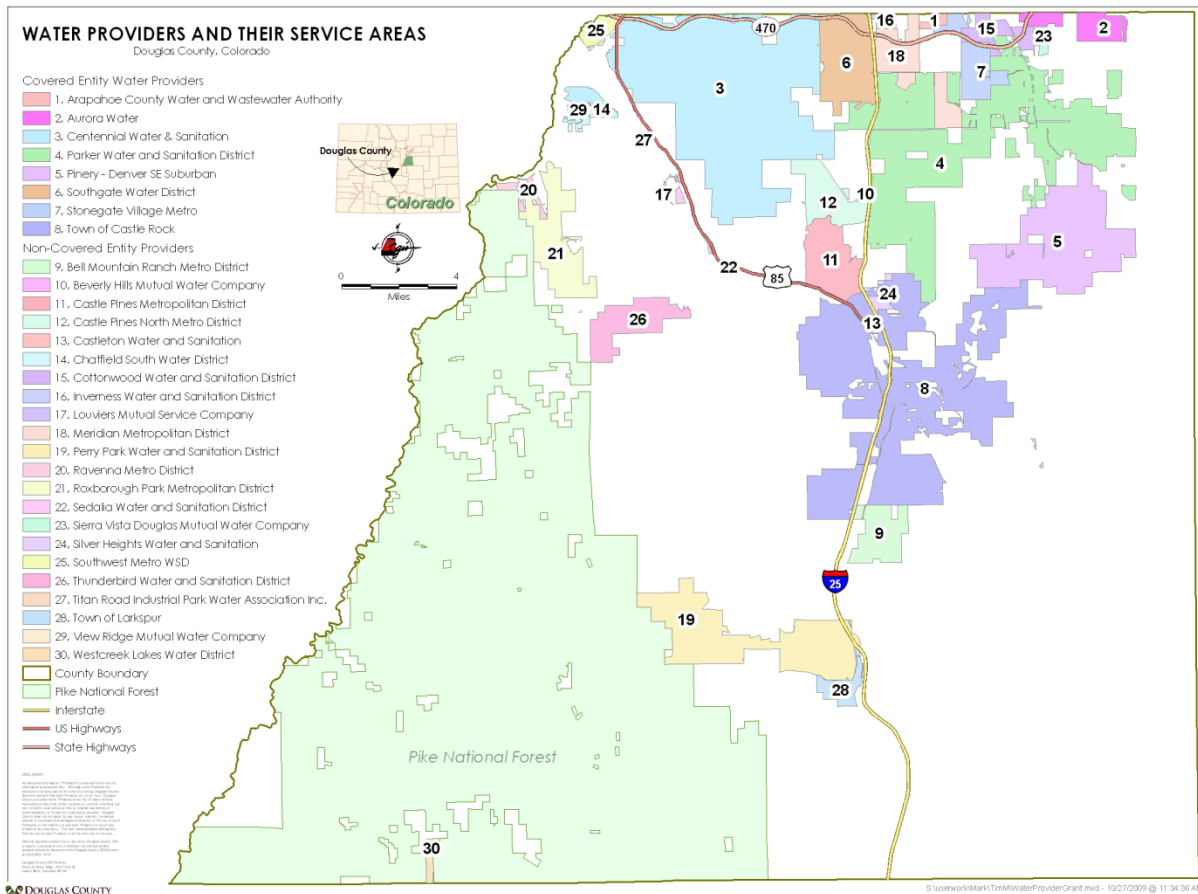
DCWRA was formed in the early 90's in the wake of the EPA veto of Two Forks dam and reservoir. In the early 2,000's, members of DCWRA participated in a study group formed with Denver Water, the Colorado Water Conservation Board (CWCB), and the Colorado River Water Conservation District. This study group issued a report in early 2004 which demonstrated that declines in water well levels were of a regional nature. In some cases water levels were reported to have dropped thirty feet in one year. This report provided definitive characterization of a clear and present concern with the sustainability of Denver Basin groundwater. This report made became clear the fact that a more sustainable approach to water supply would be required for the region. In 2006, a piece of legislation to form one water entity to serve the entire region failed on a mitigation amendment in the Colorado General Assembly's House Agriculture Committee. In the wake of that failure South Metro Water Supply Authority (SMWSA) was formed to pursue water supply efforts, while DCWRA focused on conservation, education, and public policy surrounding water issues. SMWSA commissioned a regional water supply master plan. DCWRA pursued interest in the Rural Water Supply Act, a new Bureau of Reclamation program, in association with USDA, that was moving through Congress at the time.

