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# Studio 3 LAND COMPANY, LLC

May 24, 1999

PROJECT MEMO: Cardiff Glen Subdivision

TO: Mike Copp, Andrew McGregor, Larry Thompson (City of Glenwood Springs)  
John Baker (Studio 3 Land Company)  
Jim Horn, Bruce McKinnon (Park East)

FROM: Tom Stevens (Studio 3 Land Company, LLC.)

RE: Memorandum of Understanding  
Domestic Water Storage, Raw Water Irrigation, Sewer Improvements Fees

Based upon meeting with City staff on Thursday May 20th and Monday May 24th, the following represents a summary of understanding of the negotiations for construction and financing of water and sewer improvements as they pertain to the Cardiff Glen and Park East developments. Due to the timing of the approval process, it is assumed that the Park East Subdivision will receive final approvals after Cardiff Glen. However, Park East shall, upon its approvals, become a party to this agreement.

## Domestic Water Storage

1. Cardiff Glen/Park East 3 will finance and construct a 500,000 gallon storage facility to be located on land owned by Glenwood Land Company and available via easement.
2. The City shall be responsible, as a pro rata member, for the cost associated with 42% of the total cost of construction of the 500,000 gallon storage facility. This 42% represents 120,000 gallons of fire flow storage capacity (24%) and 92,000 gallons of excess storage capacity (18%).
3. As compensation for financing the City's pro rata share (42%), Cardiff Glen/Park East shall receive credits towards future tap fees. To establish the actual amount of credit, the actual cost of the storage facility will be multiplied by 42%. This will establish the dollar value which will have been paid for (financed) by Cardiff Glen/Park East. This dollar figure will then be converted into EQRs based on the current dollar value of EQRs. This quantity of EQRs will then represent the quantity of EQR credit due Cardiff Glen/Park East.
4. It is anticipated that raw water will be provided for the Cardiff Glen Subdivision and Park East Subdivision Irrigation purposes. However, if raw water is unavailable, and domestic water must be used, the 92,000 gallons of excess storage may be used. In this circumstance, this 92,000 gallons, or 18% shall not be available for credits towards tap fees and shall be the financial responsibility of Cardiff Glen/Park East. The City shall not appropriate this 92,000 gallons of domestic water to other entities until it has received written confirmation from Cardiff Glen/Park East that raw water has been obtained and it has no need for the 92,000 gallons of excess storage water. Under no circumstance shall notification to the City happen later than the completion of Phase 2 of the Cardiff Glen Subdivision. Furthermore, it is anticipated that, due to the prior commitment by the City, Cardiff Glen and Park East, the final parameters associated with the development of the raw water irrigation system shall be finalized during the summer of 1999. Once this is finalized, Cardiff Glen/Park East shall provide the City the written notification that the 92,000 gallons is no longer required.

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5. Cardiff Glen/Park East shall negotiate an easement for the purpose of the storage facility, not to exceed 1 million gallons, plus associated irrigation storage, access and maintenance from Glenwood Land Company (Owner) to the benefit of the City.
6. Studio 3 (Cardiff Glen) shall prepare and submit an application for Special Review permit for the construction of the storage facility. The application will be drafted with the Glenwood Land Company as "Land Owner", Cardiff Glen/Park East as "Developer" and the City as "System Owner/Operator".

The attached "Cardiff Glen P.U.D. - Park East Subdivision Water Storage Tank cost Sharing Calculation" has been provided as an exhibit to this memo.

#### Raw Water Irrigation

Based on prior commitments by the City of Glenwood Springs, Park East and Cardiff Glen, RE-1 School District as well as anticipated interest by Mountain Valley Development, Red Cliff condominiums and Lewis, a raw water irrigation system will be developed to service these properties (see attached South Glenwood Springs Raw Water Irrigation System Cost Sharing Calculation). As such any unit for which raw water irrigation is provided shall be the beneficiary of a 25% reduction in tap fees.

It is currently a condition of approval that Cardiff Glen provide raw water irrigation prior to the completion of Phase two of its development or four years from development commencement. Given this condition and the fact that raw water supply is not a condition for the completion of Phase One of the Cardiff Glen development, Phase One will have the ability to use domestic water until raw water is available.

#### Sewer Improvements Fees

Studio 3 shall agree to pre pay sewer improvements fees to the City of Glenwood Springs on an as needed basis as outlined in the attached April 19, 1999 memo from Jim Horn and attached hereto (see Section 2, Sewer Bottlenecks).

All parties should review this memorandum of understanding carefully. If you have any comments, questions or corrections please contact me immediately.

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EXHIBIT C





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EXHIBIT D

ENGINEER'S OPINION OF PROBABLE CONSTRUCTION COST  
PARK EAST/CARDIFF GLEN  
500,000 GALLON WATER TANK  
SE JOB NO. 98082.01  
8/24/99  
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ITEM	QUANTITY	COST
EXCAVATION TANK SITE	LUMP SUM	35,000.00
500,000 GALLON TANK AND FOUNDATION	LUMP SUM	310,000.00
WATER MAIN	LUMP SUM	50,000.00
BUILDING	LUMP SUM	15,000.00
LANDSCAPING	LUMP SUM	40,000.00
SUBTOTAL		450,000.00
10% CONTINGENCY		45,000.00
TOTAL		495,000.00



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This opinion of probable cost was prepared for budgeting purposes only. Sopris Engineering, LLC cannot be held responsible for variances from this estimate as actual costs may vary due to bid and market fluctuations.

COST ESTIMATE.PE/CARDIFF.dtl