



COLORADO SPRINGS UTILITIES BOARD
MS Teams and Blue River Board Room
Plaza of the Rockies
121 S. Tejon Street
South Tower, 5th Floor

AGENDA

Wednesday, June 18, 2025

1:00 p.m. – 5:00 p.m.

[Join the meeting now](#)

Dial-in by phone

[+1 719-733-3651,,701167060#](#)

- | | | |
|------------------|--|---|
| 1:00 p.m. | 1. Call to Order | Chair Donelson |
| 1:05 p.m. | 2. Invocation and Pledge of Allegiance | Chair Donelson |
| 1:10 p.m. | 3. Executive Session
In accordance with City Charter art. III, § 3-60(d) and its incorporated Colorado Open Meetings Law, C.R.S. § 24-6-402(4)(b) and (e) and Utilities Board Bylaws Rules 10(c)(2) and (5) the Utilities Board, in Open Session, is to determine whether it will hold a Closed Executive Session on two issues. The first issue to be discussed involves consultations with the City Attorney's Office and outside counsel for the purpose of receiving legal advice on bond disclosures. The second issue involves consultations with the City Attorney's Office and developing positions relative to Utilities' decarbonization strategy.

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 If consent to the Closed Executive Session is not given, the items may be discussed in Open Session or withdrawn from consideration. | Renee Congdon,
Utilities Division
Chief, Office of the
City Attorney |
| 2:10 p.m. | 4. Consent Agenda
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.) | Chair Donelson |

- **Approval of May 21, 2025 Utilities Board Meeting Minutes**

If you require an ADA-accessible version of this packet of information, please send an email to ub@csu.org or call 719-448-4800

- **Approval to forward the Electric Cost Adjustment (ECA)/ Gas Cost Adjustment (GCA)/ Electric Capacity Charge (ECC) and Gas Capacity Charge (GCC) to the June 24, 2025, City Council meeting**

2:15 p.m.	5. Customer Comments • 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, per item. • Following the comments from customers who have signed up to speak, an announcement will be made seeking additional comments and the Board will accept all those wishing to comment.	Chair Donelson
2:20 p.m.	6. Recognition • 2024 Army Community Partnership Award – Fort Carson • Volunteer Award for Care and Share • Appreciation Award from The Salvation Army	Steve Carr, Strategic Customer Relations Senior Account Manager Kandy Drake, Community Relations Specialist Kandy Drake, Community Relations Specialist
2:50 p.m.	7. Compliance Reports: • I-2 Financial Condition and Activities (to include Contracts Over \$500K**) G-7 (Quarterly Jan.-March) • E-2 CEO/Board Partnership Responsibilities • Water Outlook	Travas Deal, Chief Executive Officer Nick Harris, Water Resource Planning Engineer
3:10 p.m.	8. Items Called Off Consent Agenda	Chair Donelson
3:15 p.m.	9. 2025ABC Bond Ordinance <u>Vote</u> to move this item forward to City Council	Adam Hegstrom, Treasury and Finance Manager
3:30 p.m.	10. 2010C Standby Bond Purchase Agreement (SBPA) Ordinance <u>Vote</u> to move this item forward to City Council	Adam Hegstrom, Treasury and Finance Manager

3:45 p.m.	11. Long-Term Regional Wastewater Service Agreement with Cheyenne Mountain Estates MHC Holdings, LLC <u>Vote</u> to move this item forward to City Council	Bryan English, Customer Utilities Connections Project Manager
4:00 p.m.	12. Utilities Policy Advisory Committee (UPAC) Assignment Approval <u>Vote</u> to approve the next UPAC Assignment	Chair Donelson
4:15 p.m.	13. Board Member Updates	Board of Directors
4:25 p.m.	14. Summary of Board Actions	Gail Pecoraro, Utilities Board Administrator
4:30 p.m.	15. Adjournment	Chair Donelson

MINUTES
Colorado Springs Utilities Board Meeting
Wednesday, May 21, 2025

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

Chair Dave Donelson, Tom Bailey, Lynette Crow-Iverson, Kimberly Gold, Nancy Henjum, David Leinweber, Roland Rainey, Brian Risley and Vice Chair Brandy Williams

Staff members present via Microsoft Teams or Blue River Conference Room:

Travas Deal, Renee Adams, Lisa Barbato, Mike Francolino, Tristan Gearhart, Somer Mese, Jay Anderson, Joe Awad, Kerry Baugh, Jenny Bishop, Nathan Bloomfield, Jake Clark, Andrew Colosimo, Matt Dudden, Bryan English, Justin Fecteau, Brian Fergen, Ian Gavin, Kim Gortz, Jason Green, Brian Grim, Kelly Guisinger, Lisa Halcomb, Ginny Halvorson, Diana Harmon, Nicholas Harris, Adam Hegstrom, Jesse Hillman, Eric Isaacson, Tyrone Johnson, Tara Kelley, Rebecca Kerrigan, Heidi Kourajian, David Longrie, Melania Lopez, Tommy Lovelace, Michelle Luukkonen, Noemi Martinez, Patty McLaughlin, Nicole Means, Jason Messamer, Tara McGowan, Jared Miller, Mike Myers, Tracy Neiger, Kyle Newlin, Danielle Nieves, Jacqueline Nunez, David Padgett, Gail Pecoraro, Chris Quinn, Jessica Ramirez, Joseph Rasmussen, Jason Rigler, Matthew Roberts, Kelly Roesch, Tara Russell, Bethany Schoemer, Kim Schwartz, Leslie Smith, Stuart Smith, Russ Strom-Olsen, Todd Sturtevant, Jennnifer Travis, Jennifer Valdois, Natalie Watts, Al Wells, Michelle Wills-Hill and Justin Zeisler

City of Colorado Springs staff members present via Microsoft Teams or Blue River Conference Room:

David Beckett, Chris Bidlack, Ben Bollinger, Patrick Bowman, Jill Burris, Vicki Classen, John Driscoll III, Nathan Endersbee, Sarah Johnson, Elena Lobato, Michael Montgomery, Alex Ryden, Mark Smith, Ryan Trujillo, Matthew Vanlandingham and Kevin Walker

Customers and Residents present via Microsoft Teams or Blue River Conference Room:

Elizabeth Baston, Randy Case, Bob Cope, Andria Fortier, Jill Gaebler, Bob Gardner, Hannah Gerardy, Molly Gidley, Don Gravette, Chris Jenkins, G. Johnson, Brennan Kauffman, Shawna Lippert, Chris Meyer, Elizabeth Minyard, Brett Muck, Marla Novak, Johnna Reeder Kley Meyer, Lindsey Samelson, Gannon Scudder, Eric Smith, Scott Smith, Troy Stover, Doug Stimple, Lisa Tormoen, Mark Valentine, and Carolyn Vogrin

1. Call to Order

Board Chair Donelson called the Utilities Board meeting to order at 1:01 p.m., and Ms. Gail Pecoraro, Utilities Board Administrator, called the roll.

2. Invocation and Pledge of Allegiance

Ms. Natalie Watts, Strategic Planning and Governance Manager, delivered the invocation, and Board Chair Donelson led the Pledge of Allegiance. A moment of silence was observed in recognition of Memorial Day for those who lost their lives during combat for our country.

3. Executive Session

Ms. Renee Congdon, City Attorney Utilities Division Chief, read the notice to go into Executive Session. The Colorado Springs Utilities Board voted to go into Closed Executive Session unanimously at 1:07 p.m.

The Utilities Board returned from Executive Session at 2:20 p.m.

4. Eastern Wastewater System Expansion Project (EWSE)

Mr. Tristan Gearhart, Chief Planning and Financial Officer, and Ms. Tara McGowan, Engineering Design for Water and Wastewater Manager, explained the need to expand existing infrastructure to help manage the additional wastewater flows to meet the needs of new homes and businesses on the city's east side. The EWSE will provide the critical "backbone" of infrastructure needed to serve development on the city's east side. Phase I is estimated to begin in 2026 and last through 2030. The estimated cost of Phase I is \$396 million. Costs evolve with the project and will likely change as the project progresses.

As a municipal utility, the organization has the obligation to serve all customers within the city's service boundaries. At the current growth rate, wastewater capacity constraints in the city's east side could be realized as early as 2028. This expansion does not serve just one development, but many customers including the organization's Horizon Utility Campus and the potential Karman Line annexation.

Possible solutions to expand the wastewater system were explored, beginning in 2019. There were seven possible alternatives identified, which were each weighed carefully including where to treat waste. Five alternatives were studied further. After weighing each alternative, the solution selected was to treat all wastewater flows at the Las Vegas Water Resource Recovery Facility. This option provided the lowest life-cycle cost, the most water reuse opportunities, use of available capacity at the facility, the fastest construction, and minimal change to discharge permits during initial phases.

This expansion is a significant portfolio of projects that will occur in phases over a 50-year planning horizon. At full build-out, the expansion will manage wastewater service for approximately 225,000 people.

Board Member Risley asked about the construction for the Peak Innovation Park and others, specifically how early capacity can be brought online. Ms. McGowan said that a progressive design builder will evaluate phasing of this project. Some portions of the system may be brought on before 2030. Mr. Gearhart said that permits issued within the area will result in cost recovery for the organization, which is currently being carried out. Right now, more than \$6 million has been recovered.

Developers will bear the responsibility for the installation and associated costs of wastewater collection mains and service lines in developments that connect to the EWSE. They are also responsible for fees to connect to EWSE, paying a proportionate share based on their level of benefit from the infrastructure. These costs are paid as development occurs. The contribution from each developer depends on their level of benefit from the infrastructure. Collected fees will offset future system costs for all users, mitigating the need for higher base-rate increases in the future.

Board Member Henjum asked if the developer will be responsible for connecting to Colorado Springs Utilities infrastructure. Mr. Gearhart said that is correct.

Mr. Gearhart said that Springs Utilities has done its due diligence in communicating EWSE information to its customers.

Mr. Travas Deal, Chief Executive Officer, said this project will take the organization into the next 50 to 70 years. This is a major project that has involved collaboration throughout the community with various stakeholders. Mr. Deal said the Southern Delivery System was the initial part of this proposed solution. The community has stepped up to support this project.

Mr. Ryan Trujillo, Deputy Chief of Staff for the City of Colorado Springs, said the value of the EWSE to the airport and the Peak Innovation Park, which has driven significant economic value to the region. There has been a collaborative effort between the City and Colorado Springs Utilities, and the EWSE is critical to the community and Peak Innovation Park.

Board Member Henjum said that the 225,000 people this project will serve is admirable. She acknowledged Ms. McGowan and members of this project, including Mr. Deal, for his leadership and bringing forth the needs of the rate payer and the customer in meeting the needs of the city.

Vice Chair Brandy Williams thanked Colorado Springs Utilities and the CEO Lead Team for the leadership they provide the organization, and finding the best option for providing wastewater service to the eastern part of the city.

Board Chair Donelson said that the Utilities Board and staff works to give the best value for ratepayers. The best way to do this is to maximize assets, and to take care of the current ratepayers while allowing development in the city.

Ms. Marla Novak, Executive Officer of the Housing and Building Association (HBA), thanked the CEO and staff who have spent a lot of time going over this collaborative process. The transparency and collaboration involved in this process should be recognized. Of the five options scored transparently, the chosen option was the best for all parties including the ratepayers. The advanced cost recovery fees ensure that Springs Utilities can recover the costs of this project.

Ms. Johnna Reeder Kleymeyer, President and CEO of the Colorado Springs Chamber and Economic Development Corporation, said the Chamber and EDC is responsible for reclaiming jobs for the City. The need for this project is great, and if this project is not completed, the Chamber's economic development efforts will cease. If the wastewater system is not improved, by 2028-2029 the city will be out of capacity. Without the EWSE, economic development will be greatly affected.

Mr. Doug Stimple, Colorado Springs Housing and Building Association member, said that the community needs this expansion. Mr. Stimple commended the Utilities Board for engaging in this process. The process was thoughtful and transparent and well done.

Mr. Scott Smith, Colorado Springs Housing and Building Association member, said that Springs Utilities has been forward thinking to ensure there are facilities and structures in place that will help with the growth of the community. The community is experiencing a housing crisis, but the infrastructure which goes in must be paid for as well. The ESWE has already implemented advance recovery agreements for every home with building permits pulled. He mentioned that the Wastewater Recovery Agreement has been updated, which makes the recovery costs in tune with bond rates and recovery costs.

Ms. Lindsey Samelson is a landowner of significant acreage near the Peterson Spaceforce Base, Peak Innovation Park, and the airport. Ms. Samelson expressed her support and gratefulness for the EWSE. Development near Peterson Airforce Base strengthens the city and supporting growth in this area enhances the relationship between the city and the military. Increased utility capacity means more jobs and provides financial security for her family in terms of development of the land she owns. The investment in the EWSE will allow development in the area.

Mr. Randy Case, EDC Site Readiness Coordinator, offered his support for the EWSE project. He has been involved in the Pikes Peak Association of Realtors and has researched infrastructure expansions and upgrades to address the city's growth. The Southern Delivery System needs to have a wastewater system to operate to its capacity. This project is about the entire community.

Mr. Bob Gardner, former State Senator and current Attorney at Law, represented a commercial ratepayer. Mr. Gardner agrees that this is a particularly important project but said that the decision was not made openly or transparently. Mr. Gardner said that the financial obligation has been imposed on Springs Utilities ratepayers. Mr. Gardner said there is an opportunity for the Board and organization to relieve the cost from the ratepayers to the developers. The expansion is critical, but he believes that the public was not involved in the process.

Mr. Troy Stover, Director of Peak Innovation Park, expressed his appreciation and the need for this infrastructure. He said the EWSE is paramount to the development and growth of the Peak Innovation Park and the airport. Aviation growth is also aviation development, and the EWSE will play a role in undeveloped land at the airport. The EWSE will help maximize

growth for up to 40,000 jobs to the community. There has already been cost recovery through participants at the Peak Innovation Park.

Mr. Deal said this has been a lengthy process, with much misinformation in the public. Mr. Deal asked for consensus from the Springs Utilities Board before execution of the project begins.

Board Member Henjum said that she has been able to ask as many questions as needed to get the information necessary for her to make an informed decision. She said she has profound trust in the leadership of Springs Utilities and the work of the employees of Springs Utilities.

Board Member Leinweber said that large investments have been made to the north and northeast parts of the city over the past decade. There is growth opportunity that can happen in the southeastern part of town. It is the right time, the right location, and the right place to be more efficient on how to grow the city. Board Member Leinweber stated he is in full support of this effort and believes this is the time for southeast Colorado Springs to come to life.

Board Member Risley said he is in full support of Springs Utilities staff and moving forward with this project. Board Member Risley said the longer it takes to get this up and running, the more it will cost stakeholders and ratepayers.

Vice Chair Williams commended staff on taking the steps necessary to find this solution. She explained this is a revolutionary answer to a need within Springs Utilities infrastructure.

Consensus to proceed with this project was given unanimously by the Utilities Board.

5. Consent Agenda

- **Approval of April 16, 2025 Utilities Board Orientation Minutes**
- **Approval of April 16, 2025 Utilities Board Meeting Minutes**
- **Approval of May 9, 2025 Utilities Board Orientation Minutes**
- **Approval of the Appointment of Joseph Rasmussen to the Homestake Steering Committee**
- **Approval of the Appointment of Joseph Rasmussen to the Aurora Colorado Springs Joint Water Authority Board**

Board Member Crow-Iverson made a motion to approve the Consent Agenda and Board Member Risley seconded the motion. The motion carried unanimously.

6. Customer Comments

There were no customer comments.

7. Recognition

- **2024 Best in Class Employer from Gallagher**

Ms. Renee Adams, Chief Human Resources Officer, said that Springs Utilities was honored as a 2024 Best in Class employer, based on the organization's participation in Gallagher's 2024 Benefits Strategy and Benchmarking Survey. This recognition places the organization among the top 25% of more than 3,500 U.S. organizations evaluated for their support of employees' physical, emotional, career, and financial wellbeing.

- **2024 Cigna Healthy Workforce Designation**

Ms. Adams said that the organization was recognized with the 2024 Cigna Healthy Workforce designation. This was based on senior leadership offering extensive support of Springs Utilities well-being program, programs and resources that support various dimensions of wellbeing, worksite policies to create a supportive culture and safe and healthy workplace, communication that actively engages employees and promotes the well-being program, and health equity and social determinants of health considerations as part of the well-being program.

- **Water and Wastewater Worker Appreciation Week**

Ms. Tara Kelley, Water and Wastewater Treatment Plants Manager, said that Springs Utilities takes pride in ensuring clean and safe water for our community, the environment, and downstream users. Water and wastewater workers monitor and operate systems 24 hours a day, 7 days per week, keeping things running, maintaining regulatory compliance, and planning for the future. Water and wastewater collection and treatment relies on operators, mechanics, electricians, instrumentation and controls staff, distribution and collection specialists, laboratory workers, industrial pretreatment specialists, engineers and other skilled workers. Governor Jared Polis declared April 21 – 27, 2025 as Wastewater Worker Appreciation Week statewide. May 4 – 10 was Drinking Water Week. In 2024, Colorado Springs Utilities received Peak Performance Awards through the National Association of Clean Water Agencies.

Board Member Henjum said she appreciates all the work done by water and wastewater personnel. She asked what the worst thing is to put into the wastewater system. Ms. Kelley said that it is important to not put things down the drain such as flushable wipes, larger solids like coffee grounds, eggshells, and grease.

Mr. Deal said that he has worked closely with members of the Water and Wastewater group. Mr. Deal thanked the workers for all that they do.

Board Member Gold said she recently took a tour of the Las Vegas Water Resource Recovery Facility, and she learned a lot. She thanked these employees for the work that they do.

Board Chair Donelson thanked water and wastewater workers for all they do. He said that the community takes for granted the excellent wastewater system that is in place. Board Chair Donelson thanked these workers for the hard work they do every day.

8. Compliance Reports

- I-2 Financial Condition and Activities (to include Contracts Over \$500K**) G-7 (Quarterly Oct-Dec)

This report was provided in the meeting packet and was discussed at the May 19, 2025 Working Committee meeting. There were no questions or additional discussion.

- I-2 Financial Condition and Activities - Annual City Auditors Report G-7 (Annual external)

This report was provided in the meeting packet and was discussed at the May 19, 2025 Working Committee meeting. There were no questions or additional discussion.

- I-8 Asset Protection – Annual City Auditor’s Report (Annual External)

This report was provided in the meeting packet and was discussed at the May 19, 2025 Working Committee meeting. There were no questions or additional discussion.

- E-2 CEO / Board Partnership Responsibilities
 - Electric Cost Adjustment / Gas Cost Adjustment Monitoring
 - Water Outlook

Mr. Nick Harris, Water Resource Planning Engineer, explained that in April, the Colorado Springs Airport recorded 0.45 inches of precipitation, which is 31% of the normal amount. The average temperature for April was 49.1 degrees, 1.6 degrees above normal. The year-to-date total precipitation for 2025 is 1.87 inches, which is 65.6% of the normal amount.

Currently, approximately 45% of the country is experiencing normal conditions, representing a 16-percentage point improvement since the beginning of 2025. However, it is important to highlight that in some regions where drought was already present, conditions have worsened, with notable increases in severe, extreme, and exceptional drought classifications. As of May 15, approximately 30% of Colorado is free from drought, a modest recent improvement. However, moderate to extreme drought conditions remain widespread, with increasing intensity across the headwater regions of the Colorado and Arkansas Rivers, which are key sources of our water supply.

Board Chair Donelson asked what is measured to determine drought. Mr. Harris said that there are multiple factors that go into the determination, with factors varying based on location. Board Chair Donelson asked if at a future meeting the levels of drought could be discussed. Mr. Harris will include this information in future presentations.

Board Member Henjum asked how water is retained if snowpack melts too quickly. Mr. Harris said that in a normal year, the snow melts at a reasonable rate with temperatures increasing toward the summer. Mr. Harris said that snow is melting early in 2025 and that systems are prepared to collect the runoff as it occurs.

