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# NEW BUSINESS CALENDAR

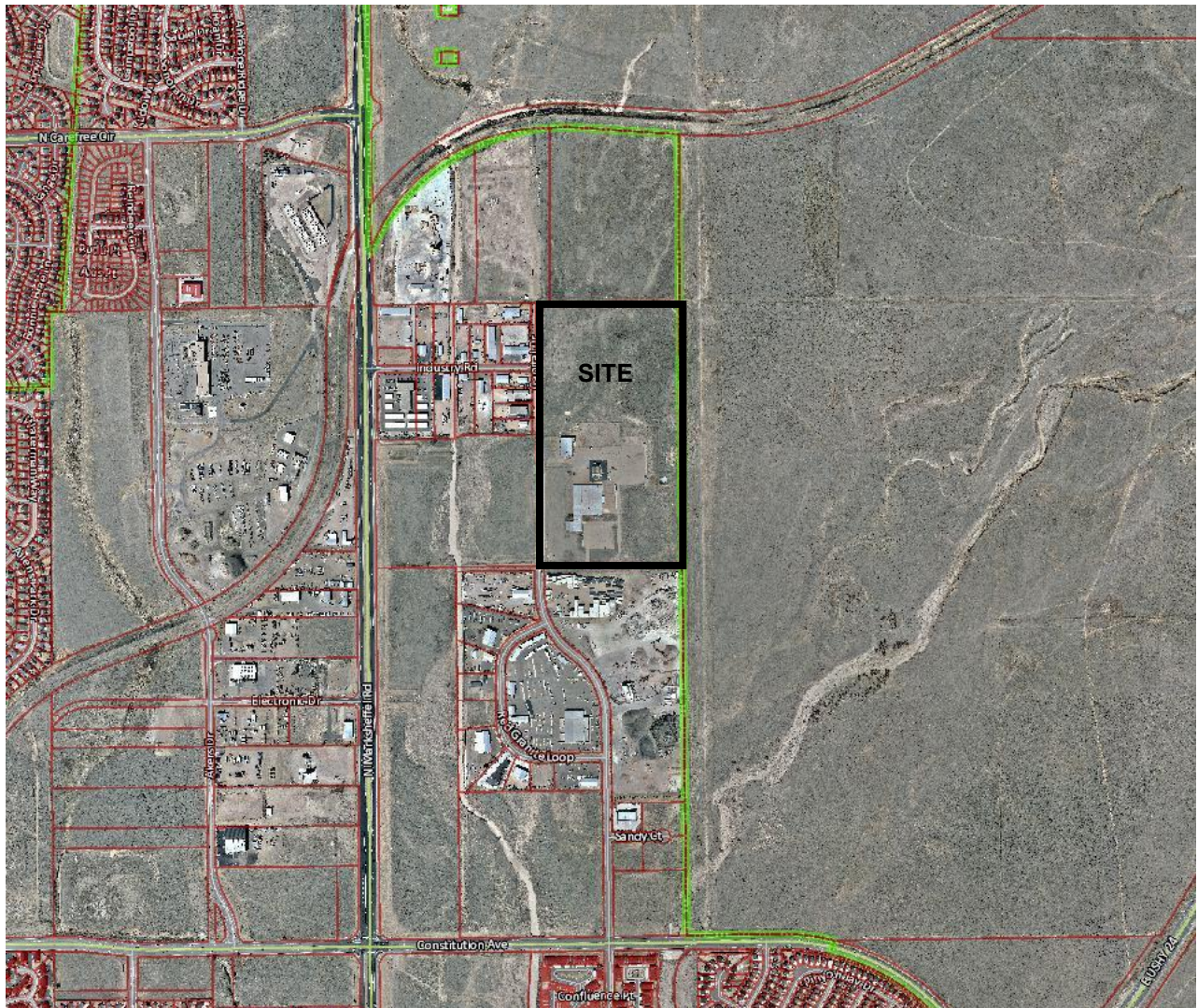
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ITEM NOS.: 4.A-4.C

STAFF: LARRY LARSEN

FILE NO: CPC A 14-00048 - LEGISLATIVE  
FILE NO: CPC MP 14-00050 - LEGISLATIVE  
FILE NO: CPC ZC 14-00049 - LEGISLATIVE

**PROJECT:** CAPITAL ANNEXATION NO.1  
**APPLICANT:** NES, INC.  
**OWNER:** WEATHERFORD ARTIFICIAL LIFT SYSTEMS, LLC



**PROJECT SUMMARY:**

1. Project Description: This project includes the following applications: 1.) the Capital Annexation No. 1 Annexation (**FIGURE 1 & 2**), 2.) the Capital Annexation No.1 Master Plan (**FIGURE 3**), and 3.) establishing the M-1/HR/AO (Light Industrial with High Rise and Airport Overlays) zone district. The property is located east of the Industry Road and Capital Drive intersection, specifically at 3285 Capital Drive and consists of 60.6 acres.

The applications are necessary for the extension of Colorado Springs Utilities electrical services to serve this project. The project is undergoing the construction of a significant new 22,380 square foot building to expand its existing operation. This operation includes the manufacture of piping to serve the oil and gas extraction industry.

Presently, the facility is located within unincorporated El Paso County and is served by Mountain View Electric. Mountain View does not have the electrical capacity necessary to serve the proposed expansion, therefore Colorado Springs Utilities, which has the capacity, is willing to extend electrical services to this project and site.

2. Applicant's Statement: (**FIGURE 4**)
3. Planning and Development Department's Recommendation: Approval of the applications, subject to technical modifications.

**BACKGROUND:**

1. Site Address: 3285 Capital Drive.
2. Existing Zoning/Land Use: County M (Manufacturing) / Industrial Processing Plant (**FIGURE 5**)
3. Surrounding Zoning/Land Use:  
North: County M (Manufacturing) / Vacant  
South: County I-3 (Heavy industrial) / Warehouse  
East: PIP-2 (Planned Industrial Park)/ Vacant (Banning Lewis Ranch: Planned Industrial)  
West: County I-3 (Heavy industrial) / Various Industrial Uses & Vacant
4. Comprehensive Plan/Designated 2020 Land Use: Potential Annexation Area – Employment Center
5. Annexation: Pending
6. Master Plan/Designated Master Plan Land Use: Pending – Industrial
7. Subdivision: Unplatted
8. Zoning Enforcement Action: None.
9. Physical Characteristics: The majority of the site slopes towards the north. The site has no significant vegetation (grasses and shrubs) or natural features.

**STAKEHOLDER PROCESS AND INVOLVEMENT:** The standard City notification process for the internal review included posting the property with a notice poster and mailing postcards to approximately 29 property owners within 1,000 feet of the project area. No e-mail or letter concerns were received.

The same posting and notification process will be utilized prior to the CPC public hearing.

All applicable agencies and departments were asked to review and comment. No significant concerns were identified. All issues and concerns were provided as conditions of approval.

**ANALYSIS OF REVIEW CRITERIA/MAJOR ISSUES/COMPREHENSIVE PLAN & MASTER PLAN CONFORMANCE:**

1. Design and Development Issues:

a. Electric Service: This annexation and accompanying applications are the first steps toward the provision of City electric utilities needed to serve this expanding project. The subject property was initially developed in the late 1970's and early 1980's and is undergoing the construction of a significant new building to expand its operation. This operation includes the manufacture of piping to serve the oil and gas extraction industry. Presently, the facility is located within El Paso County and is served by Mountain View Electric. Mountain View does not have the electrical capacity necessary to serve the new expansion, therefore Colorado Springs Utilities, which has the capacity, is willing to extend electrical services to this project and site per an approved and executed electric line extension and revenue guarantee contract agreement.

b. Interim Water and Wastewater Service: The applicant and owner desire to continue to receive water and wastewater service from Cherokee Metropolitan District (CMD) after the Property is annexed into the City. This request is acceptable by City Utilities, if the owner agrees to execute a Colorado Springs Utilities approved agreement providing for interim water and wastewater service from Cherokee Metropolitan District. This agreement will include provisions regarding when the owner shall be required to connect to the City water and wastewater system. The agreement has been drafted and has been found to be generally acceptable to all parties.

c. Fiscal Impact Analysis: The City Budget Office prepared the Capital Annexation No. 1 Fiscal Impact Analysis and found that the annexation provided a positive cumulative cash flow for the City. **(FIGURE 6)**

d. Land Use Compatibility: This existing project is located within a County approved industrial park area. It is compatible with the existing and planned uses within the park, as well as the adjacent property located within the City's Banning Lewis Ranch Master Plan area which is designated and zoned for industrial use.

e. High Rise (HR) Overlay – Building Height: This project includes establishing the High Rise (HR) Overlay to allow the existing building and the new building under construction to be deemed conforming by permitting its height to exceed the maximum 40' for the M-1 zone district. The new building will be built to 74' to accommodate the chrome processing process. The proposed height and floor area meet the standards and requirements of the HR Overlay.

2. Conformance with the City Comprehensive Plan: The annexation and master plan are consistent with the City Comprehensive Plan. The Plan's 2020 Land Use Map identifies this area as a "Potential Annexation Area – Employment Center".

The following City Comprehensive Plan goals, objectives and policy statements apply to this project:

Policy LU 201: Promote a Focused, Consolidated Land Use Pattern: Locate new growth and development in well-defined contiguous areas in order to avoid leapfrog, scattered land use patterns that cannot be adequately provided with City services.

Strategy LU 302c: Promote Compatibility between Land Uses of Differing Intensities: Design and develop mixed land uses to ensure compatibility and appropriate transitions between land uses that vary in intensity and scale.

Policy LUM 208: Regional Center: Utilize the Regional Center designation for significant and mutually supportive combinations of two other land uses: commercial center and employment center. Because of their size, both uses function as regional centers in terms of market for retail and employment opportunities. Emphasize development of these areas as integrated land uses through innovative design standards, rather than as separate, freestanding land uses. Integrate mobility choices by providing transit, pedestrian and bicycle connectivity within the center as well as to adjoining areas.

Objective CCA 6: Fit New Development into the Character of the Surrounding Area: Often the overall character of a new development is not realized until the project is completed. This can lead to unintended impacts and incompatible development. Applicants for new developments need to clearly identify how their projects will fit into the character of the surrounding area and the community as a whole with respect to height, scale, bulk, massing, roof forms, signage, overall site design, pedestrian and vehicular access, and relation to the public right-of-way.

