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Title: A Resolution Setting Forth Findings of Fact and Conclusions of Law Based Thereon and Determining the Status of the Territory Known as Capital Annexation No. 1 Hereinafter More Specifically Described in Exhibit "A"
(Legislative Matter)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Capital Annexation No 1 - Annex Resolution, 2. Exhibit A - Legal Description, 3. Exhibit B - Annexation Agreement

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| 10/14/2014 | 1 | City Council | adopted | Pass |

A Resolution Setting Forth Findings of Fact and Conclusions of Law Based Thereon and Determining the Status of the Territory Known as Capital Annexation No. 1 Hereinafter More Specifically Described in Exhibit "A"
(Legislative Matter)

From:

Peter Wysocki, Planning and Development Director, Planning and Development Department

Summary:

- CPC A 14-00048 - Annexation - Legislative
- CPC MP 14-00050 - Master Plan - Legislative
- CPC ZC 14-00049 - Establishment of Zone District - Legislative

This project includes the following applications: 1.) the Capital Annexation No. 1 Annexation , 2.) the Capital Annexation No. 1 Master Plan, 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 60.606 acres (Property).

The applications are necessary for the extension of Colorado Springs Utilities (CSU) electric 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 manufacturing of piping to serve the oil and gas extraction industry.

Weatherford International Ltd. (Weatherford) is a provider of equipment and services used in the drilling, evaluation, completion, production and intervention of oil and natural gas wells. The Company operates four segments: North America, Latin America, Europe/West Africa/the former

Soviet Union (FSU) and Middle East/North Africa/Asia. It operates in over 100 countries and has manufacturing facilities and sales, service and distribution locations in approximately all of the oil and natural gas producing regions in the world. The Company operates in ten service lines: artificial lift systems; stimulation and chemicals; drilling services; well construction; integrated drilling; completion systems; drilling tools; wireline and evaluation services; re-entry and fishing and pipeline and specialty services. Weatherford Switzerland conducts all of its operations through its subsidiaries, including Weatherford Bermuda and Weatherford International, Inc. Weatherford International Ltd. reported annual revenue of \$12.99 billion in 2014. The company opened operations at this location in 2001 and currently employs 71 people. The expansion will create an additional 84 jobs.

Presently, the facility is located within unincorporated El Paso County and is served by Mountain View Electric Association (Mountain View). Mountain View does not currently have the electric capacity necessary to serve the proposed expansion, therefore CSU, which has the capacity, is willing to extend electric services to this project and site upon annexation.

Previous Council Action:

The City Council accepted the petition and referred the annexation to staff on February 11, 2014. The City Council approved a resolution setting the public hearing date for October 14, 2014, at their regular meeting of September 9, 2014.

Background:

The following provides a brief summary of the important issues related to this annexation:

- a. **Electric Service:** This annexation and accompanying applications are the first steps toward the provision by CSU of the electric service needed to serve this expansion project. The Property was initially developed in the late 1970s and early 1980s and is undergoing the construction of a significant new building to expand its operation. This operation includes the manufacturing 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. Upon annexation of the Property into the City, CSU will acquire Mountain View service territory and extend electric infrastructure to the Property in accordance with an Electric Extension and Revenue Guarantee Agreement, which is attached to the Annexation Agreement.
- b. **Interim Water and Wastewater Service:** The owner desires to continue to receive water and wastewater service from Cherokee Metropolitan District (CMD) after the Property is annexed into the City until required to connect to CSU water and wastewater systems. With City Council authorization, CSU can allow CMD to provide interim service to the Property in accordance with the Interim Water and Wastewater Service Agreement between owner, CSU, and CMD, which is attached to the Annexation Agreement. .
- c. **Groundwater.** There are four Denver Basin groundwater aquifers underlying the Property to be annexed. CMD owns the groundwater underlying the Property in three of the aquifers. Owner is the owner of the groundwater underlying the Property in the fourth aquifer, the Arapahoe aquifer. Upon annexation, the owner shall transfer its interest in the Arapahoe aquifer to the City by Special Warranty Deed, which is attached to the Annexation Agreement. CSU recommends that Council allow the owner to continue to use the existing well on the Property that is drilled into the Arapahoe aquifer to withdraw the groundwater for industrial uses consistent with the terms and conditions of the Colorado Division of Water Resources Well Permit No. 22434-F, as provided in the Interim Water and Wastewater Service Agreement. CSU also recommends that Council not require owner to compensate the City for the value of the groundwater located in the other three aquifers underlying

the Property to be annexed.

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 in conformance by permitting its height to exceed the maximum 40 feet for the M-1 zone district. The new building will be built to 74 feet to accommodate the chrome process. The proposed height and floor area meet the standards and requirements of the HR Overlay.

f. Airport Advisory Commission (AAC): This annexation, master plan, and zone district establishment, which includes the high rise overlay, was initially reviewed by the Airport Staff and their recommendation of "no objection" was supported and approved by the AAC on June 25, 2014.

This annexation and accompanying applications are the first steps towards providing CSU electric power to this existing project and site.

Financial Implications:

The City Budget Department prepared a fiscal impact analysis report for this annexation and found it will provide a positive cumulative cash flow for the City.

Board/Commission Recommendation:

The City Planning Commission unanimously approved the applications at its August 20, 2014 regular meeting.

Stakeholder Process:

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 was utilized prior to the CPC public hearing. In addition, the City Council hearing was set and per Colorado Statutes, a notice was published four times with the first notice 30 days prior to the hearing date.

At the City Planning Commission hearing, one citizen expressed several concerns; her primary concern was the extension of streets in the area. In accordance with the Annexation Agreement, streets will not be extended at this time. However, provisions are included to reserve additional rights-of-way and to extend Capital Drive if expansion of the existing facility is to happen in the future.

All applicable agencies and departments were asked to review and comment, including the Airport Staff and Airport Advisory Committee. No significant concerns were identified. All issues and concerns were provided as conditions of approval.

Alternatives:

1. Uphold the action of the City Planning Commission;
2. Modify the decision of the City Planning Commission;

3. Reverse the action of the City Planning Commission; or
4. Refer the matter back to the City Planning Commission for further consideration.

Proposed Motion:

CPC A 14-00048 - ANNEXATION

Approve the resolution setting forth findings of fact and conclusions of law based thereon and determining the status of the territory known as Capital Annexation No. 1 hereinafter more specifically described in Exhibit "A."

N/A