

**AGENDA**  
**Wednesday, March 22, 2023**  
**1:00 p.m.**  
**Join on your computer or mobile app**  
[Click here to join the meeting](#)  
**Or call in (audio only)**  
[+1 719-733-3651,,473563590#](#)

- |                  |   |   |
|------------------|---|---|
| <b>1:00 p.m.</b> | <b>1.</b> Call to Order   | Chair Wayne Williams                    |
| <b>1:05 p.m.</b> | <b>2.</b> Invocation and Pledge of Allegiance   |   |
| <b>1:10 p.m.</b> | <b>3.</b> Consent Calendar  | Chair Wayne Williams <b>Approval</b>    |
|                  | <b>These items will be acted upon as a whole, unless a specific item is called for discussion by a Board Member or a citizen wishing to address the Utilities Board. (Any items called up for separate consideration shall be acted upon following Compliance Reports.)</b> |   |
|                  | 3a. Approval of Utilities Board Special Meeting Minutes: February 15, 2023  |   |
|                  | 3b. Approval of Utilities Board Meeting Minutes: February 22, 2023  |   |
|                  | 3c. Approval of Special Utilities Board Meeting Minutes: February 24, 2023  |   |
| <b>1:20 p.m.</b> | <b>4.</b> Customer Comments   | Chair Wayne Williams <b>Information</b> |

- During the customer comment period, comments are accepted for any topic not on the agenda.
- Comments for specific agenda items will be taken following the presentation of the item and the Board’s discussion.
- Comments will be limited to three minutes per speaker.
- Following the comments from customers that have signed up to speak, an announcement will be made seeking additional comments and the Board will accept all those wishing to comment.

<b>1:30 p.m.</b>	<b>5.</b>	Recognition: President’s Volunteer Service Award	Mike Francolino, Chief Enterprise Services Officer	<b>Information</b>
		Resolution of Appreciation for Utilities Board Member Stephannie Fortune	Travas Deal, Chief Executive Officer	<b>Approval</b>
		Resolution of Appreciation for Utilities Board Member Bill Murray	Travas Deal, Chief Executive Officer	<b>Approval</b>
		Resolution of Appreciation for Utilities Board Member Tom Strand	Travas Deal, Chief Executive Officer	<b>Approval</b>

		Resolution of Appreciation for Utilities Board Chair Wayne Williams	Travas Deal, Chief Executive Officer	<b>Approval</b>
<b>1:45 p.m.</b>	<b>6.</b>	Compliance Reports:  ER:1-3 Utilities Board Expected Results Year End Performance –Scorecard (Semi-annual)  I-4 Risk Management (Annual City Auditor Report)  I-8 Asset Protection (Semi-annual)  E-2 CEO Responsibilities <ul style="list-style-type: none"> <li>• Water Outlook</li> <li>• ECA/GCA monitoring</li> </ul>	Travas Deal, Chief Executive Officer	<b>Monitoring</b>
<b>2:00 p.m.</b>	<b>7.</b>	Items Called Off Consent Calendar		
<b>2:10 p.m.</b>	<b>8.</b>	Affordable Housing Program Report	Katie Sunderlin, Sr. Affordable Housing Coordinator – City of Colorado Springs  Jared Miller, Strategic Customer Relations Manager	<b>Discussion</b>

2:45 p.m.	9. Clean Heat Plan Update	David Longrie, Engineering Manager	<b>Discussion</b>
3:00 p.m.	10. Regional Water Agreements	Jenny Bishop, Engineer IV	<b>Discussion</b>
3:20 p.m.	11. Board Member Updates	Board of Directors	<b>Information</b>
3:35 p.m.	<p>12. Executive Session</p> <p><i>In accordance with City Charter art. III, § 3-60(d) and its incorporated Colorado Open Meetings Act, C.R.S. § 24-6-402(4)(a), (b), and (e) and Utilities Board Bylaws Rules 10(c)(1), (2), and (5), the Utilities Board, in Open Session, is to determine whether it will hold a Closed Executive Session on one issue. The issue to be discussed involves the purchase and acquisition of an interest in real property, conferences with the City Attorney’s Office for the purpose of receiving legal advice on specific legal questions, and instructing negotiators.</i></p>	Renee Congdon, Division Chief – Utilities, Office of the City Attorney	

*The City Attorney’s Office, on behalf of the Chair of the Utilities Board, shall poll the Utilities Board members, and, upon consent of two-thirds of the members present, may conduct a Closed Executive Session. In the event any Utilities Board member is participating electronically or telephonically in the Closed Executive Session, each Utilities Board member participating electronically or telephonically in the Closed Executive Session shall affirmatively state for the record that no other member of the public not authorized to participate*

*in the electronic Closed Executive Session is present or able to hear the matters discussed as part of the Closed Executive Session. If consent to the Closed Executive Session is not given, the item may be discussed in Open Session or withdrawn from consideration.*

<b>4:35 p.m.</b>	<b>13.</b> Board Member Updates	Board of Directors	<b>Information</b>
<b>5:00 p.m.</b>	<b>14.</b> Adjournment	Chair Wayne Williams	

**MINUTES**  
**Colorado Springs Utilities Special Board Meeting**  
**Wednesday, Feb. 15, 2023**

**Utilities Board members present via Microsoft Teams or Blue River Conference Room:**

Chair Wayne Williams, Vice Chair Mike O'Malley, Dave Donelson, Randy Helms, Bill Murray, Nancy Henjum, Stephannie Fortune, Tom Strand and Yolanda Avila

**Staff members present via Microsoft Teams or Blue River Conference Room:** Renee Adams, Andie Buhl and Bethany Schoemer

**City of Colorado Springs staff members present via Microsoft Teams or Blue River Conference Room:** Bethany Burgess and Tracy Lessig

**1. Call to Order**

Chair Wayne Williams called the special Utilities Board meeting to order at 12:08 p.m. and Ms. Andie Buhl, Utilities Board Administrator, called the roll.

**2. Executive Session**

Ms. Bethany Burgess, City Attorney – Division Chief, read the following language to enter Executive Session:

*In accordance with City Charter art. III, § 3-60(d) and its incorporated Colorado Open Meetings Act, C.R.S. § 24-6-402(4)(b), (c), (e), (f), and (g) and Utilities Board Bylaw Rules 10(c)(2), (3), (5), (6), and (7), the Utilities Board, in Open Session, is to determine whether it will hold a Closed Executive Session. The issue to be discussed involves conferences with the City Attorney's Office for the purpose of receiving legal advice on specific legal questions, matters required to be kept confidential by federal or state law or rules and regulations, developing strategy for negotiations and instructing negotiators, a personnel matter, and consideration of documents protected by the mandatory nondisclosure provisions of part 2 of article 72 of title 24 of the Colorado Revised Statutes, all involving the Chief Executive Officer position.*

*The City Attorney's Office, on behalf of the Chair of the Utilities Board, shall poll the Utilities Board members, and, upon consent of two-thirds of the members present, may conduct a Closed Executive Session. In the event any Utilities Board member is participating electronically or telephonically in the Closed Executive Session, each Utilities Board member participating electronically or telephonically in the Closed Executive Session shall affirmatively state for the record that no other member of the*

*public not authorized to participate in the electronic Closed Executive Session is present or able to hear the matters discussed as part of the Closed Executive Session. If consent to the Closed Executive Session is not given, the item may be discussed in Open Session or withdrawn from consideration.*

Ms. Burgess called the roll and polled the Utilities Board. They voted unanimously to enter Executive Session at 12:11 p.m. The Board took a break at 1:39 p.m. and returned to Open Session at 1:42 p.m.

**3. Adjournment**

The meeting adjourned at 2:15 p.m.

**MINUTES**  
**Colorado Springs Utilities Board Meeting**  
**Wednesday, Feb. 22, 2023**

**Utilities Board members present via Microsoft Teams or Blue River Conference Room:**

Chair Wayne Williams, Vice Chair Mike O'Malley, Dave Donelson, Randy Helms, Bill Murray, Nancy Henjum, Tom Strand, Stephannie Fortune and Yolanda Avila

**Staff members present via Microsoft Teams or Blue River Conference Room:** Travas Deal, Tristan Gearhart, Renee Adams, Mike Francolino, Lisa Barbato, Natalie Watts, Al Wells, Andie Buhl, Joe Awad, Jessica Davis, Bill Bolch III, Bethany Schoemer and Heather Harvey

**City of Colorado Springs staff members present via Microsoft Teams or Blue River Conference Room:** Bethany Burgess, Alex Ryden, Jackie Rowland, Ryan Trujillo, David Beckett and Tracy Lessig

**Residents present via Microsoft Teams or Blue River Conference Room:** Chaplain Carl Nelson, Larry Barrett, Dr. Pam Shockley-Zalabak, Caitlin Schinsky, Susan Edmondson, Susan Bolduc, Frozie Abbott, Pete Vieth, Joanne Ziegler, Chris Rudnick and Max Kronstadt

**1. Call to Order**

Chair Wayne Williams called the Utilities Board meeting to order at 11:31 a.m. and Ms. Andie Buhl, Utilities Board Administrator, called the roll.

**2. Invocation and Pledge of Allegiance**

Chaplain Carl Nelson from the Colorado Springs Police Department delivered the invocation and Chair Williams led the Pledge of Allegiance.

**3. Consent Calendar**

**3a. Approval of Utilities Board Meeting Minutes: Jan. 18, 2023**

**3b. Approval of Utilities Board Special Meeting Minutes: Jan. 30, 2023**

**3c. 2022 CEO Performance Plan Review**

Board Member Strand moved approval of the Consent Calendar and Board Member Donelson seconded the motion. The Consent Calendar was unanimously approved.

**4. Customer Comments**

There were none.

**5. Compliance Reports**

- Risk Management (I-4)
- Economic Development (I-5)
- Community Investment (I-13)
- C-2 Annual Board Evaluation
- E-2 CEO Responsibilities
  - Water Outlook
  - Utilities Board Expectations for Customer Requests

Ms. Natalie Watts, Strategic Planning and Governance Manager, provided an update about constituent responses and explained how staff is addressing responses moving forward. Board Member Avila shared her appreciation to Springs Utilities staff for coordinating this effort.

Chair Williams explained that compliance reports are on the agenda by exception and asked if there were any questions. There were none.

#### **6. Items Called Off Consent Calendar**

There were none.

#### **7. Utilities Policy Advisory Committee (UPAC) Cost Recovery Mechanisms Assignment Update**

Mr. Larry Barrett, UPAC Chair, said the purpose of this assignment is to provide a recommendation to the Utilities Board on whether Springs Utilities should revise and/or establish new cost recovery policies. He explained the current cost recovery mechanisms for each service based on system extensions fees, existing capacity development charges, and future capacity resource fees.

Mr. Barrett reviewed the pillars for the assignment – each of which are grounded on financial stability and delivering quality services. He explained cost recovery alternatives, considerations, and stakeholder involvement. He said the goal of stakeholder involvement is to:

- Identify key stakeholders and customers for input.
- Educate and engage with customers in the development of the cost recovery mechanisms.
- Provide appropriate and constructive public input regularly to the Utilities Policy Advisory Committee (UPAC) and the Utilities Board for a decision by June 2023.

Mr. Barrett summarized presentations from stakeholders and concluded by reviewing a timeline for the remainder of the assignment.

#### **8. Drake Visioning Group**

Chair Williams provided background information on the closure of Martin Drake Power Plant. Dr. Pam Shockley-Zalabak, CommuniCon Inc. President, said the

Downtown Partnership and Legacy Institute created a visioning process for the future of the Martin Drake Power Plant site. She said the objectives for the project are:

- Develop vision and values to assist decision makers in planning future land use for the Drake Power Plant site.
- Learn from other decommissioning projects and communities.
- Develop possibilities for future planning.
- Validate vision and values through a comprehensive community input process.
- Provide broad recommendations for decision makers to consider.

Dr. Shockley-Zalabak reviewed the process, key findings for consideration from public input meetings, and general concerns regarding this project. She said based on this information, the revised values and guiding principles are people, design, environment and economics.

Dr. Shockley-Zalabak concluded with task force recommendations to guide decisions for this project, which are:

- Adopt the guiding principles and values of the task force to be upheld throughout the entire process, from visioning to execution.
- Ensure decisions about land use are consistent with other approved community-based plans.
- Include in some form and scale a world class attraction/recreation component.
- Aggressively pursue federal and state dollars as part of a diverse mix of funding sources.
- Integrate recommendations with the Colorado Springs Creek Plan making water an essential part of any plan.
- Include an innovative industry component (workplaces, retail/commercial, company headquarters, etc.).
- Create an ongoing community advisory group that includes broad representation from the task force, neighborhoods, business community, nonprofit sector and underrepresented communities.
- Utilize affordable housing tools and resources to incorporate a variety of inventive housing options.

Mr. Travas Deal, Acting Chief Executive Officer, said Springs Utilities is working on a community outreach process for the decommissioning of Drake. He also gave a timeline for decommissioning the plant.

***Citizen comment:***

Multiple members of the Mill Street Community requested involvement during the planning process for the future site of Drake.

Ms. Susan Bolduc shared her experience with Colorado Spring Faith Table regarding gentrification and community displacement and encouraged community involvement regarding the future site of Drake.

The Utilities Board took a break at 1:12 p.m. and returned at 1:25 p.m.

**9. Electric Cost Adjustment (ECA)/Gas Cost Adjustment (GCA) Filing**

Mr. Scott Shirola, Pricing and Rates Manager, reviewed natural gas prices as of Feb. 1, 2023. He discussed ECA and GCA projections for February 2023, as well as the five-year rate history. He concluded with seasonal residential bill impacts, sample total monthly bills and financial assistance programs for ratepayers.

Mr. Shirola explained that a decrease for electric and gas rates will be brought to the Feb. 28, 2023 City Council meeting. The Utilities Board agreed to place this item as regular utilities business.

**10. Acquisition of Real Property to be Used for the Central Bluffs Substation Project**

Ms. Jessica Davis, Information Technology Manager, said the Central Bluffs Substation Project will combine three aging substations into one. She said the benefits of this project include long-term operations and maintenance (O&M) savings, system reliability and safety upgrades. She said there are seven total properties that Springs Utilities is purchasing for the Central Bluffs Substation Project.

Ms. Davis reviewed details of the property acquisitions for two of the sites: 2914 Austin Bluffs Parkway and 2930 Austin Bluffs Parkway. She concluded with next steps, and the Utilities Board agreed to put this item on Consent at the March 14, 2023 City Council meeting.

**11. Acquisition of An Easement to be Used for the Kelker to South Plant Transmission Project**

Ms. Davis provided background information about the Kelker-South Plant Transmission Project, as well as property information pertaining to the project. She concluded with next steps, and the Utilities Board agreed to put this item on Consent at the March 14, 2023 City Council meeting.

Chair Williams thanked Ms. Davis and her team for their work on this project.

**12. Wastewater Agreement with the City of Manitou Springs**

Mr. Bill Bolch III, Key Account Manager, said the City of Manitou Springs provides wastewater collection services within the City through its Department of Public Works. He said Springs Utilities has provided wastewater treatment services through the Las Vegas Wastewater Treatment Plant for Manitou Springs since early 1970s.

Mr. Bolch explained changes/additions to the agreement and concluded with next steps. Chair Williams requested that moving forward, Springs Utilities provides more notice for expiring agreements that are brought to the Utilities Board.

The Utilities Board agreed to put this item on Consent at the Feb. 28, 2023 City Council meeting. Chair Williams directed Springs Utilities Staff to proactively bring future contracts before the Utilities Board prior to the expiration date.

### **13. Update on Regional Water Policy Committee**

Ms. Bethany Burgess, Division Chief – Utilities, Office of the City Attorney, said upon final passage of the water extension ordinance, City Council expressed intent to form and/or participate in a regional water task force consisting of representatives from the City of Colorado Springs, Springs Utilities, El Paso County, and regional water providers to evaluate water demand and recommend water policy for the Pikes Peak area.

Ms. Burgess said Springs Utilities leadership has initiated discussions regarding a potential task force and the proposed goals for consideration by the Utilities Board for the task force include:

1. Compile readily available information to inform the current and future water needs of El Paso County including demands, supplies and gaps
2. Recommend further study to the various governmental entities who oversee water issues in El Paso County and
3. Develop a regional strategy based in facts and data to support water policy regarding water conservation, reuse and supply development among various governmental entities.

Ms. Burgess reviewed policy recommendations, memberships and other preliminary information regarding the task force. She concluded with next steps.

### **14. Executive Session**

Ms. Burgess read the following language to enter Executive Session:

*In accordance with City Charter art. III, § 3-60(d) and its incorporated Colorado Open Meetings Act, C.R.S. § 24-6-402(4)(b), (c), (e), (f), and (g) and Utilities Board Bylaw Rules 10(c)(2), (3), (5), (6), and (7), the Utilities Board, in Open Session, is to determine whether it will hold a Closed Executive Session. The issue to be discussed involves conferences with the City Attorney's Office for the purpose of receiving legal advice on specific legal questions, matters required to be kept confidential by federal or state law or rules and regulations, developing strategy for negotiations and instructing negotiators, a personnel matter, and consideration of documents protected by the mandatory nondisclosure provisions of part 2 of article 72 of title 24 of the Colorado Revised Statutes, all involving the Chief Executive Officer position.*

*The City Attorney's Office, on behalf of the Chair of the Utilities Board, shall poll the Utilities Board members, and, upon consent of two-thirds of the members present, may conduct a Closed Executive Session. In the event any Utilities Board member is participating electronically or telephonically in the Closed Executive Session, each Utilities Board member participating electronically or telephonically in the Closed*

*Executive Session shall affirmatively state for the record that no other member of the public not authorized to participate in the electronic Closed Executive Session is present or able to hear the matters discussed as part of the Closed Executive Session. If consent to the Closed Executive Session is not given, the item may be discussed in Open Session or withdrawn from consideration.*

Ms. Burgess called the roll and polled the Utilities Board. They voted 7 to 1 to enter Executive Session, with Board Member Murray opposed. They took a break at 2:19 p.m. They entered Executive Session at 2:30 p.m. and took a break at 3:30 p.m. They returned to Open Session at 3:40 p.m.

#### **15. Chief Executive Officer Appointment**

Vice Chair O'Malley made a motion to appoint Mr. Travas Deal as Chief Executive Officer and Board Member Donelson seconded the motion.

Chair Williams, Vice Chair O'Malley and Board Members Helms, Henjum, Avila, Strand, and Donelson expressed appreciation for staff's hard work during the CEO recruitment process. They also recognized and applauded Ms. Lisa Barbato and Mr. Deal as finalists.

The motion passed eight to one with Chair Williams, Vice Chair O'Malley and Board Members Helms, Henjum, Avila, Fortune, Strand, Donelson in favor, and Board Member Murray opposed.

Ms. Tracy Lessig, Deputy City Attorney, reviewed the CEO contract and said benefits and salary will be the same as the previous CEO.

Vice Chair O'Malley made a motion to approve the CEO contract and Board Member Strand seconded the motion. The motion passed unanimously.

#### **16. Board Member Updates**

Chair Williams read a resolution of appreciation for Ms. Burgess.

Board Member Avila expressed appreciation for Ms. Burgess and said her district town hall is March 8, 2023 at the Family Success Center.

Board Member Donelson gave a report out about his town hall.

Board Member Henjum advocated the importance of voting and how important the roles of City Council and Colorado Springs Utilities Board of Directors are.

#### **17. Adjournment**

The meeting adjourned at 4:13 p.m.

**MINUTES**  
**Colorado Springs Utilities Special Board Meeting**  
**Friday, Feb. 24, 2023**

**Utilities Board members present via Microsoft Teams or Blue River Conference Room:**

Chair Wayne Williams, Vice Chair Mike O'Malley, Dave Donelson, Randy Helms, Nancy Henjum, Tom Strand, and Yolanda Avila

**Utilities Board members excused:** Bill Murray and Stephannie Fortune

**Staff members present via Microsoft Teams or Blue River Conference Room:** Travas Deal, Renee Adams, Lisa Barbato, Mike Francolino, Tristan Gearhart, Jamie Fabos, Dave Padgett, Mike Myers, Natalie Watts, Dan Norton, Charles Cassidy, Joe Awad, Larry Dunn, Somer Meese, Nick Peters, Bryan Babcock, Melissa Brown, Erin Duran, and Andie Buhl

**City of Colorado Springs staff members present via Microsoft Teams or Blue River Conference Room:** Mayor John Suthers, Bethany Burgess, Alex Ryden, David Beckett, Tracy Lessig, and Jeff Greene

**1. Call to Order and Remarks**

Chair Wayne Williams called the special Utilities Board meeting to order at 12:01 p.m. and Ms. Andie Buhl, Utilities Board Administrator, called the roll.

Chair Williams welcomed guests and thanked them for attending this important event.

**2. Swearing-in Ceremony**

Chair Williams performed the swearing in ceremony of Mr. Travas Deal by reading the oath of office and Mr. Deal agreed to faithfully perform the duties of the office of Chief Executive Officer of Colorado Springs Utilities.

**3. CEO Remarks**

Mr. Deal thanked Mayor John Suthers, the Utilities Board, community members, and staff for their support over the last few months. He concluded with brief remarks.

**4. Adjournment**

The meeting adjourned at 12:11 p.m.

# Board Memo Agenda Item

## Staff Report

**Date:** March 22, 2023  
**To:** Utilities Board  
**From:** Travas Deal, Chief Executive Officer  
**Subject:** President's Service Award Recognition

**NARRATIVE:**

**Desired Action:** Information

**Executive Summary:** To encourage and recognize outstanding volunteer service and inspire others to volunteer, the President's Council on Service and Civic Participation created the President's Volunteer Service Award in 2003. This Award honors those Americans who have made serving a central part of their life.

Thirty-two Colorado Springs Utilities employees earned the award for their volunteer commitment of more than 100 hours to one or more nonprofit organizations in 2022 (these are volunteer hours outside of the organization's Community Focus Fund volunteer projects).

Colorado Springs Utilities has ordered a certificate and a bronze, silver, or gold service pin for each of these employees.

**Benefits:** N/A

**Board Policy:** Community Investment I-13

**Cost/Budget:** N/A

**Affected Parties:** The entire community benefits from these hours of service.

**Alternatives:** N/A

<b>Submitter:</b> Kandy Drake	<b>Email address:</b> kdrake@csu.org
<b>Division/ Department:</b> Public Affairs Department – Community Relations	<b>Phone number:</b> 719-668-7375
	<b>Date submitted:</b> Feb. 28, 2023

<b>SPG Staff Use Only:</b> Consent Calendar		Yes	<input checked="" type="checkbox"/>	No	<b>ITEM NO. 5</b>
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Colorado Springs Utilities  
*It's how we're all connected*

# 2022 President's Volunteer Service Award Recognition

Colorado Springs Utilities Board

March 22, 2023

# Bronze Level Recipients:

Carley Bogus

Carrie Guy

Cesar Cisneros

Clint Barden

Dirk Lambert

Dusty Smith

Heather Barbare

Imelda Ruiz

Jim Bagby

Kele Kaono

Kelley Edwards

Kelly Roesch

Michelle Wills-Hill

Michiele Stapleton

Pattie Benger

Qaz Ingham

Sean Sant

Shaun Guilfoil

Stephen Graham

Tammy Rahaim

Tricia Timmons-

Malsam

Wendy Asay



# Silver Level Recipients:

Becki Cadis

Charles Harms

Heather Evans

Ken Rubel

Kevin Shrewsbury

Sherri Svendgard

Tyrone Johnson



# Gold Level Recipients:

Doug Bursnall

Kevin Weiner

Ricardo Renteria



**We thank  
you for  
your  
service!**





Colorado Springs Utilities<sup>®</sup>

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# Board Memo Agenda Item

## Staff Report

**Date:** March 22, 2023

**To:** Utilities Board

**From:** Travas Deal, Chief Executive Officer

**Subject:** Resolution of Appreciation for Utilities Board Member Stephannie Fortune

**NARRATIVE:**

**Desired Action:** Approval

**Executive Summary:** This resolution is to express appreciation and recognize the contributions of Utilities Board Member Stephannie Fortune during her term of service from 2022-2023.

**Benefits:** N/A

**Board Policy:** N/A

**Cost/Budget:** N/A

**Affected Parties:** N/A

**Alternatives:** N/A

<b>Submitter:</b> Renee Adams	<b>Email address:</b> radams@csu.org
<b>Division/ Department:</b> Human Resources and Administration Division	<b>Phone number:</b> 719-668-8776
	<b>Date submitted:</b> Feb. 28, 2023

<b>SPG Staff Use Only:</b> Consent Calendar	Yes	<input checked="" type="checkbox"/>	No	<b>ITEM NO. 5</b>
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**A RESOLUTION OF THE COLORADO SPRINGS  
UTILITIES BOARD EXPRESSING APPRECIATION  
TO STEPHANNIE FORTUNE FOR HER SERVICE TO  
THE COLORADO SPRINGS UTILITIES BOARD**

**WHEREAS,** Stephannie Fortune has been a valuable member of the Utilities Board for the last year and

**WHEREAS,** Ms. Fortune served on the Strategic Planning Committee

**WHEREAS,** Ms. Fortune has consistently provided excellent leadership, dedicating countless hours as a valuable member of the Utilities Board and;

**WHEREAS,** Ms. Fortune has invested time in understanding Colorado Springs Utilities' projects, plans and initiatives, participated in many tours and dutifully attended additional meetings to review data and provide valuable recommendations; and

**WHEREAS,** Ms. Fortune has demonstrated a true commitment to the customers of Colorado Springs Utilities by her leadership and participation in the selection of our recently-appointed Chief Executive Officer; and

**WHEREAS,** Ms. Fortune has demonstrated energy, passion and dedication in carrying out her responsibilities as a Utilities Board Member, having a positive impact on the future of our community.

**NOW, THEREFORE, BE IT RESOLVED BY THE COLORADO SPRINGS UTILITIES BOARD:**

That the Utilities Board extends its appreciation to Stephannie Fortune for her outstanding service.

Dated at Colorado Springs, Colorado this 22<sup>nd</sup> Day of March 2023.

By:

Wayne Williams, Utilities Board Chair

ATTEST:

Travas Deal, Chief Executive Officer

# Board Memo Agenda Item

## Staff Report

**Date:** March 22, 2023  
**To:** Utilities Board  
**From:** Travas Deal, Chief Executive Officer  
**Subject:** Resolution of Appreciation for Utilities Board Member Bill Murray

**NARRATIVE:**

**Desired Action:** Approval

**Executive Summary:** This resolution is to express appreciation and recognize the contributions of Utilities Board Member Bill Murray during his term of service from 2015-2023.

**Benefits:** N/A

**Board Policy:** N/A

**Cost/Budget:** N/A

**Affected Parties:** N/A

**Alternatives:** N/A

<b>Submitter:</b> Renee Adams	<b>Email address:</b> radams@csu.org
<b>Division/ Department:</b> Human Resources and Administration Division	<b>Phone number:</b> 719-668-8776
	<b>Date submitted:</b> Feb. 28, 2023

<b>SPG Staff Use Only:</b> Consent Calendar	Yes	<input checked="" type="checkbox"/>	No	<b>ITEM NO. 5</b>
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**A RESOLUTION OF THE COLORADO SPRINGS  
UTILITIES BOARD EXPRESSING APPRECIATION  
TO BILL MURRAY FOR HIS SERVICE TO  
THE COLORADO SPRINGS UTILITIES BOARD**

- WHEREAS,** Bill Murray has been a valuable member of the Utilities Board for eight years; and
- WHEREAS,** Mr. Murray served on every Utilities Board Committee including: Strategic Planning Committee, Finance Committee, Personnel Committee, Economic Development Subcommittee and Program Management Review Committee; and
- WHEREAS,** Mr. Murray has consistently provided excellent leadership, dedicating countless hours as a valuable member of the Utilities Board; and
- WHEREAS,** Mr. Murray has invested time in understanding Colorado Springs Utilities' projects, plans and initiatives over the years, including the 2016 Governance Process and Governance Structure Review and the 2020 Electric and Gas Integrated Resource Plans, participated in dozens of tours and dutifully attended additional meetings to review data and provide valuable recommendations; and
- WHEREAS,** Mr. Murray has demonstrated a true commitment to the customers of Colorado Springs Utilities by his leadership and participation in the selection of two Chief Executive Officers; and
- WHEREAS,** Mr. Murray has demonstrated energy, passion and dedication in carrying out his responsibilities as a Utilities Board Member, having a positive impact on the future of our community.

**NOW, THEREFORE, BE IT RESOLVED BY THE COLORADO SPRINGS UTILITIES BOARD:**

That the Utilities Board extends its appreciation to Bill Murray for his outstanding service.

Dated at Colorado Springs, Colorado this 22<sup>nd</sup> Day of March 2023.

By:

Wayne Williams, Utilities Board Chair

ATTEST:

Travas Deal, Chief Executive Officer

# Board Memo Agenda Item

## Staff Report

**Date:** March 22, 2023  
**To:** Utilities Board  
**From:** Travas Deal, Chief Executive Officer  
**Subject:** Resolution of Appreciation for Utilities Board Member Tom Strand

### NARRATIVE:

**Desired Action:** Approval

**Executive Summary:** This resolution is to express appreciation and recognize the contributions of Utilities Board Member Tom Strand during his term of service from 2015-2023.

**Benefits:** N/A

**Board Policy:** N/A

**Cost/Budget:** N/A

**Affected Parties:** N/A

**Alternatives:** N/A

<b>Submitter:</b> Renee Adams	<b>Email address:</b> radams@csu.org
<b>Division/ Department:</b> Human Resources and Administration Division	<b>Phone number:</b> 719-668-8776
	<b>Date submitted:</b> Feb. 28, 2023

**SPG Staff Use Only:** Consent Calendar

Yes

**X**

No

**ITEM NO. 5**

**A RESOLUTION OF THE COLORADO SPRINGS  
UTILITIES BOARD EXPRESSING APPRECIATION  
TO TOM STRAND FOR HIS SERVICE TO  
THE COLORADO SPRINGS UTILITIES BOARD**

- WHEREAS,** Tom Strand has been a valuable member of the Utilities Board for eight years; and
- WHEREAS,** Mr. Strand served on the Finance Committee, Personnel Committee and served as the Chair of the Program Management Review Committee;
- WHEREAS,** Mr. Strand has consistently provided excellent leadership, dedicating countless hours as a valuable member of the Utilities Board, including serving as the Utilities Board Chair for two years; and
- WHEREAS,** Mr. Strand has invested time in understanding Colorado Springs Utilities' projects, plans and initiatives over the years, including the 2016 Governance Process and Governance Structure Review and the 2020 Electric and Gas Integrated Resource Plans, participated in many tours and dutifully attended additional meetings to review data and provide valuable recommendations; and
- WHEREAS,** Mr. Strand has demonstrated a true commitment to the customers of Colorado Springs Utilities by his leadership and participation in the selection of two Chief Executive Officers; and
- WHEREAS,** Mr. Strand has demonstrated energy, passion and dedication in carrying out his responsibilities as a Utilities Board Member, having a positive impact on the future of our community.

**NOW, THEREFORE, BE IT RESOLVED BY THE COLORADO SPRINGS UTILITIES BOARD:**  
That the Utilities Board extends its appreciation to Tom Strand for his outstanding service.

Dated at Colorado Springs, Colorado this 22<sup>nd</sup> Day of March 2023.

By:

Wayne Williams, Utilities Board Chair

ATTEST:

Travas Deal, Chief Executive Officer

# Board Memo Agenda Item

## Staff Report

**Date:** March 22, 2023

**To:** Utilities Board

**From:** Travas Deal, Chief Executive Officer

**Subject:** Resolution of Appreciation for Utilities Board Member Wayne Williams

**NARRATIVE:**

**Desired Action:** Approval

**Executive Summary:** This resolution is to express appreciation and recognize the contributions of Utilities Board Chair Wayne Williams during his term of service on the Utilities Board from 2019-2023.

**Benefits:** N/A

**Board Policy:** N/A

**Cost/Budget:** N/A

**Affected Parties:** N/A

**Alternatives:** N/A

<b>Submitter:</b> Renee Adams	<b>Email address:</b> radams@csu.org
<b>Division/ Department:</b> Human Resources and Administration Division	<b>Phone number:</b> 719-668-8776
	<b>Date submitted:</b> Feb. 28, 2023

<b>SPG Staff Use Only:</b> Consent Calendar	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	<b>ITEM NO. 5</b>
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**A RESOLUTION OF THE COLORADO SPRINGS  
UTILITIES BOARD EXPRESSING APPRECIATION  
TO WAYNE WILLIAMS FOR HIS SERVICE TO  
THE COLORADO SPRINGS UTILITIES BOARD**

- WHEREAS,** Wayne Williams has been a valuable member of the Utilities Board for four years, serving as Chair for the last two years; and
- WHEREAS,** Mr. Williams served on the Strategic Planning Committee, Personnel Committee, and chaired the Economic Development Subcommittee; and
- WHEREAS,** Mr. Williams has consistently provided excellent leadership, dedicating countless hours as a valuable member of the Utilities Board and;
- WHEREAS,** Mr. Williams has invested time in understanding Colorado Springs Utilities' projects, plans and initiatives over the years, including the 2020 Electric and Gas Integrated Resource Plans, participated in many and dutifully attended additional meetings to review data and provide valuable recommendations; and
- WHEREAS,** Mr. Williams has demonstrated a true commitment to the customers of Colorado Springs Utilities by his leadership and participation in the selection of our recently-appointed Chief Executive Officer; and
- WHEREAS,** Mr. Williams has demonstrated energy, passion and dedication in carrying out his responsibilities as a Utilities Board Member, having a positive impact on the future of our community.

**NOW, THEREFORE, BE IT RESOLVED BY THE COLORADO SPRINGS UTILITIES BOARD:**

That the Utilities Board extends its appreciation to Wayne Williams for his outstanding service.

Dated at Colorado Springs, Colorado this 22<sup>nd</sup> Day of March 2023.

By:

Mike O'Malley, Utilities Board Vice Chair

ATTEST:

Travas Deal, Chief Executive Officer



**Date:** March 22, 2023  
**To:** Utilities Board  
**From:** Chief Executive Officer  
**Subject:** **Excellence in Governance - Utilities Board Expected Results (ER: 1-3) Year-end 2022**  
**Desired Action:** Monitoring  
**Compliance:** 3.24 = Meets Expectations

EXPECTATIONS			
Category:	<b>Utilities Board/Chief Executive Officer Partnership Expectations</b>	Reporting Timeframe:	<b>As of December 31, 2022</b>
Policy Title (Number):	<b>Utilities Board Expected Results Balanced Scorecard (ER: 1-3)</b>	Reviewing Committee:	<b>Strategic Planning, Personnel</b>
Monitoring Type:	<b>Internal</b>		
Monitoring Frequency:	<b>Semi-annually</b>		

**The Utilities Board monitors organizational achievements through the Balanced Scorecard. Measures and targets are approved each December for the following year.**

- Strategic initiatives and CEO competencies are not included, due to the retirement of the previous CEO.
  - The Utilities Board members approved this change at their Feb. 22, 2023 meeting.
- The overall result for the 2022 enterprise balanced scorecard is 3.24 meets expectations.

The overall rating is based on the scale below.

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Does Not Meet Expectations</b>	<b>Partially Meets Expectations</b>	<b>Meets Expectations</b>	<b>Exceeds Expectations</b>	<b>Far Exceeds Expectations</b>
<2.00	2.00 - 2.99	3.00 - 3.74	3.75 - 4.49	>4.49

The Board Expected Results rating is derived from the results outlined below.

## 2022 Colorado Springs Utilities Board Expected Results

Mission: To provide safe, reliable, competitively-priced electric, natural gas, water and wastewater services to the citizens and customers of Colorado Springs Utilities

Year-end 2022

Perspective	Strategic Objective	Objective Status	Performance Measure	Current Result	Measure Status	
Customer/Stakeholder	C1 Focus on the Customer	2	C1a Residential Customer Satisfaction	1.66	2	
			C1b Business Customer Satisfaction	2.74	3	
	C2 Provide Safe, Resilient and Quality Utility Services	4	C2a Electric System Average Interruption Duration Index (SAIDI)	36.27	5	
			C2b Failures per 100 Miles of Natural Gas Pipe	3.16	4	
			C2d Failures per 100 Miles of Water Pipe	12.47	2	
			C2e Failures per 100 Miles of Wastewater Pipe	0.49	4	
	C3 Support the Community	3	C3a Infrastructure Coordination with City	1.00	3	
	Financial Stewardship	FS1 Keep Bills Competitive	3	FS1a Residential Electric Service - Front Range Comparison	-1.46%	3
				FS1b Residential Natural Gas Service - Front Range Comparison	13.37%	1
FS1c Residential Water Service - Front Range Comparison				14.10%	5	
FS1d Residential Wastewater Service - Front Range Comparison				-12.21%	5	
FS1e Small Commercial 4 Service Bill - Front Range Comparison				12.94%	1	
FS1f Large Commercial/Industrial 4 Service Bill - Front Range Comparison				13.19%	1	
FS1g Industrial Electric-Intensive Customer Bill-Front Range Comparison				-4.55%	1	
FS2 Build Financial Strength		4	FS2a Days Cash on Hand - Current Year*	151	3	
			FS2b Days Cash on Hand - 3 Year Average*	170	4	
			FS2c Adjusted Debt Service Coverage - Current Year*	2.21	5	
			FS2d Adjusted Debt Service Coverage - 3 Year Average*	1.95	4	
			FS2e Debt Ratio - Current Year*	50.2%	3	
			FS2f Debt Ratio - 3 Year Average*	52.4%	3	
			FS2g Bond Rating	Standard & Poors: AA+ Moody's Investors Service: Aa2 Fitch Ratings : AA	4	
			Internal Process	P2 Plan, Build, and Maintain Assets and Infrastructure	3	P2a Sustainable Energy Project Cost Performance Index (CPI)
P2b Gas Distribution Integrity Management Program Construction and Operations Implementation	3.7	3				
F1 Attract, Develop and Retain an Engaged and Customer Focused Workforce	4	F1a Workforce Index		3.88	4	
Foundational	F2 Ensure Employee, Contractor and Public Safety	5	F2a Safety: Occupational Injuries and Illnesses Rate	50% Below Benchmark	5	
	F3 Demonstrate Environmental Stewardship	3	F3a Environmental Index	80	4	
				<b>Overall Score:</b>	<b>3.24</b>	

As of: 12/31/2022

\*Results for Days Cash on Hand, Adjusted Debt Service Coverage and Debt Ratio, both current year and 3 year average, are preliminary, pending the completion of the year-end audit.

## 2 C1a Customer Satisfaction - Residential

Measure Status: Partially Meets Expectations

### MEASURE DESCRIPTION

**Strategic Objective Supported:** Focus on the Customer

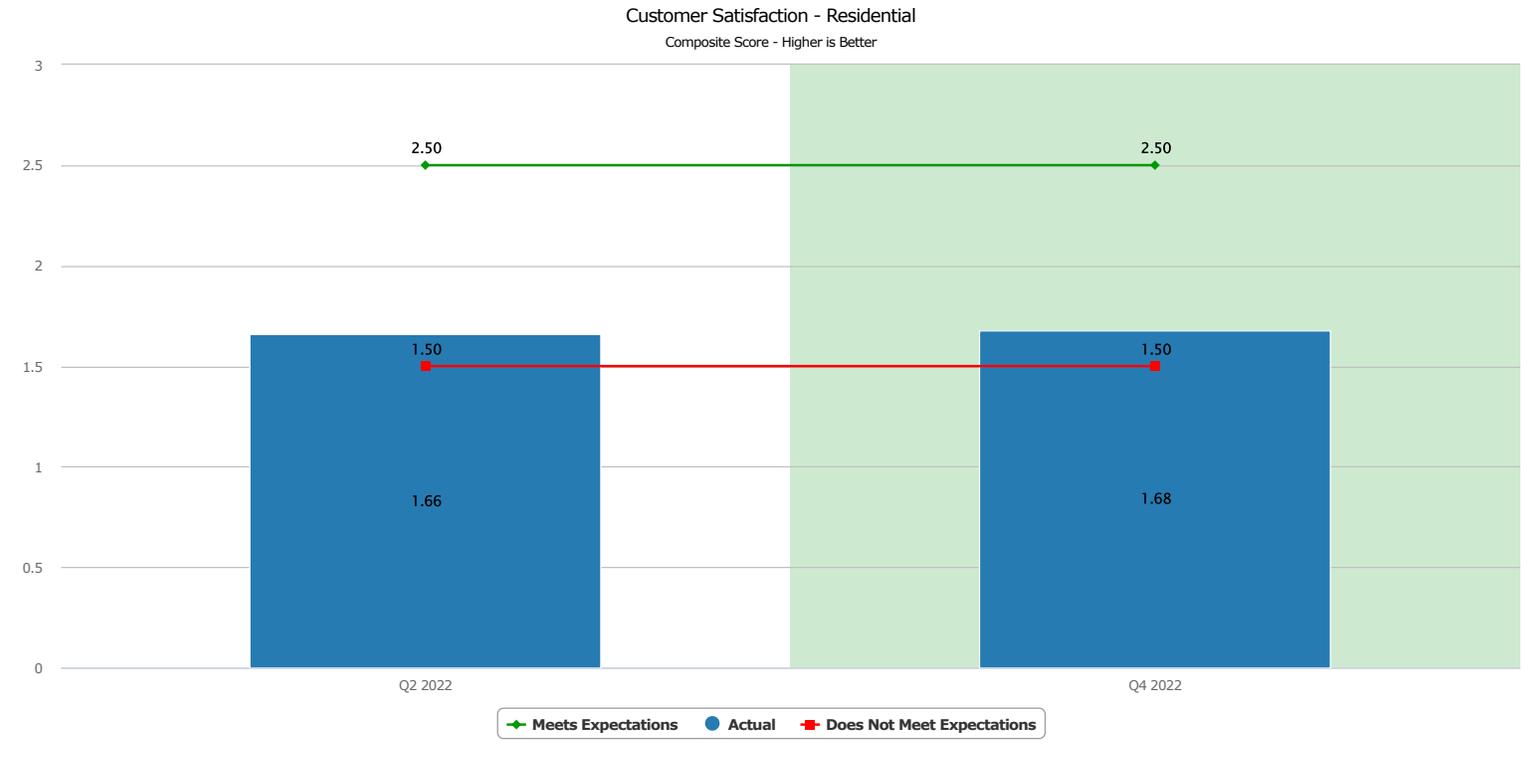
**Reported as:** Numerical rating to two decimals - Composite Score

**Target range:** 2.50 – 3.49 (composite score)

### MEASURE PERFORMANCE

The year-end of 2022 result is 1.68.

### MEASURE CHART(S)



### PERFORMANCE ANALYSIS

The overall Customer Satisfaction – Residential Measure is comprised of four components:

1. National Survey – Satisfaction Rank – JD Power 20%
2. National Survey – Satisfaction Improvement – JD Power 20%
3. National Survey – Customer Effort Index – Cogent 40%
4. In-house customer survey index 20%

- The J.D. Power and Associates Residential Customer Satisfaction result for year ending 2022 declined in rank to 116th in overall customer satisfaction among the 145 qualifying, participating utilities nationally. This is an industry rank of 80 percent compared to 45 percent for the same period in 2021 resulting in an index score of 1.0 on five-point scale and twenty percent of the overall index.
- The J.D. Power and Associates Overall Customer Satisfaction Index score decreased fifty points, from 756 (on a 1,000-point scale) to 706 for an index score of 1.0 on a five-point scale and twenty percent of the overall index.
- The Escalent’s Cogent Study Customer Effort Index results for the year ending 2022 declined twenty-five points from 726 (on a 1,000-point scale) to 701 for an index score of 1.0 on a five-point scale and forty percent of the overall index.
- The in-house survey index is 8.63 (on a 1 to 10 scale) for transactional surveys captured April through December on transactions completed in Service Center phone interactions and Field Service appointments for an index score of 4.4 on a five-point scale and twenty percent of the overall index.

**Total Score:  $(1.0 \times .2) + (1.0 \times .2) + (1.0 \times .4) + (4.4 \times .2) = 1.68 = \text{Partially Meets Expectations}$**

## MEASURE DESCRIPTION

**Strategic Objective Supported:** Focus on the Customer

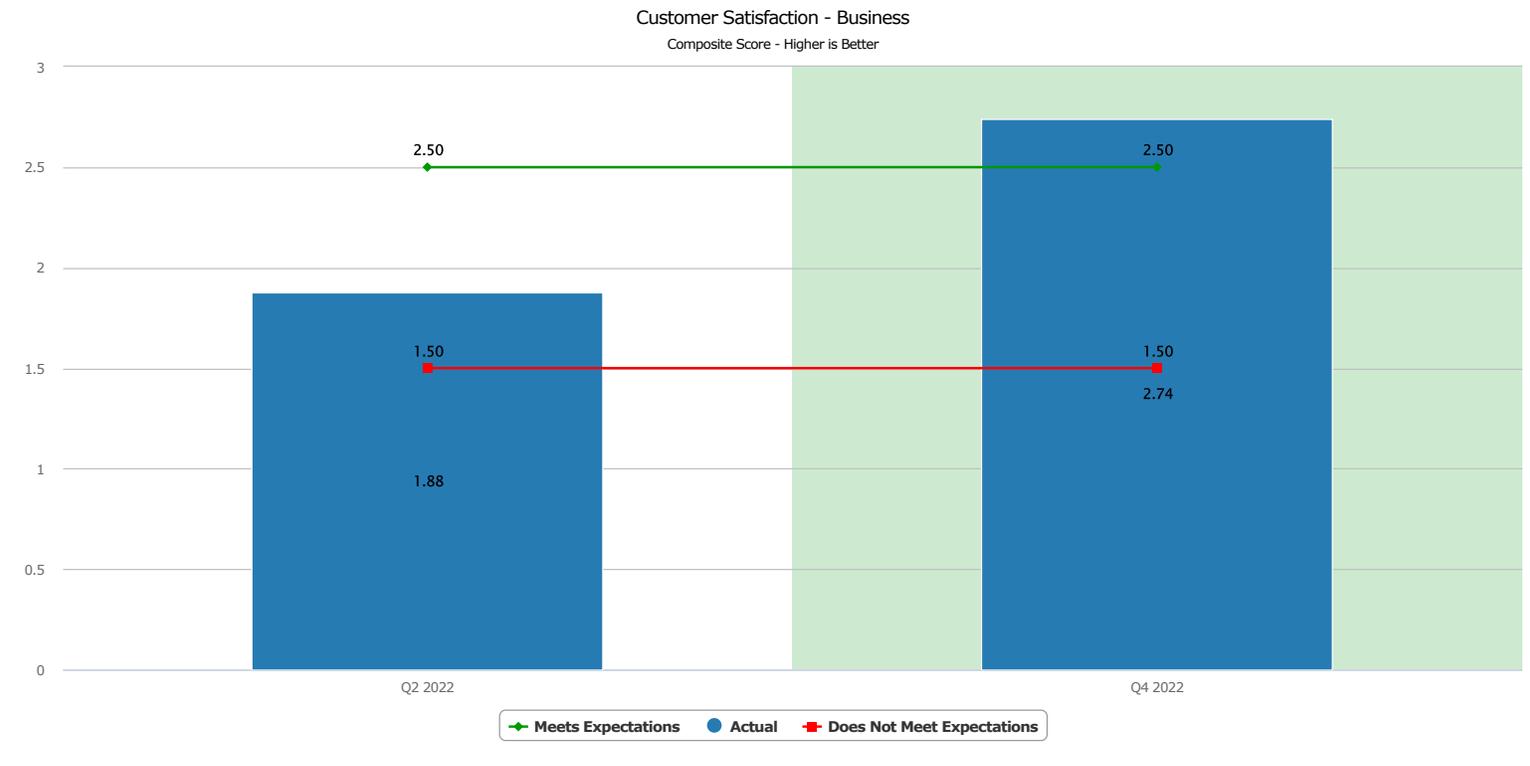
**Reported as:** Numerical rating to two decimals - Composite Score

**Target range:** 2.50 – 3.49 (composite score)

## MEASURE PERFORMANCE

The year-end of 2022 result is 2.74.

## MEASURE CHART(S)



## PERFORMANCE ANALYSIS

The overall Customer Satisfaction – Business Measure is comprised of four components:

1. National Survey – Satisfaction Rank – JD Power 20%
2. National Survey – Satisfaction Improvement – JD Power 20%
3. National Survey – Customer Effort Index – Cogent 40%
4. In-house customer survey index 20%

- The J.D. Power and Associates Business Customer Satisfaction result for the year ending 2022 increased in rank to 47th in overall customer satisfaction among the 79 qualifying, participating utilities nationally. This is an industry rank of 58 percent compared to 83 percent for the same period in 2021 resulting in an index score of 1.0 on five-point scale and twenty percent of the overall index.
- The J.D. Power and Associates Overall Customer Satisfaction Index score increased thirteen points, from 758 (on a 1,000-point scale) to 771 for an index score of 2.5 on a five-point scale and twenty percent of the overall index.
- The Escalent’s Cogent Study Customer Effort Index result for the year ending 2022 decreased 68 points from 804 (on a 1,000-point scale) to 736 for an index score of 1.0 on a five-point scale and forty percent of the overall index.
- The in-house survey index is 8.8\* (on a 1 to 10 scale) for transactional surveys captured April through December on transactions completed in Service Center phone interactions for an index score of 4.5 on a five-point scale and twenty percent of the overall index.

\*Sample size is low for Business measure.

**Total Score:  $(1.0 \times .2) + (2.5 \times .2) + (1.0 \times .4) + (4.5 \times .2) = 2.74 = \text{Meets Expectations}$**

# 5 C2a Electric System Average Interruption Duration Index (SAIDI)

Measure Status: Far Exceeds Expectations

## MEASURE DESCRIPTION

**Strategic Objective Supported:** Provide Safe, Resilient and Quality Utility Services

**Reported as:** 12 month rolling average

**Target range:** 52.50 – 47.51 (minutes interruption per customer per year)

## MEASURE PERFORMANCE

The year-end 2022 result is 36.27 minutes.

## MEASURE CHART(S)

Electric System Average Interruption Duration Index (SAIDI)

In Minutes per Customer - Lower is Better



## PERFORMANCE ANALYSIS

- There were 299 sustained outages in the fourth quarter of 2022.
- There were 1,188 sustained outages from January 2022 through December 2022. This includes the outages that occurred on the Major Event Day (MEDs) 5/21/2022.
- Excluding the MEDs, there were 1,048 sustained outages from January 2022 through December 2022.
- According to the 2022 Institute of Electrical and Electronics Engineers (IEEE) Reliability Benchmark Survey (2021 data), Colorado Springs Utilities ranked fifth out of 74 survey participants for SAIDI performance.

# C2b Failures per 100 Miles of Natural Gas Pipe

Measure Status: Exceeds Expectations

## MEASURE DESCRIPTION

**Strategic Objective Supported:** Provide Safe, Resilient and Quality Services

**Reported as:** 12 month rolling average

**Target range:** 6.00 – 4.00 (failure per 100 miles of pipe)

## MEASURE PERFORMANCE

The year-end 2022 result is 3.16 failures per 100 miles of pipe.

## MEASURE CHART(S)

### Failures per 100 Miles of Natural Gas Pipe

Number of Failures - Lower is Better



## PERFORMANCE ANALYSIS

- There were a total of 179 failures on 5,666 miles of pipe in 2022.

