



STERLING RANCH

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August 25, 2009

Via Email and U.S. Mail

Douglas County, Colorado
Community Planning and Sustainable Development Department
100 Third Street
Castle Rock, Colorado 80104
Attention: Mr. Steven Koster, AICP, Long Range Planning Manager

Re: Sterling Ranch Water Appeal

Dear Mr. Koster:

On behalf of Sterling Ranch, LLC, Sterling Ranch Too, LLC, SR Team, LLC, and Columbine-Lakewood Colorado Soccer Association, (collectively, the "SR Owners"), which are the owners of the property included within the application for a planned development for the Sterling Ranch project filed with Douglas County (the "County") on February 12, 2009, and Dominion Water and Sanitation District ("Dominion"), I submit this appeal of certain water standards set forth in Section 18A of the Douglas County Zoning Resolution ("Section 18A").

The SR Owners and Dominion are eager to continue working with the County to advance renewable water management strategies and bring solutions to the water challenges facing the County's current homeowners and future Sterling Ranch residents. In furtherance of our mutual efforts in this regard, we are pleased to submit this appeal.

This appeal consists of: (1) this letter, which provides an Executive Summary of the appeal, (2) a letter to you from Robert Detrick, which explains the details of our appeal proposal, and (3) the following reference materials: (A) *Sterling Ranch Water Plan*, as amended April 23, 2009, prepared by Headwaters Corporation, Kennedy/Jenks Consultants and Leonard Rice Engineers, Inc., (B) Letter from Colorado Waterwise to Douglas County Planning Commission, dated June 4, 2009, (C) Letter from Tri-County Health Department to Steve Koster, Douglas County Planning Services Division, dated June 18, 2009, (D) Letter from Western Resource Advocates to Douglas County Planning Commission, dated June 18, 2009, (E) Letter from AWE to Jack Hoagland, dated June 1, 2009, and (F) Letter from Colorado Water Conservation Board to Douglas County Planning Commission, dated June 11, 2009.

Executive Summary

A. Implementing the Use of Renewable Water. Unlike earlier developments, our planning for the Sterling Ranch project ("Sterling Ranch" or the "Project") began with our self-imposed working requirement that the Project's total water supply would come from renewable water used in conjunction with Denver Basin groundwater (*i.e.*, a conjunctive use system) as encouraged by Douglas County 2030 Comprehensive Master Plan (the "County's 2030 Comp Plan"). Specifically, Policy 8-1B.1 of the County's 2030 Comp Plan "encourages new development to have a capability of using a conjunctive use system." All planning for Sterling Ranch flowed from the working requirement that Sterling Ranch would implement a conjunctive use system and our initial vision of creating a sustainable, water-wise community for the 21st century and beyond. Everything from yard size to plant selection to the size and creation of neighborhood parks and green spaces stem from that vision. Additionally, other community design features were significantly impacted by that vision; for example, devoting more acreage to community parks and recreational spaces caused the need for more pedestrian-friendly interior roads.

As outlined on its Water Resources Website, the County has encouraged its water providers to examine all possibilities for providing renewable water to current and future residents. Thus, we have added renewable water supplies as an essential component of the proposed Sterling Ranch development. This is consistent with our ongoing cooperation with the County in advancing sound water policy. Dominion, the County, the Colorado Water Conservation Board, and others have successfully collaborated on innovative water solutions in the past, creating the *Holistic Approach to Sustainable Water Management in Northwest Douglas County*, a study that spurred the state to embrace new water management strategies. The Study is consistent with the County's articulated goal of being a leader in Colorado for responsible use of water. (Please see the attached letter from Steve Boand, Melanie Worley and Jack Hilbert articulating the County's laudable and long-standing commitment to water conservation.) The Study is also consistent with the proposed Sterling Ranch community.

Sterling Ranch is the County's first planned community that will be based from the beginning on a conjunctive water use system. Dominion will construct significant renewable water infrastructure for Sterling Ranch, which can be shared with other Douglas County water providers. Paying for and using large quantities of water inefficiently are simply unsustainable in today's environment, will reduce the amount of water available for use within Douglas County, and certainly will not support the County's anticipated population growth.

The SR Owners expect Sterling Ranch to set the standard for responsible delivery and use of renewable water within the County. Renewable water is very expensive and needs to be shared as broadly as possible in Douglas County, which is why conservation is built into the very fabric of the Sterling Ranch planned community. Success is realized with renewable water sources when they are coupled with ongoing monitoring and the most efficient use possible. Sterling Ranch's conservation measures (which are set forth in this appeal) are meant to ensure that efficiency.

After we filed our zoning application on February 12, 2009, several respected experts evaluated the Project's water conservation plan and found the plan to be innovative and more than sufficient to meet the County's, the SR Owners', and Dominion's mutual goal of implementing efficient measures to provide an adequate water supply, now and in the future. Such experts opined as follows:

- "New developments, such as Sterling Ranch, that incorporate innovative conservation measures help the state meet this [conservation] objective by reducing demand without impacting the quality of life that Coloradans cherish. Moreover, this advance helps to preserve Colorado's limited water resources today and for future generations. The water use projections outlined in the Sterling Ranch conservation plan fall within, or exceed, the conservation scenarios currently under development by the state." --- **Veva Deheza**, section chief of the Colorado Water Conservation Board, in a June 11, 2009, letter to the County, which is attached hereto.
- "These budgets make a clear and direct connection to a customer that using excessive amounts of water will cost an excessive amount of money. Water budgets are also an equitable way to distribute water supply costs and lend easily to drought response measures. The ongoing monitoring and reporting described in the water plan will enable Sterling Ranch to document and track water conservation savings and adjust management as new technologies become available." --- **Drew Beckwith**, water policy analyst with Western Resource Advocates, a non-profit conservation organization, in a June 18, 2009 letter of support for Sterling Ranch's water plan, which is attached hereto.

