



2 0 0 8 A N N U A L R E P O R T



2008



Charlie Krogh

For South Metro Water Supply Authority (SMWSA),

as with many other entities and organizations, 2008 is drawing to a close with a note of cautious optimism; however, we are continuing to work on regional water supply solutions as cost effectively as possible.

SMWSA has worked collaboratively since 2004, and we are committed to working together and with others to solve the water issues in the south-metro area. Our 13 members represent approximately half of Douglas County and 10 percent of Arapahoe County*, and it is this size that can support large-scale and cost-effective solutions to our long-term water needs.

SMWSA has earned a reputation for its leadership in regional cooperation based on our members' joint efforts to share information, facilities, systems and resources. What began as a mandate issued by larger water districts that didn't want to deal with 13 separate organizations, has turned into a model for the state. Collaboration is proving to be the key to maximizing efficiencies and meeting the escalating municipal and industrial water needs for all of south-metro Denver.

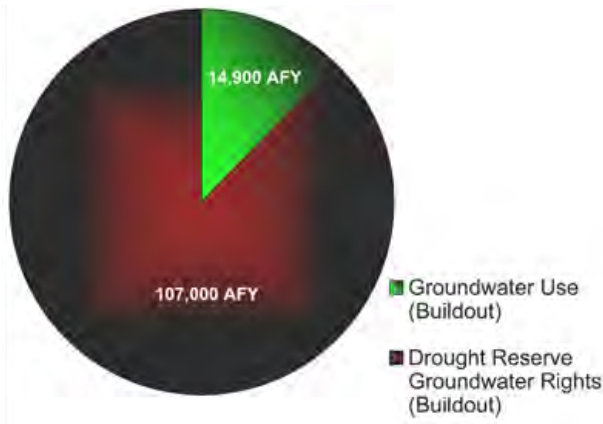
The Regional Water Master Plan, commissioned by the Authority last year, singled out actionable strategies that will reduce the area's dependence on diminishing and nonrenewable underground water supplies, by aggressively identifying and pursuing renewable sources.

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*Statistic refers to land area.

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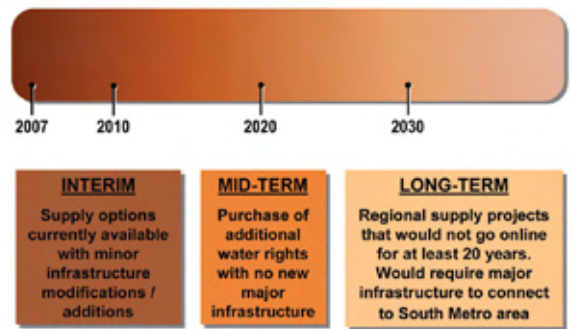




This year the implementation program began by focusing on three phases of renewable supply development, so that by the year 2030, SMWSA can cut provider usage of groundwater in half.

In broad strokes, the plan calls for SMWSA to maximize the use of existing infrastructure, explore partnerships with other water entities to acquire new water sources, lease or acquire water rights and plan water infrastructure projects to move to a more sustainable supply portfolio. In fact, some of our members have already transitioned to renewable water supplies, with the entire membership slated for transition by the year 2060.

Alternatives Phases



The Plan also directs SMWSA to improve existing programs including more aggressive water conservation tactics and expanding reuse efforts. These strategies require a long commitment in the same direction, but SMWSA has begun the journey to ensure the water future of Douglas and Arapahoe Counties.

SMWSA is committed to working cooperatively with other regional water agencies to find and share additional sources of sustainable surface water. To that end, SMWSA has invited Dominion Water and Sanitation District to become the 14th member of the Authority. Dominion is a wholesale water district formed specifically to address the growing needs of Douglas County communities proposed at Chatfield Basin and Sterling Ranch.