As of May 19, 2025, the Snow Water Equivalent in the Arkansas River Basin stands at 52% of normal, reflecting a 14% increase since the end of April. This improvement is attributed to recent precipitation events. As of May 19, 2025, the Snow Water Equivalent in the Colorado Headwaters River Basin is at 58% of normal, representing a 7% decrease since the end of April.

Water demand in April averaged 51.1 million gallons per day, which was 1.3% more than last year. The total demand for calendar year 2025 was 5.2 billion gallons, which was 1.2% more than 2024 at this time.

Local reservoir levels for the system are at 77% of normal, which is above the average of 74%.

Board Member Leinweber asked that the Reservoir Level slide take into consideration the fact that South Catamount is not operational and the potential of lowering Mason due to maintenance. Mr. Harris said that the 62% of Pikes Peak does not take this into consideration. Mr. Harris will update future graphics to reflect this.

South Catamount Reservoir capacity remains restricted for planned dam maintenance, and the South Suburban Reservoir is drained for outlet work repairs.

9. Items Called Off Consent Agenda

No items were called off the Consent Agenda.

10. Board Member Updates

Board Members did not have any updates.

11. Summary of Board Actions

- Approved the April 16, 2025, Utilities Board orientation minutes
- Approved April 16, 2025, Utilities Board meeting minutes
- Approved May 9, 2025, Utilities Board orientation minutes
- Approved the appointment of Joseph Rasmussen to the Homestake Steering Committee
- Approved the appointment of Joseph Rasmussen to the Aurora Colorado Springs Joint Water Authority Board

12. Adjournment

The meeting adjourned at 4:27 p.m.

Board Memo Agenda Item

Staff Report

Date: (Date of Utilities Board Meeting)	June 18, 2025
To:	Utilities Board
From:	Travas Deal, Chief Executive Officer
Subject:	Electric Cost Adjustment (ECA)/ Gas Cost Adjustment (GCA)/ Electric Capacity Charge (ECC) and Gas Capacity Charge (GCC)
NARRATIVE:	
Desired Action: Choose only one	☒ Approval ☐ Discussion ☐ Information
Executive Summary:	Colorado Springs Utilities request direction from the Utilities Board on proposing fuel-related rate adjustments at the City Council meeting on June 24, 2025, with a proposed effective date of July 1, 2025. Approval of this item by Utilities Board does not constitute approval to change or establish rates. Utilities provides annual reporting of Colorado Clean Heat Plan Charge (CCHPC) revenue and expenses. Based on the 2024 reporting, Utilities recommends maintaining the current CCHPC rates. Utilities provides annual monitoring and anticipates proposing annual adjustments to Electric Capacity Charge (ECC) and Gas Capacity Charge (GCC) rates. On March 26, 2024, City Council approved the current ECC and GCC rates effective April 1, 2024. Based on the annual review, Utilities proposes ECC and GCC adjustments that change rates by Rate Class consistent with capacity allocations. Consistent with the Cost Adjustment Guidelines (G-6), Utilities staff provides regular updates to Utilities Board and anticipates proposing quarterly changes to rates. On Sept. 24, 2024, City Council approved the current ECA and Green Power Service rates effective Oct. 1, 2024. On March 25, 2025, City Council approved the current GCA rates effective April 1, 2025. In response to market fluctuations and projections through December 2025, Utilities is proposing decreases to the ECA and Green Power rates, and an increase to the GCA. Details of proposed fuel-related rate adjustments were provided to the Utilities Board Working Committee on June 16, 2025.
Benefits:	Proposal of timely cost adjustments to pass through cost associated with fluctuations in market prices.
Board Policy: If this impacts one of the board policies, indicate that here.	Electric and Gas Cost Adjustments (G-6)
Cost / Budget: Include the projected cost or budget here.	Timely adjustment of fuel related rates supports Utilities' annual budget.
Affected Parties: This could include community groups, specific City Council Districts, other utilities, nonprofit organizations, certain neighborhoods, Colorado Springs Utilities employees, etc.	Utilities' electric and natural gas customers
Alternatives:	Utilities Board to provide alternative direction

Submitter:	Scott Shirola	Email Address:	sshirola@csu.org
Division:	Planning and Finance	Phone Number:	(719) 668-8661
Department:	Pricing and Rates	Date Submitted:	June 16, 2025
SPG Staff Use Only:	Consent Calendar ☐ Yes ☒ No		Item Number 03
ITEMS SUBMITTED AFTER THE DEADLINE WILL BE POSTPONED UNTIL THE NEXT UTILITIES BOARD MEETING.			



Rate Adjustments and Riders

Tristan Gearhart, Chief Planning and Finance Officer

June 18, 2025



Agenda

- Rate Adjustment and Rider Background
- Colorado Clean Heat Plan Charge
- Annual Electric and Natural Gas Capacity Charges (ECC and GCC)
- Quarterly Electric and Natural Gas Cost Adjustment (ECA and GCA)
- Sample Bill Impacts

Colorado Springs Utilities Rate Structure

- Rates are set only to recover the cost to provide service
 - There are no built-in profit margins or return on investment
- Different types of rates recover different types of costs
 - Base or Non-Fuel Rates
 - Recovery of costs associated with the pipes & wires
 - Fuel Related Rates
 - Recovery of energy costs and third-party capacity costs
 - Riders
 - Transparently recover cost of specific programs or regulatory requirements

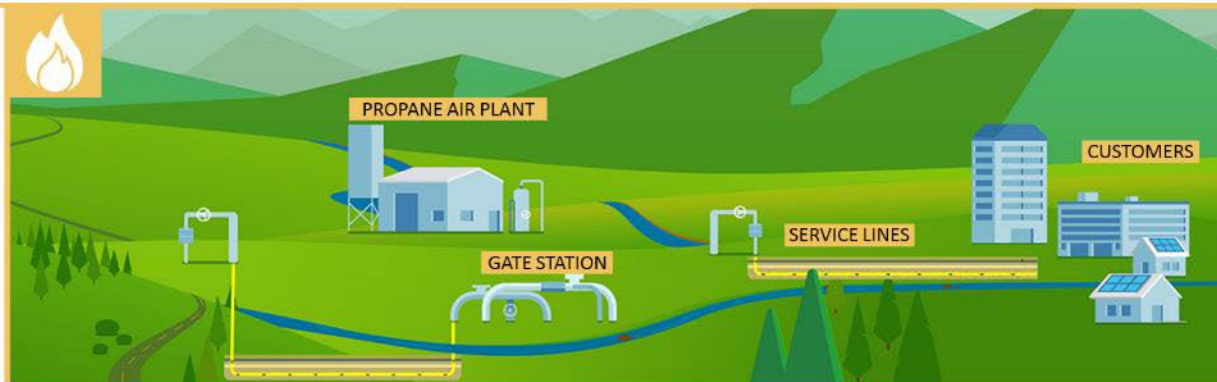
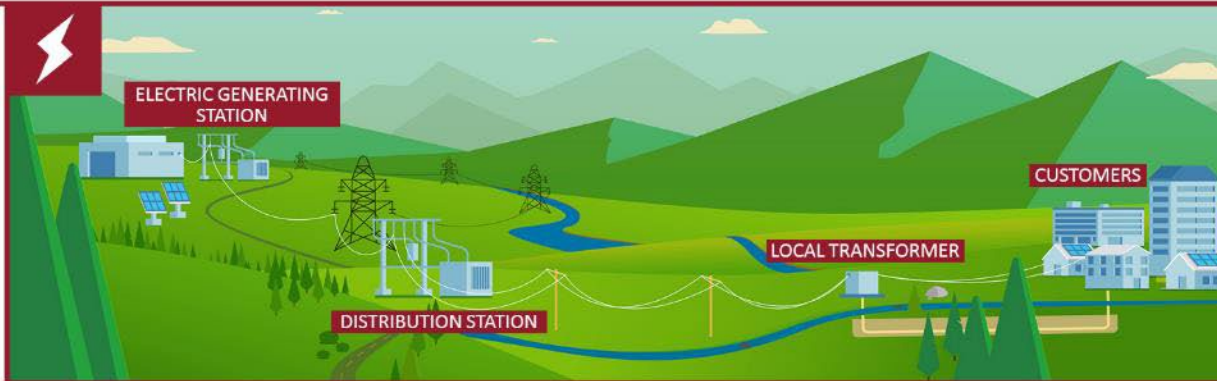
ELECTRIC AND NATURAL GAS RATES

FUEL RATES (COST FOR FUEL)



ELECTRIC COST ADJUSTMENT

BASE RATES (COST TO BUILD AND MAINTAIN)

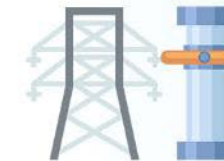


NATURAL GAS COST ADJUSTMENT

CAPACITY CHARGE



STORAGE



TRANSPORT



DELIVERY

Riders (Colorado Clean Heat Plan Charge): Transparently recover cost of specific programs or regulatory requirements

Colorado Clean Heat Plan Annual Review

Clean Heat Plan Law

- Requires gas utilities to adopt programs to reduce greenhouse gas emissions
- 4% carbon emission reduction by 2025 with 2% cost cap
 - 2024 Cost Cap: \$2.7 M
- 22% carbon emission reduction by 2030 with 2.5% cost cap



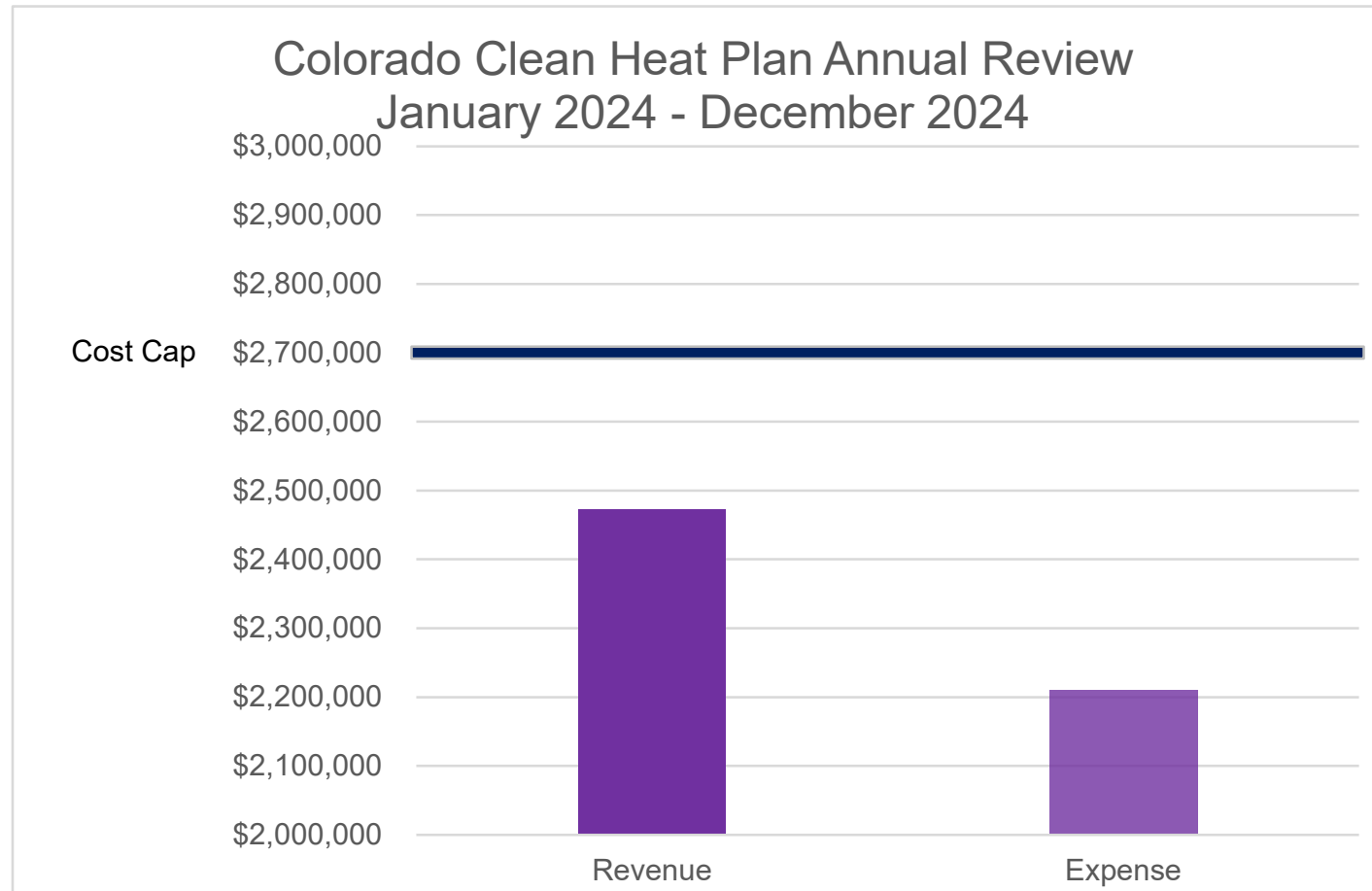
Colorado Clean Heat Plan Charge

- Starting in 2024 new bill component was added to transparently recover cost of complying with Clean Heat Plan Requirements
 - Revenue will be used to fund energy efficiency programs that help reduce greenhouse gas emissions
 - Programs include customer rebates for:
 - Energy efficient water heaters and furnaces
 - Insulation
 - Heat pumps

Colorado Clean Heat Plan Charge and Monthly Gas Bill Impact			
Rate Class	\$ per Ccf	\$ Impact	% Impact
Residential/Commercial Service-Small Firm	\$0.0125	Res: \$.75	Res: 1.9%
All Other Applicable Rate Classes*	\$0.0050	C&I: \$6.20, \$62.00	C&I: 1.1%

*Not applicable to rate classes or customers excluded from Utilities Clean Heat Plan baseline.

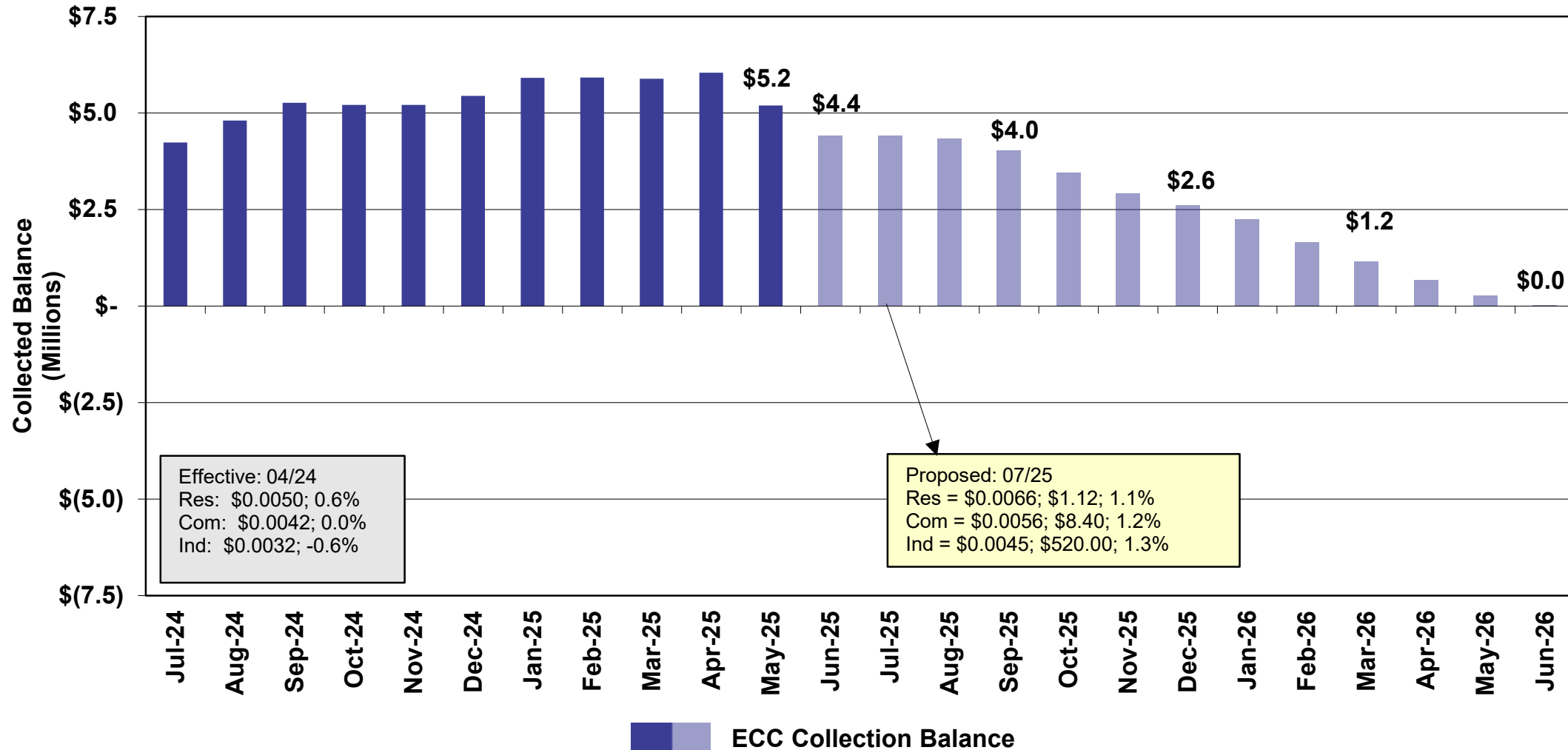
Colorado Clean Heat Plan Annual Review



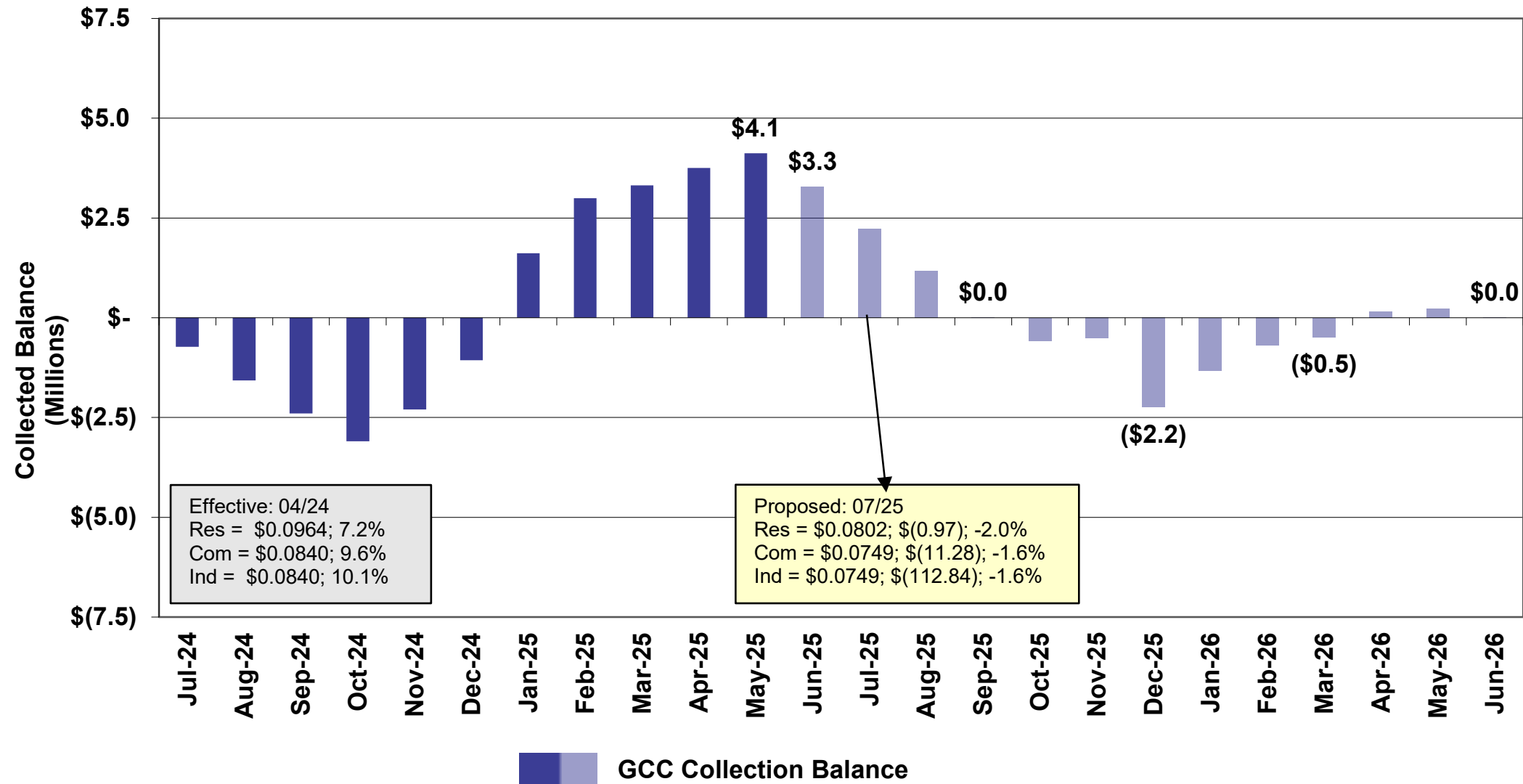
Recommendation: Maintain the current Colorado Clean Heat Plan Charge rates.

