



Colorado Springs Utilities
It's how we're all connected

Security Water District

Regional Water Service Agreement

Introduction and Background

- Security Water District
 - Widefield Aquifer contamination (2016)
 - Existing short-term agreement (2017)
- Long-term agreement request
- Regional service study and policy development
- Internal review and fatal-flaw analysis
- Staff recommendation and next steps

Water Supply and Contamination

- Large portion of water supply provided by 25 wells in Widefield Aquifer
 - PFO and PFA contamination discovered in 2016
 - Wells inactive
- New Water Mitigation Facility under construction
- 2017 Water Service Agreement with Utilities
 - Extended twice and expires December 31, 2020

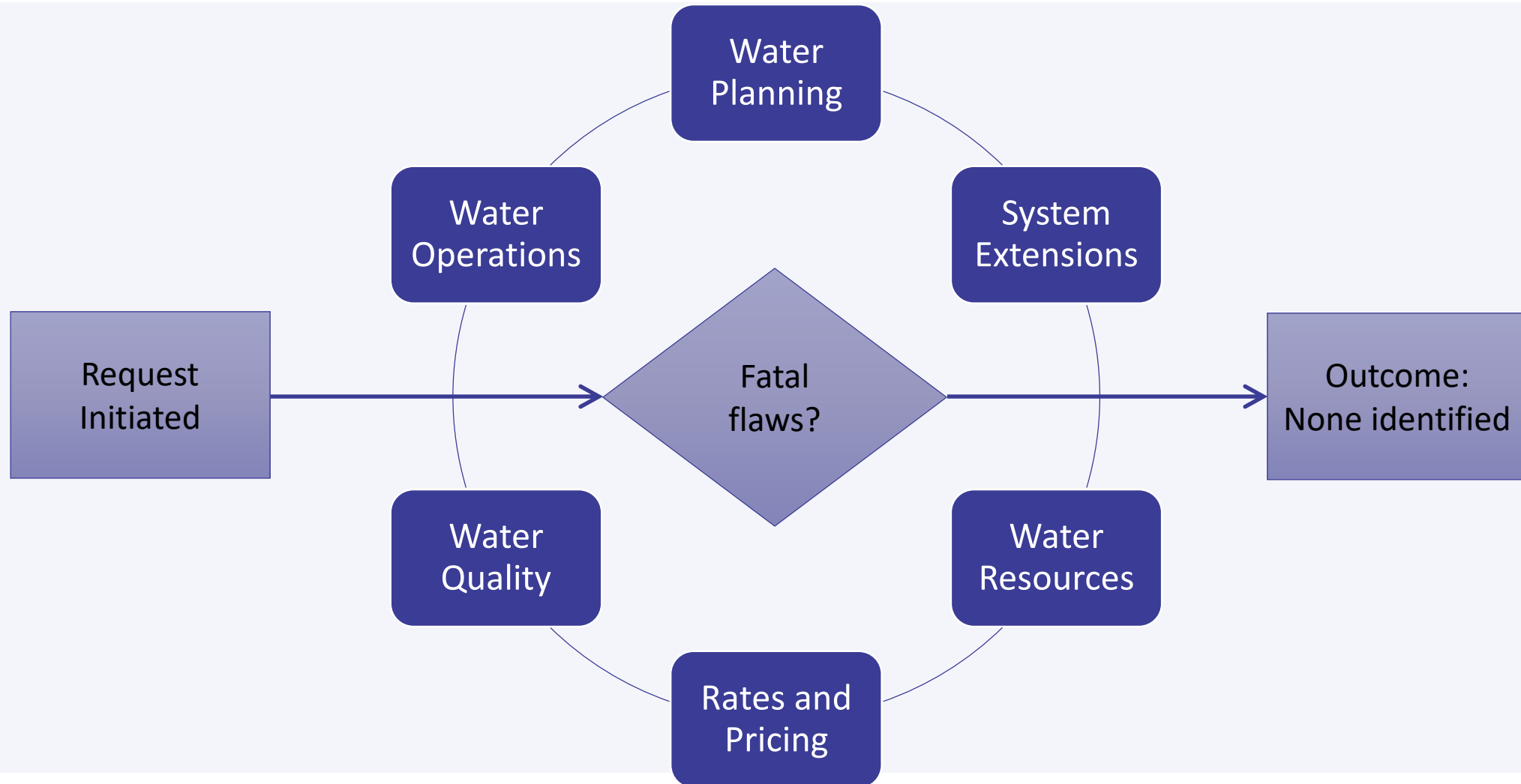
Supplemental Water Agreement Request

- Security approached Springs Utilities about negotiating another supplemental water agreement
- Primary drivers
 - New Water Mitigation Facility may not be online before peak-demand season arrives
 - Unanticipated supply interruption(s)
- Use existing Clearview interconnection for supplemental water service

Regional Service Policy Development

- Utilities' Leadership and Board directed staff to develop regional water/wastewater service policy
- Identify opportunities, interest and process for engaging with local service districts facing water supply challenges
- Establish comprehensive evaluation methodology

Internal Review | Fatal-Flaw Analysis



Staff Recommendation

- Short-term, interim agreement
- Rationale
 - Utilities Rates and Pricing developing regional tariffs
 - 2021 Rate Case > Effective early 2022
 - Better align rates and agreement with actual costs of service
- Utilities amenable to negotiating long-term agreement once appropriate rates take effect

Water Service Agreement Overview

- Effective through December 31, 2021
 - Can be extended through December 31, 2023 with CEO approval
- Terms and conditions similar to 2017 agreement
 - Supplemental, interruptible water service
 - No minimum
 - 2,800 acre-foot per year maximum
- Springs Utilities will not supply water if it adversely impacts our customers

Water Service Agreement Rates and Fees

- System Usage Fee
 - \$33,330 annually
 - Paid \$126,218.12 to date
 - Not to exceed \$743,313 (all agreements)
- Commodity Charges (2020 Rate)
 - 13.67 cents per cubic foot of Utilities' owned, full-service water
 - 8.14 cents per cubic foot of Security's conveyed, treated, and delivered water

Next Steps

- Authorize staff to present associated resolution to City Council for approval on the consent calendar at the January 12, 2021, City Council meeting
- Questions?