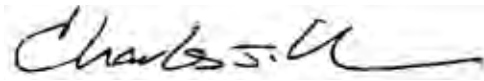
SMWSA is also looking forward to working with the newly established Rural Water Authority of Douglas County, which assists in the development of water supplies for residents in unincorporated Douglas County.

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Finally, SMWSA is involved in ongoing discussions with Denver Water and Aurora Water to identify and evaluate opportunities to address long-term water supply needs for all Denver-metro communities in the most efficient and cost-effective manner possible. In November the three entities signed a Memorandum of Understanding expressing a united commitment to explore ways in which the joint acquisition or sharing of infrastructure, water rights, or other assets may be mutually beneficial. The three also agreed to work together on outreach activities.

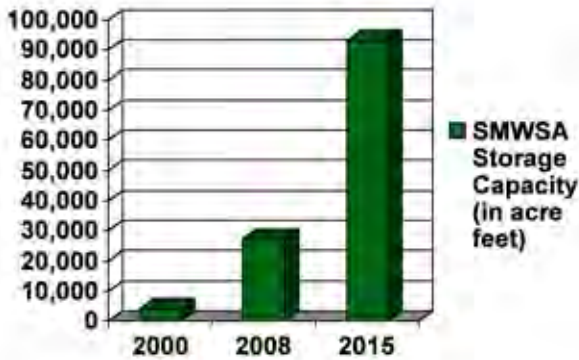
SMWSA's 2008 achievements are noteworthy. But perhaps the most remarkable accomplishment is the fact that 13 different water providers are collectively strategizing and working together on efforts that have and will play an enormous role in all of our futures. I'm gratified to be part of such a progressive and proactive organization, and look forward to the coming year.

Sincerely,
 Charlie Krogh



SMWSA Board President





Storage capacity is an important and environmentally friendly step in ensuring water for the future. SMWSA providers need access to water in dry years and in periods of high demand, and have worked to make great strides in its storage capacity. Today, SMWSA boasts 27,200 acre-feet of storage capacity, up from 4,000 acre-feet in 2000. By 2015, that number will more than triple to 93,200 acre-feet.

REUTER-HESS RESERVOIR EXPANSION

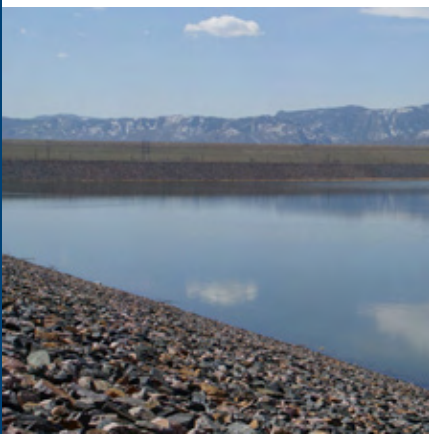
In September, Parker Water and Sanitation District broke ground on the Reuter-Hess Reservoir expansion. The reservoir’s capacity was originally intended to be 16,000 acre-feet. However, when officials realized the entire county could benefit from a much larger reservoir, the project was soon expanded to store 72,000 acre-feet of water. The Reuter-Hess Reservoir is the first federally approved, off-stream reservoir to be built in Colorado in more than 20 years, and the largest reservoir built on Colorado’s Front Range in 30 years.

The 196-foot reservoir dam will be named after SMWSA Board Member and Parker Water and Sanitation District’s District Manager, Frank Jaeger, in recognition of Jaeger’s tireless work on the project. The reservoir could serve as many as 400,000 people over the next 50 years and is expected to be operational by 2011.

Far Left: SMWSA Board Member Frank Jaeger



Reuter-Hess is the largest reservoir to be built on the Front Range in 30 years.



SOUTH PLATTE RESERVOIR

In February, Centennial Water and Sanitation District's South Platte Reservoir became operational. With a capacity of more than 6,400 acre-feet of raw water, the reservoir will ultimately serve the needs of all of Centennial Water's Highlands Ranch customers.