Electric Capacity Charge (ECC) Gas Capacity Charge (GCC)

ECC Projections June 2025 – Annual Adjustment

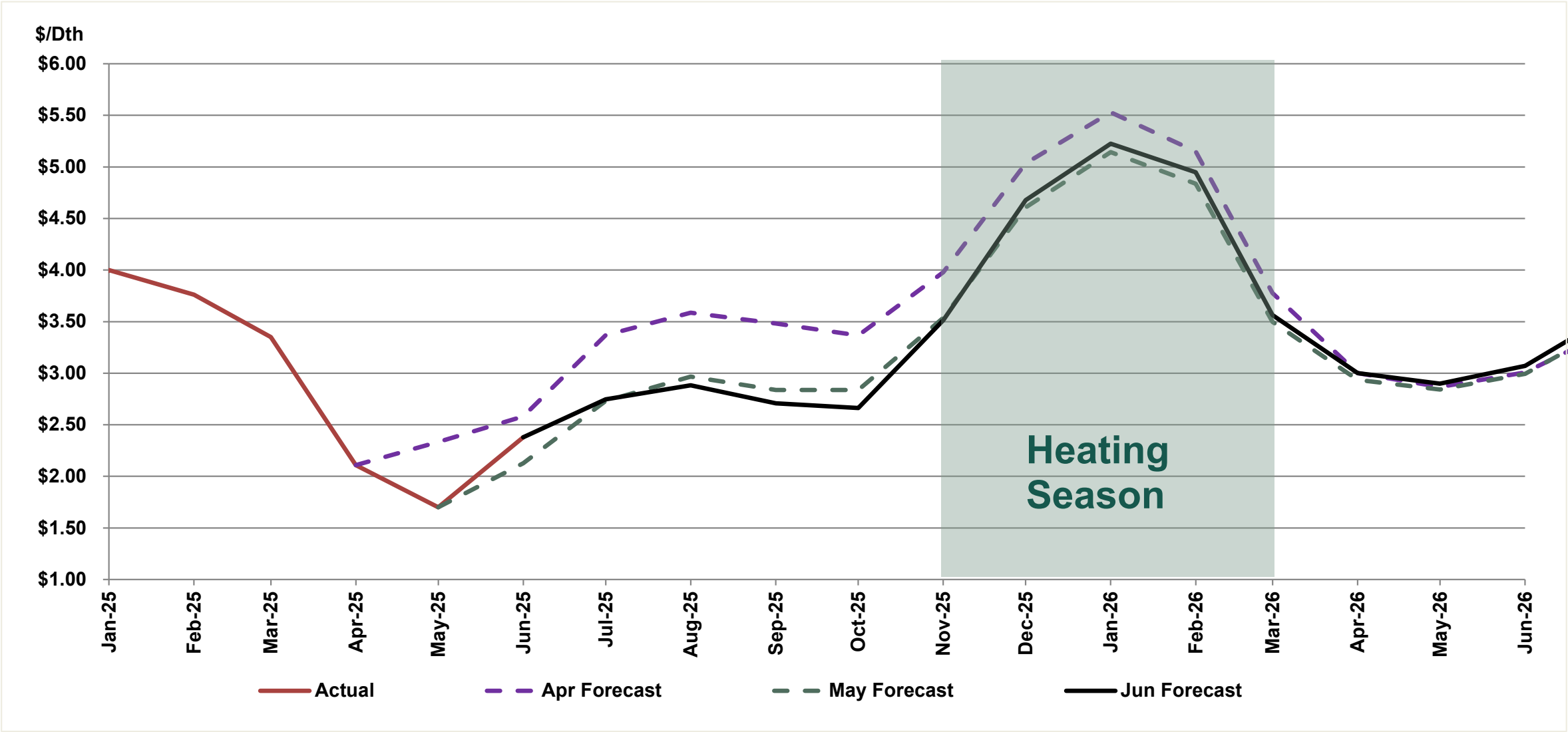


GCC Projections June 2025 – Annual Adjustment

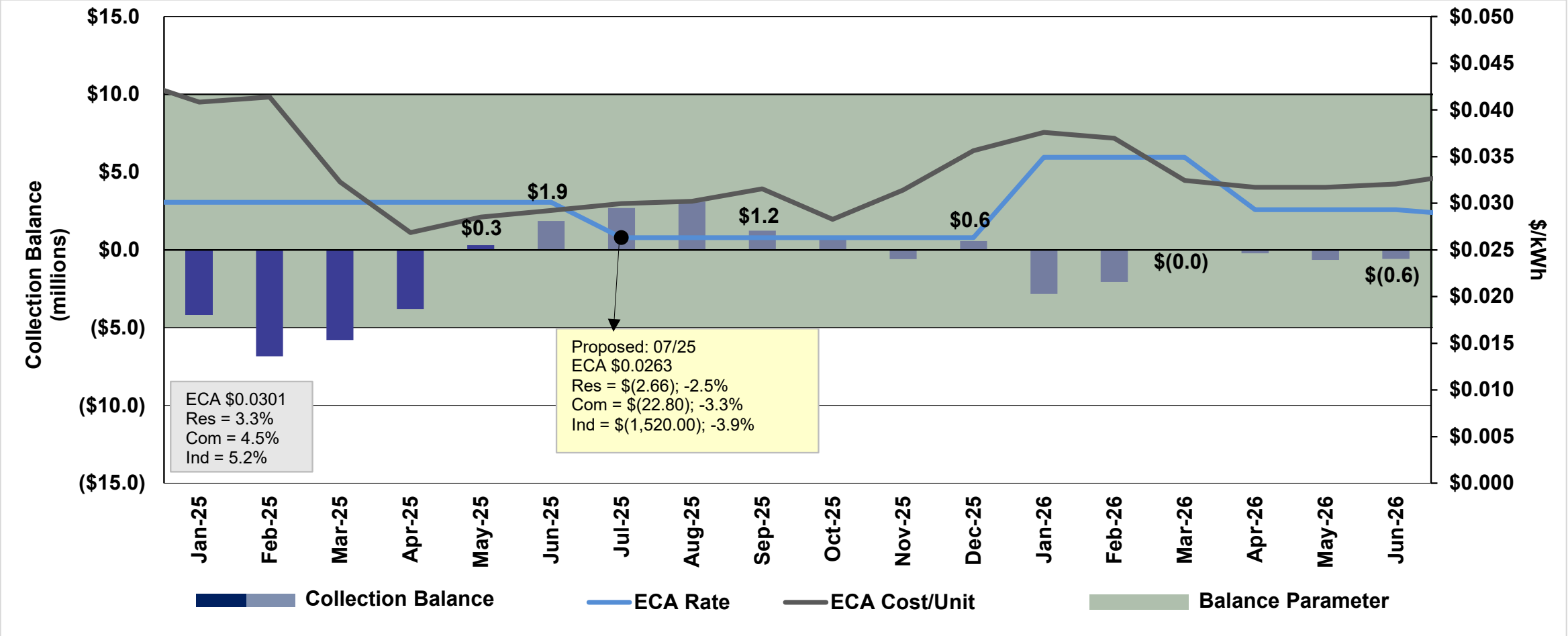


Electric Cost Adjustment (ECA) Gas Cost Adjustment (GCA)

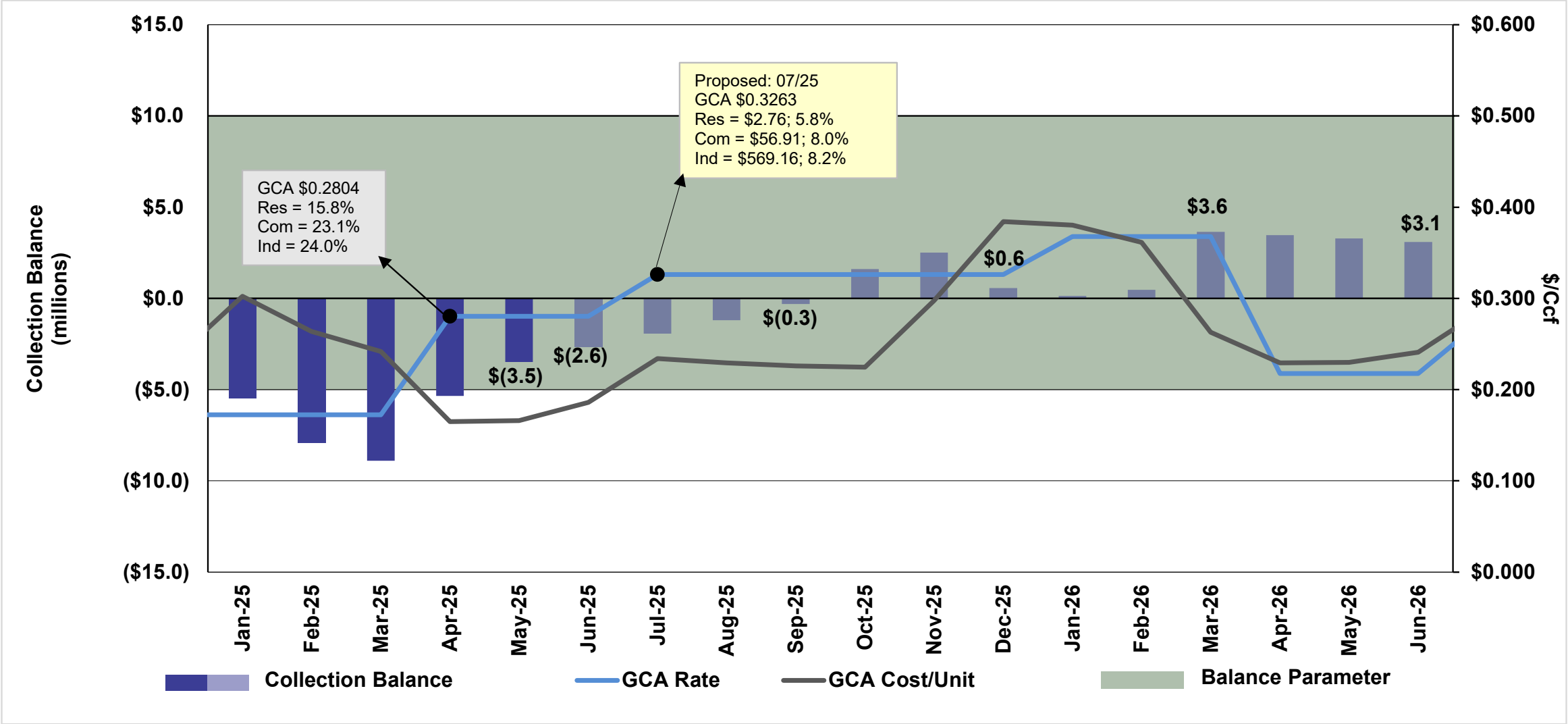
Natural Gas Prices as of June 1, 2025



ECA Projections June 2025 – Six Month Adjustment



GCA Projections June 2025 – Six Month Adjustment



Sample Bill Impacts

with ECA and GCA Six Month Adjustments

Sample Total Service Bill

(Proposed Effective July 1, 2025)



SAMPLE BILL CALCULATIONS ASSUME:

- 30 Day Billing Period
- 700 kWh Electric
- 60 Ccf Natural Gas
- 1,100 cf Water inside city limits
- 700 cf Wastewater inside city limits

Sample Residential Monthly Bill

Proposed Residential Changes (Sample Bill)

Current Average Sample Bill	\$ 275.04
Proposed Four-Service Increase	\$ 0.25
Proposed Total Avg. Sample Bill	\$ 275.29

*Actual bill impacts will vary based on individual customer usage.

Sample Total Residential Monthly Bill

Electric (Proposed)	\$ 103.61
Gas (Proposed)	\$ 49.25
Water	\$ 85.10
Wastewater	\$ 37.33
Total (Proposed)	\$ 275.29



Front Range Bill Comparison – As of April 1, 2025

Residential	Electric	Gas	Water	Wastewater	Total
Front Range Average	\$ 124.57	\$ 54.81	\$ 74.18	\$ 41.90	\$ 295.45
Colorado Springs	\$ 103.61	\$ 49.25	\$ 85.10	\$ 37.33	\$ 275.29
Percent Above (- Below)	-16.82%	-10.14%	14.72%	-10.90%	-6.82%

Notes:
Residential bill based on 30 day billing period, 700 kWh (electric), 60 CCF (gas), 1,100 cf (water), and 700 cf (wastewater).
Front Range communities include Aurora, Denver, Fort Collins, Fountain, Monument, and Pueblo.
Rate computations are estimated using assumed billing determinants, tariff rates publicly available on websites effective April 1, 2025 and Colorado Springs Utilities proposed rates effective July 1, 2025.

Sample Total Monthly Bill - Proposed Effective 7/1/25

Line No.	Rate Class	Current Effective	Proposed 7/1/25	Proposed Increase/ (Decrease)	% Change
(a)	(b)	(c)	(d)	(e) (d) - (c)	(f) (e) / (c)
1	Residential				
2	Electric	\$ 105.15	\$ 103.61	\$ (1.54)	-1.5%
3	Gas	47.46	49.25	1.79	3.8%
4	Water	85.10	85.10	-	0.0%
5	Wastewater	37.33	37.33	-	0.0%
6	Total	\$ 275.04	\$ 275.29	\$ 0.25	0.1%
7	Commercial				
8	Electric	\$ 686.10	\$ 671.70	\$ (14.40)	-2.1%
9	Gas	711.95	757.58	45.63	6.4%
10	Water	260.39	260.39	-	0.0%
11	Wastewater	138.02	138.02	-	0.0%
12	Total	\$ 1,796.46	\$ 1,827.69	\$ 31.23	1.7%
13	Industrial				
14	Electric	\$ 38,742.86	\$ 37,742.86	\$ (1,000.00)	-2.6%
15	Gas	6,906.86	7,363.18	456.32	6.6%
16	Water	3,416.44	3,416.44	-	0.0%
17	Wastewater	1,778.32	1,778.32	-	0.0%
18	Total	\$ 50,844.48	\$ 50,300.80	\$ (543.68)	-1.1%

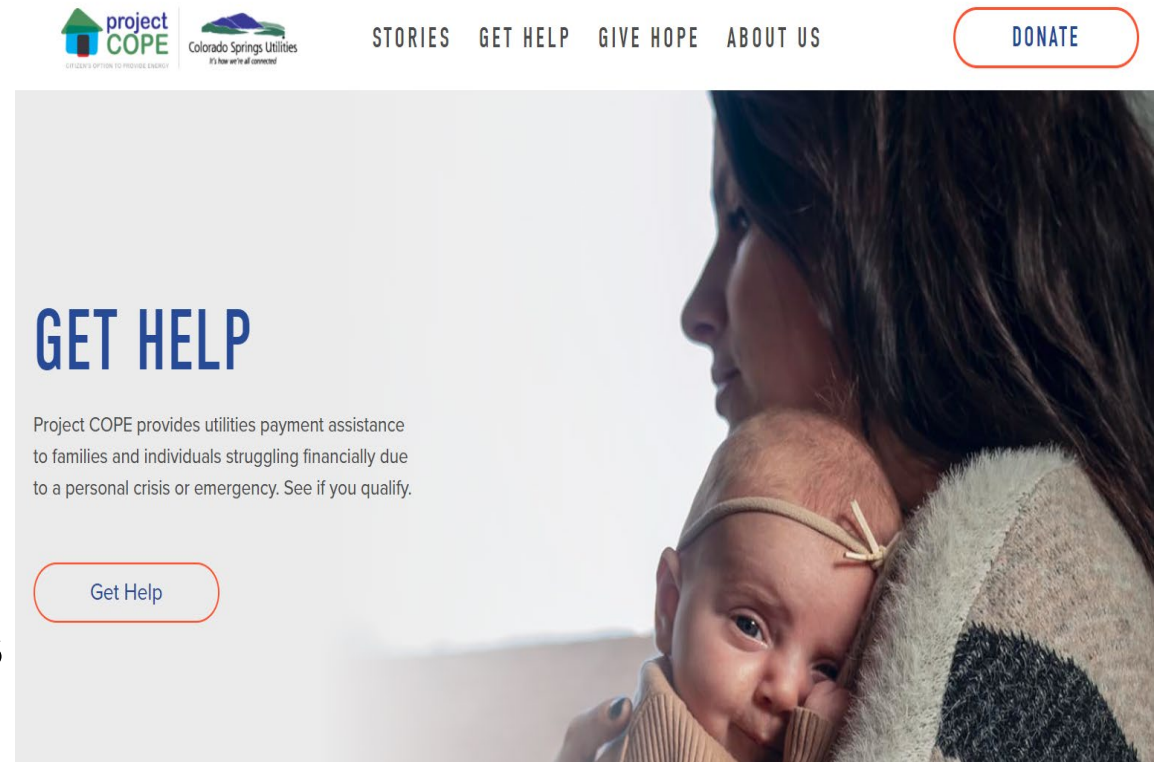
Sample Total Monthly Bill calculations for current and proposed rates assume:

- Residential - 30 days, 700 kWh (Electric), 60 Ccf (Natural Gas), 1,100 cf (Water Inside City Limits), and 700 cf (Wastewater Inside City Limits)
- Commercial - 30 days, 6,000 kWh (Electric), 1,240 Ccf (Natural Gas), 3,000 cf (Water Inside City Limits), and 3,000 cf (Wastewater Inside City Limits)
- Industrial - 30 days, 400,000 kWh and 1,000 kW (Electric), 12,400 Ccf (Natural Gas), 50,000 cf (Water Inside City Limits), and 50,000 cf (Wastewater Inside City Limits)

Note: Specific individual customer impact can be calculated by utilizing Utilities' Bill Calculator found at www.csu.org/bill-calculator

Helping Customers Today

- Bill assistance
 - Low-Income Energy Assistance Program (LEAP) Nov – Apr
 - Project COPE
- Payment options
 - Payment plans
 - Pick my payment date
- Contact information
 - 2-1-1 for customer assistance
 - 719-448-4800 for billing questions



Long-term Assistance

- Free efficiency home upgrades
 - Home Efficiency Assistance Program (HEAP)
- Efficiency tips & education
 - Online at [csu.org](https://www.csu.org)
 - Conservation and Environmental Center
- Rebates
 - Water heater
 - Furnace
 - Smart thermostat
 - Insulation





Colorado Springs Utilities

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Board Memo Agenda Item Staff Report