Policy CCA 601: New Development Will be Compatible with the Surrounding Area: New developments will be compatible with the surrounding land uses and will complement the character and appearance of adjacent land uses.

Objective LU 8: Integrate Employment Centers into the Wider City Land Use Pattern: Colorado Springs has been successful at attracting and retaining major employers and growing small businesses, which has led to a healthy, thriving economy. However, the needs of employers, such as land requirements, location considerations, and availability of housing, must be balanced with overall quality of life issues. Employment activities that are not integrated into the community lead to higher infrastructure costs, increase traffic and congestion, and create a sense of separation from the community. Employment centers should be developed so they meet the needs of the employers, while at the same time contribute to the quality of life in Colorado Springs. The City's efforts should focus on creating opportunities for quality employment at various economic levels for its residents, and on environmentally responsible industries that make a positive contribution to the community.

*It is the finding of the City Planning and Development Staff that the Capital Annexation No. 1 and Master Plan are consistent with the City's Comprehensive Plan 2020 Land Use Map and the Plan's goals, objectives and policies for Employment Centers and Industrial use.*

3. Conformance with the City Annexation Plan: *The 2006 Annexation Plan identifies 36 enclaves within the city. This particular site is within the Cimarron Hills enclave. The 2006 Plan generally recommends that Cimarron Hills not be annexed. However, given that this site is not part of the residentially suburban area of Cimarron Hills, staff believes that in order to provide the necessary electricity to an existing business that is expending, the annexation is warranted.*  
. **(FIGURE 2)**



*It is the finding of the City Planning and Development Staff that the Capital Annexation No. 1 and the Master Plan are consistent with the City's Annexation Plan for Employment Center and Industrial use.*

4. Conformance with the Area's Master Plan: This project is located within the proposed Capital Annexation No. 1 Master Plan and designated for Industrial use.

*It is the finding of the City Planning and Development Staff that the Capital Annexation No.1 and the Master Plan are consistent with the proposed Capital Annexation No.1 Master Plan for Employment Center and Industrial use.*

### **STAFF RECOMMENDATIONS:**

#### **Item No: 4.A                   CPC A 14-00048 – Annexation**

**Approve** the Capital Annexation No. 1, based upon the finding that the annexation complies with the findings of City Code Section 7.6.203, subject to the following conditions and technical and/or informational modifications:

#### **Technical and Informational Modifications**

1. Prior to requesting the City Council to schedule their public hearing, the annexation agreement shall be approved by the owner, Land Use Review, City Engineering, City Traffic and Colorado Springs Utilities.
2. Prior to scheduling the City Council's public hearing, provide Colorado Springs Utilities' approval of the executed Special Warranty Deed transferring water rights to the City (which will require the Owner to obtain an inventory of the Owner's water rights appropriations and other related information for the property).
3. Prior to scheduling the City Council's public hearing, if the owner desires to receive water and wastewater service from Cherokee Metropolitan District (CMD) after the Property is annexed into the City, then the owner's execution of a Colorado Springs Utilities approved agreement providing for interim water and wastewater service from Cherokee Metropolitan District is required.
4. Prior to scheduling the City Council's public hearing, provide Colorado Springs Utilities approval of the executed Electric Line Extension and Revenue Guarantee Contract.
5. Provide the Bureau of Reclamation's approval for inclusion into the Southeastern Colorado Water Conservancy District.

#### **Item No: 4.B                   CPC MP 14-00050 – Master Plan**

**Approve** the Capital Annexation No. 1 Master Plan based upon the finding that the plan complies with the review criteria of City Code Section 7.5.408, subject to the following technical modification:

#### **Technical and Informational Modification**

Provide Land Use Review, City Engineering and City Traffic approval of the master plan regarding the mutually acceptable reservation and designation of future public street rights-of-way, including the acceptable width, within the property adjacent to the western and northern property lines.

**Item No: 4.C                      CPC ZC 14-00049 – Establishment of Zone District**

**Approve** the establishment of the M-1/HR/AO (Light Industrial zone with High Rise and Airport Overlays) zone district, based upon the finding that it complies with the review criteria of City Code Section 7.5.603.B.

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# DRAFT NO.8

7/30/14

## CAPITAL ANNEXATION NO.1 ANNEXATION AGREEMENT

THIS ANNEXATION AGREEMENT ("Agreement"), dated this \_\_\_ day of \_\_\_\_\_, 20\_\_, is between the City of Colorado Springs, a home rule city and Colorado municipal corporation ("City"), and Weatherford Artificial Lift Systems, Inc. ("Owner").

### I. INTRODUCTION

The Owner owns all of the real property located in El Paso County, Colorado, identified and described on the legal description attached as Exhibit A (the "Property").

The growth of the Colorado Springs metropolitan area makes it likely that the Property will experience development in the future. The Owner will be required to expend substantial amounts of funds for the installation of infrastructure needed to service the Property and, therefore, desires to clarify Owner's obligations for installation of or payment for any off-site infrastructure or improvements and with regard to the City's agreements with respect to provision of services to the Property and cost recoveries available to Owner. Subject to the terms and conditions set forth in this Agreement, both the City and Owner wish to annex the Property into the City to ensure its orderly development. In consideration of the mutual covenants contained in this Agreement, the receipt and sufficiency of which are acknowledged by each of the parties, the City and Owner agree as follows.

### II. ANNEXATION

The Owner has petitioned the City for annexation of the Property. The annexation will become effective upon the effective date of the ordinance documenting final approval by the City Council of the annexation (the "annexation ordinance") after satisfying all conditions precedent to annexation identified in this Agreement and the recording of (a) certified copies of the annexation ordinance and annexation plat in accordance with C.R.S. § 31-12-113, (b) a fully-executed copy of this Agreement, and (c) a fully-executed Capital Annexation No.1 Special Warranty Deed and Irrevocable Consent to the Appropriation, Withdrawal, and Use of Groundwater, substantially in the same form as the attached Exhibit B, with the El Paso County Clerk and Recorder.

All references to the Property or to the Owner's Property are to the Property described in Exhibit A except as otherwise indicated.

### III. LAND USE

The Capital Annexation No.1 Master Plan for the Property has been proposed and submitted to the City for approval. Owner will comply with the approved Master Plan or an amended Master Plan approved in accord with applicable provisions of the Code of the City of Colorado Springs 2001, as amended or re-codified, ("City Code").

#### IV. ZONING

A. Zoning. The Planning and Development Department of the City agrees to recommend that the initial zone for the Owner's Property shall be zoned M-1/AO (Light Manufacturing with Airport Overlay) upon annexation. While zoned M-1/AO, a development plan and a final subdivision plat shall be required for any use requiring a building permit or an expansion into currently vacant portions of the property. Owner acknowledges and understands that the City Council determines what an appropriate zone is for the Property, and this recommendation does not bind the City Planning Commission or City Council to adopt the recommended zone for the Property.

B. Change of Zoning. A change of zone request shall conform to the Master Plan, as approved or as amended by the City in the future. Rezoning in accord with the Master Plan will occur prior to actual development of the site.

#### V. PUBLIC FACILITIES

A. General. As land is annexed into the City it is anticipated that land development will occur. In consideration of this land development, the City requires public facilities and improvements to be designed, extended, installed, constructed, dedicated and conveyed as part of the land development review and construction process. Public facilities and improvements are those improvements to property which, after being constructed by the Owner and accepted by the City, shall be maintained by the City or another public entity. Generally, the required public facilities and improvements and their plan and review process, design criteria, construction standards, dedication, conveyance, cost recovery and reimbursement, assurances and guaranties, and special and specific provisions are addressed in Chapter 7, Article 7 of the City Code (the "Subdivision Code"). Public facilities and improvements include but are not necessarily limited to: 1.) Utility facilities and extensions for water, wastewater, fire hydrants, electric, gas, streetlights, telephone and telecommunications (For water, wastewater, gas and electric utility service, refer to Chapter 12 of the City Code and Section VI. "Utilities Services" and Section VII. "Water Rights" of this Agreement); 2.) Streets, alleys, traffic control, sidewalks, curbs and gutters, trails and bicycle paths; 3.) Drainage facilities for the best management practice to control, retain, detain and convey flood and surface waters; 4.) Arterial roadway bridges; 5.) Parks; 6.) Schools; and 7.) Other facilities and improvements warranted by a specific land development proposal.

It is understood that all public facilities and improvements shall be subject to the provisions of the City Code, unless otherwise specifically provided for under the terms and provisions of this Agreement. Those specifically modified public facilities and improvements provisions are as follows:

B. Metropolitan Districts. The Property currently receives water and wastewater service from Cherokee Metropolitan District ("CMD"). Refer to Section VI, "Utilities Services", of this agreement for specific provisions and requirements regarding water and wastewater service after the Property is annexed into the City.

C. Streets, Bridge and Traffic Control. The Owner agrees to construct, at the Owner's expense, those street, bridge and/or traffic improvements adjacent to or within the Property, as determined at the time of future development plan review and approval. These improvements may also include mutually acceptable dedications of right-of-way and easements, and extension of streets and right-of-way. Owner shall not be entitled to the benefit of City Code §§ 7.7.706 (Reimbursements) and 7.7.1001-1006 (Arterial Roadway Bridges) for any improvements made pursuant to this section of the Agreement. City participation or reimbursement for Arterial Streets and Arterial Bridges within the Property will not be allowed.

1. On-Site or Adjacent Streets

a. Capital Drive: Portions of existing Capital Drive are located both to the south and along the northwest boundary of the Property. These portions of the streets are located within El Paso County and are not included as part of the Property or this annexation. This Agreement does not require Capital Drive to be extended, upgraded or improved, as part of and at the time of this annexation. Future extensions, upgrades, and improvements shall be necessary at the time of future development plan and final subdivision plat review and approval. A logical extension of the Capital Drive right-of-way is located along the western boundary of the Property. The Owner agrees to reserve a 70'/40' potential right-of-way along the western boundary of the Property as a "future 70'/40' public right-of-way tract" and to construct Capital Drive, to meet City Industrial Street standards, at the time of the first development plan and final subdivision plat of the Property, as shown on the approved master plan.

b. Un-named future northern street: A future public street will be necessary to connect Capital Drive east to the existing City area located within the Banning Lewis Ranch Master Plan area. The City and the Owner agree that the most logical location for this street is located adjacent to and within the Property's northern boundary of the Property. This Agreement does not require Owner to extend or construct a street to connect the Property to Marksheffel Road, as part of and at the time of this annexation. The future extension and construction of such a road may be necessary at the time of future development plan and final subdivision plat review and approval for the adjacent property to the east which is already located within the City. The Owner agrees to reserve a 70'/40' potential right-of-way along and within the northern boundary of the Property as a "future 70'/40' public right-of-way tract" as shown on the approved master plan.