Located north of C-470 and west of Santa Fe Drive, the South Platte Reservoir stores surface water from Centennial's water rights on the South Platte River.

CHATFIELD RESERVOIR REALLOCATION

Chatfield Reservoir is a flood-control reservoir on the South Platte River owned and operated by the U.S. Army Corps of Engineers. It was built in response to the devastating floods of 1965 that caused millions of dollars of damage in Denver. The reservoir has the ability to store more than 300,000 acre-feet of floodwaters from the South Platte River and Plum Creek.

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South Platte Reservoir

The Chatfield Reservoir reallocation will provide SMWSA members with 10,000 acre-feet of additional storage. Several SMWSA providers are developing plans and designs for diverting return flows. This water source will be treated and delivered to Castle Rock, Castle Pines North Metropolitan District and Castle Pines Metropolitan District through Centennial Water and Sanitation District’s existing infrastructure.

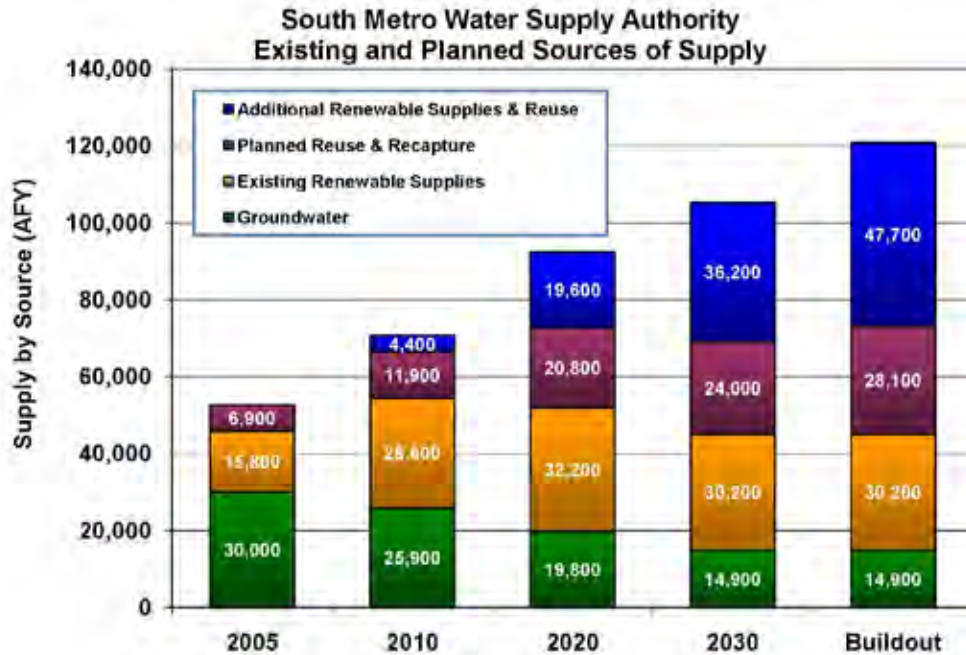
LONE TREE CREEK WATER REUSE FACILITY

The Lone Tree Creek Water Reuse Facility, a \$29 million project by Arapahoe County Water and Wastewater Authority, Cottonwood Water and Sanitation District and Inverness Water and Sanitation District, uses state-of-the-art technology to treat and distribute “recycled” water. With a capacity of between 3.6 and 7.2 millions of gallons per day, the facility became operational in September and helps fulfill one of SMWSA’s current and long-term objectives of maximizing the efficient use of water resources.

The facility will be used in conjunction with the Joint Water Purification Plant (under construction and slated for completion in late 2009), so proximate providers will have the capability to reuse 100 percent of the supply. The Joint Water Purification Plant includes a cutting-edge purification process that removes contaminants. Once in full use by approximately 2012, the \$33-million plant will have a capacity of 12 millions of gallons per day. The project will eventually serve some 2,000 residents and more than 30,000 employees, while providing customers with significant cost savings.

