

CHEROKEE CHANNEL

FALL 2007

VOLUME 2

EDITION 4

Your Water Utility Information Source

EDITION FEATURES:

PLEASE READ:

STATE OF THE DISTRICT...

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Cherokee Metropolitan District



6250 Palmer Park Blvd
Colorado Springs, CO 80915
Office Hours: 8:00 a.m. – 5:00 p.m.
Monday – Friday
719-597-5080

www.cherokeemetro.org

Have a suggestion or question?

Attend a Board Meeting

5:30 p.m. at the above address on:

September 11, 2007

October 9, 2007

November 13, 2007

December 11, 2007

Cherokee Ridge Golf Course



1850 Tuskegee Place
Colorado Springs, CO 80915
Pro Shop – 719-597-2637
Starter – 719-597-2643
Maintenance – 719-597-8386

Call for a tee time!
or visit:

www.cherokeeridgegolfcourse.com



**Know what's below.
Call before you dig.**

PLEASE READ: "STATE OF THE DISTRICT"... ON PAGE 2

Have a Voice and Lend an Ear

Open communication with our customers is critically important. We work hard to provide you timely and accurate information through many sources, including: local media, our website, newsletter, special mailings and board meetings. It is important to remember that without your involvement, the process is unproductive and ineffective.

We encourage you to read all mailings or visit our website, cherokeemetro.org. These resources provide important progress reports and conservation information.

Monthly board meetings are always open to the public and offer a forum for questions, comments and suggestions. Meeting dates can be found in the left column of the newsletter, on our website, or by contacting the office.

And as always, staff members are available to answer any questions you may have. So help us out, get involved and lend an ear. We'll gladly return the favor.

Board Meeting Schedule:

September 11, 2007

October 9, 2007

November 13, 2007

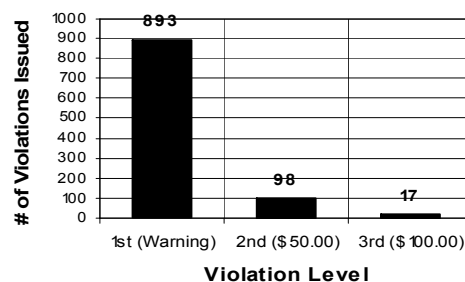
December 11, 2007

All meetings are held at our office at 5:30 p.m.

PATROL OBJECTIVE: Water Conservation!

Our routine restriction patrols are designed to achieve one thing: water conservation! Combining your cooperation with our efforts, we are able to accomplish just that. As you can see, Table 1 shows 893 1st violations and only 98 2nd violations. With 6,500 accounts, that is a compliance rate of 86%. We would like to thank all of you for doing your part!

Table 1: Conservation Compliance



Restriction patrols take place at all hours, including the middle of the night and early morning. To respect your privacy and ensure employee safety, we have developed specific enforcement policies.

You will receive two notifications if a violation has been issued:

- **A notice will be placed on your front door**
- **A copy will be mailed to the billing address on file**

Violations issued (Mon – Fri) during business hours, will be hung and mailed the same business day. After-hour and weekend violations will be distributed the following business day between 8 a.m. and 5 p.m. These measures have been implemented to protect your privacy, because it's as important to us as it is to you.

STATE OF THE DISTRICT

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Current Water Conservation

STAGE	MONTHS	RESTRICTION	ODD ADDRESS DAY(S)	EVEN ADDRESS DAY(S)	TIME ALLOWED	WATERING TIMES	TREES FLOWERS GARDENS	CAR WASHING
2	April – October	Two days per week	Tuesday Saturday	Wednesday Sunday	Two hours	Before 9 a.m. After 6 p.m.	Yes (Any Day) Before 9:00 a.m. After 6:00 p.m.	Yes (Any day)

Cut along dotted line and place on your refrigerator for quick reference

All Systems Go?

Recent District-wide power outages have resulted in reset sprinkler system timers. Use the following tips to avoid costly penalty fees caused by reset programming:

- ✓ **Check your timer once a week to verify programming**
- ✓ **Replace the battery that backs up your system programming every year**
- ✓ **Check your system after a power outage and reprogram if necessary**



Help us out by regularly checking your sprinkler system's programming. Remember, our conservation patrols can't differentiate between accidental and intentional violations.

State of the District

as read July 10, 2007 at Regular Board Meeting

The Board and I are very aware of the dissatisfaction of some of our customers over the current water supply situation. We receive dozens of phone calls from customers every day expressing their displeasure. There have been calls for the Board to resign, calls and letters blaming the current Board and staff for this situation. I believe it is time to set the record straight and move forward. First some background about where CMD obtains its water supply.

Our Water Supply:

The CMD draws its water supply from relatively shallow wells, near Ellicott, in an area known as the Upper Black Squirrel Creek Designated Groundwater Basin (Cherokee is located outside of the Basin). Our wells are located in two areas; one area is located north of Ellicott along the Ellicott Highway (the Northern Wells) and the other is located a few miles south of Ellicott (the Sweetwater Wells). The Northern Wells contain a series of eight (8) wells which are the original water source of the District, these are known as wells 1-8. These wells have provided water to the District since the late 50's. Since these wells are alluvial wells, they do not react instantly to precipitation and their production capabilities depend upon many factors, including: the quality of the sands and gravels in the aquifer where the wells are located and the saturated thicknesses of the aquifer. Thus, even though we had a wet winter and spring, the capacity of our wells doesn't necessarily increase.

Due to the gradual water level declines in the aquifer in the northern part of the basin, it became apparent by the mid 1980's that these wells would not be able to provide enough water to service all of the existing and future customers within CMD's service area. After searching the available water resources, CMD identified the Sweetwater Wells located in the southern part of the basin as a source. CMD purchased the Sweetwater Wells in 1998.

