



Legislation Text

File #: 20-630, **Version:** 1

Security Water District Regional Water Service Agreement

Presenter:

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Summary:

Security Water District (Security) has approached Colorado Springs Utilities (Springs Utilities) about negotiating and executing a long-term regional water service agreement, whereby, Colorado Springs Utilities would provide a standby, supplemental water service to Security while Security continues to address contamination in the Widefield Aquifer, which is the primary water resource supplying the district.

Background:

Security is a partner with Springs Utilities in the Fountain Valley Authority (FVA) and Southern Delivery System (SDS) and uses water delivered by the Fountain Valley conduit and SDS in part to meet their customers' water demands. Security has been relying on water withdrawn from wells drilled in the Widefield Aquifer to meet its demands that are not met by water delivered by FVA, SDS and any other water rights in their possession.

In 2016, dangerous levels of perfluoro octane sulfonate (PFO) and perfluorooctanoic acid (PFA) were discovered in the Widefield Aquifer. At the time, water quality in the Widefield Aquifer deteriorated to the point that Security could no longer divert and use water withdrawn from the Widefield Aquifer to serve its customers without supplemental water treatment or dilution from other sources to meet governmental drinking water standards.

Knowing that existing water treatment facilities would require significant upgrades and enhanced treatment capabilities to effectively eliminate PFOs and PFAs, and that completion of such improvements would take substantial time to complete, Security approached Springs Utilities about entering into a temporary regional water service agreement to provide supplemental water to the district while long-term plans were established and pursued. In March 2017, Security and Springs Utilities executed a short-term agreement, where Springs Utilities would provide supplemental water to Security through December 31, 2018, with the opportunity to extend the term two additional times through December 31, 2020. The agreement was renewed both times and will now expire at the end of 2020 without the opportunity for further extensions.

With the agreement's expiration imminent and construction of Security's new, state-of-the-art Water Mitigation Facility underway, which upon completion will allow them to resume using their Widefield Aquifer wells, they have once again approached Springs Utilities, only this time the request is for a

long-term standby water agreement. While staff has conducted a thorough evaluation and determined no fatal flaws exist, staff recommends negotiating another short-term agreement with Security as an interim, stop-gap measure, until Springs Utilities Rates and Pricing develops a regional water tariff, which is slated to occur in the 2021 Rate Case. Once a regional tariff is approved and effective, likely in early 2021, Springs Utilities is amenable to negotiating a long-term agreement with Security.

Previous Council Action:

On February 28, 2017, City Council approved Resolution No. 26-17 authorizing Colorado Springs Utilities to execute an Agreement for Short-Term Water Service with Security Water District, which was subsequently executed March 16, 2017.

Financial Implications:

Security will pay 8.14 cents per cubic foot of Security sourced water conveyed to their water system and 5.53 cents per cubic foot for all Springs Utilities sourced delivered to their water system. All rates are assessed at outside city rates, which are 1.5 times higher than inside city rates. Additionally, Security will pay a yearly System Usage Fee, which is equivalent to a Water Development Charge, of at least \$33,300. All water rates will adjust commensurately with changes to all corresponding Springs Utilities' tariffs.

City Council Appointed Board/Commission/Committee Recommendation:

Utilities Board recommends approval.

Stakeholder Process:

Security approached Colorado Springs Utilities about negotiating and executing a long-term regional water service agreement to provide a supplemental water supply to the district. Springs Utilities' staff conducted a robust and thorough internal evaluation and fatal flaw analysis with all appropriate stakeholders and determined there were no issues or concerns that would preclude such an agreement, however, Springs Utilities staff recommended another short-term agreement in the interim. Security staff presented the short-term agreement to Security's Board of Directors at the public meeting held on November 18, 2020.

Alternatives:

N/A

Proposed Motion:

Move adoption of the proposed resolution.

N/A