2. Off-Site Streets and Bridges: Pursuant to City Code, Owner may be subject to cost recovery requirements for off-site street and bridge improvements.

3. Traffic Control Devices. Owner shall pay for installation of traffic and street signs, striping, and traffic control devices, and permanent barriers, together with all associated conduit for all streets within or contiguous to the Property as determined necessary by the City and in accord with uniformly applied criteria set forth by the City. Traffic signals will be installed only after the intersection warrants signals, as outlined in the Manual on Uniform Traffic Control Devices in use at the time or another nationally accepted standard. Once the intersection meets the outlined criteria, the City will notify the Owner in writing and the Owner will install the traffic signal within one hundred eighty (180) days after receipt of that notice. The Owner will be responsible for all components of the traffic signal, except the City will supply the controller equipment and cabinet and the Owner will reimburse the City for its reasonable costs of the controller equipment and cabinet.

D. Drainage. In conjunction with the first required new development plan and final subdivision plat, a Master Development Drainage Plan shall be prepared and submitted by the Owner to the City and approved by the City Engineer. Final Drainage Reports and Plans shall be prepared and submitted by the Owner to the City and approved by the City Engineer, prior to recording subdivision plats. Owner shall comply with all drainage criteria, standards, policies, and ordinances in effect at the time of development, including but not limited to the



payment of any drainage, arterial bridge, and detention pond fees and the reimbursement for drainage facilities constructed. The Owner shall provide water quality for all developed areas; and Owner agrees that all water quality improvements and facilities shall be owned and maintained by the Owner. Ownership and the obligation to maintain such improvements and facilities shall be appurtenant to the Property and run with the land. Owner shall be responsible for conformance with the Sand Creek Drainage Basin Planning Study.

E. Parks Not Applicable.

F. Schools: Not Applicable.

G. Improvements Adjacent to Park and School Lands. Not Applicable.

## VI. UTILITY SERVICES

A. Colorado Springs Utilities' (CSU) Services: CSU's water, non-potable water, wastewater, electric, streetlight, and gas services ("Utility Service" or together as "Utility Services") are available to eligible customers upon connection to CSU's facilities or utility systems on a "first-come, first-served" basis, provided that (among other things) the City and CSU determine that the applicant meets all applicable City ordinances and regulations, and applicable CSU tariff requirements and regulations for each application for Utility Service. In addition, the availability of Utility Services is contingent upon the terms detailed herein and the dedication of public rights-of-way, private rights-of-way, or easements that CSU determines are required for the extension of any proposed Utility Service from CSU system facilities that currently exist or that may exist at the time of the proposed extension.

Owner shall ensure that the connection and/or extension of Utility Services to the Property is in accord with all codes and regulations in effect at the time of Utility Service connection and/or extension, including but not limited to CSU's tariffs, rules, and policies, City ordinances, resolutions, and policies, and Pikes Peak Regional Building Department codes. Further, as specified herein below, Owner acknowledges responsibility for the costs of any extensions or utility system improvements set forth in CSU's tariffs and/or by agreement that are necessary to provide Utility Services to the Property or to ensure timely development of integrated utility systems serving the Property and areas outside the Property as determined by CSU.

CSU's connection requirements require the Owner to execute and comply with a Revenue Guarantee Contract or other CSU-approved guarantee for the extension of Utility Service before CSU authorizes the extension of the Utility Services and/or other utility systems improvements, and/or any request for service connection to the Property by Owner. Owner acknowledges that such connection requirements shall include Owner's payment of all applicable development charges, recovery-agreement charges, advance recovery-agreement charges, aid-to-construction charges, and other fees or charges applicable to the requested Utility Service, and any costs CSU incurs to acquire additional service territory for the Utility Service to be provided, including those costs specified in paragraph C below. Because recovery agreement charges, advance recovery-agreement charges, and aid-to-construction charges may vary over time and by location, Owner is responsible for contacting CSU's Customer Contract Administration at (719) 668-8111 to ascertain which fees or charges apply to the Property.

Owner acknowledges that annexation of the Property does not imply a guarantee of water supply, wastewater treatment system capacity, or any other Utility Service supply or capacity, and CSU does not guarantee Utility Service to the Property until such time as permanent service is initiated. Accordingly, no specific allocations or amounts of Utility Services, facilities, capacities or supplies are reserved for the Property or Owner upon



annexation, and the City and CSU make no commitments as to the availability of any Utility Service at any time in the future.

B. Dedications and Easements: Notwithstanding anything contained in Section XI of this Agreement to the contrary, Owner, at Owner's sole cost and expense, shall dedicate by plat and/or convey by recorded document, all property (real and personal) and easements that CSU, in its sole discretion, determines are required for all utility-system facilities necessary to serve the Property or to ensure development of an integrated utility system, including but not limited to, any access roads, gas regulation or electric substation sites, electric transmission and distribution facilities, water storage reservoir/facility sites, and wastewater or water pump station sites. CSU, in its sole discretion, shall determine the location and size of all property necessary to be dedicated or otherwise conveyed.

Owner shall provide CSU all written, executed conveyances prior to platting or prior to the development of the Property as determined by CSU in its sole discretion. Owner shall pay all fees and costs applicable to and/or associated with the platting of the real property to be dedicated to the City, and all fees and costs associated with the conveyance of real property interests by plat or by separate instrument, including but not limited to, Phase 1 and Phase 2 environmental assessments, closing costs, any accrued and unpaid taxes or assessments, title policy fees, and recording fees for any deeds, permanent or temporary easement documents, or other required documents. Dedicated and/or deeded properties and easements are not, and shall not be, subject to refund or reimbursement and shall be deeded or dedicated to the City free and clear of any liens or encumbrances, with good and marketable title and otherwise in compliance with City Code § 7.7.1802.

Further, all dedications and conveyances of real property must comply with the City Code, the City Charter, the City of Colorado Springs Procedure Manual for the Acquisition and Disposition of Real Property Interests, and any applicable CSU policies and procedures, and shall be subject to CSU's environmental review. Neither the City nor CSU has any obligation to accept any real property interests. All easements by separate instrument shall be conveyed using CSU's then-current Permanent Easement Agreement form without modification.

If Owner, with prior written approval by CSU, relocates, requires relocation, or alters any existing utility facilities within the Property, then the relocation or alteration of these facilities shall be at the Owner's sole cost and expense. If CSU, in its sole discretion, determines that Owner's relocation or alteration requires new or updated easements, Owner shall convey those easements prior to relocating or altering the existing utility facilities using CSU's then-current Permanent Easement Agreement form without modification. CSU will only relocate existing gas or electric facilities during time frames and in a manner that CSU determines will minimize outages and loss of service.

C. Utility Facilities by CSU:

1. Natural Gas Facilities: CSU and Owner acknowledge that, at the time of annexation, the Property is located within CSU's gas service territory. In the event the Property requires gas service in addition to that received prior to annexation, Owner shall be solely responsible for all costs and expenses that CSU incurs due to any such additional service pursuant to its then-existing tariffs, rules, regulations, and policies.
2. Electric Facilities: Subject to the provisions of this Article, including sections A and B above, and all applicable CSU tariffs, rules, regulations, and policies, CSU will extend electric service to the Property if CSU, in its sole discretion, determines that there will be no adverse effect to any Utility Service or utility easement. Owner shall cooperate with CSU to ensure that any extension of electric facilities to serve the Property will be in accord with CSU's Line Extension and Service Standards. Prior to execution of this Agreement, CSU and Owner entered into an "Electric Line Extension and Revenue Guarantee Contract",

attached hereto and incorporated herein by reference as Exhibit \_\_\_\_\_, for the extension of electric service and facilities. CSU and Owner recognize that prior to annexation, the Property is located outside of CSU's electric service territory, and that upon annexation the Property will be included in CSU's electric service territory. Upon annexation, Owner shall be solely responsible for all costs and fees that CSU incurs as a result of or associated with the acquisition of such electric service territory through annexation, including the just compensation set forth at C.R.S. § 40-9.5-204, as clarified by the General Release and Settlement Agreement entered into between CSU and Mountain View Electric Association on June 10, 1997. To the extent any such costs and fees are associated with C.R.S. §§ 40-9.5-204(1)(a) and 40-9.5-204(1)(b), Owner shall pay such costs and fees directly to the pre-annexation electric service provider. To the extent any such costs and fees are associated with C.R.S. §§ 40-9.5-204(1)(c) and 40-9.5-204(1)(d), Owner shall pay CSU for such costs and fees in accordance with the terms of a Utilities' invoice or bill.

Further, Owner acknowledges sole responsibility for the costs that CSU incurs in the conversion of any overhead electric lines to underground service and the removal of any existing electric distribution facilities (overhead or underground) that were previously installed by the then-current electric service provider. These costs shall be paid by Owner concurrent with the execution of a contract between the Owner and CSU that obligates Owner to reimburse CSU for such conversion or removal of existing electrical facilities.

3. Water and Wastewater Facilities by CSU: The Owner shall pay any advance recovery-agreement charges, recovery-agreement charges, or other fees or charges that are not currently approved by CSU for the Property, but which may become applicable as a result of any on-site or off-site water or wastewater system facilities that CSU or other developers may design and construct in order to ensure an integrated water or wastewater system supplying the Property. Additionally, the Owner shall be subject to cost recovery for the engineering, materials and installation costs incurred by CSU in its design, construction, upgrade or improvement of any water pump stations, water suction storage facilities, water transmission and distribution pipelines, or other water system facilities and appurtenances and any wastewater pump stations or treatment facilities, wastewater pipeline facilities, or other wastewater collection facilities and appurtenances that CSU, in its sole discretion, determines are necessary to serve the Property.

