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Title: A Resolution Directing the Chief Executive Officer of Colorado Springs Utilities to Execute an Agreement for Augmentation Service

Presenter:
 Brian Whitehead, Manager Systems Extension
 Jerry Forte, P.E., Chief Executive Officer, Colorado Springs, CO

Sponsors:

Indexes:

Code sections:

Attachments: 1. Samelson Contract Resolution 2-1-17, 2. Samelson Aug Service Agreement - 02-1-17, 3. Signed Resolution 27-17

Date	Ver.	Action By	Action	Result
2/28/2017	1	City Council	adopted	Pass

A Resolution Directing the Chief Executive Officer of Colorado Springs Utilities to Execute an Agreement for Augmentation Service

Presenter:

Brian Whitehead, Manager Systems Extension
 Jerry Forte, P.E., Chief Executive Officer, Colorado Springs, CO

Summary:

Colorado Springs Utilities (“Utilities”) is seeking City Council approval of a resolution that would authorize Utilities to enter into an agreement (“Agreement”) that allows 260EB - 2, LLC’s (“Customer”) interim use of groundwater for domestic purposes from a proposed, customer-owned well on a 35-acre portion of the 392-acre parcel of vacant land located southeast of the intersection of Shoup Road and State Highway 83 (“Property”). The Agreement also allows the continued use of an existing livestock watering well on the Property. City Council approval of a resolution authorizing Utilities to enter into the Agreement is required because allowing the use of groundwater underlying the Property is inconsistent with Resolution No. 233-86 and EL-10.

Previous Council Action:

N/A

Background:

Colorado Springs Utilities (“Utilities”) is seeking City Council approval of a resolution that would authorize Utilities to enter into an agreement (“Agreement”) that allows 260EB - 2, LLC’s (“Customer”) interim use of groundwater for domestic purposes from a proposed, customer-owned

well on a 35-acre portion of the 392-acre parcel of vacant land located southeast of the intersection of Shoup Road and State Highway 83 (“Property”). The Agreement also allows the continued use of an existing livestock watering well on the Property. Customer is the owner of a 35-acre parcel within Utilities’ water service area. The Property constitutes a portion of the larger 392-acre parcel (“Larger Parcel”) which was annexed to the City of Colorado Springs on December 24, 1986. Customer has requested authorization to drill a new groundwater well to provide interim domestic water service to the Property (“New Well”). The water from the New Well is anticipated to be withdrawn from the Denver Aquifer beneath the Property. Customer is also the owner of the existing exempt groundwater well located upon the Larger Parcel, not within the 35 acres of the Property that withdraws water from the Dawson Aquifer under the Larger Parcel for livestock use (“Existing Well”).

It is the general policy of Utilities not to allow groundwater use for domestic uses, but to require connection to Utilities’ potable water distribution system, as stated in City Code § 12-4-401. The Colorado Springs City Code and Utilities’ tariffs provide that Customer is responsible for the cost of all water main extensions necessary for Utilities to serve the Property, including the cost of any interim facilities. City of Colorado Springs’ Resolution No. 233-86 and EL-10 also prohibit Utilities from permitting the use of groundwater for anything other than supplemental supply for emergency, limited irrigation, aquifer storage and recovery, or periodic operation and maintenance of groundwater infrastructure.

Utilities currently does not have water mains in the vicinity of the Property and without the use of groundwater, the owners of the Property would be required to make extensive and costly offsite water main extensions. As such, Utilities recommends that City Council approve the resolution authorizing it to enter into the Agreement to address these issues. The Agreement requires the owners of the Property to help fund the extension of the water mains necessary to serve the Property in the future and connect the Property to the mains when requested to do so by Utilities. Upon connection, Customer will no longer be able to use the New Well for anything other than limited irrigation, but will continue to be able to use the Existing Well for livestock watering. Customer will be charged for all withdrawals from the New Well pursuant to Utilities’ Augmentation Tariff. After connection to Utilities’ water system, Customer will be permitted to continue use of the New Well for limited irrigation subject to the Augmentation Tariff and to continue use of the Existing Well for livestock watering.

Financial Implications:

The revenue received under the Agreement will cover the costs of administering the augmentation services provided for the New Well.

Board/Commission Recommendation:

N/A

Stakeholder Process:

N/A

Alternatives:

City Council could: 1) approve the proposed resolution on the consent calendar at the February 28, 2017 meeting; or 2) not approve the proposed resolution and require Customer to pay for the main extensions and connect to Utilities water system prior to any new development on the Property.

Proposed Motion:

Approval of the proposed resolution authorizing Utilities to enter in to the Agreement on the consent

calendar at the February 28, 2017 City Council meeting.

N/A