SMWSA's Master Plan fulfilled a need to develop an overview of how existing infrastructure could be knitted together, and how additional infrastructure would need to be built. This accomplishment showed that there were in fact solutions to the region's water issues, and that these solutions are in fact affordable. Cost estimates were developed. This examination did include the larger rural communities, but not the smaller rural communities or individual well users in the County.

DCWRA's pursuit of the Rural Water Supply Act revealed that planning assistance could be made available for the region's rural interests, as well as the opportunity for federal loan guarantees, perhaps on the order of one billion dollars, to help fund the solution for the watershed. On October 1, 2008, about the time the Title I rule for the Act was issued by Reclamation, the Douglas County Board of County Commissioners created the Rural Water Authority of Douglas County. At the same time, a work group was created and met throughout late 2008 and 2009 to determine how all the water entities could work together. In June, DCWRA applied for a grant from the Metro Basin Roundtable, part of CWCB's statewide water planning process. The Roundtable unanimously passed a motion of support for a \$100,000 grant for DCWRA to pursue the regional watershed infrastructure planning initiative, and forwarded a request to CWCB for an additional grant of \$500,000. In September CWCB awarded DCWRA the \$500,000 grant. It is important to note that the roundtable motion was made by the manager of Denver Water and seconded by the manager of the City of Aurora's water department. The support for this DCWRA planning initiative by these significant water organizations along Colorado's Front Range, as well as the state of Colorado, is not to be underestimated. At the time of the grant, DCWRA indicated it would pursue federal funds to augment the state grant funds. This TAT/ARRA grant application to USDA represents such pursuit. Thank you for this opportunity to succeed in our region.

An intergovernmental agreement (IGA) was negotiated over the next two months. The Douglas County Board of County Commissioners took action in mid-December to pass a resolution to become the final signatory to the IGA agreement. The region now has a political foundation to move forward, as well as some of the requisite funding in hand. The funding currently available can begin the process, but is not yet adequate to move the process to fruition. The stimulus funds would be particularly helpful in

moving the project through the planning phase and into the construction phase. Douglas County Community Foundation, DCCF, would be particularly helpful in spreading the message of this water



effort throughout the communities of the region. It is imperative that this effort engage public input during the design phase, as well as lay the foundation for public support of funding to construct the regional water project that is demanded by reliance upon the non-renewable groundwater. Without public engagement and support, any planning effort will be fraught with peril, or ultimately fail. DCWRA has pledged in writing to provide expertise on water issues to DCCF for purposes of this grant.

Current members of DCWRA provide water to approximately two hundred thousand citizens in the Douglas County area. Thirteen of the nineteen members of DCWRA fall into this water provider category, and rely upon Denver Basin Groundwater for their water supplies. There are also smaller water providers, water companies, and water associations, as well as 23,516 water users on 8,419 individual wells who are also reliant upon non-sustainable Denver Basin groundwater. (Some individual wells are in perilous shape today, while others in remote areas of the County may not have water concerns for many decades, or longer.) These smaller water associations, as well as those individual well users situated along the path of the planned water infrastructure, will be the focus of this TAT grant.

The larger water associations have state approved water conservation plans. In 2010 the County government will roll out a process to include the smaller water associations in state approved water conservation plans. Part of the County's incentive with these plans will be to offer these smaller entities membership in DCWRA. All members of SMWSA, as well as Douglas County government, are already members of DCWRA. RWADC has included in its 2010 budget the payment of dues to formally join DCWRA. 18 of the 19 current DCWRA members have passed an amendment that will permit these entities to join DCWRA. In January 2010, the 19th member of DCWRA will present this amendment to their board for passage.

The vision under this TAT funding is that larger providers in the region will focus on planning the major spines of a regional watershed based infrastructure system, while the smaller users will exercise local control in planning the way sustainable water supplies will lessen their dependence upon nonrenewable groundwater in their respective associations. Cooperative back and forth dialogue will be necessary on all fronts. To recap, the thirteen large members of DCWRA formed SMWSA to focus on the pursuit of water supply. The smaller users joined together to form the Rural Water Authority of Douglas County (RWADC). All of these entities have signed an intergovernmental agreement (IGA) to work together on rural water supply issues. This represents a significant collaborative accomplishment in our region on water issues. Receiving the state grant is another significant accomplishment.