D. Water and Wastewater System Extensions by Owners: The Property currently receives water and wastewater service from Cherokee Metropolitan District ("CMD"). City Council authorization is required for Owner to receive CMD water and wastewater service on an interim basis after annexation of the Property and until Owner is required by CSU to disconnect from CMD and to extend and connect to CSU's water supply and wastewater treatment systems. Owner, CMD, and CSU have entered into that certain Interim Water and Wastewater Service Agreement dated \_\_\_\_\_, which is attached hereto as Exhibit C ("Interim Agreement") and which identifies the terms by which CMD shall provide interim water and wastewater service to the Property after the annexation of the Property. City Council approval of the annexation ordinance authorizing the provision of such interim water and wastewater service by CMD, as described in the Interim Agreement, is a condition precedent to annexation of the Property.

In accord with the notice provisions of the Interim Agreement, Owner shall extend, design, and construct all potable and non-potable water system facilities and appurtenances, and all wastewater collection system facilities, wastewater pump stations, and any water or wastewater service lines to and within the Property at Owners' sole cost and expense in accord with all applicable CSU tariffs, rules, regulations, including CSU's Line Extension and Service Standards, and all City ordinances and regulations in effect at the time of such construction. Consistent with City Code § 7.7.1102 (B), Owners shall complete the design, installation and obtain preliminary acceptance of such utility facilities prior to CSU's approval of Owners' water and wastewater service requests.

Owner shall be solely responsible for all costs and fees associated with engineering, materials, and installation of all water system facilities and appurtenances, and all wastewater collection facilities and appurtenances, whether on-site or off-site, that are necessary to serve the Property or to ensure development of an integrated water or wastewater system serving the Property and areas outside the Property as determined by CSU. Further, Owner acknowledges that CSU may require that such water or wastewater system facilities be larger than necessary to serve the Property itself, and may require the Owner to participate with other development projects on a fair-share, pro rata basis in any necessary off-site system facilities improvements.

The plans, specifications and construction of the water facilities and appurtenances, and the wastewater facilities and appurtenances are each subject to CSU's inspection and written acceptance, and CSU shall make the final determination as to the size, location, point(s) of connection and the required appurtenances of the system facilities to be constructed. No work shall commence on any proposed water or wastewater extension facilities until CSU provides written approval of Owner's water or wastewater construction plans and copies of such approved plans are received by CSU's Planning and Engineering Department. Owner may only connect newly-constructed facilities to CSU's existing water or wastewater system upon CSU's inspection and written acceptance of such facilities.

As part of any development plan submittal for the Property, Owners acknowledge that a Preliminary Utility Plan, Wastewater Master Facility Report, Hydraulic Grade Line Request Form, and Hydraulic Analysis Report (as determined by CSU) are required and must be completed and approved by CSU.

The water distribution system facilities must meet CSU's criteria for quality, reliability and pressure. The water distribution system shall ensure capacity, pressure and system reliability for both partially completed and fully completed conditions and the static pressure of the water distribution system shall be a minimum of 60 psi. Also, to ensure the protection of public health and to maintain compliance with state regulatory requirements, the detailed plans for all customer-owned, non-potable water distribution systems, including irrigation systems, must be approved by CSU.

Further, Owner recognizes that the extension of water system facilities may affect the quality of water in CSU's water system. Consequently, Owner acknowledges responsibility for any costs that CSU, in its sole discretion, determines necessary to incur in order to maintain water quality in its system as a result of Owner's water system extensions, including but not limited to, the cost of any lost water, materials and labor from pipeline-flushing maintenance activities, temporary pipeline loop extensions, or other appurtenances and measures that CSU determines are necessary to minimize pipeline flushing and to maintain water quality (Water-quality Maintenance Costs). Owner shall reimburse CSU for such Water-quality Maintenance Costs within thirty (30) days of receipt of an invoice for such costs.

E. Limitation of Applicability: The provisions of this Agreement set forth the requirements of the City and CSU in effect at the time of the annexation of the Property. These provisions shall not be construed as a limitation upon the authority of the City or CSU to adopt different ordinances, rules, regulations, resolutions, policies or codes which change any of the provisions set forth in this Agreement so long as these apply to the City generally and are in accord with the then-current tariffs, rates, regulations and policies of CSU. Subject to the provisions of the Article of this Agreement that is labeled "WATER RIGHTS", CSU's tariffs, policies, and/or contract agreements, as may be modified from time to time, shall govern the use of all Utility Services, including but not limited to, groundwater and non-potable water for irrigation use by the Owner for the Owner's exclusive use.

F. Southeastern Colorado Water Conservancy District: Notice is hereby provided that upon annexation the Property is subject to subsequent inclusion into the boundaries of the Southeastern Colorado Water

Conservancy District ("District") pursuant to C.R.S. § 37-45-136 (3.6) as may be amended, and the rules and procedures of the District and shall be subject thereafter to a property tax mill levy for the purposes of meeting the financial obligations of the District. The Owner acknowledges that water service for the Property will not be made available by CSU until such time as the Property is formally included within the boundaries of the District. In order for the Property to be included into the District, the Owner must obtain consent from the Bureau of Reclamation ("Reclamation"). The Owner shall be responsible for taking all actions necessary for inclusion of the Property into the boundaries of the District, including but not limited to, any action required to obtain consent from Reclamation for inclusion into the District as expeditiously as possible.

## VII. WATER RIGHTS

As provided in the Special Warranty Deed and Irrevocable Consent to the Appropriation, Withdrawal and Use of Groundwater ("Deed"), which is attached to this Agreement and hereby incorporated by reference, Owner grants to the City, all right, title and interest held by Owner to any and all groundwater in the Dawson, Denver, and Arapahoe Aquifers underlying or appurtenant to and used upon the Property, and any and all other water rights appurtenant to the Property held by Owner (collectively referred to as the "Water Rights"), together with the sole and exclusive right to use the Water Rights and all rights of ingress and egress required by the City to appropriate, withdraw and use the Water Rights. The Deed conveying the Water Rights shall be executed by the Owners concurrently with this Agreement and shall be made effective upon the date of the City Council's final approval of the annexation of the Property. The Deed shall be recorded concurrent with the recording of this Agreement at the El Paso County Clerk and Recorder's office.

Cherokee adjudicated the groundwater in the Laramie-Fox Hills Aquifer underlying the Property in the Colorado District Court, Water Division 2, Case No. 2005CW45 and has a vested real property right in such groundwater. Therefore, subject to the approval of City Council, Owner shall not be required to convey to the City any groundwater located in the Laramie-Fox Hills Aquifer underlying the Property. Further, subject to the approval of City Council, Owner shall not be required to compensate the City for the value of any groundwater located in the Laramie-Fox Hills Aquifer underlying the Property. City Council approval of the annexation ordinance consenting to the terms of this paragraph is a condition precedent to annexation of the Property.

Furthermore, pursuant to C.R.S. § 37-90-137(4), as now in effect or hereafter amended, on behalf of Owner and all successors in title, Owner irrevocably consents to the appropriation, withdrawal, and use by the City of all groundwater in the Dawson, Denver, and Arapahoe Aquifers underlying or appurtenant to and used upon the Property.

In the event the City chooses to use or further develop the Water Rights that have been conveyed, Owner agrees to provide any and all easements required by the City prior to the construction and operation of any City well or water rights related infrastructure on the Property. Wells constructed by the City outside the Property may withdraw groundwater under Owner's Property without additional consent from Owner.

Upon annexation of the Property, any wells or groundwater developed by Owner or Owner's predecessors-in-interest prior to annexation will become subject to CSU's applicable tariffs, rules and regulations, and rates as amended in the future. Owner's uses of groundwater shall be subject to approval by the City and CSU, and shall be consistent with CSU's standards, tariffs, policies, and the City's ordinances, resolutions and policies for the use of groundwater now in effect or as amended in the future. Notwithstanding the foregoing, subject to the approval of City Council, Owner shall be permitted to continue using the existing well on the Property for industrial use pursuant to the terms and conditions of the Colorado Division of Water Resources Well Permit No. 22434-F. City Council approval of the annexation ordinance consenting to the terms of this paragraph is a



condition precedent to this annexation of the Property. No commingling of well and City potable water supply will be permitted.

## VIII. FIRE PROTECTION

A. Fire District: The Owner acknowledges that the Property is located within the boundaries of the Falcon Fire Protection District (the "Fire District") and is subject to property taxes payable to the Fire District for its services. The Owner further acknowledges that, after annexation of the Property to the City, the Property will continue to remain within the boundaries of the Fire District until such time as the Property is excluded from the boundaries of the Fire District. Upon annexation of the Property to the City, fire protection services will be provided by the City through its Fire Department and by the Fire District unless and until the Property is excluded from the Fire District. After annexation, the Property will be assessed property taxes payable to both the City and the Fire District until such time as the Property is excluded from the boundaries of the Fire District.

The Owner understands and acknowledges that the Property may be excluded from the boundaries of the Fire District under the provisions applicable to special districts, Article 1 of Title 32 C.R.S., and as otherwise provided by law. Upon request by the City, the person who owns the Property at the time of the City's request agrees to apply to the Fire District for exclusion of the Property from the Fire District. The Owner understands and acknowledges that the Owner, its heirs, assigns and successors in title are responsible for seeking any exclusion from the Fire District and that the City has no obligation to seek exclusion of any portion of the Property from the Fire District.

B. Supplemental Fire Protection Provisions: The Owner understands and acknowledges the following upon annexation:

1. All site perimeter gates securing access onto/into the site will be provided with applicable Knox equipment meeting Colorado Springs Fire Department specifications.
2. Approved fire lane markings will be provided site wide per Colorado Springs Fire Department specifications.
3. The barriers at the southern end of the property, placed across Capital Drive, will be removed and a gate installed in the fence, with approved Knox equipment meeting Colorado Springs Fire Department specifications, and other necessary modifications to allow secondary access onto/into the site from the south.
4. Within 30 days of annexation, the Owner shall contact the Division of the Fire Marshal to schedule an inspection of all buildings and facilities on site to determine the status of any/all fire protection systems as well as to determine if any operational permits are required.
5. An initial and then bi-annual analysis of the available water supply and all site hydrants will be provided to the Division of the Fire Marshal for review. Should the available water supply be found inadequate or become inadequate in the future, the Owner shall contact the CSFD Division of the Fire Marshal to discuss options for the inadequate water supply. The bi-annual analysis of the available water supply shall continue until deemed unnecessary by the Division of the Fire Marshal.

