



Legislation Text

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Chilcott Ditch Company Share Acquisition

From:

Jerry Forte, P.E., CEO, Colorado Springs Utilities

Summary:

Colorado Springs Utilities has been offered the opportunity to purchase a share in the Chilcott Ditch Company that is expected to yield 24.61 acre-feet of renewable, reusable water each year. Colorado Springs Utilities is requesting City Council approval of a resolution authorizing it to purchase the share in the Chilcott Ditch Company.

Previous Council Action:

N/A

Background:

Colorado Springs Utilities (Utilities) “may not fail to protect and optimize existing water resources and aggressively seek to develop new water resources” according to EL-10. The need for additional water resources has most recently been made evident during the recent drought when Utilities water service customers were put on watering restrictions in order to conserve our precious resource. In addition to drought mitigation, new water resources will be required to meet the long term needs of our growing city.

Utilities has the opportunity to purchase a single share in the Chilcott Ditch Company (Chilcott) for \$160,375. This share is anticipated to yield approximately 24.61 acre-feet per year of renewable and reusable water supply. In 2014, Utilities acquired 8 shares in Chilcott for \$160,375 per share.

The acquisition of the Chilcott share is beneficial in several specific ways. It will provide a source of local water supply to meet Utilities’ existing and future water demands on Fountain Creek, including augmentation of well pumping for the Nixon and Front Range power plants and augmentation of depletions due to SDS mitigation projects on Fountain Creek, including wetland creation and channel improvement and meanders. It also allows Utilities to utilize locally available water.

Utilities is completing a thorough review of the share and associated water rights, otherwise known as due diligence, and thus far is satisfied with all of the terms and conditions of the sale. Utilities will ask City Council to approve the purchase of the share for \$160,375 at the November 10 City Council meeting. Due diligence will be completed prior to the November 10 City Council Meeting and City Council will be informed of any unresolved issues with the share identified during the due diligence process. If Utilities purchases the share, it will also need to adjudicate a change of the water rights in water court and/or obtain approval of a substitute water supply plan before it can be used in

Utilities' system.

Financial Implications:

The share would be purchased using \$160,375 of Utilities' rate payer funds. The share will then be transferred to the City of Colorado Springs. The City of Colorado Springs holds title to all water rights. Colorado Springs Utilities, an enterprise of the City, then administers the water rights for the benefit of all Utilities' water services customers.

Board/Commission Recommendation:

Approve the resolution authorizing the purchase of the Chilcott Ditch Company share.

Stakeholder Process:

N/A

Alternatives:

N/A

Proposed Motion:

To approve the resolution authorizing the purchase of the Chilcott Ditch Company share.

N/A