Date: (Date of Utilities Board Meeting)	June 18, 2025		
To:	Utilities Board		
From:	Travas Deal, Chief Executive Officer		
Subject:	2024 Army Community Partnership Award – Fort Carson		
NARRATIVE:			
Desired Action: Choose only one	☐ Approval ☐ Discussion ☒ Information		
Executive Summary:	Fort Carson and Colorado Springs Utilities were recognized with an Army Community Partnership Award in a ceremony at the Pentagon on May 15, 2025. This partnership was one of seven to receive the award out of more than 40 submissions for Army installations around the world. The annual awards highlight examples of exceptional cooperation and diligence resulting in improved readiness on U.S. military installations. Fort Carson submitted our partnership for this award based on our Intergovernmental Support Agreement (IGSA). Under that agreement signed in March 2022, Utilities began operating, maintaining, and repairing Fort Carson's electric and gas distribution systems in January 2023 and the water distribution system was added in January 2025. According to Fort Carson, through this partnership, they have seen improvements in the reliability of their electric and gas distribution systems, a dramatic reduction in off-line systems, and cost savings of nearly \$300,000 per year. Colorado Springs Utilities has a team of 17 employees that work on Fort Carson daily. The team is led by Manager Carlos Wright. Work is performed on a Time & Materials basis—this keeps costs low for Fort Carson and ensures full cost recovery for Springs Utilities.		
Benefits:	The IGSA provides improved mission readiness for Fort Carson.		
Board Policy: If this impacts one of the board policies, indicate that here.	N/A		
Cost / Budget: Include the projected cost or budget here.	Springs Utilities budgets for estimated annual costs. Fort Carson fully reimburses all expenses.		
Affected Parties: This could include community groups, specific City Council Districts, other utilities, nonprofit organizations, certain neighborhoods, Colorado Springs Utilities employees, etc.	N/A		
Alternatives:	N/A		
Submitter:	Daniel Norton	Email Address:	dnorton@csu.org
Division:	Customer and Enterprise Services	Phone Number:	719.668.4688
Department:	Customer Services	Date Submitted:	06.11.2025
SPG Staff Use Only:	Consent Calendar ☐ Yes ☒ No		Item Number 06
ITEMS SUBMITTED AFTER THE DEADLINE WILL BE POSTPONED UNTIL THE NEXT UTILITIES BOARD MEETING			

Board Memo Agenda Item

Staff Report

Date: (Date of Utilities Board Meeting)	June 18, 2025		
To:	Utilities Board		
From:	Travas Deal, Chief Executive Officer		
Subject:	Volunteer Award from Care and Share		
NARRATIVE:			
Desired Action: Choose only one	☐ Approval ☐ Discussion ☒ Information		
Executive Summary:	The Care and Share Food Bank of Southern Colorado ensures equitable and sustainable access to nutritious food and education by partnering with neighbors, communities, organizations, and supporters across Southern Colorado. Colorado Springs Utilities was awarded the 2024 Corporate Volunteer Group of the Year Award. Our dedicated employees volunteered a remarkable total of 567.26 hours last year with Care and Share. Our volunteerism has directly contributed to the success of Care and Share's mission, no one should go hungry. We are honored to have received this award.		
Benefits:	Community recognition of Colorado Springs Utilities and dedicated employee volunteers.		
Board Policy: If this impacts one of the board policies, indicate that here.	N/A		
Cost / Budget: Include the projected cost or budget here.	N/A		
Affected Parties: This could include community groups, specific City Council Districts, other utilities, nonprofit organizations, certain neighborhoods, Colorado Springs Utilities employees, etc.	The entire community benefits from these volunteer hours of service.		
Alternatives:	N/A		
Submitter:	Kandy Drake	Email Address:	kdrake@csu.org
Division:	Administrative and Human Resources Division (AHRD)	Phone Number:	719-668-7375
Department:	Public Affairs	Date Submitted:	May 6, 2025
SPG Staff Use Only:	Consent Calendar ☐ Yes ☒ No		Item Number 06
ITEMS SUBMITTED AFTER THE DEADLINE WILL BE POSTPONED UNTIL THE NEXT UTILITIES BOARD MEETING			

Board Memo Agenda Item

Staff Report

Date: (Date of Utilities Board Meeting)	June 18, 2025		
To:	Utilities Board		
From:	Travas Deal, Chief Executive Officer		
Subject:	Appreciation Award from The Salvation Army		
NARRATIVE:			
Desired Action: Choose only one	☐ Approval ☐ Discussion ☒ Information		
Executive Summary:	The Salvation Army is one of the largest social service providers in the United States, offering a range of programs and support to individuals and families in need. Colorado Springs Utilities received an award of appreciation from The Salvation Army Colorado Springs Corps recognizing us for our outstanding support in "Doing the Most Good." This award highlights our exceptional support and valued partnership. The Salvation Army is a Project COPE partner agency. The award acknowledges the support we provide to customers in need of utility assistance and our employees' volunteerism supporting the annual holiday fill a stocking drive. Thank you to all our employees whose dedication and hard work earned us this award. Your commitment and support are deeply appreciated.		
Benefits:	Community recognition of Colorado Springs Utilities and dedicated employee volunteers.		
Board Policy: If this impacts one of the board policies, indicate that here.	N/A		
Cost / Budget: Include the projected cost or budget here.	N/A		
Affected Parties: This could include community groups, specific City Council Districts, other utilities, nonprofit organizations, certain neighborhoods, Colorado Springs Utilities employees, etc.	The entire community benefits from these volunteer hours of service.		
Alternatives:	N/A		
Submitter:	Kandy Drake	Email Address:	kdrake@csu.org
Division:	Administrative and Human Resources Division (AHRD)	Phone Number:	719-668-7375
Department:	Public Affairs	Date Submitted:	May 6, 2025
SPG Staff Use Only:	Consent Calendar ☐ Yes ☒ No		Item Number 06
ITEMS SUBMITTED AFTER THE DEADLINE WILL BE POSTPONED UNTIL THE NEXT UTILITIES BOARD MEETING			



Date: June 18, 2025

To: Utilities Board

From: Travas Deal, Chief Executive Officer

Subject: **Excellence in Governance Monitoring Report
Financial Condition and Activities (I-2)**

Desired Action: Monitoring

Compliance: The CEO reports compliance with the instructions.

INSTRUCTIONS			
Category:	Utilities Board Instructions to the Chief Executive Officer	Reporting Timeframe:	January 1, 2025 – March 31, 2025
Policy Title (Number):	Financial Condition and Activities (I-2)	Reviewing Committees:	Finance; Program Management Review
Monitoring Type:	Internal; City Auditor	Monitoring Frequency:	Quarterly, Annually
Guidelines:	Local Vendor (G-7)		

The Chief Executive Officer shall direct that financial condition and activities, and actual expenditures are consistent with Board Expected Results. Accordingly, the CEO shall:

1. *Operate within total appropriations for the fiscal year and inform the Utilities Board of:*
 - a. *Significant financial variances*
 - 2025 Total Use of Funds are projected to be \$1.7 billion a decrease of \$(157.6) million or (8.6)% from the 2025 Approved Budget of \$1.8 billion.
 - Fuel expenses are projected to be \$(165.1) million or (33)% under the approved budget primarily due to lower actual 2025 natural gas prices than those projected at the time of the 2025 budget appropriation.
 - Operating revenues are projected to be \$(52.5) million or (15.7)% under the approved budget due to a decrease in fuel costs that are being reflected in lower ECA/GCA revenue.
 - Capital expenses are projected to be \$2.1 million or <1% under the approved budget, primarily related to the Operational Fiber Network.
 - Non-fuel operating expenses are projected to be \$9.9 million or 2% over approved budget, most significantly influenced by emergency power plant outage and maintenance work, Bad Debt write-offs trending high, and Information Technology increases.

- Debt Service, Surplus Transfers, and Franchise Fees are projected to be \$(4.4) million or (1.7)% under the approved budget.
- b. *Expenditures that exceed the Federal Energy Regulatory Commission capital and operating and maintenance budget classifications in electric, natural gas, water, wastewater and common.*
- As of the end of the first quarter of 2025:
- Operating and maintenance expenses are projected to exceed the approved budget by \$0.4 million or 1% in Wastewater and \$4.1 million or 2% in Administrative and General
 - Capital expenditures are projected to exceed the approved budget by \$24.5 million or 8% in Electric, and \$1.7 million or 4% in Gas
- c. *Budget transfers and canceled major capital projects over \$500,000 in the Approved Budget or new major capital projects not funded in the Approved Budget.*

In the first quarter of 2025, there were 12 canceled capital projects, six in Electric, one in Gas, four in Water and one in Common:

- Sustainable Energy Plan Energy Integrated Resource Plan (EIRP) Implementation (193784) - \$42,120,000
- Sustainable Energy Plan Energy Integrated Resource Plan (EIRP) Implementation - Transmission (194133) - \$25,000,000
- Front Range CT 2 Rotor Replacement (193898) - \$6,750,000
- Management Reserve (100905,200905,300905,400905,500905) - \$6,368,395
- Ruxton 24" and 30" Raw Water Main Replacement/Rehabilitation (394790) - \$3,500,000
- Fuller Substation - Add Two New Feeders (194028) - \$2,385,000
- Pine Valley & McCullough DOVE Disinfection Improvements (394722) - \$2,250,000
- Reduced Briargate Tank (394771) - \$1,186,086
- Front Range HRSG1 Duct Burner (194109) - \$950,000
- Tollefson/Mesa Water Treatment Plant Upgrades Program Phase 2 and 3 (394761) - \$800,000
- Front Range CT1 Generator Rotor Rewind (194094) - \$600,000
- GPAP Cathodic Protection System (293212) - \$500,000

In the first quarter of 2025, there were 12 new capital projects, five in Electric, one in Gas, three in Water, one in Wastewater and two in Common:

- Sustainable Energy Plan - Horizon Power Plant (194144) - \$68,033,248
- Front Range High Energy Piping Insulation Replacement (194147) - \$7,993,039
- South Suburban Reservoir Emergency Repairs (394802) - \$5,051,331
- Penrose Dam Rehabilitation (394787) - \$4,900,000
- United States Air Force Academy - 34kV OH to UG - Oak Valley Tap to Tesla (194136) - \$1,719,771
- Las Vegas Complete Interior Renovation Project (495475) - \$1,500,000
- Fort Lyon Canal Company Shares Acquisition (394807) - \$1,007,000
- 30060 Gas FY 2023 PHMSA Grant (293218) - \$1,000,000
- Fontanero Mechanical Units Replacement Project (596734) - \$734,127

- Nixon 3 Combustion Inspection (194151) - \$684,477
- Clear Spring Ranch (GWUDI) Potable Water Project (194167) - \$675,000
- Pinkerton Lay Down Yard Expansion (596765) - \$540,000

2. Inform the Utilities Board of contracts that have been issued over \$500,000.

In the first quarter of 2025, there were 22 new contracts initiated over \$500,000.

Service	Description	Type	Contract Amount
Waste Water Service	Eastern Wastewater System Expansion Portfolio Owner's Engineer and Management	STANDARD	\$19,791,508
Water Service	South Suburban Reservoir Emergency Repair Project	STANDARD	\$5,621,595
Water Service	Austin Bluffs Pump Station and Transmission Pipeline and Austin Bluffs Tank Design and Engineering S	RELEASE	\$5,362,350
Multi Service	2025 Brokerage Fees	RELEASE	\$3,100,200
Multi Service	Fuel Agreement w/ City of Colorado Springs	RELEASE	\$2,500,000
Electric Service	Mobilization Fee	RELEASE	\$2,040,000
Electric Service	Electric Transmission & Distribution Light Detection and Ranging Survey (LiDAR) PHASE II	RELEASE	\$2,000,000
Multi Service	Customer Payment Options and Kiosk Pilot	RELEASE	\$1,800,000
Electric Service	LM2500 NGG Spare Parts- Font.wh	RELEASE	\$1,515,228
Multi Service	HEAP Program (Previous PO# 201619059)	RELEASE	\$1,319,617
Multi Service	F5 Big IP Hardware Support Service Renewal	RELEASE	\$1,090,314
Electric Service	Cable & Wire Alliance Jan 2025 Forecast	RELEASE	\$1,059,384
Electric Service	Cable & Wire Alliance march forecast	RELEASE	\$988,932
Electric Service	Apparatus Shop Materials	STANDARD	\$824,246
Waste Water Service	Concrete Drop Structures Cheyenne Creek	RELEASE	\$721,718
Multi Service	2025 Renewal - Oracle Utilities CC&B Licenses and Support	RELEASE	\$686,581
Electric Service	High Efficiency Cooling 2022 Midstream Program	RELEASE	\$680,762
Water Service	Badger Water Meters large order for meter exchange	RELEASE	\$619,499
Electric Service	S&C Pad Mounted Switches	RELEASE	\$610,230
Water Service	SDS Utility Bill payments - Acct 8202931472	RELEASE	\$600,000
Multi Service	Mass Customer Education Campaign	RELEASE	\$534,414
Multi Service	2025 Ford F550's for Barricades	RELEASE	\$517,160

In the first quarter of 2025, there were no existing contracts increasing to over \$500,000.

3. *Invest funds in accordance with Bond Ordinance requirements and Utilities Investment Plan.*

All cash and investments are in U.S. Treasury Notes, U.S. Agency securities, repurchase agreements, Local Government Investment Pools, and secured bank accounts that comply with Bond Ordinance investment requirements and the Colorado Springs Utilities Investment Plan.

4. *Ensure controls are in place for receiving, processing, or disbursing funds and allow only bonded personnel access to material amounts of funds.*

Colorado Springs Utilities maintains adequate controls that are reviewed annually by an external auditor. Appropriate personnel have access to material amounts of funds. In addition, the City of Colorado Springs' Risk Management team has expanded insurance coverage of high-risk employees through a shared Crime Insurance Policy, which affords a financial backstop for employee theft, forgery, money order tampering, counterfeit money, and other elements of potential fraud and misappropriation.

5. *Ensure receivables are resolved within a reasonable grace period.*

Days Sales Outstanding (DSO) is the average number of days receivables remain outstanding before being collected. At the end of the first quarter of 2025, there is 25.17 of DSO.

6. *Settle payroll and debts in a timely manner.*

These conditions have been achieved as of this monitoring report.

7. *Ensure tax payments or other government ordered payments are timely and materially accurate.*

These conditions have been achieved as of this monitoring report.

8. *Operate within the applicable sections of the Colorado State Procurement Code and Springs Utilities procurement policies and procedures assuring legal and fiscal compliance with competitive acquisition practices, conflict of interest, favoritism and procurement from local vendors.*

Colorado Springs Utilities maintains written purchasing regulations that assure legal and fiscal compliance with competitive acquisition practices, avoid conflicts of interest, avoid favoritism, and promote procurement from local vendors. Total spending associated with purchase orders and contracts with local area addresses is at 26.2% for the first quarter, with a target of 30%.

9. *Inform the Utilities Board of significant financial impacts on the Municipal Government.*

During the first quarter of 2025, there were no significant financial impacts on the Municipal Government.



Date: June 18, 2025

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:	Utilities Board/Chief Executive Officer Partnership Expectations
Policy Number:	E: 2 (Chief Executive Officer Responsibilities)

The Utilities Board and the Chief Executive Officer work in partnership to achieve excellence in governance and operations to attain long-term organizational success and sustainability.

Water Outlook

June 2025 Water Outlook using data as of May 31, 2025

Locally, temperatures were below average, and precipitation was above average in May. Demands were less than last year at this time.

2025 Demands: May use averaged 67.8 million gallons per day (MGD), which was about 4.2% less than last May. Temperatures in May were below the 30-year average at 55.6 degrees Fahrenheit, which was 1.5 degrees below normal. Total precipitation for May was 3.29 inches, which is above normal. Year to date precipitation is 5.16 inches, which is 106.6% of normal.

Current Reservoir Levels: Local storage is currently at about 49,584 acre-feet (75% of capacity). The 1991-2020 average is 81% of capacity. Rampart Reservoir is at 83% of capacity, and Pikes Peak storage is at 62% of capacity. System wide, total storage is about 205,600 acre-feet (79% of capacity). Last year at this time, total system wide storage was 80% of capacity. It was about 78% at this same time in 2023, about 76% of capacity in 2022, about 75% of capacity in 2021, and about 81% of capacity in 2020. The 1991-2020 average system wide storage for the end of May is 76% of capacity.

Water Supply Outlook: The U.S. Drought Monitor indicates varying drought conditions across the country, with 51% of the U.S. experiencing some level of abnormally dry or drought conditions. In Colorado, 34% of the state is currently free from drought conditions which is a 4-percentage point drop from the end of May. However, abnormally dry or

moderate drought conditions persist in Western, Northeast, and the southeastern regions of Colorado. Severe and extreme drought is primarily contained in western Colorado but has shown a steady increase in area over 2025.

The Seasonal Drought Outlook predicts no additional drought development in Colorado between now and August 31, 2025. However, persistent drought conditions remain in Western Colorado. The three-month climate outlook predicts a slightly elevated chance of below-normal precipitation across northern and eastern Colorado. In contrast, the southwestern portion of the state is categorized as having equal chances for normal precipitation. This is a favorable signal, as the Southwest currently faces the most intense drought conditions. Additionally, the three-month outlook predicts slightly higher chances for above normal temperatures across Colorado, with increasing probabilities in the southwestern portion of the state.

Operational Notes: South Catamount Reservoir capacity remains restricted for planned dam maintenance. South Suburban Reservoir is drained for outlet work repairs. Total system storage is at 79% of capacity and holds about 3 years of demand, which is above average for the end of May. Local storage contains about 261 days of demand.



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Water Outlook

Nick Harris, P.E.

