



CHEROKEE METROPOLITAN DISTRICT

6250 Palmer Park Blvd, Colorado Springs, CO 80915-1721
Telephone: (719) 597-5080 FAX: (719) 597-5145

June 27, 2011

REQUEST FOR PROPOSALS:

Water Rights, Water Supply, Transmission, Delivery & Storage Infrastructure Necessary to Provide Cherokee Metro District with dependable deliverable water; online no later than December 30, 2012

RFP Entity Type: Water Utility; Organized under C.R.S. Title 32-1-101

RFP Expires / Proposal Due Date: July 11, 2011 at 5:00 P.M., MST

Location / Point of Connection: Delivery of dependable water resources to Cherokee's existing water storage, delivery and conveyance infrastructure as drinkable treated water meeting any and all State, EPA and Safe Drinking Water Act regulations. Map is attached and reference materials are available upon request.

Cherokee Metropolitan District is a quasi-municipal, governmental entity organized under the Colorado Special Districts Act, 32-1-101, et seq. Colorado Revised Statutes. Cherokee provides the Cimarron Hills community, an eastern suburb of the City of Colorado Springs, with water, wastewater, parks and recreation and streetlight services. Cherokee Metropolitan District is engaged in water supply planning for both short term and long term uses. Some of Cherokee's sources of historic water supply have been recently lost or challenged through litigation, requiring more immediate acquisition of new water supplies. Cherokee has an obligation to ensure that its customers have a reliable and diverse portfolio of deliverable water ample in supply to reliably serve the needs of the District's current customer base of 8,450 single family equivalent customers on 6,850 commercial and residential tap connections. The majority of the District's current water supply is pumped from the Upper Black Squirrel Designated Groundwater Basin, 25 plus miles east of Colorado Springs and delivered through an aging 30 inch welded steel transmission pipe. The District's current average domestic demand is approximately 2.25 MGD with summer irrigation demands generally between 4 MGD and 6.25 MGD. Cherokee has some flexibility in location of deliveries of water, as described below, along with flow requirements provided.

All responses to this RFP must demonstrate legal authority to do business in the State of Colorado, document legal ownership or other sufficient legal control over the water rights and associated assets proposed for delivering water resources to the District. Further, proposal responses will need to document water source decrees, historic place and type of use, and the water quality for the proposed source of supply and any treatment recommendations. Proposals should include detailed work by qualified professional water resource engineers, civil and hydraulic engineering, materials specifications and cost data on the project from a certified professional engineer. Any additional materials describing the source of supply, legal authority to move the water to delivery at Cherokee, authority to use as municipal water, or the predicted sustainable output data be essential in the District's evaluation of the proposal and how likely it would be to bring the plans to fruition.

If any of the above general requirements or the more detailed RFP deliverables numbered here below are incomplete, a letter of explanation is required to document the issue(s) and what mitigation, steps, or action will be taken to sufficiently meet the District's RFP requirements as stated above and herein.

Cherokee reserves the right to disregard any RFP proposals that upon review are determined as not meeting the criteria set forth in this RFP, or at the sole discretion of the Board the District may elect to request additional information from project proponents. Required Deliverable elements of all RFP submittals are as follows:

RFP Deliverable required by the District:

1. All proposals should be for sources of supply to be delivered as finished water to the District at one of two possible locations, please provide a map with specified water right, well, ditch, head gate, pipeline, reservoirs, storage tanks, ASR wells, and or any other infrastructure proposed and how that infrastructure ties into one of the two locations below:
 1. Cherokee's 5 MG Tank located in the northern part of the District at Tamlin Rd and Marksheffel Rd
 2. Cherokee's 3 MG Tank located on the south side of US Hwy 24, .25 miles west of Peterson Rd., El Paso County, Colorado.
2. Drawings, specs and itemized costs produced by a qualified civil engineer on the proposed infrastructure plan and its costs to construct and operate generated by a registered civil engineer
3. RFP Water Project Supply Requirements:
 - A. The District needs a minimum of 800 Acre Feet (AF) per year in the short term period (2013 – 2015).
 - B. The District may need more water annually if economic and housing market vitality returns; thus it's preferable that the RFP detail facilities that have the ability to convey to Cherokee as much as 1,200 acre feet in the short term period as described above and possibly more thereafter with a build out total demand up to approximately 4,000 Acre Feet of annual water.
 - C. The District requires a base load availability of 500 gallons per minute (gpm) or 1.115 cubic feet per second (cfs), equal to 0.72 Million Gallons per Day (MGD) with a max flow rate of 1,400 gpm (3.12 cfs or 2.02 MGD) to serve as needed in seasonal peak irrigation demand periods.
 - D. The District would prefer there to be a long term component of the RFP, but that is not essential to consideration. In the long term, the District is looking for 3,200 to 4,000 acre feet of water annually and would see max daily demands of 7 to 8 MGD. Further details of long term demands can be discussed as appropriate.
 - E. The delivery infrastructure should be operable year round, however it must be operational at least 362 days per year to ensure supply dependability and any maintenance work or other interruptions of service shall require 30 days advanced notice in writing.
 - F. The District requires that itemized costs and specifications be provided on well drilling, pumps, pipes, booster stations, storage, property easements and / or right-of-way acquisitions, pumping costs, energy and any other major cost associated with developing and delivery of water under the proposed project.
 - G. Proposed timeline for deal elements including financing, permitting, pre-construction activities, infrastructure construction and all major milestones there under, and project completion / test pumping.
 - H. Decrees and / or patents reserving the water right, deeds proving ownership or agreement adequately demonstrating control over the water sufficient to develop the project.

- I. A list of the professional consultants working on the project and their resumes of related experience is a required attachment to engineering on physical supply and hydraulic calculation on pipe type and size.
- J. A list of project participants, proposed construction companies or other service providers that intend to participate in the deal.
- K. Specific terms of how the deal structure is proposed, who is financially responsible for what, when payments will be made, how costs will be controlled, who is responsible for performance, remedies for lack of performance, and any incentives available to the District and the project proponent.

Deal Terms To Be Proposed:

Ultimately, the District seeks to own its water resources. However, the District is willing to consider multiple deals structure proposals, so long as they have sufficient detail and clear terms. With some water supplies, where there may be question as to the legal transportation for use in Cherokee's service area, the District is willing to enter into an initial take or pay water and infrastructure lease agreement for a term to be determined reasonable, so long as there exists a provision allowing the District to buy out the project at a specified price and thereafter own and operate the project in perpetuity as part of the District's integrated municipal water supply system. Buyout price and terms shall be disclosed in all proposals and upon further refinement shall be memorialized with terms in a final agreement between the District and project parties.

Any preliminary costs, proposed pricing and / or the terms of buyout should be explained in detail within the applicant's proposal.

Project proponents and their teams will be required to provide assurance that they and their operational entities are in good standing and not subject to litigation that could affect performance under a proposed contract with the District.

Under the terms of the lease, the facilities, storage, infrastructure and legal water rights are to be diligently maintained, protected from decay, operated professionally in accordance with state and federal law and regulations. Assurances to the ability to perform will be required, as will a bond and reserve account to ensure that if performance criteria, to be determined in the contract negotiations, are not met that District operators can and will have the ability to step in and care for project facilities and protect reliability of supply.

The District also reserves the right to have an independent engineer review the proposals and the costs and make an opinion on the proposal and the costs. The individual costs for each proposal will only be shared with the Board and will be held confidential. No entity submitting a proposal will have their cost, production, price structure numbers or their engineering information divulged to the public or other proposal entities.

If you have any further questions or comments regarding this RFP or the requirements herein, please contact Mr. Sean Chambers, General Manager at (719) 597-5080 or via email at SChambers@cherokeemetro.org

[REMAINDER OF PAGE INTENTIONALLY BLANK]