Eighty-two percent of county residents believe water is the biggest issue facing the region, and these citizens believe the existing water entities should work together more closely in pursuit of a solution. Water is the biggest community issue in Douglas County. For purposes of this grant pursuit and implementation, Douglas County Community Foundation, DCCF, is affiliated with Douglas County Water Resource Authority, DCWRA. While DCCF is focused on community service, DCWRA is a collection of 19 water entities in the region who have signed an intergovernmental agreement (IGA) with Douglas County Government, the Rural Water Authority of Douglas County, and the South Metro Water Supply Authority to pursue the new Reclamation Rural Water Supply Program. This program at Reclamation is expected to roll out in the first half of 2010. The IGA committee will direct pursuits of if and how this program may be applied to the area. CWCB granted \$600,000 to DCWRA to pursue this opportunity. Contracting with the State is expected to be completed in the first quarter of 2010. Funds from this USDA RUS TAT grant under the ARRA would accelerate pursuit of a water solution. This pursuit is congruent with both the Congressional intent with stimulus funding, and USDA RUS TAT objectives. Additional workers will need to be enlisted in accelerating this effort. The region's needs overlap ARRA and USDA RUS goals.

Definitions of "rural" vary. Under the Reclamation program, all parts of our area except the community of Highlands Ranch would be considered rural. However, the Highlands Ranch area could be included in the effort if this entity is determined to be critical to overall success of a project. Due to the water provider for Highlands Ranch owning a surface water treatment plant, surface storage facilities, a diversion off the S. Platte River, and operating an aquifer storage and recovery project as well as other infrastructure, partnering with this community would be of enormous benefit to smaller rural water users, and very much critical to overall regional watershed based success. Under this TAT grant opportunity, all areas could be included except the Town of Castle Rock and the Town of Parker. Under

the CWCB funding already granted, all areas could be covered. Let us point out that pursuits under these programs are very much harmonious. We are already familiar with such division of program focus. For example, when dealing with state issues, Colorado Water Conservation Board has certain programs, whereas the Colorado Division of Water Resources (the State Engineer's Office) has other programs, and the Colorado Water and Power Authority has other programs. We are familiar with compliance issues surrounding program integrity and separation. With the Reclamation Rural Water Supply Program, Secretary of Interior will sign a memorandum of agreement (MOA) with Secretary of Interior on administration of loan guarantees, which is one of this region's ultimate goals. And so, USDA, BOR, the state agencies, Douglas County government, water authorities, and water associations will need to pull together to bring about solutions to the water issues facing our region, and specifically rural water users.

Anticipated costs for such a pursuit through an appraisal and feasibility investigation under the Reclamation Rural Water Supply Program could cost two million dollars. A significant portion of this TAT funding would combine with the \$600,000 already received from the State grant to close the funding gap for this pursuit. Local water users have already contributed cash as well as in-kind services to produce work that may be included in this pursuit, reducing the need for additional cash contributions. In this way the TAT funding helps the effort move to fruition. DCWRA has represented to CWCB that federal funding sources would be pursued, and this TAT grant is one such opportunity. Let us acknowledge that different pools of money will need to be spent only on communities or water associations that meet the criteria under the respective funding sources. We believe we have the flexibility to perform and track tasks, and that with this TAT funding we can move to completion of the planning process.

In addition to these efforts, DCWRA has previously created and delivered one Xeriscape DVD to every single family residence in the region. Colorado Governor Bill Ritter said this was exactly what the people of Colorado should be doing, terming these efforts exemplary. In 2010, DCWRA water education and conservation programs will train 425 high school students to train 6,000 elementary school students about water and conservation. This initiative should reach all high schools and elementary schools in the area. Training on water and conservation is also offered to Middle School teachers, as well as homeowner associations. Part of the training contemplated under this grant will spread these programs to rural water associations, so that they may approach a regional solution from a place of shared information about water issues facing the region. In addition to operating over a dozen water utilities, DCWRA members have also participated in reservoir development; pipeline construction, and reuse and treatment facility design and construction, and purchased water rights. The executive director of SMWSA is the former director of the CWCB, and coupled with a career of achievements, has very deep capability with water issues. Many of the water utility managers in DCWRA have decades of experience in Colorado water issues. DCWRA stands ready to offer the expertise necessary to make this process an integral element of a watershed based solution.