The Source of the Present Water Supply Problems:

In order to use the Sweetwater Wells for supply outside of the Upper Black Squirrel Basin boundaries, CMD's attorney at that time entered into a contractual stipulation with the State and the Upper Black Squirrel Ground Water Management District (the UBS District) to limit the use of the Northern wells to the area within the Upper Black Squirrel Basin. There was a provision included in

this stipulation that did allow the CMD to use the Northern Wells outside of the basin boundaries, in an emergency, with the definition of an emergency including the District's inability to get sufficient water from the Sweetwater Wells. Starting in about 2000, the District used the Northern Wells to make up shortfalls between customer demand and the supply from the Sweetwater Wells. This interpretation was challenged by the State and the UBS District on the grounds that an emergency is a "temporary" condition and it was unreasonable for CMD to expect that it could pump the Northern Wells in perpetuity just because Sweetwater Wells could not keep up with CMD's demand.

The dispute over the interpretation of the Stipulation was tried to the Water Court in December of 2005 and a decision was rendered by the Water Court on March 17, 2006. The Water Judge ruled against CMD which limited CMD's ability to use the Northern Wells to make up for a shortfall in production of the Sweetwater Wells and limited the use of the Northern Wells to uses contained with the UBS Basin. CMD appealed that decision to the Colorado Supreme Court, but the Supreme Court rejected CMD's arguments in December of 2006 and affirmed the Water Court's ruling. As a result of those decisions, CMD lost approximately 40% of its anticipated water supply.

CMD's current Board of Directors, its current General Manager and its attorneys were not involved in the actions taken in 1999 and the current Board and staff were not part of the decision to agree to the stipulation which effectively precluded CMD from using its Northern Wells to meet our daily demand. The decision to enter into the stipulation was the result of an error in judgment by the previous attorney and General Manager and all of the CMD residents, the current Board, I and the staff, are all paying the price of that poor judgment.

The Board immediately prior to this Board was in the process of replacing the General Manager when he was stricken with a serious illness leading to his death in February of 2006. I was appointed the General Manger and started work for the District on the last day of 2005. Once I became familiar with the District's legal issues, it was apparent that many of the issues facing the District were the result of questionable legal advice given by the District's former attorney. I made a recommendation to the Board to make a change in legal counsel and the Board agreed that a change was necessary. They directed me to locate replacement counsel and the current firm of Felt, Monson and Culichia were retained and became the District's legal counsel in late July of 2006. Since July of 2006, the Board, I as the General Manager and the legal team have been aggressively working to resolve the water supply issues. One of the many obstacles we've faced is the fact that obtaining additional water sources is a time consuming process, with much of the process out of our control.

The second part of my presentation is to outline what the District has done during the last 12 months to resolve some of these issues. The Board of Directors has made several policy changes in this time frame. These are:

- Identify and acquire additional water sources, both short and long term.
- Avoid increasing the water rates to solve the problem.
- Establish contingency plans for water conservation measures, both short and long term.
- Make developers and all applicants for new taps provide new water supplies and pay for the true costs of receiving service.

These policy changes have resulted in several direct acquisitions and more stringent District rules for development. Those actions are as follows:

- Implemented a Water Acquisition Charge to all new water taps. This charge is a minimum of \$6,300 for a residential tap and higher for any commercial taps. The purpose of this charge is to develop a fund which would be used to acquire additional water resources.

- The District now requires new development to also provide a physical supply of water, delivered to the District at the developer's cost.

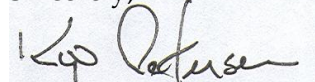
Since December 2006, the District has:

- Purchased 225 acre feet of water from what is known as the Tipton Well. This well is currently being re-drilled and a contract was awarded for the construction and pipe is currently being laid in the ground to connect the new source to the District's system. Connection is anticipated in approximately 4 weeks. This will increase the CMD water supply by approximately one million gallons per day for 73 days, or 500,000 gallons for 146 days).
- Acquired 200 acre feet of water from what is known as the Kane well. The District is in the process of working with the seller to obtain the necessary permits to re-drill this well.
- The District recently completed the drilling of a new well, just off of the Cherokee Ridge Golf Course and is in the process of sizing the necessary pumps and piping to deliver non-potable water to the golf course for irrigation needs. This in turn will allow for more potable water to be available within the District.
- The District is under contract to purchase 72 acre feet (23 million gallons) of water from a well near Ellicott known as the Gunzelman Well and the District is in the process of completing its due diligence to determine how much water will physically, and legally, be generated from this well.
- The District is in current negotiations with two additional well owners.
- In June of this year, the District was successful in negotiating a contract with the City of Colorado Springs to use the existing capacity of their distribution, and treatment facilities, to deliver up to 500 acre feet of water to the District, from water the District purchased from the Pueblo West Metro District. Our agreement with the City will run until the end of 2009. The infusion of approximately 1.4 million gallons per day from the contract with Colorado Springs allowed us to return to the current Stage 2 watering schedule.
- Contracts have been awarded, and construction has started, on the District's recharge facility which will use the treated effluent of the District to recharge the alluvial aquifer above our Sweetwater Wells after permitting. This will allow for increased pumping of the Sweetwater Well field, generating a higher yield from the wells. This project should be completed in either late 2009, or early 2010.

The District's water supply problems have been years in the making. It will take us a few more years to get them all resolved. Until that time, we hope that the temporary solutions we recently put in place will alleviate the need for any additional restrictions such as were necessary a few weeks ago.

We ask for your patience and understanding, and in the meantime, rest assured that we are doing everything possible to resolve the situation.

Sincerely,



Kip Petersen, General Manager