## 2 C2c Failures per 100 Miles of Water Pipe

Measure Status: Partially Meets Expectations

### MEASURE DESCRIPTION

**Strategic Objective Supported:** Provide Safe, Resilient and Quality Services

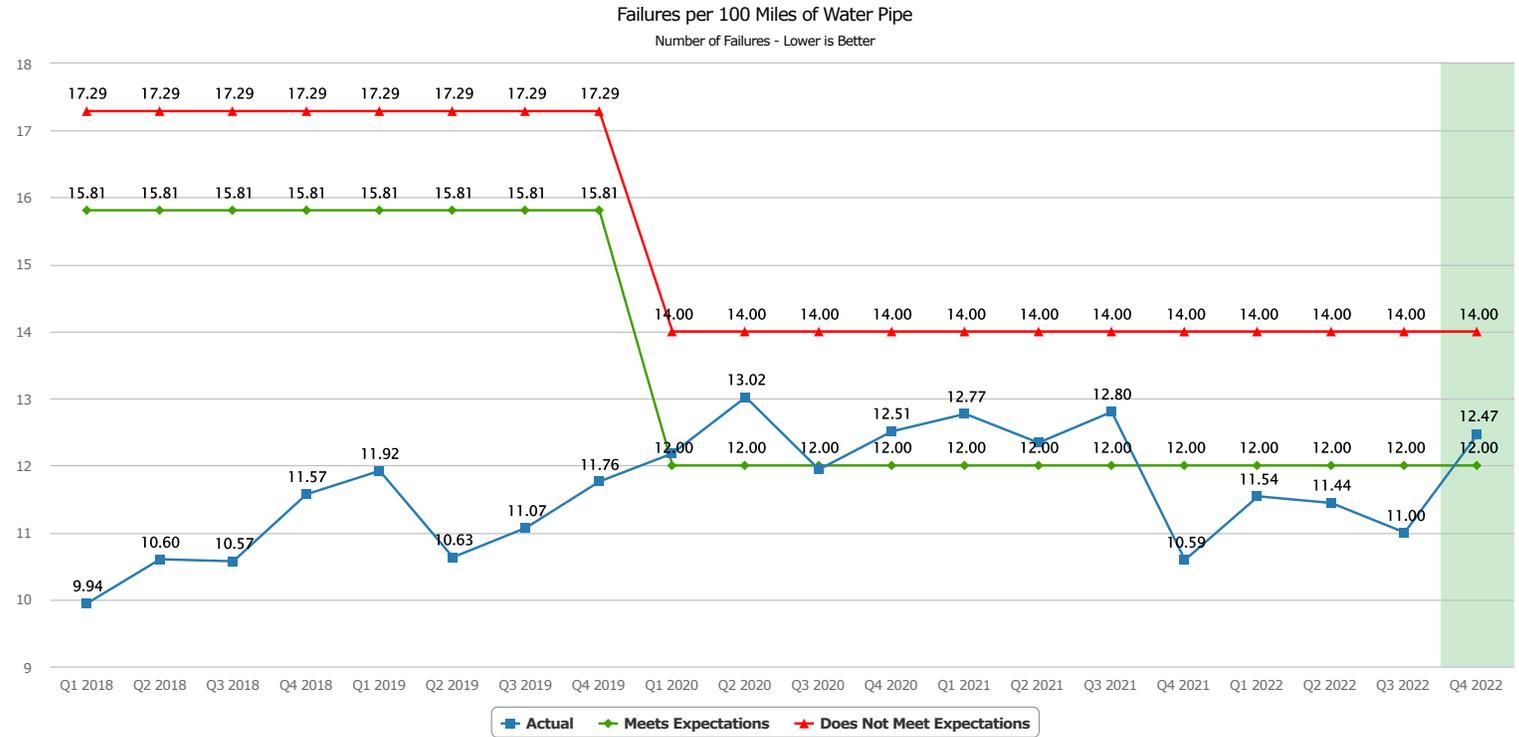
**Reported as:** 12 month rolling average

**Target Range:** 12.00 – 10.00 (failures per 100 miles of pipe)

### MEASURE PERFORMANCE

The year-end 2022 result is 12.47 failures per 100 miles of pipe.

### MEASURE CHART(S)



### PERFORMANCE ANALYSIS

- There were a total of 281 failures on 2,253 miles of pipe in 2022. One hundred fifty six of the failures were main breaks, 101 were main leaks, and 24 were valve leaks.
- A detailed analysis by System Planning and Projects Division shows that, at current funding levels for the capital program that addresses water main replacement, cathodic protection, and lining of water mains, a minimal increase in water main failures is expected over the next 5 years.
- The capital program prioritizes addressing high risk water mains, minimizing leaks under new pavement, and aligning with the City's paving initiative.

MEASURE DESCRIPTION

**Strategic Objective Supported:** Provide Safe, Resilient and Quality Services

**Reported as:** 12 month rolling average

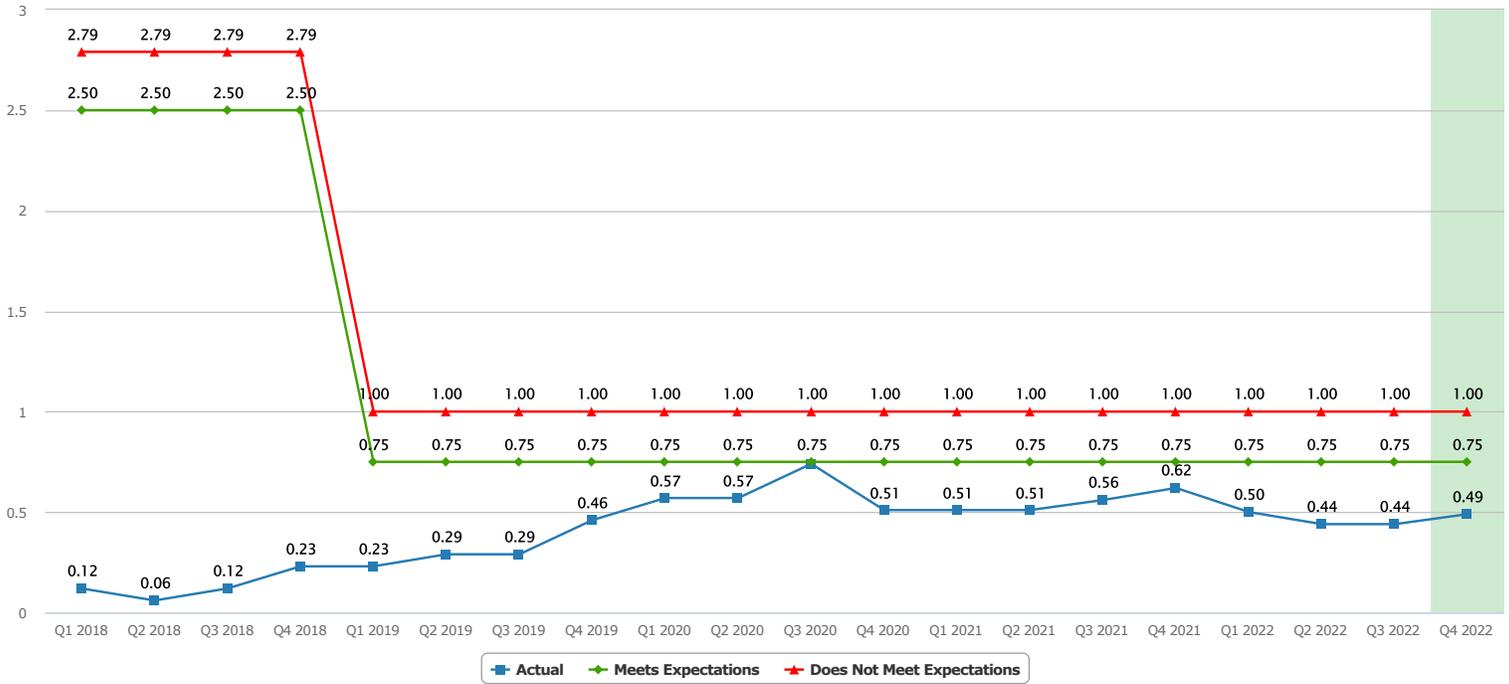
**Target Range:** 0.75 - 0.51 (failures per 100 miles of pipe)

MEASURE PERFORMANCE

The year-end 2022 result is 0.49 failures per 100 miles of pipe.

MEASURE CHART(S)

Failures per 100 Miles of Wastewater Pipe  
Number of Failures - Lower is Better



PERFORMANCE ANALYSIS

- There were three failure events in Q4 2022. These events were the result of blockages in the collection system. None of these events resulted in reportable Sanitary Sewer Overflows (SSOs).
- For 2022 there were 9 failure events in the wastewater collection system. Of these, six were caused by blockages in the system and only one resulted in a reportable release.
- There was one reportable SSO in Q2 and one in Q3 that were not counted in the measure as the cause was determined to be from a collection of debris from an unknown third party (or parties).

### 3 C3a Infrastructure Coordination with City

Measure Status: Meets Expectations

#### MEASURE DESCRIPTION

**Strategic Objective Supported:** Support the Community

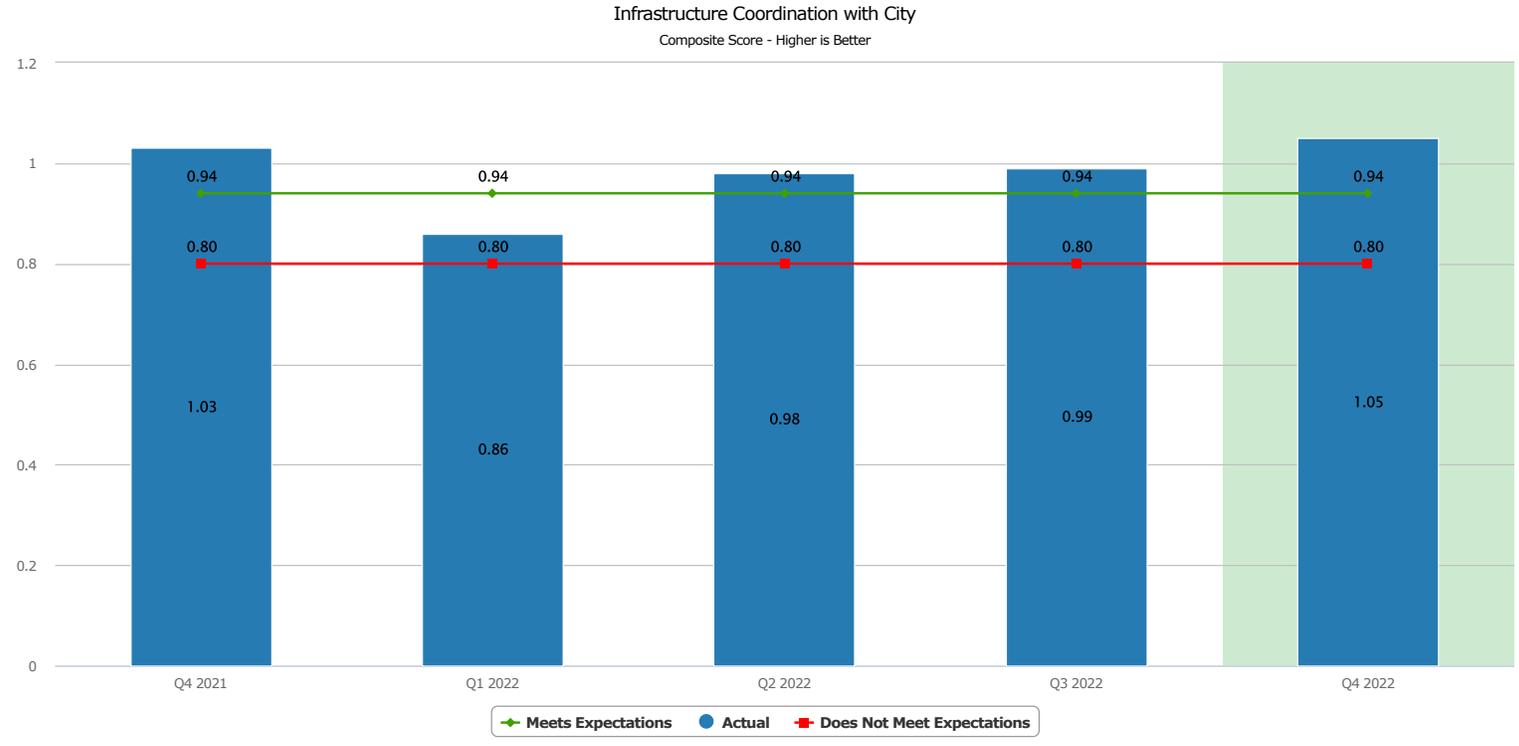
**Reported as:** Cumulative Year-to-Date

**Target Range:** 0.94 - 1.06 (composite score)

#### MEASURE PERFORMANCE

The year-end 2022 result is 1.05.

#### MEASURE CHART(S)



#### PERFORMANCE ANALYSIS

- The forecasted cumulative spend through Q4 2022 was \$27 million with an actual cumulative spend of \$27.5 million.
- Through Q4 2022, the Finished Water Linear Asset Program (FWLAP) had 160 projects planned and 172 completed; the Sanitary Sewer Creek Crossing (SSCC) Program had two projects planned and completed; the Public Improvements Program (PIP) had four projects planned for completion in partnership with the City in 2022 with two completed and two continuing into 2023.
- During Q4 2022, no previously paved 2C city streets, under the five-year moratorium, were cut for planned Springs Utilities projects.

### 3 FS1a Residential Electric Service - Front Range Comparison

Measure Status: Meets Expectations

#### MEASURE DESCRIPTION

**Strategic Objective Supported:** Keep Bills Competitive

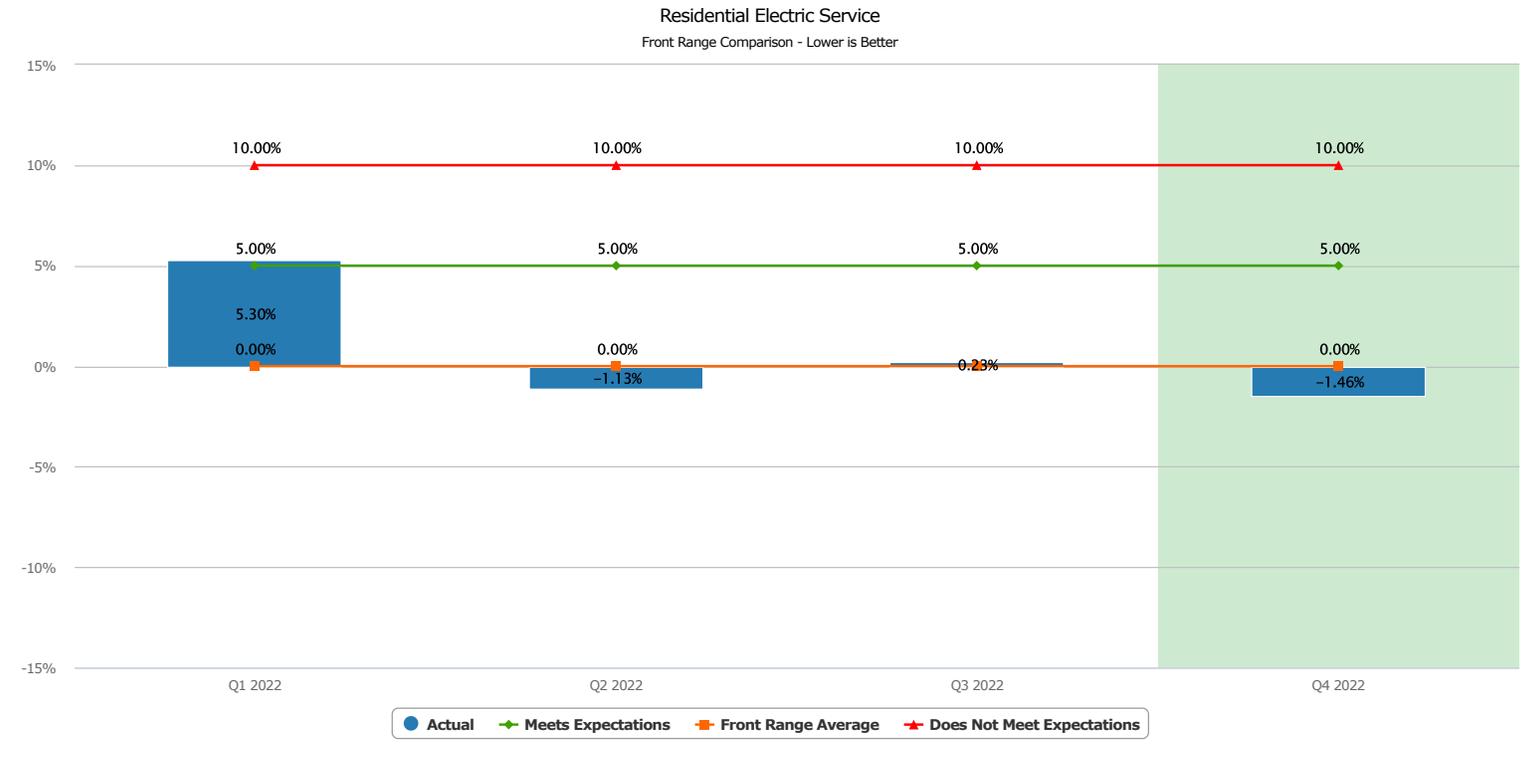
**Reported as:** Average natural gas bill

**Target Range:** +/- 5% of Colorado Front Range average

#### MEASURE PERFORMANCE

The year-end 2022 result is 1.46% below Front Range average.

#### MEASURE CHART(S)



#### PERFORMANCE ANALYSIS

- January and July electric totals are taken from Colorado Association of Municipal Utilities (CAMU) survey for participating providers.
- The most recent rate computations have been estimated using tariffs rates publicly available on websites as of October 1, 2022 and assumed billing determinations.
- The year-end result is an average of January, April, July and October results.

MEASURE DESCRIPTION

**Strategic Objective Supported:** Keep Bills Competitive

**Reported as:** Average bill

**Target Range:** +/- 5.0% of Colorado Front Range average

MEASURE PERFORMANCE

The year-end 2022 result is 13.37% above Front Range average.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- The most recent rate computations have been estimated using tariff rates publicly available on websites as of October 1, 2022 and assumed billing determinations.
- The year-end result is an average of January, April, July and October results.
- The result for this measure is primarily due to the differences in fuel cost recovery (GCA).
- Colorado Springs Utilities aggressively attacked the February 2021 natural gas under-collection in both the electric and gas services.
- The goal was to collect the February 2021 high gas costs within a year and three months.
- Other utilities are collecting over a much longer time frame.
- The gas service bill comparison had lower results, compared to electric, because fuel comprises a higher percentage of the overall bill.

MEASURE DESCRIPTION

**Strategic Objective Supported:** Keep Bills Competitive

**Reported as:** Average bill

**Target Range:** 20.1 - 30.0% higher than Colorado Front Range average

MEASURE PERFORMANCE

The year-end 2022 result is 14.10% above Front Range average.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- Rate computations have been estimated using tariff rates publicly available on websites as of October 1, 2022 and assumed billing determinations.
- The year-end result is an average of January, April, July and October results.

MEASURE DESCRIPTION

**Strategic Objective Supported:** Keep Bills Competitive

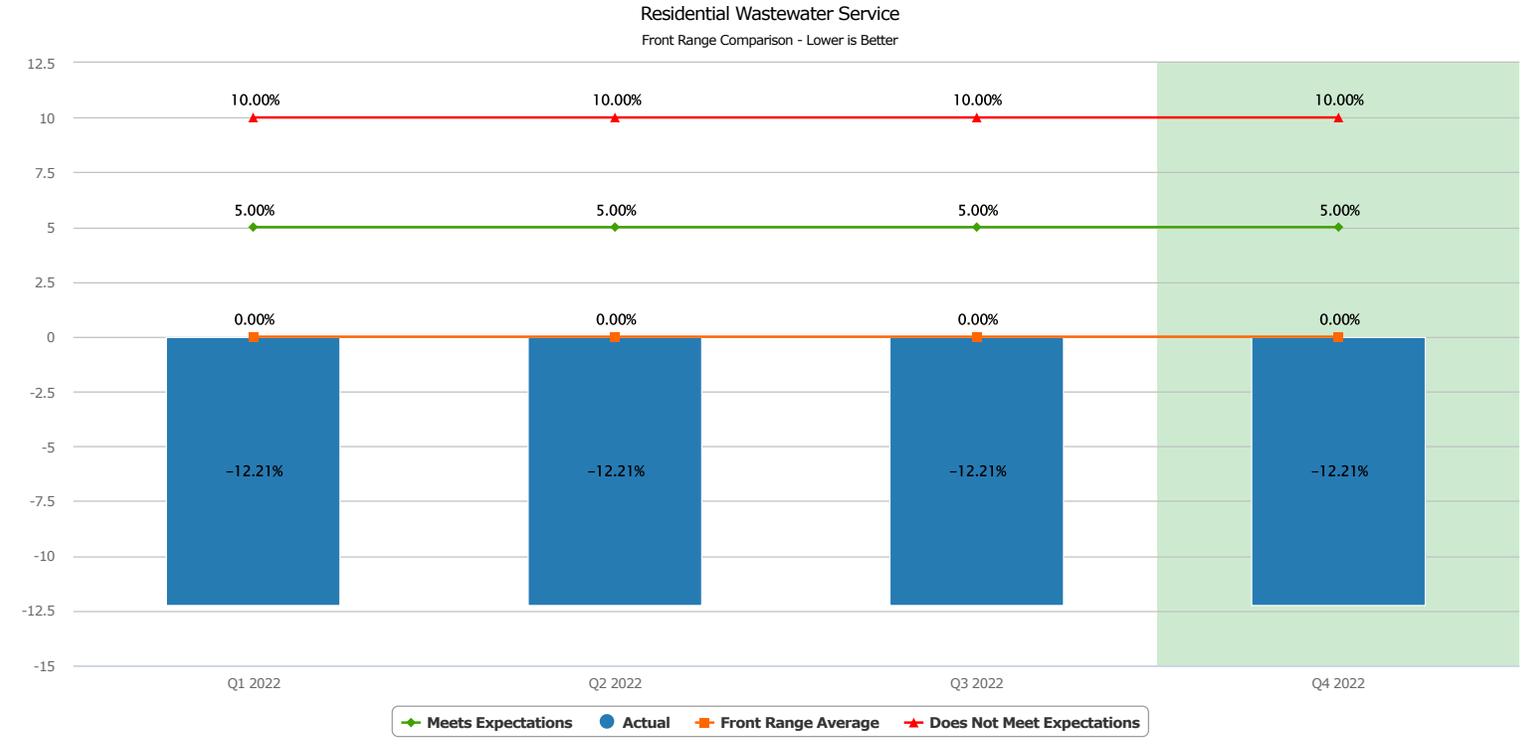
**Reported as:** Average bill

**Target Range:** +/- 5.0% of Colorado Front Range average

MEASURE PERFORMANCE

The year-end 2022 result is 12.21% below Front Range average.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- Rate computations have been estimated using tariff rates publicly available on websites as of October 1, 2022 and assumed billing determinations.
- The year-end result is an average of January, April, July and October results.

MEASURE DESCRIPTION

**Strategic Objective Supported:** Keep Bills Competitive

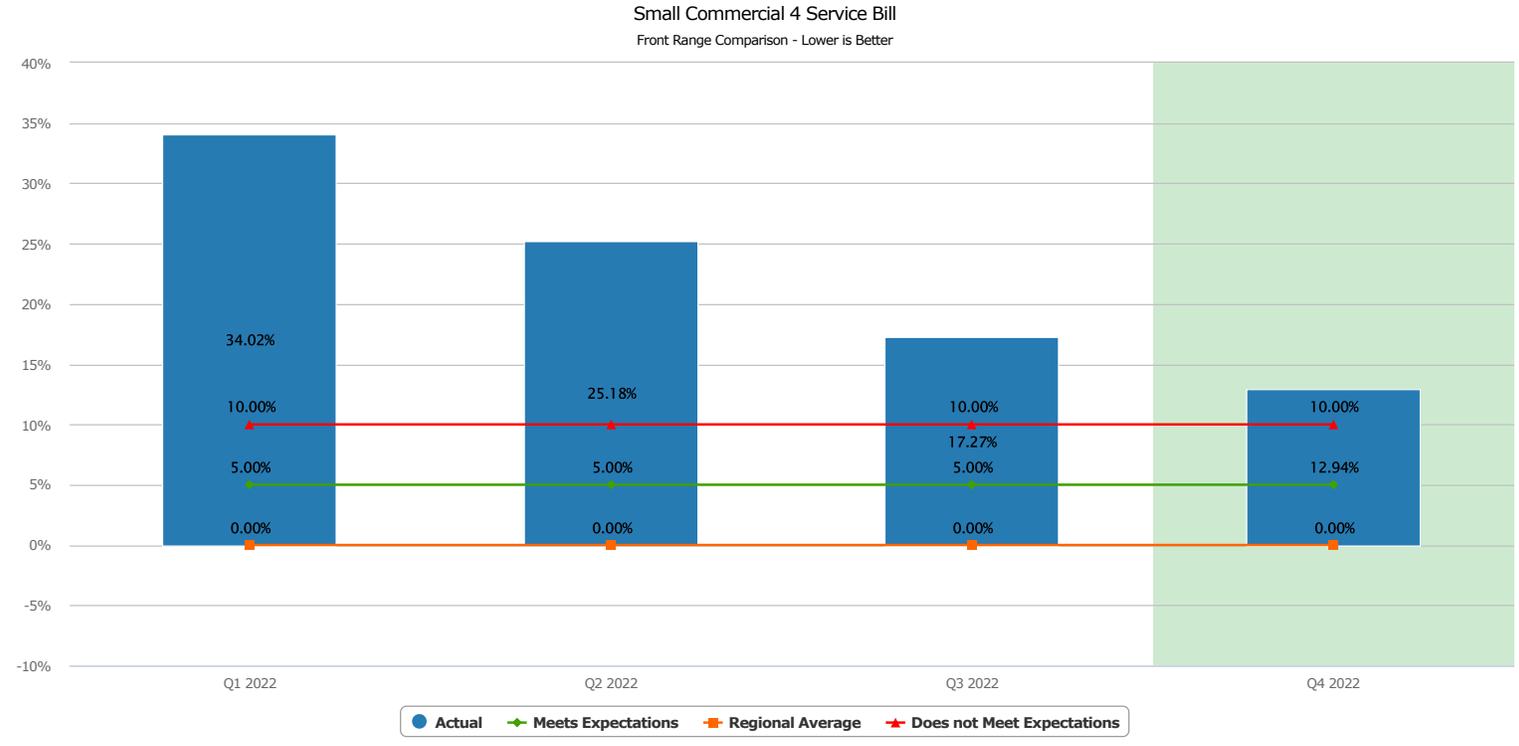
**Reported as:** Average combined bill

**Target Range:** +/- 5.0% of Colorado Front Range average

MEASURE PERFORMANCE

The year-end 2022 result is 12.94% above Front Range average.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- January and July electric totals are taken from Colorado Association of Municipal Utilities (CAMU) survey for participating providers.
- The most recent rate computations have been estimated using tariff rates publicly available on websites as of October 1, 2022 and assumed billing determinations.
- The year-end result is an average of January, April, July and October results.
- The result for this measure is primarily due to differences in fuel cost recovery (ECA).
- Colorado Springs Utilities aggressively attacked the February 2021 natural gas under-collection in both the electric and gas services.
- The goal was to collect the February 2021 high gas costs within a year and three months.
- Other utilities are collecting over a much longer time frame.

# 1 FS1f Large Commercial/Industrial 4 Service Bill - Front Range Comparison

Measure Status: Does Not Meet Expectations

## MEASURE DESCRIPTION

**Strategic Objective Supported:** Keep Bills Competitive

**Reported as:** Average combined bill

**Target Range:** +/- 5.0% of Colorado Front Range average

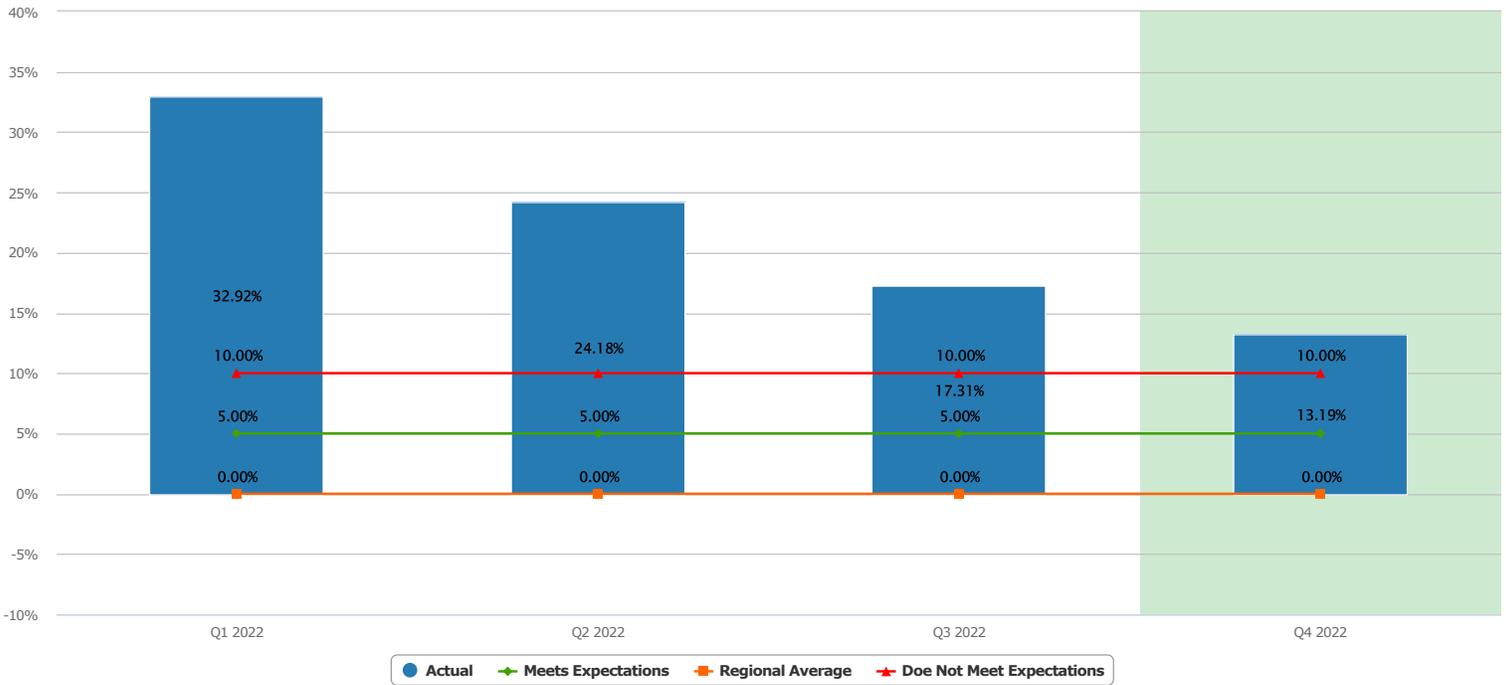
## MEASURE PERFORMANCE

The year-end 2022 result is 13.19% above Front Range average.

## MEASURE CHART(S)

Large Commercial/Industrial 4 Service Bill

Front Range Comparison - Lower is Better



## PERFORMANCE ANALYSIS

- January and July electric totals are taken from Colorado Association of Municipal Utilities (CAMU) survey for participating providers.
- The most recent rate computations have been estimated using tariff rates publicly available on websites as of October 1, 2022 and assumed billing determinations.
- The year-end result is an average of January, April, July and October results.
- The result for this measure is primarily due to differences in fuel cost recovery (ECA).
- Colorado Springs Utilities aggressively attacked the February 2021 natural gas under-collection in both the electric and gas services.
- The goal was to collect the February 2021 high gas costs within a year and three months.
- Other utilities are collecting over a much longer time frame.

# 1 FS1g Industrial Electric-Intensive Customer Bill - Front Range Comparison

Measure Status: Does Not Meet Expectations

## MEASURE DESCRIPTION

**Strategic Objective Supported:** Keep Bills Competitive

**Reported as:** Average electric bill

**Target Range:** 10.0 to 15.0% lower than Colorado Front Range average

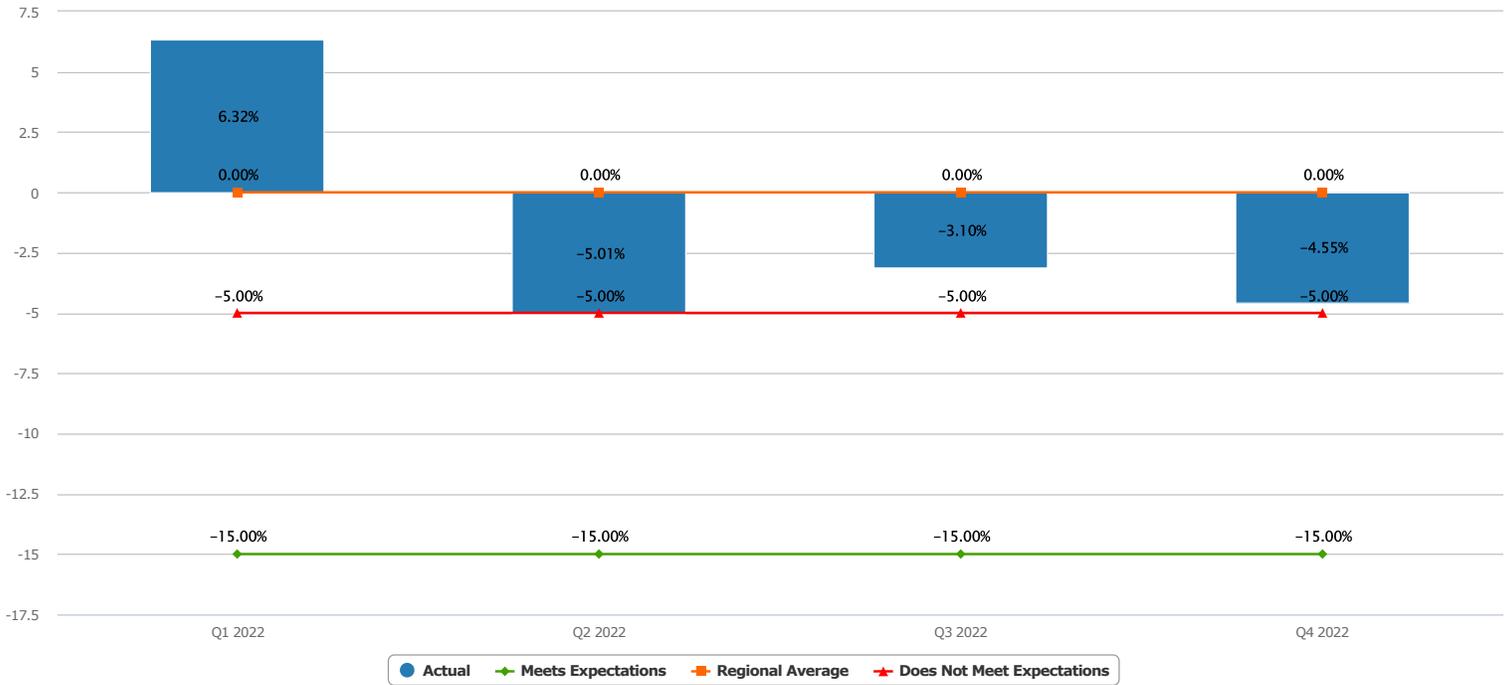
## MEASURE PERFORMANCE

The year-end 2022 result is 4.55% below the Front Range average.

## MEASURE CHART(S)

Industrial Electric-Intensive Customer Bill

Front Range Comparison - Lower is Better



## PERFORMANCE ANALYSIS

- January and July electric totals are taken from Colorado Association of Municipal Utilities (CAMU) survey for participating providers.
- The most recent rate computations have been estimated using tariff rates publicly available on websites as of October 1, 2022 and assumed billing determinations.
- The year-end result is an average of January, April, July and October results.
- The result for this measure is primarily due to differences in fuel cost recovery (ECA).
- Colorado Springs Utilities aggressively attacked the February 2021 natural gas under-collection in both the electric and gas services.
- The goal was to collect the February 2021 high gas costs within a year and three months.
- Other utilities are collecting over a much longer time frame.

### 3 FS2a Days Cash on Hand - Current Year

Measure Status: Meets Expectations

#### MEASURE DESCRIPTION

**Strategic Objective Supported:** Build Financial Strength

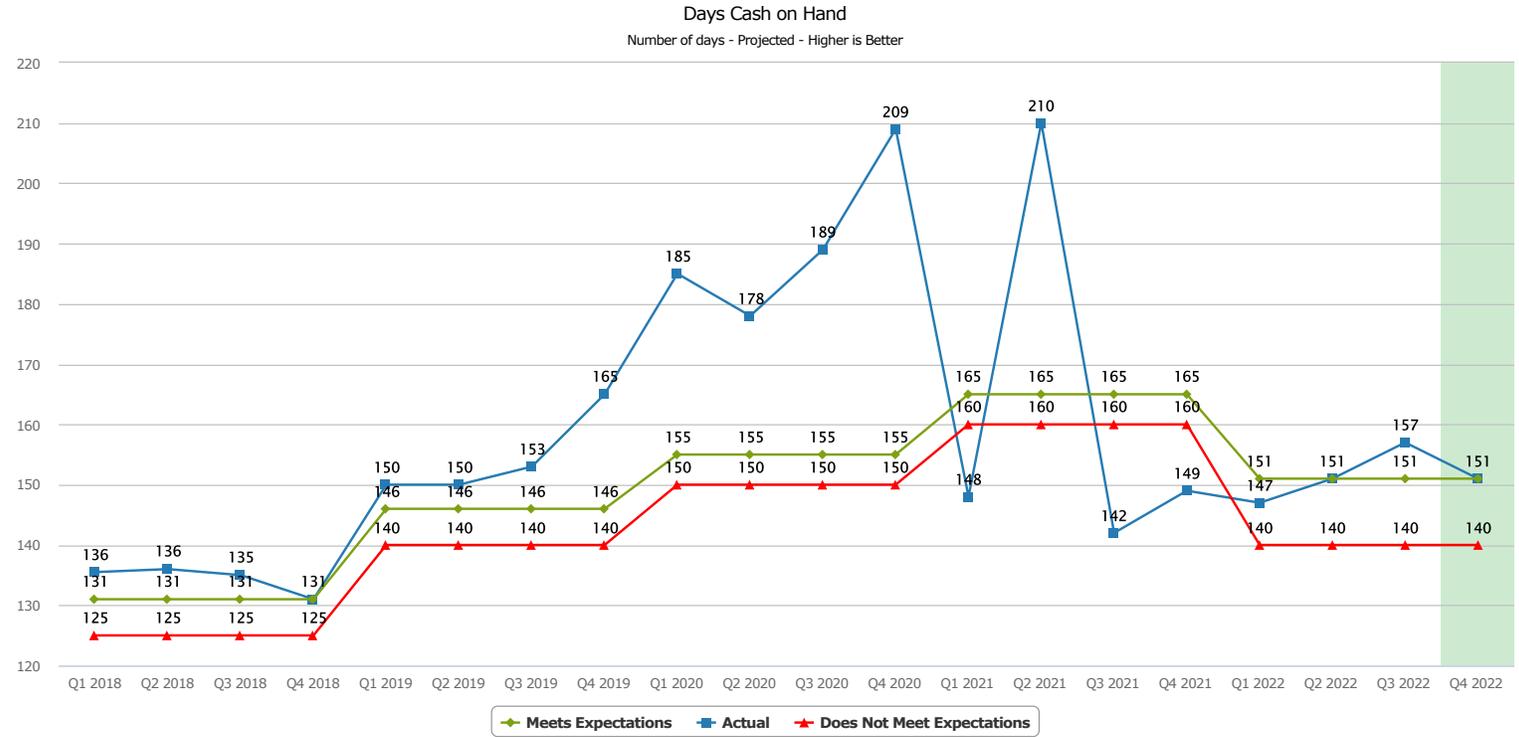
**Reported as:** year-end projection of actual result plus forecast

**Target Range:** 151 - 160 (days cash on hand)

#### MEASURE PERFORMANCE

The year-end 2022 result is 151 days.

#### MEASURE CHART(S)



#### PERFORMANCE ANALYSIS

- Higher fuel expenses brought the Days Cash on Hand number down slightly due to the higher daily expense number.
- This result is preliminary, pending completion of the year-end audit.

### MEASURE DESCRIPTION

**Strategic Objective Supported:** Build Financial Strength

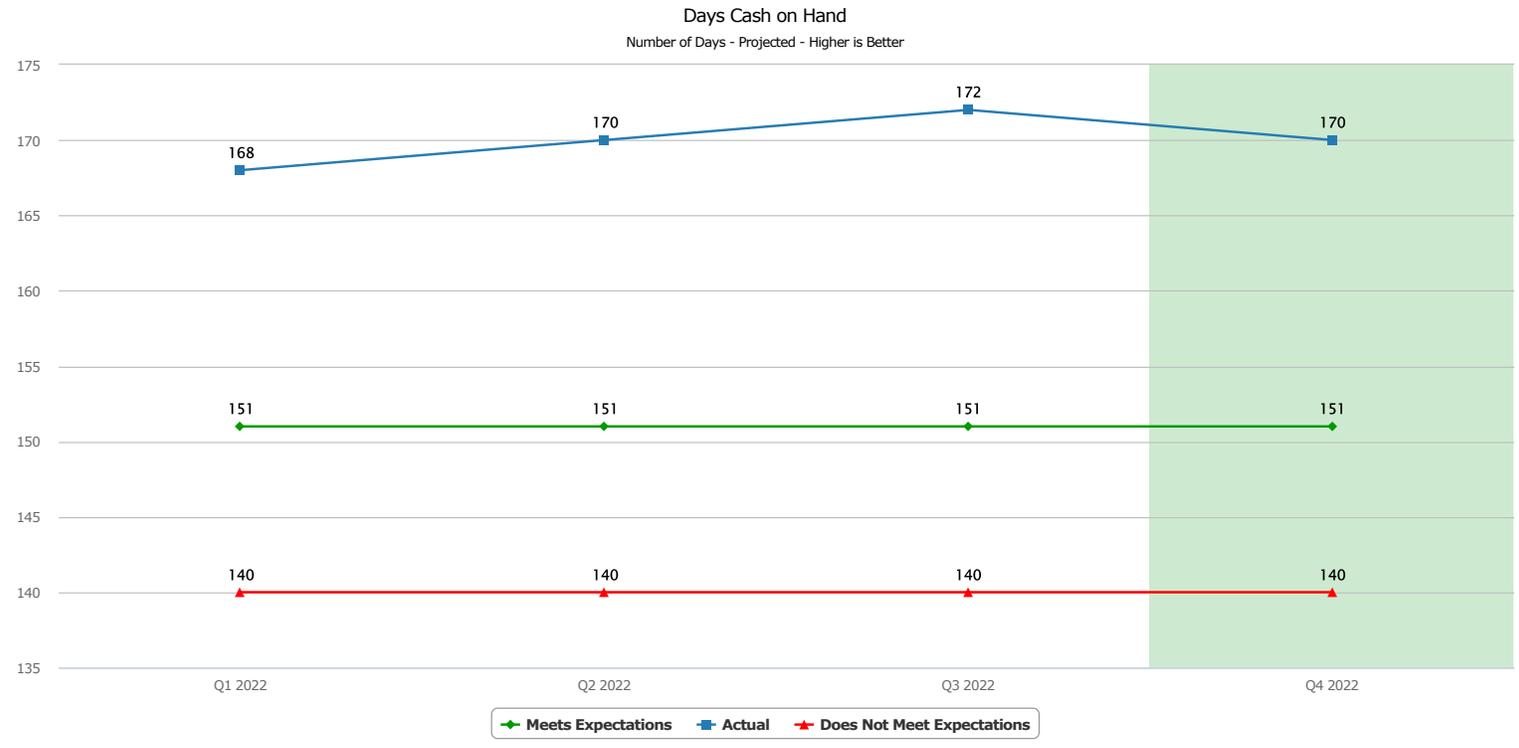
**Reported as:** Current year projection and the previous two years of history

**Target Range:** 151 - 160 (days cash on hand)

### MEASURE PERFORMANCE

The year-end result is 170 days.

### MEASURE CHART(S)



### PERFORMANCE ANALYSIS

- Days Cash on Hand was 209 in 2020 which is helping to bring up 2021 and 2022 to exceeds expectations.
- This result is preliminary, pending completion of the year-end audit.

# 5 FS2c Adjusted Debt Service Coverage - Current Year

Measure Status: Far Exceeds Expectations

## MEASURE DESCRIPTION

**Strategic Objective Supported:** Build Financial Strength

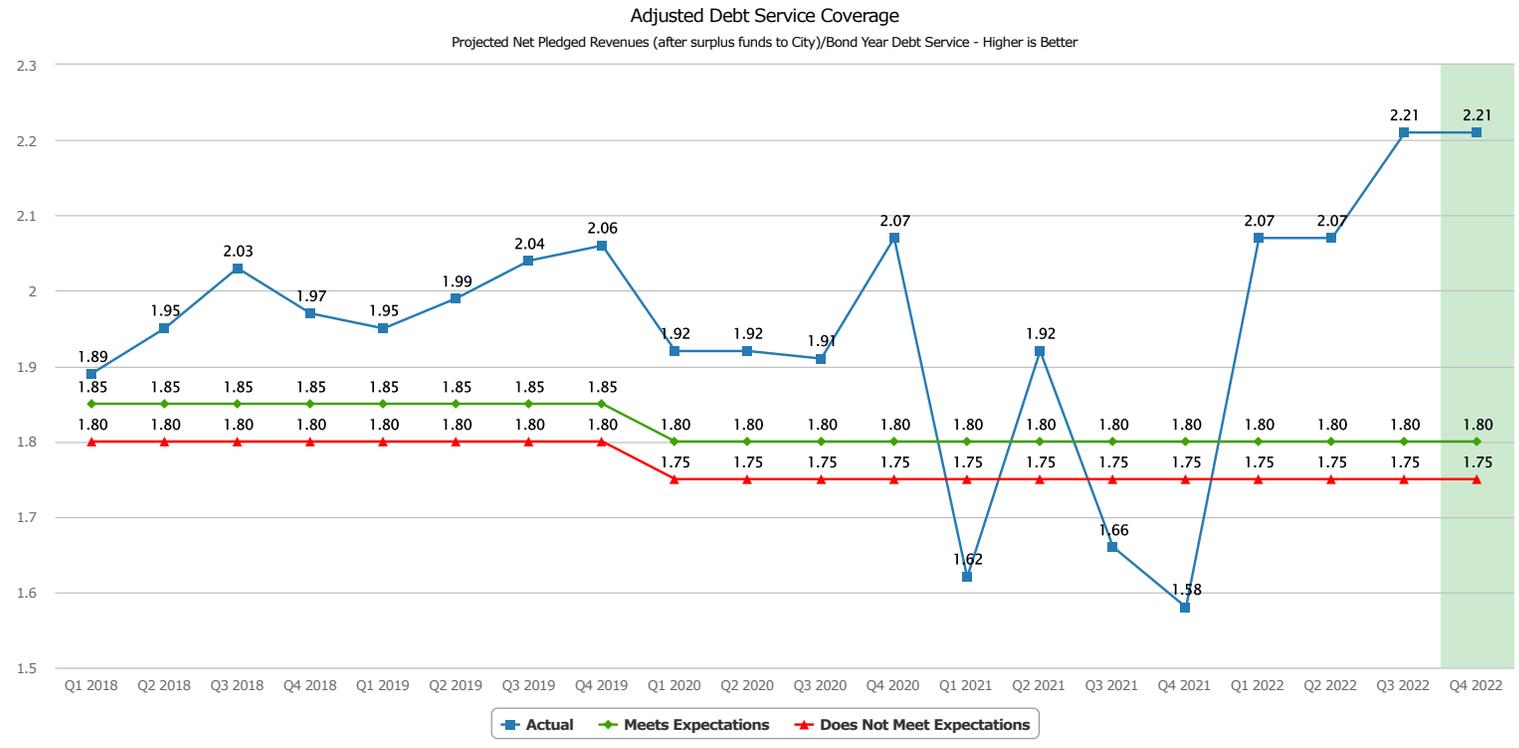
**Reported as:** Year-end projection of actual results plus forecast

**Target Range:** 1.80 - 1.90 times

## MEASURE PERFORMANCE

The year-end 2022 result is 2.21.

## MEASURE CHART(S)



## PERFORMANCE ANALYSIS

- Adjusted debt service coverage far exceeds expectations due to ECA/GCA recovery in 2022.
- This result is preliminary, pending completion of the year-end audit.

**4** FS2d Adjusted Debt Service Coverage - 3 Year Average

Measure Status: Exceeds Expectations

MEASURE DESCRIPTION

**Strategic Objective Supported:** Build Financial Strength

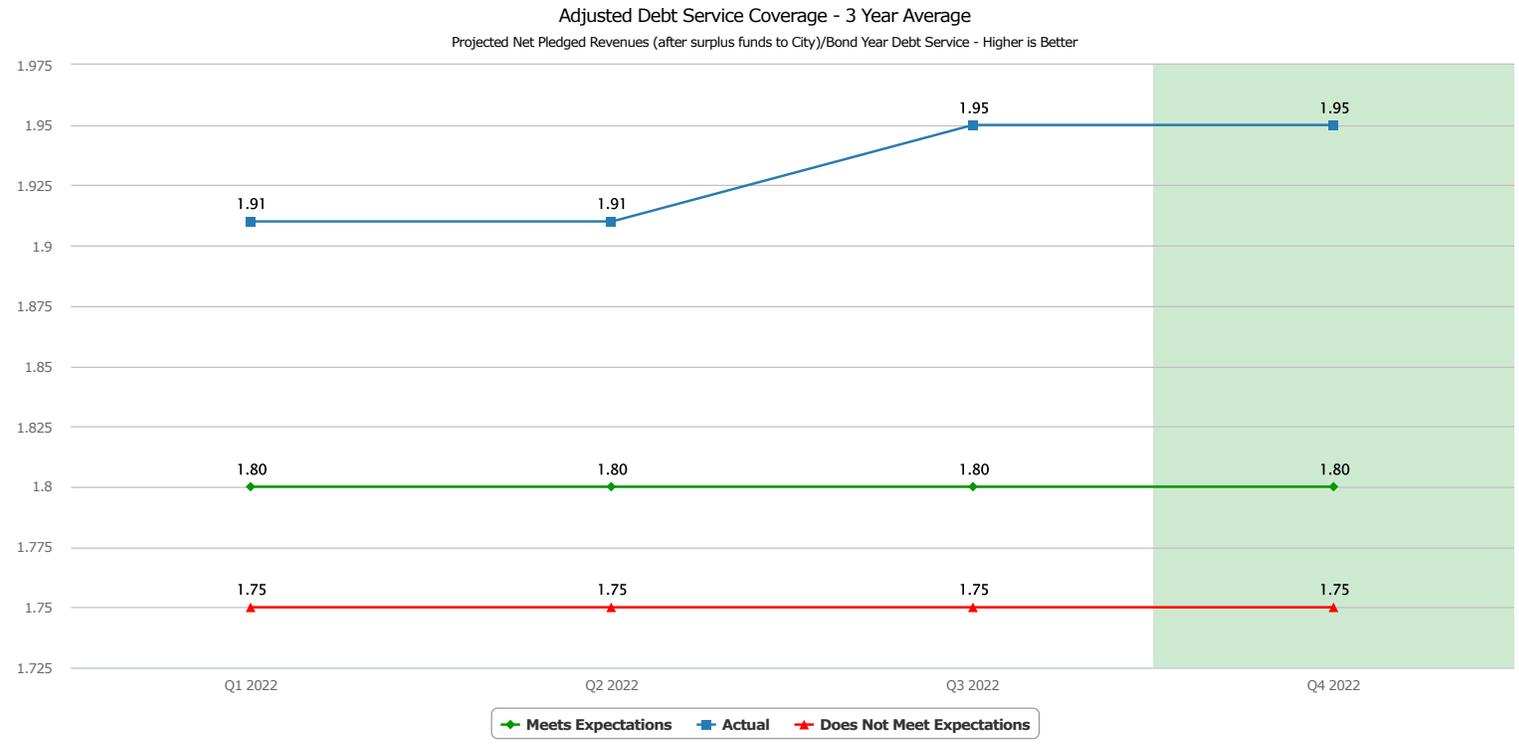
**Reported as:** Year-end projection of actual results plus forecast

**Target Range:** 1.80 - 1.90 times

MEASURE PERFORMANCE

The year-end 2022 result is 1.95.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- The three year average for Adjusted Debt Service Coverage exceeds expectations due to a strong 2020 and 2022 making up for 2021.
- This result is preliminary, pending completion of the year-end audit.