## IX. FIRE PROTECTION FEE

The Owner agrees to pay a fee of \$1,631.00 per gross acre of the entire annexed area as their share of the capital cost of a new fire station and the initial apparatus purchase required to service this annexation as well as adjacent areas of future annexation (the "Fire Protection Fee"). The City will not record the certified copies of the annexation map and the annexation ordinance and the annexation will not be effective unless and until the Fire Protection Fee has been remitted to the City. The City agrees as future annexations occur within the

service area of the proposed fire station the owners of future annexations will be required to pay a per-acre fee to the City for the capital improvements to the fire station.

X.  
POLICE SERVICE FEE

The Owner agrees to pay a fee of \$677.00 per gross acre of the entire annexed area as Owner's share of the capital cost of a new police station and the initial equipment purchase required to service this annexation as well as adjacent areas of future annexation ("Police Service Fee"). The City will not record the certified copies of the annexation map and annexation ordinance and the annexation will not be effective unless and until the Police Service Fee has been remitted to the City. The City agrees as future annexations occur within the service area of the proposed police station the owners of future annexations will be required to pay a per-acre fee to the City for the capital improvements to the police station.

XI.  
PUBLIC LAND DEDICATION

Owner agrees that all land dedicated or deeded to the City for municipal or utility purposes, including park and school sites, shall be platted and all applicable development fee obligations paid.

Owner agrees that any land dedicated or deeded to the City for municipal or utility purposes, including park and school sites, shall be free and clear of liens and encumbrances. All fees that would be applicable to the platting of land that is to be dedicated to the City (including park and school land) shall be paid by Owner. Fees will be required on the gross acreage of land dedicated as of the date of the dedication in accord with the fee requirements in effect as of the date of the dedication. All dedications shall be platted by the Owner prior to conveyance, unless otherwise waived by the City.

In addition, any property dedicated by deed shall be subject to the following:

- A. All property deeded to the City shall be conveyed by General Warranty Deed, and any such deed must approved by the City prior to the conveyance.
- B. Owner shall convey the property to the City within 30 days of the City's written request.
- C. Any property conveyed to the City shall be free and clear of any liens and/or encumbrances.
- D. All property taxes levied against the property shall be paid by the Owner through the date of conveyance to the City.
- E. An environmental assessment of the property must be provided to the City for review and approval, unless the City waives the requirement of an assessment. Approval or waiver of the assessment must be in writing and signed by an authorized representative or official of the City.

XII.  
SPECIAL PROVISIONS

This section and the following special provisions apply to this annexation due its specific location and the special provisions are unique and applicable to this Owner, Property and/or project.

A. Approved Development Plan. The City recognizes and accepts the El Paso County ("County") approved "Weatherford Artificial Lift Systems Minor Site Development Plan for New Chrome Plant Facilities", approved September 5, 2013 by the County. In addition, the City recognizes and accepts related studies and reports approved by the County associated with this plan, including: the Stormwater Pollution Prevention Plan, the Erosion and Stormwater Quality Control Permit, the Final Drainage Report, and the Transportation Memorandum. The Owner may proceed with the pending new Chrome Plant Facilities project, in which the County previously reviewed and approved and authorized the issuance of the necessary building permits for the project.

The Owner agrees that a new development plan and a final subdivision plat are required for any use requiring a building permit or an expansion into currently vacant portions of the Property. Any such development plan and subdivision plat must meet all City requirements and specifications, including but not limited to required additional or updated report and studies; plan and plat content requirements; additional components including a grading plan, utility and public facility plan, and landscape plan; and specifically landscape setback, buffering and screening treatments.

B. Banning Lewis Ranch Annexation Agreement. This Property is adjacent to Banning Lewis Ranch property; as such, the City has certain obligations under the Banning Lewis Ranch Annexation Agreement ("BLR Agreement"), as recorded in Book 5557, beginning on Page 405, with respect to annexing the Property. Therefore Owner and City agree that the Property is subject to terms and provisions of the BLR Agreement including but not limited to any provision regarding water, wastewater, electric, and gas utilities service and facilities and the specific terms listed below. If there are any conflicts between this Agreement and the BLR Agreement, then the City and CSU, in their sole discretion, shall determine which terms and provisions shall apply.

1. Off-Site Construction of the Banning-Lewis Parkway Fee. The Owner agrees to pay \$95.55 per acre fee as an equitable contribution for Owner's fair share portion of the benefit Owner will receive from the Banning-Lewis Parkway ("Banning-Lewis Parkway Fee"). This per acre fee is based upon the traffic analysis which was prepared by a traffic professional using ITE Manual methods and identifies a direct traffic impact on the Banning-Lewis Parkway. The City will not record the certified copies of the annexation map and annexation ordinance and the annexation will not be effective unless and until the Banning-Lewis Parkway Fee has been remitted to the City.

2. Construction of the Banning Lewis Ranch Radio Repeater Station. The Owner agrees to pay \$11.69 per acre fee ("Banning Lewis Ranch Repeater Station Fee") as an equitable contribution for the Owner's portion of the benefit Owner will receive from the radio repeater station. The Banning Lewis Ranch Radio Repeater Station fee will be due prior to recordation of the annexation plat and this agreement. The City will not record the certified copies of the annexation map and annexation ordinance and the annexation will not be effective unless and until the Banning Lewis Repeater Station Fee has been remitted to the City.

XIII.  
ORDINANCE COMPLIANCE

Owner will comply with all tariffs, policies, rules, regulations, ordinances, resolutions and codes of the City which now exist or are amended or adopted in the future, including those related to the subdivision and zoning of land, except as expressly modified by this Agreement. This Agreement shall not be construed as a limitation upon the authority of the City to adopt different tariffs, policies, rules, regulations, ordinances, resolutions, and codes which change any of the provisions set forth in this Agreement so long as these apply to the City generally.

XIV.  
ASSIGNS AND DEED OF TRUST HOLDERS

Where used in this Agreement, the term the "Owner" shall also mean any of the successors, heirs, executors, personal representatives, transferees, or assigns of the Owner and all these parties shall have the right to enforce and be enforced under the terms of this Agreement as if they were the original parties hereto. Rights to specific refunds or payments contained in this Agreement shall always be to the Owner unless specifically assigned to another person.

By executing this Agreement, the deed of trust holder agrees that: should it become owner of the Property through foreclosure or otherwise (1) it will be bound by the terms and conditions of this Agreement to the same extent as Owner; and (2) any provisions in its deed of trust or other agreements pertaining to the Property in conflict with this Agreement shall be subordinate to and superseded by the provisions of this Agreement. *(OR, THE FOLLOWING IS TO BE INSERTED IF THERE ARE NO DEED OF TRUST HOLDERS: Owner affirmatively states that there exist no outstanding deeds of trust or other similar liens or encumbrances against the Property).*

XV.  
RECORDING

Upon final approval of the annexation ordinance by City Council and the satisfaction of all conditions precedent to annexation as provided for herein, the City shall record the annexation plat and annexation ordinance, in accordance with C.R.S. § 31-12-113, and this Agreement with the Clerk and Recorder of El Paso County, Colorado. Upon recording, this Agreement shall constitute a covenant running with the land. This Agreement shall be binding on future assigns of the Owner and all other persons who may purchase land within the Property from the Owner or any persons later acquiring an interest in the Property. Any refunds made under the terms of this Agreement shall be made to the Owner and not subsequent purchasers or assigns of the Property unless an instrument executed by the Owner specifically provides for payment to the purchaser or assignee and a copy of that document is filed with the City.

XVI.  
AMENDMENTS

This Agreement may be amended only with the written consent of the City by any party, including their respective successors, transferees, or assigns, without the consent of any other party or its successors, transferees, or assigns so long as the amendment applies only to the property owned by the amending party. For the purposes of this article, an amendment shall be deemed to apply only to property owned by the amending party if this Agreement remains in full force and effect as to property owned by any non-amending party.

Any amendment shall be recorded the Clerk and Recorder in the records of El Paso County, Colorado, shall be a covenant running with the land, and shall be binding on all persons or entities presently possessing or later acquiring an interest in the property subject to the amendment unless otherwise specified in the amendment."



XVII.  
HEADINGS

The headings set forth in the Agreement are for reference only and shall not be construed as an enlargement or abridgement of the language of the Agreement.

XVIII.  
DEFAULT AND REMEDIES

If either Owner or City fails to perform any material obligation under this Agreement, and fails to cure the default within thirty (30) days following notice from the non-defaulting party of that breach, then a breach of this Agreement will be deemed to have occurred and the non-defaulting party will be entitled, at its election, to either cure the default and recover the cost thereof from the defaulting party, or pursue and obtain against the defaulting party an order for specific performance of the obligations under this Agreement and, in either instance, recover any actual damages incurred by the non-defaulting party as a result of the breach, including recovery of its costs and reasonable attorneys' fees incurred in the enforcement of this Agreement, as well as any other remedies provided by law.

XIX.  
GENERAL

Except as specifically provided in this Agreement, City agrees to treat Owner and the Property in a non-discriminatory manner relative to the rest of the City. In addition, any consent or approval required in accord with this Agreement from the City shall not be unreasonably withheld, conditioned, or delayed. City agrees not to impose any fee, levy or tax or impose any conditions upon the approval of development requests, platting, zoning or issuance of any building permits for the Property, or make any assessment on the Property that is not uniformly applied throughout the City, except as specifically provided in this Agreement or the City Code. If the annexation of the Property or any portion of the Property is challenged by a referendum, all provisions of this Agreement, together with the duties and obligations of each party, shall be suspended, pending the outcome of the referendum election. If the referendum challenge to the annexation results in the disconnection of the Property from the City, then this Agreement and all its provisions shall be null and void and of no further effect. If the referendum challenge fails, then Owner and City shall continue to be bound by all terms and provisions of this Agreement.

XX.  
SEVERABILITY

If any provision of this Agreement is for any reason and to any extent held to be invalid or unenforceable, then neither the remainder of the document nor the application of the provisions to other entities, persons or circumstances shall be affected.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals  
the day and year first written above.