Water Resource Engineer, Water Resource Planning

June 16, 2025

Local Weather Conditions as of May 31, 2025

Precipitation (Inches of Moisture)

- May 2025 – 3.29 in. (165.3% of normal)
- 2025 YTD Total – 5.16 in. (106.6% of normal)

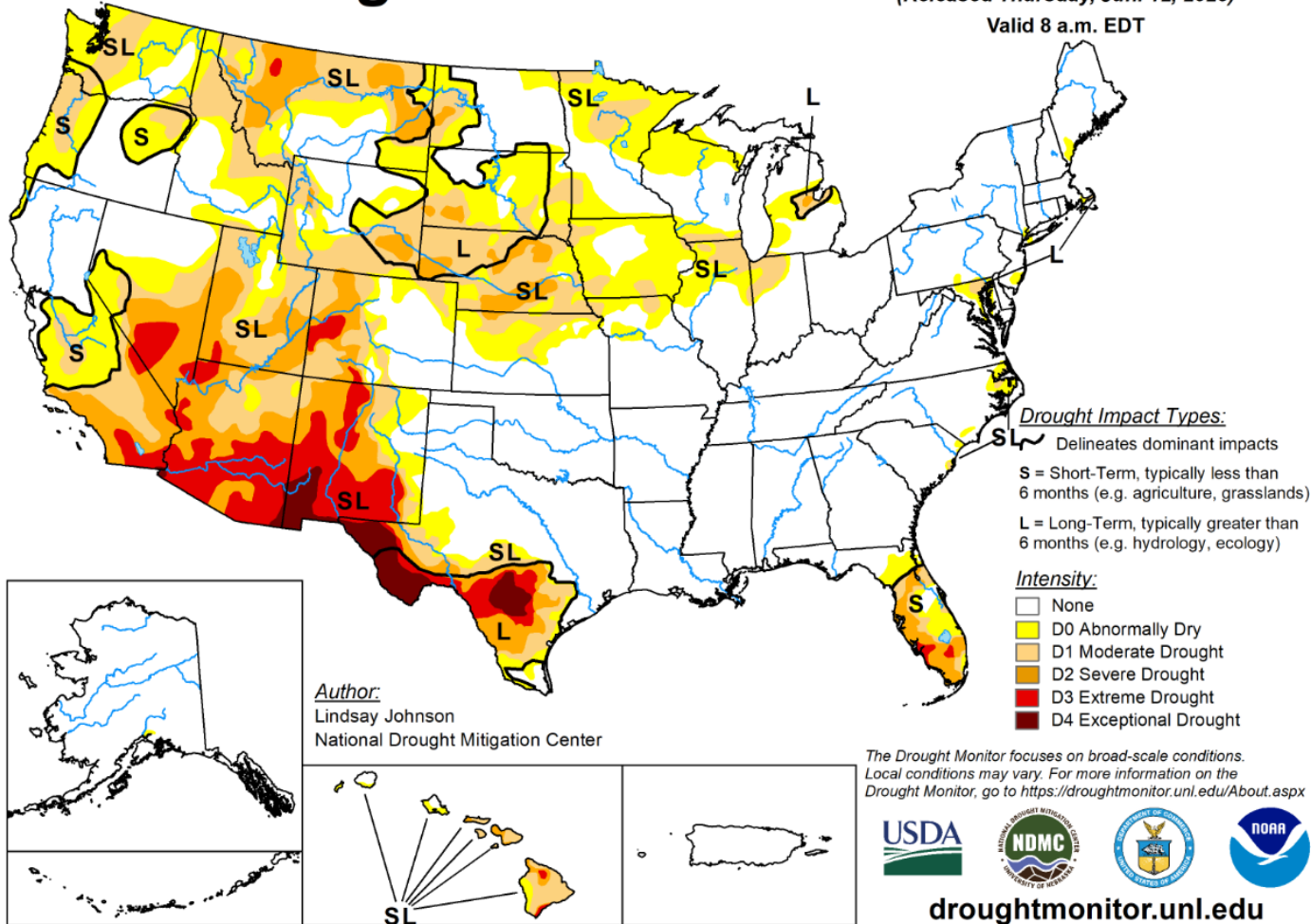
Average Temperature (Degrees F)

- May 2025 – 55.6 Deg. (1.5 deg. below normal)
- 2025 YTD Average – 41.5 Deg. (0.8 deg. below normal)

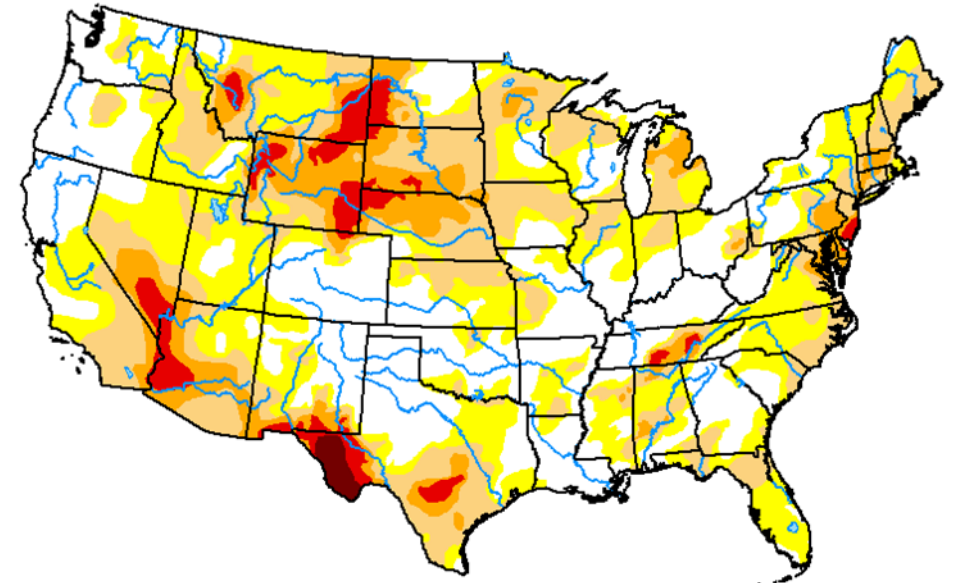


U.S. Drought Monitor

June 10, 2025
(Released Thursday, Jun. 12, 2025)
Valid 8 a.m. EDT



December 31, 2024

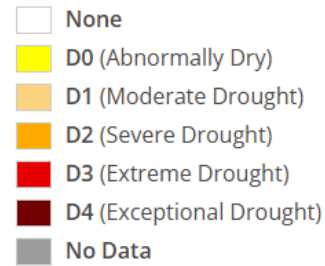


Colorado

Map released: Thurs. June 12, 2025

Data valid: June 10, 2025 at 8 a.m. EDT

Intensity



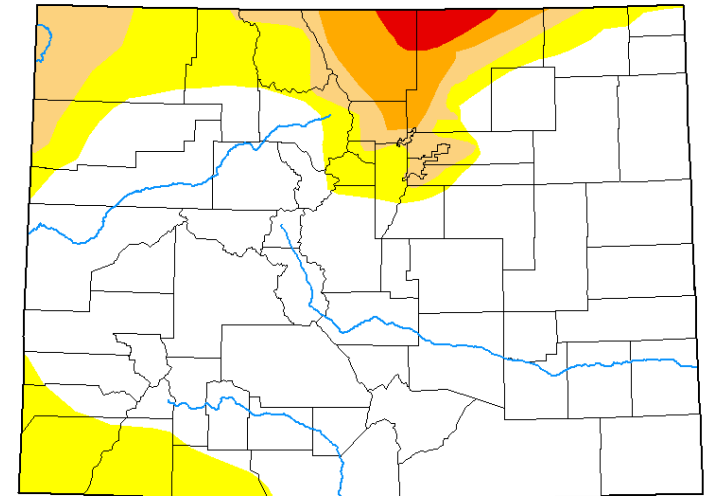
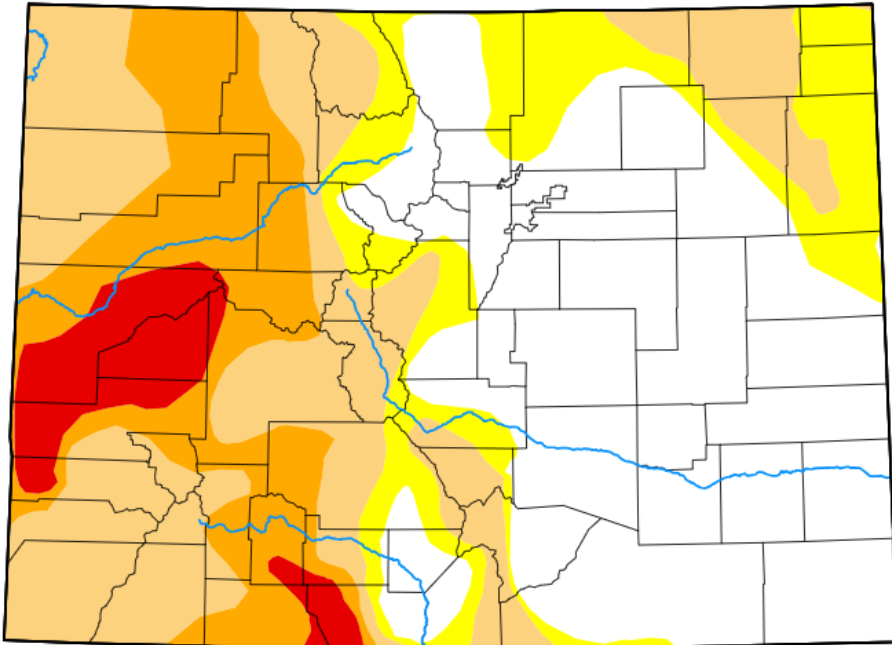
Authors

United States and Puerto Rico Author(s):

[Lindsay Johnson](#), National Drought Mitigation Center

Pacific Islands and Virgin Islands Author(s):

[Curtis Riganti](#), National Drought Mitigation Center

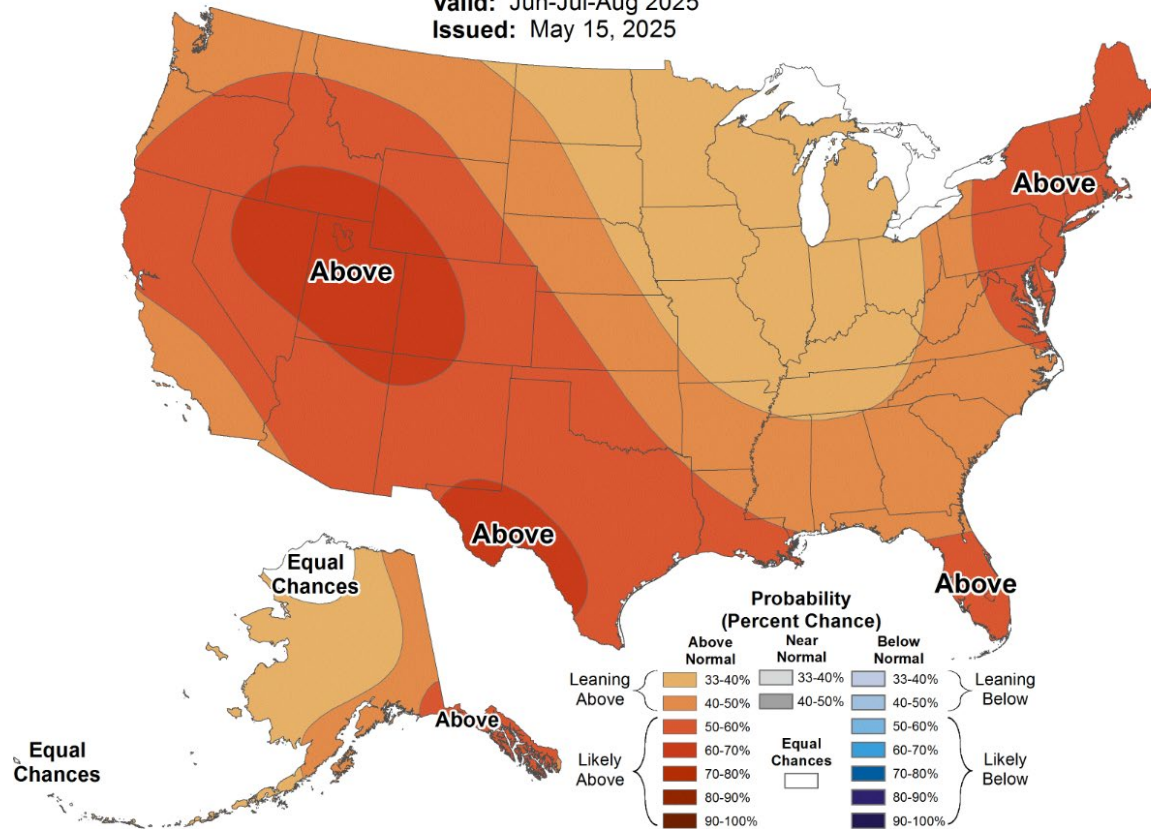




Seasonal Temperature Outlook



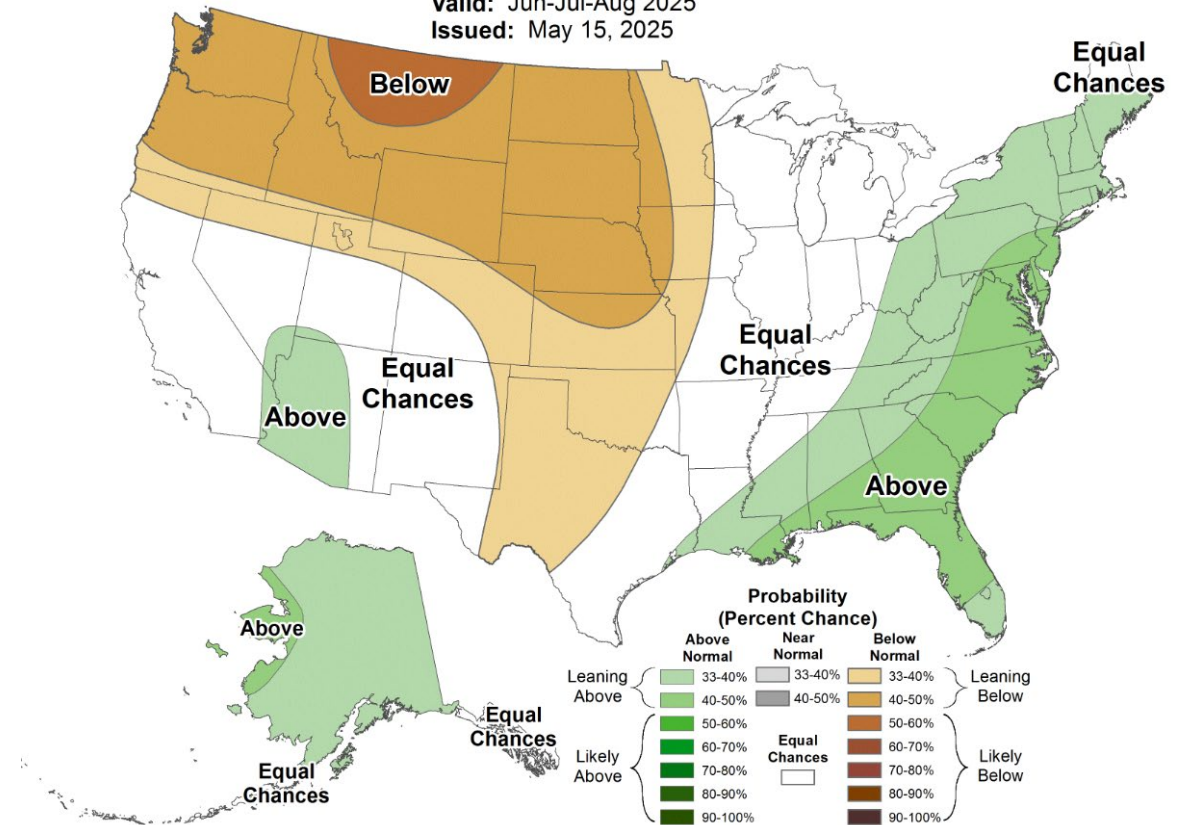
Valid: Jun-Jul-Aug 2025
Issued: May 15, 2025



Seasonal Precipitation Outlook



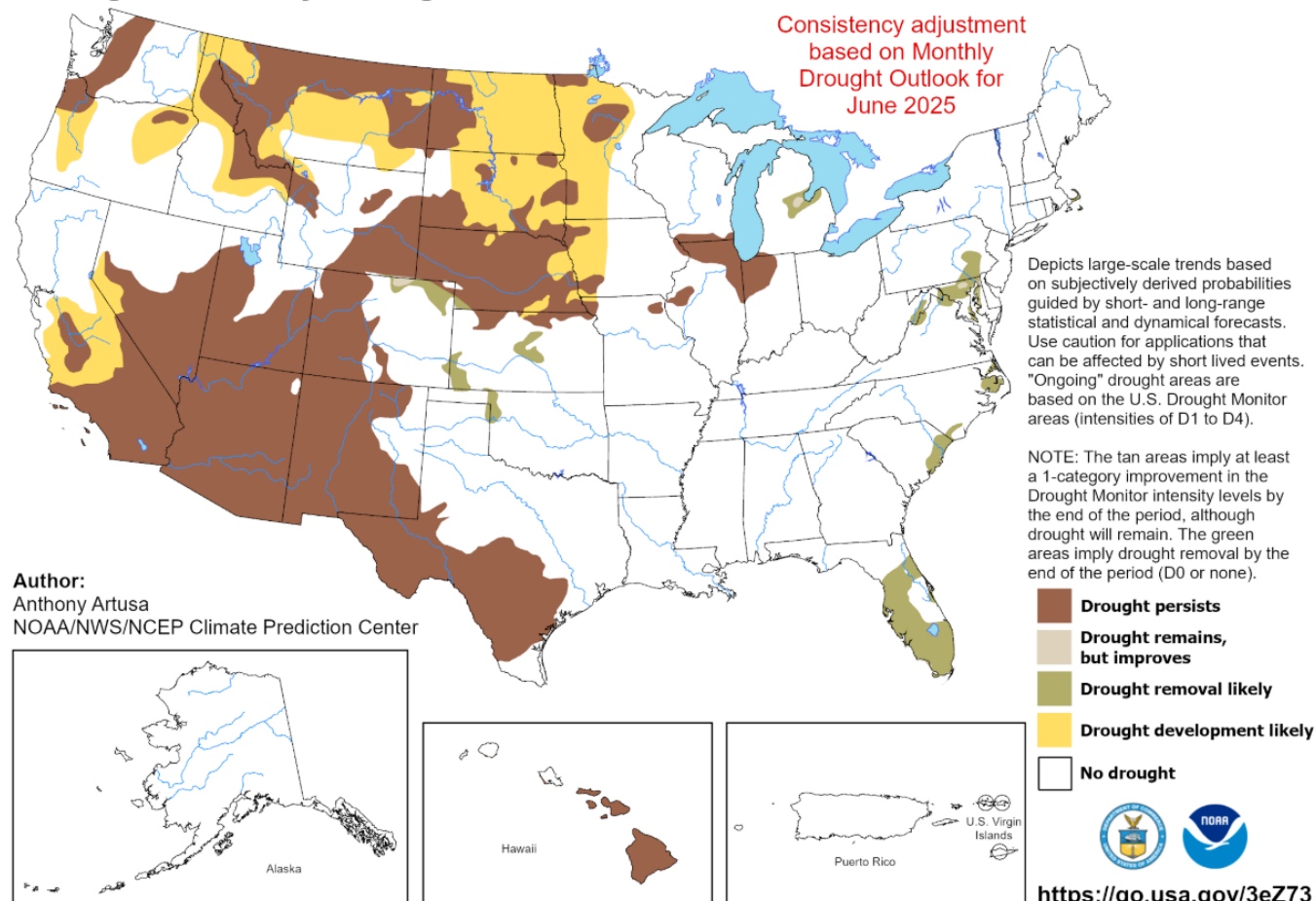
Valid: Jun-Jul-Aug 2025
Issued: May 15, 2025



U.S. Seasonal Drought Outlook

Drought Tendency During the Valid Period

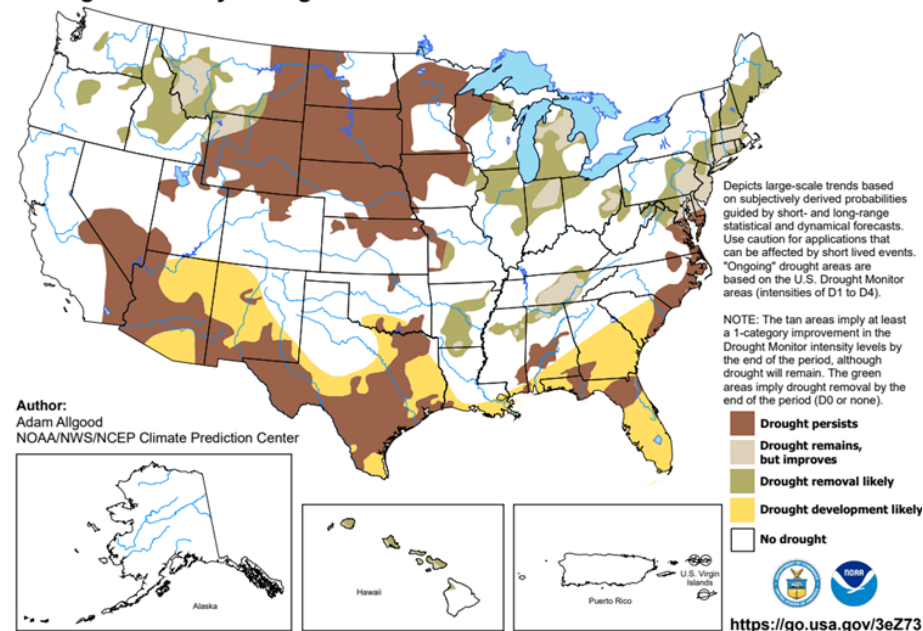
Valid for June 1 - August 31, 2025
Released May 31, 2025