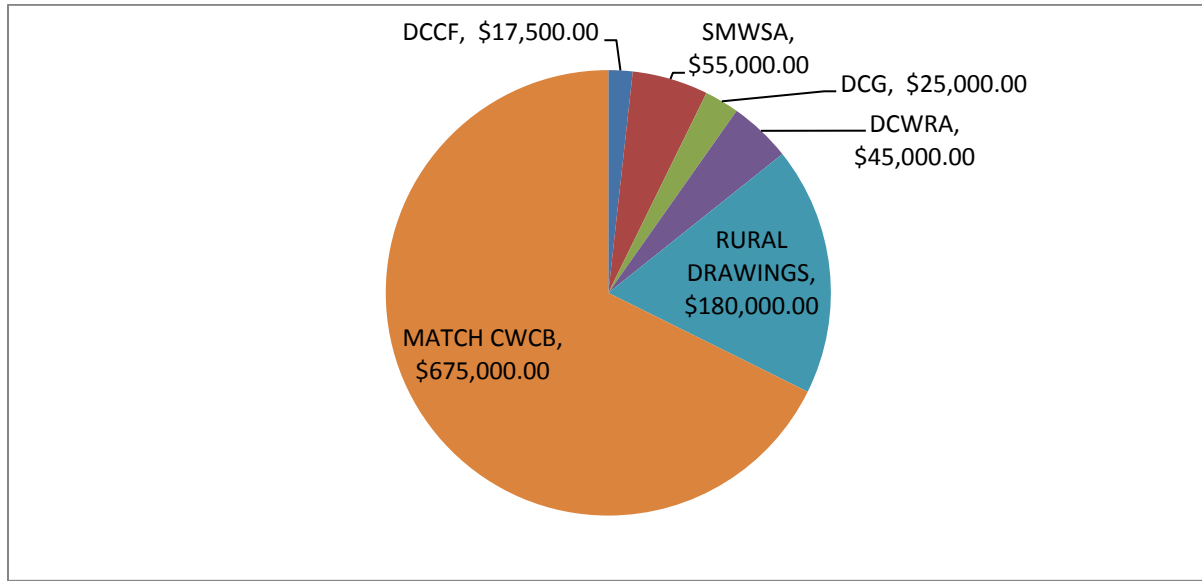
The lion's share of the process will be directed by the committee of the IGA, which includes one representative of Douglas County government, two members of the Rural Water Authority of Douglas County, two members of South Metro Water Supply Authority, and two members of Douglas County

Water Resource Authority. While at the time of the writing of this grant application these entities have not yet selected their representatives to the committee, the previously mentioned work group members from these organizations included a Douglas County Commissioner (supported by the County Planning and Sustainability Department's water specialist), a rural resident living in the eastern part of the County, a rural resident living in the western part of the County, the manager of the Pinery Water and Wastewater District, the manager of the Town of Castle Rock's water utility department, the executive director of SMWSA, and the executive director of DCWRA.

Carve outs in the requested TAT grant funding assistance not directed by the committee are as follows: \$17,500 to cover expenses associated with the administrative, audit, and outreach functions of applicant DCCF that are integral to this grant process; \$25,000 to augment the Douglas County government's provision of technical assistance to the Rural Water Authority of Douglas County; \$45,000 for DCWRA to expand education and training on regional water issues and solutions to the rural water associations; and \$55,000 for S. Metro to develop a costing tool to be used by rural users to create ballpark estimates of costs when developing economic approaches for their respective associations. Expenditures of these carved out funds will be directed by the Boards of the respective organizations. The remainder of the grant, or approximately \$850,000, will be directed by the IGA committee. \$675,000 will constitute the matching federal funds illustrated in the state grant budget document, attached, and anticipates compliance with the Reclamation Rural Water Supply Program protocols. \$185,000 is specifically directed towards design drawings that depict how water will travel from regional water infrastructure nodes into the respective rural water associations. These drawings will specifically illustrate how these local entities wish to serve their communities, using economic approaches, and proper standards for construction of water infrastructure.

