



## Legislation Text

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**File #:** 16-770, **Version:** 1

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### **A Resolution Directing the Chief Executive Officer of Colorado Springs Utilities to Execute an Agreement for Short-Term Water Service with Security Water District**

#### **Presenter:**

Jenny Bishop, P.E., Senior Project Engineer, Water Services Division  
Jerry Forte, P.E., Chief Executive Officer, Colorado Springs Utilities

#### **Summary:**

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

#### **Previous Council Action:**

N/a

#### **Background:**

Security Water District (Security) is a Colorado statutory water district with a service area located generally south, and adjacent to, the City of Colorado Springs. Security currently serves a customer base of approximately 7,670 taps in the Colorado Springs metropolitan area.

Security is a participant in both Fountain Valley Authority (FVA) and Southern Delivery System (SDS). It has historically relied on the Widefield aquifer to supplement deliveries from both FVA and SDS, but due to contamination, Security is unable to utilize the Widefield Aquifer to the extent needed to fully meet customer demands. Security is seeking a water service agreement with Colorado Springs Utilities to meet the customer demand previously met by their well system.

The water service agreement requires Security to take a minimum of 30 acre-feet of water each year. Under no circumstances would Colorado Springs Utilities be required to deliver more than 2,800 acre-feet of water per year to Security under the agreement. Pursuant to the terms of the agreement, Security would have the option to purchase reusable return flows through an augmentation service arrangement.

The 2017 rate for water service under the agreement is 7.72 cents per cubic foot of water conveyed to Security's water system. Security will also pay a yearly system usage fee of at least \$33,300. Should Security use Colorado Springs Utilities' water instead of Security's water, Security 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 service agreement would become effective upon City Council's approval and would remain in effect until December 31, 2018. The water service 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 Security have been determined to have no impact on Colorado Springs Utilities' operations or water supply.

**Financial Implications:**

The revenue received under the water services contract between Colorado Springs Utilities and Security 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 Security's 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 service agreement with Security.

N/A