The facility uses state-of-the-art technology to treat and distribute recycled water.





GOING GREEN

Water conservation is an integral aspect of SMWSA’s short- and long-term planning. SMWSA is committed to conserving, protecting and managing Colorado’s water resources. Internally, SMWSA is one step closer to attaining its goal of increasing water reuse and recycling to nearly 90 percent. By following the benchmarks set by the 2007 Regional Water Master Plan, SMWSA will more than double its recycled water usage by 2030 -- from 11,900 acre-feet to 24,000 acre-feet annually.

SMWSA also influences water education and conservation efforts to consumers in Douglas County via an active membership in the Douglas County Water Resource Authority (DCWRA). For example, SMWSA members have more state-approved conservation plans than any other entity in Colorado. SMWSA members were among the first in the state to have their water conservation plans approved by the Colorado Water Conservation Board, and to date, six SMWSA-member plans are approved or pending.

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OTHER CONSERVATION HIGHLIGHTS INCLUDE:

- Castle Pines North Metropolitan District reduced its total water usage by more than 100 gallons per capita per day in 2007;
- The Town of Castle Rock’s conservation measures resulted in a savings of 55 gallons per capita per day; and
- Roxborough Water and Sanitation District reduced its total water usage by more than 17 percent per household between June of 2007 and 2008.

Finally, despite steady growth in Douglas and Arapahoe Counties since 2000, SMWSA providers’ total water use has only slightly increased and water usage per home has decreased by approximately 20 percent in the same timeframe – a testimony to the extensive conservation efforts undertaken by SMWSA members.

AQUIFER SUPPLY STUDY GRANT

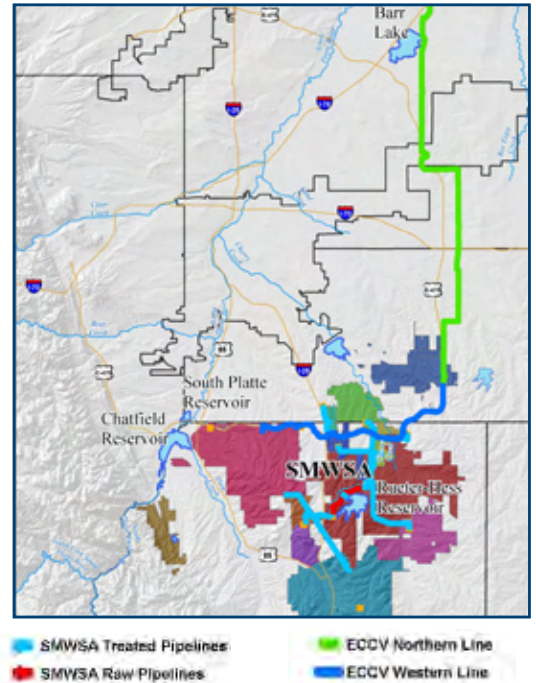
In mid-2008 the Denver Metro Water Roundtable awarded SMWSA a \$100,500 grant to conduct a regional aquifer storage and recovery (ASR) study, including conjunctive use of surface and groundwater, as well as optimizing aquifer use. The assessment will evaluate the impacts of continued reliance of non-renewable groundwater supplies in the south-metro area, evaluate methods to extend the life of bedrock aquifers and explore a more coordinated regional management of water resources. Funded by the State of Colorado under House Bill 1400, SMWSA’s study began in August and will be complete in XX.

SMWSA hopes to expand Centennial Water and Sanitation District’s ASR program (which has a 15-year track record of successfully injecting potable water into the Denver Basin aquifers) through the grant.