## MEASURE DESCRIPTION

**Strategic Objective Supported:** Build Financial Strength

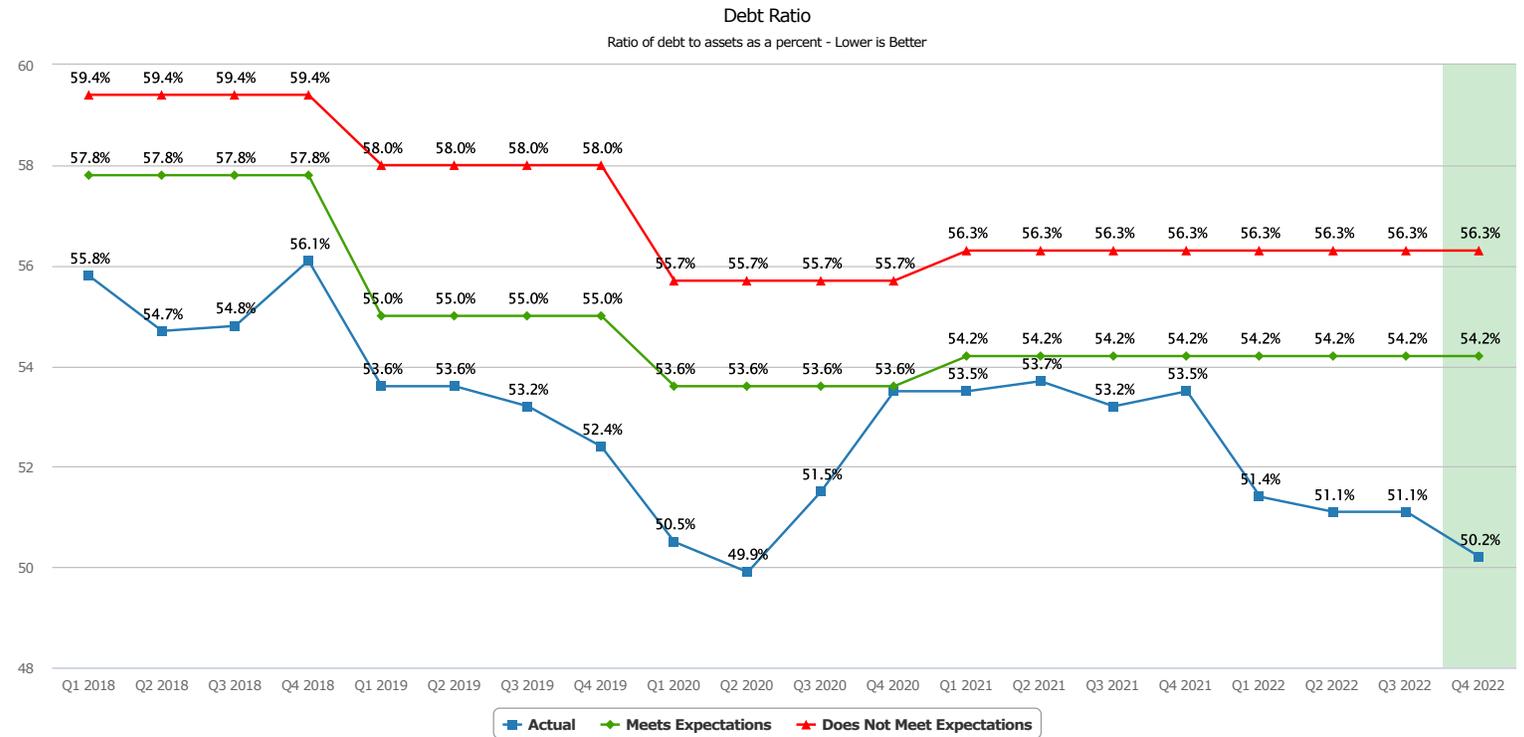
**Reported as:** year-to-date actual result

**Target Range:** 54.2 - 50.2%

## MEASURE PERFORMANCE

The year-end 2022 result is 50.2%.

## MEASURE CHART(S)



## PERFORMANCE ANALYSIS

- Debt ratio is a meets expectations and is slightly better than the Annual Operating and Financial Plan (AOFPP).
- This result is preliminary, pending completion of the year-end audit.

## MEASURE DESCRIPTION

**Strategic Objective Supported:** Build Financial Strength

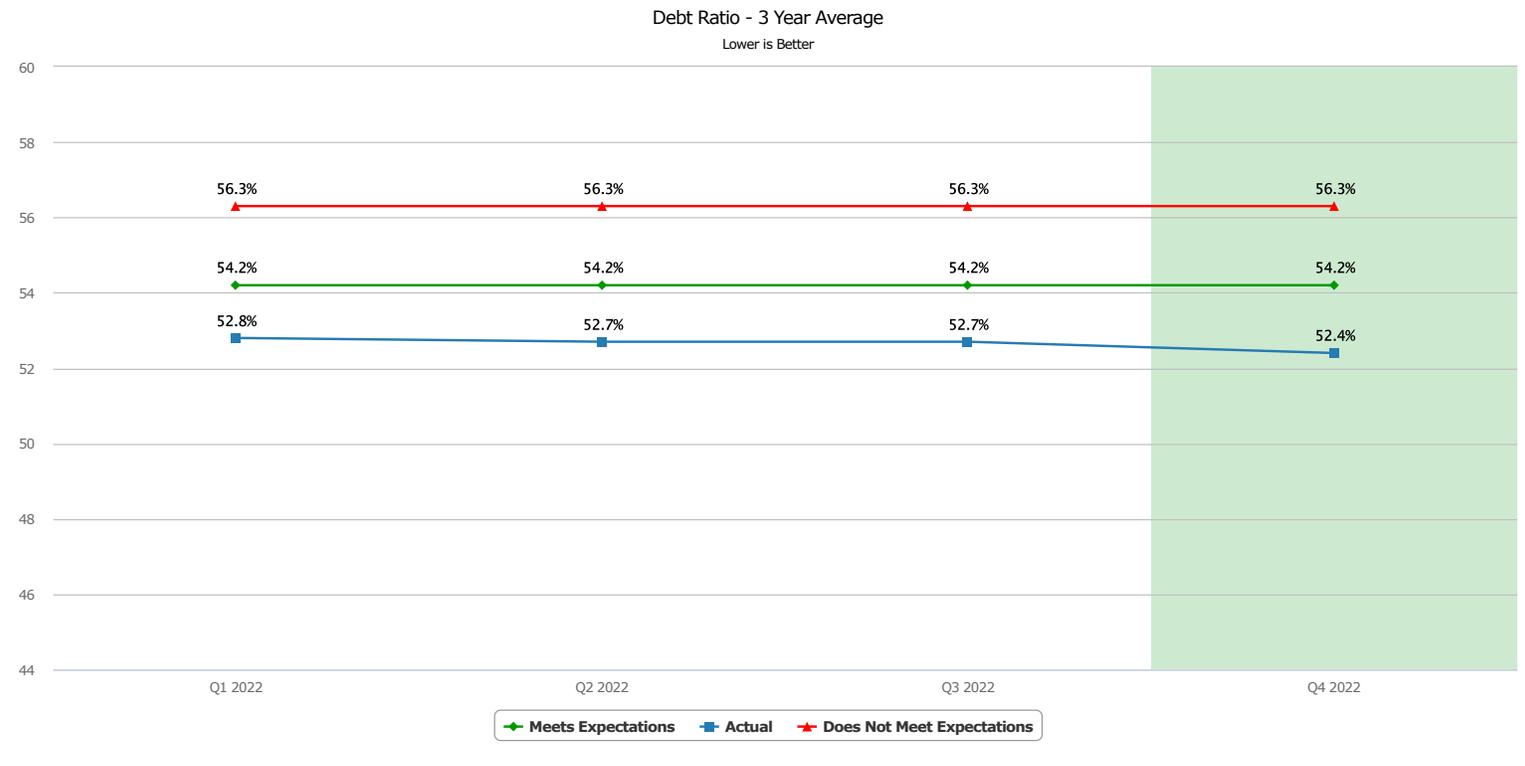
**Reported as:** Current year to date and the previous 2 years of history

**Target Range:** 54.2 - 50.2%

## MEASURE PERFORMANCE

The year-end 2022 result is 52.4%.

## MEASURE CHART(S)



## PERFORMANCE ANALYSIS

- The three year average for Debt Ratio is a meets expectations.
- This result is preliminary, pending completion of the year-end audit.

MEASURE DESCRIPTION

**Strategic Objective Supported:** Build Financial Strength

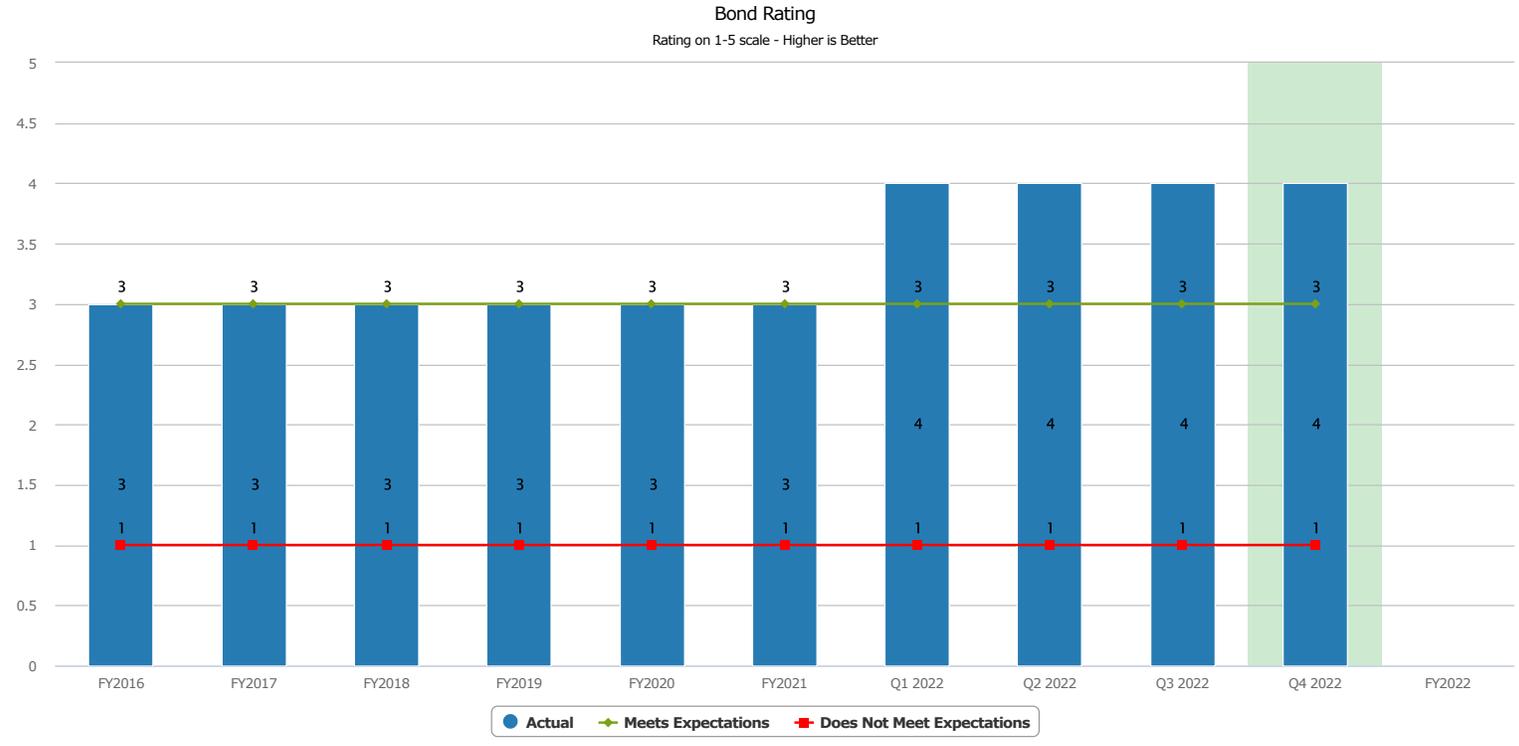
**Reported as:** Standard & Poor's, Moody's Investors Service, and Fitch Ratings

**Target Range:** Standard & Poor's AA, Moody's Investors Service: Aa2, Fitch Ratings: AA

MEASURE PERFORMANCE

The year-end 2022 result is Standard & Poor's (AA+), Moody's (Aa2), and Fitch Ratings (AA), respectively.

MEASURE CHART(S)



PERFORMANCE ANALYSIS

- The long-term credit rating remains unchanged from the previous quarter for Standard and Poor's and Moody's.
- The rating increased from "meets expectations" to "exceeds expectations" in Q1 due to a Utilities Board approved change to the rating scale.
- In recent years, Colorado Springs Utilities made the business decision to no longer seek ratings coverage from Fitch Ratings. However, Fitch Ratings has reaffirmed AA stand-alone credit ratings on all previously issued, still outstanding Springs Utilities issuances; thereby remaining unchanged from the previous quarter.

# 3 P2a Sustainable Energy Project Cost Performance Index (CPI)

Measure Status: Meets Expectations

## MEASURE DESCRIPTION

**Strategic Objective Supported:** Plan, Build and Maintain Assets and Infrastructure

**Reported as:** Cumulative Year-to-Date

**Target Range:** 0.95 - 1.05 (composite score)

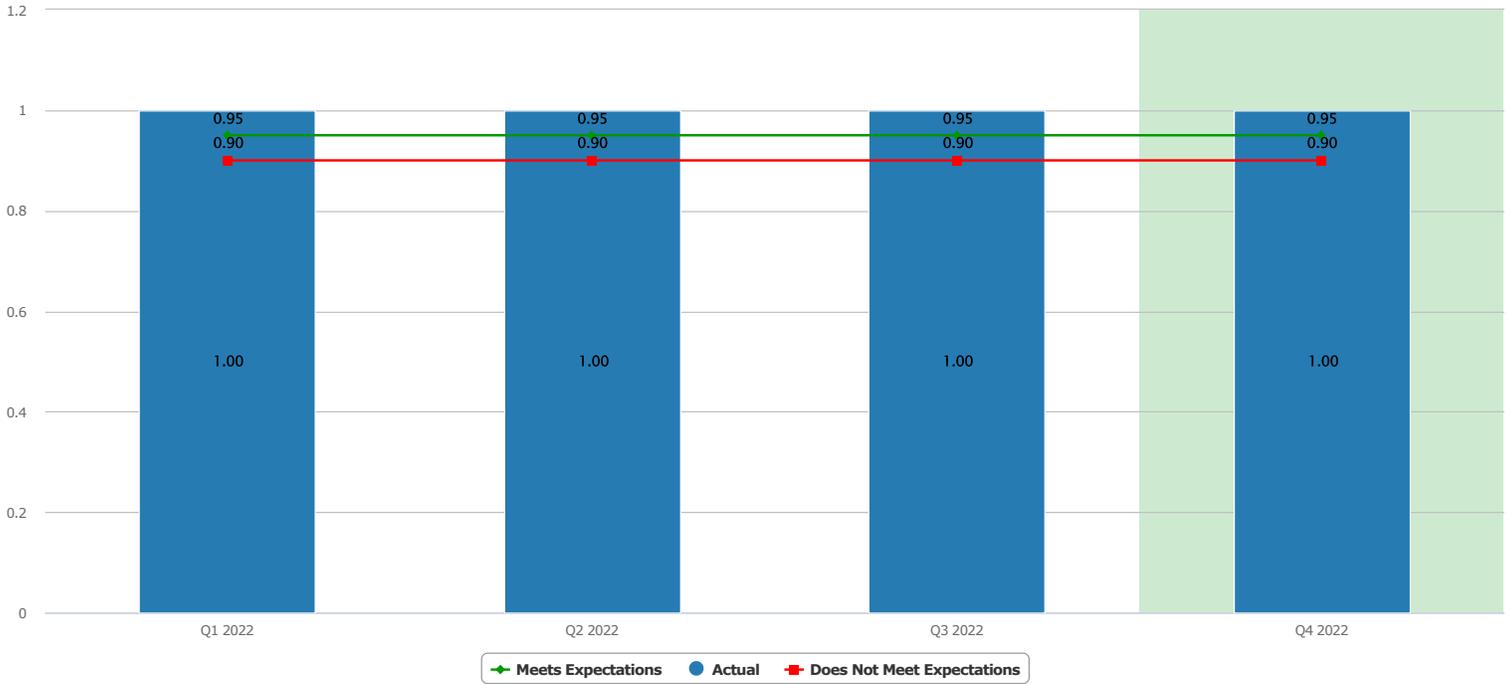
## MEASURE PERFORMANCE

The year-end 2022 Result is 1.00.

## MEASURE CHART(S)

Sustainable Energy Project Cost Performance Index (CPI)

Higher is Better



## PERFORMANCE ANALYSIS

- Cost Performance Index (CPI) is the Earned Value (EV) divided by the Actual Cost (AC).  $CPI = EV / AC$
- Earned Value (EV) is the cost we ascribe to a body of work, activity, task, or deliverable. This establishes the "Rules of Credit" used for tracking the value received.
- Actual Cost (AC) is the actual or "real" cost incurred to accomplish a body of work, activity, task, or deliverable.
- When using a Lump Sum or Guaranteed Maximum Price (GMP) pricing structure, like what is being used on these Sustainable Energy Program (SEP) construction projects,  $EV = AC$ .

Project Name	Earned Value	Actual Value	CPI	Scorecard Rating
Briargate Substation New	\$643,137	\$643,137	1	3
Briargate New Transmission Line	\$828,581	\$828,581	1	3
Cottonwood - Fuller Uprate	\$1,029,347	\$1,029,347	1	3

MEASURE DESCRIPTION

**Strategic Objective Supported:** Plan, Build and Maintain Assets and Infrastructure

**Reported as:** cumulative year-to-date

**Target Range:** 3.0 - 3.9 (composite score)

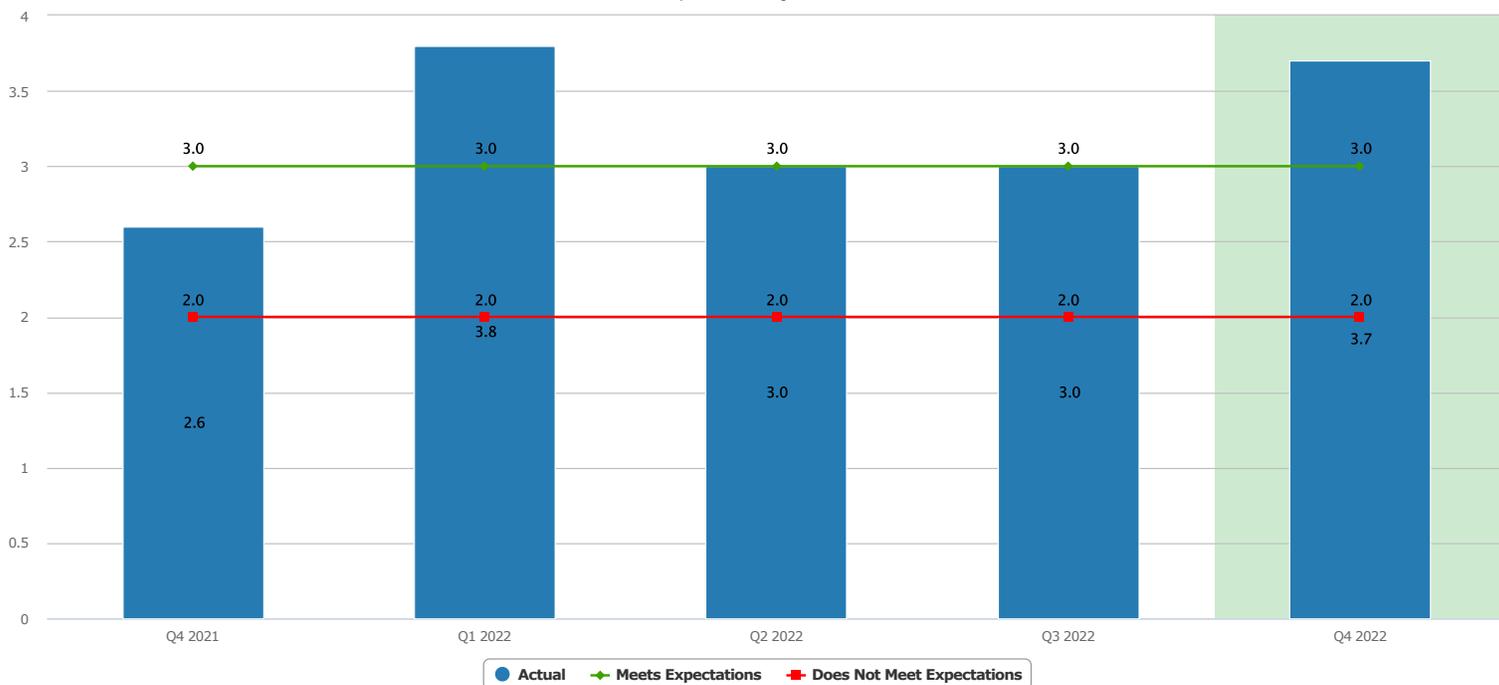
MEASURE PERFORMANCE

The year-end 2022 Result is 3.7

MEASURE CHART(S)

Distribution Integrity Management Program and Compliance Projects Implementation

Composite Score - Higher is Better



PERFORMANCE ANALYSIS

- This measure is weighted 70% schedule and 30% budget
- Schedule is based on progress against 2022 Distribution Integrity Management Program (DIMP) construction metrics defined within the 2022 DIMP program plan.
- Schedule variance for year-end:  $1.10 = 4.0$  Exceeds Expectations
- Budget variance for year-end:  $\$5,695,085 / \$7,926,808 = 0.72 = 3.0$  Meets Expectations

**Total Score:  $(4.0 \times .7) + (3.0 \times .3) = 3.7 =$  Meets Expectations**



## MEASURE DESCRIPTION

**Strategic Objective Supported:** Attract, Develop and Retain an Engaged and Customer-Focused Workforce

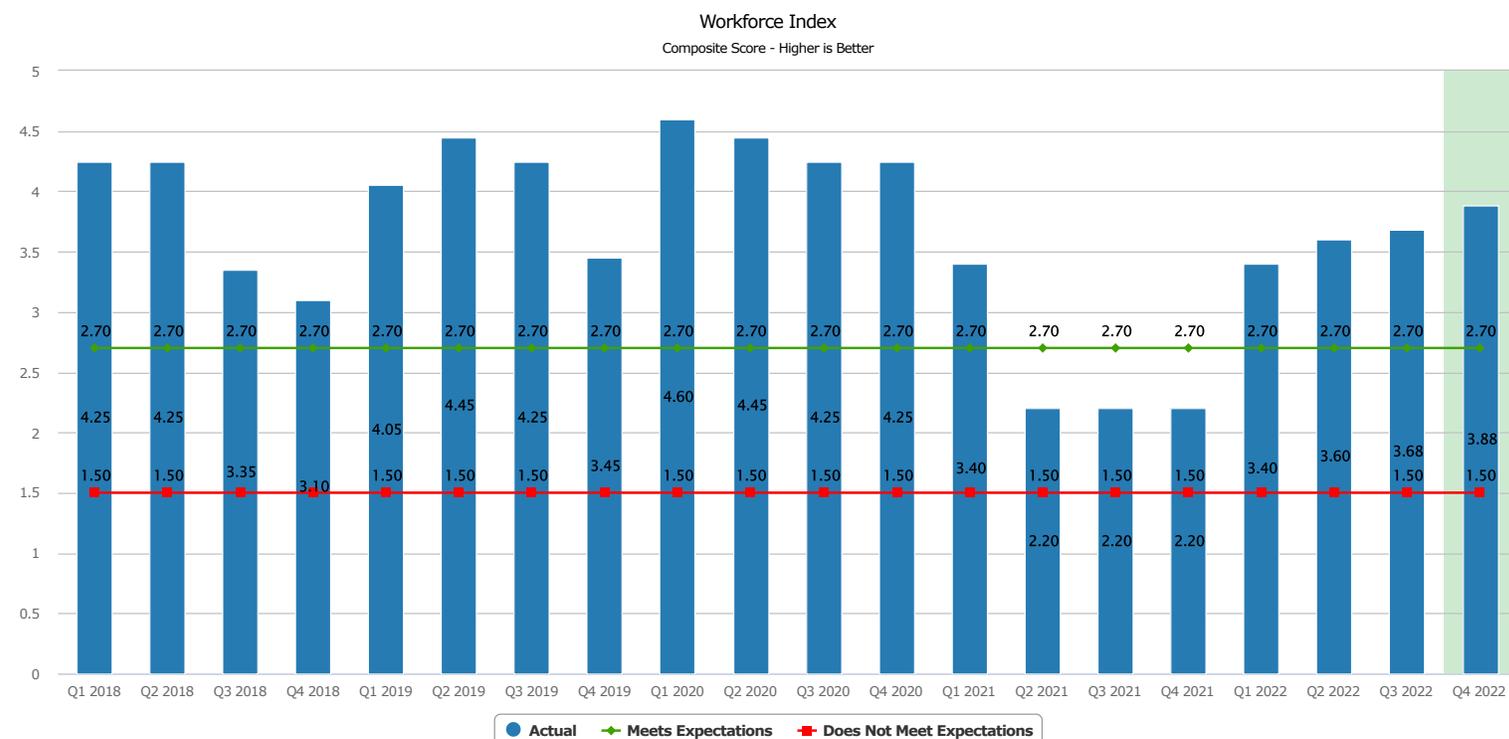
**Reported as:** Year-to-date

**Target range:** 2.70 – 3.49 (composite score)

## MEASURE PERFORMANCE

The year-end 2022 result is 3.88.

## MEASURE CHART(S)



## PERFORMANCE ANALYSIS

The overall Workforce Index is comprised of three components:

1. Quality of Hire for New Hires 20%
2. Total Turnover 40%
3. Compliance with Mandatory and Required Training 40%

- Quality of hire for new hires received a score of 3.0, which partially meets expectations.
- Total turnover received a score of 5.0, which far exceeds expectations.
- Compliance with mandatory and required training received a score of 3.2, which meets expectations.

**Total Score:  $(3.0 \times .2) + (5.0 \times .4) + (3.2 \times .4) = 3.88 = \text{Exceeds Expectations}$**

# 5 F2a Safety: Occupational Injuries and Illnesses Rate

Measure Status: Far Exceeds Expectations

## MEASURE DESCRIPTION

**Strategic Objective Supported:** Ensure Employee, Contractor and Public Safety

**Reported as:** Numerical rating to two decimals

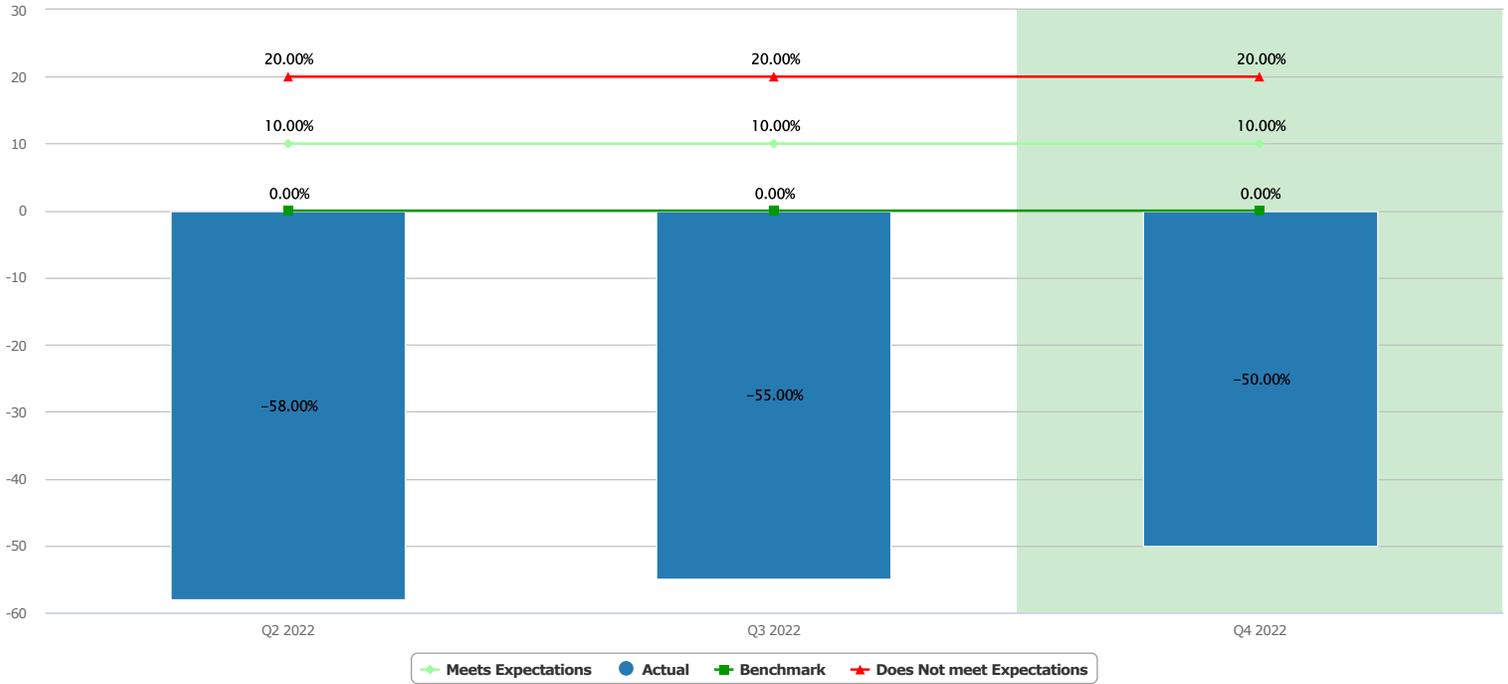
**Target Range:** +/-10% of Benchmark

## MEASURE PERFORMANCE

The year-end 2022 result is 50% below benchmark.

## MEASURE CHART(S)

Safety: Occupational Injuries and Illnesses Rate  
Lower is better



## PERFORMANCE ANALYSIS

- This measure is based on the number of injuries or illnesses with days away from work beyond the date of injury or onset of illness.
- The measure is benchmarked to the North American Industry Classification System (NAICS) Code 22 for utility incidents. The NAICS is the standard used by the Bureau of Labor Statistics to classify data on Occupational Injuries and Illnesses by industries.
- The score for this measure is based on Springs Utilities 6-month Lost Time Incident Rate compared to the previous years' NAICS rate.
  - Far Exceeds Expectations = > 20% Below Benchmark
  - Exceeds Expectations = 10.01 - 20% Below Benchmark
  - Meets Expectations = +/-10% of Benchmark
  - Partially Meets Expectations = 10.01 - 20% above Benchmark
  - Does Not Meet Expectations = > 20% above Benchmark
- There were 10 Lost time incidents and 105 Lost days in 2022.

## MEASURE DESCRIPTION

**Strategic Objective Supported:** Demonstrate Environmental Stewardship

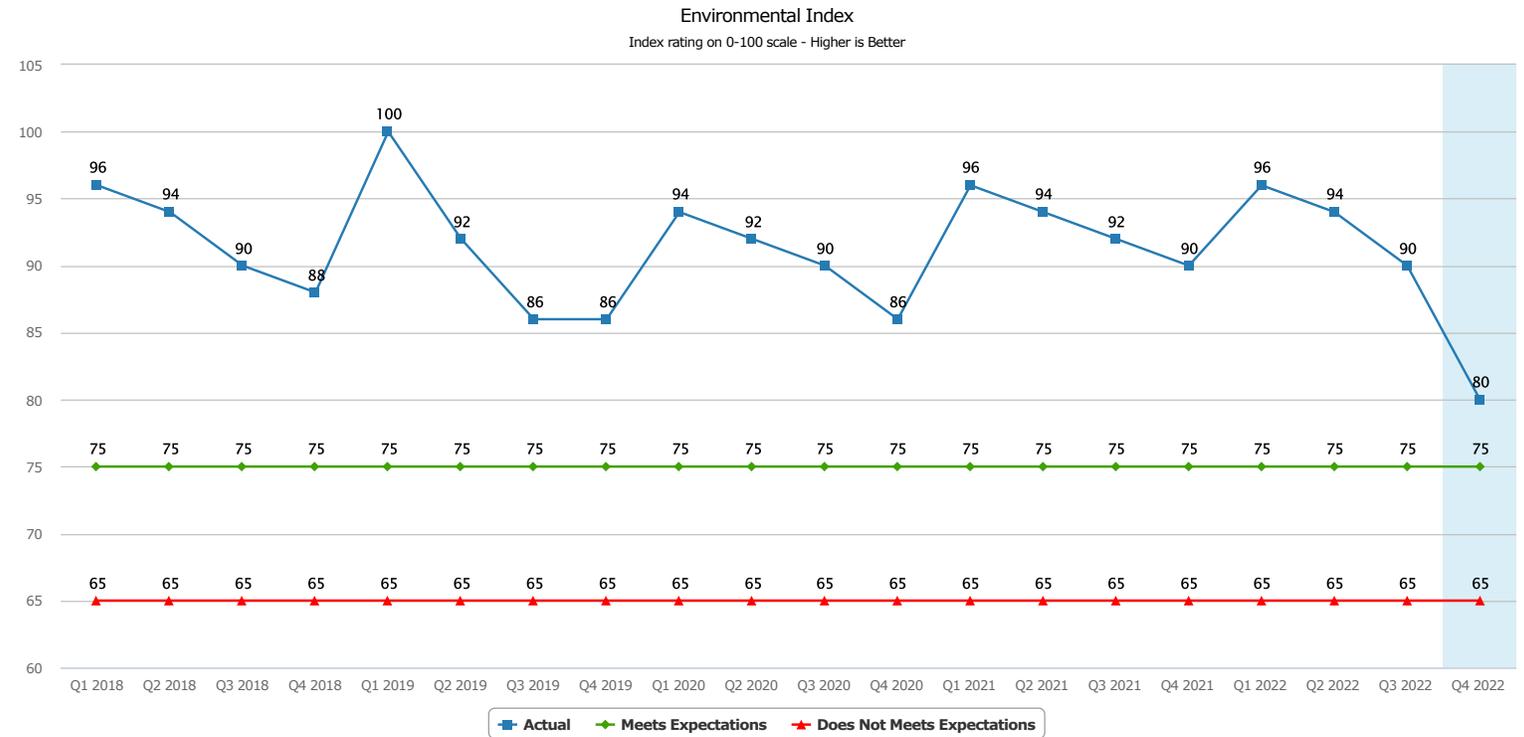
**Reported as:** year-to-date score

**Target range:** 75.00 – 85.99 (environmental rating scale 0 to 100)

## MEASURE PERFORMANCE

The year-end 2022 result is 80.

## MEASURE CHART(S)



## PERFORMANCE ANALYSIS

- There was one regulatory agency inspection in the 4th quarter.
- There were four deductions to the Index in the 4th quarter in the "minor violation" category. One was for a lower limit pH exceedance from the Drake Power Plant industrial wastewater discharge to the sanitary sewer; one for an exceedance of the 1-hour average NOx limit during Nixon unit 2 start-up; one was for an exceedance of the arsenic limit from the Birdsall Power Plant industrial wastewater discharge to the sanitary sewer; and the fourth was the result of one "significant deficiency" and one "violation" noted in the final report from the WQCD for the December 2022 Sanitary Survey inspection of the Nixon drinking water system.
- There was one air emissions exceedance in the 4th quarter related to the Nixon Unit 2 start-up noted above.
- There were no reportable sanitary sewer overflows (SSOs) in the 4th quarter.
- For 2022 there were 8 regulatory agency inspections of Colorado Springs Utilities' facilities and operations and 10 deductions to the Environmental Index in the "Minor Violation" category.
- There were no deductions in the "Major Violation" category.
- There was one short-duration air emissions exceedance event and one reportable SSO for the year.

Year-end 2022 Colorado Springs Utilities Balanced Scorecard

The Balanced Scorecard measures the organization's performance in achieving enterprise Strategic Objectives

Utilities Board Strategic Focus Weight	Strategic Objective	Performance Measure	Responsible Officer	Weight (%)	1 Does Not Meet Expectations	2 Partially Meets Expectations	3 Meets Expectations	4 Exceeds Expectations	5 Far Exceeds Expectations	Result	Trend	Rating	Weighted Rating	
Rates 40%	Keep Bills Competitive	1. Residential Electric Service Bill - Front Range Comparison	Tristan Gearhart	4.5	>10.0% higher than average	5.1 – 10.0% higher than average	+/- 5.0% of average	5.1 – 10.0% lower than average	>10.0% lower than average	-1.46%	▲	3	0.14	
	Keep Bills Competitive	2. Residential Natural Gas Service Bill - Front Range Comparison		4.5	>10.0% higher than average	5.1 – 10.0% higher than average	+/- 5.0% of average	5.1 – 10.0% lower than average	>10.0% lower than average	13.37%	▲	1	0.05	
	Keep Bills Competitive	3. Residential Water Service Bill - Front Range Comparison		4.5	>35.0% higher than average	30.1 – 35.0% higher than average	20.1 – 30.0% higher than average	15.0 – 20.0% higher than average	<15.0% higher than average	14.10%	▼	5	0.23	
	Keep Bills Competitive	4. Residential Wastewater Service Bill - Front Range Comparison		4.5	>10.0% higher than average	5.1 – 10.0% higher than average	+/- 5.0% of average	5.1 – 10.0% lower than average	>10.0% lower than average	-12.21%	▲	5	0.23	
	Keep Bills Competitive	5. Small Comm 4-Service Bill - Front Range Comparison		4.5	>10.0% higher than average	5.1 – 10.0% higher than average	+/- 5.0% of average	5.1 – 10.0% lower than average	>10.0% lower than average	12.94%	▲	1	0.05	
	Keep Bills Competitive	6. Large Comm/Indust 4-Service Bill - Front Range Comparison		4.5	>10.0% higher than average	5.1 – 10.0% higher than average	+/- 5.0% of average	5.1 – 10.0% lower than average	>10.0% lower than average	13.19%	▲	1	0.05	
	Keep Bills Competitive	7. Indust Electric-intensive Cust Bill - Front Range Comparison		3.0	<5.0% lower than average	5.0 - 9.9% lower than average	10.0 – 15.0% lower than average	15.1 – 20.0% lower than average	>20.0% lower than average	-4.55%	▲	1	0.03	
	Build Financial Strength	8. Days Cash on Hand - Current Year*		1.0	<140 days	140 - 150 days	151 - 160 days	161 - 180 days	>180 days	151	▼	3	0.03	
	Build Financial Strength	9. Days Cash on Hand - 3 Year Average*		1.0	<140 days	140 - 150 days	151 - 160 days	161 - 180 days	>180 days	170	▼	4	0.04	
	Build Financial Strength	10. Adjusted Debt Service Coverage - Current year*		1.0	< 1.75 times	1.75 - 1.79 times	1.80 - 1.90 times	1.91-1.95 times	> 1.95 times	2.21	—	5	0.05	
	Build Financial Strength	11. Adjusted Debt Service Coverage - 3 Year Average*		1.0	< 1.75 times	1.75 - 1.79 times	1.80 - 1.90 times	1.91-1.95 times	> 1.95 times	1.95	—	4	0.04	
	Build Financial Strength	12. Debt Ratio - Current Year*		1.0	>56.3%	56.3 - 54.3%	54.2 - 50.2%	50.1 - 48.1%	<48.1%	50.2%	▲	3	0.03	
	Build Financial Strength	13. Debt Ratio - 3 Year Average*		1.0	>56.3%	56.3 - 54.3%	54.2 - 50.2%	50.1 - 48.1%	<48.1%	52.4%	▲	3	0.03	
	Build Financial Strength	14. Bond Rating		4.0	Any 2 of the 3 ratings from the agencies less than AA (S&P)/Aa2 (Moody's)/AA (Fitch)	Any 1 of the 3 ratings from the agencies less than AA (S&P)/Aa2 (Moody's)/AA (Fitch)	Standard & Poors AA Moody's Investors Service: Aa2 Fitch Ratings : AA	Any 1 of the 3 ratings from the agencies greater than AA (S&P)/Aa2 (Moody's)/AA (Fitch)	Any 2 of the 3 ratings from the agencies greater than AA (S&P)/Aa2 (Moody's)/AA (Fitch)	Standard & Poors AA+ Moody's Investors Service: Aa2 Fitch Ratings : AA	—	4	0.16	
Reliability 40%	Provide Safe, Resilient and quality Services	15. Electric - SAIDI - Interruptions in minutes per year	Travas Deal	5.0	> 57.50 minutes	57.50 – 52.51 minutes	52.50 – 47.51 minutes	47.50 – 42.50 minutes	< 42.50 minutes	36.27	▲	5	0.25	
	Provide Safe, Resilient and quality Services	16. Natural Gas - Failures per 100 miles of pipe		5.0	> 8.00 failures	8.00 - 6.01 failures	6.00 - 4.00 failures	3.99 - 2.00 failures	< 2.00 failures	3.16	▼	4	0.20	
	Provide Safe, Resilient and quality Services	17. Water - Failures per 100 miles of pipe		5.0	> 14.00 failures	14.00 – 12.01 failures	12.00 – 10.00 failures	9.99 – 8.00 failures	< 8.00 failures	12.47	▼	2	0.10	
	Provide Safe, Resilient and quality Services	18. Wastewater - Failures per 100 miles of pipe		5.0	> 1.00 failures	1.00 - 0.76 failures	0.75 - 0.51 failures	0.50 - 0.25 failures	< 0.25 failures	0.49	—	4	0.20	
	Major Projects													
	Plan, Build and Maintain Assets and Infrastructure	19. Sustainable Energy Project Cost Performance Index (CPI)	Lisa Barbato	10.0	<0.90	0.90 - 0.94	0.95 - 1.05	1.06 - 1.10	>1.10	1.00	—	3	0.30	
	Support Community	20. Infrastructure Coordination with City		5.0	<0.80	0.80 - 0.93	0.94 - 1.06	1.07 - 1.20	>1.20	1.05	▲	3	0.15	
Plan, Build and Maintain Assets and Infrastructure	21. Gas Distribution Integrity Management Program Construction and Operations Implementation	Travas Deal	5.0	<2.0	2.0-2.9	3.0-3.9	4.0-4.9	>4.9	3.70	▲	3	0.15		
Relationships 20%	Focus on the Customer	22. Customer Satisfaction - Residential	Mike Francolino	3.0	< 1.50	1.50 - 2.49	2.50 - 3.49	3.50 - 4.49	> 4.49	1.68	▲	2	0.06	
	Focus on the Customer	23. Customer Satisfaction - Business		3.0	< 1.50	1.50 - 2.49	2.50 - 3.49	3.50 - 4.49	> 4.49	2.74	▲	3	0.09	
	Ensure Employee, Contractor and Public Safety	24. Safety: Occupational Injuries and Illnesses Rate	Renee Adams	8.0	> 20% Above Benchmark	10.01 - 20% Above Benchmark	+/-10% of Benchmark	10.01 - 20% Below Benchmark	> 20% Below Benchmark	50% Below Benchmark	—	5	0.40	
	Demonstrate Environmental Stewardship	25. Environmental Stewardship	Lisa Barbato	3.0	< 65.00	65.00 – 74.99	75.00 – 85.99	86.00 – 94.99	> 94.99	80.00	▼	3	0.09	
	Attract, Develop and Retain a Skilled and Diverse Workforce	26. Skilled Workforce	Renee Adams	3.0	< 1.50	1.50 - 2.69	2.70 - 3.49	3.50 - 4.60	> 4.60	3.88	▲	4	0.12	
											<b>Overall Score:</b>		<b>3.24</b>	

As of 12/31/2022

Trend Key	
▲	Favorable
▼	Unfavorable
—	No Change

\*Results for Days Cash on Hand, Adjusted Debt Service Coverage and Debt Ratio, both current year and 3 year average, are preliminary, pending the completion of the year-end audit.



# OFFICE OF THE CITY AUDITOR

## COLORADO SPRINGS, COLORADO

Jacqueline M. Rowland  
City Auditor, CPA CFE PMP



# 23-06 Colorado Springs Utilities Board Instruction 4, Risk Management

March 2023

### **Purpose**

The purpose of this high level review was to determine whether Colorado Springs Utilities complied with Utilities Board Instruction to the Chief Executive Officer, Policy I-4, Risk Management.

### **Highlights**

Based on our review we conclude that Colorado Springs Utilities (Utilities) and the Chief Executive Officer (CEO) were in compliance with Utilities Board Instructions to the Chief Executive Officer, Policy I-4, Risk Management (I-4) for the calendar year 2022. We identified one observation and one opportunity for improvement to strengthen the enterprise risk management. Please see page two of this report for details.

The Office of the City Auditor completed our review as directed by City Council acting in its capacity as the Utilities Board. Under Governance Policy Manual, Guidelines, Organizational Oversight (E-2.3), the Office of the City Auditor is required to monitor compliance with Policy I-4, Risk Management annually.

Policy I-4 states, "The Chief Executive Officer shall direct that the enterprise maintain enterprise risk management activities that identify, assess and prudently manage a variety of risks including strategic, financial, operational, legal and hazard."

Within the I-4, the CEO is required to maintain a Risk Management Committee, operate under, and maintain an Enterprise Risk Management Plan to include Energy Risk Management, Investment, and Financial Risk Management Plans.

Our audit included a review of the Risk Management Committee materials and written policies required by I-4. We interviewed Colorado Springs Utilities personnel responsible for administering policies. Per the I-4, Utilities prepared semi-annual reports on Board Instruction compliance results. We verified the accuracy and reliability of statements made in the August 17, 2022 and February 22, 2023 reports. We did recognize the Enterprise Risk Management Plan was in draft status, however, in the most current semi-annual report, Utilities acknowledged it has not been updated but would be finalized in 2023.

### **Management Response**

Management was in agreement with our recommendations.

### **Recommendations**

1. We recommend utilizing the enterprise risk tracking tool available.

### **Opportunity for Improvement**

1. Revise Instruction and Guideline pertaining to I-4 to align with Utilities Board decisions.

# 23-06 COLORADO SPRINGS UTILITIES BOARD INSTRUCTION 4, RISK MANAGEMENT

## **Observation 1**

- The enterprise risk tracking tool was not being utilized, therefore there was no available supporting documentation to review.

In 2021 a consultant was engaged and built an Excel tool to be utilized as the enterprise risk tracking tool. The tool, which could add value to enterprise risk tracking, was not implemented.

While the Financial Risk Report was provided to the Risk Management Committee monthly, the invested tool should be implemented to strengthen the enterprise risk tracking process to adequately report risk on an enterprise-wide-basis.

## **Management Response**

Management agrees with this observation and will configure the excel tracking tool received and begin using this with the May 2023 Risk Management Committee Meeting.

## **Recommendation**

Utilities Management should:

Implement the enterprise risk tracking tool available and assess if other tools could be acquired to strengthen the enterprise risk tracking process.

## **Opportunity for Improvement 1**

- Excellence in Governance Policy Manual, Risk Management (I-4) and Compliance Report Frequency and Method Guidelines (G-3) were not accurate for Monitoring Frequency.

The February 22, 2023 Risk Management (I-4) Instruction Compliance Report indicates monitoring will include Internal, City Auditor, and External. The Monitoring Frequency indicates Semi-Annual, Annual, and Years ending in 0 and 5. Utilities Board approved replacing requirement for external monitoring frequency of years ending in 0 and 5, allowing for Utilities Board discretion on external reviews. However, I-4 and G-3 monitoring frequency stated requirements were not updated.

## **Management Response**

Management agrees and will collaborate with the Office of the City Auditor in updating the external reporting requirement language in the report heading. This will be accomplished as soon as possible and will be reflected in the next I-4 report issued.

## **Recommendation**

Utilities Management should:

Revise the I-4 Instruction and G-3 Guidance related to monitoring frequency for external audit. Updates should reflect the Utilities Board decision.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors.



**Date:** March 22, 2023

**To:** Utilities Board

**From:** Travas Deal, Chief Executive Officer

**Subject:** **Excellence in Governance Compliance Report  
Asset Protection (I-8)**

**Desired Action:** Monitoring

**Compliance:** The CEO reports compliance with the instructions

INSTRUCTIONS			
Category:	<b>Utilities Board Instructions to the Chief Executive Officer</b>	Reporting Timeframe:	<b>July 1, 2022 – December 31, 2022</b>
Policy Title (Number):	<b>Asset Protection (I-8)</b>	Reviewing Committee:	<b>Finance</b>
Monitoring Type:	<b>Internal; City Auditor</b>	Monitoring Frequency:	<b>Semi-Annual; Annual</b>

**The Chief Executive Officer shall direct that enterprise assets are protected, adequately maintained and not unnecessarily risked. Accordingly, the CEO shall:**

- 1. Protect enterprise assets including, but not limited to, water rights, rights of way, physical assets, cyber assets, intellectual property, records and information from loss or significant damage.*

Plans and programs are in place that address and comply with the expectations of this policy to include, but not limited to:

	<b>Frequency of Update</b>	<b>Last Updated</b>	<b>Planning Horizon</b>	<b>Responsible Division</b>
Cyber Security:				Customer and Enterprise Services
Cyber Security Incident Response Plan	Every 5 years	2022	5 years	
Cyber Security Vulnerability Management Program	Every 3 years	2021	Ongoing	
Cyber Security (Risk Management) Framework	Every 3 years	2018 <sup>1</sup>	Ongoing	
Security Operations:				Operations
Physical Security Program	5 years	2021	10 years	
Physical Security for Rampart Dam and Reservoir and Tesla Hydro Plant	1 year	2022	Ongoing	
Emergency Management:				Operations
Emergency Operations Plan	3 years	2022	Ongoing	
Dam Emergency Action Plans	1 year	2022	Ongoing	
Water Resource Recovery Facility Flood Emergency Evacuation Plans	1 year	2021	Ongoing	
Facilities Management:				System Planning and Projects
Facilities Master Plan	5 years	2021	10 years	
Facilities Maintenance Program	Annual	2021	10 years	
Records and Information Management:				Human Resources and Administration
Records Retention Program provides ongoing records compliance and disposition review and support	Ongoing	2020	3 years	
Water Resources Management:				System Planning and Projects
Reporting of water use in accordance with decrees, permits and agreements	Ongoing	Ongoing	Ongoing* as needed	

Watershed Management Plans	Ongoing* as needed	Ongoing	Ongoing* as needed	
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<sup>1</sup>Was updated February 2023 but not for the reporting timeframe of July 1, 2022 – Dec. 31, 2022.

2. *Allow real estate transactions that comply with the City of Colorado Springs Real Estate Manual.*

Colorado Springs Utilities collaborates with the Real Estate Services Office to ensure compliance with all requirements of:

- City of Colorado Springs Procedure Manual for the Acquisition and Disposition of Real Property Interests, Revised 2021 which was approved by City Council by Resolution 39-21 on March 23, 2021.

3. *Only sell, dispose of or allow use of assets at fair market value, except for de minimis contributions to community-oriented organizations.*

Colorado Springs Utilities is in compliance with Colorado Springs City Code §1.5.205, which states that all sales of personal property which are obsolete and unusable shall, except as otherwise specifically provided in this part, be based whenever possible on competitive bids.

4. *Protect the enterprise’s public image and reputation.*

Colorado Springs Utilities strives to build and enhance the public enterprise’s public image through proactive communications, media relations, marketing communications and community relations.



**Date:** Mar. 22, 2023

**To:** Utilities Board

**From:** Travas Deal, Chief Executive Officer

**Subject:** **Excellence in Governance Monitoring Report**  
**Utilities Board/Chief Executive Officer Partnership Expectations (E-2)**

**Desired Action:** Monitoring

EXPECTATIONS	
Category:	<b>Utilities Board/Chief Executive Officer Partnership Expectations</b>
Policy Number:	<b>E: 2 (Chief Executive Officer Responsibilities)</b>

**March 2023 Water Outlook using data as of February 28, 2023**

Locally, temperatures were above average, and precipitation was above average in February. Demands were more than last year at this time.

**2023 Demands:** February use averaged 43.3 million gallons per day (MGD), which was about 6.9% more than last February. Year to date demand is averaging 43.3 MGD, which is 6.9% more than last year at this time. Temperatures in February were above the thirty-year average at 34.5 degrees Fahrenheit, which was 1.0 degrees above-normal. Year to date temperatures have averaged 32.7 degrees Fahrenheit, which is normal for February. Total precipitation for February was 0.48 inches, which was 150% of normal. Year to date precipitation is 0.88 inches, which is 144% of normal.

**Current Reservoir Levels:** Local storage is currently at about 46,968 acre-feet (71% of capacity). The 1991-2020 average is 72% of capacity. Rampart Reservoir is at 80% of capacity, and Pikes Peak storage is at 58% of capacity. System wide, total storage is about 184,600 acre-feet (71% of capacity). Last year at this time, total system wide storage was 72% of capacity. It was about 71% at this same time in 2021, about 79% of capacity in 2020, about 72% of capacity in 2019, about 80% of capacity in 2018, about 78% of capacity in 2017, about 80% of capacity in 2016, about 78% of capacity in 2015, and about 56% of capacity in 2014. The 1991-2021 average system wide storage for the end of February is 72% of capacity.

**Water Supply Outlook:** Our February yield forecast predicts 94% of average yield from

Colorado Springs' water collection systems this year. Snowpack is above average in most of Colorado, except for the Arkansas River Basin. The three-month climate outlook predicts higher chances of above-average temperatures and higher chances of below-average precipitation across Colorado. We continue to monitor snowpack, demand and storage to maximize available water supply.

**Operational Notes:** Due to a scheduled outage at the FVA treatment plant Colorado Springs Utilities is providing water to the FVA partners, which accounts for approximately one quarter of the increased demand compared to February of last year. Total system storage is at 71% of capacity and holds about 2.6 years of demand, which is slightly below average for the end of February. Local storage contains about 240 days of demand.

#### Electric Cost Adjustment (ECA)

On February 28, 2023, City Council approved the ECA rate of \$0.0284 per kWh effective March 1, 2023. As of February 28, 2023, the ECA under collection balance was \$4.7 million. The balance changed by \$3.2 million from the \$7.9 million under collection balance reported last month. Colorado Springs Utilities continues to provide regular updates to the Utilities Board and will propose adjustments as appropriate.