CITY OF COLORADO SPRINGS

BY: \_\_\_\_\_  
PRESIDENT OF THE CITY COUNCIL

ATTEST:

BY: \_\_\_\_\_  
CITY CLERK

APPROVED AS TO FORM:

BY: \_\_\_\_\_  
CITY ATTORNEY





EXHIBIT A  
LEGAL DESCRIPTION





SPECIAL WARRANTY DEED AND IRREVOCABLE CONSENT  
TO THE APPROPRIATION, WITHDRAWAL AND USE OF GROUNDWATER  
Capital Annexation No.1 Annexation

Accepted by the City of Colorado Springs

By: \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20##  
Real Estate Services Manager

By: \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20##

Approved as to Form:

By: \_\_\_\_\_ Date: \_\_\_\_\_  
City Attorney's Office

SPECIAL WARRANTY DEED AND IRREVOCABLE CONSENT  
TO THE APPROPRIATION, WITHDRAWAL AND USE OF GROUNDWATER  
Capital Annexation No.1 Annexation

Exhibit A

LEGAL DESCRIPTION

To the  
Special Warranty Deed and Irrevocable Consent to the Appropriation, Withdrawal and Use of Groundwater  
executed by \_\_\_\_\_, Grantor(s) on \_\_\_\_\_.

*(provide legal description signed and stamped by Professional Licensed Surveyor)*

SPECIAL WARRANTY DEED AND IRREVOCABLE CONSENT  
TO THE APPROPRIATION, WITHDRAWAL AND USE OF GROUNDWATER  
Capital Annexation No.1 Annexation

Exhibit B

To the  
Special Warranty Deed and Irrevocable Consent to the Appropriation, Withdrawal and Use of Groundwater  
executed by \_\_\_\_\_, Grantor(s) on \_\_\_\_\_.

Decreed Groundwater Rights

Case No.

Court:

Source:

Amount:

Date of Decree:

Name of Owner:

Permitted Groundwater

Permit No.

Date of Permit:

Source:

Amount:

Name of Owner:

Legal Description of Well or other structure:

Surface Water Rights

Name of Water Right:

Case No.

Court:

Source:

Amount:

Date of Decree:

Name of Owner:

ELECTRIC LINE EXTENSION AND REVENUE GUARANTEE CONTRACT  
Capital Annexation No.1 Annexation

Exhibit C



INTERIM WATER AND WASTEWATER SERVICE AGREEMENT  
Capital Annexation No.1 Annexation

Exhibit D



N.E.S. Inc.  
 308 South Tabor Street  
 Colorado Springs, CO 80903  
 Tel. 719.471.0893  
 Fax 719.471.0227  
 www.nesinc.com  
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**CAPITAL ANNEXATION No. 1**

MASTER PLAN

3282 Capital Drive

DATE: 7/15/2014  
 DRAWN BY: [Redacted]  
 CHECKED BY: [Redacted]

1 OF 1

CPC NP14-00050

# CAPITAL ANNEXATION NO. 1 MASTER PLAN

**OWNER:** WEATHERFORD ARTIFICIAL LIFT SYSTEMS, LLC  
 2000 ST. JAMES PLACE  
 HOUSTON, TEXAS 77056

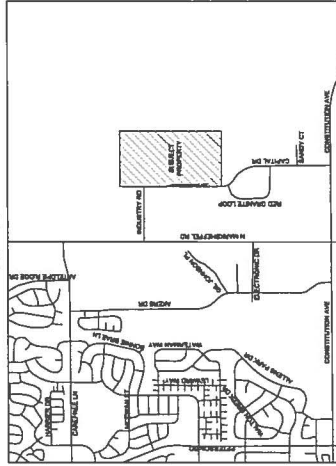
**APPLICANT:** N.E.S. INC.  
 308 S. TABOR ST.  
 COLORADO SPRINGS, CO 80907

**SITE ADDRESS:** 3282 CAPITAL DRIVE  
 COLORADO SPRINGS, CO

**TAX SCHEDULE NUMBER:** 530000130

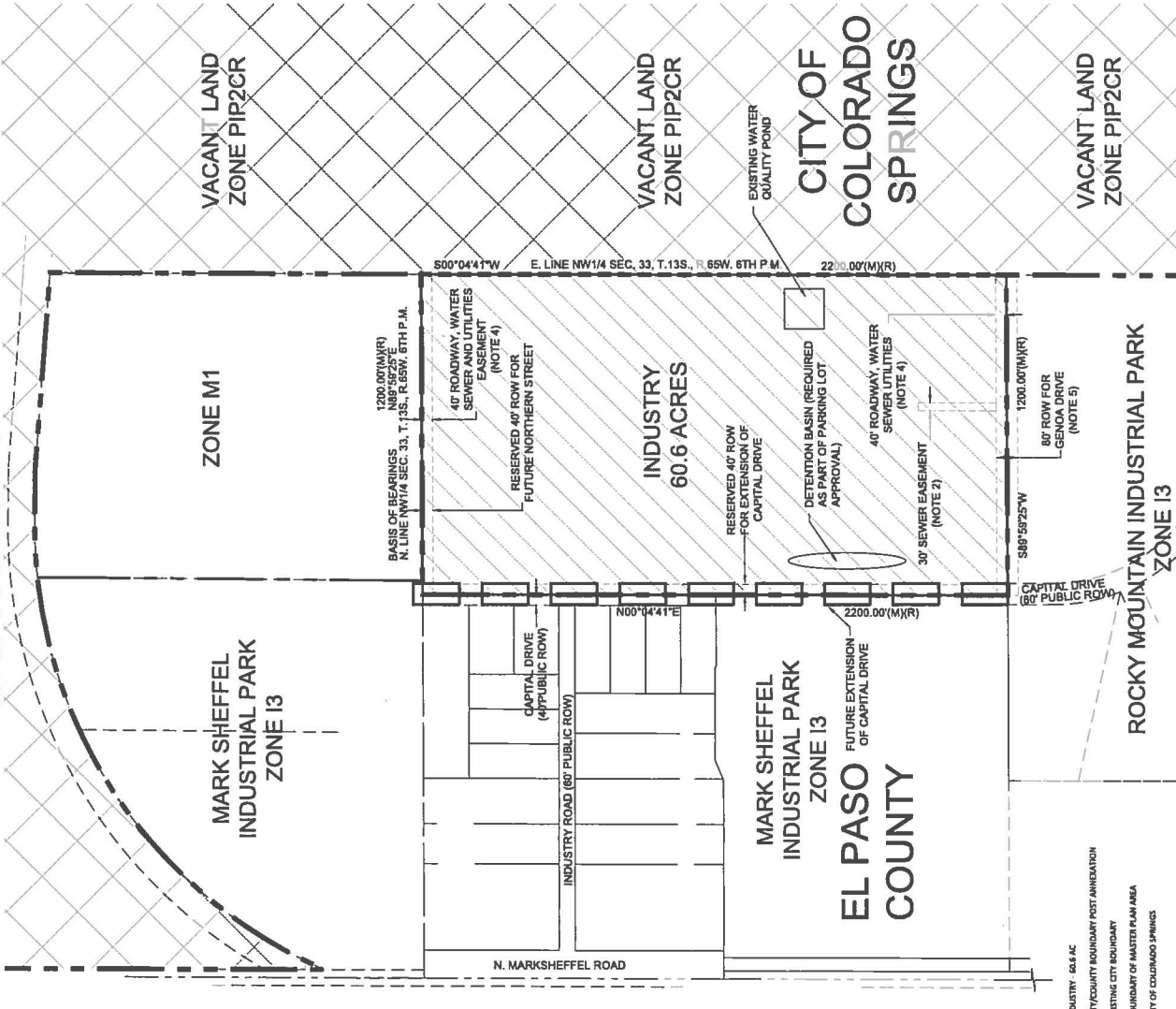
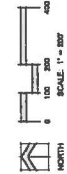
**PROJECT DESCRIPTION SUMMARY:** CAPITAL ANNEXATION NO. 1 MASTER PLAN FOR GENERAL INDUSTRIAL ZONING. THE PROJECT IS A 60.6 ACRE INDUSTRIAL SITE LOCATED IN THE NORTHWEST QUARTER OF SECTION 33, TOWNSHIP 13 SOUTH, RANGE 65 WEST OF THE 6TH P.M., 6TH P.M., EL PASO COUNTY, COLORADO. THE SITE IS CURRENTLY ZONED M1 (MANUFACTURING) AND IS BEING PROPOSED FOR INDUSTRIAL ZONING. EL PASO COUNTY ZONE M1 PROPOSED ZONING: EL PASO COUNTY ZONE M1. MAXIMUM SQUARE FOOTAGE: 400,000 S.F. (EXISTING 123,300 S.F.)

VICINITY MAP  
 NOT TO SCALE



**LEGAL DESCRIPTION**  
 THAT PORTION OF THE NORTHWEST QUARTER OF SECTION 33 IN TOWNSHIP 13 SOUTH, RANGE WEST OF THE 6TH P.M., EL PASO COUNTY, COLORADO, DESCRIBED AS FOLLOWS:  
 BEGINNING AT THE NORTHEAST CORNER OF THE SAID NORTHWEST QUARTER, THENCE SOUTHERLY ON THE EAST LINE OF SAID NORTHWEST QUARTER 2,200 FEET, THENCE WESTERLY, PARALLEL WITH THE NORTH LINE OF SAID NORTHWEST QUARTER, 1,200 FEET, THENCE NORTHERLY PARALLEL WITH THE EASTERN LINE OF SAID NORTHWEST QUARTER, 1,200 FEET TO THE POINT OF BEGINNING.  
 SAID NORTHWEST QUARTER, THENCE EASTERLY ON SAID NORTH LINE 1,200 FEET TO THE POINT OF BEGINNING.  
 TOGETHER WITH AN EASEMENT FOR ROADWAY, WATER, SEWER AND UTILITY LINES AND MAINTENANCE ON, OVER AND UNDER THE WESTERLY 1,528 FEET OF THE NORTHERLY 40 FEET OF SECTION 33, TOWNSHIP 13 SOUTH, RANGE 65 WEST OF THE 6TH P.M., 6TH P.M., OVER AND UNDER WESTERLY 1,528 FEET OF THE SOUTHERLY 40 FEET OF SAID SECTION 33, AND ON, OVER AND UNDER THE WESTERLY 1,528 FEET OF THE SOUTHERLY 40 FEET OF SAID SECTION 33, AND ON, OVER AND UNDER THE WESTERLY 1,528 FEET OF THE SOUTHERLY 40 FEET OF SAID SECTION 33, BEING 40 FEET ON EACH SIDE OF THE CENTER LINE WHICH IS DESCRIBED AS FOLLOWS:  
 COMMENCING AT THE SOUTHWEST CORNER OF THE TRACT BEING CONVEYED HEREIN AND THENCE WESTERLY PARALLEL WITH THE NORTH LINE OF SAID NORTHWEST QUARTER OF SAID SECTION 33 TO THE WEST LINE OF SAID SECTION 33; AND ON, OVER AND UNDER THE EASTERLY 40 FEET OF THE 36.8 AC. SECTION 33, TOWNSHIP 13 SOUTH, RANGE 65 WEST OF THE 6TH P.M., WHICH LIES SOUTH OF THE RIGHT-OF-WAY OF THE CHICAGO, ROCK ISLAND PACIFIC RAILROAD, CONTAINING 52,639,997 SQ. FEET OR 501.606 ACRES, MORE OR LESS.