East Cherry Creek Valley

Water and Sanitation District's (ECCV) Northern Project is a 32-mile pipeline that conveys water from the Beebe Draw near Barr Lake in Adams County to ECCV's storage tanks on the eastern edge of the district near Smoky Hill Road and E-470. It is also an integral piece of infrastructure that will connect the entire SMWSA membership. Not including ECCV, six SMWSA members own capacity in the Northern Pipeline, totaling more than 5.7 million gallons per day. SMWSA is in negotiation with ECCV to obtain additional capacity.



SMWSA is also pursuing water rights acquisitions from the Barr Lake area, and if acquired, water for other SMWSA members will feed into ECCV's Northern Transmission System. ECCV is planning for the next phases of the Northern Project, which include the permitting and construction of a reverse-osmosis, water-treatment facility near the Beebe Draw.

Construction is scheduled to begin on the first phase of the facility in 2009, with operations estimated to begin in 2010. Subsequent phases will be completed by approximately 2020. At final capacity, the water treatment facility will process up to 40 million gallons of water per day for ECCV customers. At that time, approximately 70 to 80 percent of the District's water will come from the Northern Project system.

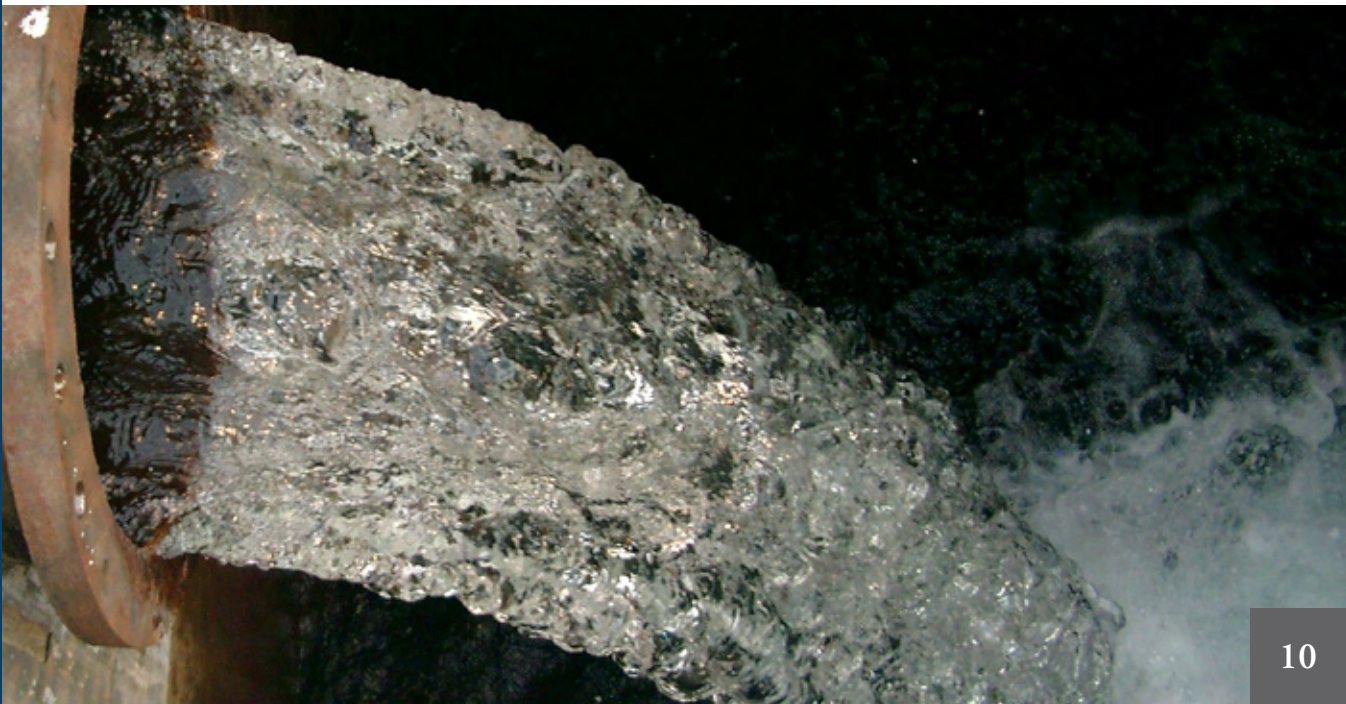


SMWSA originated from the DCWRA, founded in 1982, and the South Metro Water Supply Study Board, formed in 2000. Prompted by the explosive residential and commercial growth in Arapahoe and Douglas Counties, the larger water providers requested that one regional entity oversee water development and distribution for south-metro Denver.