#### Gas Cost Adjustment (GCA)

On February 28, 2023, City Council approved the GCA rate of \$0.3268 per Ccf effective March 1, 2023. As of February 28, 2023, the GCA over collection balance was \$19.0 million. The balance changed by \$7.4 million from the \$11.6 million over collection balance reported last month. Colorado Springs Utilities continues to provide regular updates to the Utilities Board and will propose adjustments as appropriate.



Colorado Springs Utilities  
*It's how we're all connected*

# Water Outlook

Kalsoum Abbasi, P.E.

Planning Supervisor, Water Conveyance

March 1, 2023

# Local Weather Conditions as of February 28, 2023

## Precipitation (Inches of Moisture)

- February 2023 – 0.48 in. (150% of normal)
- 2023 YTD Total – 0.88 in. (144% of normal)

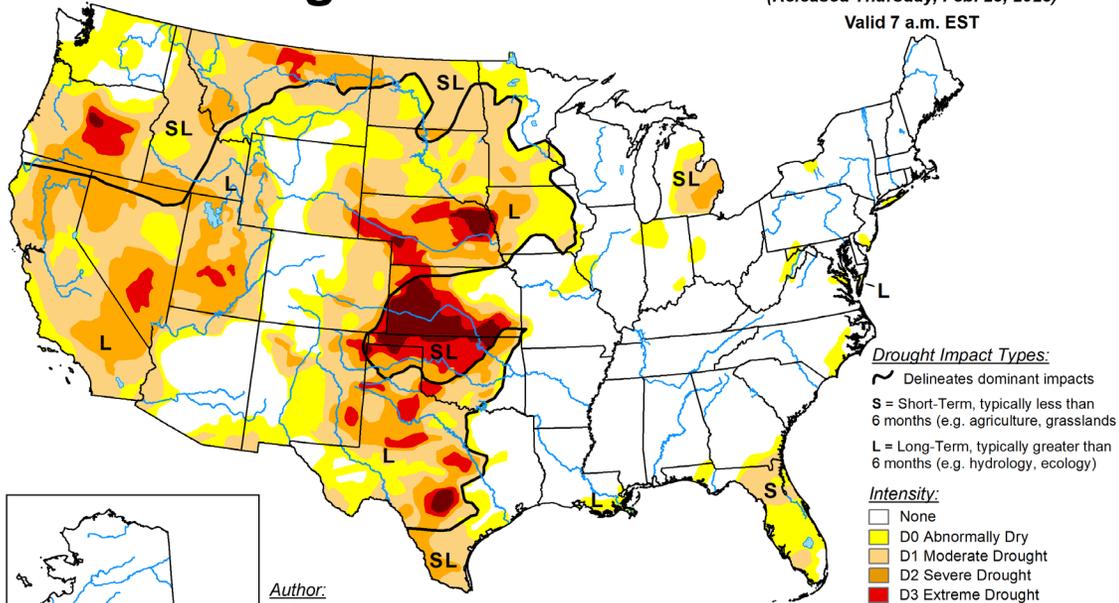
## Average Temperature (Degrees F)

- February 2023 – 34.5 Deg. (1.0 deg. above normal)
- 2023 YTD Average – 32.7 Deg. (0.0 deg. above normal)



# U.S. Drought Monitor

February 21, 2023  
 (Released Thursday, Feb. 23, 2023)  
 Valid 7 a.m. EST



**Drought Impact Types:**  
 ~ Delineates dominant impacts  
 S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)  
 L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

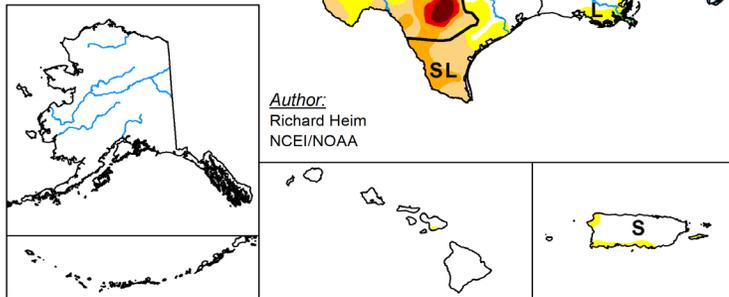
**Intensity:**  
 □ None  
 □ D0 Abnormally Dry  
 □ D1 Moderate Drought  
 □ D2 Severe Drought  
 □ D3 Extreme Drought  
 □ D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>



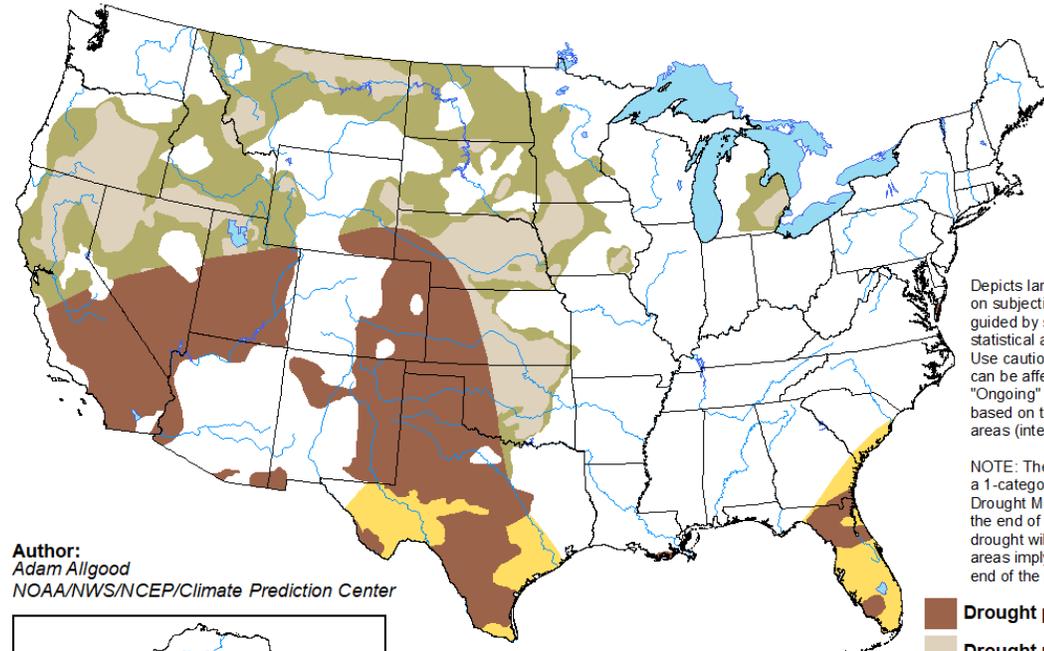
[droughtmonitor.unl.edu](https://droughtmonitor.unl.edu)

Author:  
 Richard Heim  
 NCEI/NOAA



# U.S. Seasonal Drought Outlook Drought Tendency During the Valid Period

Valid for February 16 - May 31, 2023  
 Released February 16



Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Use caution for applications that can be affected by short lived events. "Ongoing" drought areas are based on the U.S. Drought Monitor areas (intensities of D1 to D4).

NOTE: The tan areas imply at least a 1-category improvement in the Drought Monitor intensity levels by the end of the period, although drought will remain. The green areas imply drought removal by the end of the period (D0 or none).

- Drought persists
- Drought remains but improves
- Drought removal likely
- Drought development likely



<http://go.usa.gov/3eZ73>

Author:  
 Adam Allgood  
 NOAA/NWS/NCEP/Climate Prediction Center

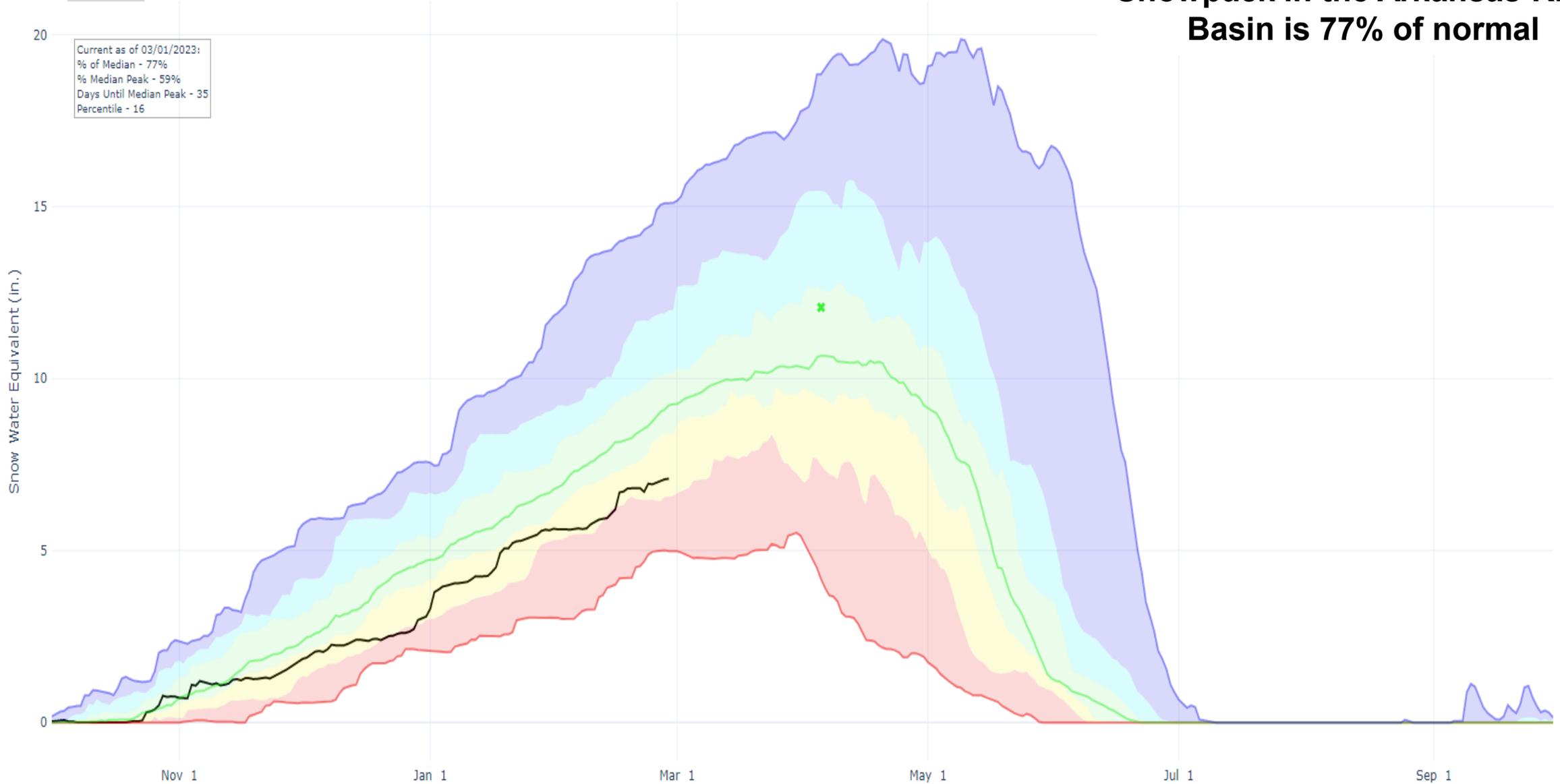


# SNOW WATER EQUIVALENT IN ARKANSAS

Reset Range

Current as of 03/01/2023:  
% of Median - 77%  
% Median Peak - 59%  
Days Until Median Peak - 35  
Percentile - 16

## Snowpack in the Arkansas River Basin is 77% of normal

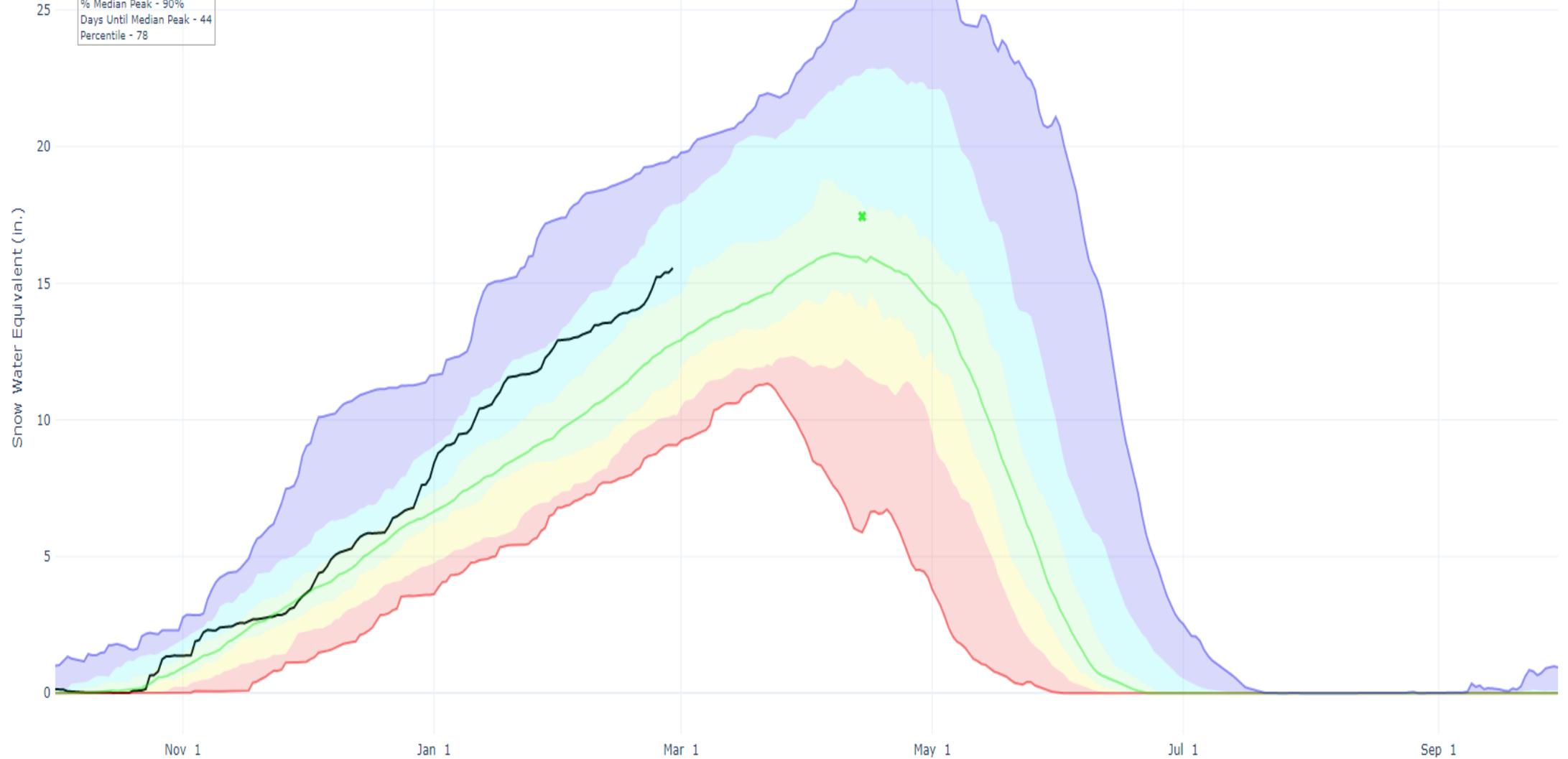


SNOW WATER EQUIVALENT IN COLORADO HEADWATERS

Reset Range

Current as of 03/01/2023:  
% of Median - 122%  
% Median Peak - 90%  
Days Until Median Peak - 44  
Percentile - 78

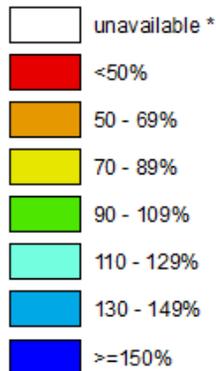
**Snowpack in the Colorado River Basin is 122% of normal**



**Colorado**  
**SNOTEL Current Snow Water Equivalent (SWE) % of Normal**

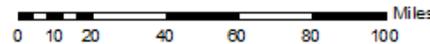
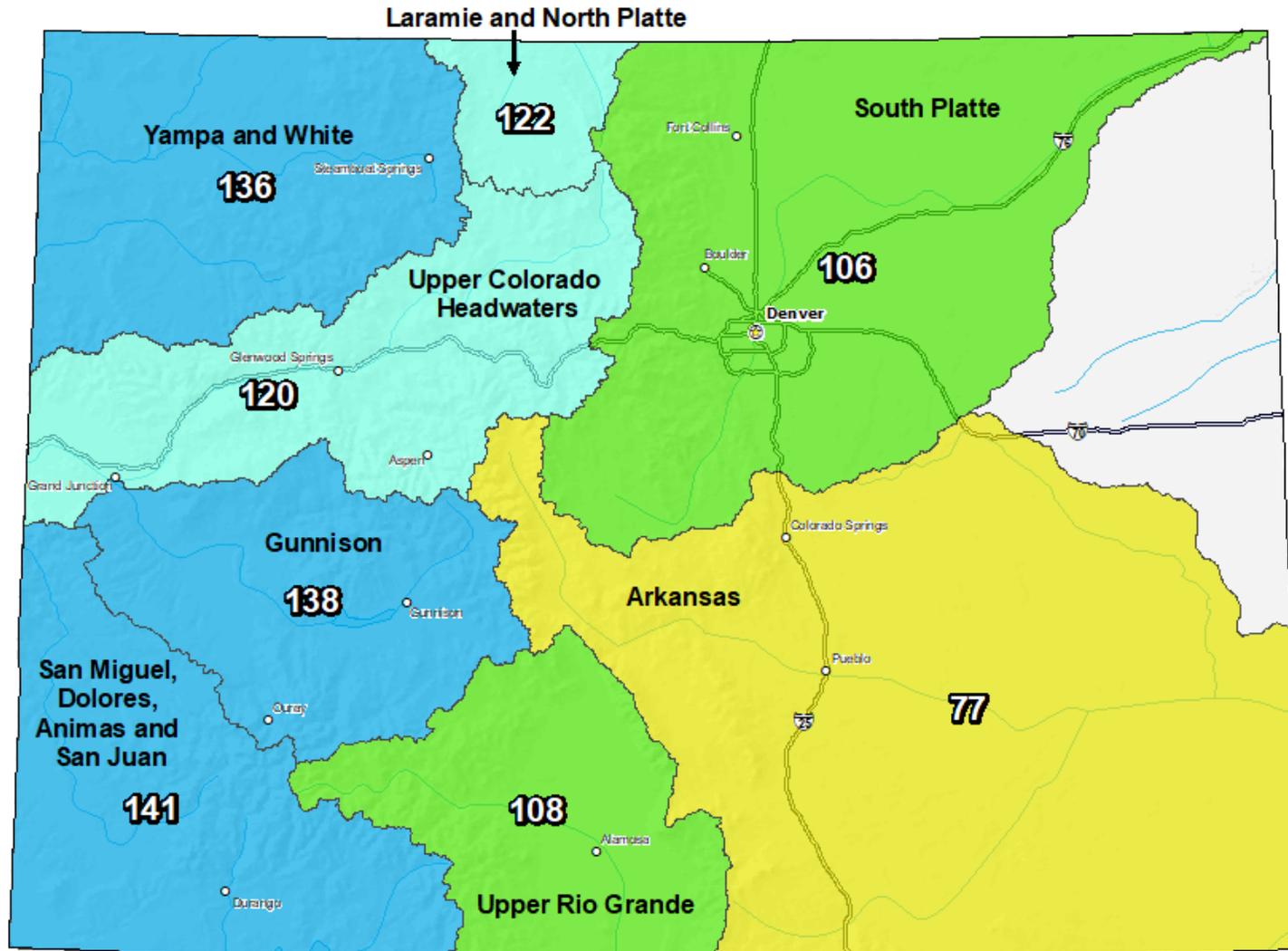
**Feb 28, 2023**

Current Snow Water Equivalent (SWE) Basin-wide Percent of 1991-2020 Median



\* Data unavailable at time of posting or measurement is not representative at this time of year

*Provisional Data  
 Subject to Revision*



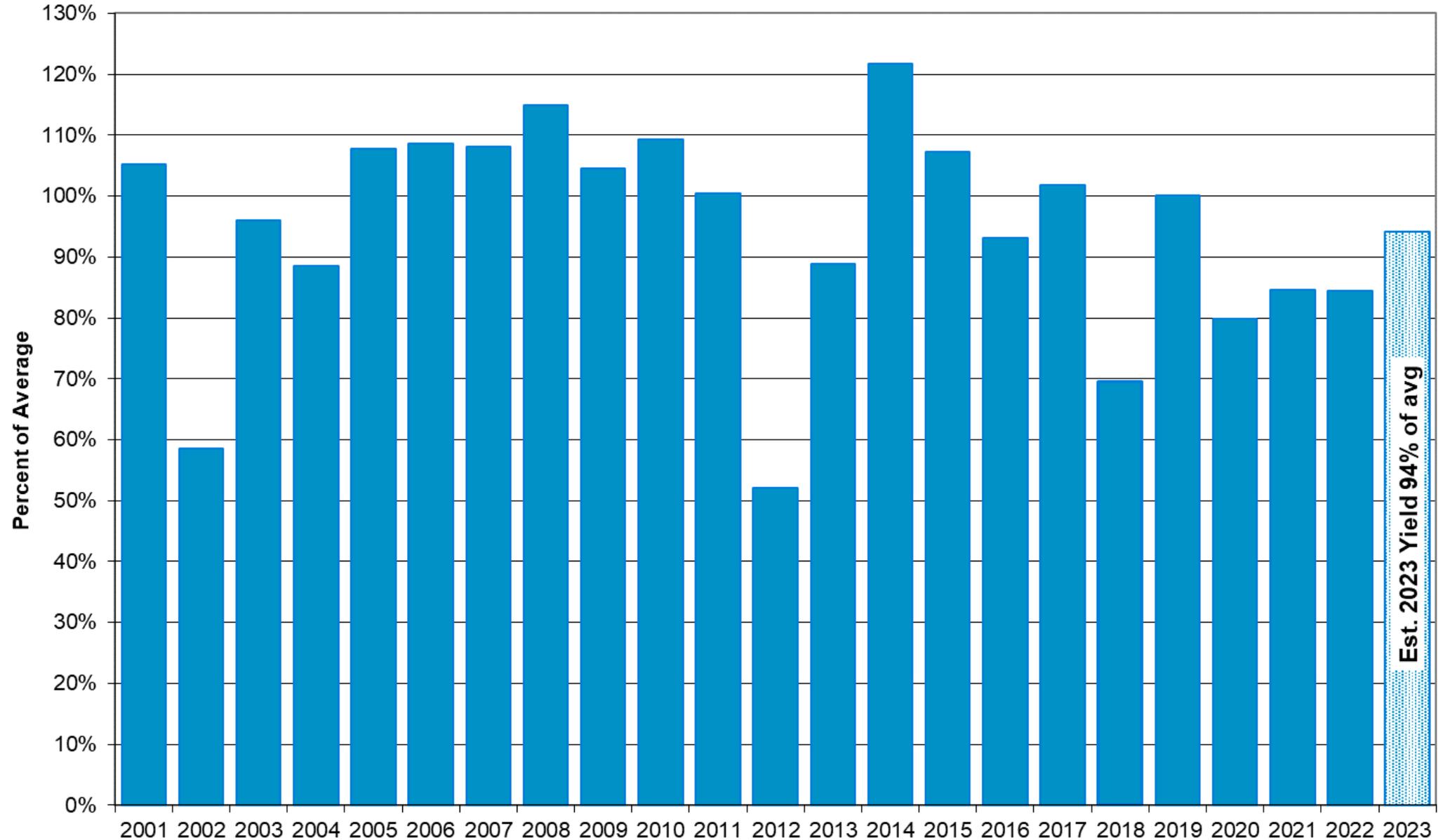
The snow water equivalent percent of normal represents the current snow water equivalent found at selected SNOTEL sites in or near the basin compared to the average value for those sites on this day. Data based on the first reading of the day (typically 00:00).

Prepared by:  
 USDA/NRCS National Water and Climate Center  
 Portland, Oregon  
<https://www.nrcs.usda.gov/wps/portal/wcc/home/>



# Colorado Springs Water Yields 2001 - 2023

Percent of Average Yield



# 2023 Demands

## February

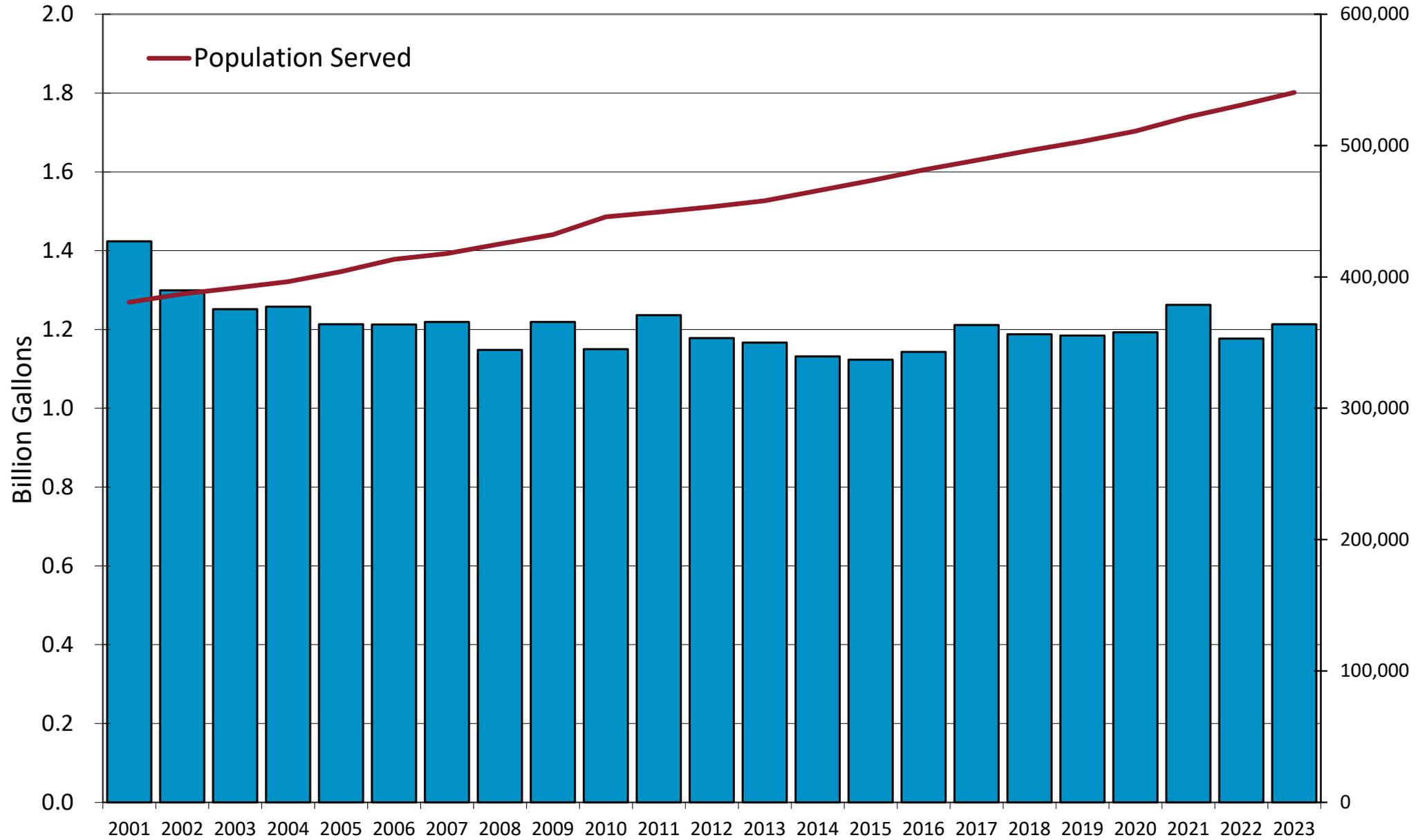
- Averaged 43.3 MGD
- 6.9% more than February 2022
  - This includes delivery to FVA partners during scheduled outage

## 2023 Year to Date

- Averaging 43.3 MGD, 2.5 BG total
  - 6.9% more than 2022
  - 0.16 Billion Gallons more than 2022



# Monthly Water Use for February



# Reservoir Levels

February 28, 2023

- Pikes Peak 58 %
  - 91-20 Avg. 66 %
- Rampart 80 %
  - 91-20 Avg. 81 %
- Local Total 71 %
  - 91-20 Avg. 75 %
- System Total 71 %
  - 91-20 Avg. 72 %



### Colorado Springs' System Wide Storage:

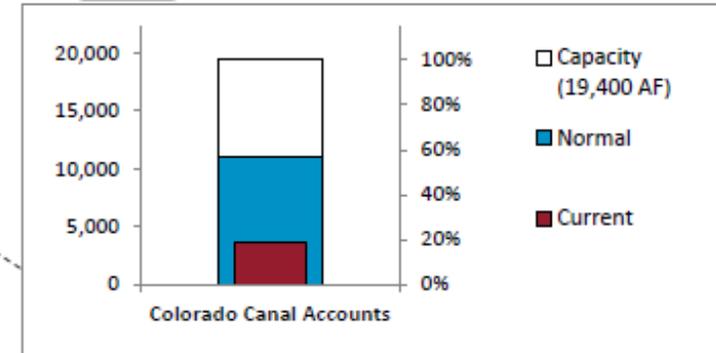
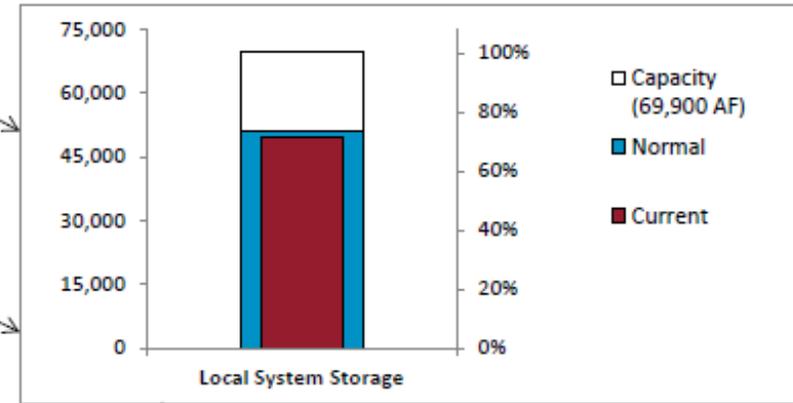
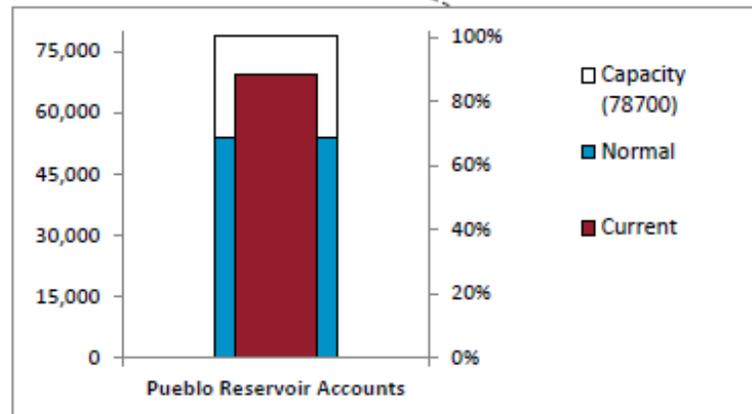
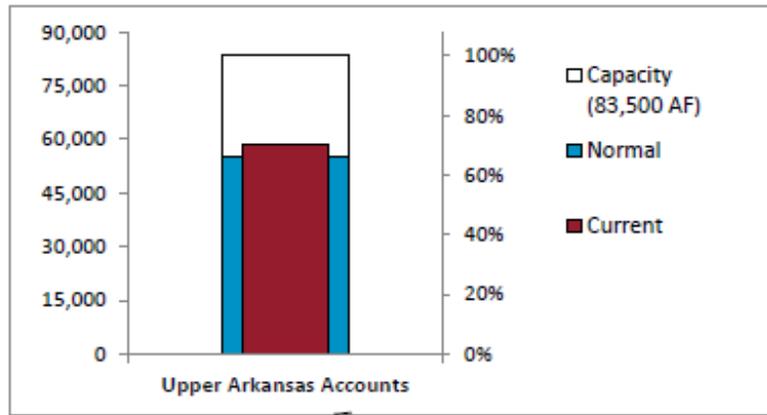
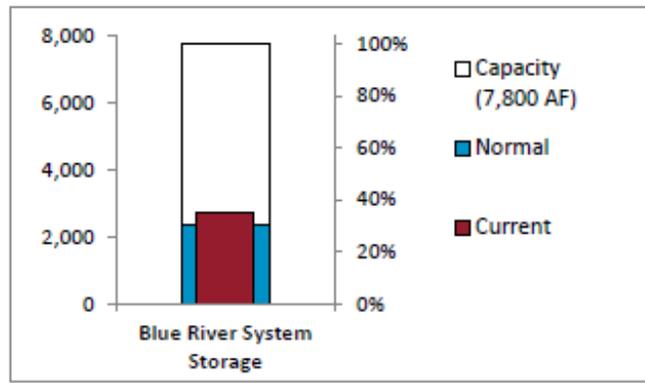
February 28, 2023 : 184,600 af

71.2 %

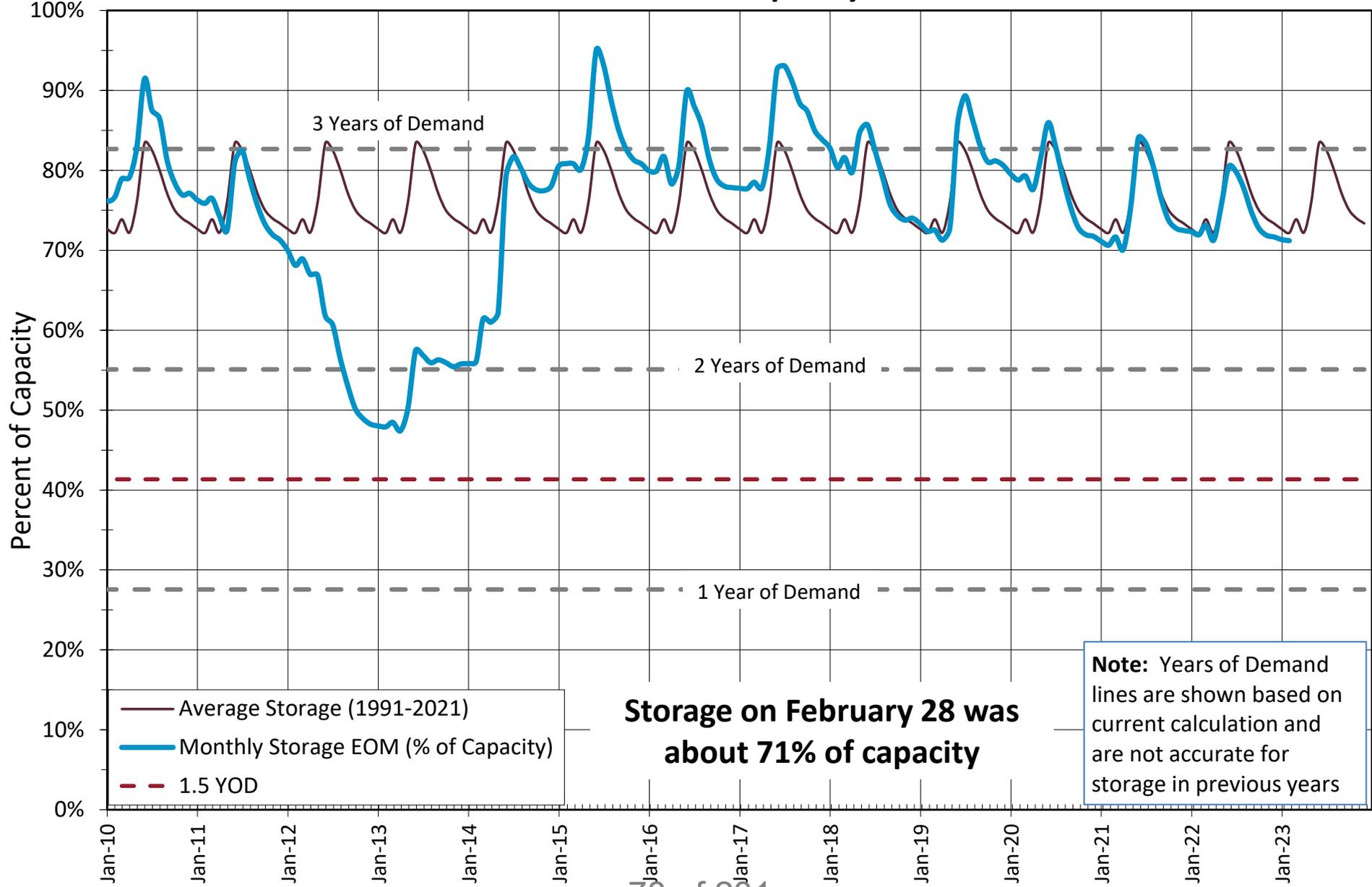
2001-2022 avg : 173,400 af

66.9 %

Average YTD Demand : 43.3 MGD



# Monthly Storage Percent of Capacity



**Storage on February 28 was  
about 71% of capacity**

**Note:** Years of Demand lines are shown based on current calculation and are not accurate for storage in previous years

# 2023 Regional Water Contracts

## Donala Water & Sanitation District

- Through February 28, 2023: Conveyed 0.0 AF for \$0
- Premium to Municipal Government: \$0

## Security Water District

- Through February 28, 2023: Conveyed 0.0 AF for \$0
- Premium to Municipal Government: \$0

Note: Donala and Security water district contracts expired on 12/31/2022. Currently under revision.

## Outside Service Area Augmentation Leases - PF, LLC (Seven Falls), Emerald Valley Ranch

- Through February 28, 2023: Leased 8.5 AF for \$4,748
- Premium to Municipal Government: \$791

**Total 2023 YTD Revenue from Regional Contracts: \$4,748**



# Water Outlook

- Situation Outlook Summary
  - System-wide storage at 71% of capacity, slightly below our long-term average
  - About 2.6 years of demand in storage, based on the past 3 years of demand
  - Have 240 days of demand in local storage
- Three-month outlook predicts
  - Higher chances for above-averages temperatures across southern Colorado
  - Higher chances of below-average precipitation across most of Colorado
- We continue to monitor snowpack, demand and storage to maximize available water supply



Colorado Springs Utilities<sup>®</sup>

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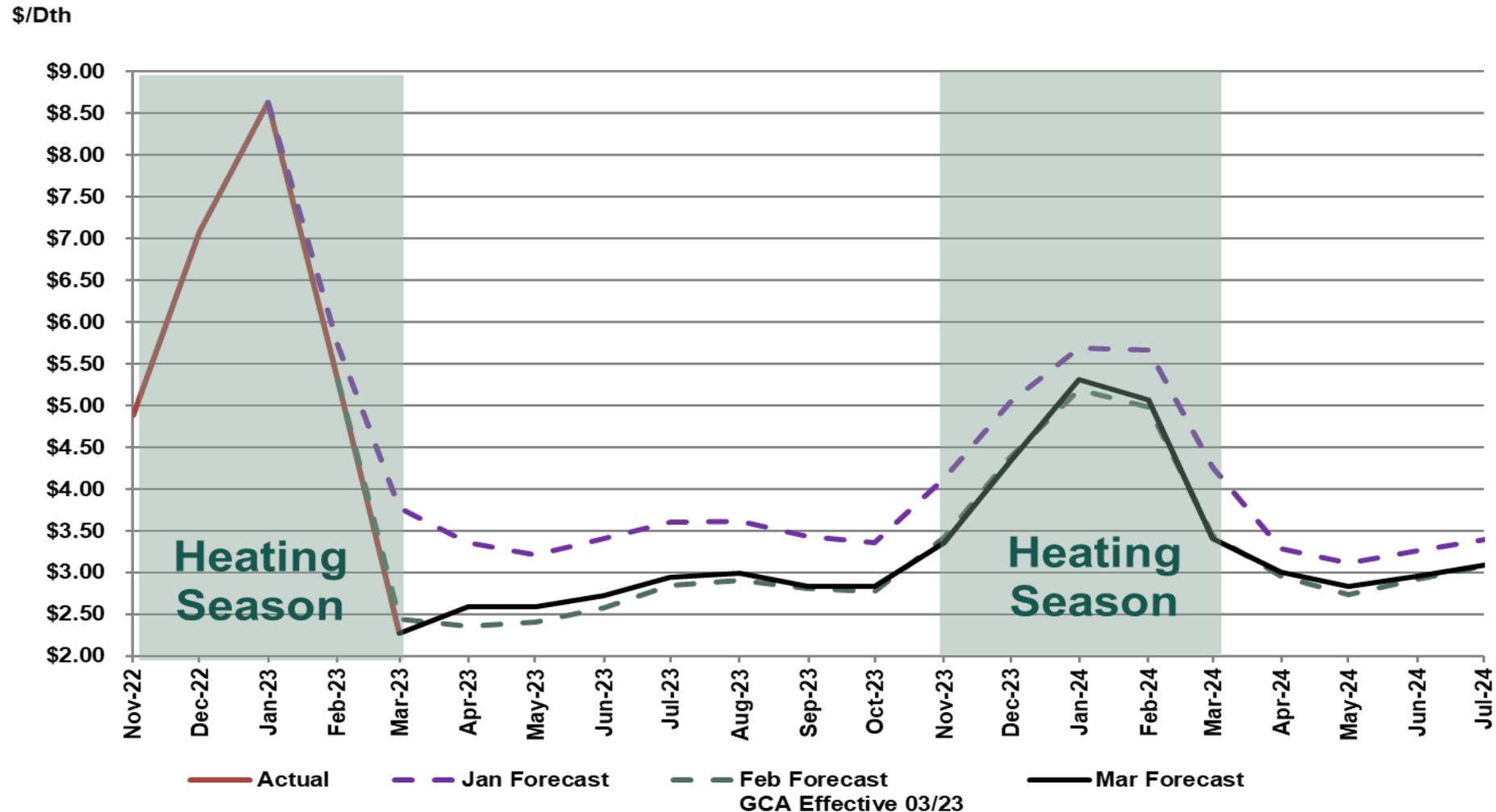
Colorado Springs Utilities  
*It's how we're all connected*

# **Electric Cost Adjustment Gas Cost Adjustment**

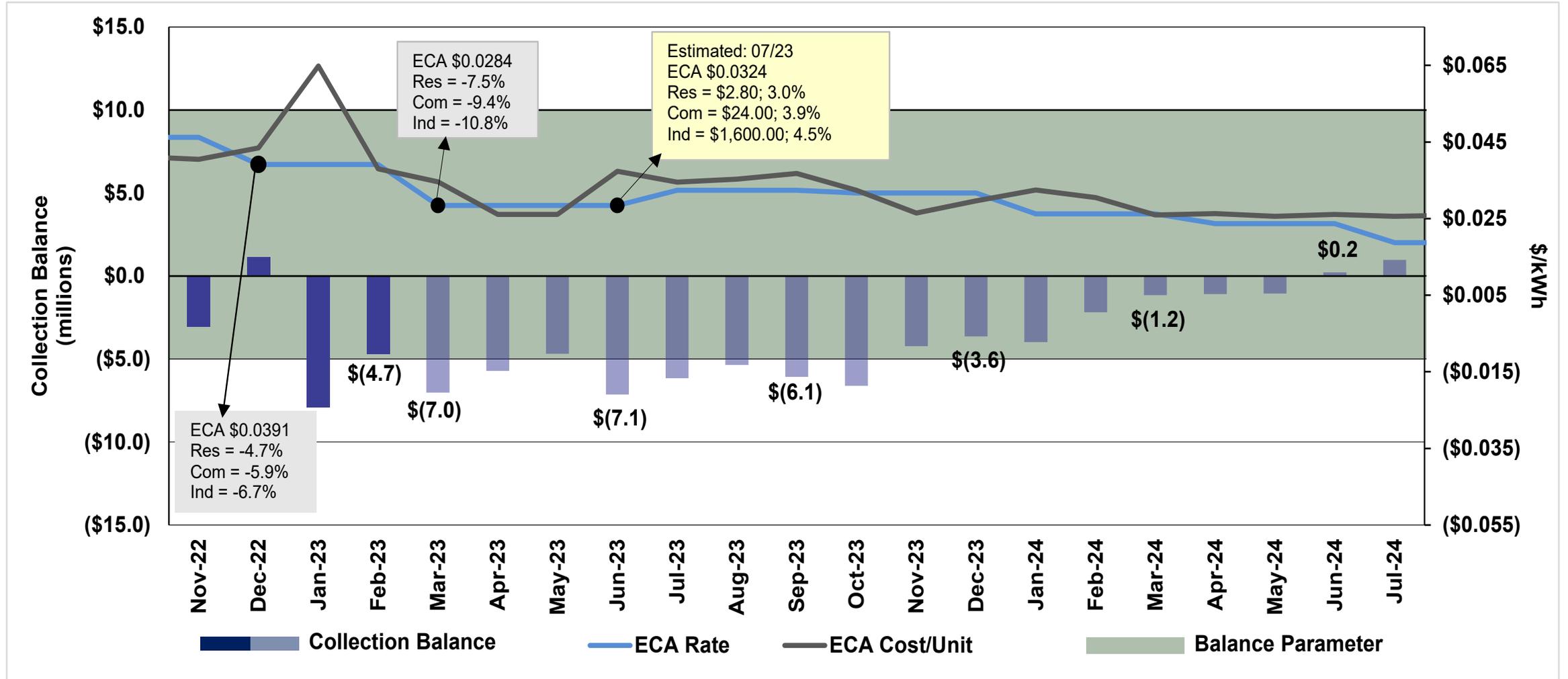
Scott Shirola, Pricing and Rates Manager

March 22, 2023

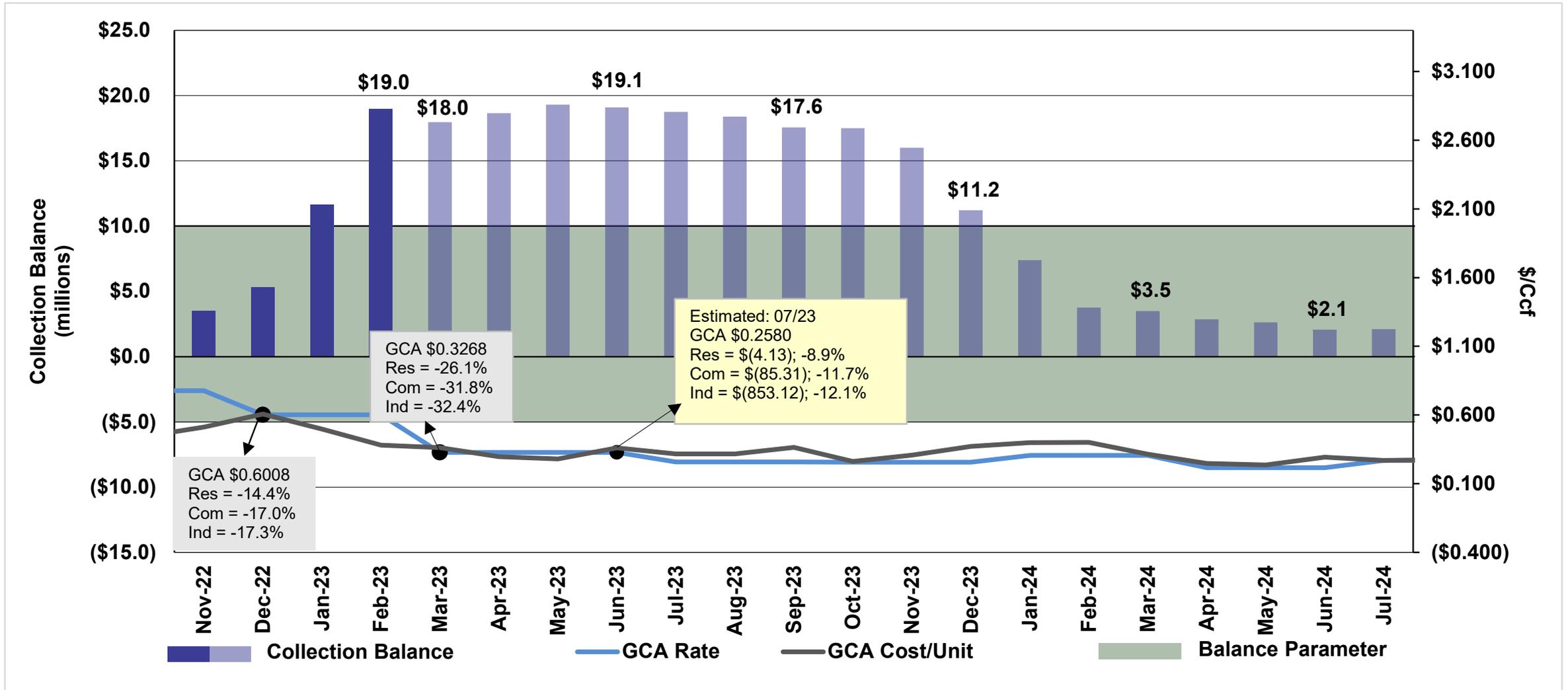
# Natural Gas Prices as of March 1, 2023



# ECA Projections March 2023



# GCA Projections March 2023





Colorado Springs Utilities<sup>®</sup>

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# Board Memo Agenda Item

## Staff Report

**Date:** March 22, 2023  
**To:** Utilities Board  
**From:** Travas Deal, Chief Executive Officer  
**Subject:** Affordable Housing Program Report

### NARRATIVE:

**Desired Action:** Discussion

**Executive Summary:** In 2022, six affordable housing projects were constructed in Colorado Springs, resulting in 778 additional units. Utility fees for all projects totaled \$1.5 million and \$395,000 was off-set based on scoring criteria, which includes electric and water conservation measures.

At least five affordable housing projects are expected in 2023, resulting in 420 additional units.

