



Legislation Text

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Donala Water and Sanitation District Month-to-Month Water Services Agreement

From:

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

Summary:

Colorado Springs Utilities will be requesting City Council approval of a resolution authorizing it to execute a month-to-month water service contract to convey Donala Water and Sanitation District owned water to its water service area until the Southern Delivery System is commercially operational.

Previous Council Action:

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

Background:

Donala Water and Sanitation District (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 a water services contract it has had with Colorado Springs Utilities (Utilities) since 2011.

The existing short term water services contract between Utilities and Donala will expire on December 31, 2015. Donala has requested a month-to-month water services contract to be able to convey its water until such time as the Southern Delivery System (SDS) becomes commercially available. Donala has further requested to have the month-to-month contract in place after SDS becomes commercially operational. In order to continue the month-to-month water services contract after SDS becomes commercially operational, Donala must obtain permission from both Bureau of Reclamation and Pueblo County.

Donala is actively working with both Reclamation and Pueblo County to obtain the necessary permits and approvals to be able to have a long-term water services contract with Utilities.

The month-to-month water services contract would require Donala to take a minimum of 10 acre-feet of water each month. Under no circumstances would Utilities be required to deliver more than 1,000 acre-feet per year to Donala under the contract. Pursuant to the terms of the contract, Donala would

have the option to purchase reusable return flows through an augmentation service arrangement.

The current rate for water service under the contract is 7.11 cents per cubic foot of water conveyed to Donala's water system. Donala will also pay a monthly system usage fee of at least \$15,012.50. Should Donala use Utilities' water instead of its own water rights, an additional 7.693 cents per cubic foot of water will be charged for use of Utilities' water. The augmentation rate to purchase return flows is 0.90 cents per cubic foot. All water rates in the contract would adjust concurrently with changes to Utilities' Outside City Limits water rates.

Since 2011, Utilities has received more than \$3.8 million in revenue from the existing water services contract. In that same period of time the City has received more than \$744,000. It is anticipated that for each month the month-to-month service contract is in place Utilities will receive approximately \$38,000 and the City will receive approximately \$7,000.

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

Financial Implications:

The revenue received under the month-to-month water services contract between Utilities and Donala will cover the costs of providing the services and will provide incremental revenue to Utilities and half of the premium to the City. Monthly amounts depend upon Donala's demands.

Board/Commission Recommendation:

N/A

Stakeholder Process:

N/A

Alternatives:

NA

Proposed Motion:

Approval of the proposed resolution authorizing Utilities to execute the month-to-month water services contract with Donala.

NA