This appeal offers additional comprehensive detail on our plans for creating a renewable water wise development, in line with the County's goals and policies set forth in the County's 2030 Comp Plan, and designed to help the County provide sufficient water to support a population expected to increase by more than 150,000 in the next two decades. We believe Sterling Ranch is the first new development in Douglas County in which planning from its inception has included a conjunctive water supply that combines renewable tributary water supplies with non-tributary groundwater. This has the advantage of preventing significant amounts of evaporation from surface reservoir storage, thus making more water available to Douglas County users. Just as vital to the plan is the emphasis on maximizing efficiency and encouraging sensible water use.

Maximizing efficiency within Sterling Ranch means Dominion will be able to share its water with its neighbors who currently depend on wells. The Sterling Ranch Water Plan (which was filed with the zoning application) will implement the County's 2030 Comp Plan provisions regarding water use while providing a renewable and sustainable water supply solution to existing and new residents of Douglas County. The process proposed in this appeal of periodically recalibrating Sterling Ranch Water Demand standards based on actual water usage data obligates Dominion, rather than the County, to assume the financial risk that the concepts of the Water Plan are validated.

B. Appeal Issues. Specifically, this appeal proposes the following:

- that initial water demand standards be adopted for Sterling Ranch
- that the process described in this appeal below be implemented whereby water demand standards for Sterling Ranch are periodically recalibrated based on actual water use; as described below, this process obligates Dominion to assume the financial risk as the innovative concepts of the Water Plan are validated; and further, this process provides incentives for the new owners within Sterling Ranch to conserve water and save money
- that unique water demand standards be adopted for different residential unit types (specifically, single-family attached, single-family detached and multi-family) and for different non-residential improvement types once sufficient actual metered Water Use data is available for each such type
- that the mechanism described in this appeal below be adopted for Sterling Ranch with its conjunctive use system to facilitate compliance with the requirements of Section 18A regarding provision of water supply documentation and to ensure that adequate water is provided prior to development (*see Sections 5.1 and 5.2 of Mr. Detrick's letter below*)

- Policy 8-1B.2 of the County's 2030 Comp Plan encourages "new development to have the capability of using a conjunctive use system." The SR Owners are not merely proposing to have the capability of using a conjunctive use system, but they are proposing to implement a conjunctive use system. However, the County's current Section 18A regulations for providing water supply documentation and information do not contemplate large-scale projects that rely significantly on renewable water. In fact, such regulations constitute a barrier to using renewable water for large-scale projects as discussed in Section 5.1 of Mr. Detrick's letter. In order to realize the County's goal of implementing conjunctive use systems, the SR Owners have proposed certain mechanisms for compliance with the intent of these Section 18A regulations. Under this proposed mechanism, all the water supply documentation and information required by Section 18A must be provided for the County's review and approval prior to any development occurring.
- While it is critical that Sterling Ranch has sufficient water to reliably meet its needs, it is not feasible to require the Project to have in hand what could amount to two or three times more water than is necessary. Indeed, such a requirement is potentially wasteful, as it requires a developer to tie up precious resources that it will not ever need, at the expense of other residents and businesses who may need it now. Requiring a developer to meet all of the water supply documentation requirements before the County even approves the necessary zoning changes would erect an unwarranted and prohibitive barrier to furthering the County's goal of developing communities that rely on renewable water supplies. As with any other renewable water system, additional water will be added over time, thus reducing the financial burden on Douglas County citizens and allowing water to be put to the best use rather than stored for possible future needs that may be decades away.
- The proposed timing for providing proof of water supply outlined in this appeal ensures sufficient and sustainable water supplies are provided before each phase of development is allowed to proceed within Sterling Ranch, yet avoids a prohibitive barrier to advancing the

sustainability concepts outlined in the County's 2030 Comp Plan.

C. Conclusion. As a condition of development within Sterling Ranch, Dominion has committed to bring a renewable base of water and a reliable water supply to Douglas County for both Sterling Ranch and its neighbors, and to ensure efficient water use. In addition, Dominion and the SR Owners are committed to maintaining a role in the forefront of sustainable water development in the County. The SR Owners will continue to seek out opportunities to build upon and expand their plan as new options, such as aquifer recharge, become viable.

The Sterling Ranch Water Plan is the first of its kind to be considered in Douglas County, and the first water plan on a large scale to incorporate the renewable water goals established by the County's 2030 Comp Plan. The SR Owners believe that it is reasonable to follow a policy (as provided in this appeal) that gives such a water plan the opportunity to be realized and to serve as a model for Douglas County and the entire state.

Thank you for the opportunity to submit this appeal. If you have any questions, please contact me, Harold Smethills or Robert Detrick.

Best regards,



Jack Hoagland of Sterling Ranch, LLC

cc: Harold Smethills
Robert Detrick
Beorn Courtney

Encl: Letter from Robert Detrick to Steve Koster, dated August 24, 2009

Sterling Ranch Water Plan, as amended April 23, 2009, prepared by Headwaters Corporation, Kennedy/Jenks Consultants and Leonard Rice Engineers, Inc.

Letter from Colorado Waterwise to Douglas County Planning Commission, dated June 4, 2009

Letter from Tri-County Health Department to Steve Koster, Douglas County Planning Services Division, dated June 18, 2009

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Letter from Colorado Water Conservation Board to Douglas County Planning Commission, dated June 11, 2009

Letter from Steven Boand, Melanie Worley and Jack Hilbert to Jack Hoagland (of Dominion), dated January 29, 2007