**Benefits:** Supports economic vitality by providing community workforce affordable housing.

**Board Policy:** I-5 Economic Development and G-10 Affordable Housing

**Cost/Budget:** Approximately \$400,000

**Affected Parties:** City Community Development Division

**Alternatives:** NA

<b>Submitter:</b> Matt Dudden	<b>Email address:</b> mdudden@csu.org
<b>Division/ Department:</b> Office of Economic Development / Customer Enterprise Services	<b>Phone number:</b> 719-668-3812
	<b>Date submitted:</b> March 1, 2023

<b>SPG Staff Use Only:</b> Consent Calendar	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	<b>ITEM NO. 8</b>
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# AFFORDABLE HOUSING UPDATE



## Affordable and Attainable Multi-Family Rental Housing Fee Rebate Program (Rebate Program)

**Katie Sunderlin**

Senior Affordable Housing Coordinator  
Community Development Division

# REBATE PROGRAM SCORING



50 Possible Points	Category
10	Percent of Units Reserved for 50% AMI and below
10	Ongoing Affordability
3	1 additional point for every unit above Section 504 requirements
5	Units Set-Aside for Special Needs Populations or Veterans Experiencing Homelessness
4	Incorporates 7 principles of Universal Design
8	Alignment with City Planning Documents Including PlanCOS and HomeCOS
4	Located in High Opportunity Neighborhood (Childhood Opportunity Levels)
6	Incorporation of CSU Conservation Programs

Score	Fee Rebate
46-50	100%
41-45	80%
36-40	60%
31-35	40%
26-30	20%
25 and below	0%

# PREVIOUS CONSERVATION SCORING



## COMMONLY ALREADY INCLUDED IN PROJECTS:

- Boiler 85% AFUE
- Central Air Conditioners
- Attic Insulation R49 or R60
- Wall Insulation R19 or R23
- Windows and Exterior Doors Energy Star Rated
- Toilets  $\leq$  1.1 gallons per flush or 0.8 gallons per flush

## COMMONLY ADDED TO PROJECTS:

- Smart Irrigation Controller Water Sense Certified
- Turfgrass Irrigation Nozzles High Efficiency from approved list

# UPDATED CONSERVATION SCORING



CSU Energy/Water Efficiency Options	Minimum Rating	Points Awarded (up to 6)
Furnace	95% AFUE	1
Cold Climate Heat Pumps in units	NEEP listed	3
Heat pumps in unit with gas backup heat	Energy Star HKP and Energy Star Furnace	2
Heat pumps in unit with electric backup heat	Energy Star	1
Gas Water Heater	≥ 0.71 UEF & Energy Star	1
Heat Pump water heater	Energy Star	3
Full electrification	No Gas Service to Building	3
Attic Insulation	R60	1

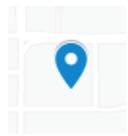
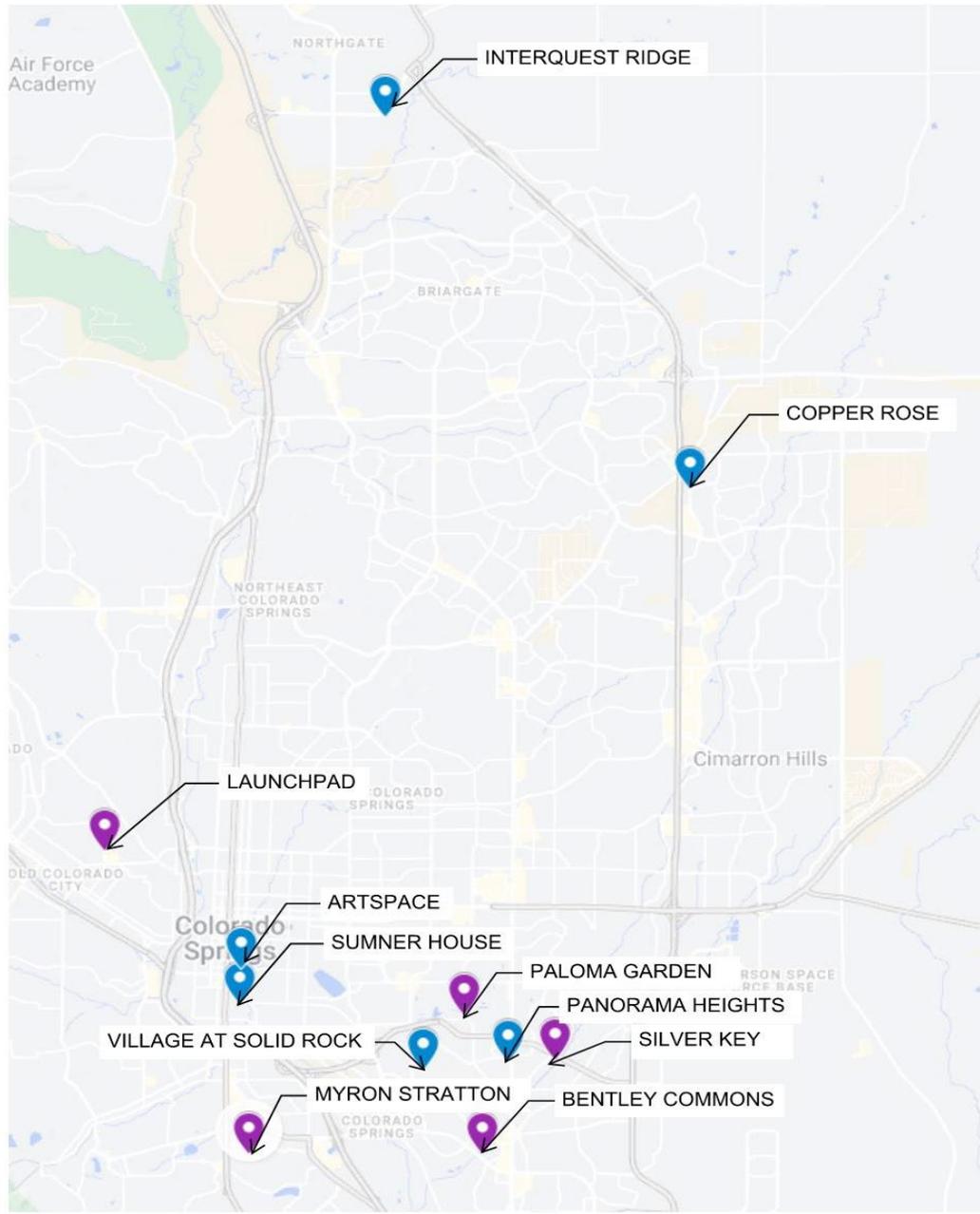
CSU Energy/Water Efficiency Options	Minimum Rating	Points Awarded (up to 6)
Wall Insulation	R23	1
Windows and Exterior Doors	Energy Star Rated	1
Renewable Energy	1 pt per 20% of expected electrical load	1 - 5
Smart Irrigation Controller	Water Sense Certified	1
Turfgrass Irrigation Nozzles	High Efficiency Nozzles from the <a href="#">approved list</a>	1
Toilets	≤ 1.1 gallons per flush or 0.8 gallons per flush	1 or 2
Showerheads and bathroom faucets	Showerheads: ≤ 1.5 gallons per minute AND faucets/aerators: ≤ 0.5 gallons per minute	1
Smart leak detection device	Must shut water off automatically or remotely when leak is detected.	2

# REBATE COMMITMENTS

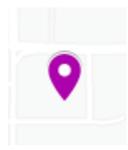


2022 CSU Rebates					
Project	Number of Units	Total Utilities Fee	Fee Rebate %*	Utilities Rebate	
Village at Solid Rock	77	\$ 119,458.00	20%	\$	23,891.60
Sumner House	95	\$ 119,458.00	40%	\$	47,783.20
Interquest Ridge	240	\$ 761,217.68	20%	\$	146,032.94
Copper Rose	182	\$ 301,211.85	20%	\$	60,003.57
Panorama Heights	133	\$ 195,933.23	60%	\$	117,559.94
Artspace	51	\$ 151,591.00	20%	\$	30,318.20
<b>Totals</b>	<b>778</b>	<b>\$ 1,497,278.76</b>		<b>\$</b>	<b>395,271.25</b>

2023 CSU Rebates Anticipated					
Project	Number of Units	Approx. Total Utilities Fee	Fee Rebate %*	Approx. Utilities Fee Rebate	
Paloma Garden	125	\$ 176,151.00	80%	\$	140,920.80
Bentley Commons	195	\$ 352,098.62	60%	\$	211,259.17
Launchpad	50	\$ 89,678.77	80%	\$	71,743.02
Silver Key	50	\$ 90,000.00	60%	\$	54,000.00
Myron Stratton	30	\$ 23,250.00	60%	\$	13,950.00
<b>Totals</b>	<b>420</b>	<b>\$ 731,178.39</b>		<b>\$</b>	<b>477,922.99</b>



**UNDER CONSTRUCTION**



**PRE-CONSTRUCTION/DESIGN**



COUNCIL: STEPHANIE FORTUNE

**REBATE: 40% \$47,783.20**

- Central Air Conditioners
- Cold Climate Heat Pumps
- Electric Water Heater
- Attic Insulation
- Wall Insulation R19
- Energy Star Windows and Doors
- Toilets with < 1.1 gallons/flush

**Sumner House – 95 Units 30% and 60% AMI**



COUNCIL: YOLANDA AVILA

**REBATE: 80% \$140,920**

- Solar Panels
- Central Boiler
- Wall Insulation R23
- Water Sense Smart Irrigation
- High Efficiency Turfgrass Nozzles

**Paloma Gardens – 125 Units 30% - 60% AMI**



COUNCIL: RANDY HELMS

**REBATE: 80% \$146,032.94**

- Solar Panels
- Central Boiler
- Wall Insulation R23
- Water Sense Smart Irrigation
- High Efficiency Turfgrass Nozzles



COUNCIL: MIKE O'MALLEY

**REBATE: 20% \$60,003.57**

- R49 Attic Insulation
- R19 Wall Insulation
- Smart Irrigation
- High Efficiency Turfgrass Nozzles

# SUMMARY



## SUCCESS FROM FIRST YEAR:

- Easy to administer program
- Increased number of fully accessible units and energy efficient buildings
- “This rebate increased the feasibility of our development, especially in an increasing interest rate and construction cost environment” – Interquest Ridge
- “In a challenging environment of rising interest rates and construction costs, all support available helps make the creation of affordable housing possible. The rebate is one of many efforts made by the City and Utilities that helped make Copper Rose a reality.” – Copper Rose

## LESSONS LEARNED:

- Room for more stringent conservation measures
- Allowance for electric master meter
- Early communication with development teams drives better outcomes

# Katie Sunderlin

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[Katie.Sunderlin@ColoradoSprings.gov](mailto:Katie.Sunderlin@ColoradoSprings.gov)

Senior Affordable Housing Coordinator

Community Development Division



**EXECUTIVE AGREEMENT  
BETWEEN  
THE CITY OF COLORADO SPRINGS, ON BEHALF OF ITS COMMUNITY DEVELOPMENT  
DIVISION  
AND  
THE CITY OF COLORADO SPRINGS, ON BEHALF OF ITS ENTERPRISE, COLORADO  
SPRINGS UTILITIES  
ADDRESSING THE ADMINISTRATION OF A MULTI-FAMILY AFFORDABLE AND  
ATTAINABLE RENTAL HOUSING FEE OFFSET**

This Executive Agreement ("Agreement") is made and entered into this seventeenth day of November, 2021 by and between the City of Colorado Springs on behalf of its Community Development Division (the "City"), whose address is 30 S. Nevada, Colorado Springs, CO 80903, and Colorado Springs Utilities ("Utilities"), an enterprise of the City, whose address is 121 N. Tejon St, Colorado Springs, Colorado 80903, both the City and Utilities hereinafter collectively referred to as the "Parties."

**Recitals:**

**WHEREAS**, the City beginning January 1, 2022 is establishing the Multi-Family Affordable and Attainable Rental Housing Fee Offset ("Program"), Utilities will contribute \$2,000,000 per year commencing in 2022, for the term of the Agreement for use in the Program as addressed herein;

**WHEREAS**, the Program is designed to address the need for affordable and attainable rental housing within the City of Colorado Springs through providing funds that can be accessed by qualifying projects to assist with the cost development related charges associated with multi-family rental, affordable and attainable housing projects;

**WHEREAS**, the Program will be administered by the City in accordance with the City's Program Guidelines;

**WHEREAS**, the Program does not constitute a fee reduction or waiver mechanism, but provides eligible affordable and attainable housing projects the opportunity to receive funds to offset portions of fees and charges;

**WHEREAS**, the funds provided by Utilities to the Program will be used only to offset a portion of the utility fees and infrastructure expenses incurred for the development of qualifying, affordable and attainable housing units;

**WHEREAS**, the Parties agree that Utilities will pay an administrative fee to the City for the expenses of administering the portion of the Program related to Utility Infrastructure and that fee will be paid from Utilities' overall annual contribution to the Program;

**NOW, THEREFORE**, in consideration of the promises, mutual covenants and agreements contained herein, the Parties agree as follows:

**Agreement:**

1. **Incorporation of Recitals.** The above recitals are hereby incorporated by reference.

2. **Scope.** Through this Agreement, the Parties agree that:
  - a. Utilities will provide the City funds annually for the Program to be distributed to affordable and attainable housing projects for the development of utility infrastructure needs to include, but not necessarily limited to, utility infrastructure costs, development fees, sustainability costs, and/or conservation measures (collectively “Utility Infrastructure”);
  - b. The City will distribute the funds in accordance with parameters set forth herein and within Program documentation;
  - c. An agreed upon portion of the annual funds provided by Utilities will be retained by the City to compensate the City for the administrative costs associated with performing the Utility Infrastructure portion of the affordable and attainable housing program;
  - d. Any unused Program funds provided by Utilities will roll over to be used in the following year so long as this Agreement is in effect; at the conclusion of this Agreement, any unused funds will be returned to Utilities;
  - e. The Parties will meet no less regularly than annually to review work done under the affordable and attainable housing program and address future needs and Program changes; and
  - f. The City will provide an annual report to Utilities.
  
3. **Term.** This Executive Agreement shall commence on the date executed below and run until December 31, 2022. Prior to the conclusion of the term, the Parties shall evaluate and negotiate in good faith any desired renewals.
  
4. **Responsibilities of Colorado Springs Utilities.** Utilities will have the following duties and responsibilities under this Agreement:
  - a. Annual Funds: Following the annual appropriation of funds by the Colorado Springs City Council, Utilities will provide the funds agreed to in the attached and incorporated **Exhibit A** to the City when invoiced each year.
  - b. Programmatic Obligations: Utilities will provide consultation, support, and services to affordable and attainable housing projects as Utilities provides to all similarly situated projects.
  - c. Payment for Costs Incurred by the City: Utilities will pay an administrative fee to the City for the expenses of administering the portion of the Program related to Utility Infrastructure and that fee will be paid from Utilities’ overall annual contribution to the Program. The fee structure is established in **Exhibit A**.
  
5. **Responsibilities of the City.** The City will have the following duties and responsibilities under this Agreement:
  - a. Program Administration: The City will administer in accordance with its Program Guidelines. The Program Guidelines will be reviewed annually by the Parties.
  - b. Annual Report: The City will provide an annual report to Utilities as described further in **Exhibit B**.



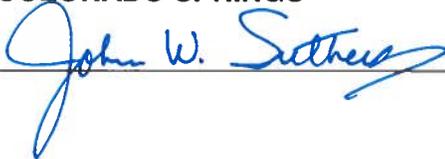
authorize any person not a party to this Agreement to maintain suit for personal injuries or property damage pursuant to the terms, conditions or provisions of this Agreement.

13. **Agreement Counterparts.** This Agreement may be executed in one or more counterparts, each of which will be deemed original and all of which together will constitute one and the same instrument. Facsimile copies of signatures will be permitted for purposes of the binding nature of this Agreement.

**IN WITNESS WHEREOF**, the Parties hereto have executed this Agreement as of the day and year first written above.

**CITY OF COLORADO SPRINGS**

By: \_\_\_\_\_



**COLORADO SPRINGS UTILITIES**, an enterprise of the City of Colorado Springs

By: \_\_\_\_\_



## EXHIBIT A

### FUND SCHEDULE AND ADMINISTRATIVE COSTS

1. **Annual Utilities' Program Contribution.** For each calendar year of this Agreement, Utilities will provide \$2,000,000.00 to the City as Utilities' contribution to the Program, minus any funds that are rolled over from prior years.
2. **Administrative Fee Calculation.** As a part of Utilities overall \$2,000,000.00 contribution, Utilities will pay an annual administrative fee to the City. The fee will be one percent (1%) of the total contribution amount, which calculates to be \$20,000.00.
3. **Invoicing.** Prior to Utilities providing its annual contribution, the City will invoice Utilities for the amount to be provided. Each invoice will be for a total of \$2,000,000.00 and will show a break down of costs with \$20,000.00 applicable towards the administrative fee and \$1,980,000.00 for Program funding use as agreed to in this Agreement.

## EXHIBIT B

### PROGRAM SPECIFICATIONS

The Parties agree that the Program, as defined in this Agreement, will be subject to Program rules and documentation that establish the criteria included in this Exhibit B. In addition to what is included in this Exhibit B, the Parties will work together to establish additional and/or more detailed Program specifications as the Parties determine to be necessary, prior to and during operation of the Program.

#### 1. General Program Standards.

- a. **Use of Utilities Provided Funds.** Program funds provided by Utilities will only be awarded and used for the development of Utility Infrastructure.
- b. **Use of Non-Utilities Provided Funds.** Funds budgeted by the Planning and Community Development Department and/or contributed by other entities will be used to offset a variety of other development charges, exclusive of Utility Infrastructure, that accrue to individual projects.
- c. **Project Monitoring.** Projects financed with Low-Income Housing Tax Credits or other forms of federal subsidy, as well as projects with assurances of ongoing affordability, will be monitored annually according to federal regulations governing housing development finance programs. Projects found to be non-conforming will be subject to recapture of funds, as established in applicable agreements with fund recipients.
- d. **Annual Report.** Annually, the Community Development Division of the City will prepare a report to the City of Colorado Springs City Council and the Colorado Springs Utilities Board of Directors detailing the number of project applications, amount of funds awarded to offset fees, use of the funds, and project outcomes. The report will coincide with preparation of budget line items for the coming year.
- e. **Application Submittals.** Applications for grant funds to offset eligible charges will be accepted while funding is available.
- f. **Application Requirements.** Applications considered for grant funds are multi-family rental projects within the Colorado Springs Utilities service area and the City of Colorado Springs City limits with all units reserved for residents under 120% AMI. The program rules can establish additional requirements.

#### 2. Program Application Evaluation.

- a. **Evaluation Process.** Staff from the City's Community Development Division will evaluate project application promptly following submittal based on the Program rules, which will include the evaluation criteria listed below.
- b. **Evaluation Criteria.** The Program rules and documentation will fully define the application evaluation criteria. If the Parties determine through the required annual program evaluation that the criteria require reconfiguration and/or reweighting, the Parties will work in good faith to create such revisions and update the Program rules and documentation as applicable. The criteria will consist of a number of qualifications, including the following:
  - i. Number of units affordable to households earning 50% or less of the area median income (AMI);
  - ii. Ongoing affordability period;
  - iii. Exceed the minimum requirements of Section 504, reserve units for HUD special needs or Veteran populations, or incorporate Universal Design;
  - iv. Alignment with City planning documents, including PlanCOS and HomeCOS;
  - v. Located in a high opportunity area within Colorado Springs; and
  - vi. Project exceeds general building code standards related to energy efficiency and water conservation.
- c. **Fund Award Amount Criteria.** Based on the evaluation of a project's application, the project may be eligible for Program funds. The available funds for cost offsets will be based on (1) the applicable costs of the project and (2) the projects score based on the application evaluation. The Program documentation contains full detail of the criteria for award amounts and associated weighting.

### 3. Program Fund Awards.

- a. **First-Come, First-Serve.** Payment of the Program funds provided by Utilities for the purpose of offsetting Utility Infrastructure will be provided on a first-come, first-serve basis for those projects that submit applications and meet the relevant standards. Completed projects are ineligible.
- b. **Funding Requirements.** Funding will be committed to projects at time of payment of development charges.
- c. **Project Fund Cap.** The amount of funds a project is eligible to receive for Utility Infrastructure purposes will not exceed \$3,000.00 per unit of affordable housing developed.
- d. **Fund Payment.** Following the award of Program funds, payments will be available at the point that project incurs eligible and approved costs.

# Board Memo Agenda Item

## Staff Report

**Date:** March 22, 2023  
**To:** Utilities Board  
**From:** Travas Deal, Chief Executive Officer  
**Subject:** Clean Heat Plan Update

### NARRATIVE:

**Desired Action:** Discussion

**Executive Summary:** Colorado Senate Bill 21-264 requires gas distribution utilities with more than 90,000 customers to submit a Clean Heat Plan to the Air Pollution and Control Division. The Clean Heat Plan shall demonstrate the following:

- Greenhouse gas emission reduction by 4% below 2015 levels or meeting a cost cap of 2% of total full-service gas revenue.
- Greenhouse gas emission reduction by 22% below 2025 levels or meeting a cost cap of 2.5% of total full-service gas revenue.

The Clean Heat Plan must be approved by the Utilities Board and then submitted to the Air Pollution and Control Division by Aug. 1, 2023.

**Benefits:** Reduce greenhouse gas emissions on natural our gas system and meet state regulations.

**Board Policy:** I-12 Environmental Stewardship

**Cost/Budget:** To be determined

**Affected Parties:** Colorado Springs Utilities' rate payers, environmental advocacy groups, disproportionately impacted communities, Colorado Energy Office and other stakeholders.

**Alternatives:** N/A

<b>Submitter:</b> David Longrie	<b>Email address:</b> dlongrie@csu.org
<b>Division/ Department:</b> System Planning and Projects/ Infrastructure and Resource Planning	<b>Phone number:</b> 719-668-8776
	<b>Date submitted:</b> Feb. 2, 2023

<b>SPG Staff Use Only:</b> Consent Calendar	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	<b>ITEM NO. 9</b>
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# Clean Heat Plan

Utilities Board

March 22, 2023

# Clean Heat Plan (CHP) Overview

- Senate Bill 21-264, signed June 2021
- Requires gas utilities to adopt programs to reduce greenhouse gas emissions
- 4% carbon emission reduction by 2025 with 2% cost cap
- 22% carbon emission reduction by 2030 with 2.5% cost cap of retail sales revenue
- Public process will educate and bring awareness to our customers of the requirements and the incentives available
  - Key stakeholders include environmental advocacy groups and disproportionately impacted communities
  - Reporting to the CDPHE detailing a robust public process

# How CHP relates to existing plans

## Clean Energy Plan - Senate Bill 19-236

- Requires electric generation utilities to reduce greenhouse gases (GHG) emissions 80% by 2030 from 2005 levels
- CHP activities, specifically electrification, will increase the loads on the electric generation system and must be considered to ensure successful implementation of both plans
- Colorado Springs Utilities voluntarily submitted Clean Energy Plan to create a “safe harbor”
- Utilities required to submit Clean Heat Plan
- Integrated Resource Plans
  - Gas Integrated Resource Plan (GIRP) evaluates, identifies, and plans for the acquisition or capital investment of existing and future resources to meet peak-day and peak-hour supply and delivery requirements over a 30-year planning horizon
  - Clean Heat Integrated Resource Plan evaluates overall annual gas use and methods to reduce GHG to meet the CHP

# Regulatory Considerations

- Regulatory differences
  - Investor-owned utilities - Colorado PUC
  - Colorado Springs Utilities – COS City Council
- Specific directions were provided to evaluate IOUs CHPs
  - Colorado Springs Utilities, as a municipal utility, must set rules for compliance within legislative provisions that show compliance to PUC direction as applicable
  - Colorado Springs Utilities' CHP will be verified by the CDPHE

# Examples of Definitions and Decisions

Topic	Senate Bill 21-264 Direction	IOU Direction	Utilities Proposed Direction
Cost Cap	Provides a cost cap of 2% or 2.5% (plan year dependent) total annual revenue from full-service gas customers	No direction provided	2% or 2.5% (plan year dependent) of 2015 billed revenue from full-service gas customers
Full-service customers	Provides a cost cap of 2% or 2.5% (plan year dependent) total annual revenue from <u>full-service gas customers</u>	A full-service customer is a customer who receives sales service from a utility excluding transport customers	A full-service customer is a customer who receives sales service from a utility excluding Part 98 reporters, power plants served by the LDC under CEP, and transportation customers

# CHP Public Process

## As directed by Division & State Attorney General:

- CHP must include a robust public process
- Public process will educate and bring awareness to our customers of the requirements and the incentives available
  - Key stakeholders include environmental advocacy groups and disproportionately-impacted communities
  - Reporting to the CDPHE detailing a robust public process
- Stakeholders will be able to provide feedback that will be taken into consideration before submittal of CHP



# Reduction Tools

- Primary sources of emission reduction
  - Energy efficiency
  - Beneficial electrification of customer end uses
  - Cost-effective leak reduction on distribution system
- Potential future solutions for further emission reductions
  - Biomethane (Renewable Natural Gas)
  - Green hydrogen
  - Recovered methane
    - Limited to 1% of initial 4% and no more than 5% of the total reduction

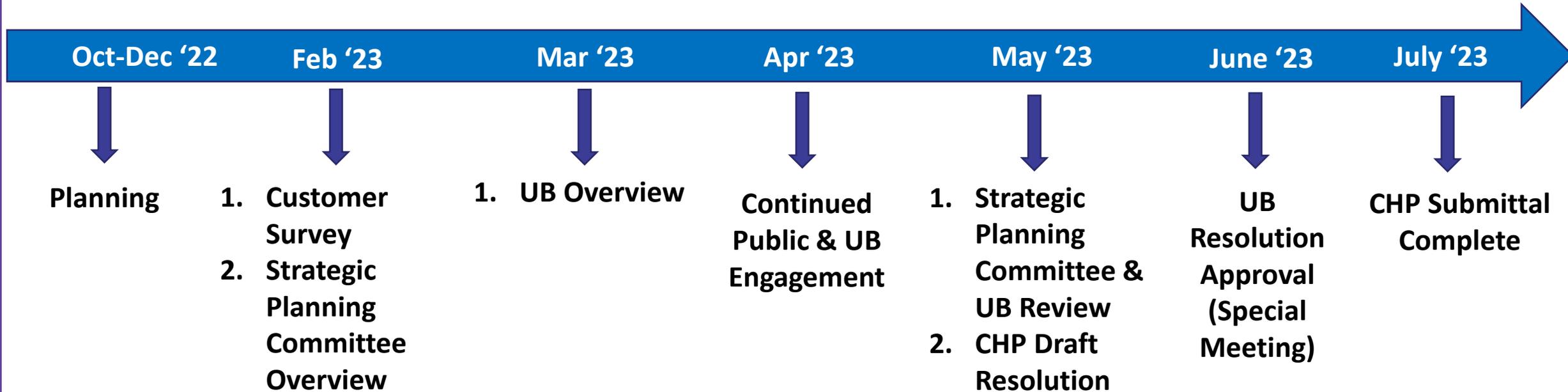
# Current Energy Efficiency and Beneficial Electrification Offerings

Program	Description
Builder Incentive Program (BIP)	Provides builders with incentives based on efficiency of the home and enhanced building techniques including electrification
Home Efficiency Assistance Program (HEAP)	Provides efficiency services to income qualified homeowners' homes, free to the customer
Energy Star Wi-Fi Thermostat	Provides rebates to customers for purchasing an Energy Star Wi-Fi thermostat
Heating Ventilation and Air Conditioning (HVAC) Rebates	Provides rebates to customers for purchasing an Energy Star natural gas furnace, Energy Star heat pump, or a cold climate heat pump
Insulation and Air Sealing	Provides rebates to customers for upgrading insulation to current building standards and sealing any air gaps between conditioned and non-conditioned spaces
Water Heater	Provides rebates to customers for purchasing an Energy Star natural gas water heater or a hybrid heat pump water heater
WaterSense Showerhead	An exchange program for customers to exchange old, high-use showerheads with low-flow WaterSense showerheads

# Plan Progress

- Clean Heat Plan
  - Calculate 2015 baseline of GHG emissions - COMPLETE
  - Calculate cost cap: 2% of total annual revenue from full-service gas customers - COMPLETE
  - Evaluate and select allowed tools to achieve 4% reduction by 2025 – IN PROGRESS
  - Project GHG emissions through 2050
  - Implement public engagement plan
- Started development of narrative and workbook

# Clean Heat Plan Planning Horizon



\*Submit Plan to the Colorado Department Public Health and Environment (CDPHE) for verification no later than **August 1, 2023**



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# Board Memo Agenda Item

## Staff Report

**Date:** March 22, 2023  
**To:** Utilities Board  
**From:** Travas Deal, Chief Executive Officer  
**Subject:** Regional Water Agreements

### NARRATIVE:

**Desired Action:** Discussion

**Executive Summary:** Colorado Springs Utilities staff will be informing the Utilities Board about three long-term regional convey, treat, and deliver water service agreements at the March 22, 2023 Utilities Board Meeting. Should the Utilities Board approve of the agreements, they will go for City Council approval at the March 28, 2023 City Council meeting.

- Donala Water and Sanitation District – Long-Term Convey, Treat, and Deliver Regional Water Service Agreement. Springs Utilities has provided convey, treat, and delivery services for Donala for more than a decade under short-term contracts.
- Security Water District – Long-Term Standby Regional Water Service Agreement. A Standby Agreement would allow Springs Utilities to continue to convey, treat, and deliver water owned or leased by Security to be delivered as needed by Security.
- Triview Metropolitan District – Long-Term Convey, Treat, and Deliver Regional Water Service Agreement. A new regional water service agreement that would allow Springs Utilities to convey, treat, and deliver water owned by Triview to be delivered at a new interconnect at Springs Utilities' Highway 83 tank.

**Benefits:** These long-term (25 year) regional water services agreements will be consistent with current regional policy and regional tariffs and will provide a positive revenue benefit to customers.

**Board Policy:** Water Supply Management (I-7)

**Cost/Budget:** Gross revenue under the proposed Regional Water Services Agreements will be approximately \$2.4 million per year once Triview Metropolitan District is receiving water deliveries.

**Affected Parties:** Colorado Springs Utilities, Donala Water and Sanitation District, Security Water District, and Triview Metropolitan Districts and their customers

**Alternatives:** N/A

<b>Submitter:</b> Jenny Bishop	<b>Email address:</b> jbishop@csu.org
<b>Division/ Department:</b> System Planning & Projects / Water Resource Planning	<b>Phone number:</b> 719-668-8575
	<b>Date submitted:</b> Feb. 28, 2023

<b>SPG Staff Use Only:</b> Consent Calendar	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
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**ITEM NO. 10**



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# Regional Water Agreements

March 22, 2023 Utilities Board Meeting

Jenny Bishop, P.E.

SPP Planning

# Agenda

1. Background Regional Service Contracts
2. Donala Water and Sanitation District
3. Security Water District
4. Triview Metropolitan District
5. Next Steps

# Board Policy I-7

- Adopted in 2020
- Requires regional service contracts to provide a net benefit to Utilities and its ratepayers, appropriately balancing costs and risks, and recognizing historic and planned investments.
  - Requires a premium on rates above what in-city customers pay.
  - Reflected in Regional Service Tariffs
- Requires an evaluation of impacts to system reliability, level of service, and resource availability based on a 10-year planning horizon.
  - Allows Utilities to require mitigation and impose terms that offset impacts and risks.
- Cannot exceed a 25-year term.

# Agreement Terms and Conditions

- 25-year terms
- Convey, treat, deliver contracts
  - We are delivering water owned by the entities
- Springs Utilities may amend or renegotiate the agreement if:
  - Delivery requests exceed limits in agreements
  - A different type of service is needed
- Springs Utilities may interrupt service if needed
- No negative impact to Springs Utilities

# Regional Water Service Financials

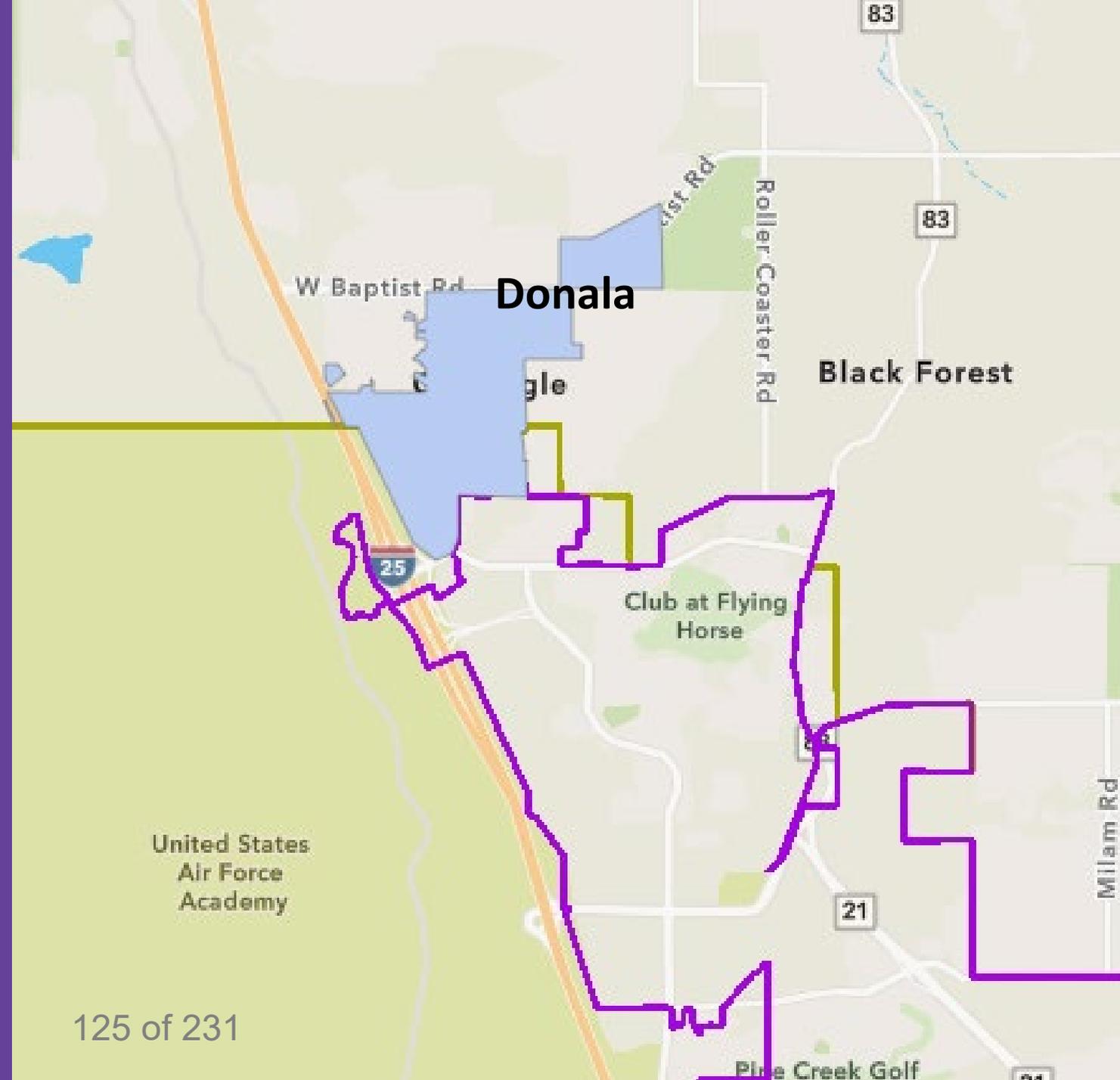
## Consistent with Regional Tariffs and URRs

- System Availability Fee (WRSAF)
  - Consistent with URRs and agreements
  - Set for term of contract
- 2023 Convey, Treat, and Deliver Commodity Charge
  - \$0.0622 per cubic foot
  - \$2,709.43 per acre foot
  - Changes consistent with Tariff Rate Cases

**Approximately \$2.4 Million in revenue each year once Triview begins receiving deliveries**

# Donala Water and Sanitation District

- Located north of Colorado Springs and east of I-25
- Approximately 2,600 customers
- Short-term agreements since 2011

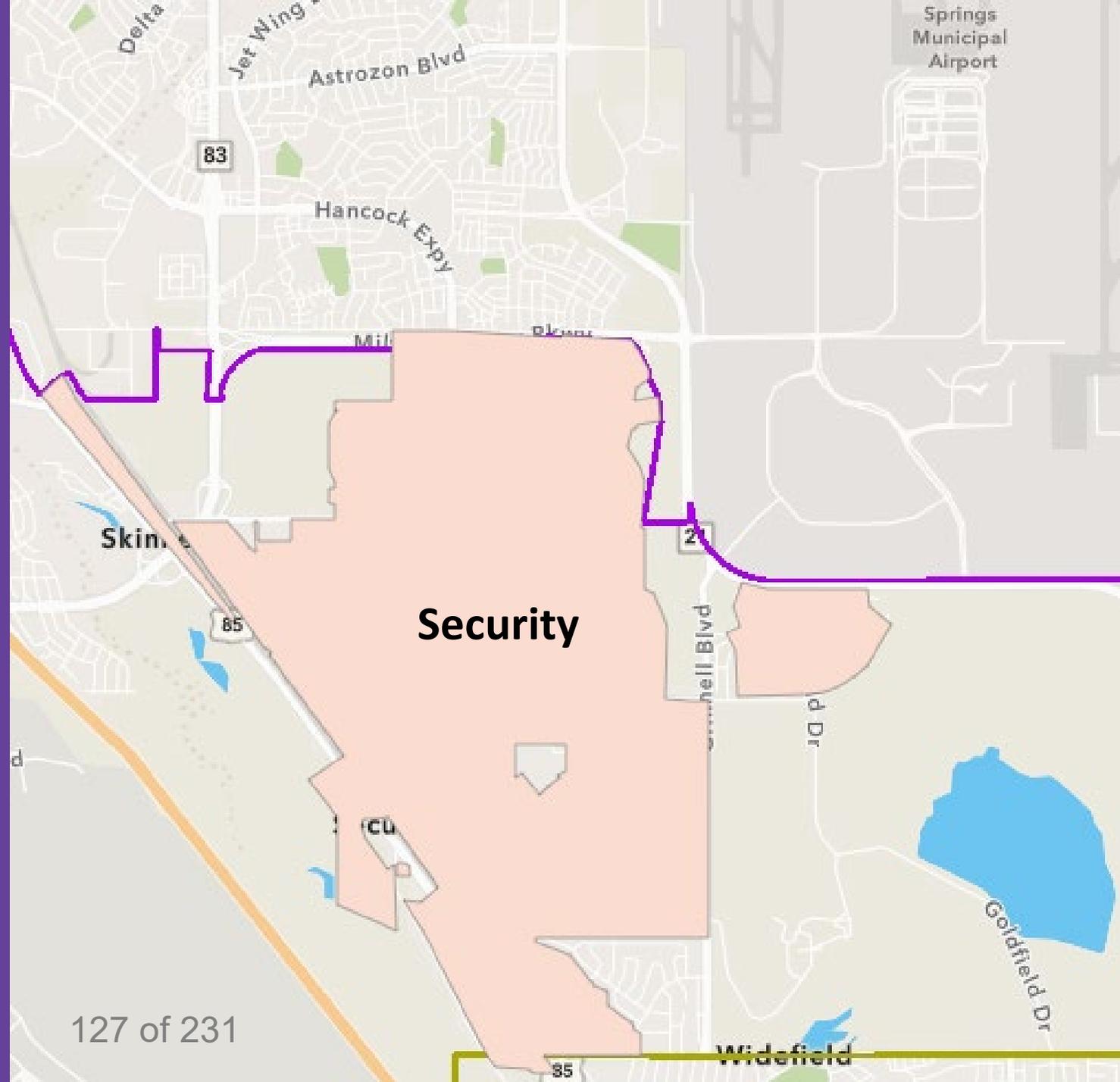


# Convey, Treat, and Deliver Regional Water Agreement

- Convey water owned or controlled by Donala
- Up to 1,000 acre-feet of deliveries per year
- Existing connection
- 25-year contract
  
- Estimated Revenue based on typical delivery of 200 AF/year
  - WRSUF = \$183,533
  - Commodity Charge = \$541,866
  - Total \$725,420

# Security Water District

- Located south of Colorado Springs and east of I-25
- Approximately 7,750 customers
- Short-term agreements since 2017

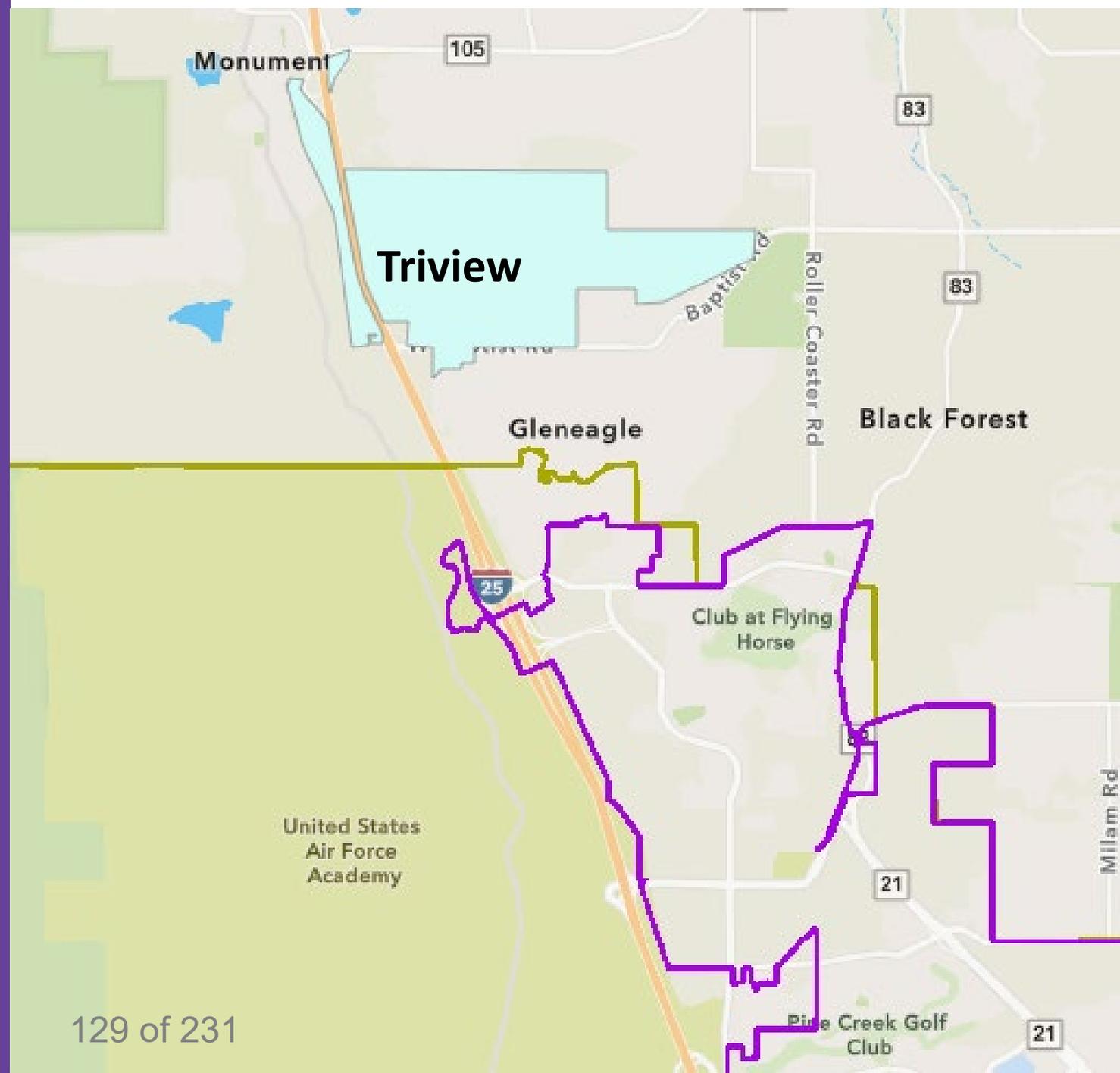


# Standby Regional Water Agreement

- Convey water owned or controlled by Security
- Up to 2,800 acre-feet of deliveries per year
- Existing connection
- Intended to be used on a temporary, as-needed basis
  
- Estimated Revenue based on WRSUF
  - WRSUF = \$33,330
  - Commodity Charge = Based on any water deliveries made

# Triview Metropolitan District

- Located north of Colorado Springs
- Approximately 2,150 customers
- New water service agreement

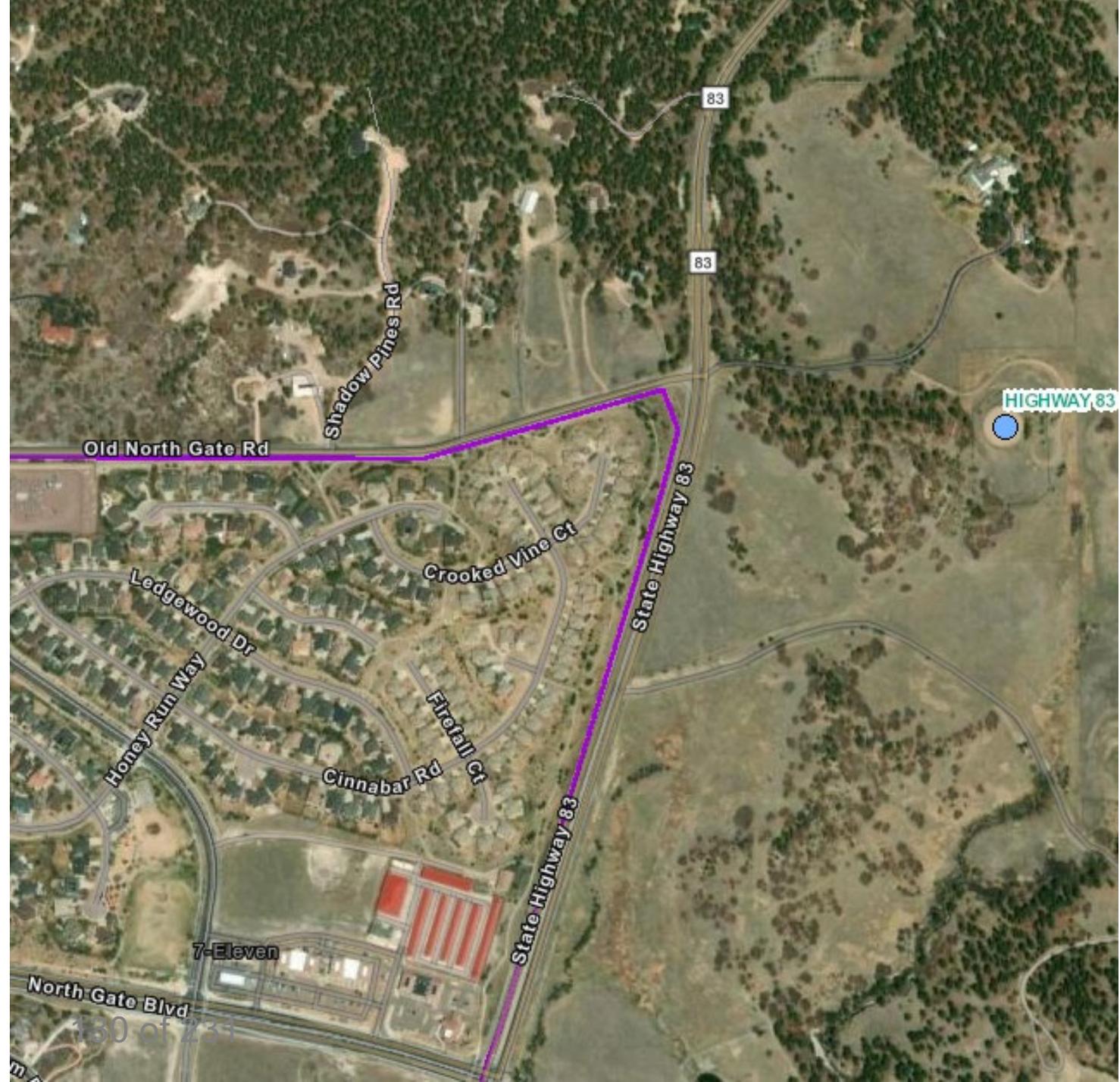


# Convey, Treat, and Deliver Regional Water Agreement

- Convey water owned or controlled by Triview
- Up to 2,200 acre-feet of deliveries per year
- New interconnect at Utilities' Highway 83 tank

Estimated Revenue per preliminary demands at 400 AF/year

- WRSUF = \$564,393
- Commodity Charge = \$1,083,772
- Total = \$1,648,165



## Next Steps

Submit agreements for consideration by City Council

1. Long-Term Convey, Treat, and Deliver Water Service Agreement with Donala Water and Sanitation District
2. Long-Term Convey, Treat, and Deliver Standby Water Service Agreement with Security Water District
3. Long-Term Convey, Treat, and Deliver Water Service Agreement with Triview Metropolitan District



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**AGREEMENT BETWEEN COLORADO SPRINGS UTILITIES AND  
DONALA WATER AND SANITATION DISTRICT FOR  
CONVEY, TREAT, AND DELIVER REGIONAL WATER SERVICE**

**THIS AGREEMENT** (“Agreement”) is made and entered into by and between Colorado Springs Utilities, an enterprise of the City of Colorado Springs, a Colorado home-rule city and municipal corporation, hereinafter called “UTILITIES,” and the Donala Water and Sanitation District, 15850 Holbein Drive, Colorado Springs, Colorado, hereinafter called the “DISTRICT.” Both the UTILITIES and DISTRICT hereinafter are each individually referred to as “Party” and collectively referred to as the “Parties.”

**I. RECITALS**

- A.** DISTRICT is a Colorado Statutory water and sanitation district with service boundaries located generally in the area of Gleneagle, outside of, but adjacent to, the City of Colorado Springs. DISTRICT was formed on November 30, 1971 and currently services a customer base of approximately 2,600 taps in the Colorado Springs metropolitan area;
- B.** DISTRICT has purchased renewable water supplies, and intends to increase and further diversify its water supply to meet its long-term water needs and reduce its historic and current reliance on non-renewable groundwater resources;
- C.** UTILITIES currently has infrastructure capacity in its water system; sufficient water transportation displacement, and storage capacity not including UTILITIES’ excess capacity storage space in the Fryingpan-Arkansas Project; and water treatment capacity to provide convey, treat, and deliver interruptible water services to DISTRICT under this Agreement;
- D.** DISTRICT’s Service Area is located outside of the Southeastern Colorado Water Conservation District (“SECWCD”) boundaries. DISTRICT’s Service Area must either be included within SECWCD’s boundaries or DISTRICT must request and receive a written waiver of the inclusion requirement from both SECWCD and the Bureau of Reclamation (“Reclamation”) that Allows DISTRICT to receive delivery of renewable water supplies through UTILITIES’ Water System pursuant to this Agreement without inclusion;

- E. DISTRICT has obtained a Long Term Excess Capacity Storage contract for Pueblo Reservoir from Reclamation, as well as received a Pueblo County 1041 Permit, to be able to receive deliveries from UTILITIES' Water System;
- F. DISTRICT desires to receive Convey, Treat, and Deliver Regional Water Service from UTILITIES to meet the water demands of the DISTRICT;
- G. DISTRICT has an established Point of Connection with UTILITIES at the North Gate Blvd Interconnection;
- H. UTILITIES has sufficient capacity in its Water System to convey, treat, and deliver DISTRICT's Water to DISTRICT at the North Gate Blvd Interconnection;
- I. Pursuant to Section 6-50 (Water Rights) of Article VI (Utilities) of the Charter of the City of Colorado Springs, as amended, the City of Colorado Springs has the authority to buy, exchange, augment, lease, own, and control water and water rights; and
- J. UTILITIES has entered into this Agreement pursuant to Section 12.4.304 (Service: Special Contract) of Article 4 (Water Code) of Chapter 12 (Utilities) of the Code of the City of Colorado Springs 2001, as amended (Ord. 10-76).

## II. DEFINITIONS

- A. For the purposes of this Agreement, the following terms shall have the following meanings, unless the context clearly requires otherwise. Terms not otherwise defined herein shall have the meaning adopted in the latest amendment to the City Code of Colorado Springs Colorado 2001, as amended ("City Code"):
  - 1. **Consecutive System:** The Code of Colorado Regulations defines a Consecutive System as a Public Water System that receives some or all of its finished water from one or more wholesale systems. Delivery may be through a direct connection or through the distribution system of one or more Consecutive Systems pursuant to a separate agreement between all involved parties.
  - 2. **Convey, Treat, and Deliver Regional Water Service:** Water service as defined in UTILITIES' Water Rate Schedule – Contract Service -Regional (WCR) Convey, Treat and Deliver Option whereby UTILITIES' infrastructure is used to convey, treat,

- and deliver DISTRICT Water to DISTRICT to help meet the water needs of DISTRICT. Service may be interrupted from time to time.
3. **DISTRICT's Service Area:** The areas as identified as DISTRICT's Service Area on Exhibit A.
  4. **DISTRICT's Water Distribution System:** Any devices, facilities, structures, equipment or works owned and/or operated by DISTRICT for the purpose of providing water service to DISTRICT's customers located within DISTRICT's Service Area.
  5. **DISTRICT's Wastewater Collection System:** Any devices, facilities, structures, equipment or works owned by DISTRICT for the purpose of collection, storage, transmission, treatment and discharge of wastewater from DISTRICT's customers.
  6. **DISTRICT Water:** Fully consumable water owned or leased by DISTRICT that can legally be used for municipal purposes within DISTRICTS' water service area.
  7. **Full Service:** Water service as defined in UTILITIES' Water Rate Schedule – Contract Service -Regional (WCR) Full Service Option.
  8. **Full Service Water:** Fully consumable water owned or controlled by the City of Colorado Springs that can legally be used for municipal purposes within DISTRICT's Service Area.
  9. **Monument/Fountain Creek Transit Loss Model ("Model"):** The daily accounting model currently used by the Division of Water Resources to determine transit loss and water allocations along Monument and Fountain Creeks. Model shall also apply to any successor model(s) used by the Division of Water Resources for the same purposes.
  10. **Point of Connection:** The North Gate Blvd Interconnection, located at 44 North Gate Boulevard, Colorado Springs, Colorado where UTILITIES' Water System is connected to DISTRICT's Water Distribution System
  11. **Public Water System:** The Code of Colorado Regulations defines a Public Water System as a system for the provision to the public of water for human consumption through pipes or other constructed conveyances if such system has at least fifteen service connections or regularly serves an average of at least 25 individuals daily at least 60 days per year.

- 12. Tariffs:** UTILITIES' Water Rate Schedules together with Utilities Rules and Regulations.
- 13. UTILITIES' Water System:** Utilities' Water System includes any devices, facilities, structures, equipment or works owned by UTILITIES for the purpose of providing regional water service to DISTRICT's Water Distribution System.
- 14. UTILITIES' Wastewater Treatment System:** UTILITIES' Wastewater Treatment System includes any devices, facilities, structures, equipment or works owned by UTILITIES for the purpose of collection and treating wastewater.
- 15. WLESS:** UTILITIES' Water Line Extension and Service Standards, as may be amended or replaced.
- 16. Water Regional System Availability Fee (WRSAP):** A fee assessed for each new connection to UTILITIES' supply system by contract outside the corporate limits of the City in areas where UTILITIES' Water System is available for use by UTILITIES to serve institutions, plants, organized water districts, municipal corporations, or other similar organizations and only with prior approval by the Colorado Springs City Council.
- a. The WRSAP reflects the amount of capacity needed within UTILITIES' Water System to meet the obligations of regional water contracts.
  - b. The WRSAP is determined based on the meter size needed to deliver the maximum daily delivery rate in million gallons per day as well as the maximum delivery volume in acre-feet per year.
  - c. Any entity that paid a WRSAP or an analogous charge through a contract in place prior to the implementation of the WRSAP will be credited for the amount paid for the analogous charge. If the entity met its full contractual WRSAP or equivalent, it is deemed to have met its WRSAP and will not be charged an additional WRSAP.