U.S. Seasonal Drought Outlook

Drought Tendency During the Valid Period

Valid for December 19, 2024 - March 31, 2025
Released December 19, 2024



2025 Demands

May

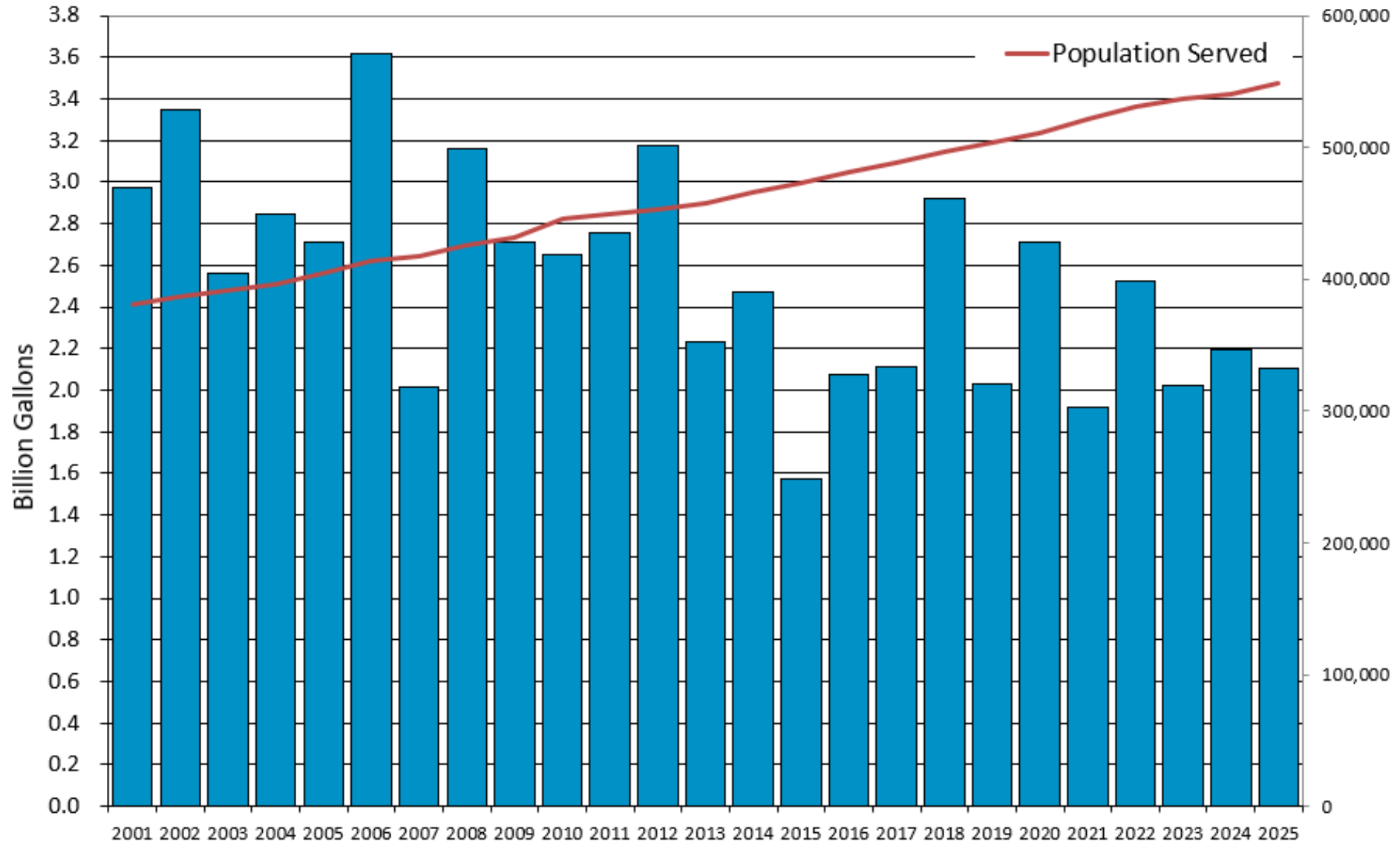
- Averaged 67.8 MGD
- 4.2% less than May 2024

2025 Year to Date through May 31

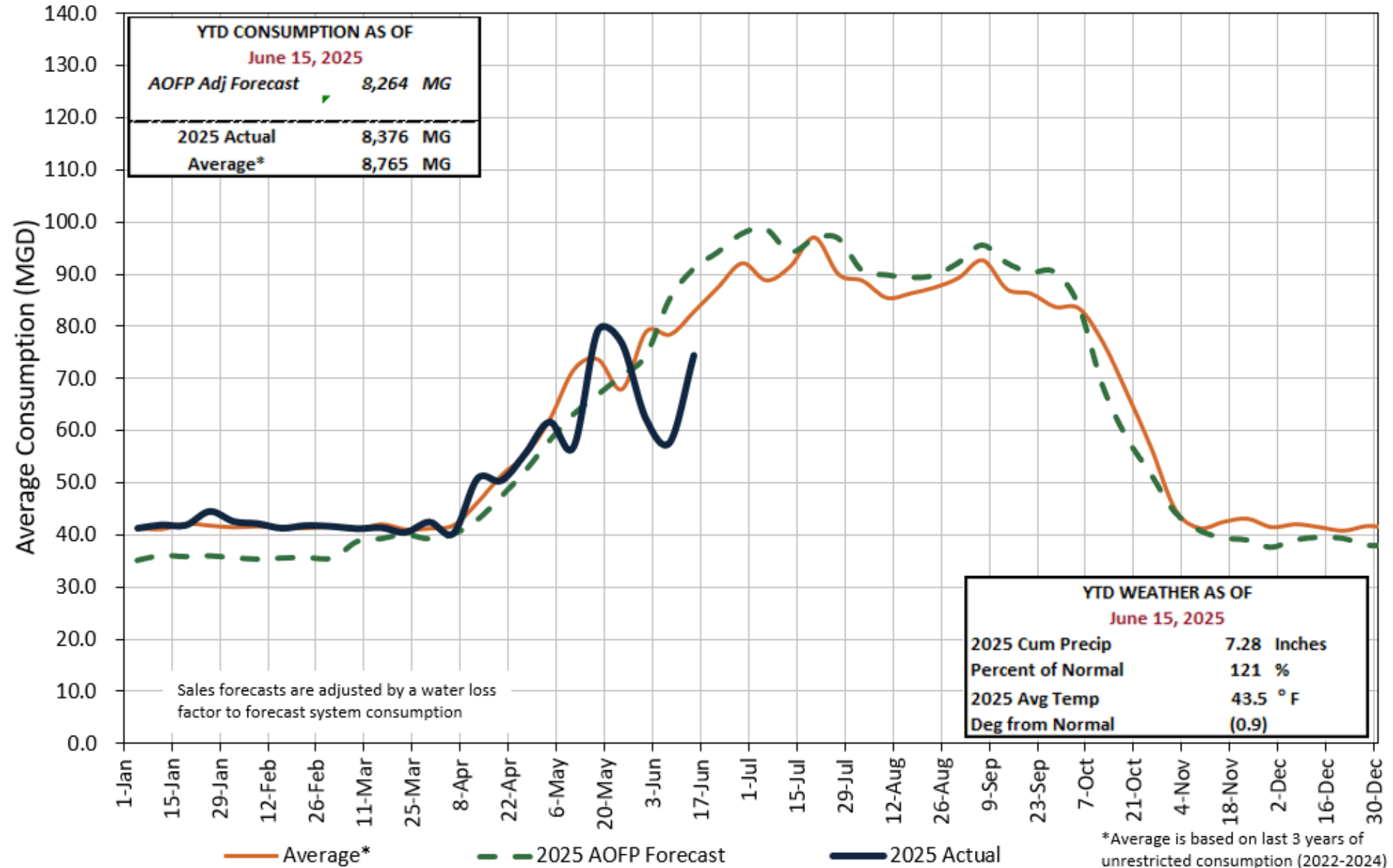
- Averaging 48.6 MGD, 7.4 BG total
 - 0.4% less than May 2024
 - 0.03 Billion Gallons less than 2024



Monthly Water Use for May

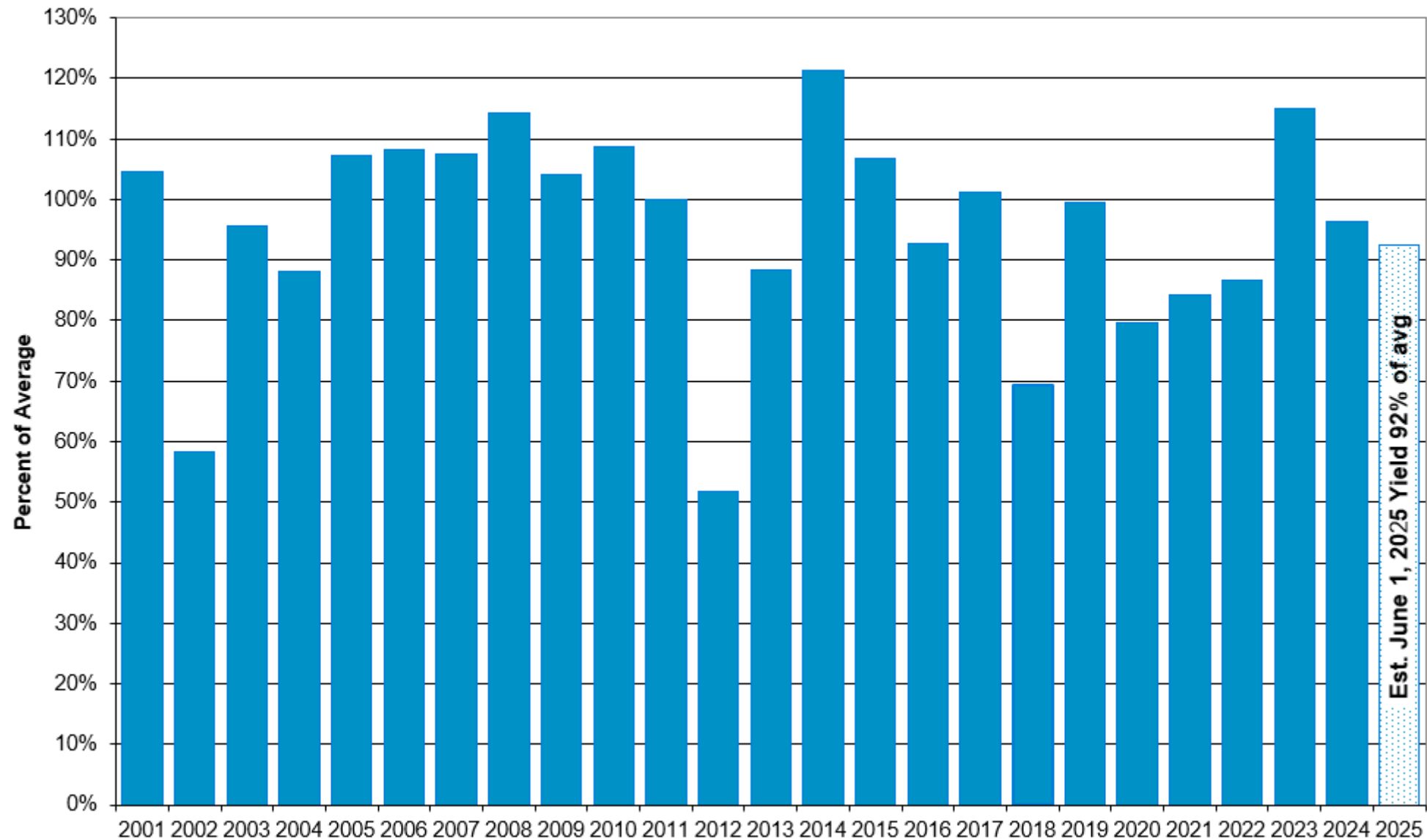


2025 Actual Consumption (Weekly Data)



Colorado Springs Water Yields 2001 - 2025

Percent of Average Yield



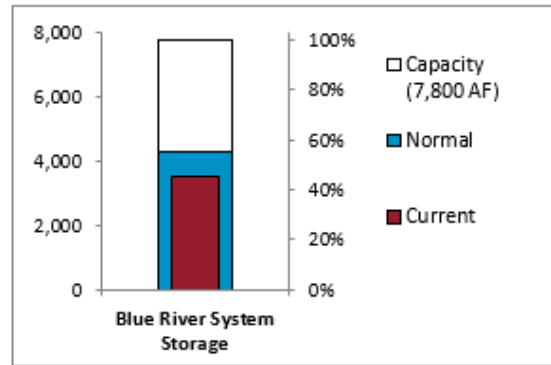
Reservoir Levels

June 15, 2025

- Pikes Peak 74 %
 - 91-20 Avg. 71 %
- Rampart 83 %
 - 91-20 Avg. 86 %
- Local Total 79 %
 - 91-20 Avg. 80 %
- System Total 86 %
 - 91-20 Avg. 80 %

Current percentages exclude S. Cat. and S. Sub.





Colorado Springs' System Wide Storage:

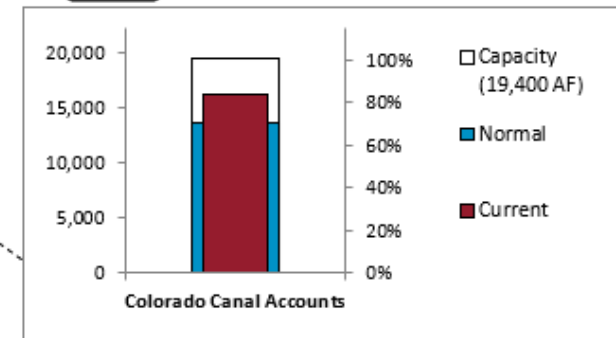
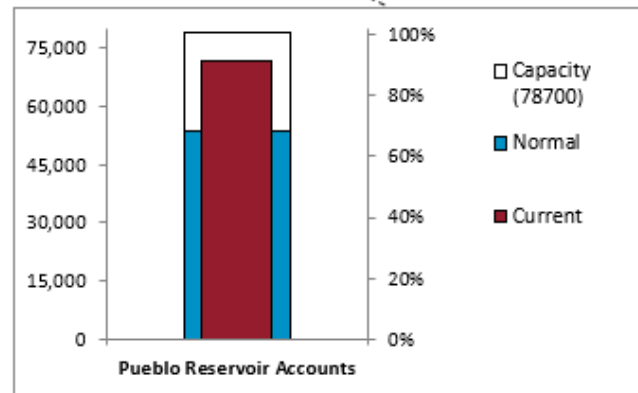
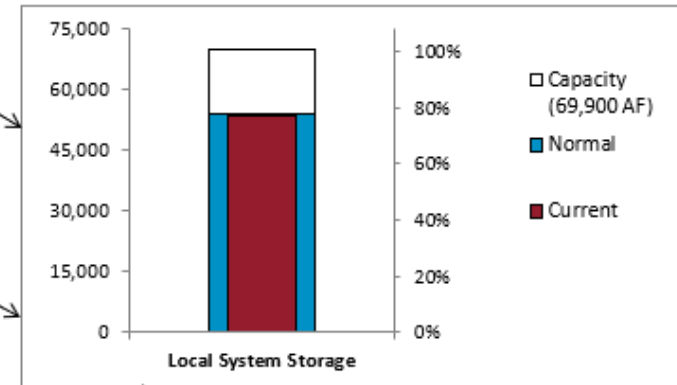
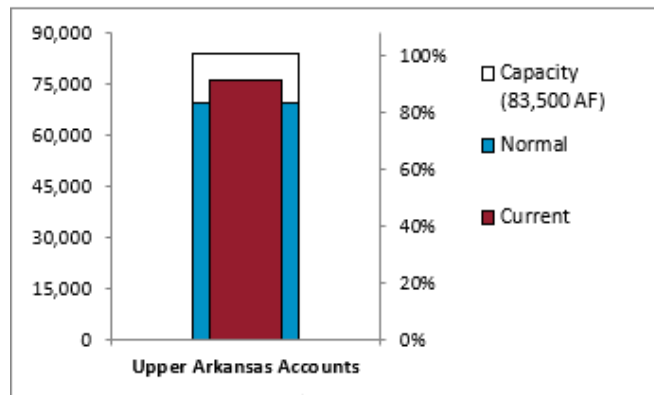
June 15, 2025 **221,600 af**

86.1 %

2001-2022 avg **194,900 af**

74.9 %

Average YTD Demand **50.5 MGD**



Water Outlook

- Situation Outlook Summary
 - System-wide storage is at 86.1%* of capacity, about 6.3% above our long-term average
 - About 3.2 years of demand in storage, based on the past 3 years of demand
 - Have 265 days of demand in local storage
- Three-month outlook predictions
 - There are slightly higher chances for above normal temperatures across Colorado, with increasing probabilities in the southwestern portion of the state.
 - There are slightly higher chances for below normal precipitation across northern and eastern portions of Colorado, with normal probabilities in the southwestern Colorado.
- We continue to monitor precipitation, demand and storage to maximize available water supply

* Percentage modified accounting for S. Cat and S. Suburban outages

Operational Notes

Storage Conditions

- South Catamount Reservoir capacity remains restricted for planned dam maintenance
- South Suburban Reservoir is drained for outlet work repairs



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Board Memo Agenda Item

Staff Report

Date: (Date of Utilities Board Meeting)	June 18, 2025		
To:	Utilities Board		
From:	Travas Deal, Chief Executive Officer		
Subject:	2025AB Bond Ordinance		
NARRATIVE:			
Desired Action: Choose only one	☒ Approval ☐ Discussion ☐ Information		
Executive Summary:	The Utilities Board discusses the Utilities' intended financing plans each year prior to City Council review and approval via ordinance. In August, Utilities anticipates raising up to \$700 million in new money debt to fund the debt-backed portion of the enterprise's upcoming capital plan from September 2025 until roughly August 2026. Additionally, Utilities expects to issue refunding bonds for all or portions of the 2015A series (\$48.7 million in total currently outstanding) at favorable net present value cost savings to the enterprise if market conditions are favorable at issuance.		
Benefits:	The 2025A series would provide the required capital to fund the debt-backed portion of The Utilities' upcoming capital program. Additionally, the 2025B saves The Utilities money by replacing current debt with debt at more favorable interest rates.		
Board Policy: If this impacts one of the board policies, indicate that here.	N/A		
Cost / Budget: Include the projected cost or budget here.	Costs are subject to market interest rates at the time of issuance. However, detailed current indicative estimates are provided in the presentation.		
Affected Parties: This could include community groups, specific City Council Districts, other utilities, nonprofit organizations, certain neighborhoods, Colorado Springs Utilities employees, etc.	N/A		
Alternatives:	N/A		
Submitter:	Adam Hegstrom	Email Address:	ahegstrom@csu.org
Division:	Planning and Finance Division	Phone Number:	719-668-8530
Department:	Treasury and Finance	Date Submitted:	June 2, 2025
SPG Staff Use Only:	Consent Calendar ☒ Yes ☐ No		Item Number 09
ITEMS SUBMITTED AFTER THE DEADLINE WILL BE POSTPONED UNTIL THE NEXT UTILITIES BOARD MEETING.			

Board Memo Agenda Item

Staff Report

Date: (Date of Utilities Board Meeting)	June 18, 2025		
To:	Utilities Board		
From:	Travas Deal, Chief Executive Officer		
Subject:	2025C Ordinance		
NARRATIVE:			
Desired Action: Choose only one	☒ Approval ☐ Discussion ☐ Information		
Executive Summary:	The Utilities Board discusses the Utilities' intended financing plans each year prior to City Council review and approval via ordinance. To mitigate sequestration risk, Utilities is seeking authorization to issue refunding bonds for all or portions of the outstanding Building America Bonds (BABs) Series 2009B-2, 2009D-2, and 2010D-4 (\$207.3 million in total currently outstanding) if market conditions are favorable at issuance.		
Benefits:	The 2025C series would mitigate future risk of BABs subsidy payment reduction or elimination through Federal sequestration.		
Board Policy: If this impacts one of the board policies, indicate that here.	N/A		
Cost / Budget: Include the projected cost or budget here.	Costs are subject to market interest rates at the time of issuance. However, detailed current indicative estimates are provided in the presentation.		
Affected Parties: This could include community groups, specific City Council Districts, other utilities, nonprofit organizations, certain neighborhoods, Colorado Springs Utilities employees, etc.	N/A		
Alternatives:	N/A		
Submitter:	Adam Hegstrom	Email Address:	ahegstrom@csu.org
Division:	Planning and Finance Division	Phone Number:	719-668-8530
Department:	Treasury and Finance	Date Submitted:	June 2, 2025
SPG Staff Use Only:	Consent Calendar ☒ Yes ☐ No		Item Number 09
ITEMS SUBMITTED AFTER THE DEADLINE WILL BE POSTPONED UNTIL THE NEXT UTILITIES BOARD MEETING.			



