

Banning-Lewis delayed years

Real estate slump halts development in city's east

By PAM ZUBECK THE GAZETTE

A slumping national real estate market, competition from neighboring subdivisions and a severe winter have caused a major setback for development of the 23,000-acre Banning-Lewis Ranch in eastern Colorado Springs.

John Cassiani, who oversees project operations for the Banning Lewis Ranch Management Co., told the City Council this week to delay building a wastewater plant for the subdivision until at least 2014. Plans had called for completion in 2012.

"We don't think we're going to need the plant for a few years," Cassiani told council members sitting as the Colorado Springs Utility Board. "2012 is a very, very aggressive schedule. We don't need it for two to three years later than that."

Mayor Lionel Rivera warned Cassiani, saying, "You run the risk of development picking up, and we delay construction till 2014, then we don't grant any water taps, and you're stuck."

"We realize that," Cassiani said.

Cassiani later told The Gazette the original projection to have 3,000 homes built by 2012 has been cut in half.

Extreme cold weather has frozen the ground too deep to dig trenches for utility lines, he said. Slower home sales and competition from surrounding subdivisions also put a damper on the developer's plans, he said.

Progress on the ranch, expected to be home to 175,000 more residents by 2050, stalled after the owners, Capital Pacific Holdings of California, bought the land in 2001 and created the Banning Lewis company as a holding company to develop it.

The ranch was assembled by Raymond "Pinky" Lewis in the early part of the 20th century and was known for hosting political gatherings.

It was sold in the early 1960s to Arizona investors who lost it in foreclosure. The property eventually ended up in the hands of of a Mobil Oil subsidiary. Frank Aries, a flamboyant Arizona developer, bought the ranch in 1985 and got it annexed into the city in 1988. He later deeded it back to a failed Arizona savings and loan.

It was the largest property owned by a savings and loan during the government bailout and was sold to a relative of the Saudi royal family. He, in turn, sold it to Californiabased Capital Pacific in 2001.

Meantime, growth has skirted the development to the north and south and on its eastern rim.

After Capital Pacific bought the land, it appeared the ranch would be developed, prompting the city to begin designing the sewage plant.

The plant will process 8 million gallons a day to start, with expansion to 30 million gallons a day. It will be east of Interstate 25 on Clear Spring Ranch, a conglomeration of Springs Utilities' facilities south of the city.

The annexation agreement called for the developer to pay for the plant, estimated at \$100 million, but Cassiani balked when he learned the city is looking at using a new processing method.

Called membrane bioreactor technology, the process would make the plant smaller and reduce odor.

Cassiani said if the new technology costs more than a traditional approach, the city should pay the difference.

Rivera disagreed. "I don't think we're in the business of sharing the cost," he said. "The annexation agreement says the developer will pay for it."

He also said, "We want that effluent as clean as it can be going down the creek."

Cassiani responded, "I know how important Fountain Creek is in the whole game plan for the **Southern Delivery** System and the structure with Pueblo. But we all agreed the Chevy plan would be the mindset, not a Cadillac."

Fountain Creek has been a lightning rod in negotiations between Colorado Springs and Pueblo for the SDS, a pipeline that will transport Pueblo Reservoir water to the Springs' east side and the Banning-Lewis Ranch. Pueblo opposes the project in part because of Colorado Springs' repeated illegal sewage discharges into the creek, which flows into the Arkansas River east of Pueblo.

The city is negotiating with Banning Lewis to buy land for an east-side reservoir serving the planned development.