### **III. AGREEMENT FOR SERVICE**

**NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, INCLUDING THE FOREGOING REPRESENTATIONS, IT IS AGREED AS FOLLOWS:**

**A. Term:** This Agreement shall become effective upon the date of the last signature below and remains in effect until 5 pm MST on December 31, 2026.

**1. Extension:** Upon DISTRICT's notice to UTILITIES that DISTRICT's Service Area has been included in SECWCD's boundaries or DISTRICT has received written authorization from both SECWCD and Reclamation that it can receive long-term Convey, Treat, and Deliver Regional Water Service from UTILITIES without inclusion, this Agreement shall remain in effect until 5pm MST on December 31, 2048.

**2. Renewal:**

**a.** No later than eighteen (18) months prior to the expiration of the Term, the Parties shall begin good faith negotiations on a new agreement for UTILITIES' provision of Convey, Treat, and Deliver Regional Water Service to DISTRICT, with the expectation that such new agreement ("New Agreement") shall be substantially similar to this Agreement. The Parties acknowledge that the intent of the Agreement is for the Parties to enter into such successive New Agreements so as to continue the provision of service as contemplated herein, subject to approval by the Colorado Springs City Council.

**b.** If the Parties are unable to execute a New Agreement by the date that is six (6) months prior to the end of the Term:

i. UTILITIES may notify DISTRICT in writing that DISTRICT shall be disconnected from UTILITIES' Water System as of the expiration of the Term; or

ii. If the Parties mutually agree to continue good faith negotiations for a new water service agreement beyond the Term, the term may be extended for an additional one (1) year term at UTILITIES' sole discretion.

**3. Supersedes All Previous Agreements:** DISTRICT and UTILITIES agree that upon its effective date, this Agreement supersedes the expired Agreement for Short Term Water Services dated May 1, 2011 and any amendments or addendums thereto as well as the Agreement for Month-to-Month Water Services dated December 22, 2015 and all amendments and addendums thereto, and the Agreement for Short-Term Water Service dated December 17, 2018 and any amendments or addendums thereto.

**B. Convey, Treat, and Deliver Regional Water Service:**

1. UTILITIES agrees to provide DISTRICT water service during the term of this Agreement. UTILITIES shall not be obligated to deliver more than 1,000 acre-feet annually of DISTRICT Water to DISTRICT, unless a greater amount is approved in writing by UTILITIES.
2. UTILITIES shall deliver water provided under this Agreement to DISTRICT at the Point of Connection. It is not the Parties intent for the DISTRICT to take delivery of Full Service Water under this Agreement except in the event of an emergency that results in DISTRICT's normal Water Distribution System operations being significantly disrupted such that DISTRICT has a need for water supplies in excess of available DISTRICT Water. If such an emergency occurs, and UTILITIES has determined Full Service Water is available, DISTRICT may request and receive deliveries of Full Service Water on a temporary basis. Any such emergency shall be expediently resolved and DISTRICT shall, at all times, seek to avoid taking delivery of any Full Service Water.
2. DISTRICT shall be solely responsible for taking all actions necessary for DISTRICT's Service Area to be included within SECWCD's boundaries or obtaining a written waiver of the inclusion requirement. UTILITIES shall have no obligation to provide water service until DISTRICT's Service Area is included within the SECWCD's boundaries or DISTRICT obtains a written waiver of the inclusion requirement from SECWCD and Reclamation and provides UTILITIES with notice of such inclusion or waiver.

**C. Point of Connection:**

1. DISTRICT shall own and shall be solely responsible, financially and otherwise, for the operation, maintenance and repair, improvement, including any improvement, repair or maintenance that is requested by UTILITIES, of the infrastructure constituting the Point of Connection located between and including the secondary valve and the DISTRICT's Water Distribution System as depicted in Exhibit B and all other related facilities necessary for the DISTRICT's use of water provided in connection with this Agreement.

2. UTILITIES shall be responsible, financially or otherwise, for the operation, maintenance and repair of infrastructure constituting the Point of Connection located between the water main/tap and the secondary valve as depicted in Exhibit B. The DISTRICT agrees to reimburse UTILITIES for its time-and-material costs associated with the maintenance and repair of such infrastructure. The DISTRICT hereby grants UTILITIES the perpetual right to ingress and egress over and through the DISTRICT's Property, including property owned by the DISTRICT or in rights-of-way or easements dedicated to the DISTRICT, to the Point of Connection so that UTILITIES may operate, maintain, repair, and inspect the Point of Connection infrastructure it is responsible for as well as perform its other duties under this Agreement and any future agreement between the Parties related to the provision of water service. All repair or maintenance of the Point of Connection shall be completed in a timely manner and in accord with standard industry practices. The Parties shall keep the Point of Connection and every part thereof for which they are responsible pursuant to this section maintained so that they continue to properly serve the purposes for which they were originally intended.

- D. Volumetric Delivery Terms:** DISTRICT shall limit its water demand on UTILITIES' system to an instantaneous flow rate of not more than 2,083 gallons per minute, and a total maximum daily delivery of 2.5 million gallons per day (daily flow limit). UTILITIES agrees to maintain the hydraulic grade line at the Point of Connection at or above 7,072 feet. UTILITIES may, as it deems necessary and without providing DISTRICT notice, increase, decrease, or waive these daily and instantaneous flow limits based on system performance to protect UTILITIES' Water System and deliveries to UTILITIES' customers or other good cause. UTILITIES will make best efforts to provide DISTRICT timely notice of any changes of this type.
- E. DISTRICT Water Supply Obligation:** DISTRICT agrees that DISTRICT bears the sole responsibility for providing a permanent supply of water to meet its customers' demands. DISTRICT shall maintain and operate its Water Distribution System on a continuous, year-round basis to meet such obligations.
- F. Use of Water:** DISTRICT agrees not to use the water provided pursuant to this Agreement, directly or indirectly, to furnish water outside the Arkansas River Basin.

DISTRICT further irrevocably commits not to serve water delivered under this Agreement to property located outside of the natural drainage of the Arkansas River or to market, transfer, wheel, or otherwise provide water to properties or entities located outside the natural drainage of the Arkansas River Basin. DISTRICT agrees not to use the water provided pursuant to this Agreement, directly or indirectly, to furnish water outside DISTRICT's Service Area as of the date of this Agreement or to any entity or person other than the current residential, commercial, industrial and contract customers of DISTRICT, except DISTRICT may service subdivided lots within Chaparral Hills Subdivision, El Paso County, Colorado, which are served under court order by the DISTRICT, as well as Academy Water and Sanitation District if it is included in the DISTRICT's service area. Neither Chaparral Hills Subdivision nor Academy Water and Sanitation District are beneficiaries of this Agreement, except as they may receive water service from DISTRICT. In addition, so long as marijuana is an illegal substance under Federal Law, DISTRICT shall not use, or allow its customers to use, the water provided under this agreement, directly or indirectly, to support the cultivation or distribution of marijuana.

**G. Water Rights Unaffected:** Neither Party is transferring the ownership of any of its water rights under this Agreement.

**H. Acceptance of DISTRICT Water into UTILITIES' Water System:** The acceptance of DISTRICT Water into UTILITIES' Water System will be accomplished by book over of DISTRICT Water from DISTRICT's account in Pueblo Reservoir, or some other mutually agreed upon location, to the UTILITIES' Water System at a location designated by UTILITIES. Should the mutually agreed upon location for book over be unavailable, DISTRICT is responsible for securing the ability to book over water at another mutually agreed upon location. DISTRICT Water shall be delivered to UTILITIES at locations and during times as requested at UTILITIES' sole discretion. Further, it is agreed that UTILITIES shall not be obligated to accept into its Water System any DISTRICT Water that would interfere with UTILITIES' rights, operations, or yields. The use and administration of, Any DISTRICT Water not accepted into UTILITIES' Water System will be the sole responsibility of DISTRICT. DISTRICT shall be responsible for all accounting and administration requirements in connection with its diversion and use of

DISTRICT Water under this Agreement. Upon acceptance into UTILITIES' Water System, the accepted DISTRICT Water takes on the character of fully consumable water that can be used in accordance with UTILITIES' water rights decrees and the water delivered to DISTRICT and any return flows therefrom up to the amount of DISTRICT Water accepted into UTILITIES' Water System take on the character of DISTRICT Water delivered to DISTRICT via UTILITIES' Water System. If DISTRICT Water cannot be booked over, is not accepted into UTILITIES' Water System or more water than accepted was delivered by UTILITIES, all water delivered to DISTRICT in excess of the amount of DISTRICT Water accepted into UTILITIES' Water System shall be considered Full Service Water. This Agreement is subject to the administration of water rights by the Division of Water Resources.

**I. Return Flows:**

**1. DISTRICT Water**

UTILITIES shall maintain dominion and control of all DISTRICT Water being delivered through UTILITIES' Water System to DISTRICT until such water is delivered at the Point of Connection. Upon delivery, DISTRICT shall have and retain the legal ownership of and right to use, reuse, successively use, and dispose of all return flows resulting from DISTRICT's use of DISTRICT Water delivered by UTILITIES under this Agreement.

**2. Full Service Water**

- a.** All Full Service Water delivered by UTILITIES under this Agreement may only be used for the purposes for which UTILITIES' water rights have been decreed. Neither DISTRICT nor its customers shall have the right to make successive use of Full Service Water, and upon completion of the initial use, all dominion and control over the Full Service Water shall revert to UTILITIES.
- b.** UTILITIES retains legal ownership of and the right to use, reuse, successively use, and dispose of all return flows resulting from DISTRICT's one-time use of Full Service Water. DISTRICT shall maintain dominion and control over all Full Service Water during the distribution of the water through DISTRICT's Water Distribution System and once returned to DISTRICT's Wastewater Collection System. DISTRICT shall be solely responsible for the collection, treatment and

discharge of all wastewater generated by the use of Full Service Water furnished under this Agreement, and shall retain dominion and control over such water until it is discharged from DISTRICT's Wastewater Collection System or upon entry into UTILITIES' Wastewater Treatment System pursuant to a separate Regional Wastewater Services agreement.

- c. DISTRICT shall cooperate with UTILITIES to quantify daily discharges of return flows attributed to Full Service Water from DISTRICT's Wastewater Collection System to permit their inclusion in the Model. Reporting shall also be made as necessary to [water\\_accounting@csu.org](mailto:water_accounting@csu.org). DISTRICT shall be solely responsible for its own cost for the use of the Model. UTILITIES shall have the right to review the water accounting documents of DISTRICT to verify the quantities of such return flows resulting from DISTRICT's use of the Full Service Water delivered to DISTRICT.
- J. Consequence of Loss of Dominion Over Return Flows:** If UTILITIES should lose legal dominion and control over the return flows that result from DISTRICT's use of any Full Service Water due to any act or failure to act by DISTRICT, DISTRICT shall pay the Augmentation (W1G) tariff rate as modified or replaced for the volume of return flows lost to UTILITIES as determined in UTILITIES' sole discretion. UTILITIES will bill DISTRICT with payment due within thirty (30) days of the date of billing.
- K. Service Rates, Fees, and Billing:**
1. **WRSF:** A 10" meter was installed at the Point of Connection due to existing infrastructure at the Point of Connection; however, a 4" meter would be more appropriate given the volume of water delivered to the Point of Connection. The current WRSF Tariff rate for a 4" meter is \$5,036,310.00. It is anticipated that by December 31, 2022 DISTRICT will have paid \$1,790,895.04. The remaining WRSF to be paid for the Point of connection is \$3,245,414.96. DISTRICT has elected to pay this over the period of this contract, up to twenty-five years, and will pay \$183,533.67 each year. The yearly WRSF must be paid within 30 days of the date of billing.
  2. **Commodity Charge:** DISTRICT agrees to pay the then prevailing Contract Service – Regional (WCR) Convey, Treat, and Deliver Option rate modified or replaced for

every cubic foot of DISTRICT Water delivered to DISTRICT. If Full Service Water is delivered to DISTRICT, DISTRICT agrees to pay the then prevailing Contract Service – Regional (WCR) Full Service Option rate, or its replacement, for every cubic foot of Full Service Water delivered to DISTRICT. UTILITIES will bill DISTRICT monthly in arrears with payment due within thirty (30) days of the date of billing.

**3. Water Quality Monitoring:** DISTRICT agrees to pay a *pro rata* share of water quality monitoring UTILITIES is obligated to perform to be in compliance with its Pueblo County 1041 permit for the Southern Delivery System. DISTRICT shall be billed annually with payment due within thirty (30) days of the date of billing. UTILITIES may choose to waive this charge if DISTRICT can demonstrate their participation in water quality monitoring that meets Pueblo County’s 1041 permitting criteria.

**4. Payments:** Payments under this Article III.K shall be due at Colorado Springs Utilities, Customer Services Department, 111 S. Cascade Ave., Colorado Springs, Colorado 80903. If a payment is not made within thirty (30) days of when it is due, a deposit may be assessed as outlined in the Tariffs as modified or replaced.

**L. Metering:** All water delivered under this Agreement shall be measured at the Point of Connection between UTILITIES’ Water System and DISTRICT’s Water Distribution System. If at any time either UTILITIES or DISTRICT questions the accuracy of the meter, either Party may cause such meter to be tested for accuracy and recalibrated, if necessary, at such Party’s expense. In the event a meter shall be tested, the Party testing the meter shall provide the other Party with three (3) days’ notice of such testing. If the Parties cannot agree that the meter is measuring accurately, they shall choose an independent third party qualified to test the accuracy of such meters, whose decision regarding accuracy shall be binding on both Parties.

**M. Water Efficiency Plan:** DISTRICT agrees to abide by and enforce its water efficiency plan submitted to the State in its current form or as it may be changed through the State’s approval process.

**N. Regional Cooperation:**

1. DISTRICT acknowledges and agrees to support the Fountain Creek Watershed, Flood Control, and Greenway District to the extent authorized under Colorado Revised Statutes §32-1-1001, *et seq.*
  2. DISTRICT agrees to actively support and cooperate with the City of Colorado Springs, El Paso County, and other regional entities having jurisdiction over stormwater detention and retention on Fountain Creek and to take whatever actions that are within DISTRICT's legal authority to ensure that stormwater in the Fountain Creek Basin does not increase above existing conditions, it being understood that DISTRICT has no express authority with respect to regulation or control of stormwater or funding of stormwater projects.
  3. DISTRICT agrees to accept and comply with the City of Pueblo Flow Management Program and Pueblo Recreational In-Channel Diversion Decree, both impacting the Arkansas River between Pueblo Dam and its confluence with Fountain Creek, in any Water Court application or request for administrative approval for a change of water rights or exchange implicating that reach of the Arkansas River.
  4. DISTRICT agrees to support any studies of a flood control dam or dams on Fountain Creek, it being understood that DISTRICT has no express authority to regulate or control stormwater or fund stormwater.
- O. Changes in Terms or Type of Service:** Should DISTRICT take delivery of Full Service Water more than three events in five years on a rolling average, request deliveries that exceed the limits outlined in the Agreement, or desire a different type of water service, UTILITIES and DISTRICT shall either amend this Agreement or renegotiate the Agreement in its entirety.

#### **IV. WATER DELIVERIES**

- A. Requests for Delivery of Water:** DISTRICT shall directly communicate with UTILITIES' System Control as specified in this section and follow up with a written request for delivery of water, specifying amounts, rates, and duration at least three (3) business days prior to the expected delivery date(s). UTILITIES will provide a written response at least one (1) day prior to the requested delivery date accepting, modifying, or denying the request. For the purposes of DISTRICT requesting service and UTILITIES responding to requests, the term "written" shall include communications by electronic

mail to certain electronic mail addresses, which DISTRICT and UTILITIES shall provide to each other upon execution of this Agreement and keep current through the duration of the Agreement. DISTRICT shall limit its water demand on UTILITIES' system as specified in Article III.D. The initial contacts are set forth below.

**1. UTILITIES System Control**

- a. Operations Supervisor, Jeremy McBeain

[jmcbeain@csu.org](mailto:jmcbeain@csu.org)

Office Phone (719) 668-4588

Cell Phone (719) 494-6973

- b. System Control Operator, to be acknowledge within 24-hours by Operations Supervisor

Office Phone (719) 668-4570

- c. [Water\\_accounting@csu.org](mailto:Water_accounting@csu.org)

**2. DISTRICT System Control**

- a. Water Production Manager, Ronny Wright

[ronnyw@donalawater.com](mailto:ronnyw@donalawater.com)

Office Phone (719) 488-3603

Cell Phone (719) 499-8256

**B. Delivery Interruptions:** UTILITIES may interrupt deliveries of water due to lack of water supplies, infrastructure failure, system capacity failure, or water quality concerns. UTILITIES shall take all reasonable steps to provide DISTRICT with advance notice providing the reasons for any and all delivery interruptions and further take all reasonable steps to restore deliveries of water to the DISTRICT through resolution of such issues.

**C. Consecutive System Disinfection:** DISTRICT and UTILITIES shall comply with Consecutive Systems Disinfection Protocol set forth in Exhibit C during the term of this Agreement.

**1. Disinfection pursuant to Exhibit C is required when:**

- a. The consecutive system is bringing the Point of Connection into service for the first time, or
- b. The consecutive system is bringing the Point of Connection back into service after repairs or similar event that has compromised the main or opened it to the environment, or

c. The consecutive system is bringing the Point of Connection back into service after a period of >72 hours of the line being stagnant or empty. UTILITIES may also require a disinfection in these cases if there is a possibility the water quality has been compromised in any way.

2. **Scheduling Requirements:** UTILITIES' Water Quality Assurance requires at least two business days' notice to disinfect for consecutive system use. Notify [waterquality@csu.org](mailto:waterquality@csu.org) to schedule for disinfection.

**D. Drinking Water Quality Regulatory Compliance; Required Permits:**

1. The water provided by UTILITIES to DISTRICT at the Point of Connection shall be potable water which complies with the Federal Safe Drinking Water Act and the applicable Colorado Primary Drinking Water Regulations (5 C.C.R. 1002-11). Pursuant to §1.8 of the Colorado Primary Drinking Water Regulations, UTILITIES' responsibility regarding the quality of water furnished shall extend only to the Point of Connection. DISTRICT agrees that its Water Distribution System constitutes a Consecutive System and, in accordance with §1.9 of the Colorado Primary Drinking Water Regulations, DISTRICT is responsible for all applicable monitoring and reporting requirements of the Colorado Primary Drinking Water Regulations of water within DISTRICT's Water Distribution System.

2. DISTRICT will be responsible for obtaining, prior to operation, any applicable permits from any permitting authority or approvals from the Colorado Department of Public Health and Environment required for the construction and connection of DISTRICT's Water Distribution System to UTILITIES' Water System at and from the Point of Connection and to fulfill all purposes of this Agreement. A copy of such approval will be provided to UTILITIES within 30 days of receipt by DISTRICT to the UTILITIES' contacts set forth in Article V.A below.

**E. Colorado Water Quality Control Act Compliance:** If at any time during the effective term of this Agreement DISTRICT fails to meet the requirements of the Colorado Water Quality Control Act applicable to DISTRICT, and applicable control regulations promulgated and permits issued thereunder, UTILITIES may in its sole discretion suspend deliveries and interrupt its performance of this Agreement, without

commensurate extension of the term of this Agreement or liability to DISTRICT or any third party, including DISTRICT's customers, until DISTRICT has achieved compliance. With or without suspension or interruption by UTILITIES, DISTRICT, in the event of its failure to meet such requirements applicable to DISTRICT, shall implement cost-effective solutions to reduce water pollution with the objective of achieving and maintaining water quality in accordance with the applicable designated uses and water quality standards established by the Water Quality Control Commission and discharge permit limits imposed by the Water Quality Control Division on DISTRICT. In the event UTILITIES fails to meet the requirements of the Colorado Water Quality Control Act and applicable regulations thereunder, UTILITIES shall notify DISTRICT in the same manner as its other customers, and DISTRICT shall have the same rights and remedies as provided to UTILITIES, including the option of requesting the suspension of the delivery of water under this Agreement until such time as UTILITIES has achieved compliance.

## V. STANDARD TERMS AND CONDITIONS

**A. Legal Notice:** Notices under this Agreement, other than DISTRICT's requests for water and UTILITIES' responses to such requests, shall be given in writing, signed by an authorized representative of the party giving notice. Telephonic or email notice is not acceptable. Notices shall be delivered by courier service delivery (such as Federal Express) that maintains delivery records requiring a signed receipt; certified mail, postage prepaid with return receipt requested; or personal delivery to the people specified below at the following addresses:

For UTILITIES:

**1. General Manager, Water Resources**

Courier Service Address:

Colorado Springs Utilities  
ATTN: General Manager, Water Resources  
1525 S. Hancock Expressway  
Colorado Springs, CO 80906

United States Postal Service Address:

Colorado Springs Utilities

ATTN: General Manager, Water Resources  
P.O. Box 1103, MC 1825  
Colorado Springs, CO 80947-1825

2. City Attorney's Office – Utilities Division:

City Attorney's Office  
ATTN: City Attorney's Office – Utilities Division  
30 South Nevada Ave., Suite 501  
P.O. Box 1575, Mail Code 510  
Colorado Springs, CO 80901-1575

1. General Manager: Jeff Hodge

Address:

Donala Water and Sanitation District  
ATTN: General Manager  
15850 Holbein Drive  
Colorado Springs, CO 80921

Office Phone: (719) 488-3603

Fac: (719) 488-3110

2. Office Administrator: Christina Hawker

Address:

Donala Water and Sanitation District  
ATTN: General Manager  
15850 Holbein Drive  
Colorado Springs, CO 80921

Office Phone: (719) 488-3603

Fac: (719) 488-3110

Notices shall be effective (1) the next day following the date sent by courier service delivery that maintains delivery records requiring a signed receipt; (2) upon receipt by the addressee of a personal delivery; or (3) seven (7) days following the date of mailing via certified or registered mail, postage prepaid, return receipt requested.

**B. Breach of Agreement and Termination:**

1. **Breach of Agreement:** Upon any breach of this Agreement, the non-breaching Party shall have the right to: (a) seek specific performance; (b) be reimbursed for costs; (c) be entitled to money damages for the period between the breach and the order for specific performance; or terminate this Agreement. Unless an emergency situation requires immediate action in order to protect the health,

safety and welfare of its customers or UTILITIES' Water System, or of DISTRICT's customers or DISTRICT's Water Distribution System, the non-breaching Party shall provide written notice to the breaching Party of a breach of this Agreement and the breaching Party shall have thirty (30) days to cure such breach or take reasonable steps to address such breach and provide the non-breaching Party with notice of same prior to the non-breaching Party exercising its rights hereunder. DISTRICT may terminate this Agreement at any time if it does not receive the written authorization from the Bureau and SECWCD required by Article III.A.1 above upon thirty (30) days notice to Utilities.

**a. Consequential Damages.** Any action by DISTRICT that results in violations of any of UTILITIES' water service-related permits may subject DISTRICT to consequential damages for breach of contract including, but not limited to, any amounts the City or UTILITIES may be required to pay for violation of the conditions of any UTILITIES' water-related permits to the extent that the DISTRICT's actions caused or contributed to the violation.

**b. Disconnection Damages:** If DISTRICT disconnects from UTILITIES' Water System for any reason other than a material breach by UTILITIES, the Parties agree that UTILITIES will suffer minimum damages equal to the cost to replace any infrastructure that UTILITIES can no longer use to provide water service to customers other than DISTRICT because of DISTRICT'S disconnection.

**2. UTILITIES Right to Suspend Service:** DISTRICT acknowledges and consents to UTILITIES' right to suspend Convey, Treat, and Deliver Service or terminate this Agreement without liability or obligation to DISTRICT or any other person or entity:

**a.** Due to a significant interruption of water supplies, a substantial disruption (including, but not limited to, legal challenges impacting UTILITIES' Water System, and maintenance and repair to the infrastructure) to UTILITIES' Water System; or

**b.** Due to DISTRICT's breach of a material term or condition of this Agreement, if DISTRICT has not taken substantial steps to cure the breach within a reasonably sufficient time frame that allows DISTRICT to cure the material

breach after receiving written notice of such breach from UTILITIES; or

c. As otherwise authorized by the City Code or City Council.

**3. Notice of Breach.** Each Party shall promptly notify the other Party of circumstances that could result in a breach and UTILITIES shall further promptly notify DISTRICT of changes in City Code, or City Council action that could result in termination of the Agreement.

**4. Effect of Termination.** Upon termination, UTILITIES shall have no further obligation to provide Convey, Treat, and Deliver Service to DISTRICT and DISTRICT's Water Distribution System shall be disconnected from UTILITIES' Water System. Upon termination of this Agreement, UTILITIES shall determine the connection facilities between DISTRICT's Water Distribution System and UTILITIES' Water System that must be removed at DISTRICT's sole expense. UTILITIES shall determine the way the connection facilities are to be removed and water delivery services discontinued in accordance with UTILITIES' WLESS. All outstanding charges owed by DISTRICT to UTILITIES are due and payable prior to the disconnection of service. If all outstanding charges owed by DISTRICT to UTILITIES are not paid prior to disconnection, DISTRICT's obligation to make full payment shall survive termination of this Agreement.

**C. Approvals/Permits:** The Parties expressly acknowledge that the service contemplated and/or the construction of any Improvements under this Agreement may be dependent upon the receipt of any necessary approvals and/or permits by Federal, State, and local governmental and/or regulatory entities. DISTRICT shall be solely responsible for obtaining and complying with all approvals or permits necessary to accomplish the provision of water service and water conveyance by UTILITIES to DISTRICT under this Agreement. UTILITIES will cooperate as reasonably requested by DISTRICT in any application or proceedings to obtain such approvals.

**D. DISTRICT Dissolution:** If DISTRICT seeks to dissolve pursuant to relevant laws, rules, and regulations, then DISTRICT shall provide a copy of its dissolution petition to UTILITIES, at the time of its filing. The dissolution petition shall provide for assignment of DISTRICT's rights and obligations under the Agreement to a third

party acceptable to UTILITIES. If no provision is made for such an assignment or other arrangement reasonably acceptable to UTILITIES, upon DISTRICT's dissolution, this contract shall be null, void and of no further force or effect, and UTILITIES shall have no further obligation to provide water service pursuant to the terms of this Agreement.

**E. City of Colorado Springs Compliance:**

1. This Agreement is for "Contract Service – Regional (WCR), Convey, Treat, and Deliver Option," as provided in the Tariffs. The water service provided under this Agreement shall be governed by the Colorado Springs City Charter, the City Code, the Tariffs, WLESS, and all other applicable City of Colorado Springs' or UTILITIES' ordinances, resolutions regulations, policies and rules concerning regional water service as may be amended or replaced, except as otherwise provided in this Agreement. DISTRICT shall comply with applicable laws, ordinances, regulations, rules or policies concerning use of UTILITIES' Water System as they exist now or may be amended or replaced in the future. The Parties acknowledge and agree that City Code Chapter 12, Article 4, Part 13 is not applicable to DISTRICT under this Agreement.
2. In accordance with City Code § 12.4.304, DISTRICT submits to the jurisdiction of the City of Colorado Springs for the purposes of the enforcement procedures set out in City Code Chapter 12, Article 4 that are applicable to this Agreement.

**F. Compliance with Laws and Regulations:** This Agreement and the rights and obligations of the Parties shall be subject to all applicable laws, orders, court decisions, directives, rules, and regulations of any duly constituted governmental body or official having jurisdiction. Nothing contained in the Agreement, however, shall require either Party hereto to comply with any law, the validity of applicability of which shall be contested in good faith and, if necessary or desirable, by appropriate legal proceedings. DISTRICT agrees to comply with all applicable ordinances, regulations and rules concerning the connection to and use of UTILITIES' Water System by DISTRICT.

**G. No Assignment without Consent; No Third-Party Beneficiary:** There shall be no assignment of the rights or obligations contained in this Agreement by either Party

without the prior written consent by the other Party, and any such assignment shall be null and void. Unless otherwise prohibited, upon written notice to DISTRICT, UTILITIES may assign this Agreement without consent to the City of Colorado Springs, Colorado. Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than UTILITIES and DISTRICT.

- H. Governing Law, Jurisdiction and Venue:** This Agreement shall be construed in accordance with the laws of the State of Colorado (except for its conflict of law provisions) as well as the Colorado Springs City Charter and the City Code. The place of performance and transaction of business shall be deemed to be in the County of El Paso, State of Colorado. In the event of litigation, the exclusive venue and place of jurisdiction shall be El Paso County, Colorado and, if necessary, for exclusive federal questions, the United States District Court for the District of Colorado.
- I. Force Majeure:** Neither Party shall be liable for delays in performing its obligations to the extent the delay is caused by an unforeseeable condition beyond its reasonable control without fault or negligence, including strikes, riots, wars, floods, fires, explosions, acts of nature, acts of government, or labor disturbance.
- J. Appropriation of Funds:** In accord with the Colorado Springs City Charter, performance of UTILITIES' obligations under this Agreement is expressly subject to appropriation of funds by City Council. In the event funds are not appropriated in whole or in part sufficient for performance of UTILITIES' obligations under this Agreement, or appropriated funds may not be expended due to City Charter spending limitations, then this Agreement will thereafter become null and void by operation of law, and UTILITIES will thereafter have no liability for compensation or damages to DISTRICT for future performance and obligations thereafter in excess of UTILITIES' authorized appropriation for this Agreement or applicable spending limit, whichever is less. UTILITIES will notify DISTRICT as soon as reasonably practicable in the event of non-appropriation or in the event a spending limit becomes applicable.
- K. Entire Agreement; Modifications to be in Writing:** This Agreement, including any and all appendices and exhibits attached hereto, contains the entire understanding between the Parties. No modification, amendment, notation, or other alteration to this

Agreement shall be valid or any force or effect unless mutually agreed to by the Parties in writing as an addendum to this Agreement. At the time of the execution of this Agreement, there are no other terms, conditions, requirements, or obligations affecting this Agreement which are not specifically set forth therein. Electronic mail and all other electronic (including voice) communications from UTILITIES, except as otherwise specifically provided herein, in connection with this Agreement, are for informational purposes only. No such communication is intended by UTILITIES to constitute either an electronic signature or to constitute any agreement by UTILITIES to conduct a transaction by electronic means. Any such intention or agreement is hereby expressly disclaimed.

- L. No Precedent; Severability:** The Parties agree that neither of them intends that this Agreement shall in any way constitute a precedent or standard for any future Agreement, nor vest any rights in either Party or any third party for novation, renewal, modification, or addition of any other rights or services on account of this Agreement's existence, as it is based solely on unique conditions currently existing at the time of execution. Any provision or part of this Agreement held to be void or unenforceable under any laws or regulations shall be deemed stricken, and all remaining provisions shall continue to be binding upon the Parties and this agreement shall be reformed to replace such stricken provisions with a new provision that comes as close as possible to expressing the intention of the stricken provision.
- M. Remedies Cumulative:** Remedies herein are cumulative and may be used individually, sequentially, concurrently, or in any order.
- N. Audits:** UTILITIES shall have the right to audit at any time all of DISTRICT's records relating to compliance with this Agreement. DISTRICT shall have the right to audit all UTILITIES' records relating to compliance with this Agreement.
- O. No Exclusive Rights:** Nothing in this Agreement shall be construed as a grant by either Party of any exclusive right or privilege.
- P. Waiver:** No waiver by either Party of any terms or condition of this Agreement shall be deemed or construed as a waiver of any other term or condition, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different provision of this Agreement.

**Q. Limitations upon Consent:** Whenever, under the terms of this Agreement, UTILITIES is authorized to give its written consent, UTILITIES, in its discretion, may give or may refuse such written consent and if given, may restrict, limit, or condition such consent in such manner as it shall deem advisable.

**R. Liability:**

- 1. Party Responsible for Own Negligence:** Each Party shall be responsible for its own negligence. Neither Party waives the benefits or obligations afforded it by the Colorado Governmental Immunity Act, C.R.S. 24-10-101, *et seq.*
- 2. UTILITIES' Limitation of Liability:** In addition to force majeure events described in this Agreement, UTILITIES shall not be liable in tort or contract to DISTRICT or its customers for failure to provide water service under this Agreement if such failure is the result of a significant interruption of water supplies or an inadequate natural physical water supply, a substantial disruption to UTILITIES' Water System (including, but not limited to, legal challenges impacting the water system, and maintenance and repair of UTILITIES' Water System), or the adoption and implementation of water use or delivery restrictions in accordance with City Code.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date of the last signature below.

COLORADO SPRINGS UTILITIES

DONALA WATER AND SANITATION  
DISTRICT

By: \_\_\_\_\_

By: \_\_\_\_\_

Travas Deal

Jeff Hodge

Chief Executive Officer

General Manager

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM:

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Michael Gustafson

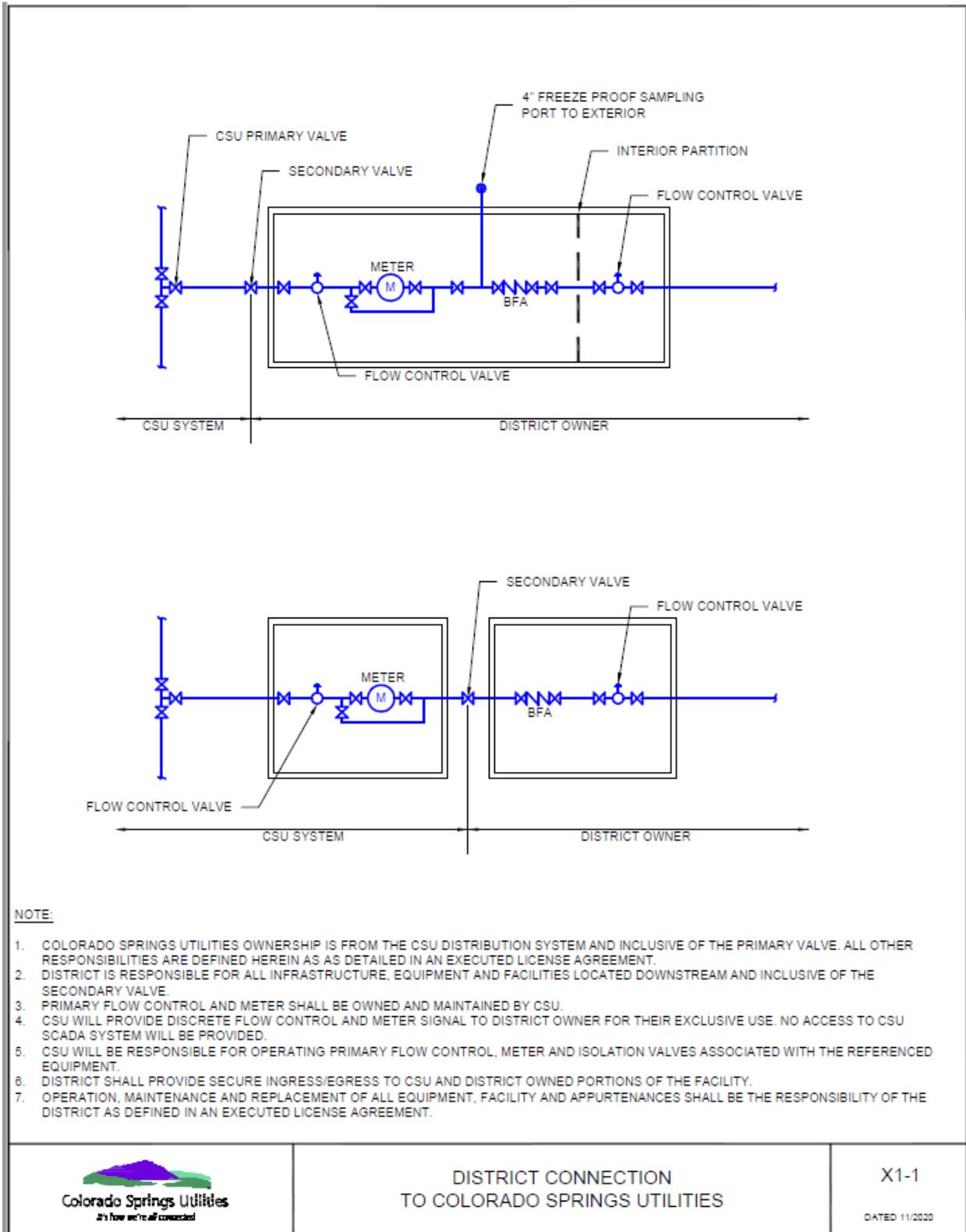
City Attorney's Office – Utilities Division

DRAFT

**Exhibit A – Map of District’s Service Area**

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## Exhibit B– Infrastructure Configuration



## Exhibit C – Consecutive System Disinfection Protocol

### 1.0 Purpose

The purpose of this Consecutive Systems Disinfection Protocol for Regional Water Service Contracts Exhibit is to define Colorado Springs Utilities' (Utilities) and the Regional Water Service Contract holder's roles and responsibilities pertaining to potable water main disinfection procedures for Connective Systems.

A Consecutive System is defined as a Public Water System that receives some or all its finished water from one or more wholesale systems. Delivery may be through a direct connection or through the distribution system of one or more Consecutive Systems.

The Consecutive System Standard Operating Procedure followed by Colorado Springs Utilities is available upon request.

### 2.0 Scope

The scope of this document is to establish the standard for managing the sanitary practices of Consecutive System to Utilities' water system. The objective is to protect Utilities' potable water distribution system, public health, prevent waterborne disease outbreaks, and comply with Colorado Primary Drinking Water Regulations.

Disinfection of the system is required when:

1. The Consecutive System is bringing the interconnect into service for the first time, or
2. The Consecutive System is bringing the interconnect back into service after repairs or similar event that has compromised the main or opened it to the environment.

Flushing of the system is required when the Consecutive System is bringing the interconnect back into service after a period of >72 hours of the line being stagnant or empty. Utilities may also require a disinfection in these cases if there is a possibility the water quality has been compromised in any way.

### 3.0 Scheduling Requirements

Scheduling requirements for a Potable Water Main Disinfection or system flush are as follows:

1. The Operator in Responsible Charge (ORC) of the Consecutive System receiving water shall notify Utilities' Water Quality Assurance department (WQA) at [waterquality@csu.org](mailto:waterquality@csu.org) to schedule a system flush at least two business days prior to date of flush. WQA is not able to accommodate requests for potable water main disinfection or system flush without at least **two business days'** notice.
2. The following information must be included when requesting flushing services:
  - Point of Contact (Name and Phone Number).
  - Address or Intersection of where the flush will be taking place.
  - Requested date and time of the flush

3. The site ORC and Operations from the Consecutive System shall be available at the time of chlorination to assist with any issues that may occur such as valve locations, closed valves, leaks, main breaks, cross-connections, or safety concerns.

#### **4.0 Responsibilities**

This section defines the general responsibilities of stakeholders within Utilities that are directly involved with the disinfection and flushing of potable water mains for Connective Systems.

##### **4.1 Colorado Springs Utilities Responsibilities:**

- Utilities' Water Quality Assurance (WQA) team is responsible for the managerial oversight of all chlorination injections, disinfections, system flushing, chlorine neutralization and system monitoring during dewatering activities.
- Utilities' Distribution and Collection Specialist is considered the Operator in Responsible Charge of all Utilities' potable mains under the control of the assigned specialist. This encompasses legal responsibility of all distribution system pipelines being operated and maintained.

##### **4.2 Consecutive System Operations/ Management:**

- Public Water Systems that receive water from Utilities will be considered the ORC downstream of the demarcation/interconnect valve. This encompasses legal responsibility of all distribution system pipelines being operated and maintained. Responsibilities include, but are not limited to, the following:
  - The oversight authority of the operation of the Consecutive System's potable water distribution system.
  - Placement and providing a containment structure large enough to retain six times the volume of water to be discharged if an adequate storm intake is not available or the water cannot otherwise be properly managed.
  - Overseeing the operation of pressure regulation equipment, cross-connection and system control valves.
  - ORC is responsible for the operation and maintenance of the cross-connection device, to include state certified cross connection control technician simultaneously testing its backflow assembly to ensure proper operation.

#### **5.0 Operational Procedures**

##### **5.1 Initial start-up of a consecutive system:**

Prior to the initial start-up of a consecutive system:

- WQA will work with the Utilities ORC and the consecutive system ORC to disinfect the main.

- Utilities will conduct bacteriological testing.
- Utilities will notify the Consecutive System's ORC of a bacteriological testing once results are confirmed, typically within 24 hours. If results are negative, Utilities will open the demarcation valve and the consecutive system ORC will operate their valve and place the main into service.

### **5.2 Temporary shut downs (>72 hours):**

- The Consecutive System's ORC or representative will notify Water Operations when water supply is no longer needed.
- Water Distribution Operations will close demarcation valve. NOTE: Whenever possible, the water main should not be left isolated for longer than 72 hours. Additional sampling, disinfection, or flushing may be required if main is left isolated >72 hours.

### **5.3 Temporary shut downs (<72 hours):**

- Utilities will conduct bacteriological testing. Utilities will notify the Consecutive System's ORC of bacteriological testing once results are confirmed, typically within 24 hours. If results are negative, CSU will open demarcation valve and the consecutive system ORC will operate their valve and place the main in service.

### **5.4 Emergency Start-up:**

The following are steps toward disinfecting and dewatering at CCWD:

- Water Operations receives the emergency call from the Consecutive System's ORC requesting water.
  - Note: It is expected that Utilities has at least 24 hours of response time for all requests for water.
- WQA coordinates valve operation and discharge locations with water Distribution Operations and the Consecutive System's ORC.
- WQA will facilitate the chlorination and dewatering process and manage discharge protocols.
- Following dewatering, WQA will collect, document, and deliver a bacteriological sample to Laboratory Services for analyses. Bacteriological results will be provided to the consecutive system ORC approximately 24 hours from sample collection.

## **6.0 Process**

### **6.1 Flushing:**

When the connecting main has been empty or stagnant (for example, valved off during low consumption periods) for > 72 hours and the main has not been compromised in any way, a disinfection is not required.

- Utilities' WQA team will be responsible for managing all waters associated with dewatering, to include dichlorination and pH mitigation if necessary.
- Operations from the Consecutive System will be responsible for best management practices (BMPs) which adequately mitigate erosion, control runoff, and protect storm inlets. Alternatively, Operations from the Consecutive System will be responsible for providing a containment structure large enough to retain six times the volume of water to be discharged if an adequate storm intake is not available or the water cannot otherwise be properly managed.
- Flushing will be complete when the volume of the main has been turned over three times or chlorine line residual and clarity have been reached.
- After flushing, WQA personnel will collect a bacteriological sample from Utilities' side of the interconnect closest to the demarcation valve to ensure water being delivered meets all Safe Drinking Water Act standards. This analysis takes approximately 24 hours to complete. Water will not be delivered until the sample has been read and authorized as absent of total coliform.
- If requested, Utilities personnel may also collect a bacteriological sample from the Consecutive System's side of the interconnect.

## **6.2 Disinfection:**

Disinfection is required when the connecting main is brought into service for the first time or when the main has been compromised in any way, such as during repairs or breaks.

- WQA personnel will be responsible for determining which disinfection method is most appropriate. WQA personnel will also be responsible for all aspects of water management during disinfection and flushing.
- The Consecutive System's ORC will be responsible for BMP placement and providing a containment structure large enough to retain six times the volume of water to be discharged if an adequate storm intake is not available or the water cannot otherwise be properly managed.
- If disinfection activities must occur downstream of the demarcation valve, Utilities will function as a contractor if requested by the consecutive system. These activities are a courtesy to the Consecutive system and Utilities holds no liability for infrastructure damage or contamination. Additionally, the consecutive system will be responsible for all time and material costs incurred by Utilities associated with the disinfection. The Consecutive System's ORC will be responsible for operating all appurtenances and valves on their system.

### 6.3 Sampling Requirements:

At the Consecutive System point of entry, WQA will verify the disinfection concentration meets acceptable levels, perform a clarity check, confirm free chlorine residual, and collect bacteriological samples.

#### Bacteriological Sampling Points

WQA will collect bacteriological samples from:

- The closest possible appurtenance to the tie-in point.
- The furthest appurtenance on each leg of the main.
- Every 1000 linear feet of main.

#### Water Quality Check

- WQA will perform a water quality check, confirming free chlorine residual is >0.20 mg/L and collect a bacteriological sample at the closest possible appurtenance to the demarcation point and downstream of the demarcation valve, if requested.
- Results are read within 18 to 24 hours from sample set up time.
- If the result is “absence” for total coliform, the Laboratory Services Section (LSS) Microbiology Lab will contact the site ORC that the sample “passed”.
- Potable water mains should be placed back into service immediately following an “absence” result for total coliform

Note: Whenever possible, a water main should not be left isolated for longer than 72 hours after confirmation. Additional sampling, disinfection, and flushing may be required if main is left isolated >72 hours.

#### Bacteriological Resampling

If a bacteriological sample analysis results in “presence” for total coliform, the potable water main in question shall remain isolated and will be re-sampled

- Resampling a bacteriological sample after the first failure event.
  - If a sample results in “presence” for total coliform, TWO additional bacteriological samples will need to be taken from the isolated point of failure.
  - Samples will be collected within 48 hours of the first failure, at least 16 hours apart.
  - Both of the repeat samples collected must be absent of total coliforms before the infrastructure can be turned into service.
- Resampling a bacteriological sample if there is a SECOND failure event.
  - Sample will be collected within 48 hours of the first failure, at least 16 hours apart.

- Both of the repeat samples collected must be absent of total coliforms before the infrastructure can be turned into service.
- If the results are “absent” for total coliform, the LSS Microbiology Lab will contact the site ORC that the samples “passed”.
- Consecutive System can be placed in service.
- In the event of a THIRD failure:
  - If the main fails a third time after disinfection, it will be considered contaminated. At the discretion of the LSS Manager and WQA Supervisor, more extensive mitigation strategies will be implemented, up to and including removal and replacement of the contaminated section of the main.

DRAFT

A RESOLUTION AUTHORIZING AND DIRECTING THE CHIEF EXECUTIVE OFFICER OF COLORADO SPRINGS UTILITIES TO ENTER INTO AN AGREEMENT FOR CONVEY, TREAT, AND DELIVER REGIONAL WATER SERVICE BETWEEN COLORADO SPRINGS UTILITIES AND DONALA WATER AND SANITATION DISTRICT

WHEREAS, City Code §12.4.304 and Colorado Springs Utilities' Tariffs allow Colorado Springs Utilities to provide by contract for the use of or connection to its water supply system by institutions, plants, districts, governments, municipal corporations, or other similar users located outside the corporate limits of the City; and

WHEREAS, Donala Water and Sanitation District is a Colorado statutory water and sanitation district with service boundaries located generally in the area of Gleneagle, outside of, but adjacent to, the City of Colorado Springs; and

WHEREAS, Donala Water and Sanitation District currently services a customer base of approximately 2,600 taps; and

WHEREAS, Donala Water and Sanitation District owns or otherwise controls renewable water supplies and intends to increase and further diversify its water supplies with additional renewable supplies to meet its long-term water needs and reduce its historic and current reliance on non-renewable groundwater resources; and

WHEREAS, Donala Water and Sanitation District does not have the necessary infrastructure to convey its renewable water supplies to its service area and has requested Convey, Treat, and Deliver Regional Water Service from Colorado Springs Utilities under which its renewable water supplies will be treated and delivered through Colorado Springs Utilities' infrastructure to the existing point of connection between Colorado Springs Utilities' water system and Donala Water and Sanitation District's water system subject to volumetric limitations; and

WHEREAS, Colorado Springs Utilities currently has sufficient infrastructure capacity in its water system; water transportation displacement, and storage capacity not including UTILITIES' excess capacity storage space in the Fryingpan-Arkansas Project; and water treatment capacity to provide interruptible Convey, Treat, and Deliver Regional Water Service to Donala Water and Sanitation District; and

WHEREAS, in exchange for Convey, Treat, and Deliver Regional Water Service, Donala Water and Sanitation District has agreed to pay the rates and fees set forth in Colorado Springs Utilities' Tariffs for such service; and

WHEREAS, the Utilities Board recommended that City Council approve a long-term Agreement for Convey, Treat, and Deliver Regional Water Service with Donala Water and Sanitation District; and

WHEREAS, Colorado Springs Utilities requests that City Council authorize and direct the Chief Executive Officer of Colorado Springs Utilities to enter into a long-term Agreement for Convey, Treat, and Deliver Regional Water Service with Donala Water and Sanitation District.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

Section 1. City Council finds and determines that a long-term Agreement for Convey, Treat, and Deliver Regional Water Service between Colorado Springs Utilities and Donala Water and Sanitation District will benefit the public health, safety and welfare of the surrounding community and is in the best interest of the City.

Section 2. City Council further finds and determines that a long-term Agreement for Convey, Treat, and Deliver Regional Water Service between Colorado Springs Utilities and Donala Water and Sanitation District will have a de minimis impact on the overall City's available water supply since Colorado Springs Utilities will primarily be delivering renewable water supplies owned by Donala Water and Sanitation District under the Agreement.

Section 3. The Chief Executive Officer of Colorado Springs Utilities is authorized and directed to enter into a long-term Agreement for Convey, Treat, and Deliver Regional Water Service with Donala Water and Sanitation District in a form substantially similar to that attached hereto.

Section 4. This Resolution shall be in full force and effect immediately upon its adoption.

Dated at Colorado Springs, Colorado this \_\_\_\_ day of April, 2023.

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Council President

ATTEST:

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Sarah B. Johnson, City Clerk

**AGREEMENT BETWEEN COLORADO SPRINGS UTILITIES AND  
SECURITY WATER DISTRICT FOR  
STANDBY REGIONAL WATER SERVICE**

**THIS AGREEMENT** (“Agreement”) is made and entered into by and between Colorado Springs Utilities, an enterprise of the City of Colorado Springs, a Colorado home-rule city and municipal corporation, hereinafter called “UTILITIES,” and the Security Water District, 231 Security Boulevard, Security, Colorado, acting through its water activity enterprise hereinafter called the “DISTRICT.” Both the UTILITIES and DISTRICT hereinafter are each individually referred to as “Party” and collectively referred to as the “Parties.”

**I. RECITALS**

- A.** DISTRICT, is a Colorado statutory water district with service boundaries located just south of Colorado Springs and east of Fort Carson, was formed March 22, 1954, and currently serves a customer base of approximately 7,750 taps in the Colorado Springs metropolitan area;
- B.** DISTRICT is a participant in both the Fountain Valley Authority and the Southern Delivery System and has been included within the Southeastern Colorado Water Conservancy District;
- C.** DISTRICT desires to have the ability to receive standby water service for the delivery of DISTRICT Water, or from time to time UTILITIES Full Service Water, conveyed through UTILITIES’ water system at the CLEARVIEW CONNECTION from UTILITIES to meet the water demands of the DISTRICT if there are disruptions to the DISTRICT’s normal Water Distribution System operations;
- D.** DISTRICT has an established Point of Connection with UTILITIES at 4520 Clearview Drive, Colorado Springs, Colorado (“CLEARVIEW CONNECTION”) that was constructed pursuant to the terms of the certain Agreement for Short Term Water Service between UTILITIES and the DISTRICT dated March 16, 2017;
- E.** UTILITIES has sufficient system capacity, and may, from time to time, have available water supply to provide Standby water service to the DISTRICT at CLEARVIEW CONNECTION;

- F. Pursuant to Section 6-50 (Water Rights) of Article VI (Utilities) of the Charter of the City of Colorado Springs, as amended, the City of Colorado Springs has the authority to buy, exchange, augment, lease, own, and control water and water rights; and
- G. UTILITIES has entered into this Agreement pursuant to Section 12.4.304 (Service: Special Contract) of Article 4 (Water Code) of Chapter 12 (Utilities) of the Code of the City of Colorado Springs 2001, as amended (Ord. 10-76).

## II. DEFINITIONS

- A. For the purposes of this Agreement, the following terms shall have the following meanings, unless the context clearly requires otherwise. Terms not otherwise defined herein shall have the meaning adopted in the latest amendment to the City Code of Colorado Springs Colorado 2001, as amended (“City Code”):
1. **Consecutive System:** The Code of Colorado Regulations defines a Consecutive System as a Public Water System that receives some or all of its finished water from one or more wholesale systems. Delivery may be through a direct connection or through the distribution system of one or more Consecutive Systems pursuant to a separate agreement between all involved parties.
  2. **DISTRICT’s Service Area:** The areas as identified as DISTRICT’s Service Area on Exhibit A.
  3. **DISTRICT’s Water Distribution System:** Any devices, facilities, structures, equipment or works owned and/or operated by DISTRICT for the purpose of providing water service to DISTRICT’s customers located within DISTRICT’s Service Area.
  4. **DISTRICT Water:** Fully consumable water owned or leased by DISTRICT that can legally be used for municipal purposes within DISTRICTS’ water service area.
  5. **Full Service:** Water service as defined in UTILITIES’ Water Rate Schedule – Contract Service -Regional (WCR) Full Service Option.
  6. **Full Service Water:** Fully consumable water owned or controlled by the City of Colorado Springs that can legally be used for municipal purposes within DISTRICT’s Service Area.

