

Donala Water and Sanitation District Water Services Contract

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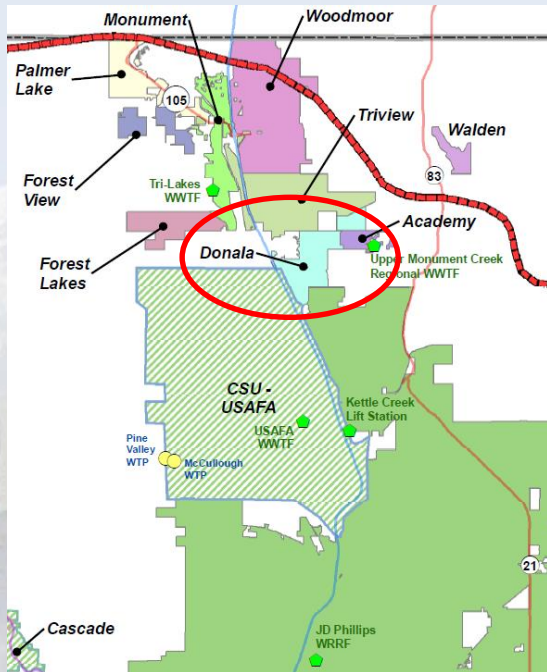
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November 13, 2018

Outline

- Background and Current Status
- Agreement Description
- Next Steps

Donala Water Services Contract



- Approximately 2,600 taps
- Dependent on Denver basin groundwater absent contract delivery of treated surface water

Current Status

- Water Services Contracts since 2011
- Current contract and extensions expire December 31, 2018
- Donala has been in regular discussions with Utilities regarding long-term service
- Donala has also been in regular discussions with Bureau of Reclamation and Pueblo County to obtain necessary approvals and permits for long-term contract

Agreement Description

- Water Service Agreement
 - For conveyance of Donala owned water
- Provide temporary and interruptible water service
 - 200 acre-foot per year minimum
 - 1,000 acre-foot per year maximum

Agreement Rates and Fees

- Out of service area customer rate for conveyance of \$0.0759 per cubic foot
- System Usage Fee of \$3,646.63 per month
- Augmentation Fee of \$0.0072 per cubic foot
- Rates increase commensurate with Utilities water rate

Revenue History

- Since 2011
 - Utilities has received more than \$7.5 million
 - City has received more than \$1.5 million
- New Short-Term Water Service Contract
 - Utilities will receive at least \$587,000 per year
 - City will receive at least \$117,000 per year

Next Steps

- Seek approval of contract on Consent at November 13, 2018 City Council Meeting
- Utilities to continue technical studies to potentially support regional water and wastewater services