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Title: A Resolution Directing the Chief Executive Officer of Colorado Springs Utilities to Execute an Agreement for Short-term Water Service with Stratmoor Hills Water District
Presenter:
 Jenny Bishop, P.E., Senior Project Engineer, Water Services Division
 Jerry A. Forte, P.E., Chief Executive Officer, Colorado Spring Utilities

Sponsors:

Indexes:

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Attachments: 1. Stratmoor Resolution, 2. Stratmoor Hills Short Term Water Service Agreement 2-24-17, 3. Resolution 40-17

Date	Ver.	Action By	Action	Result
3/28/2017	1	City Council	adopted	Pass

A Resolution Directing the Chief Executive Officer of Colorado Springs Utilities to Execute an Agreement for Short-term Water Service with Stratmoor Hills Water District

Presenter:
 Jenny Bishop, P.E., Senior Project Engineer, Water Services Division
 Jerry A. Forte, P.E., Chief Executive Officer, Colorado Spring Utilities

Summary:
 Colorado Springs Utilities will be requesting City Council approval of a resolution authorizing it to execute a water service agreement with Stratmoor Hills Water District.

Previous Council Action:
 N/A

Background:
 Stratmoor Hills Water District (Stratmoor Hills) is a Colorado statutory water district with a service area located generally south, and adjacent to, the City of Colorado Springs. Stratmoor Hills currently serves approximately 2,000 taps in the Colorado Springs metropolitan area.

Stratmoor Hills is a participant in Fountain Valley Authority (FVA). In addition, Stratmoor Hills relies on water withdrawn from wells drilled in the Widefield Aquifer to supplement deliveries from FVA. Due to contamination, water quality in the Widefield Aquifer has deteriorated to the point that additional water treatment or dilution from other sources is needed to meet governmental health advisory levels for drinking water. Currently, Stratmoor Hills believes it has sufficient water from FVA to blend with its Widefield Aquifer water to meet its customers' demands. Stratmoor Hills is seeking the ability to sign

a water service agreement with Colorado Springs Utilities to meet customer demand should their current supplies become inadequate.

Stratmoor Hills would like to enter into a short-term water service agreement with Utilities to assist with meeting its customers' demands on short notice should its other water supplies prove to be insufficient. As part of the water services agreement, Stratmoor Hills would be required to construct the infrastructure necessary to connect Utilities' water system to Stratmoor Hill's water system. The proposed agreement requires that Stratmoor Hills obtain a Utilities reviewed and approved 100% design along with all necessary permits, licenses, and easements for the infrastructure and have a contractor ready to construct the infrastructure upon notice to proceed. Short-term water service under this Agreement would commence at the time Stratmoor Hills provides Utilities with notice that it has issued a notice to proceed to its contractor to construct the interconnect. At that time, the meter will be ordered and all associated minimum takes and system usage fees will be pro-rated according to the notice to proceed date.

The water services agreement requires Stratmoor Hills to take a minimum of 3 acre-feet of water each year. Under no circumstances would Colorado Springs Utilities be required to deliver more than 175 acre-feet of water per year to Stratmoor Hills under the agreement. All associated minimum takes and system usage fees will be pro-rated according to the notice to proceed date.

The 2017 rate for water service under the agreement is 7.72 cents per cubic foot of water conveyed to Stratmoor Hills' water system. Stratmoor Hills will also pay a yearly system usage fee of at least \$33,300. Should Stratmoor Hills use Colorado Springs Utilities' owned water instead of Stratmoor Hills' water. Stratmoor Hills will pay an additional 4.53 cents per cubic foot of water delivered. All water rates in the agreement would adjust concurrently with changes to Colorado Springs Utilities Outside City Limits Water Rates.

The Water Services Agreement would become effective upon City Council's approval and would remain in effect until December 31, 2018. The Water Services Agreement may be renewed at the Colorado Springs Utilities' Chief Executive Officer's discretion, after consultation with City staff, for up to two additional years, but in no case longer than December 31, 2020.

The water deliveries to Stratmoor Hills have been determined to have no impact on Colorado Springs Utilities' operations or water supply.

Financial Implications:

The revenue received under the water services agreement between Colorado Springs Utilities and Stratmoor Hills will cover the costs of providing the services and will provide incremental revenue to Colorado Springs Utilities and half of the premium to the City. Revenue depends upon Stratmoor Hills' annual demands.

Board/Commission Recommendation:

N/A

Stakeholder Process:

N/A

Alternatives:

N/A

Proposed Motion:

Approval of the proposed Resolution authorizing Colorado Springs Utilities to execute the water services agreement with Stratmoor Hills upon Stratmoor Hills meeting the terms and conditions outlined above.

N/A