As to financial management capacity, DCWRA's accounting and administrative functions are handled primarily by Jodi Long, with over 29 years of Consumer/Commercial Banking, Commercial Leasing and Administrative experience, she processes most of the back office accounting/administration for DCWRA. Her responsibilities include invoicing, accounts receivable/payable, updating monthly financial statements, cash position, balancing of accounts, preparation of monthly board meeting packages, and all other miscellaneous administrative duties, as needed. A nationally recognized accounting firm, Clifton Gunderson, has performed the independent DCWRA audit, or filed audit exemptions, as provided under Colorado statute. A copy of the 2010 DCWRA income statement (year-to-date through 11/30) and a 2009 invoice for the audit exemption work are attached to this application. It is acknowledged that the financial management systems currently in place may need to be augmented to properly account for the state and USDA grants. DCWRA is has identified these requirements, and stands ready to produce same. DCWRA has also applied to EPA for a grant to expand environmental education and stewardship efforts, specifically, sharing some of the things we've learned in our training efforts with other water entities in the state. If successful, DCWRA will likely be required to adopt financial reporting standards that comply with EPA guidelines. These standards have been reviewed, and DCWRA stands ready to put this reporting system into place, as needed. There is no assurance the EPA grant will be received. If received, these efforts are complementary to the tasks contemplated under this TAT/ARRA grant application. See next page for specifics of spending under these TAT/ARRA grant funds.

Expenditures Under TAT/ARRA Funding:



1) DCCF - administration, audit, outreach - \$17,500. All work will be performed by DCCF except the function of independent audit, as may be required. DCCF works with DCWRA to perform the administrative functions associated with processing invoices for reimbursement, as per final instruction from USDA. As needed, an independent auditor will be hired to ensure this effort complies with all USDA requirements. DCCF will communicate this water project planning pursuit with other community organizations in Douglas County. It is estimated that \$15,000 will pay DCCF personnel, and \$2,500 will pay for the independent audit, as needed. If unneeded, all funding pays applicant's personnel.

2) DCWRA - water education training - \$45,000. More trainers applied to DCWRA for work in 2010 than could be funded. Expansion of existing programs, and the hiring of more trainers to deliver training to the rural associations, is readily accessible. DCWRA's core training document was written by the former executive director of the Colorado Watershed Network, a non-profit organization that delivered Project Wet and River Water programs in Colorado, as well as writing the 2008 state study of water education efforts in Colorado. The content of the training document begins with weather and geology, and ends with dependence upon Denver Basin groundwater, and possible solutions that include reuse and conservation. From that core document, PowerPoints are created for use in training specific audiences. The content for high school students may be more hip (if water can be called hip), while the content for the elementary students is more fun, as kids want to have fun. The content for the Middle School teachers is more focused on water quality, and is taught by the water specialist with our local tri-county health department. An employee of EPA volunteers time to help deliver that content to the teachers. In this way existing content can be augmented to further highlight rural water concerns and potential solutions, additional trainers can be enlisted, and this content can be delivered to rural water associations members. The goal is to use this training process to furnish consistent background water information to all participants. Straight facts, and a shared basis from which to launch a conversation, should be delivered to these water association participants before they sit down to determine what

actions they wish to take as part of this planning process. TAT grant funding will be used to hone this content for rural water association needs, to attract and inform citizens of the training sessions, to secure locations to conduct these sessions, to hire additional trainers, and to deliver the training. Punch and cookies, or sandwiches from Safeway, may be offered to participants, depending upon duration and time of day of the training sessions.

The DCWRA executive director is a graduate of the Colorado Foundation for Water Education's leadership training program. The primary trainer of the trainers has thirty years experience in water training, and is also an alumni of this program. The staff person for SMWSA who will work on this task, and the Douglas County Planning and Sustainability department's water specialist, who staffs the Rural Water Authority of Douglas County, are currently enrolled in the 2010 edition of this leadership program. The focus of the leadership program is not water issues per se, but how to encourage people to work together productively on water issues. Lessons learned from this training program will be gleaned and applied to every step of this process, beginning with common ground from which to pursue water planning discussions in the watershed. Success by measured by the number of attendees at these training sessions. Attendees will be given a test prior to the first training session, and at the completion of the training process. The focus will be on put participants on a level playing field of similar core water information, so as to enhance the ability of the participants to work together towards solutions. Doug Campbell has managed these training programs over the past three years for DCWRA, and is the program manager. Mr. Campbell hires the trainers, supervises their training and activities, and maintains the quality of the program. MCREL, Mid Continent Research for Education and Learning is a partner on DCWRA's EPA grant application to expand environmental education and stewardship. Should that grant effort be successful, DCWRA will be able to borrow results measurements and apply such measures to this effort with rural water association training. Timing of that EPA grant is believed to be similar to the timing for this TAT grant, and so synergies may be possible. If our current team of trainers can meet the schedule, all \$45,000 will pay current DCWRA training personnel. If additional trainers are needed to meet the timeline, trainers are paid \$7500 each and work in teams of two. When we learn of USDA timing for grant award, we can confirm these numbers.