- Notes:**
- Electricity supplied by Mountain View Electric Association, Inc. Blanket Easement granted to Mountain View Electric Association Inc. for electrical, telephone and/or telegraph lines and incidental purposes, July 19, 2001, recording No. 201101503.
  - Water & Wastewater supplied by Cherokee Water & Sanitation District. Easement granted to Cherokee Water & Sanitation District for sanitary sewer line and incidental purposes, May 10, 1985, Book 5007, Page 1269.
  - Gas supplied by the City of Colorado Springs Utilities.
  - Easement granted to Smart Construction Co. for utility, roadway and spur railroad track and incidental purposes, July 1, 1977, Book 2936, Page 973.
  - 80' Right of Way for Genoa Drive as shown on the Plat for Rocky Mountain Industrial Park Filing No. 1 and Book 2988, Page 476.



**FIGURE 3**

**WEATHERFORD ARTIFICIAL LIFT SYSTEMS, LLC**

**CAPITAL ANNEXATION NO.1**

**ANNEXATION, MASTER PLAN, ZONE CHANGE, HIGH RISE OVERLAY**

**PROJECT DESCRIPTION AND JUSTIFICATION**

**AND LAND SUITABILITY ANALYSIS**

**PREPARED BY NES INC.**

Weatherford Artificial Lift Systems, LLC (hereafter referred to as Weatherford) is a facility for manufacturing pipes used in the oil industry. The property is located to the northeast of the intersection of Marksheffel Road and Constitution Avenue in El Paso County, Colorado. The site has access to Marksheffel Road via Industry Road and Capital Drive.

**Annexation**

The property proposed for annexation comprises approximately 60.6 acres. The City acknowledges that the property has existing improvements and development and is willing to accept the site in its current state. The northern section of the site is vacant industrial land. The southern part of the site is occupied by three industrial buildings, with a total floor area of 95,120 square feet. The largest of the existing buildings accommodates the pipe honing operations, following which the interior of the pipes are chrome-plated in the adjacent building.

A development plan for the expansion of facilities with a new chrome plant of 22,380 square feet was approved by El Paso County on September 5, 2013; this building is currently under construction. The owner has since discovered that operation of the new building is only possible with the provision of electricity service from the City of Colorado Springs Utilities to support it. It is primarily for this reason that Weatherford is applying for annexation to the City.

Although the existing operations do not meet all City zoning requirements and development standards, the Annexation Agreement will require any new buildings to meet all City standards. In addition, the property is not currently platted, and it is not intended to plat the property at this time. The Annexation Agreement will also require the owner to plat the property when development plans for new buildings are submitted in the future. It is acknowledged that the City requires the dedication of easements or right of way to accommodate the extension of Capital Drive. The required easements/right-of-way will be dedicated when the property is platted and at the same time a standard street cross-section for Capital Drive will be included. The platting stage will also address the drainage fee and any other required fees.

This annexation satisfies the relevant conditions for annexation set out in Section 7.6.203 of the City Zoning Code. The subject property is a logical extension to City as it has a contiguous boundary with the City to the east. The part of the County in which the property lies is completely surrounded by the City

of Colorado Springs and is identified in the Comprehensive Plan as a Potential Annexation Area. The inclusion of the Weatherford property within the City will be beneficial in terms of additional tax revenue, new and diversified employment opportunities, improvements to access through the dedication of the Right of Way to extend Capital Drive, and the prospect for improved drainage control. It is anticipated that Cherokee Metro will provide water and sewage to the site until such time as Colorado Springs Utilities are within sufficient distance of and has adequate capacity to meet the service requirements of the site.

### **Master Plan**

To support the annexation, a new Master Plan is submitted for the 60.6 acre property. This reflects the industrial uses on the site and the likelihood that any future development on the property will also be industrial, in accordance with the proposed zone change to M1 (see below).

The Master Plan satisfies the relevant review criteria set out in Section 7.5.408 of the Zoning Code:

Comprehensive Plan: The proposed Master Plan conforms to the City's Comprehensive Plan as the lands within the City immediately to the east and further north are identified as Employment Centers where major concentrations of employment are to be located. The proposed Master Plan also promotes Objective LU 8 of the Comprehensive Plan, which seeks to integrate employment activities into the community. The incorporation of the Weatherford property into the City will assist in this assimilation process.

Land Use Relationships: The property is in a primarily industrial area and the proposed Master Plan is compatible with the adjacent uses. The neighboring areas to the north and east are zoned Planned Industrial Park (PIP2), which provide an appropriate transition to the proposed residential component of the Banning Lewis Ranch Master Plan further to the east.

Public Facilities: It is anticipated that Cherokee Metro will provide water and sewage to the site until such time as Colorado Springs Utilities are within sufficient distance of and has adequate capacity to meet the service requirements of the site. The inclusion of the property within the City will provide the opportunity for drainage improvements in the vicinity of the site.

Transportation: The existing traffic generated by the industrial uses on the site is within the capacity of the existing roads serving the site. The annexation of the property into the City will provide the opportunity to improve access through the dedication of the Right of Way to extend Capital Drive.

Environmental: There are no significant natural features or view corridors on this site. Any noise impacts associated with the industrial uses will be buffered by existing and proposed industrial uses on adjacent lands.

Fiscal: The Master Plan proposals will be beneficial in terms of additional tax revenue and new and diversified employment opportunities for the City.



### **Zone Change**

To accompany the Annexation and Master Plan applications, a Zone Change is also submitted. The property is currently zoned in El Paso County as 'M', which is an obsolete zoning for industrial activities. The application requests City Zoning M1, as this is the most comparable to and compatible with the current County zoning and the existing land use.

The proposed rezoning of this property meets the requirements of Section 7.5.603 of the Zoning Code, as the site is located in a primarily industrial area and the proposed zoning is compatible with the adjacent zoned Planned Industrial Park (PIP2). Consequently, it will not cause detriment to the public interest, health, safety, convenience or general welfare. In addition, the action will be consistent with the goals and policies of the City's Comprehensive Plan, as the lands within the City immediately to the east and further north are identified as Employment Centers where major concentrations of employment are to be located. The proposed Zone Change also promotes Objective LU 8 of the Comprehensive Plan, which seeks to integrate employment activities into the community. The incorporation of the Weatherford property into the City will assist in this assimilation process.

### **High Rise Overlay**

The City's M-1 Zone allows a maximum building height of 40 feet. The existing two-story building on the site is approximately 44 feet high and the new chrome plant is approximately 74 feet high. For this reason, an application for a High Rise Overlay is submitted, requesting a height of 80 feet for this zone to accommodate the existing buildings. The existing buildings on the property meet the High Rise Overlay requirements for Floor Area Ratio and Bulk Limitations in the M-1 Zone.

### **Land Suitability Analysis**

The physical characteristic of the southern half of the property is defined by the three existing industrial buildings on the site, with a total floor area of 95,120 square feet. The largest of the existing buildings accommodates the pipe honing operations, following which the interior of the pipes are chrome-plated in the adjacent building. A new chrome plant is under construction. The remainder of the property is flat, featureless vacant land in a primarily industrial area. The site is, therefore, suitable for continued and expanded industrial use as proposed by the Master Plan.