SMWSA was created in 2004 to address future municipal and commercial water needs by pioneering cooperative relationships that would maximize efficiencies of existing systems and operations, and develop expansion plans.

Comprised of 13 water providers, SMWSA has become the south Denver-metro region's leader in the development of innovative water supply and infrastructure projects. SMWSA's mission is to foster long-term reliable and affordable water supplies in the south Denver-metro region, through water conservation, reuse, renewable source acquisitions, regional structural and non-structural projects, funding mechanisms and integrated use of resources.

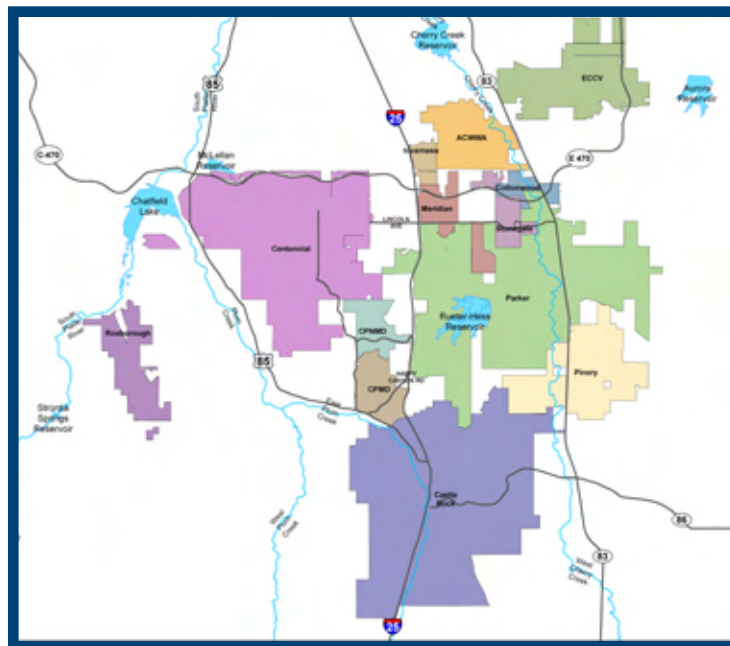
Together these providers plan, develop and source renewable water for their 320,000 combined municipal and industrial customers in a 200-square-mile region. By taking a unified approach to regional water rights and allocation, SMWSA better serves constituents through its increased negotiating power and support. Since 2000 organization members have collectively funded more than \$350 million in water projects that support the areas water resources and supply.



SMWSA'S 13 MUNICIPAL WATER PROVIDERS INCLUDE

- Arapahoe County Water and Wastewater Authority, 303-790-4830
- Castle Pines Metropolitan District, 303-688-8330
- Castle Pines North Metropolitan District, 303-688-8550
- Centennial Water and Sanitation District, 303-791-0430
- Cottonwood Water and Sanitation District, 303-792-9509
- East Cherry Creek Valley Water and Sanitation District, 303-693-3800
- Inverness Water and Sanitation District, 303-649-9857
- Meridian Metropolitan District, 303-790-0345
- Parker Water and Sanitation District, 303-841-4627
- Pinery Water and Wastewater District, 303-841-2797
- Roxborough Park Metropolitan District, 303-979-7286
- Stonegate Village Metropolitan District, 303-779-4525
- Town of Castle Rock, 720-733-6000

For more information visit www.SouthMetroWater.org.



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