3) Douglas County Government, providing technical assistance to Rural Water Authority of Douglas County - \$25,000. The people who participate in the Rural Water Authority process are conscientious individuals who care deeply about the future of their community. They were not born water experts. Part of what the County provides is to the Authority members is ministerial in nature. This TAT funding would not go to those tasks. The participants do need technical support in their decision making process. Tim Murrell is the water specialist in the Douglas County Planning and Sustainability Department, and came to Douglas County from the State Engineer's Office in New Mexico. He staffs the Rural Water Authority process. Steve Boand is one of three Douglas County Commissioners, and sits on the Rural Water Authority board. Commissioner Boand has built a career as a professional hydrologist, and has been certified as an expert in Colorado Water Court proceedings. Both Mr. Murrell and Commissioner Boand are excellent resources who can provide assistance to the Rural Water Authority's process. At the same time, stimulus funds under TAT would allows more tasks to be undertaken, as well as faster action to be taken in order to move this process along. While the DCWRA educational

background training is appropriate for a wide audience, the Authority board members, or committee members, or concerned citizens willing to devote more time, will need training assistance on quite a lot of technical topics, be it pipe diameter, laminar flow, storage, treatment, water acquisition, water quality, environmental impacts, or impacts to other communities outside the region. These people need to have this training in order to help the rural associations they represent make good economic choices for their communities. Internally, skills do not exist to perform some of these more technical tasks. The funding under this grant allows experts on these topics to be enlisted to address the criticality of moving forward with these planning efforts now. We would measure these results by tests taken before and after each training topic is presented, as well as by a head count to measure number of participants in the training program. It is estimated that \$13,000 will pay Douglas County personnel expenses and \$12,000 will pay expert external vendors.

4) South Metro Water Supply Authority - developing costing tool for use by rural water associations - \$55,000. It is this process that will answer questions such as, "Should tanks be located a mile north or a mile south, or 500 feet higher or 200 feet lower?". But, it would be good to develop and utilize a planning tool that provides realistic interactive feedback of ball park economic costs of various decisions. If you know you're dealing with a \$5,000 decision vs. a \$5,000,000 decision, you might better prioritize and better prioritize which items to really dig down on, and what are not nearly as high a priority. While this pursuit is about infrastructure, SMWSA can create a Excel spreadsheet style tool to include estimated costs to deliver water supply to certain regional infrastructure nodes. These nodes could be a series of water tanks located on high ground around the region, or treatment, or pipeline routes, or other items. The notion is the rural associations could take the model developed by South Metro, input certain data field variables, and output a real world cost estimate for water supplied to their individual communities. There should be regular dialogue during the use of this tool. This tool helps the rural associations get their hands around this issue, and move along more quickly. Results would be measured by applying the tool in a test run to compare its outputs with other projects already in service in other areas, and fine tune as needed. A survey of rural association participants involved in this process would determine if they find the tool is helpful to their process, and how it can be upgraded to produce incremental useful information. SMWSA has the internal expertise to scope the tool parameters, but does not have the expertise to develop this tool internally. SMWSA has previously contracted with the expert organizations who can deliver these products to SMWSA specifications. It is estimated \$12,000 will pay SMWSA personnel, and \$43,000 will pay expert vendors to develop the model and train rural water association members in its use.

5) DCWRA/IGA Directed Committee - drawings for the benefit of rural water associations - \$180,000. Using the tool mentioned above, each water association will need to determine how service under this project can be made most responsive to needs, and how specifically their communities will be served. Parameters for self selection in or out of this project include: Do you think you have a problem? Do you support a regional approach to solution? Can you afford to pay your own way? Are you ready to participate now? Four "yes" answers indicate self selection into the project. Of course, in order to say you can afford something, you need to know how much it costs. The tool mentioned above generates general costs data, whereas this contemplated expenditure produces highly specific drawings to

illustrate very relevant cost estimates to each participant. Let's keep in mind that this is a planning phase of what may ultimately be a billion dollar project to construct, so it may or may not make sense to go to full construction drawings on all or various aspects of the project. Certainly, ten percent drawings should be developed. The notion is that these drawings are real world, and reflect the actual plan, and that once construction funding is secured for the respective parts of the project, the final construction drawings are merely an extension of this work, not requiring significant revision. These drawings represent "the" plan. Results would be measured by lenders willingness to lend based upon these drawings, and the approval of the underlying water associations of these drawings for construction of a water project in their respective communities, as well as participation by individual well users along the path of this regional infrastructure. The members of the IGA committee can select the professional engineering services providers who will be required to produce this work. Members of DCWRA and SMWSA have contracted with such professional firms for these specific types of services in the past, and can share this expertise with the members of the RWADC serving on this committee. A project manager will likely be hired to direct day to day activities. It is estimated \$18,000 of this funding will pay DCWRA personnel and \$162,000 will pay expert vendors to develop drawings in consultation with water associations. It is the desire of the committee to do as much work in-house as practicable, so as to further reduce costs. Much of this work is contributed in-kind by water association participants. However, there are some technical tasks we simply need to enlist credentialed experts to perform.