7. **Monument/Fountain Creek Transit Loss Model (“Model”):** The daily accounting model currently used by the Division of Water Resources to determine transit loss and water allocations along Monument and Fountain Creeks. Model shall also apply to any successor model(s) used by the Division of Water Resources for the same purposes.
8. **Point of Connection:** The master meter installed at the CLEARVIEW CONNECTION.
9. **Public Water System:** The Code of Colorado Regulations defines a Public Water System as a system for the provision to the public of water for human consumption through pipes or other constructed conveyances if such system has at least fifteen service connections or regularly serves an average of at least 25 individuals daily at least 60 days per year.
10. **Tariffs:** UTILITIES’ Water Rate Schedules together with Utilities Rules and Regulations.
11. **SSD Wastewater Collection System:** Any devices, facilities, structures, equipment or works owned by the Security Sanitation District for the purpose of collection, storage, transmission, treatment and discharge of wastewater from DISTRICT's customers.
12. **Standby Regional Water Service:** Water service as defined in UTILITIES’ Water Rate Schedule – Contract Service -Regional (WCR) Standby Service Option whereby UTILITIES’ infrastructure is used on a temporary basis when DISTRICT normal operations are disrupted. Standby Service may not be used as a primary means of meeting DISTRICT’s water supply demand. Service may be interrupted from time to time.
13. **UTILITIES’ Water System:** UTILITIES’ Water System includes any devices, facilities, structures, equipment or works owned by UTILITIES for the purpose of providing regional water service to DISTRICT’s Water Distribution System.
14. **UTILITIES' Wastewater Treatment System:** UTILITIES' Wastewater Treatment System includes any devices, facilities, structures, equipment or works owned by UTILITIES for the purpose of collection and treating wastewater.

15. **WLESS: UTILITIES' Water Line Extension and Service Standards**, as may be amended or replaced.
16. **Water Regional System Availability Fee (WRSAF):** A fee assessed for each new connection to UTILITIES' supply system by contract outside the corporate limits of the City in areas where UTILITIES' water system is available for use by UTILITIES to serve institutions, plants, organized water districts, municipal corporations, or other similar organizations and only with prior approval by the Colorado Springs City Council.
  - a. The WRSAF reflects the amount of capacity needed within UTILITIES' water system to meet the obligations of regional water contracts and is generally based on the meter size needed to deliver contracted volumes of water.
  - b. Standby Regional Water Service WRSAF is calculated based on the maximum daily delivery rate in million gallons per day as well as the maximum delivery volume in acre-feet per year.
  - c. Any entity that paid a WRSAF or an analogous charge through a contract in place prior to the implementation will be credited for the amount paid for the analogous charge. If the entity met its full contractual WRSAF or equivalent, it is deemed to have met its WRSAF and will not be charged an additional WRSAF.

### **III. AGREEMENT FOR SERVICE**

**NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, INCLUDING THE FOREGOING REPRESENTATIONS, IT IS AGREED AS FOLLOWS:**

- A. Term:** This Agreement shall become effective upon the date of the last signature below and remains in effect until 5 pm MST on December 31, 2048.
  - 1. Renewal:**
    - a. No later than eighteen (18) months prior to the expiration of the Term, the Parties shall begin good faith negotiations on a new agreement for UTILITIES' provision of Standby Convey, Treat, and Deliver Regional Water Service to DISTRICT, with the expectation that such new agreement ("New Agreement") shall be substantially similar to this Agreement. The Parties acknowledge that the intent of

the Agreement is for the Parties to enter into such successive New Agreements so as to continue the provision of service as contemplated herein, subject to approval by the Colorado Springs City Council.

- b. If the Parties are unable to execute a New Agreement by the date that is six (6) months prior to the end of the Term:
  - i. UTILITIES may notify DISTRICT in writing that DISTRICT shall be disconnected from UTILITIES' Water System as of the expiration of the Term; or
  - ii. If the Parties mutually agree to continue good faith negotiations for a new water service agreement beyond the Term, the term may be extended for an additional one (1) year term at UTILITIES' sole discretion.
2. **Supersedes All Previous Agreements:** DISTRICT and UTILITIES agree that upon its effective date, this Agreement supersedes the expired Agreements for Short Term Water Services dated March 16, 2017, and January 14, 2021, and all amendments and addendums thereto.

**B. Standby Convey, Treat, and Deliver Regional Water Service:**

1. UTILITIES agrees to provide DISTRICT water service during the term of this Agreement. UTILITIES shall not be obligated to deliver more than 2,800 acre-feet annually of DISTRICT Water to DISTRICT, unless a greater amount is approved in writing by UTILITIES.
2. UTILITIES shall deliver water provided under this Agreement to DISTRICT at the Point of Connection. It is not the Parties intent for the DISTRICT to take delivery of Full Service Water under this Agreement except in the event of an emergency that results in DISTRICT's normal Water Distribution System operations being significantly disrupted such that DISTRICT has a need for water supplies in excess of available DISTRICT Water. If such an emergency occurs, and UTILITIES has determined Full Service Water is available, DISTRICT may request and receive deliveries of Full Service Water on a temporary basis. Any such emergency shall be expediently resolved and DISTRICT shall, at all times, seek to avoid taking delivery of any Full Service Water.

**C. Point of Connection:**

1. DISTRICT shall own and shall be solely responsible, financially and otherwise, for the operation, maintenance and repair, improvement, including any improvement, repair or maintenance that is requested by UTILITIES, of the infrastructure constituting the Point of Connection located between and including the secondary valve and the DISTRICT's Water Distribution System as depicted in Exhibit B and all other related facilities necessary for the DISTRICT's use of water provided in connection with this Agreement.
2. UTILITIES shall be responsible, financially or otherwise, for the operation, maintenance and repair of all infrastructure constituting the Point of Connection located between the water main/tap and the secondary valve as depicted in Exhibit B. The DISTRICT agrees to reimburse UTILITIES for its time-and-material costs associated with the maintenance and repair of such infrastructure. The DISTRICT hereby grants UTILITIES the perpetual right to ingress and egress over and through the DISTRICT's Property, including property owned by the DISTRICT or in rights-of-way or easements dedicated to the DISTRICT, to the Point of Connection so that UTILITIES may operate, maintain, repair, and inspect the Point of Connection infrastructure it is responsible for as well as perform its other duties under this Agreement and any future agreement between the Parties related to the provision of water service. All repair or maintenance of the Point of Connection shall be completed in a timely manner in accord with standard industry practices. The Parties shall keep the Point of Connection and every part thereof for which they are responsible pursuant to this section maintained so that they continue to properly serve the purposes for which they were originally intended.

**D. Volumetric Delivery Terms:** DISTRICT shall limit its water demand on UTILITIES' system to an instantaneous flow rate of not more than 2,800 gallons per minute, and a total maximum daily delivery of four (4) million gallons per day (daily flow limit). UTILITIES agrees to maintain a pressure of 110 psi near the Point of Connection. UTILITIES may, as it deems necessary and without providing DISTRICT notice increase, decrease, or waive these daily and instantaneous flow limits based on system performance to protect UTILITIES' Water System and deliveries to UTILITIES'

customers or other good cause. UTILITIES will make best efforts to provide DISTRICT timely notice of any changes of this type.

- E. DISTRICT Water Supply Obligation:** DISTRICT agrees that DISTRICT bears the sole responsibility for providing a permanent supply of water to meet its customers' demands. DISTRICT shall maintain and operate its Water Distribution System on a continuous, year-round basis to meet such obligations.
- F. Use of Water:** DISTRICT agrees not to use the water provided pursuant to this Agreement, directly or indirectly, to furnish water outside DISTRICT's Service Area or to any entity or person other than the current residential, commercial, industrial and contract customers of the DISTRICT. DISTRICT further irrevocably commits not to serve water delivered under this Agreement to property located outside of the natural drainage of the Arkansas River or to market, transfer, wheel, or otherwise provide water to properties or entities located outside the natural drainage of the Arkansas River Basin. In addition, so long as marijuana is an illegal substance under Federal Law, DISTRICT shall not use, or allow its customers to use, the water provided under this agreement, directly or indirectly, to support the cultivation or distribution of marijuana.
- G. Water Rights Unaffected:** Neither Party is transferring the ownership of any of its water rights under this Agreement.
- H. Acceptance of DISTRICT Water into UTILITIES' Water System:** The acceptance of DISTRICT Water into UTILITIES' Water System will be accomplished by book over of DISTRICT Water from DISTRICT's account in Pueblo Reservoir, or some other mutually agreed upon location, to the UTILITIES' Water System at a location designated by UTILITIES. Should the mutually agreed upon location for book over be unavailable, DISTRICT is responsible for securing the ability to book over water at another mutually agreed upon location. DISTRICT Water shall be delivered to UTILITIES at locations and during times as requested by UTILITIES. Further, it is agreed that UTILITIES shall not be obligated to accept into its Water System any DISTRICT Water that would interfere with UTILITIES' rights, operations, or yields. The use and administration of any DISTRICT Water not so accepted into UTILITIES' Water System will be the sole responsibility of DISTRICT. DISTRICT shall be responsible for all accounting and administration requirements in connection with its diversion and use of DISTRICT Water

under this Agreement. Upon acceptance into UTILITIES' Water System, the accepted DISTRICT Water takes on the character of fully consumable water that can be used in accordance with UTILITIES' water rights decrees and the water delivered to DISTRICT and any return flows therefrom up to the amount of DISTRICT Water accepted into UTILITIES' Water System take on the character of DISTRICT Water delivered to DISTRICT via UTILITIES' Water System. If DISTRICT Water cannot be booked over, is not accepted into UTILITIES' Water System or more water than accepted was delivered by UTILITIES, all water delivered to DISTRICT in excess of the amount of DISTRICT Water accepted into UTILITIES' Water System shall be considered Full Service Water. This Agreement is subject to the administration of water rights by the Division of Water Resources.

**I. Return Flows:**

**1. DISTRICT Water**

UTILITIES shall maintain dominion and control of all DISTRICT Water being delivered through UTILITIES' Water System to DISTRICT until such water is delivered at the Point of Connection. Upon delivery, DISTRICT shall have and retain the legal ownership of and right to use, reuse, successively use, and dispose of all return flows resulting from DISTRICT's use of DISTRICT Water delivered by UTILITIES under this Agreement.

**2. Full Service Water**

**a.** All Full Service Water delivered by UTILITIES under this Agreement may only be used for the purposes for which UTILITIES' water rights have been decreed. Neither DISTRICT nor its customers shall have the right to make successive use of Full Service Water, and upon completion of the initial use, all dominion and control over the Full Service Water shall revert to UTILITIES.

**b.** UTILITIES retains legal ownership of and the right to use, reuse, successively use, and dispose of all return flows resulting from DISTRICT's one-time use of Full Service Water. DISTRICT shall maintain dominion and control over all Full Service Water during the distribution of the water through DISTRICT's Water Distribution System and once returned to the SSD Wastewater Collection System. DISTRICT shall be solely responsible for the collection, treatment and discharge

of all wastewater generated by the use of Full Service Water furnished under this Agreement, and shall retain dominion and control over such water until it is discharged from the SSD Wastewater Collection System.

- c. DISTRICT shall cooperate with UTILITIES to quantify daily discharges of return flows attributed to Full Service Water from the SSD Wastewater Collection System to permit their inclusion in the Model. Reporting shall also be made as necessary to [water\\_accounting@csu.org](mailto:water_accounting@csu.org). DISTRICT shall be solely responsible for its own cost for the use of the Model. UTILITIES shall have the right to review the water accounting documents of DISTRICT to verify the quantities of such return flows resulting from DISTRICT's use of the Full Service Water delivered to DISTRICT.

**J. Consequence of Loss of Dominion Over Return Flows:** If UTILITIES should lose legal dominion and control over the return flows that result from DISTRICT's use of any Full Service Water due to any act or failure to act by DISTRICT, DISTRICT shall pay the Augmentation (WIG) rate under the Tariffs as modified or replaced for the volume of return flows lost to UTILITIES as determined in UTILITIES' sole discretion. UTILITIES will bill DISTRICT with payment due within thirty (30) days of the date of billing.

**K. Service Rates, Fees, and Billing:**

1. **WRSF:** A 6" meter has been installed at the Point of Connection and will be used to measure the deliveries to DISTRICT of water under this Agreement. In the original Agreement for Short Term Water Service dated March 16, 2017, the PARTIES agreed that the total System Usage Fee, which was the predecessor to the System Availability Fee, shall not exceed \$743,313.00, which was the calculated System Usage Fee in place at the time of the 2017 Agreement. As of the signing of this agreement, the DISTRICT has paid \$192,818.12 in System Usage Fees. The remaining System Usage Fee to be paid for the CLEARVIEW CONNECTION Point of Connection is \$550,494.88. Consistent with the March 16, 2017 Agreement, DISTRICT may elect to pay the remaining portion of the System Usage Fee in one lump sum of \$550,494.88 upon execution of this agreement, in yearly lump sums of \$33,330.00 due by May 1<sup>st</sup> of each year, or it may elect a monthly WRSF of \$2,775.04 per month until the System Usage Fee is paid in full.

2. **Commodity Charge:** DISTRICT agrees to pay the then prevailing Contract Service – Regional (WCR) Convey, Treat, and Deliver Option rate as modified or replaced for every cubic foot of DISTRICT Water delivered to DISTRICT. If Full Service Water is delivered to DISTRICT, DISTRICT agrees to pay the then prevailing Contract Service – Regional (WCR) Full Service Option rate modified or replaced for every cubic foot of Full Service Water delivered to DISTRICT. UTILITIES will bill DISTRICT monthly in arrears with payment due within thirty (30) days of the date of billing.
  3. **Water Quality Monitoring:** DISTRICT agrees to pay a *pro rata* share of water quality monitoring UTILITIES is obligated to perform to be in compliance with its Pueblo County 1041 permit for the Southern Delivery System. DISTRICT shall be billed annually with payment due within thirty (30) days of the date of billing. UTILITIES will waive this charge if DISTRICT can demonstrate their participation in water quality monitoring that meets Pueblo County's 1041 permitting criteria. DISTRICT's obligations under this subparagraph shall be deemed to be satisfied and the annual water quality monitoring fee will not be assessed against the DISTRICT so long as the DISTRICT's sister agency, the Security Sanitation District, is a member of the Arkansas Fountain Coalition for Urban River Evaluation ("AFCURE") and funds its share of the water quality monitoring studies performed by AFCURE.
  4. **Payments:** Payments under this Article III.K shall be due at Colorado Springs Utilities, Customer Services Department, 111 S. Cascade Ave., Colorado Springs, Colorado 80903. If a payment is not made within thirty (30) days of when it is due, a deposit may be assessed as outlined in the Tariffs as modified or replaced.
- L. Metering:** All water delivered under this Agreement shall be measured at the Point of Connection between UTILITIES' Water System and DISTRICT's Water Distribution System. If at any time either UTILITIES or DISTRICT questions the accuracy of the meter, either Party may cause such meter to be tested for accuracy and recalibrated, if necessary, at such Party's expense. In the event a meter shall be tested, the Party testing the meter shall provide the other Party with three (3) days' notice of such testing. If the Parties cannot agree that the meter is measuring accurately, they shall choose an

independent third party qualified to test the accuracy of such meters, whose decision regarding accuracy shall be binding on both Parties.

**M. Water Efficiency Plan:** DISTRICT agrees to abide by and enforce its water efficiency plan submitted to the State in its current form or as it may be changed through the State's approval process.

**N. Regional Cooperation:**

1. DISTRICT acknowledges and agrees to support, the Fountain Creek Watershed, Flood Control, and Greenway District to the extent authorized under Colorado Revised Statutes §32-1-1001, *et seq.*
2. DISTRICT agrees to actively support and cooperate with the City of Colorado Springs, El Paso County, and other regional entities having jurisdiction over stormwater detention and retention on Fountain Creek and to take whatever actions that are within DISTRICT's legal authority to ensure that stormwater in the Fountain Creek Basin does not increase above existing conditions, it being understood that DISTRICT has no express authority with respect to regulation or control of stormwater or funding of stormwater projects.
3. DISTRICT agrees to accept and comply with the City of Pueblo Flow Management Program and Pueblo Recreational In-Channel Diversion Decree, both impacting the Arkansas River between Pueblo Dam and its confluence with Fountain Creek, in any Water Court application or request for administrative approval for a change of water rights or exchange implicating that reach of the Arkansas River.
4. DISTRICT agrees to support any studies of a flood control dam or dams on Fountain Creek, it being understood that DISTRICT has no express authority to regulate or control stormwater or fund stormwater.

**O. Changes in Terms or Type of Service:** Should DISTRICT take delivery of Full Service Water more than three events in five years on a rolling average, request deliveries that exceed the limits outlined in the Agreement, or desire a different type of water service, UTILITIES and DISTRICT shall either amend this Agreement or renegotiate the Agreement in its entirety.

**IV. WATER DELIVERIES**

**A. Requests for Delivery of Water:** DISTRICT shall directly communicate with UTILITIES' System Control as specified in this section and follow up with a written request for delivery of water, specifying amounts, rates, and duration at least three (3) business days prior to the expected delivery date(s). UTILITIES will provide a written response at least one (1) day prior to the requested delivery date accepting, modifying, or denying the request. For the purposes of DISTRICT requesting service and UTILITIES responding to requests, the term "written" shall include communications by electronic mail to certain electronic mail addresses, which DISTRICT and UTILITIES shall provide to each other upon execution of this Agreement and keep current through the duration of the Agreement. DISTRICT shall limit its water demand on UTILITIES' system as specified in Article III.D. The initial contacts are set forth below.

**1. UTILITIES System Control**

a. Operations Supervisor, Jeremy McBeain

[jmcbain@csu.org](mailto:jmcbain@csu.org)  
Office Phone (719) 668-4588  
Cell Phone (719) 494-6973

b. System Control Operator, to be acknowledge within 24-hours by Operations Supervisor  
Office Phone (719) 668-4570

c. [Water\\_accounting@csu.org](mailto:Water_accounting@csu.org)

**2. DISTRICT System Control**

a. Rick Davis, Water Superintendent

[r.davis@securitywsd.com](mailto:r.davis@securitywsd.com)  
Cell Phone: (719)791-6123

b. James Jones, Assistant Superintendent

[j.jones@securitywsd.com](mailto:j.jones@securitywsd.com)  
Cell Phone (719) 791-6119

**B. Delivery Interruptions.** UTILITIES may interrupt deliveries of water hereunder due to lack of water supplies, infrastructure failure, system capacity failure, or water quality concerns. UTILITIES shall take all reasonable steps to provide DISTRICT with advance notice providing the reasons for any and all delivery interruptions and further take all

reasonable steps to restore deliveries of water to the DISTRICT through resolution of such issues.

**C. Consecutive System Disinfection:** DISTRICT and UTILITIES shall comply with Consecutive Systems Disinfection Protocol set forth in Exhibit C during the term of this Agreement.

1. **Disinfection pursuant to Exhibit C is required when:**

- a. The consecutive system is bringing the Point of Connection into service for the first time, or
- b. The consecutive system is bringing the Point of Connection back into service after repairs or similar event that has compromised the main or opened it to the environment, or
- c. The consecutive system is bringing the Point of Connection back into service after a period of >72 hours of the line being stagnant or empty. UTILITIES may also require a disinfection in these cases if there is a possibility the water quality has been compromised in any way.

2. **Scheduling Requirements:** UTILITIES' Water Quality Assurance requires at least two business days' notice to disinfect for consecutive system use. Notify [waterquality@csu.org](mailto:waterquality@csu.org) to schedule for disinfection.

**D. Drinking Water Quality Regulatory Compliance; Required Permits:**

1. The water provided by UTILITIES to DISTRICT at the Point of Connection shall be potable water which complies with the Federal Safe Drinking Water Act and the applicable Colorado Primary Drinking Water Regulations (5 C.C.R. 1002-11). Pursuant to §1.8 of the Colorado Primary Drinking Water Regulations, UTILITIES' responsibility regarding the quality of water furnished shall extend only to the Point of Connection. DISTRICT agrees that its Water Distribution System constitutes a Consecutive System and, in accordance with §1.9 of the Colorado Primary Drinking Water Regulations, DISTRICT is responsible for all applicable monitoring and reporting requirements of the Colorado Primary Drinking Water Regulations of water within DISTRICT's Water Distribution System.
2. DISTRICT will be responsible for obtaining, prior to operation, any applicable permits from any permitting authority or approvals from the Colorado Department of

Public Health and Environment required for the construction and connection of DISTRICT's Water Distribution System to UTILITIES' Water System at and from the Point of Connection and to fulfill all purposes of this Agreement. A copy of such approval will be provided to UTILITIES within 30 days of receipt by DISTRICT to the UTILITIES' contacts set forth in Article V.A below.

**E. Colorado Water Quality Control Act Compliance:** If at any time during the effective term of this Agreement DISTRICT fails to meet the requirements of the Colorado Water Quality Control Act applicable to DISTRICT, and applicable control regulations promulgated and permits issued thereunder, UTILITIES may in its sole discretion suspend deliveries and interrupt its performance of this Agreement, without commensurate extension of the term of this Agreement or liability to DISTRICT or any third party, including DISTRICT's customers, until DISTRICT has achieved compliance. With or without suspension or interruption by UTILITIES, DISTRICT, in the event of its failure to meet such requirements applicable to DISTRICT, shall implement cost-effective solutions to reduce water pollution with the objective of achieving and maintaining water quality in accordance with the applicable designated uses and water quality standards established by the Water Quality Control Commission and discharge permit limits imposed by the Water Quality Control Division on DISTRICT. In the event UTILITIES fails to meet the requirements of the Colorado Water Quality Control Act and applicable regulations thereunder, UTILITIES shall notify DISTRICT in the same manner as its other customers, and DISTRICT shall have the same rights and remedies as provided to UTILITIES, including the option of requesting the suspension of the delivery of water under this Agreement until such time as UTILITIES has achieved compliance.

## **V. STANDARD TERMS AND CONDITIONS**

**A. Legal Notice:** Notices under this Agreement, other than DISTRICT's requests for water and UTILITIES' responses to such requests, shall be given in writing, signed by an authorized representative of the party giving notice. Telephonic or email notice is not acceptable. Notices shall be delivered by courier service delivery (such as Federal Express) that maintains delivery records requiring a signed receipt; certified mail, postage

prepaid with return receipt requested; or personal delivery to the people specified below at the following addresses:

For UTILITIES:

1. General Manager, Water Resources

Courier Service Address:

Colorado Springs Utilities  
ATTN: General Manager, Water Resources  
1525 S. Hancock Expressway  
Colorado Springs, CO 80906

United States Postal Service Address:

Colorado Springs Utilities  
ATTN: General Manager, Water Resources  
P.O. Box 1103, MC 1825  
Colorado Springs, CO 80947-1825

2. City Attorney's Office – Utilities Division:

City Attorney's Office  
ATTN: City Attorney's Office – Utilities Division  
30 South Nevada Ave., Suite 501  
P.O. Box 1575, Mail Code 510  
Colorado Springs, CO 80901-1575\

For DISTRICT:

1. District Manager: Roy Heald

Security Water District  
ATTN: District Manager, Roy Heald  
231 Security Blvd.  
Security, CO 80911

2. Steven T. Monson

Monson, Cummins & Shohet, & Farr, LLC  
13511 Northgate Estates Drive, Suite 250  
Colorado Springs, CO 80921

Notices shall be effective (1) the next day following the date sent by courier service delivery that maintains delivery records requiring a signed receipt; (2) upon receipt by the addressee of a personal delivery; or (3) seven (7) days following the date of mailing via certified or registered mail, postage prepaid, return receipt requested.

**B. Breach of Agreement and Termination:**

1. **Breach of Agreement:** Upon any breach of this Agreement the non-breaching Party shall have the right to: (a) seek specific performance; (b) be reimbursed for costs; (c) be entitled to money damages for the period between the breach and the order for specific performance; or terminate this Agreement. Unless an emergency situation requires immediate action in order to protect the health, safety and welfare of its customers or UTILITIES' Water System, or of DISTRICT's customers or DISTRICT's Water Distribution System the non-breaching Party shall provide written notice to the breaching Party of a breach of this Agreement and the breaching Party shall have thirty (30) days to cure such breach or take reasonable steps to address such breach and provide the non-breaching Party with notice of same prior to exercising its rights hereunder.
  - a. **Consequential Damages.** Any action by DISTRICT that results in violations of any of UTILITIES' water service-related permits may subject DISTRICT to consequential damages for breach of contract including, but not limited to, any amounts the City or UTILITIES may be required to pay for violation of the conditions of any UTILITIES' water service- related permits to the extent that the DISTRICT's actions caused or contributed to the violation.
  - b. **Disconnection Damages:** If DISTRICT disconnects from UTILITIES' Water System for any reason other than a material breach by UTILITIES, the Parties agree that UTILITIES will suffer minimum damages equal to the cost to replace any infrastructure that UTILITIES can no longer use to provide water service to customers other than DISTRICT because of DISTRICT'S disconnection.
2. **UTILITIES Right to Suspend Service:** DISTRICT acknowledges and consents to UTILITIES' right to suspend Convey, Treat, and Deliver Service or terminate this Agreement without liability or obligation to DISTRICT or any other person or entity:
  - a. Due to a significant interruption of water supplies, a substantial disruption (including, but not limited to, legal challenges impacting UTILITIES' Water System, and maintenance and repair to the infrastructure) to UTILITIES' Water System ; or

- b. Due to DISTRICT's breach of a material term or condition of this Agreement, if DISTRICT has not taken substantial steps to cure the breach within a reasonably sufficient time frame that allows DISTRICT to cure the material breach after receiving written notice of such breach from UTILITIES; or
    - c. As otherwise authorized by the City Code or City Council.
- 3. **Notice of Breach:** Each Party shall promptly notify the other Party of circumstances that could result in a breach, and UTILITIES shall further promptly notify DISTRICT of changes in City Code, or City Council action that could result in termination of the Agreement.
- 4. **Effect of Termination:** Upon termination, UTILITIES shall have no further obligation to provide Standby Regional Water Service to DISTRICT and DISTRICT's Water Distribution System shall be disconnected from UTILITIES' Water System. Upon termination of this Agreement, UTILITIES shall determine the connection facilities between DISTRICT's Water Distribution System and UTILITIES' Water System that must be removed at DISTRICT's sole expense. UTILITIES shall determine the way the connection facilities are to be removed and water delivery services discontinued in accordance with UTILITIES' WLESS. All outstanding charges owed by DISTRICT to UTILITIES are due and payable prior to the disconnection of service. If all outstanding charges owed by DISTRICT to UTILITIES are not paid prior to disconnection, DISTRICT's obligation to make full payment shall survive termination of this Agreement.
- C. **Approvals/Permits:** The Parties expressly acknowledge that the service contemplated and/or the construction of any Improvements under this Agreement may be dependent upon the receipt of any necessary approvals and/or permits by Federal, State, and local governmental and/or regulatory entities. DISTRICT shall be solely responsible for obtaining and complying with all approvals or permits necessary to accomplish the provision of water service and water conveyance by UTILITIES to DISTRICT under this Agreement. UTILITIES will cooperate as reasonably requested by DISTRICT in any application or proceedings to obtain such approvals.
- D. **DISTRICT Dissolution:** If DISTRICT seeks to dissolve pursuant to relevant laws, rules, and regulations, then DISTRICT shall provide a copy of its dissolution petition to

UTILITIES, at the time of its filing. The dissolution petition shall provide for assignment of DISTRICT's rights and obligations under the Agreement to a third party acceptable to UTILITIES. If no provision is made for such an assignment or other arrangement reasonably acceptable to UTILITIES, upon DISTRICT's dissolution, this contract shall be null, void and of no further force or effect, and UTILITIES shall have no further obligation to provide water service pursuant to the terms of this Agreement.

**E. City of Colorado Springs Compliance:**

1. This Agreement is for "Contract Service – Regional (WCR), Standby Service Option," as provided in the Tariffs. The water service provided under this Agreement shall be governed by the Colorado Springs City Charter, the City Code, the Tariffs, WLESS, and all other applicable City of Colorado Springs' or UTILITIES' ordinances, resolutions regulations, policies and rules concerning use of UTILITIES' Water System as may be amended or replaced, except as otherwise provided in this Agreement. DISTRICT shall comply with applicable laws, ordinances, regulations, rules or policies concerning use of UTILITIES' Water System as they exist now or may be amended or replaced in the future. The Parties acknowledge and agree that City Code Chapter 12, Article 4, Part 13 is not applicable to DISTRICT under this Agreement.
2. In accordance with City Code § 12.4.304, DISTRICT submits to the jurisdiction of the City of Colorado Springs for the purposes of the enforcement procedures set out in City Code Chapter 12, Article 4 that are applicable to this Agreement.

**F. Compliance with Laws and Regulations:** This Agreement and the rights and obligations of the Parties hereunder shall be subject to all applicable laws, orders, court decisions, directives, rules, and regulations of any duly constituted governmental body or official having jurisdiction. Nothing contained in the Agreement, however, shall require either Party hereto to comply with any law, the validity of applicability of which shall be contested in good faith and, if necessary or desirable, by appropriate legal proceedings. DISTRICT agrees to comply with all applicable ordinances, regulations and rules concerning the connection to and use of UTILITIES' Water System by DISTRICT.

**G. No Assignment without Consent; No Third-Party Beneficiary:** There shall be no assignment of the rights or obligations contained in this Agreement by either Party

without the prior written consent by the other Party, and any such assignment shall be null and void. Unless otherwise prohibited, upon written notice to DISTRICT, UTILITIES may assign this Agreement without consent to the City of Colorado Springs, Colorado. Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than UTILITIES and DISTRICT.

- H. Governing Law, Jurisdiction and Venue:** This Agreement shall be construed in accordance with the laws of the State of Colorado (except for its conflict of law provisions) as well as the Colorado Springs City Charter and the City Code. The place of performance and transaction of business shall be deemed to be in the County of El Paso, State of Colorado. In the event of litigation, the exclusive venue and place of jurisdiction shall be El Paso County, Colorado and, if necessary, for exclusive federal questions, the United States District Court for the District of Colorado.
- I. Force Majeure:** Neither Party shall be liable for delays in performing its obligations to the extent the delay is caused by an unforeseeable condition beyond its reasonable control without fault or negligence, including strikes, riots, wars, floods, fires, explosions, acts of nature, acts of government, or labor disturbance.
- J. Appropriation of Funds:** In accord with the Colorado Springs City Charter, performance of UTILITIES' obligations under this Agreement is expressly subject to appropriation of funds by City Council. In the event funds are not appropriated in whole or in part sufficient for performance of UTILITIES' obligations under this Agreement, or appropriated funds may not be expended due to City Charter spending limitations, then this Agreement will thereafter become null and void by operation of law, and UTILITIES will thereafter have no liability for compensation or damages to DISTRICT for future performance and obligations thereafter in excess of UTILITIES' authorized appropriation for this Agreement or applicable spending limit, whichever is less. UTILITIES will notify DISTRICT as soon as reasonably practicable in the event of non-appropriation or in the event a spending limit becomes applicable.
- K. Entire Agreement; Modifications to be in Writing:** This Agreement, including any and all appendices and exhibits attached hereto, contains the entire understanding between the Parties. No modification, amendment, notation, or other alteration to this Agreement shall be valid or any force or effect unless mutually agreed to by the Parties in writing as an

addendum to this Agreement. At the time of the execution of this Agreement, there are no other terms, conditions, requirements, or obligations affecting this Agreement which are not specifically set forth therein. Electronic mail and all other electronic (including voice) communications from UTILITIES, except as otherwise specifically provided herein, in connection with this Agreement, are for informational purposes only. No such communication is intended by UTILITIES to constitute either an electronic signature or to constitute any agreement by UTILITIES to conduct a transaction by electronic means. Any such intention or agreement is hereby expressly disclaimed.

- L. No Precedent; Severability:** The Parties agree that neither of them intends that this Agreement shall in any way constitute a precedent or standard for any future Agreement, nor vest any rights in either Party or any third party for novation, renewal, modification, or addition of any other rights or services on account of this Agreement's existence, as it is based solely on unique conditions currently existing at the time of execution. Any provision or part of this Agreement held to be void or unenforceable under any laws or regulations shall be deemed stricken, and all remaining provisions shall continue to be binding upon the Parties and this agreement shall be reformed to replace such stricken provisions with a new provision that comes as close as possible to expressing the intention of the stricken provision.
- M. Remedies Cumulative:** Remedies herein are cumulative and may be used individually, sequentially, concurrently, or in any order.
- N. Audits:** UTILITIES shall have the right to audit at any time all of DISTRICT's records relating to compliance with this Agreement. DISTRICT shall have the right to audit all UTILITIES' records relating to compliance with this Agreement.
- O. No Exclusive Rights:** Nothing in this Agreement shall be construed as a grant by either Party of any exclusive right or privilege.
- P. Waiver:** No waiver by either Party of any terms or condition of this Agreement shall be deemed or construed as a waiver of any other term or condition, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different provision of this Agreement.
- Q. Limitations upon Consent:** Whenever, under the terms of this Agreement, UTILITIES is authorized to give its written consent, UTILITIES, in its discretion, may give or may

refuse such written consent and if given, may restrict, limit, or condition such consent in such manner as it shall deem advisable.

**R. Liability:**

1. **Party Responsible for Own Negligence:** Each Party shall be responsible for its own negligence. Neither Party waives the benefits or obligations afforded it by the Colorado Governmental Immunity Act, C.R.S. 24-10-101, *et seq.*
2. **UTILITIES' Limitation of Liability:** In addition to force majeure events described in this Agreement, UTILITIES shall not be liable in tort or contract to DISTRICT or its customers for failure to provide water service under this Agreement if such failure is the result of a significant interruption of water supplies or an inadequate natural physical water supply, a substantial disruption to UTILITIES' Water System (including, but not limited to, legal challenges impacting the water system, and maintenance and repair of UTILITIES' Water System), or the adoption and implementation of water use or delivery restrictions in accordance with City Code.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date of the last signature below.

COLORADO SPRINGS UTILITIES

SECURITY WATER DISTRICT

Acting by and through its water activity  
enterprise

By: \_\_\_\_\_

Travas Deal  
Chief Executive Officer

By: \_\_\_\_\_

Roy Heald  
District Manager

APPROVED AS TO FORM:

---

Michael Gustafson

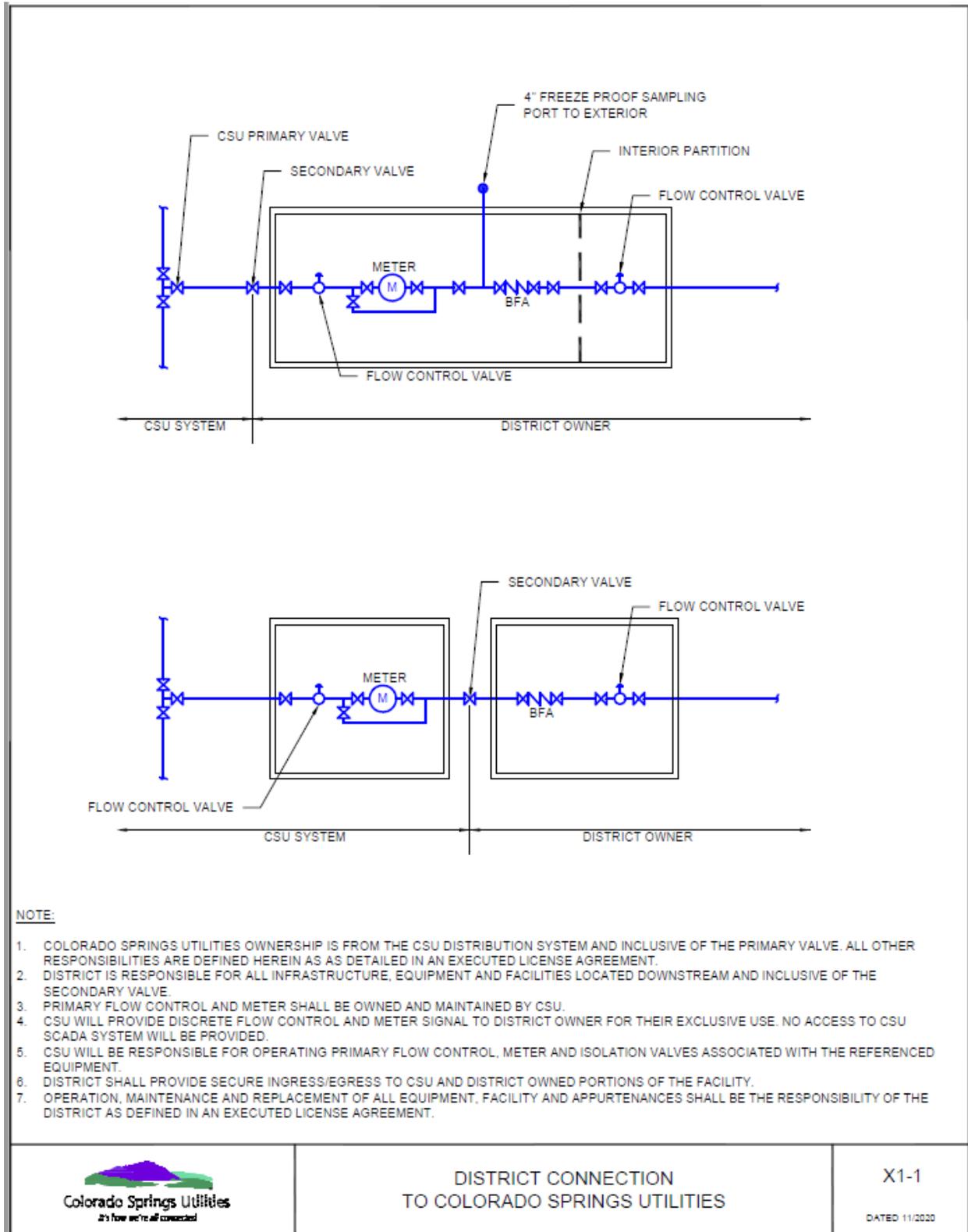
City Attorney's Office – Utilities Division

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**Exhibit A – Map of District’s Service Area**

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## Exhibit B– Infrastructure Configuration



## Exhibit C – Consecutive System Disinfection Protocol

### 1.0 Purpose

The purpose of this Consecutive Systems Disinfection Protocol for Regional Water Service Contracts Appendix is to define Colorado Springs Utilities' (Utilities) and the Regional Water Service Contract holder's roles and responsibilities pertaining to potable water main disinfection procedures for Connective Systems.

A Consecutive System is defined as a Public Water System that receives some or all its finished water from one or more wholesale systems. Delivery may be through a direct connection or through the distribution system of one or more Consecutive Systems.

The Consecutive System Standard Operating Procedure followed by Colorado Springs Utilities is available upon request.

### 2.0 Scope

The scope of this document is to establish the standard for managing the sanitary practices of Consecutive System to Utilities' water system. The objective is to protect Utilities' potable water distribution system, public health, prevent waterborne disease outbreaks, and comply with Colorado Primary Drinking Water Regulations.

Disinfection of the system is required when:

1. The Consecutive System is bringing the interconnect into service for the first time, or
2. The Consecutive System is bringing the interconnect back into service after repairs or similar event that has compromised the main or opened it to the environment.

Flushing of the system is required when the Consecutive System is bringing the interconnect back into service after a period of >72 hours of the line being stagnant or empty. Utilities may also require a disinfection in these cases if there is a possibility the water quality has been compromised in any way.

### 3.0 Scheduling Requirements

Scheduling requirements for a Potable Water Main Disinfection or system flush are as follows:

1. The Operator in Responsible Charge (ORC) of the Consecutive System receiving water shall notify Utilities' Water Quality Assurance department (WQA) at [waterquality@csu.org](mailto:waterquality@csu.org) to schedule a system flush at least two business days prior to date of flush. WQA is not able to accommodate requests for potable water main disinfection or system flush without at least **two business days'** notice.
2. The following information must be included when requesting flushing services:
  - Point of Contact (Name and Phone Number).
  - Address or Intersection of where the flush will be taking place.
  - Requested date and time of the flush

3. The site ORC and Operations from the Consecutive System shall be available at the time of chlorination to assist with any issues that may occur such as valve locations, closed valves, leaks, main breaks, cross-connections, or safety concerns.

#### **4.0 Responsibilities**

This section defines the general responsibilities of stakeholders within Utilities that are directly involved with the disinfection and flushing of potable water mains for Connective Systems.

##### **4.1 Colorado Springs Utilities Responsibilities:**

- Utilities' Water Quality Assurance (WQA) team is responsible for the managerial oversight of all chlorination injections, disinfections, system flushing, chlorine neutralization and system monitoring during dewatering activities.
- Utilities' Distribution and Collection Specialist is considered the Operator in Responsible Charge of all Utilities' potable mains under the control of the assigned specialist. This encompasses legal responsibility of all distribution system pipelines being operated and maintained.

##### **4.2 Consecutive System Operations/ Management:**

- Public Water Systems that receive water from Utilities will be considered the ORC downstream of the demarcation/interconnect valve. This encompasses legal responsibility of all distribution system pipelines being operated and maintained. Responsibilities include, but are not limited to, the following:
  - The oversight authority of the operation of the Consecutive System's potable water distribution system.
  - Placement and providing a containment structure large enough to retain six times the volume of water to be discharged if an adequate storm intake is not available or the water cannot otherwise be properly managed.
  - Overseeing the operation of pressure regulation equipment, cross-connection and system control valves.
  - ORC is responsible for the operation and maintenance of the cross-connection device, to include state certified cross connection control technician simultaneously testing its backflow assembly to ensure proper operation.

#### **5.0 Operational Procedures**

##### **5.1 Initial start-up of a consecutive system:**

Prior to the initial start-up of a consecutive system:

- WQA will work with the Utilities ORC and the consecutive system ORC to disinfect the main.

- Utilities will conduct bacteriological testing.
- Utilities will notify the Consecutive System's ORC of a bacteriological testing once results are confirmed, typically within 24 hours. If results are negative, Utilities will open the demarcation valve and the consecutive system ORC will operate their valve and place the main into service.

### **5.2 Temporary shut downs (>72 hours):**

- The Consecutive System's ORC or representative will notify Water Operations when water supply is no longer needed.
- Water Distribution Operations will close demarcation valve. NOTE: Whenever possible, the water main should not be left isolated for longer than 72 hours. Additional sampling, disinfection, or flushing may be required if main is left isolated >72 hours.

### **5.3 Temporary shut downs (<72 hours):**

- Utilities will conduct bacteriological testing. Utilities will notify the Consecutive System's ORC of bacteriological testing once results are confirmed, typically within 24 hours. If results are negative, CSU will open demarcation valve and the consecutive system ORC will operate their valve and place the main in service.

### **5.4 Emergency Start-up:**

The following are steps toward disinfecting and dewatering at CCWD:

- Water Operations receives the emergency call from the Consecutive System's ORC requesting water.
  - Note: It is expected that Utilities has at least 24 hours of response time for all requests for water.
- WQA coordinates valve operation and discharge locations with water Distribution Operations and the Consecutive System's ORC.
- WQA will facilitate the chlorination and dewatering process and manage discharge protocols.
- Following dewatering, WQA will collect, document, and deliver a bacteriological sample to Laboratory Services for analyses. Bacteriological results will be provided to the consecutive system ORC approximately 24 hours from sample collection.

## **6.0 Process**

### **6.1 Flushing:**

When the connecting main has been empty or stagnant (for example, valved off during low consumption periods) for > 72 hours and the main has not been compromised in any way, a disinfection is not required.

- Utilities' WQA team will be responsible for managing all waters associated with dewatering, to include dichlorination and pH mitigation if necessary.
- Operations from the Consecutive System will be responsible for best management practices (BMPs) which adequately mitigate erosion, control runoff, and protect storm inlets. Alternatively, Operations from the Consecutive System will be responsible for providing a containment structure large enough to retain six times the volume of water to be discharged if an adequate storm intake is not available or the water cannot otherwise be properly managed.
- Flushing will be complete when the volume of the main has been turned over three times or chlorine line residual and clarity have been reached.
- After flushing, WQA personnel will collect a bacteriological sample from Utilities' side of the interconnect closest to the demarcation valve to ensure water being delivered meets all Safe Drinking Water Act standards. This analysis takes approximately 24 hours to complete. Water will not be delivered until the sample has been read and authorized as absent of total coliform.
- If requested, Utilities personnel may also collect a bacteriological sample from the Consecutive System's side of the interconnect.

## **6.2 Disinfection:**

Disinfection is required when the connecting main is brought into service for the first time or when the main has been compromised in any way, such as during repairs or breaks.

- WQA personnel will be responsible for determining which disinfection method is most appropriate. WQA personnel will also be responsible for all aspects of water management during disinfection and flushing.
- The Consecutive System's ORC will be responsible for BMP placement and providing a containment structure large enough to retain six times the volume of water to be discharged if an adequate storm intake is not available or the water cannot otherwise be properly managed.
- If disinfection activities must occur downstream of the demarcation valve, Utilities will function as a contractor if requested by the consecutive system. These activities are a courtesy to the Consecutive system and Utilities holds no liability for infrastructure damage or contamination. Additionally, the consecutive system will be responsible for all time and material costs incurred by Utilities associated with the disinfection. The Consecutive System's ORC will be responsible for operating all appurtenances and valves on their system.

### 6.3 Sampling Requirements:

At the Consecutive System point of entry, WQA will verify the disinfection concentration meets acceptable levels, perform a clarity check, confirm free chlorine residual, and collect bacteriological samples.

#### Bacteriological Sampling Points

WQA will collect bacteriological samples from:

- The closest possible appurtenance to the tie-in point.
- The furthest appurtenance on each leg of the main.
- Every 1000 linear feet of main.

#### Water Quality Check

- WQA will perform a water quality check, confirming free chlorine residual is >0.20 mg/L and collect a bacteriological sample at the closest possible appurtenance to the demarcation point and downstream of the demarcation valve, if requested.
- Results are read within 18 to 24 hours from sample set up time.
- If the result is “absence” for total coliform, the Laboratory Services Section (LSS) Microbiology Lab will contact the site ORC that the sample “passed”.
- Potable water mains should be placed back into service immediately following an “absence” result for total coliform

Note: Whenever possible, a water main should not be left isolated for longer than 72 hours after confirmation. Additional sampling, disinfection, and flushing may be required if main is left isolated >72 hours.

#### Bacteriological Resampling

If a bacteriological sample analysis results in “presence” for total coliform, the potable water main in question shall remain isolated and will be re-sampled

- Resampling a bacteriological sample after the first failure event.
  - If a sample results in “presence” for total coliform, TWO additional bacteriological samples will need to be taken from the isolated point of failure.
  - Samples will be collected within 48 hours of the first failure, at least 16 hours apart.
  - Both of the repeat samples collected must be absent of total coliforms before the infrastructure can be turned into service.
- Resampling a bacteriological sample if there is a SECOND failure event.
  - Sample will be collected within 48 hours of the first failure, at least 16 hours apart.

- Both of the repeat samples collected must be absent of total coliforms before the infrastructure can be turned into service.
- If the results are “absent” for total coliform, the LSS Microbiology Lab will contact the site ORC that the samples “passed”.
- Consecutive System can be placed in service.
- In the event of a THIRD failure:
  - If the main fails a third time after disinfection, it will be considered contaminated. At the discretion of the LSS Manager and WQA Supervisor, more extensive mitigation strategies will be implemented, up to and including removal and replacement of the contaminated section of the main.

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A RESOLUTION AUTHORIZING AND DIRECTING THE CHIEF EXECUTIVE OFFICER OF COLORADO SPRINGS UTILITIES TO ENTER INTO AN AGREEMENT FOR STANDBY REGIONAL WATER SERVICE BETWEEN COLORADO SPRINGS UTILITIES AND SECURITY WATER DISTRICT

WHEREAS, City Code §12.4.304 and Colorado Springs Utilities' Tariffs allow Colorado Springs Utilities to provide by contract for the use of or connection to its water supply system by institutions, plants, districts, governments, municipal corporations, or other similar users located outside the corporate limits of the City; and

WHEREAS, Security Water District is a Colorado statutory water district with service area located just south of Colorado Springs and east of Fort Carson within the Colorado Springs metropolitan area; and

WHEREAS, Security Water District currently services a customer base of approximately 7,750 taps; and

WHEREAS, Security Water District has requested Standby Regional Water Service from Colorado Springs Utilities under which its renewable water supplies, or fully reusable water owned or controlled by Colorado Springs Utilities, will be treated and delivered through Colorado Springs Utilities' infrastructure to the existing point of connection between Colorado Springs Utilities' water system and Security Water District's water system subject to volumetric limitations if there are disruptions to its normal water system operations; and

WHEREAS, Colorado Springs Utilities currently has sufficient infrastructure capacity in its water system; water transportation displacement, and storage capacity not including UTILITIES' excess capacity storage space in the Fryingpan-Arkansas Project; and water treatment capacity to provide interruptible Standby Regional Water Service to Security Water District; and

WHEREAS, in exchange for Standby Regional Water Service, Security Water District has agreed to pay the rates and fees set forth in Colorado Springs Utilities' Tariffs for such service; and

WHEREAS, the Utilities Board recommended that City Council approve a long-term Agreement for Standby Regional Water Service with Security Water District; and

WHEREAS, Colorado Springs Utilities requests that City Council authorize and direct the Chief Executive Officer of Colorado Springs Utilities to enter into a long-term Agreement for Standby Regional Water Service with Security Water District.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

Section 1. City Council finds and determines that a long-term Agreement for Standby Regional Water Service between Colorado Springs Utilities and Security Water

District will benefit the public health, safety and welfare of the surrounding community and is in the best interest of the City.

Section 2. City Council further finds and determines that a long-term Agreement for Standby Regional Water Service between Colorado Springs Utilities and Security Water District will have a de minimis impact on the overall City's available water supply since Colorado Springs Utilities will primarily be delivering renewable water supplies owned by Security Water District under the Agreement.

Section 3. The Chief Executive Officer of Colorado Springs Utilities is authorized and directed to enter into a long-term Agreement for Standby Regional Water Service with Security Water District in a form substantially similar to that attached hereto.

Section 4. This Resolution shall be in full force and effect immediately upon its adoption.

Dated at Colorado Springs, Colorado this \_\_\_\_ day of April, 2023.

\_\_\_\_\_  
Council President

ATTEST:

\_\_\_\_\_  
Sarah B. Johnson, City Clerk

**AGREEMENT BETWEEN COLORADO SPRINGS UTILITIES AND  
TRIVIEW METROPOLITAN DISTRICT FOR  
CONVEY, TREAT, AND DELIVER REGIONAL WATER SERVICE**

**THIS AGREEMENT** (“Agreement”) is made and entered into by and between Colorado Springs Utilities, an enterprise of the City of Colorado Springs, a Colorado home-rule city and municipal corporation, hereinafter called “UTILITIES,” and Triview Metropolitan District, 16055 Old Forest Point Suite 302, Monument, Colorado, hereinafter called the “DISTRICT.” Both the UTILITIES and DISTRICT hereinafter are each individually referred to as “Party” and collectively referred to as the “Parties.”

**I. RECITALS**

- A. DISTRICT is a Colorado metropolitan district authorized under C.R.S. §32-1-1001 et seq., for provision of municipal water service, in addition to other municipal services, and is located in northern El Paso County, Colorado. DISTRICT was formed on May 13, 1985 by decree of the El Paso County District Court in Case No. 85CW893. DISTRICT provides water, wastewater, and stormwater services to a 2,590 acre service area with approximately 2100 taps in the Colorado Springs metropolitan area. DISTRICT is approximately one-half built out, and currently serves a customer base of approximately 2,600 single family equivalents, consisting of approximately 2076 residences and 74 commercial properties in the greater Colorado Springs metropolitan area;
- B. DISTRICT is a member of the Pikes Peak Regional Water Authority and maintains emergency water connections with neighboring communities and special districts, including the Forest Lakes Metropolitan District (“FLMD”), and the Donala Water and Sanitation District (“Donala”);
- C. DISTRICT has purchased renewable water supplies and intends to increase and further diversify its water supply to meet its long-term water needs and reduce its historic and current reliance on non-renewable groundwater resources;
- D. UTILITIES currently has infrastructure capacity in its water system; sufficient water transportation displacement, and storage capacity not including UTILITIES’ excess capacity storage space in the Fryingpan-Arkansas Project; and water treatment capacity to provide interruptible convey, treat, and deliver water service to DISTRICT under this Agreement;

- E. DISTRICT's Service Area is located outside of the Southeastern Colorado Water Conservation District (SECWCD) boundaries. DISTRICT's Service Area must either be included within SECWCD's boundaries or DISTRICT must request and receive a written waiver of the inclusion requirement from both SECWCD and the Bureau of Reclamation ("Reclamation") that allows DISTRICT to receive delivery of renewable water supplies through UTILITIES' Water System pursuant to this Agreement without inclusion;
- F. DISTRICT has obtained a Long Term Excess Capacity Storage contract for Pueblo Reservoir from Reclamation, as well as received a Pueblo County 1041 Permit, to be able to receive deliveries from UTILITIES' Water System;
- G. DISTRICT desires to receive Convey, Treat, and Deliver Regional Water Service from UTILITIES to meet the water demands of DISTRICT;
- H. DISTRICT will establish a Point of Connection with UTILITIES at UTILITIES' Highway 83 tank site;
- I. UTILITIES has sufficient capacity in its Water System to convey, treat, and deliver DISTRICT Water to DISTRICT at the Highway 83 tank site;
- J. Pursuant to Section 6-50 (Water Rights) of Article VI (Utilities) of the Charter of the City of Colorado Springs, as amended, the City of Colorado Springs has the authority to buy, exchange, augment, lease, own, and control water and water rights; and
- K. UTILITIES has entered into this Agreement pursuant to Section 12.4.304 (Service: Special Contract) of Article 4 (Water Code) of Chapter 12 (Utilities) of the Code of the City of Colorado Springs 2001, as amended (Ord. 10-76).