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2025 Plan of Finance Update

Adam Hegstrom
Treasury and Finance Manager
June 18, 2025

Plan of Finance Overview

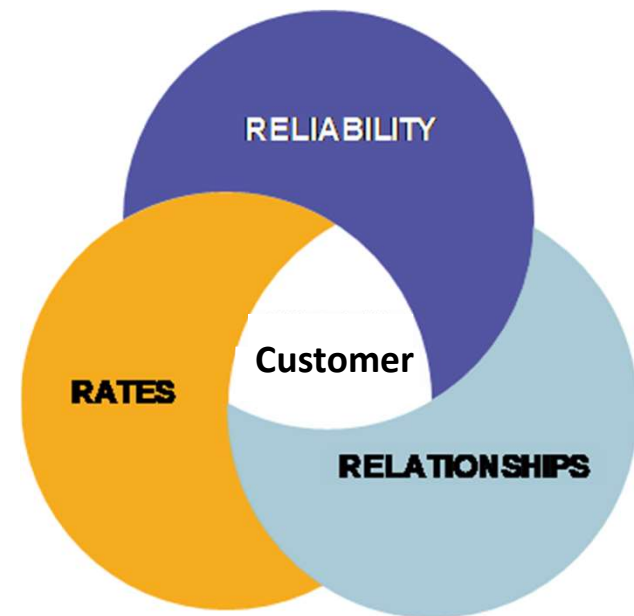
The Plan of Finance is an annual strategic effort to effectively obtain and manage debt obligations to support Colorado Springs Utilities' ("The Utilities") capital needs

- Critical to Utilities Board's Strategic Focus
- Core tenets:

Prudence - Efficiency - Flexibility

Collectively executed by:

- Utilities Leadership
- Planning and Finance Staff
- Key Advisors
 - Financial Advisor
 - Bond Counsel
- Key Banking Partners and Counterparties



Plan of Finance Overview

Plan of Finance efforts are dedicated towards four key objectives:

1. Fund the debt-backed portion of The Utilities' upcoming capital plan
2. Manage and optimize The Utilities' current debt portfolio
3. Procure and manage debt-supporting instruments and ancillary services
4. Manage The Utilities' financial reputation and industry relationships to ensure market access



New Money Debt Issuance: 2025As

Objective 1: Support The Utilities' operations by funding the debt-backed portion of the Enterprise's future capital plan ("New Money Issuances")

Enterprise Need:

- Estimated \$869.3 million in total capital spend between September 2025 and August 2026

Anticipated Actions:

- Issue new money debt in August 2025



New Money Debt Issuance: 2025As

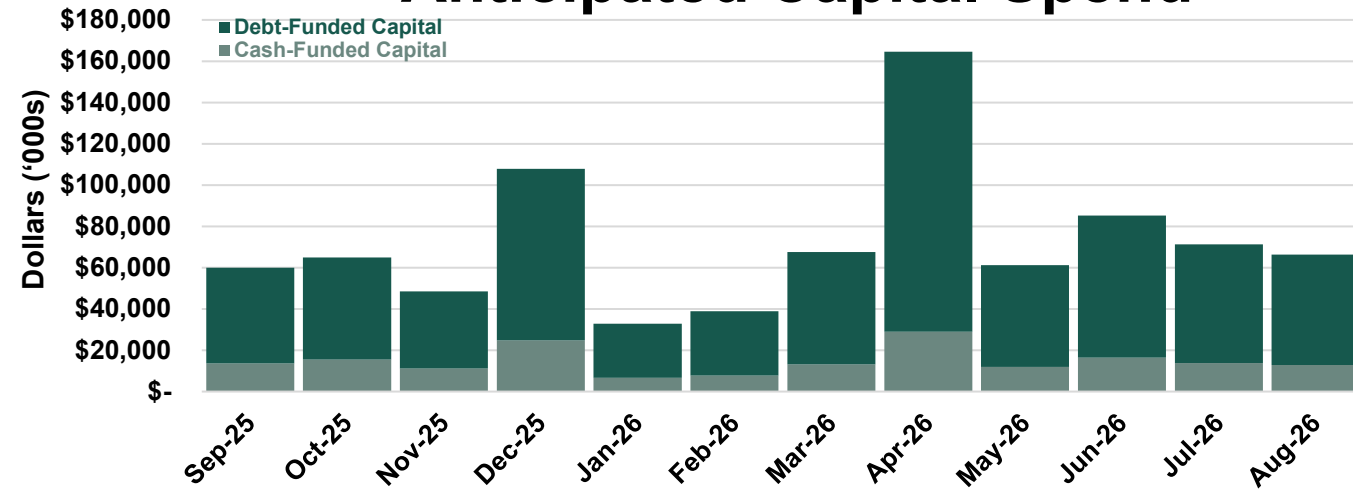
Anticipated Issuance Details:

- Current Estimated - \$735 million (proceeds)
- Ordinance Ceiling - \$700 million (par)
- More clarity in coming months surrounding 2026 AOP/Capital Plan
- Approximately 80% debt-funded capital over financing period
- Effective balance between cash and debt to optimize financial metric performance

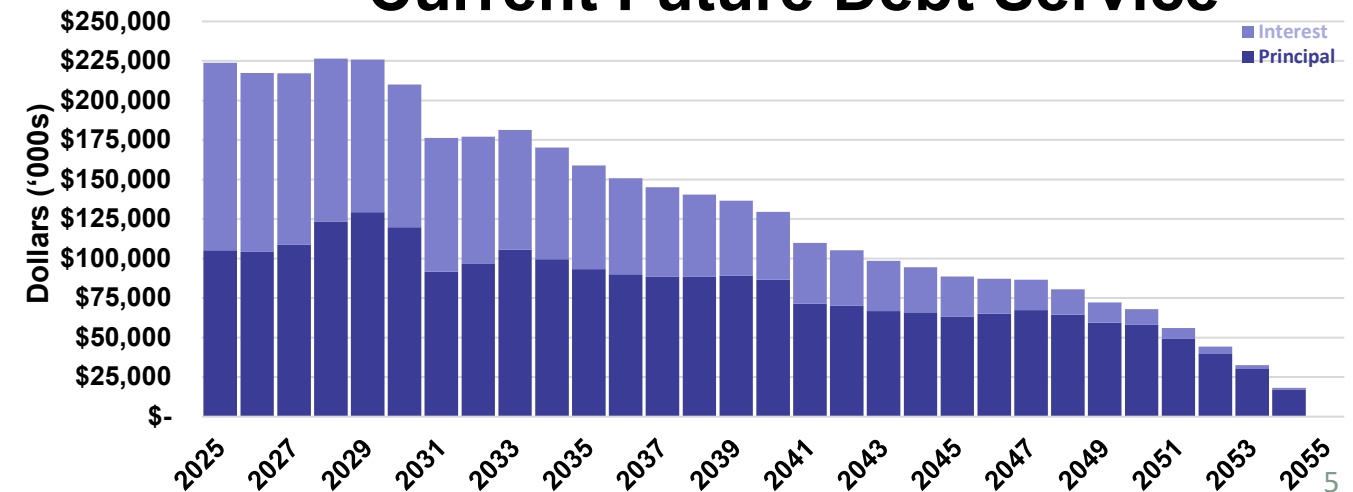
Structure:

- Traditional tax exempt fixed-rate debt
- Maturity-by-maturity optimization near issuance date

Anticipated Capital Spend



Current Future Debt Service

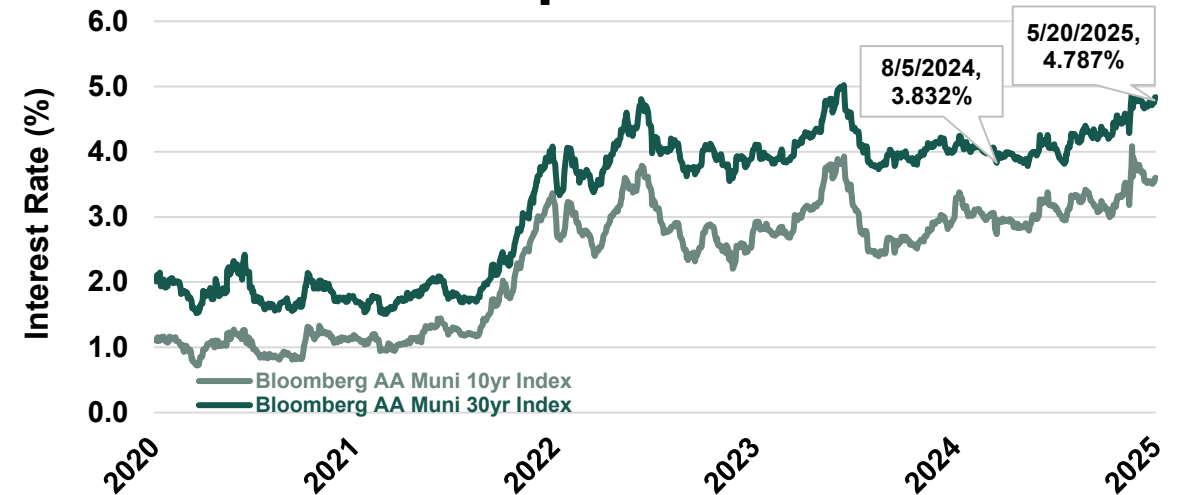


New Money Debt Issuance: 2025As

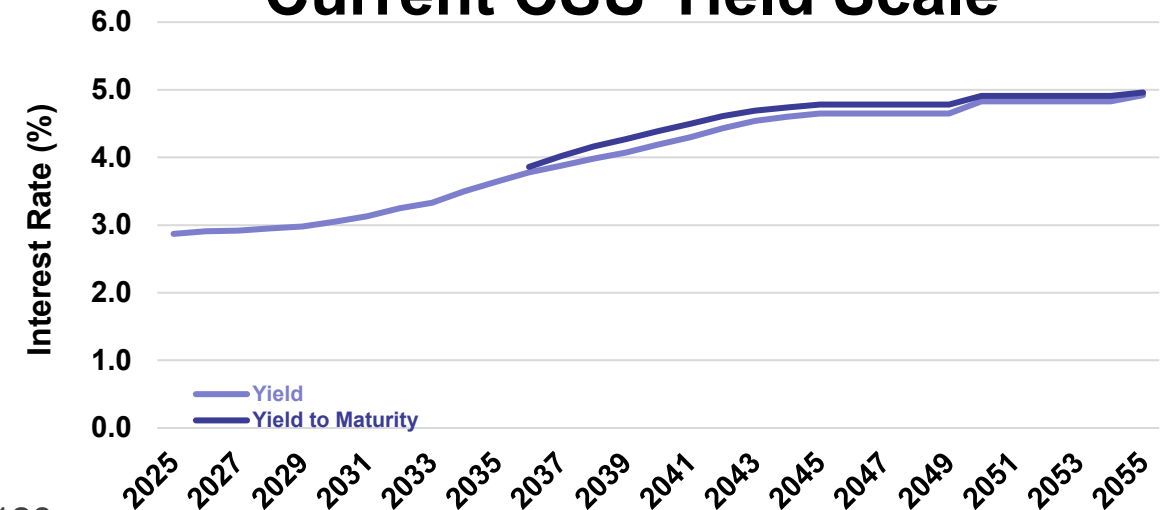
Market Update:

- Due to volatile market conditions, interest rates have risen since the last issuance
- Inflation remains somewhat elevated
- Uncertainty about the economy has increased due to tariffs
- Timing of 2025AB issuance planned to maximize flexibility considering market conditions
- Given the current short-term interest rate environment, planned issuance date (August) selected to optimize earnings on funds in escrow

AA Municipal Interest Rates



Current CSU Yield Scale*



Refunding Debt Issuance: 2025Bs

Objective 2: Manage and optimize The Utilities' current debt portfolio ("Refunding Issuances")

- \$2.1 billion in outstanding fixed rate bonds
- Vast majority can be refinanced 10 years after issuance if interest rate economics are favorable

Anticipated Actions:

- Issue a current refunding transaction in August to refinance all/parts of the 2015A issuance:

Current Estimated Refunding Results

	2015A
Callable Par Value of 2015A Bonds	\$39.5 million
Cashflow Savings from Refunding	\$2.5 million
NPV Savings (\$)	\$1,688,668
NPV Savings (%)	4.27%

Potential BABs Refunding: 2025Cs

Build America Bonds ('BABs')

- Introduced in 2009 as part of the American Recovery and Reinvestment Act to help stimulate the economy and create jobs following the 2008 financial crisis
- Federal government issues a subsidy payment directly to bond issuer (Utilities), effectively lowering the cost of borrowing
 - Under current legislation, the original subsidy of 35% has been reduced by 5.7%

Risk Reduction Through Refunding

- BABs Extraordinary Optional Redemption provision allows refunding under certain circumstances
- Mitigate future risk of sequestration or other Federal regulations that may impact subsidy payments by refunding Utilities' outstanding BABs
- Evaluate and time execution based on market conditions

Potential BABs Refunding: 2025Cs

Outstanding BABs

- \$207.3 million in outstanding Direct Payment BABs taxable bonds
- \$4.2 million in subsidy payments expected to be received in 2025

Anticipated Actions:

- Seeking authorization to execute transaction if market conditions are favorable, within set parameters:
 - Refunding will result in combined NPV savings
 - OR Refunding will alleviate the risk of further sequestration or other impact to the BABs subsidy
- Ordinance effective for one year following adoption (July 22, 2026)

Estimated Refunding Results

	2009B-2	2009D-2	2010D-4
Par Amount	\$46,390,000	\$46,090,000	\$107,085,000
Refunded Par Amount	\$52,200,000	\$47,870,000	\$107,260,000
NPV Savings (\$)	(\$591,515)	(\$3,942,488)	(\$6,453,576)
NPV Savings (%)	(1.1%)	(8.2%)	(6.0%)

Industry and Investor Relationships

Objective 4: Manage The Utilities' financial reputation and industry relationships to ensure market access

Underwriter Selection

- Pool established in 2023 for an anticipated 5-year term
- Competitive selection process for 2025AB bonds completed in May
- Team selected for 2025AB issuance:
 - Senior Manager – Goldman Sachs
 - Co-Managers – Bank of America, J.P. Morgan, Morgan Stanley, and Barclays



Industry and Investor Relationships

Objective 4: Manage The Utilities' financial reputation and industry relationships to ensure market access

Credit Rating Agencies

- Currently preparing messaging materials for upcoming rating agency meetings
- Anticipated topics of interest to address:
 - Five-Year Financial Plan Update
 - Current forecast metrics compared to original plan
 - Planning mechanisms in place to adjust to forecast changes
 - Smart Energy Transition
 - Natural Gas Supply projects
 - Water Supply update
 - Eastern Wastewater System Expansion

	Moody's	S&P Global	FitchRatings
	Moody's	S&P	Fitch
	Aaa	AAA	AAA
	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
Investment Grade	A1	A+	A+
	A2	A	A
	A3	A-	A-
	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
Non-Investment Grade	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-
High Yield "Junk"	B1	B+	B+
	B2	B	B
	B3	B-	B-
	Caa	CCC	CCC
	Ca	CC	CC
	C	C	C
Default	C	D	D

Debt Issuance Working Timetable

Date*	Event
<i>Tuesday, January 21, 2025</i>	<i>Plan of Finance Presentation to Finance Committee</i>
<i>Tuesday, March 25, 2025</i>	<i>JP Morgan Investor Conference</i>
<i>Wednesday, May 21, 2025</i>	<i>Underwriter RFP Selection</i>
<i>Monday, June 16, 2025</i>	<i>Working Committee Presentation</i>
Wednesday, June 18, 2025	Utilities Board Presentation
Tuesday, July 8, 2025	First Reading of Ordinance - City Council
Wednesday, July 9, 2025	Rating Agency Presentation (Moody's)
Thursday, July 10, 2025	Rating Agency Presentation (S&P)
Tuesday, July 22, 2025	Second Reading of Ordinance & Ordinance Approval – City Council
Monday, July 28, 2025	Due Diligence Call
Week of August 4 th or 11 th , 2025	Bond Pricing
Tuesday, August 26, 2025	Issuance Closing

**Preliminary schedule as of June 9, 2025*



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Board Memo Agenda Item

Staff Report

Date: (Date of Utilities Board Meeting)	June 18, 2025		
To:	Utilities Board		
From:	Travas Deal, Chief Executive Officer		
Subject:	2010C SBPA Ordinance		
NARRATIVE:			
Desired Action: Choose only one	☒ Approval ☐ Discussion ☐ Information		
Executive Summary:	The Utilities Board discusses the Utilities' intended financing plans each year prior to City Council review and approval via ordinance. The Ordinance addresses approval of the 2010C Standby Bond Purchase Agreement ('SBPA') and the related amended and restated Fee Agreement with TD Bank. The current SBPA for the 2010C Bonds routinely expires this fall. Utilities has elected to replace the current SBPA liquidity provider TD Bank for a term of five years. The Utilities intends to present the ordinance at the July 8, 2025 and July 22, 2025 City Council meetings.		
Benefits:	Executing this agreement keeps Utilities in compliance with the bond ordinance, provides credit support certainty for a substantially extended period of time (reducing risk), as well as provides cost savings versus the current agreement.		
Board Policy: If this impacts one of the board policies, indicate that here.	N/A		
Cost / Budget: Include the projected cost or budget here.	This is a budgeted item and this proposal would provide 3% savings per year versus the current agreement.		
Affected Parties: This could include community groups, specific City Council Districts, other utilities, nonprofit organizations, certain neighborhoods, Colorado Springs Utilities employees, etc.	N/A		
Alternatives:	Utilities is required by bond ordinance to maintain credit support for the 2010C issuance, therefore not authorizing this agreement is not recommended.		
Submitter:	Adam Hegstrom	Email Address:	ahegstrom@csu.org
Division:	Planning and Finance Division	Phone Number:	719-668-8530
Department:	Treasury and Finance	Date Submitted:	June 2, 2025
SPG Staff Use Only:	Consent Calendar ☒ Yes ☐ No		Item Number 10
ITEMS SUBMITTED AFTER THE DEADLINE WILL BE POSTPONED UNTIL THE NEXT UTILITIES BOARD MEETING.			