6) DCWRA/IGA Directed Committee - matching funds for Colorado Water Conservation Board grant for pursuit of if and how Reclamation Rural Water Supply Program may be applied to the Douglas County region - \$675,000.

The CWCB grant documentation already includes the opportunity for inclusion of federal funds, which this application for TAT/ARRA funds represents. Tasks include environmental studies, system engineering, and economic studies, all of which directly benefit the rural water associations and individual rural water users economically proximate to the path of the infrastructure. Outreach in this effort will focus on communicating this project, and build upon the core DCWRA training sessions on water previously described in this grant application. The consultation process will attract and collate input from other state and federal entities, as well as other water stakeholders. Much of the environmental work and planning will be done in the rural areas of the County served by the water associations that are the focus of the grant. It is important to understand that the water will have to flow through the larger spines being designed in order to reach final end users in the water associations. The water associations will participate in their proportional costs of the design of these assets (as well as the ultimate constructions costs - which are NOT included in this process). This is not a panacea or total solution. Partial solutions are permitted. Loan guarantees, along with planning assistance, are targets of the pursuit of the Reclamation program. This is Reclamation's first formal rural water program. If loan guarantees are issued, USDA will administer the guarantees under a MOA negotiated with Department of Interior. If we may be working together at the end, why not increase communication throughout the process? This sort of communication will lead to greater success with the project, which is everyone's desire. Please see attached document. Success will be measured by completion of the steps outlined in the documentation. Dates and durations contained in the state grant documentation will need to be revised to reflect this injection of stimulus funds, as well as revised contracting dates with the state. It is estimated that with receipt of these ARRA funds, this

planning project can be completed in twelve months or less. Revision of this time line is best done as part of the finer points negotiated with USDA at time of grant award and contracting. CWCB has already awarded \$600,000 for pursuit of this effort. Local investment and in-kind contribution is also included. The potential exists for the award of an additional \$75,000 in state funds in the near term. In that event, this reflects a 50/50 match on this component of the TAT ARRA grant request. We encourage cooperation of all parties, as a template for how rural water projects can best be planned, financed, and constructed in the American West. The members of the IGA committee can select the professional engineering and technical environmental service providers who will be required to produce this work. Members of DCWRA and SMWSA have contracted with such professional firms for these specific types of services in the past, and can share this expertise with the members of the RWADC serving on this committee. A project manager will likely be hired to direct day to day activities. It is estimated \$67,500 will pay DCWRA personnel, and \$607,500 will pay expert vendors. It is the desire of the committee to do as much work in-house as practicable, so as to further reduce costs. Much of this work is contributed in-kind by water association participants. However, there are some technical tasks we simply need to enlist credentialed experts to perform.

The Douglas County region has enjoyed median household incomes that represent the ability to repay debt under the loan guarantees we ultimately seek. Under this TAT/ARRA opportunity, some funding will be reserved for low income counties. When scoring this application, please consider that the nature of water issues in the Douglas County region represent significant willingness to repay debt to build a water project, and that the billions of dollars of median household income represent significant ability to repay debt under the loan guarantees. The Title II draft interim final rule of the Reclamation Rural Water Supply Program included a one percent loan origination fee. On a one billion dollar loan guarantee, this fee represents ten million dollars that could be used to fund water planning efforts in low income counties. Loan guarantees could save the citizens of Douglas County a lot of money. Median household income of the individual well users is \$832 million; the unincorporated areas \$5.5 billion; the incorporated areas \$4 billion; total \$10.4 billion. Success of a water project for the region allows continued vibrancy. Mayor Hickenlooper believes the success of Douglas County is critical to the success of the City and County of Denver. Denver's success is critical to the success of Colorado, as Colorado's success is critical to the American West. Sen. Udall has said success in Douglas County water issues is a template for how water issues will be addressed in the American West over the next fifty years. Congressman Coffman is aware of our efforts and is fully supportive.