## II. DEFINITIONS

- A. For the purposes of this Agreement, the following terms shall have the following meanings, unless the context clearly requires otherwise. Terms not otherwise defined herein shall have the meaning adopted in the latest amendment to the City Code of Colorado Springs Colorado 2001, as amended ("City Code"):
  - 1. **Consecutive System:** The Code of Colorado Regulations defines a Consecutive System as a Public Water System that receives some or all of its finished water from one or more wholesale systems. Delivery may be through a direct connection or

through the distribution system of one or more Consecutive Systems pursuant to a separate agreement between all involved parties.

2. **Convey, Treat, and Deliver Regional Water Service:** Water service as defined in UTILITIES' Water Rate Schedule – Contract Service -Regional (WCR) Convey, Treat and Deliver Option whereby UTILITIES' infrastructure is used to convey, treat, and deliver DISTRICT Water to DISTRICT to help meet the water needs of DISTRICT. Service may be interrupted from time to time.
3. **DISTRICT's Service Area:** The areas as identified as DISTRICT's Service Area on Exhibit A.
4. **DISTRICT's Water Distribution System:** Any devices, facilities, structures, equipment or works owned and/or operated by DISTRICT for the purpose of providing water service to DISTRICT's customers located within DISTRICT's Service Area.
5. **DISTRICT's Wastewater Collection System:** Any devices, facilities, structures, equipment or works owned by DISTRICT for the purpose of collection, storage, transmission, treatment and discharge of wastewater from DISTRICT's customers.
6. **DISTRICT Water:** Fully consumable water owned or leased by DISTRICT that can legally be used for municipal purposes within DISTRICT's water service area.
7. **Full Service:** Water service as defined in UTILITIES' Water Rate Schedule – Contract Service -Regional (WCR) Full Service Option.
8. **Full Service Water:** Fully consumable water owned or controlled by the City of Colorado Springs that can legally be used for municipal purposes within DISTRICT's Service Area.
9. **Monument/Fountain Creek Transit Loss Model (“Model”):** The daily accounting model currently used by the Division of Water Resources to determine transit loss and water allocations along Monument and Fountain Creeks. Model shall also apply to any successor model(s) used by the Division of Water Resources for the same purposes.
10. **Point of Connection:** The master meter installed at the location where UTILITIES' Water System is connected to DISTRICT's Water Distribution System.

11. **Public Water System:** The Code of Colorado Regulations defines a Public Water System as a system for the provision to the public of water for human consumption through pipes or other constructed conveyances if such system has at least fifteen service connections or regularly serves an average of at least 25 individuals daily at least 60 days per year.
12. **Tariffs:** UTILITIES' Water Rate Schedules together with Utilities Rules and Regulations.
13. **UTILITIES' Water System:** UTILITIES' Water System includes any devices, facilities, structures, equipment or works owned by UTILITIES for the purpose of providing regional water service to DISTRICT's Water Distribution System.
14. **UTILITIES' Wastewater Treatment System:** UTILITIES' Wastewater Treatment System includes any devices, facilities, structures, equipment or works owned by UTILITIES for the purpose of collection and treating wastewater.
15. **WLESS:** UTILITIES' Water Line Extension and Service Standards, as may be amended or replaced.
16. **Water Regional System Availability Fee (WRSAP):** A fee assessed for each new connection to UTILITIES' supply system by contract outside the corporate limits of the City in areas where UTILITIES' Water System is available for use by UTILITIES to serve institutions, plants, organized water districts, municipal corporations, or other similar organizations and only with prior approval by the Colorado Springs City Council.
  - a. The WRSAP reflects the amount of capacity needed within UTILITIES' Water System to meet the obligations of regional water contracts.
  - b. The WRSAP is determined based on the meter size needed to deliver the maximum daily delivery rate in million gallons per day as well as the maximum delivery volume in acre-feet per year.

### III. AGREEMENT FOR SERVICE

**NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, INCLUDING THE FOREGOING REPRESENTATIONS, IT IS AGREED AS FOLLOWS:**

A. **Term:** This Agreement shall become effective upon the date of the last signature below and remains in effect until 5 pm MST on December 31, 2026.

1. **Extension:** Upon DISTRICT's notice to UTILITIES that DISTRICT's Service Area has been included in SECWCD's boundaries or DISTRICT has received written authorization from both SECWCD and Reclamation that it can receive long-term Convey, Treat, and Deliver Regional Water Service from UTILITIES without inclusion, this Agreement shall remain in effect until 5 pm MST on December 31, 2048.

2. **Renewal:**

a. No later than eighteen (18) months prior to the expiration of the Term, the Parties shall begin good faith negotiations on a new agreement for UTILITIES' provision of Convey, Treat, and Deliver Regional Water Service to DISTRICT, with the expectation that such new agreement ("New Agreement") shall be substantially similar to this Agreement. The Parties acknowledge that the intent of the Agreement is for the Parties to enter into such successive New Agreements so as to continue the provision of service as contemplated herein, subject to approval by the Colorado Springs City Council.

b. If the Parties are unable to execute a New Agreement by the date that is six (6) months prior to the end of the Term:

i. UTILITIES may notify DISTRICT in writing that DISTRICT shall be disconnected from UTILITIES' Water System as of the expiration of the Term; or

ii. If the Parties mutually agree to continue good faith negotiations for a new water service agreement beyond the Term, the term may be extended for an additional one (1) year term at UTILITIES' sole discretion.

B. **Convey, Treat, and Deliver Regional Water Service:**

1. UTILITIES agrees to provide DISTRICT water service during the term of this Agreement. UTILITIES shall not be obligated to deliver more than 2,200 acre-feet annually of DISTRICT Water to DISTRICT, unless a greater amount is approved in writing by UTILITIES.

2. UTILITIES shall deliver water provided under this Agreement to DISTRICT at the Point of Connection. It is not the Parties intent for the DISTRICT to take delivery of Full Service Water under this Agreement except in the event of an emergency that results in DISTRICT's normal Water Distribution System operations being significantly disrupted such that DISTRICT has a need for water supplies in excess of available DISTRICT Water. If such an emergency occurs, and UTILITIES has determined Full Service Water is available, DISTRICT may request and receive deliveries of Full Service Water on a temporary basis. Any such emergency shall be expediently resolved and DISTRICT shall, at all times, seek to avoid taking delivery of any Full Service Water.
  3. DISTRICT shall be solely responsible for taking all actions necessary for DISTRICT's Service Area to be included within SECWCD's boundaries or obtaining a written waiver of the inclusion requirement. UTILITIES shall have no obligation to provide water service until DISTRICT's Service Area is included within the SECWCD's boundaries or DISTRICT obtains a written waiver of the inclusion requirement from SECWCD and Reclamation and provides UTILITIES with notice of such inclusion or waiver.
- C. **Point of Connection:** DISTRICT shall be solely responsible, financially and otherwise, for designing, installing, and constructing all infrastructure improvements UTILITIES determines are necessary to provide service and all other related facilities necessary for use in connection with this Agreement ("Improvements"). Upon completion of design, installation and construction of the Improvements, DISTRICT shall convey and dedicate to UTILITIES, on a form acceptable to UTILITIES, ownership of all the Improvements located between the water main/tap and the secondary valve and DISTRICT shall continue to own all of the Improvements located between and including the secondary valve and DISTRICT's Water Distribution System as depicted on Exhibit B.
1. The Improvements shall include:
    - a. Primary valve which will be owned and maintained by UTILITIES;
    - b. Secondary valve which will be owned and maintained by DISTRICT;
    - c. Inlet valve;
    - d. Flow control valve;

- e. Meter which will be owned and maintained by UTILITIES;
  - f. Backflow prevention assembly in a configuration similar to that shown in Exhibit B; and
  - g. Controls to allow UTILITIES to limit deliveries of water to DISTRICT to the maximum extent required.
2. The Improvements shall be agreed upon by the Parties in advance and shall be designed, installed, constructed, operated, and maintained in accordance with the Colorado Springs City Code and the applicable UTILITIES' WLESS. The Parties agree and acknowledge that the Point of Connection will be constructed upon property owned by UTILITIES and utilized by DISTRICT pursuant to a separate License Agreement. With the limited exception of the Point of Connection infrastructure located on UTILITIES-owned property and constructed and operated pursuant to a separate License Agreement between the Parties, the Improvements shall be located on property owned by DISTRICT or in rights-of-way or easements dedicated to DISTRICT ("DISTRICT Property"). DISTRICT Property shall be limited to real property interests, including easements and rights-of-way, necessary for access to and for construction, repair, maintenance, and replacement of the Point of Connection, but shall expressly not include DISTRICT Property downstream of the Point of Connection. UTILITIES shall have the sole discretion to determine and approve the actual location and design of the Improvements. DISTRICT shall, at its own cost and subject to UTILITIES' approval, locate, design, and construct the Improvements in such a manner and of such material that the Improvements will not at any time be a source of danger to or interference with any of UTILITIES' structures, facilities, or operations. UTILITIES shall have the right to perform its own inspection of all completed Improvements to ensure compliance with the City Code and UTILITIES' WLESS. DISTRICT shall warranty all workmanship on the Improvements for a minimum of two years.
3. DISTRICT shall own and shall be solely responsible, financially, and otherwise, for the operation, maintenance and repair, improvement, including any improvement, repair or maintenance that is requested by UTILITIES, of the parts of the Point of Connection located between and including the secondary valve and DISTRICT's

Water System as depicted in Exhibit B and all other related facilities necessary for DISTRICT's use in connection with this Agreement.

4. UTILITIES shall be responsible for the operation, maintenance, and repair of all parts of the Point of Connection dedicated and conveyed to it that are located between the water main/tap and the secondary valve as depicted in Exhibit B. DISTRICT agrees to reimburse UTILITIES for its time-and-material costs associated with the maintenance and repair of all Improvements.
  5. DISTRICT hereby grants UTILITIES the perpetual right to ingress and egress over and through DISTRICT Property, including property owned by DISTRICT or in rights-of-way or easements dedicated to DISTRICT, to the Point of Connection so that UTILITIES may operate, maintain, repair, and inspect the portions of the Point of Connection and Improvements it is responsible for as well as perform its other duties under this Agreement and any future agreement between the Parties related to the provision of water service.
  6. The Parties shall keep the Point of Connection and Improvements for which they are responsible pursuant to this Article III.D maintained so that they continue to properly serve the purposes for which they were originally intended. All repair or maintenance of the Point of Connection and Improvements shall be completed in a timely manner and in accord with standard industry practices and UTILITIES' WLESS. Within sixty (60) days of the completion of design, installation and construction of the Improvements DISTRICT shall:
    - a. Convey and dedicate to UTILITIES, on forms acceptable to UTILITIES, ownership of all the portions of the Point of Connection and Improvements located between the water main/tap and the secondary valve as depicted in Exhibit B.
  7. No deliveries of water will be made to the Point of Connection under this Agreement until UTILITIES is satisfied that the Point of Connection is in compliance with the Colorado Springs City Code and UTILITIES' WLESS, and all necessary easements or other property interests have been conveyed to UTILITIES.
- D. **Volumetric Delivery Terms:** DISTRICT shall limit its water demand on UTILITIES' system to an instantaneous flow rate of not less than 0 gallons per minute, not more than

1,750 gallons per minute, and a total maximum daily delivery of 2.5 million gallons per day (daily flow limit). UTILITIES agrees to maintain the hydraulic grade line at the Point of Connection at or above 7,120 feet. UTILITIES may, as it deems necessary and without providing DISTRICT notice, increase, decrease, or waive these daily and instantaneous flow limits based on system performance to protect UTILITIES' Water System and deliveries to UTILITIES' customers or other good cause. UTILITIES will make best efforts to provide DISTRICT timely notice of any changes of this type.

- E. **DISTRICT Water Supply Obligation:** DISTRICT agrees that DISTRICT bears the sole responsibility for providing a permanent supply of water to meet its customers' demands. DISTRICT shall maintain and operate its Water Distribution System on a continuous, year-round basis to meet such obligations.
- F. **Use of Water:** The DISTRICT agrees not to use the water provided pursuant to this Agreement, directly or indirectly, to furnish water outside the Arkansas River Basin. DISTRICT further irrevocably commits not to serve water delivered under this Agreement to property located outside of the natural drainage of the Arkansas River or to market, transfer, wheel, or otherwise provide water to properties or entities located outside the natural drainage of the Arkansas River Basin. DISTRICT agrees not to use the water provided pursuant to this Agreement, directly or indirectly, to furnish water outside DISTRICT's Service Area as of the date of this Agreement or to any entity or person other than the current residential, commercial, industrial and contract customers of DISTRICT, except DISTRICT may wheel water delivered by this AGREEMENT to FLMD should DISTRICT obtain written agreement from Reclamation, SECWCD, and amend its Pueblo County 1041 Permit to allow for such service. FLMD is not a beneficiary of this Agreement, except as they may receive water service from DISTRICT. In addition, so long as marijuana is an illegal substance under Federal Law, DISTRICT shall not use, or allow its customers to use, the water provided under this agreement, directly or indirectly, to support the cultivation or distribution of marijuana.
- G. **Water Rights Unaffected:** Neither Party is transferring the ownership of any of its water rights under this Agreement.
- H. **Acceptance of DISTRICT Water into UTILITIES' Water System:** The acceptance of DISTRICT Water into UTILITIES' Water System will be accomplished by book over of

DISTRICT Water from DISTRICT's account in Pueblo Reservoir, or some other mutually agreed upon location, to the UTILITIES' Water System at a location designated by UTILITIES. Should the mutually agreed upon location for book over be unavailable, DISTRICT is responsible for securing the ability to book over water at another mutually agreed upon location. DISTRICT Water shall be delivered to UTILITIES at locations and during times as requested at UTILITIES' sole discretion. Further, it is agreed that UTILITIES shall not be obligated to accept into its Water System any DISTRICT Water that would interfere with UTILITIES' rights, operations, or yields. The use and administration of any DISTRICT Water not accepted into UTILITIES' Water System will be the sole responsibility of DISTRICT. DISTRICT shall be responsible for all accounting and administration requirements in connection with its diversion and use of DISTRICT Water under this Agreement. Upon acceptance into UTILITIES' Water System, the accepted DISTRICT Water takes on the character of fully consumable water that can be used in accordance with UTILITIES' water rights decrees and the water delivered to DISTRICT and any return flows therefrom up to the amount of DISTRICT Water accepted into UTILITIES' Water System take on the character of DISTRICT Water delivered to DISTRICT via UTILITIES' Water System. If DISTRICT Water cannot be booked over, is not accepted into UTILITIES' Water System or more water than accepted was delivered by UTILITIES, all water delivered to DISTRICT in excess of the amount of DISTRICT Water accepted into UTILITIES' Water System shall be considered Full Service Water. This Agreement is subject to the administration of water rights by the Division of Water Resources.

**I. Return Flows:**

**1. DISTRICT Water**

- a. UTILITIES shall maintain dominion and control of all DISTRICT Water being delivered through UTILITIES' Water System to DISTRICT until such water is delivered at the Point of Connection. Upon delivery, DISTRICT shall have and retain the legal ownership of and right to use, reuse, successively use, and dispose of all return flows resulting from DISTRICT's use of DISTRICT Water delivered by UTILITIES under this Agreement.

**2. Full Service Water**

- a. All Full Service Water delivered by UTILITIES under this Agreement may only be used for the purposes for which UTILITIES' water rights have been decreed. Neither DISTRICT nor its customers shall have the right to make successive use of Full Service Water, and upon completion of the initial use, all dominion and control over the Full Service Water shall revert to UTILITIES.
  - b. UTILITIES retains legal ownership of and the right to use, reuse, successively use, and dispose of all return flows resulting from DISTRICT's one-time use of Full Service Water. DISTRICT shall maintain dominion and control over all Full Service Water during the distribution of the water through DISTRICT's Water Distribution System and once returned to DISTRICT's Wastewater Collection System. DISTRICT shall be solely responsible for the collection, treatment and discharge of all wastewater generated by the use of Full Service Water furnished under this Agreement, and shall retain dominion and control over such water until it is discharged from DISTRICT's Wastewater Collection Facility or upon entry into UTILITIES' Wastewater Treatment System pursuant to a separate Regional Wastewater Services agreement.
  - c. DISTRICT shall cooperate with UTILITIES to quantify daily discharges of return flows attributed to Full Service Water from DISTRICT's Wastewater Collection System to permit their inclusion in the Model. Reporting shall also be made as necessary to [water\\_accounting@csu.org](mailto:water_accounting@csu.org). DISTRICT shall be solely responsible for its own cost for the use of the Model. UTILITIES shall have the right to review the water accounting documents of DISTRICT to verify the quantities of such return flows resulting from DISTRICT's use of the Full Service Water delivered to DISTRICT.
- J. Consequence of Loss of Dominion Over Full Service Water Return Flows:** If UTILITIES should lose legal dominion and control over the return flows that result from DISTRICT's use of any Full Service Water due to any act or failure to act by DISTRICT, DISTRICT shall pay the Augmentation (W1G) tariff rate modified or replaced for the volume of return flows lost to UTILITIES as determined in UTILITIES' sole discretion. UTILITIES will bill DISTRICT with payment due within thirty (30) days of the date of billing.

**K. Service Rates, Fees, and Billing:**

1. **WRSAF:** A 6” meter will be installed at the Point of Connection and will be used to measure the deliveries of water to DISTRICT under this Agreement. The current WRSAF tariff rate for a 6” meter is \$9,980.129.00 DISTRICT has elected to pay this over the period of this twenty-five year contract and will pay \$564,393.00 each year. The yearly WRSAF must be paid within 30 days of the date of billing.
  2. **Commodity Charge:** DISTRICT agrees to pay the then prevailing Contract Service – Regional (WCR) Convey, Treat, and Deliver Option rate as modified or replaced, for every cubic foot of DISTRICT Water delivered to DISTRICT. If Full Service Water is delivered to DISTRICT, DISTRICT agrees to pay the then prevailing Contract Service – Regional (WCR) Full Service Option rate modified or replaced, for every cubic foot of Full Service Water delivered to DISTRICT. UTILITIES will bill DISTRICT monthly in arrears with payment due within thirty (30) days of the date of billing.
  3. **Water Quality Monitoring:** DISTRICT agrees to pay a *pro rata* share of water quality monitoring UTILITIES is obligated to perform to be in compliance with its Pueblo County 1041 permit for the Southern Delivery System. DISTRICT shall be billed annually with payment due within thirty (30) days of the date of billing. UTILITIES may choose to waive this charge if DISTRICT can demonstrate their participation in water quality monitoring that meets Pueblo County’s 1041 permitting criteria.
  4. **Payments:** Payments under this Article III.K shall be due at Colorado Springs Utilities, Customer Services Department, 111 S. Cascade Ave., Colorado Springs, Colorado 80903. If a payment is not made within thirty (30) days of when it is due, a deposit may be assessed as outlined in the Tariffs as modified or replaced.
- L. **Metering:** All water delivered under this Agreement shall be measured at the Point of Connection between UTILITIES’ Water System and DISTRICT’s Water Distribution System. If at any time either UTILITIES or DISTRICT questions the accuracy of the meter, either Party may cause such meter to be tested for accuracy and recalibrated, if necessary, at such Party’s expense. In the event a meter shall be tested, the Party testing the meter shall provide the other Party with three (3) days’ notice of such testing. If the

Parties cannot agree that the meter is measuring accurately, they shall choose an independent third party qualified to test the accuracy of such meters, whose decision regarding accuracy shall be binding on both Parties.

M. **Water Efficiency Plan:** DISTRICT agrees to abide by and enforce its water efficiency plan submitted to the State in its current form or as it may be changed through the State's approval process.

N. **Regional Cooperation:**

1. DISTRICT acknowledges and agrees to support the Fountain Creek Watershed, Flood Control, and Greenway District to the extent authorized under Colorado Revised Statutes §32-1-1001, *et seq.*
2. DISTRICT agrees to actively support and cooperate with the City of Colorado Springs, El Paso County, and other regional entities having jurisdiction over stormwater detention and retention on Fountain Creek and to take whatever actions that are within DISTRICT's legal authority to ensure that stormwater in the Fountain Creek Basin does not increase above existing conditions.
3. DISTRICT agrees to accept and comply with the City of Pueblo Flow Management Program and Pueblo Recreational In-Channel Diversion Decree, both impacting the Arkansas River between Pueblo Dam and its confluence with Fountain Creek, in any Water Court application or request for administrative approval for a change of water rights or exchange implicating that reach of the Arkansas River.
4. DISTRICT agrees to support any studies of a flood control dam or dams on Fountain Creek.

O. **Changes in Terms or Type of Service:** Should DISTRICT take delivery of Full Service Water more than three events in five years on a rolling average, request deliveries that exceed the limits outlined in the Agreement, or desire a different type of water service, UTILITIES and DISTRICT shall either amend this Agreement or renegotiate the Agreement in its entirety.

#### IV. WATER DELIVERIES

A. **Requests for Delivery of Water:** DISTRICT shall directly communicate with UTILITIES' System Control as specified in this section and follow up with a written

request for delivery of water, specifying amounts, rates, and duration at least three (3) business days prior to the expected delivery date(s). UTILITIES will provide a written response at least one (1) day prior to the requested delivery date accepting, modifying, or denying the request. For the purposes of DISTRICT requesting service and UTILITIES responding to requests, the term “written” shall include communications by electronic mail to certain electronic mail addresses, which DISTRICT and UTILITIES shall provide to each other upon execution of this Agreement and keep current through the duration of the Agreement. DISTRICT shall limit its water demand on UTILITIES’ system as specified in Article III.D. The initial contacts are set forth below.

**1. UTILITIES System Control**

- a. Operations Supervisor, Jeremy McBeain

[jmcbeain@csu.org](mailto:jmcbeain@csu.org)

Office Phone (719) 668-4588

Cell Phone (719) 494-6973

- b. System Control Operator, to be acknowledge within 24-hours by Operations Supervisor

Office Phone (719) 668-4570

- c. [Water\\_accounting@csu.org](mailto:Water_accounting@csu.org)

**2. DISTRICT System Control**

- a. Assistant District Manager, Steve Sheffield

[ssheffield@triviewmetro.com](mailto:ssheffield@triviewmetro.com)

Office Phone (719)-488-6868

Cell Phone (719)-243-3312

- b. Water Treatment Manager, Shawn Sexton

[ssexton@triviewmetro.com](mailto:ssexton@triviewmetro.com)

719-488-6868

719-499-0637

**B. Delivery Interruptions:** UTILITIES may interrupt deliveries of water hereunder due to lack of water supplies, infrastructure failure, system capacity failure, or water quality concerns. UTILITIES shall take all reasonable steps to provide DISTRICT with advance notice providing the reasons for any and all delivery interruptions, and

further take all reasonable steps to restore deliveries of water to the DISTRICT through resolution of such issues.

C. **Consecutive System Disinfection:** DISTRICT and UTILITIES shall comply with Consecutive Systems Disinfection Protocol set forth in Exhibit C during the term of this Agreement.

1. **Disinfection pursuant to Exhibit C is required when:**

- a. The consecutive system is bringing the Point of Connection into service for the first time, or
- b. The consecutive system is bringing the Point of Connection back into service after repairs or similar event that has compromised the main or opened it to the environment, or
- c. The consecutive system is bringing the Point of Connection back into service after a period of >72 hours of the line being stagnant or empty. UTILITIES may also require a disinfection in these cases if there is a possibility the water quality has been compromised in any way.

2. **Scheduling Requirements:** UTILITIES' Water Quality Assurance requires at least two business days' notice to disinfect for consecutive system use. Notify [waterquality@csu.org](mailto:waterquality@csu.org) to schedule for disinfection.

D. **Drinking Water Quality Regulatory Compliance; Required Permits:**

1. The water provided by UTILITIES to DISTRICT at the Point of Connection shall be potable water which complies with the Federal Safe Drinking Water Act and the applicable Colorado Primary Drinking Water Regulations (5 C.C.R. 1002-11). Pursuant to §1.8 of the Colorado Primary Drinking Water Regulations, UTILITIES' responsibility regarding the quality of water furnished shall extend only to the Point of Connection. DISTRICT agrees that its Water Distribution System constitutes a Consecutive System and, in accordance with §1.9 of the Colorado Primary Drinking Water Regulations, DISTRICT is responsible for all applicable monitoring and reporting requirements of the Colorado Primary Drinking Water Regulations of water within DISTRICT's Water Distribution System.

2. DISTRICT will be responsible for obtaining, prior to operation, any applicable permits from any permitting authority or approvals from the Colorado Department of Public Health and Environment required for the construction and connection of DISTRICT's Water Distribution System to UTILITIES' Water System at and from the Point of Connection and to fulfill all purposes of this Agreement. A copy of such approval will be provided to UTILITIES within 30 days of receipt by DISTRICT to the UTILITIES' contacts set forth in Article V.A below.
- E. **Colorado Water Quality Control Act Compliance:** If at any time during the effective term of this Agreement DISTRICT fails to meet the requirements of the Colorado Water Quality Control Act applicable to DISTRICT, and applicable control regulations promulgated and permits issued thereunder, UTILITIES may in its sole discretion suspend deliveries and interrupt its performance of this Agreement, without commensurate extension of the term of this Agreement or liability to DISTRICT or any third party, including DISTRICT's customers, until DISTRICT has achieved compliance. With or without suspension or interruption by UTILITIES, DISTRICT, in the event of its failure to meet such requirements applicable to DISTRICT, shall implement cost-effective solutions to reduce water pollution with the objective of achieving and maintaining water quality in accordance with the applicable designated uses and water quality standards established by the Water Quality Control Commission and discharge permit limits imposed by the Water Quality Control Division on DISTRICT. In the event UTILITIES fails to meet the requirements of the Colorado Water Quality Control Act and applicable regulations thereunder, UTILITIES shall notify DISTRICT in the same manner as its other customers, and DISTRICT shall have the same rights and remedies as provided to UTILITIES, including the option of requesting the suspension of the delivery of water under this Agreement until such time as UTILITIES has achieved compliance.

## V. STANDARD TERMS AND CONDITIONS

- A. **Legal Notice:** Notices under this Agreement, other than DISTRICT's requests for water and UTILITIES' responses to such requests, shall be given in writing, signed

by an authorized representative of the Party giving notice. Telephonic or email notice is not acceptable. Notices shall be delivered by courier service delivery (such as Federal Express) that maintains delivery records requiring a signed receipt; certified mail, postage prepaid with return receipt requested; or personal delivery to the people specified below at the following addresses:

For UTILITIES:

1. Manager, Water Resources

Courier Service Address:

Colorado Springs Utilities  
ATTN: Manager, Water Resources  
1525 S. Hancock Expressway  
Colorado Springs, CO 80906

United States Postal Service Address:

Colorado Springs Utilities  
ATTN: Manager, Water Resources  
P.O. Box 1103, MC 1825  
Colorado Springs, CO 80947-1825

2. City Attorney's Office – Utilities Division:

City Attorney's Office  
ATTN: City Attorney's Office – Utilities Division  
30 South Nevada Ave., Suite 501  
P.O. Box 1575, Mail Code 510  
Colorado Springs, CO 80901-1575

For DISTRICT:

1. General Manager: James C. McGrady

Address:

Triview Metropolitan District  
ATTN: General Manager  
16055 Old Forest Point Suite 302  
Monument, CO 80132

2. DISTRICT Water Attorney

Address:

Chris D. Cummins  
MONSON, CUMMINS, SHOHET, & FARR, LLC  
13511 Northgate Estates Dr., Ste. 250  
Colorado Springs, CO 80921

Notices shall be effective (1) the next day following the date sent by courier service delivery that maintains delivery records requiring a signed receipt; (2) upon receipt by the addressee of a personal delivery; or (3) seven (7) days following the date of mailing via certified or registered mail, postage prepaid, return receipt requested.

**B. Breach of Agreement and Termination:**

1. **Breach of Agreement:** Upon any breach of this Agreement, the non-breaching Party shall have the right to: (a) seek specific performance; (b) be reimbursed for costs; (c) be entitled to money damages for the period between the breach and the order for specific performance; or (d) terminate this Agreement. Unless an emergency situation requires immediate action in order to protect the health, safety and welfare of its customers or UTILITIES' Water System, or of DISTRICT's customers or DISTRICT's Water Distribution System, the non-breaching Party shall provide written notice to the breaching Party of a breach of this Agreement and the breaching Party shall have thirty (30) days to cure such breach or take reasonable steps to address such breach and provide the non-breaching Party with notice of same prior to such non-breaching Party exercising its rights hereunder. DISTRICT may terminate this Agreement at any time if it does not receive the written authorization from the Bureau and SECWCD required by Article III.A.1 above upon thirty (30) days notice to Utilities.
  - a. **Consequential Damages:** Any action by DISTRICT that results in violations of any of UTILITIES' water service-related permits may subject DISTRICT to consequential damages for breach of contract including, but not limited to, any amounts the City or UTILITIES may be required to pay for violation of the conditions of any UTILITIES' water-related permit to the extent that the DISTRICT's actions caused or contributed to the violation.
  - b. **Disconnection Damages:** If DISTRICT disconnects from UTILITIES' Water System for any reason other than a material breach by UTILITIES, the Parties agree that UTILITIES will suffer minimum damages equal to the cost to replace any infrastructure that UTILITIES can no longer use to provide water service to customers other than DISTRICT because of DISTRICT'S disconnection.

2. **UTILITIES Right to Suspend Service:** DISTRICT acknowledges and consents to UTILITIES' right to suspend Convey, Treat, and Deliver Service or terminate this Agreement without liability or obligation to DISTRICT or any other person or entity:
    - a. Due to a significant interruption of water supplies, a substantial disruption (including, but not limited to, legal challenges impacting UTILITIES' Water System, and maintenance and repair to the infrastructure) to UTILITIES' Water System; or
    - b. Due to DISTRICT's breach of a material term or condition of this Agreement, if DISTRICT has not taken substantial steps to cure the breach within a reasonably sufficient time frame that allows DISTRICT to cure the material breach after receiving written notice of such breach from UTILITIES; or
    - c. As otherwise authorized by the City Code or City Council.
  3. **Notice of Breach:** Each Party shall promptly notify the other Party of circumstances that could result in a breach, and UTILITIES shall further promptly notify DISTRICT of changes in City Code, or City Council action that could result in termination of the Agreement.
  4. **Effect of Termination:** Upon termination, UTILITIES shall have no further obligation to provide Convey, Treat, and Deliver Service to DISTRICT and DISTRICT's Water Distribution System shall be disconnected from UTILITIES' Water System. Upon termination of this Agreement, UTILITIES shall determine the connection facilities between DISTRICT's Water Distribution System and UTILITIES' Water System that must be removed at DISTRICT's sole expense. UTILITIES shall determine the way the connection facilities are to be removed and water delivery services discontinued in accordance with UTILITIES' WLESS. All outstanding charges owed by DISTRICT to UTILITIES are due and payable prior to the disconnection of service. If all outstanding charges owed by DISTRICT to UTILITIES are not paid prior to disconnection, DISTRICT's obligation to make full payment shall survive termination of this Agreement.
- C. **Approvals/Permits:** The Parties expressly acknowledge that the service contemplated and/or the construction of any Improvements under this Agreement

may be dependent upon the receipt of any necessary approvals and/or permits by Federal, State, and local governmental and/or regulatory entities. DISTRICT shall be solely responsible for obtaining and complying with all approvals or permits necessary to accomplish the provision of water service and water conveyance by UTILITIES to DISTRICT under this Agreement. UTILITIES will cooperate as reasonably requested by DISTRICT in any application or proceedings to obtain such approvals.

**D. DISTRICT Dissolution:** If DISTRICT seeks to dissolve pursuant to relevant laws, rules, and regulations, then DISTRICT shall provide a copy of its dissolution petition to UTILITIES, at the time of its filing. The dissolution petition shall provide for assignment of DISTRICT's rights and obligations under the Agreement to a third party acceptable to UTILITIES. If no provision is made for such an assignment or other arrangement reasonably acceptable to UTILITIES, upon DISTRICT's dissolution, this contract shall be null, void and of no further force or effect, and UTILITIES shall have no further obligation to provide water service pursuant to the terms of this Agreement.

**E. City of Colorado Springs Compliance:**

1. This Agreement is for "Contract Service – Regional (WCR), Convey, Treat, and Deliver Option," as provided in the Tariffs. The water service provided under this Agreement shall be governed by the Colorado Springs City Charter, the City Code, the Tariffs, WLESS, and all other applicable City of Colorado Springs' or UTILITIES' ordinances, resolutions regulations, policies and rules concerning use of UTILITIES' Water System as may be amended or replaced, except as otherwise provided in this Agreement. DISTRICT shall comply with applicable laws, ordinances, regulations, rules or policies concerning use of UTILITIES' Water System as they exist now or may be amended or replaced in the future. The Parties acknowledge and agree that City Code Chapter 12, Article 4, Part 13 is not applicable to DISTRICT under this Agreement.
2. In accordance with City Code § 12.4.304, DISTRICT submits to the jurisdiction of the City of Colorado Springs for the purposes of the enforcement procedures set out in City Code Chapter 12, Article 4 that are applicable to this Agreement.

- F. **Compliance with Laws and Regulations:** This Agreement and the rights and obligations of the Parties hereunder shall be subject to all applicable laws, orders, court decisions, directives, rules, and regulations of any duly constituted governmental body or official having jurisdiction. Nothing contained in the Agreement, however, shall require either Party hereto to comply with any law, the validity of applicability of which shall be contested in good faith and, if necessary or desirable, by appropriate legal proceedings. DISTRICT agrees to comply with all applicable ordinances, regulations and rules concerning the connection to and use of UTILITIES' Water System by DISTRICT.
- G. **No Assignment without Consent; No Third-Party Beneficiary:** There shall be no assignment of the rights or obligations contained in this Agreement by either Party without the prior written consent by the other Party, and any such assignment shall be null and void. Unless otherwise prohibited, upon written notice to DISTRICT, UTILITIES may assign this Agreement without consent to the City of Colorado Springs, Colorado. Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than UTILITIES and DISTRICT.
- H. **Governing Law, Jurisdiction and Venue:** This Agreement shall be construed in accordance with the laws of the State of Colorado (except for its conflict of law provisions) as well as the Colorado Springs City Charter and the City Code. The place of performance and transaction of business shall be deemed to be in the County of El Paso, State of Colorado. In the event of litigation, the exclusive venue and place of jurisdiction shall be El Paso County, Colorado and, if necessary, for exclusive federal questions, the United States District Court for the District of Colorado.
- I. **Force Majeure:** Neither Party shall be liable for delays in performing its obligations to the extent the delay is caused by an unforeseeable condition beyond its reasonable control without fault or negligence, including strikes, riots, wars, floods, fires, explosions, acts of nature, acts of government, or labor disturbance.
- J. **Appropriation of Funds:** In accord with the Colorado Springs City Charter, performance of UTILITIES' obligations under this Agreement is expressly subject to appropriation of funds by City Council. In the event funds are not appropriated in whole or in part sufficient for performance of UTILITIES' obligations under this

Agreement, or appropriated funds may not be expended due to City Charter spending limitations, then this Agreement will thereafter become null and void by operation of law, and UTILITIES will thereafter have no liability for compensation or damages to DISTRICT for future performance and obligations thereafter in excess of UTILITIES' authorized appropriation for this Agreement or applicable spending limit, whichever is less. UTILITIES will notify DISTRICT as soon as reasonably practicable in the event of non-appropriation or in the event a spending limit becomes applicable.

**K. Entire Agreement; Modifications to be in Writing:** This Agreement, including any and all appendices and exhibits attached hereto, contains the entire understanding between the Parties. No modification, amendment, notation, or other alteration to this Agreement shall be valid or any force or effect unless mutually agreed to by the Parties in writing as an addendum to this Agreement. At the time of the execution of this Agreement, there are no other terms, conditions, requirements, or obligations affecting this Agreement which are not specifically set forth therein. Electronic mail and all other electronic (including voice) communications from UTILITIES, except as otherwise specifically provided herein, in connection with this Agreement, are for informational purposes only. No such communication is intended by UTILITIES to constitute either an electronic signature or to constitute any agreement by UTILITIES to conduct a transaction by electronic means. Any such intention or agreement is hereby expressly disclaimed.

**L. No Precedent; Severability:** The Parties agree that neither of them intends that this Agreement shall in any way constitute a precedent or standard for any future Agreement, nor vest any rights in either Party or any third party for novation, renewal, modification, or addition of any other rights or services on account of this Agreement's existence, as it is based solely on unique conditions currently existing at the time of execution. Any provision or part of this Agreement held to be void or unenforceable under any laws or regulations shall be deemed stricken, and all remaining provisions shall continue to be binding upon the Parties and this agreement shall be reformed to replace such stricken provisions with a new provision that comes as close as possible to expressing the intention of the stricken provision.

- M. **Remedies Cumulative:** Remedies herein are cumulative and may be used individually, sequentially, concurrently, or in any order.
- N. **Audits:** UTILITIES shall have the right to audit at any time all of DISTRICT's records relating to compliance with this Agreement. DISTRICT shall have the right to audit all UTILITIES' records relating to compliance with this Agreement.
- O. **No Exclusive Rights:** Nothing in this Agreement shall be construed as a grant by either Party of any exclusive right or privilege.
- P. **Waiver:** No waiver by either Party of any terms or condition of this Agreement shall be deemed or construed as a waiver of any other term or condition, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different provision of this Agreement.
- Q. **Limitations upon Consent:** Whenever, under the terms of this Agreement, UTILITIES is authorized to give its written consent, UTILITIES, in its discretion, may give or may refuse such written consent and if given, may restrict, limit, or condition such consent in such manner as it shall deem advisable.
- R. **Liability:**
1. **Party Responsible for Own Negligence:** Each Party shall be responsible for its own negligence. Neither Party waives the benefits or obligations afforded it by the Colorado Governmental Immunity Act, C.R.S. 24-10-101, *et seq.*
  2. **UTILITIES' Limitation of Liability:** In addition to force majeure events described in this Agreement, UTILITIES shall not be liable in tort or contract to DISTRICT or its customers for failure to provide water service under this Agreement if such failure is the result of a significant interruption of water supplies or an inadequate natural physical water supply, a substantial disruption to UTILITIES' Water System (including, but not limited to, legal challenges impacting the water system, and maintenance and repair of UTILITIES' Water System), or the adoption and implementation of water use or delivery restrictions in accordance with City Code.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date of the last signature below.

COLORADO SPRINGS UTILITIES

TRIVIEW METROPOLITAN DISTRICT

By: \_\_\_\_\_

Travas Deal  
Chief Executive Officer

Date: \_\_\_\_\_

By: \_\_\_\_\_

Mark Melville  
District President

Date: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
Michael Gustafson  
City Attorney's Office – Utilities Division

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**Exhibit A – Map of District’s Service Area**

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**Exhibit B– Infrastructure Configuration**

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## Exhibit C – Consecutive System Disinfection Protocol

### 1.0 Purpose

The purpose of this Consecutive Systems Disinfection Protocol for Regional Water Service Contracts Exhibit is to define Colorado Springs Utilities' (Utilities) and the Regional Water Service Contract holder's roles and responsibilities pertaining to potable water main disinfection procedures for Connective Systems.

A Consecutive System is defined as a Public Water System that receives some or all its finished water from one or more wholesale systems. Delivery may be through a direct connection or through the distribution system of one or more Consecutive Systems.

The Consecutive System Standard Operating Procedure followed by Colorado Springs Utilities is available upon request.

### 2.0 Scope

The scope of this document is to establish the standard for managing the sanitary practices of Consecutive System to Utilities' water system. The objective is to protect Utilities' potable water distribution system, public health, prevent waterborne disease outbreaks, and comply with Colorado Primary Drinking Water Regulations.

Disinfection of the system is required when:

1. The Consecutive System is bringing the interconnect into service for the first time, or
2. The Consecutive System is bringing the interconnect back into service after repairs or similar event that has compromised the main or opened it to the environment.

Flushing of the system is required when the Consecutive System is bringing the interconnect back into service after a period of >72 hours of the line being stagnant or empty. Utilities may also require a disinfection in these cases if there is a possibility the water quality has been compromised in any way.

### 3.0 Scheduling Requirements

Scheduling requirements for a Potable Water Main Disinfection or system flush are as follows:

1. The Operator in Responsible Charge (ORC) of the Consecutive System receiving water shall notify Utilities' Water Quality Assurance department (WQA) at [waterquality@csu.org](mailto:waterquality@csu.org) to schedule a system flush at least two business days prior to date of flush. WQA is not able to accommodate requests for potable water main disinfection or system flush without at least **two business days'** notice.
2. The following information must be included when requesting flushing services:
  - Point of Contact (Name and Phone Number).
  - Address or Intersection of where the flush will be taking place.
  - Requested date and time of the flush

3. The site ORC and Operations from the Consecutive System shall be available at the time of chlorination to assist with any issues that may occur such as valve locations, closed valves, leaks, main breaks, cross-connections, or safety concerns.

#### **4.0 Responsibilities**

This section defines the general responsibilities of stakeholders within Utilities that are directly involved with the disinfection and flushing of potable water mains for Connective Systems.

##### **4.1 Colorado Springs Utilities Responsibilities:**

- Utilities' Water Quality Assurance (WQA) team is responsible for the managerial oversight of all chlorination injections, disinfections, system flushing, chlorine neutralization and system monitoring during dewatering activities.
- Utilities' Distribution and Collection Specialist is considered the Operator in Responsible Charge of all Utilities' potable mains under the control of the assigned specialist. This encompasses legal responsibility of all distribution system pipelines being operated and maintained.

##### **4.2 Consecutive System Operations/ Management:**

- Public Water Systems that receive water from Utilities will be considered the ORC downstream of the demarcation/interconnect valve. This encompasses legal responsibility of all distribution system pipelines being operated and maintained. Responsibilities include, but are not limited to, the following:
  - The oversight authority of the operation of the Consecutive System's potable water distribution system.
  - Placement and providing a containment structure large enough to retain six times the volume of water to be discharged if an adequate storm intake is not available or the water cannot otherwise be properly managed.
  - Overseeing the operation of pressure regulation equipment, cross-connection and system control valves.
  - ORC is responsible for the operation and maintenance of the cross-connection device, to include state certified cross connection control technician simultaneously testing its backflow assembly to ensure proper operation.

#### **5.0 Operational Procedures**

##### **5.1 Initial start-up of a consecutive system:**

Prior to the initial start-up of a consecutive system:

- WQA will work with the Utilities ORC and the consecutive system ORC to disinfect the main.

- Utilities will conduct bacteriological testing.
- Utilities will notify the Consecutive System's ORC of a bacteriological testing once results are confirmed, typically within 24 hours. If results are negative, Utilities will open the demarcation valve and the consecutive system ORC will operate their valve and place the main into service.

### **5.2 Temporary shut downs (>72 hours):**

- The Consecutive System's ORC or representative will notify Water Operations when water supply is no longer needed.
- Water Distribution Operations will close demarcation valve. NOTE: Whenever possible, the water main should not be left isolated for longer than 72 hours. Additional sampling, disinfection, or flushing may be required if main is left isolated >72 hours.

### **5.3 Temporary shut downs (<72 hours):**

- Utilities will conduct bacteriological testing. Utilities will notify the Consecutive System's ORC of bacteriological testing once results are confirmed, typically within 24 hours. If results are negative, CSU will open demarcation valve and the consecutive system ORC will operate their valve and place the main in service.

### **5.4 Emergency Start-up:**

The following are steps toward disinfecting and dewatering at CCWD:

- Water Operations receives the emergency call from the Consecutive System's ORC requesting water.
  - Note: It is expected that Utilities has at least 24 hours of response time for all requests for water.
- WQA coordinates valve operation and discharge locations with water Distribution Operations and the Consecutive System's ORC.
- WQA will facilitate the chlorination and dewatering process and manage discharge protocols.
- Following dewatering, WQA will collect, document, and deliver a bacteriological sample to Laboratory Services for analyses. Bacteriological results will be provided to the consecutive system ORC approximately 24 hours from sample collection.

## **6.0 Process**

### **6.1 Flushing:**

When the connecting main has been empty or stagnant (for example, valved off during low consumption periods) for > 72 hours and the main has not been compromised in any way, a disinfection is not required.

- Utilities' WQA team will be responsible for managing all waters associated with dewatering, to include dichlorination and pH mitigation if necessary.
- Operations from the Consecutive System will be responsible for best management practices (BMPs) which adequately mitigate erosion, control runoff, and protect storm inlets. Alternatively, Operations from the Consecutive System will be responsible for providing a containment structure large enough to retain six times the volume of water to be discharged if an adequate storm intake is not available or the water cannot otherwise be properly managed.
- Flushing will be complete when the volume of the main has been turned over three times or chlorine line residual and clarity have been reached.
- After flushing, WQA personnel will collect a bacteriological sample from Utilities' side of the interconnect closest to the demarcation valve to ensure water being delivered meets all Safe Drinking Water Act standards. This analysis takes approximately 24 hours to complete. Water will not be delivered until the sample has been read and authorized as absent of total coliform.
- If requested, Utilities personnel may also collect a bacteriological sample from the Consecutive System's side of the interconnect.

## **6.2 Disinfection:**

Disinfection is required when the connecting main is brought into service for the first time or when the main has been compromised in any way, such as during repairs or breaks.

- WQA personnel will be responsible for determining which disinfection method is most appropriate. WQA personnel will also be responsible for all aspects of water management during disinfection and flushing.
- The Consecutive System's ORC will be responsible for BMP placement and providing a containment structure large enough to retain six times the volume of water to be discharged if an adequate storm intake is not available or the water cannot otherwise be properly managed.
- If disinfection activities must occur downstream of the demarcation valve, Utilities will function as a contractor if requested by the consecutive system. These activities are a courtesy to the Consecutive system and Utilities holds no liability for infrastructure damage or contamination. Additionally, the consecutive system will be responsible for all time and material costs incurred by Utilities associated with the disinfection. The Consecutive System's ORC will be responsible for operating all appurtenances and valves on their system.

### 6.3 Sampling Requirements:

At the Consecutive System point of entry, WQA will verify the disinfection concentration meets acceptable levels, perform a clarity check, confirm free chlorine residual, and collect bacteriological samples.

#### Bacteriological Sampling Points

WQA will collect bacteriological samples from:

- The closest possible appurtenance to the tie-in point.
- The furthest appurtenance on each leg of the main.
- Every 1000 linear feet of main.

#### Water Quality Check

- WQA will perform a water quality check, confirming free chlorine residual is >0.20 mg/L and collect a bacteriological sample at the closest possible appurtenance to the demarcation point and downstream of the demarcation valve, if requested.
- Results are read within 18 to 24 hours from sample set up time.
- If the result is “absence” for total coliform, the Laboratory Services Section (LSS) Microbiology Lab will contact the site ORC that the sample “passed”.
- Potable water mains should be placed back into service immediately following an “absence” result for total coliform

Note: Whenever possible, a water main should not be left isolated for longer than 72 hours after confirmation. Additional sampling, disinfection, and flushing may be required if main is left isolated >72 hours.

#### Bacteriological Resampling

If a bacteriological sample analysis results in “presence” for total coliform, the potable water main in question shall remain isolated and will be re-sampled

- Resampling a bacteriological sample after the first failure event.
  - If a sample results in “presence” for total coliform, TWO additional bacteriological samples will need to be taken from the isolated point of failure.
  - Samples will be collected within 48 hours of the first failure, at least 16 hours apart.
  - Both of the repeat samples collected must be absent of total coliforms before the infrastructure can be turned into service.
- Resampling a bacteriological sample if there is a SECOND failure event.
  - Sample will be collected within 48 hours of the first failure, at least 16 hours apart.

- Both of the repeat samples collected must be absent of total coliforms before the infrastructure can be turned into service.
- If the results are “absent” for total coliform, the LSS Microbiology Lab will contact the site ORC that the samples “passed”.
- Consecutive System can be placed in service.
- In the event of a THIRD failure:
  - If the main fails a third time after disinfection, it will be considered contaminated. At the discretion of the LSS Manager and WQA Supervisor, more extensive mitigation strategies will be implemented, up to and including removal and replacement of the contaminated section of the main.

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A RESOLUTION AUTHORIZING AND DIRECTING THE CHIEF EXECUTIVE OFFICER OF COLORADO SPRINGS UTILITIES TO ENTER INTO AN AGREEMENT FOR CONVEY, TREAT, AND DELIVER REGIONAL WATER SERVICE BETWEEN COLORADO SPRINGS UTILITIES AND TRIVIEW METROPOLITAN DISTRICT

WHEREAS, City Code §12.4.304 and Colorado Springs Utilities' Tariffs allow Colorado Springs Utilities to provide by contract for the use of or connection to its water supply system by institutions, plants, districts, governments, municipal corporations, or other similar users located outside the corporate limits of the City; and

WHEREAS, Triview Metropolitan District is a Colorado metropolitan district authorized under C.R.S. §32-1-1001 et seq., that provides water, wastewater, and stormwater services to a 2,590 acre service area with approximately 2,100 taps in the Colorado Springs metropolitan area in northern El Paso County; and

WHEREAS, Triview Metropolitan District owns or otherwise controls renewable water supplies and intends to increase and further diversify its water supplies with additional renewable supplies to meet its long-term water needs and reduce its historic and current reliance on non-renewable groundwater resources; and

WHEREAS, Triview Metropolitan District does not have the necessary infrastructure to convey its renewable water supplies to its service area and has requested Convey, Treat, and Deliver Regional water service from Colorado Springs Utilities under which its renewable water supplies will be treated and delivered through Colorado Springs Utilities' infrastructure to a single point of delivery between Colorado Springs Utilities' water system and Triview Metropolitan District's water system to be constructed in the future subject to volumetric limitations; and

WHEREAS, Colorado Springs Utilities currently has sufficient infrastructure capacity in its water system; water transportation displacement, and storage capacity not including UTILITIES' excess capacity storage space in the Fryingpan-Arkansas Project; and water treatment capacity to provide interruptible Convey, Treat, and Deliver Regional water service to Triview Metropolitan District; and

WHEREAS, in exchange for Convey, Treat, and Deliver Regional Water Service, Triview Metropolitan District has agreed to pay the rates and fees set forth in Colorado Springs Utilities' Tariffs for such service; and

WHEREAS, the Utilities Board recommended that City Council approve a long-term Agreement for Convey, Treat, and Deliver Regional Water Service with Triview Metropolitan District; and

WHEREAS, Colorado Springs Utilities requests that City Council authorize and direct the Chief Executive Officer of Colorado Springs Utilities to enter into a long-term Agreement for Convey, Treat, and Deliver Regional Water Service with Triview Metropolitan District.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

Section 1. City Council finds and determines that a long-term Agreement for Convey, Treat, and Deliver Regional Water Service between Colorado Springs Utilities and Triview Metropolitan District will benefit the public health, safety and welfare of the surrounding community and is in the best interest of the City.

Section 2. City Council further finds and determines that a long-term Agreement for Convey, Treat, and Deliver Regional Water Service between Colorado Springs Utilities and Triview Metropolitan District will have a de minimis impact on the overall City's available water supply since Colorado Springs Utilities will primarily be delivering renewable water supplies owned by Triview Metropolitan District under the Agreement.

Section 3. The Chief Executive Officer of Colorado Springs Utilities is authorized and directed to enter into a long-term Agreement for Convey, Treat, and Deliver Regional Water Service with Triview Metropolitan District in a form substantially similar to that attached hereto.

Section 4. This Resolution shall be in full force and effect immediately upon its adoption.

Dated at Colorado Springs, Colorado this \_\_\_\_ day of April, 2023.

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Council President

ATTEST:

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Sarah B. Johnson, City Clerk