



Legislation Text

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A Resolution Approving an Amended and Restated Intergovernmental Agreement Between the City of Colorado Springs and Colorado Centre Metropolitan District Providing for Water Distribution and Wastewater Collection, Treatment, and Disposal

From:

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Summary:

As directed by the Utilities Board in August 2014, Colorado Springs Utilities (Utilities) has successfully completed negotiations with Colorado Centre Metropolitan District (CCMD) to amend a 2009 Intergovernmental Agreement for the provision of interim water and wastewater service (Original IGA) and the initial plan for CCMD interim water and wastewater utility service (Interim Service) to the Lower Banning Lewis Ranch area (Lower BLR) of the City. The Original IGA was established to allow Interim Service by CCMD in order to help facilitate property development within those Lower BLR properties situated both within CCMD's service territory and within the City of Colorado Springs. However, development has not occurred under the terms of the Original IGA. Consequently, Utilities and CCMD have agreed upon a revised plan for provision of Interim Service under the terms of an Amended and Restated Intergovernmental Agreement (Amended IGA), which is anticipated to facilitate development. Utilities recommends approval of the attached Resolution and the Amended IGA, which was preliminarily approved by the CCMD Board in April, 2015.

Previous Council Action:

On August 9, 2009, City Council approved Resolution 176-09 approving and authorizing the execution of the Intergovernmental Agreement between Colorado Springs Utilities and Colorado Centre Metropolitan District for Water Distribution and Wastewater Collection, Treatment and Disposal. Presentations were previously made to the Utilities Board for Colorado Springs Utilities on the Amended IGA at the August 20, 2014 and May 20, 2015, Utilities Board meetings.

Background:

The Lower BLR developers are responsible for the cost of all water and wastewater infrastructure necessary to obtain service from Utilities for any new development projects. In order for these projects to obtain service from Utilities, costly offsite water and wastewater facilities are required. While the Original IGA authorized CCMD Interim Service for the Lower BLR properties in order to allow some development to occur before constructing such facilities, development has not occurred under the terms of the Original IGA. Consequently, Utilities and CCMD have agreed upon a revised plan for Interim Service under the terms of the Amended IGA, which is anticipated to better facilitate development projects in the Lower BLR. Utilities developed a revised plan that: (1) allows property owners to pay for permanent utility service as development occurs rather than make a single significant up front expenditure to pay for capital infrastructure costs; (2) extends the Interim Service

period to allow utility demands to increase before water main extensions are constructed, which eliminates CSU's anticipated water quality problems and other operational issues; and (3) provides a plan for long-term wastewater service that minimizes operation and maintenance costs for Utilities associated with pumping wastewater to the Las Vegas wastewater treatment plant. The last part of this revised plan will involve the acquisition of CCMD capacity in the recently-completed Lower Fountain Metropolitan Sewage and Disposal District's (LFMSDD) wastewater treatment facilities and ultimately require inclusion in the LFMSDD.

Key Provisions of the Amended IGA

Under the Amended IGA, CCMD will provide Interim Service to the Lower BLR until: (a) the equivalent of 1,100 single-family interim wastewater service customers are connected to CCMD's existing system; and (b) the necessary offsite Utilities utility extensions have been constructed by the developer. Once these two requirements are satisfied, the Interim Service customers will be transferred to Utilities' system and converted to Utilities' permanent water service ("Conversion"). Construction of the necessary offsite utility extensions must be initiated at the time at which the equivalent of 1,050 single-family wastewater customers are connected.

Additionally, CCMD will provide Interim Service for wastewater through its existing facilities, including a CCMD-owned wastewater interceptor that extends to the LFMSDD. At Conversion, Utilities will obtain capacity in CCMD's wastewater interceptor, acquire a portion of CCMD's capacity in the LFMSDD facilities, and begin providing permanent wastewater service (by gravity) to the Lower BLR through the LFMSDD facilities. Utilities' acquisition of capacity in the CCMD interceptor and LFMSDD facilities will: (1) be funded by the Lower BLR property developers on a "pay-as-you-go" basis for the initial 1,100 single family equivalent connections; and (2) eliminate costs to construct facilities necessary to pump wastewater from Lower BLR to Utilities' Las Vegas wastewater treatment facility.

Financial Implications:

No negative financial implications are anticipated for Utilities or its existing rate payers because, prior to Conversion, the Lower BLR developers have responsibility for: (1) Utilities' acquisition of capacity in the CCMD interceptor and LFMSDD facilities, and (2) the costs for any offsite or onsite water extensions. Additionally, any applicable Utilities' Development Charges, advance recovery agreement charges, and other fees and charges will be collected with each new home construction to cover the cost of Conversion, interim use of groundwater rights and augmentation, and development in the Lower BLR area. It should be noted that there are expected to be some LFMSDD administrative costs associated with membership in the District.

Board/Commission Recommendation:

At the August 2014, Utilities Board meeting, Utilities staff briefed Utilities Board on the revised plan and received direction to finalize negotiations with CCMD on the Amended IGA. At the May 2015, Utilities Board meeting, Utilities staff presented the key provisions of the Amended IGA, which was also preliminarily approved by the CCMD Board in April 2015.

Stakeholder Process:

Utilities staff has communicated with representatives from CCMD and LFMSDD. Additionally, staff has been in contact with Marksheffel-Woodmen Investments, and Nextop Holdings, who are part owners of the Bradley Heights development project, which is a 530-acre development with plans for 2,100 single family and multi-family residential dwelling units, and 100 acres of commercial/industrial uses along with 38 acres for school and parks.

Alternatives:

Approve the Resolution to approve and authorize execution of the Amended IGA; disapprove the Resolution; modify the Resolution; or refer the matter back to Utilities staff for future consideration.

Proposed Motion:

Move approval of Resolution approving and authorizing the execution of the Amended and Restated Intergovernmental Agreement between the City of Colorado Springs, Colorado, and the Colorado Centre Metropolitan District for Water Distribution and Wastewater Collection, Treatment, and Disposal.

N/A