Additional supporting documents and information:

1) Colorado Foundation for Water Education's Citizen's Guide to Denver Basin Groundwater, \$8, or viewable on-line at: <http://www.cfwe.org/flip/catalog.php?catalog=groundwater>; 2) SMWSA, Master Plan and Mid-Term Plans in PDF at: <http://southmetrowater.org/resourcesdownloads.html>. 3) SMWSA map of potential location of regional nodes for rural storage tanks, etc, attached 4) Documentation from CWCB grant application, attached 5) DCWRA training documents in PDF at: <http://www.dewater.org/documents/BookDocDCWRA081809.pdf> 6) Letter from DCWRA pledging assistance to ECCF in this matter, and evidence of financial system in place 7) ECCF documentation and other federal forms signed by ECCF as required by this TAT/ARRA grant application process.

This TAT grant application documentation requests information on cost effectiveness of proposed services by water association. Costs for all contemplated services outlined above are approximately \$16.38 per capita. (This excludes the association with a population of 97,112 that is unincorporated and not a city or town, but not a focus of this application. This entity, as well as those two not eligible, will be included in complementary activities using funding supplied by sources other than this grant. Some such funding for inclusion is now in hand.) Per capita costs of services provided under this TAT grant can be assigned to the population of each water association by multiplying the population by \$16.38. Populations are shown below. This planning effort will generate significant additional data on costs per water association to participate in a regional water project, and that data is one goal of the effort.

Water Associations

<u>to be Served:</u>	<u>Population:</u>		1/2/2009	2008
	<u>unincorporated</u>	<u>incorporated</u>	<u>total</u>	median household
<u>Water Association:</u>				<u>income</u>
Bell Mountain Ranch Metro District			863	98871
Beverly Hills Mutual Water Company			201	98871
Castle Pines Metropolitan District			4151	98871
Castle Pines North Metro District		9115	9115	98871
Centennial W&S District (eligible, but not focus of this grant application)	97114	8	97122	100592
Chatfield South Water District			405	98871
Cottonwood W&S District		4620	7625	85538
Town of Louviers			304	98871
Meridian Metropolitan District			5170	98871
Parker W & S District (not eligible)		39689	41166	85838
Perry Park W&S District			3578	98871
Pinery Water and Sanitation District			11042	98871
Ravenna Metro District			31	98871
Roxborough Park Metropolitan District			9145	98871
Sedalia Water and Sanitation District			226	98871
Sierra Vista			125	85838
Silver Heights W&S			1174	84217
Southwest Metro WSD		132	132	100592
Stonegate Village Metro			10838	85838
Thunderbird W&S District			478	98871
Town of Castle Rock (not eligible)		45821	45821	84217
Town of Larkspur		238	238	98871
Westcreek Lakes Water Dist			196	98871

Additionally, 8,419 individual wells supply 23,516 citizens with median household incomes of \$98,871. Not all individual well users need assistance from this project, and not all solutions are economic for individual users. TAT funding allows completion of a regional rural water planning process. ARRA funding allows completion of this water planning task within twelve months.

Source of funds:

Request of this USDA RUS TAT ARRA grant is \$997,500.00, \$675,000 of which matches CWCB funding. CWCB has awarded grants totaling \$600,000. At present that makes for a ration of 63% USDA, 37% non-federal.

In addition, SMWSA funds an annual budget of \$650,000 in pursuit of water supply. While not all these efforts are aimed at water associations qualifying under this grant opportunity, many are. Further, SMWSA has proposed to share, at no cost, reports that have been produced at a cost of hundreds of thousands of dollars. These reports will be very helpful in this planning process.

In addition, DCWRA funds a \$275,000 budget in pursuit of water resource conservation, education, and public policy issues surrounding water. While not all these efforts are aimed at water associations qualifying under this grant opportunity, many are. Much existing training documentation will be contributed to the planning effort at no cost. Over \$100,000 of this funding is provided by Douglas County government.

In addition, the Rural Water Authority of Douglas County is raising its first budget for 2010. It is estimated to be \$100,000. This funding is provided by Douglas County government.

Please note that while not claimed as part of this grant application, in this way an additional one million dollars per year is being funded by local water authorities in harmony with the planning pursuit outlined in this grant proposal. In-kind contributions are already described and claimed in the CWCB grant application documentation, attached, and will not be double counted here. It's safe to say federal, state, local, and water association money will be pursuing this effort if the grant is awarded.