



Legislation Text

File #: 18-0490, **Version:** 2

A Resolution directing the Chief Executive Officer of Colorado Springs Utilities to execute an agreement for short-term water service with Donala Water and Sanitation District

Presenter:

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Summary:

Colorado Springs Utilities is requesting City Council approval to execute a short-term water service contract to convey Donala Water and Sanitation District (Donala) owned water to Donala's water service area until such time a long-term water service agreement can be contracted for.

Previous Council Action:

Donala Water and Sanitation District has been the beneficiary of City Council approved special contracts for water services with Colorado Springs Utilities since 2011.

Background:

Donala is a Colorado statutory water and sanitation district with a service area located generally in the area of Gleneagle outside of, but adjacent to, the City of Colorado Springs. Donala currently serves a customer base of approximately 2,600 taps in the Colorado Springs metropolitan area.

Donala has been actively pursuing avenues to limit its dependence on groundwater sources it currently uses to serve its customers. Donala has purchased and adjudicated renewable water rights and is currently conveying those water rights to its water services area utilizing water services contracts it has had with Colorado Springs Utilities since 2011.

Following the expiration of the 2011 Contract, beginning on January 1, 2016, Colorado Springs Utilities made deliveries to Donala utilizing a City Council approved month-to-month water services agreement. The agreement cannot be renewed past December 31, 2018.

Donala has requested a short-term water services agreement until such time Colorado Springs Utilities completes its studies on the impact of providing regional water and wastewater services. Donala is actively working with both the US Bureau of Reclamation and Pueblo County to obtain the necessary permits and approvals to be able to enter into a long-term water services contract with Colorado Springs Utilities.

The proposed short-term water services contract requires Donala to take a minimum of 200 acre-feet of water each year. Under no circumstances would Colorado Springs Utilities be required to deliver more than 1,000 acre-feet per year to Donala under the contract. In the event Donala required Full

Service Delivery, they would have the option to purchase reusable return flows through an augmentation service arrangement.

The current rate for water service under the contract is 7.59 cents per cubic foot of water conveyed to Donala's water system. Donala will also pay a monthly system usage fee of at least \$3,646.63. Should Donala use Colorado Springs Utilities' water instead of its own water rights, an additional 5.812 cents per cubic foot of water will be charged for use of Colorado Springs Utilities' water. The augmentation rate to purchase return flows is 0.72 cents per cubic foot. All water rates in the contract would adjust concurrently with changes to Colorado Springs Utilities' outside City Limits special contract water rates.

Since 2011, Colorado Springs Utilities has received more than \$7.5 million in revenue from water service contracts held with Donala. In that same period of time the City has received more than \$1.5 million. It is anticipated that for every year the short-term water service contract is in place, Colorado Springs Utilities will receive at least \$587,000 and the City will receive at least \$117,000.

The water deliveries to Donala have no impact on Colorado Springs Utilities' operations or water supply.

Financial Implications:

Potential for additional revenue of at least \$587,000 per year for Colorado Springs Utilities and \$117,000 for the City.

Board/Commission Recommendation:

Colorado Springs Utilities proposes City Council approve a Short-Term Water Services contract with Donala on Consent at the November 13, 2018 City Council meeting.

Stakeholder Process:

N/A

Alternatives:

Approve or not approve the attached Resolution authorizing the Chief Executive Officer of Colorado Springs Utilities to execute the agreement for short-term water service with Donala Water and Sanitation District.

Proposed Motion:

Move approval of the Resolution 18-__ directing the Chief Executive Officer of Colorado Springs Utilities to execute an agreement for short-term water service with Donala Water and Sanitation District.

N/A