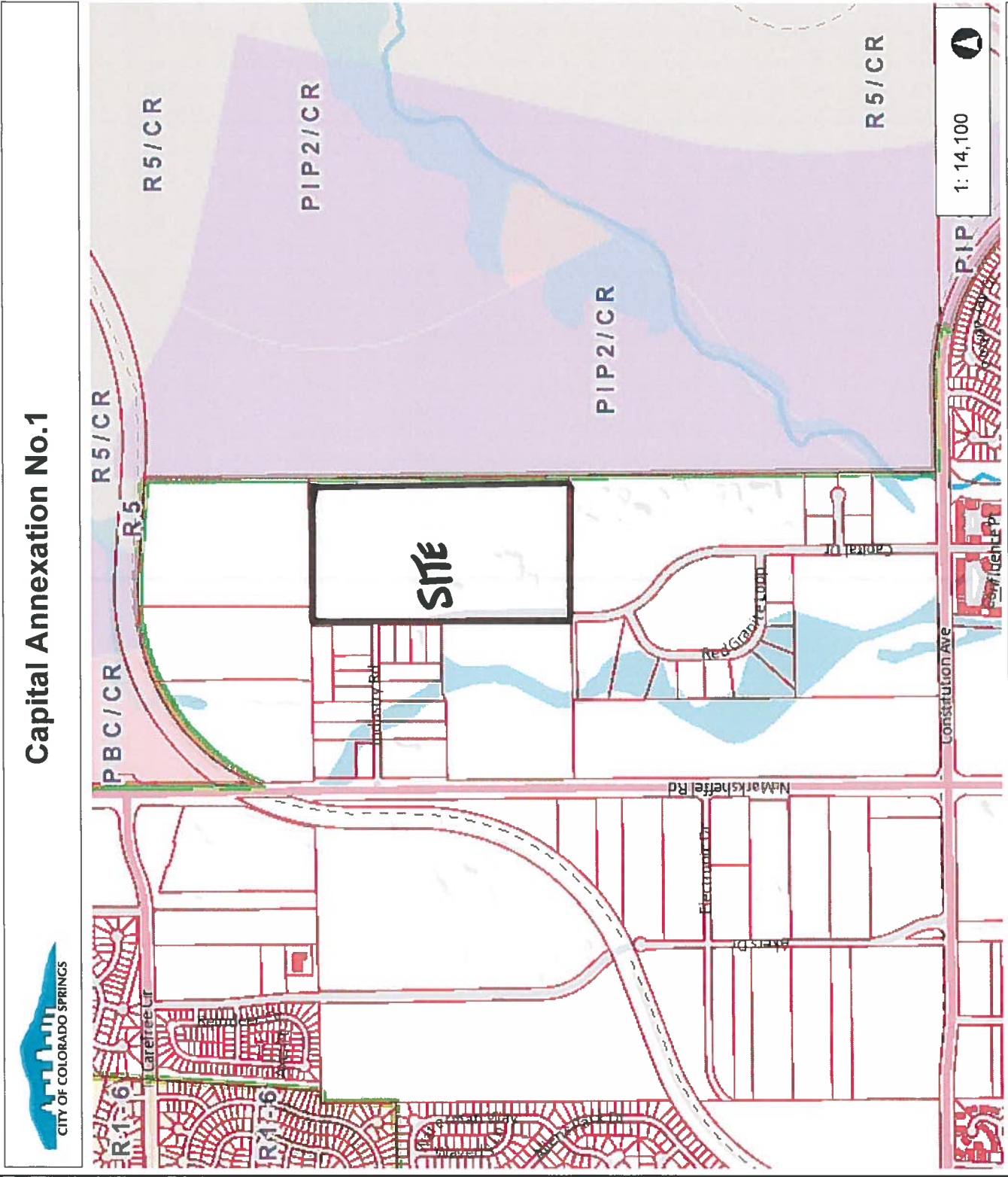
**Legend**

Parcels

Base Zone - Fill

A	R	R1-9	R1-6	R2	R4	R5	TND	OR	OC	PBC	C5	C6	PIP1	PIP2	M1	M2	PF	PK	APD	PCR	PUD	SU	UND
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**Notes**



This map is a user generated static output from an Internet mapping site and is for reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable.

**THIS MAP IS NOT TO BE USED FOR NAVIGATION**

0.4 0 0.22 0.4 Miles

NAD\_1983\_StatePlane\_Colorado\_Central\_FIPS\_0502\_Feet  
 © Latitude Geographics Group Ltd.

**FIGURE 5**

**TO:** Larry Larsen, Senior Planner  
**FROM:** Michael Miles, Senior Analyst  
**DATE:** July 30, 2014  
**SUBJECT: Capital Annexation No. 1 - Fiscal Impact Analysis**

A copy of the fiscal impact analysis for Capital No. 1 is attached. At the request of the Planning Department, the Budget Office prepared a fiscal impact analysis estimating the City General Fund and Public Safety Sales Tax (PSST) Fund revenue and expenditures attributable to the Weatherford development for the period 2014-2023.

The fiscal review criteria of the City Code states city costs related to infrastructure and service levels shall be determined for a ten-year time horizon for only the appropriate municipal funds.

The methodology used for the fiscal impact analysis is a case study approach, where a mini-budget process is undertaken in which City units are asked to project the increased marginal cost of providing services to the development for 2014-2023. The Budget Office estimates the city revenue, as outlined in the Revenue Notes, stemming from the development.

Most departments indicated that there were no identifiable marginal costs of providing services to this development, as the area currently has proper drainage which is serviced by the county and the surrounding infrastructure and roadways are already being maintained by the City as they fall within the service area of surrounding parcels. The Fire Department and Police Departments identified marginal increases in operation costs but this was based on a factored number from the size of the property and not from historical records which could bring that number down.

The result of the fiscal impact analysis is a positive cumulative cash flow for the City during the 10-year timeframe.

The Summary of Expenditures and Revenues is attached. Also, the Expenditure and Revenue Notes are attached that provide the methodology for calculating the expenditures and revenues.

**EXPENDITURE NOTES:**

**Capital Annexation No. 1**

**General Fund/Public Safety Sales Tax (PSST) Fund Fiscal Impact Analysis, 2014-2023**

**POLICE:**

As development occurs, the Police Department is responsible for regular police patrol and first response services in the area. However, the proposed annexation area is located within a serviced area, and the addition of 60 acres and 4 manufacturing buildings will have a small identifiable marginal increase in cost of services for the Police Department within the next ten years of approximately \$2,200 to \$2,600 annually.

**FIRE:**

The CSFD anticipates very marginal additional operational costs of providing service to the annexed area and these costs are made up of fuel, medical supplies, and maintenance (~\$50 annually).

**PUBLIC WORKS – STREETS, TRAFFIC ENGINEERING, CITY ENGINEERING**

There are no additional public infrastructure or maintenance obligations associated with this annexation in the next ten years. The parcel is an infill parcel so infrastructure surrounding the parcel is already existing and serving other parcels. There are no additional marginal maintenance costs, as the City is currently maintaining all roadways surrounding the parcel in the next ten years.

As part of the Annexation Agreement, the Annexor has agreed to pay for ROW to the Banning-Lewis Ranch if and when it is developed. The costs of this have not been included at this time as there is not a plan in the works for the development of Banning-Lewis Ranch.

The existing drainage is in El Paso County therefore, the City is not responsible for the maintenance.

**PUBLIC WORKS -TRANSIT:**

There are currently no transit services in this area. There are no current plans to expand transit services to this area within the next ten years, thus there are no identifiable marginal costs within the next ten years.

**PARKS:**

Parks does not anticipate any direct impacts or costs to Parks related to this proposed annexation

**REVENUE NOTES**

**Capital Annexation No. 1**

**General Fund/Public Safety Sales Tax Fund Fiscal Impact Analysis, 2014-2023**

**PROPERTY TAX:**

The property tax revenue is calculated by multiplying the City mill levy of 4.279 mills by the projected increase in City assessed valuation resulting from the proposed annexation and building development. The current site has 3 buildings which will pay property tax in 2015 and another is currently being constructed and will pay property tax in 2016.

**SPECIFIC OWNERSHIP TAX:**

The Specific Ownership Tax revenue is calculated at 11.70% of property tax revenues. This is based on the 2012 actual City specific ownership tax revenues as a percent of property tax revenue.

**ROAD & BRIDGE REVENUE:**

The Road & Bridge Revenue is calculated at 3.85% of the property tax revenues. This is based on the 2012 actual City road & bridge revenues as a percent of property tax revenue.

**SALES AND USE TAX:**

The Sales Tax Revenue for Building Materials is calculated based on sales taxable materials at 40% of the value of manufacturing facility currently being built on the property. Then the calculated tax is 2% of the taxable materials used for General Fund and 0.4% for PSST. This site will be a manufacturing/industrial area and will not generate ongoing sales tax

**MISCELLANEOUS REVENUE:**

The Miscellaneous Revenue is based on per capita multipliers for the following categories: Admissions Tax; State Cigarette Tax; HUTF; Charges for Services; Fines and Forfeits, Utilities Surplus, as these revenues are impacted by a change in population. This site will be a manufacturing/industrial area and will not generate any of these revenue sources.



**GENERAL FUND AND PSST FUND IMPACT ANALYSIS  
 SUMMARY OF EXPENDITURES AND REVENUE FOR CAPITAL ANNEX, No. 1**

	Projected 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
<b>EXPENDITURES</b>										
<b>Total Salaries, Operating, and Capital Outlay</b>										
Police	536	2,679	2,679	2,679	2,679	2,679	2,679	2,679	2,679	2,679
Fire	11	46	47	48	49	50	51	52	53	54
Public Works - Streets	0	0	0	0	0	0	0	0	0	0
Public Works - Transportation Engineering	0	0	0	0	0	0	0	0	0	0
Public Works - City Engineering	0	0	0	0	0	0	0	0	0	0
Public Works - Transit	0	0	0	0	0	0	0	0	0	0
Parks, Recreation and Cultural Services	0	0	0	0	0	0	0	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>547</b>	<b>2,725</b>	<b>2,726</b>	<b>2,727</b>	<b>2,728</b>	<b>2,729</b>	<b>2,730</b>	<b>2,731</b>	<b>2,732</b>	<b>2,733</b>
<b>REVENUES</b>										
Property Taxes	0	4,117	5,262	5,420	5,582	5,750	5,922	6,100	6,283	6,472
Specific Ownership Taxes	0	482	616	634	653	673	693	714	735	757
Road & Bridge Revenue	0	158	203	209	215	221	228	235	242	249
Sales Tax Revenue (Residential Uses)	0	0	0	0	0	0	0	0	0	0
Sales and Use Tax Revenue (Building Materials)	5,600	0	0	0	0	0	0	0	0	0
Miscellaneous Revenue	0	0	0	0	0	0	0	0	0	0
<b>General Fund Sub-Total</b>	<b>5,600</b>	<b>4,757</b>	<b>6,080</b>	<b>6,263</b>	<b>6,451</b>	<b>6,644</b>	<b>6,843</b>	<b>7,049</b>	<b>7,260</b>	<b>7,478</b>
<b>Public Safety Sales Tax Fund</b>										
Sales Tax Revenue (Residential Uses)	0	0	0	0	0	0	0	0	0	0
Sales and Use Tax Revenue (Building Materials)	1,120	0	0	0	0	0	0	0	0	0
<b>Public Safety Sales Tax Fund Sub-Total</b>	<b>1,120</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL REVENUE</b>	<b>6,720</b>	<b>4,757</b>	<b>6,080</b>	<b>6,263</b>	<b>6,451</b>	<b>6,644</b>	<b>6,843</b>	<b>7,049</b>	<b>7,260</b>	<b>7,478</b>
<b>REVENUE SURPLUS/DEFICIT</b>										
(Total Rev. less Total Exp)										
<b>ANNUAL</b>	<b>6,173</b>	<b>2,031</b>	<b>3,354</b>	<b>3,535</b>	<b>3,722</b>	<b>3,915</b>	<b>4,113</b>	<b>4,317</b>	<b>4,528</b>	<b>4,745</b>
<b>CUMMULATIVE</b>	<b>6,173</b>	<b>8,204</b>	<b>11,558</b>	<b>15,093</b>	<b>18,815</b>	<b>22,730</b>	<b>26,843</b>	<b>31,161</b>	<b>35,688</b>	<b>40,433</b>

**FIGURE 6**