

RESOLUTION NO. 49-18

A RESOLUTION FIXING WATER SURPLUS RATES AS  
AUTHORIZED BY THE CHARTER OF THE CITY OF  
COLORADO SPRINGS, ART. VI, § 6-40(b)

WHEREAS, the City of Colorado Springs ("City") is a home-rule city and municipal corporation formed in 1909 under the authority of the Colorado Constitution, Art. XX and the City Charter; and

WHEREAS, the City is the sole legal entity responsible for providing all services and functions rendered on behalf of the citizens of Colorado Springs, including the provision of municipal, utility, and other services; and

WHEREAS, in 1939, the electors of the City adopted Charter § 79(a), which established a Public Utilities Department consisting of the Division of Water and Water Works, the Division of Electric Light and Power, and the Division of Gas and any other utility acquired by the City, that Charter provision later became part of Art. VI (Utilities) of the current City Charter; and

WHEREAS, the enterprise created and operated by the City pursuant to Art. VI of the City Charter is commonly referred to as "Colorado Springs Utilities;" and

WHEREAS, pursuant to Art. VI, § 6-40(a) of the City Charter, the funds of Colorado Springs Utilities shall be kept separate from the funds of all of the other departments of the City, except that pursuant to Art. VI, § 6-40(b) of the City Charter, any remaining surplus of the net earnings of Colorado Springs Utilities, after necessary requirements, may be appropriated to the general revenues of the City by City Council in its Annual Budget and Appropriation Ordinance; and

WHEREAS, pursuant to its authority as the legislative body for the City and as the ratemaking body for Colorado Springs Utilities, City Council may require that Colorado Springs Utilities establish planned surplus net earnings and transfer those surplus earnings to the City's general fund; and

WHEREAS, such planned surplus earnings transferred to the City can be used as revenue for any purposes determined by City Council in the Annual Budget and Appropriation Ordinance, including offsetting the amounts the City pays to Colorado Springs Utilities for the water service provided to the City's Parks, Recreation and Cultural Services Department ("Parks Department").

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:**

Section 1. The Parks Department has consistently stated that it does not have sufficient funds in its budget to provide for adequate irrigation of City-owned parks.

Section 2. At the April 18, 2018 regular meeting of the Utilities Board, the Parks Department indicated that it had a 2018 budget of \$3.3 million for parks watering and that adequate levels of parks watering would require a 2018 budget of \$4.5 million.

Section 3. City Council, pursuant to its authority as the legislative body for the City and as the ratemaking body for Colorado Springs Utilities, hereby determines that it is necessary and appropriate, pursuant to Art. VI, § 6-40(b) of the City Charter, for Colorado Springs Utilities to implement a water surplus rate that will generate surplus net earnings from the actual sales of water within the City that can be transferred to the general revenues of the City to assist with funding adequate irrigation of City-owned parks.

Section 4. City Council hereby determines that it is necessary and appropriate for the water surplus rate to be set such that it generates sufficient revenue to provide approximately 25% of the Parks Department's annual water budget in 2019, and then to provide approximately 50% of the Parks Department's annual water budget in 2020 and each year thereafter.

Section 5. Colorado Springs Utilities has considered the relevant conditions and has determined an efficient calculation methodology whereby it will apply a per-unit charge to quantities of water delivered to customers within the City, which will provide a secure revenue stream from surplus net earnings generated by water sales within the City to transfer to the general revenues of the City to assist with funding adequate irrigation of City-owned parks.

Section 6. To provide approximately 25% of the City's annual water budget for irrigating City-owned parks in 2019, the water surplus rate for actual sales of water within the City is hereby fixed at \$0.00045 per cubic foot (CF) starting on January 1, 2019.

Section 7. To provide approximately 50% of the City's annual water budget for irrigating City-owned parks in 2020 through 2025, the water surplus rate for actual sales of water within the City is hereby fixed at \$0.00090 per CF starting on January 1, 2020 and continuing through December 31, 2025.

