

Title

Overlook Mutual Water Company Settlement and Augmentation Agreement

Presenter:

Travas Deal, Chief Executive Officer, Colorado Springs Utilities

Summary:

A Resolution approving a Settlement Agreement between the City of Colorado Springs, acting through its enterprise Colorado Springs Utilities, and Overlook Mutual Water Company.

Background:

The Overlook Mutual Water Company ("Overlook") serves 28 homes on Cheyenne Mountain in Colorado Springs. For over a century, Overlook has used junior water rights from the McKay Tunnel ("McKay Water Rights"), originally owned by the Broadmoor Hotel Water and Power Company ("Broadmoor") under a 1957 agreement granting perpetual use of the water rights to Overlook. Overlook maintains all necessary infrastructure. In 1973, the City purchased Broadmoor's assets and took over service for Broadmoor's certificated area.

In 2022, the Colorado Division of Water Resources informed Overlook that it would have to obtain an augmentation plan to continue using the water. Overlook asserted that Colorado Springs Utilities ("Utilities") was required to obtain the augmentation plan on behalf of Overlook under the 1957 and 1973 Agreements and Utilities disagreed. To clarify responsibilities, the parties have negotiated a Settlement Agreement under which Utilities would convey the McKay Water Rights to Overlook and the parties would then enter into an Augmentation Service Agreement. Overlook would then adjudicate an augmentation plan. Springs Utilities would cover up to \$35,000 of the adjudication costs. The McKay Tunnel generates about five acre-feet of water annually. As a junior water right, it is not always in priority, and Springs Utilities has never used it.

Utilities is seeking City Council approval of a Resolution approving and authorizing the Utilities CEO to enter into the settlement agreement.

Previous Council Action:

N/A

Financial Implications:

\$35,000

City Council Appointed Board/Commission/Committee Recommendation:

Utilities Board recommends approval of the Resolution

Stakeholder Process:

Agreement has been approved by the Overlook Mutual Water Company

Alternatives:

Colorado Springs retains the water right and takes on the obligation to administer and augment a water right that is unusable for Colorado Springs.

Proposed Motion:

Approval of Resolution authorizing CEO to sign the Settlement Agreement and associated Augmentation Services Agreement.

Summary of Ordinance Language

N/A