Section 8. Starting with the water service rate case to be effective on and after January 1, 2026, and continuing for each water service rate case thereafter, the water surplus rate for actual sales of water within the City shall be recalculated by Colorado Springs Utilities to ensure that the per CF rate generates sufficient revenue to provide approximately 50% of the amounts that Colorado Springs Utilities charged for water service to the City for irrigating City-owned parks during the preceding five-year period on an average-year basis. Such recalculated per CF rate shall be reviewed by the City Auditor and then shall be included by Colorado Springs Utilities within a water service rate case filed in accordance with City Code § 12.1.108. The recalculated water surplus rate shall then be effective from and after the effective date of the water service rate case.

Section 9. Colorado Springs Utilities staff is directed to prepare its annual budget for 2019 and each year thereafter in accord with the provisions of this Resolution. Starting in 2019, and continuing in each year thereafter, the surplus earnings generated by actual sales of water within the City and the water surplus rates

established pursuant to this Resolution shall then be transferred each month from Colorado Springs Utilities to the general fund of the City as those funds become available.

Section 10. The City has represented to the City Council the City's intent that any surplus earnings authorized by this Resolution and generated by actual sales of water within the City that are then transferred to the general fund of the City will be dedicated by the City to fund the irrigation of City-owned parks.

Section 11. It is the specific intent of City Council that the surplus earnings generated and transferred to the general revenues of the City under this Resolution shall be appropriated by City Council in its Annual Budget and Appropriation Ordinance to fund the irrigation of City-owned parks. City Council requests the Mayor, pursuant to the Mayor's authority set forth in City Charter § 4-40(i), take this intent into consideration when preparing the budget for 2019 and ensuing fiscal years.


Section 12. This Resolution is consistent with the authority granted by Art. VI, § 6-40(b) of the City Charter and shall not be construed to waive any provision of the City Charter; nor shall this Resolution affect or repeal any other ordinances or resolutions of City Council providing for an electric surplus rate or a natural gas surplus rate, it being the intent of City Council that the water surplus rate be in addition to and not in lieu of the electric surplus rate and the natural gas surplus rate.

DATED at Colorado Springs, Colorado, this 22<sup>nd</sup> day of May, 2018.

ATTEST:

  
Sarah B. Johnson, City Clerk



  
Council President

**Colorado Springs Utilities  
Proposed Water Surplus Payment to the City - Rate Calculation**

Line #	Description	Calculation
	(a)	(b)
1	<b>Initial Calculations for Water Surplus Rate:</b>	
2	Estimated 50% of Parks Watering Annual Sales	\$ 2,250,000
3	Estimated Total Inside City Water Sales for Normal Year Delivered in cubic feet (cf)	<u>2,450,538,070</u>
4	Water Surplus Rate effective 1/1/20 through 12/31/25 (Line 2 / Line 3)	<u>\$ 0.00090</u>
5	Water Surplus Rate effective 1/1/19 through 12/31/19 (Line 4 X 50%)	<u>\$ 0.00045</u>
6	<b>Future Water Surplus Rate Calculation in 2026:</b>	
7	Actual 5-Year Average Parks Watering Annual Sales times 50%	[(Total 5-Year Actual Park Watering Sales)/5 years] x 50%
8	Actual 5-Year Average Total Inside City Water Sales for Normal Year Delivered in cubic feet (cf)	<u>[(Total 5-Year Inside City Water Sales Delivered in cf)-(Misc. Revenue)]/5</u>
9	Water Surplus Rate (Line 7 / Line 8)	<u>Water Surplus Rate</u>
10	<b>Monthly Calculation to Remit Water Surplus to City:</b>	
11	Actual Total Inside City Water Sales (excluding Misc. Revenue) Delivered in cubic feet (cf)	\$ X
12	Water Surplus Rate	<u>X</u>
13	Water Surplus Payment (Line 11 x Line 12)	<u>\$ X</u>

Note: Actual Water Surplus Payments to the City will vary based on actual Inside City unit sales.