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Liquidity Agreement Renewals

Adam S. Hegstrom
Treasury and Finance Manager
June 18, 2025

Plan of Finance Objectives

Plan of Finance efforts are dedicated toward four key objectives:

1. Fund the debt-backed portion of Colorado Springs Utilities' upcoming capital plan
2. Manage and optimize Colorado Springs Utilities' current debt portfolio
3. Procure and manage debt-supporting instruments and ancillary services
4. Manage credit rating agency relationships



Summary of Anticipated Actions

- **Liquidity Agreements**

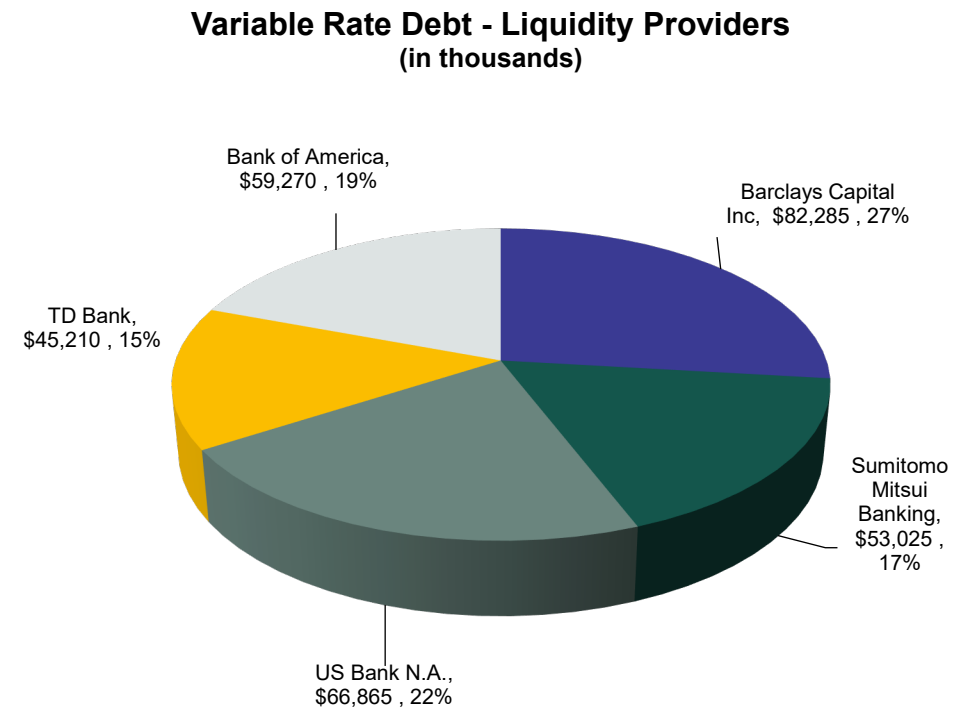
- Two SBPA Facilities Expire in September 2025
 - 2008A – Renew existing agreement (no ordinance required)
 - 2010C – Replace existing agreement (ordinance required)

- **Line of Credit**

- \$75 million revolving line of credit facility
- Expires in September 2025
- Renew with U.S. Bank (no ordinance required)

Background – Liquidity Providers

- Variable Rate Demand Bonds (VRDBs) - \$306.7 million outstanding
 - Long-term bonds whose interest rate resets weekly
 - Remarketers set said rates, and place bonds current holders no longer want with new owners
 - **Liquidity providers temporarily backstop the bonds if no buyers are available**
 - NOTE: All CSU VRDBs have a matched interest rate swap to hedge any movements in rates (synthetically fixed).



2008A SBPA Renewal

- Utilities' 2008A Standby Bond Purchase Agreement ('SBPA') expiring in September 2025
 - Outstanding par amount of \$31,555,000
 - Liquidity fee of 35 bps
- Analysis performed to determine most cost-effective options
 - Replace existing liquidity facility (RFP)
 - Negotiate renewal with current provider – US Bank, N.A.
- Result
 - Renew 2008A SBPA with US Bank, N.A., effective June 24, 2025
 - 3-year term at 35 bps with no make-whole provision
 - No ordinance required for renewal

2010C SBPA Replacement

- Utilities' 2010C Standby Bond Purchase Agreement ('SBPA') expiring in September 2025
 - Outstanding par amount of \$33,785,000
 - Liquidity fee of 29 bps
- RFP Process completed to select new liquidity facility provider
- Result
 - Replace 2010C SBPA with TD Bank
 - 5-year term at 26 bps with no make-whole provision
 - Savings of 3 bps

Revolving Line of Credit Renewal

- Utilities \$75 million revolving Line of Credit with US Bank expires in September 2025
- Analysis performed to determine most cost-effective options
 - Replace existing line of credit (RFP)
 - Negotiate renewal with current provider – US Bank, N.A.
- Result
 - Renew with US Bank, NA., effective September 8, 2025
 - 3-Year Term
 - Substantially similar terms and conditions of the existing agreement
 - No ordinance required for renewal

Next Steps

- Replacement of the 2010C SBPA liquidity provider requires authorization from City Council through an ordinance
- Key Dates:

SBPA / Liquidity Provider Replacement Actions:	Date*
<i>Update to Finance/Working Committee</i>	<i>June 16, 2025</i>
Presentation to Utilities Board	June 18, 2025
Effective date of 2008A SBPA Agreement Renewal	June 24, 2025
1 st Reading of 2010C SBPA Renewal Ordinance at City Council	July 8, 2025
2 nd Reading of 2010C SBPA Renewal Ordinance at City Council	July 22, 2025
Effective date of Revolving Line of Credit Agreement Extension	September 8, 2025
Execution of 2010C SBPA Agreement	September 12, 2025

**Preliminary schedule as of May 12, 2025*



Colorado Springs Utilities

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Board Memo Agenda Item

Staff Report

Date: (Date of Utilities Board Meeting)	June 18, 2025		
To:	Utilities Board		
From:	Travas Deal, Chief Executive Officer		
Subject:	Long-Term Regional Wastewater Service Agreement with Cheyenne Mountain Estates MHC Holdings, LLC		
NARRATIVE:			
Desired Action: Choose only one	☒ Approval ☐ Discussion ☐ Information		
Executive Summary:	Cheyenne Mountain Estates MHC Holdings, LLC (CME) owns a manufactured housing community and operates a wastewater system at 8160 Piute Road, Colorado Springs, CO. The service area includes 221 units and nearby single-family homes in unincorporated El Paso County, near the Rock Creek Mesa annexation area. Due to issues with CME's current wastewater system and a compliance directive from the Colorado Department of Public Health and Environment (CDPHE), CME is seeking regional wastewater service from Colorado Springs Utilities. CME and Springs Utilities have negotiated a Regional Wastewater Service Agreement allowing Utilities to provide up to 20,000 gallons per day of service. The agreement aligns with regional policies and tariffs and offers long-term (25-year) benefits, including positive revenue for Colorado Springs Utilities' customers. Approval is required from both the Utilities Board and City Council. If approved by the Utilities Board, the agreement will be considered by City Council on July 22, 2025.		
Benefits:	The long-term (25-year) Regional Wastewater Service Agreement will be consistent with current regional policy and tariffs and will provide a positive revenue benefit to customers.		
Board Policy: If this impacts one of the board policies, indicate that here.	Board Instruction 7		
Cost / Budget: Include the projected cost or budget here.	Gross revenue under the proposed Regional Wastewater Services Agreement will be approximately \$35,000 per year once CME connects.		
Affected Parties: This could include community groups, specific City Council Districts, other utilities, nonprofit organizations, certain neighborhoods, Colorado Springs Utilities employees, etc.	Colorado Springs Utilities and Cheyenne Mountain Estates MHC Holdings, LLC		
Alternatives:	CME repairs existing treatment system or pursues other service alternatives.		
Submitter:	Bryan English	Email Address:	benglish@csu.org
Division:	System Planning and Projects	Phone Number:	719-668-8119
Department:	Customer Utilities Connections	Date Submitted:	June 2, 2025
SPG Staff Use Only:	Consent Calendar ☒ Yes ☐ No		Item Number 11



Long-Term Regional Wastewater Service Agreement

June 18, 2025, Utilities Board Meeting

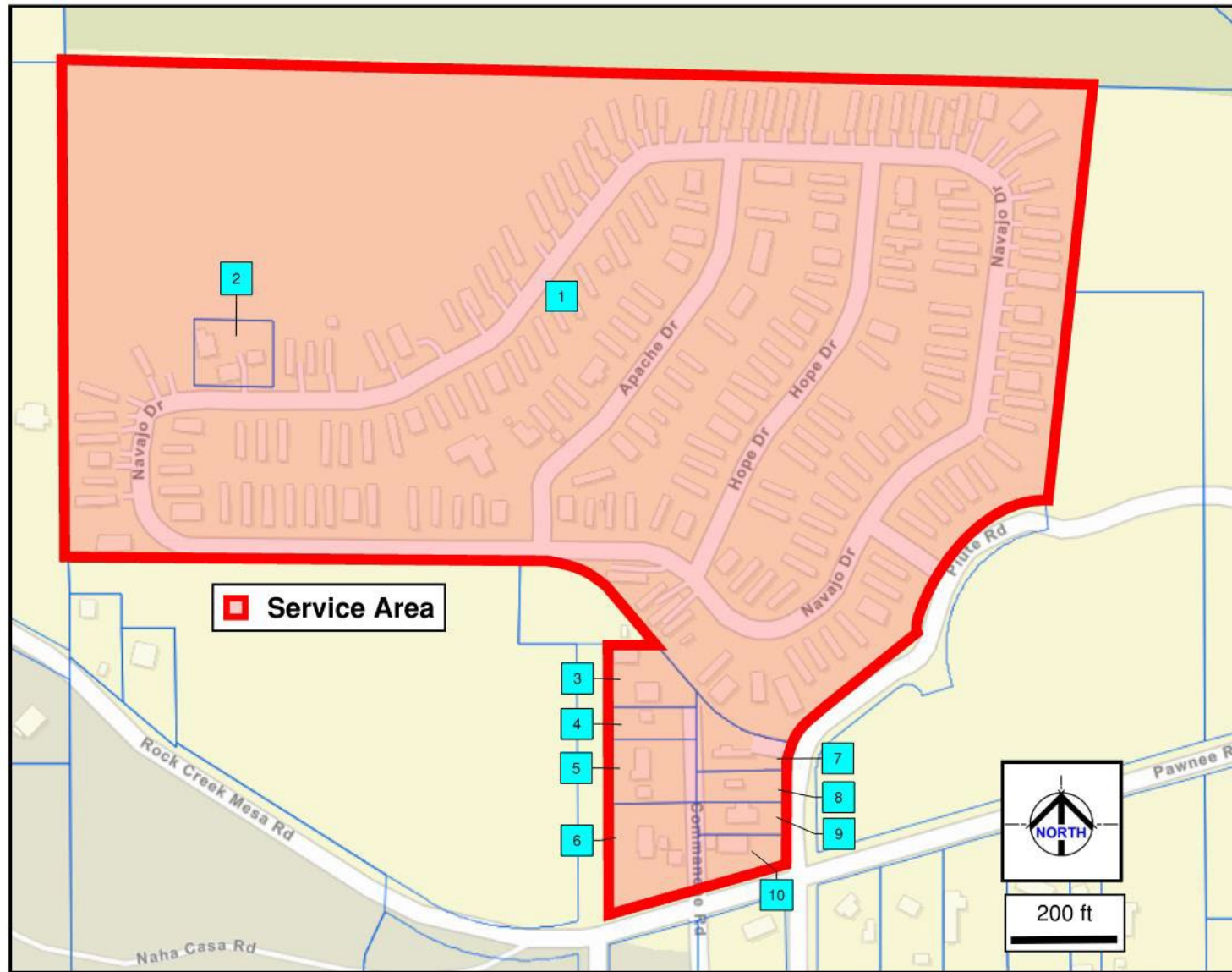
Bryan English, PMP, Development Projects Manager

Customer Utilities Connections

- Located south of Cheyenne Mountain State Park just west of Fort Carson Gate 5
- 221 mobile homes adjacent, independently owned single-family residences



Exhibit A - CME Wastewater Service Area



Note 1: Parcel labeled 1 denotes the MHP. Parcels labeled 2 - 10 denote undeveloped parcels or parcels with existing single-family residences located outside of the boundary of the MHP but within CME's Wastewater Service Area.
Note 2: Parcels labeled 3, 5, 7, 8, 9, and 10 are presently connected to CME's Wastewater Collection System.

Board Policy I-7 & City Code 12.5.304.C

- Revised March 2025 (revision 6)
- All regional service contracts must be approved by the Utilities Board and City Council
- Requirements for Special Contract Water Service (City Code 12.5.304.C)
 1. Water system must be capable of meeting current and future needs for all users, including those under special contracts.
 2. Special contracts must not interfere with water service to in-City customers or existing obligations.
 3. Customers must pay all applicable water system availability and Utilities fees.
 4. Contracts must comply with all relevant laws, permits, agreements, and water use restrictions.
 5. Customers must secure all necessary approvals and water rights to ensure Utilities' operations are not impaired.

Agreement Terms and Conditions

- 25-year term to accept and treat wastewater
- Maximum Allowable Flow
 - 0.02 MGD (20,000 gallons per day)
- Pay applicable wastewater cost recoveries
 - \$94,000 for Eastern Wastewater System Expansion (EWSE)
- Pay applicable Wastewater Regional System Availability Fee (WWRSAF)
- Utilities may interrupt service if needed
- No negative impact to Utilities
- Utilities may terminate agreement if:
 - Flows exceed allowable limits in agreement
 - Breach of the agreement

Rate and Revenue

- Consistent with Regional Tariffs and URRs
- Contract Service – Regional (S9C) Rate
 - \$0.0363 per cubic foot
 - Changes consistent with Tariff Rate Cases

Approximately \$35,000 in revenue each year once CME connects.

Next Steps

- Submit agreement to City Council for consideration at July 22, 2025, Regular City Council Meeting
- If vote is unanimous, staff requests that item be placed on the Consent Agenda



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RESOLUTION NO. _____ - 25

A RESOLUTION AUTHORIZING AND DIRECTING THE CHIEF
EXECUTIVE OFFICER OF COLORADO SPRINGS UTILITIES TO
ENTER INTO AN AGREEMENT FOR REGIONAL WASTEWATER
SERVICE BETWEEN COLORADO SPRINGS UTILITIES AND
CHEYENNE MOUNTAIN ESTATES MHC HOLDINGS, LLC

WHEREAS, City Code § 12.5.304 allows Colorado Springs Utilities (“Utilities”) to provide by contract for the use of or connection to its wastewater system by institutions, plants, organized sewer districts, governments, municipal corporations, or other similar users; and

WHEREAS, Cheyenne Mountain Estates MHC Holdings, LLC, a Minnesota limited liability company, doing business as Cheyenne Mountain Estates (“CME”) owns the Cheyenne Mountain Estates Manufactured Housing Community (“MHP”) located at 8160 Piute Rd., Colorado Springs, CO 80926; and

WHEREAS, as a similar user, CME owns and operates wastewater treatment and collection facilities that it utilizes to provide wastewater collection, treatment and disposal service to the MHP and single-family residences adjacent to the MHP (“CME Customers”) located within its Service Area; and

WHEREAS, CME desires to obtain regional wastewater treatment service from Utilities to provide wastewater treatment service to CME’s Customers which are anticipated to contribute Maximum Allowable Flow of up to 0.020 Million Gallons Per Day to Utilities’ wastewater treatment system; and

WHEREAS, Utilities currently has sufficient infrastructure capacity in its wastewater system to provide regional wastewater service to CME; and

WHEREAS, in exchange for regional wastewater service, CME has agreed to pay the rates and fees set forth in Utilities’ Tariffs for such service; and

WHEREAS, Utilities requests that City Council approve Utilities’ provision of regional wastewater service to CME and authorize and direct the Chief Executive Officer of Colorado Springs Utilities to enter into an agreement for regional wastewater service with CME; and

WHEREAS, City Council recognizes that approving the provision of wastewater service to CME does not set precedent for future requests for regional wastewater service.

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

Section 1. City Council finds and determines that Utilities’ provision of regional wastewater service to CME will benefit the public health, safety and welfare of the surrounding community and is in the best interest of Utilities and the City of Colorado Springs.

Section 2. City Council hereby approves Utilities' provision of regional wastewater service to CME in accordance with the Wastewater Service Agreement attached hereto.

Section 3. The Chief Executive Officer of Colorado Springs Utilities is authorized and directed to enter into the Wastewater Service Agreement with CME 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 _____, 2025.

Lynette Crow-Iverson, Council President

ATTEST:

Sarah B. Johnson, City Clerk

WASTEWATER SERVICE AGREEMENT
Contract Service – Regional (S9C)
Cheyenne Mountain Estates MHC Holdings, LLC

THIS AGREEMENT ("Agreement") is made and entered into as of the date of the last signature below ("Effective Date") by and between Colorado Springs Utilities ("UTILITIES"), an enterprise of the City of Colorado Springs ("City"), a home rule City and Colorado municipal corporation, and Cheyenne Mountain Estates MHC Holdings, LLC, a Minnesota limited liability company, doing business as Cheyenne Mountain Estates ("CME"). In this document, UTILITIES and CME can be referred to individually as "Party" or collectively as "Parties."

Recitals

- A. CME owns the Cheyenne Mountain Estates Manufactured Housing Community ("MHP") located at 8160 Piute Rd., Colorado Springs, CO 80926, and depicted on Exhibit A.
- B. CME owns and operates wastewater treatment and collection facilities that it utilizes to provide wastewater collection, treatment and disposal service to the MHP and single-family residences adjacent to the MHP located within its Service Area depicted on Exhibit A.
- C. CME is currently a party to that certain Sanitary Sewer Service Agreement, dated October 7, 2022, between CME and the Rock Creek Metropolitan District ("RCMD") under which RCMD agreed to provide wastewater treatment service for the residents of the MHP and the single-family residences subject to certain conditions being met ("RCMD Agreement").
- D. CME desires to terminate the RCMD Agreement and instead obtain wastewater treatment service from UTILITIES for properties within CME's Service Area which are anticipated to contribute a Maximum Allowable Flow of up to 20,000 gallons/day Average Annual Flow (0.020 million gallons per day (MGD)) with a maximum hourly flow of 0.054 MGD, and a maximum monthly flow of 25,000 MGD (0.025 MGD) to UTILITIES' Wastewater Treatment System.
- E. UTILITIES will have sufficient wastewater infrastructure and treatment capacity available in its Wastewater Treatment System to provide wastewater collection and treatment services for the anticipated Maximum Allowable Flow from CME subject to the terms and conditions set forth herein.
- F. Pursuant to Colorado Springs City Code and Springs Utilities' Tariffs, regional wastewater service is only available by special contract outside City limits to institutions, plants, organized sewer districts, municipal corporations, or other similar user and only with prior approval by the City Council.
- G. Since CME is not an institution, plant, organized sewer district or municipal corporation, CME's eligibility for regional wastewater service depends on whether it qualifies as a "similar user" in accordance with City Code and Springs Utilities' Tariffs.
- H. To qualify as a "similar user" for the purposes of regional wastewater treatment service, the

requesting entity must own and operate a “domestic wastewater treatment works” as defined in the Colorado Site Location and Design Regulations for Domestic Wastewater Treatment Works (5 CCR 1002-22) that serves the area for which it is requesting service.

- I. Utilities has determined that CME is eligible for Springs Utilities’ regional wastewater treatment service as a “similar user” because CME and its predecessor, Broadmoor Park Village Properties, LLC, have provided and currently provide wastewater collection, treatment and disposal service to individual customers residing in the MHP, and have owned and operated wastewater collection and treatment facilities that meet the definition of a “domestic wastewater treatment works” to provide these services to its customers.
- J. The Parties have entered into this Agreement pursuant to Section 12.5.304 (Service; Special Contract) of Article 5 (Wastewater Treatment Code) of Chapter 12 (Utilities) of the Code of the City of Colorado Springs 2001, as amended (“City Code”).

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

Article I

General Provisions

1. Term. This Agreement shall become effective on the later of (1) the date this Agreement has been executed by both parties or (2) the date the RCMD Agreement is terminated (“Effective Date”) and shall be in effect for a period of twenty-five (25) years.
 - a. No later than twenty-four (24) months prior to the expiration of the Term, the Parties shall begin good faith negotiations on a new agreement for UTILITIES to treat CME’s wastewater, with the expectation that such new agreement shall be substantially similar to this Agreement.
 - 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 CME in writing that CME shall be disconnected from UTILITIES’ Wastewater Treatment System as of the expiration of the Term; or
 - ii. If the Parties mutually agree to continue good faith negotiations for a new wastewater treatment service agreement beyond the Term, the term may be extended for an additional 1-year term at UTILITIES’ sole discretion.
2. Definitions. 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. Defined terms are capitalized.
 - a. Average Annual Flow: 90 day rolling average of wastewater flow rate in million gallons/day.

- b. CME's Customers: The persons residing in the CME Service Area, that receive the benefit of the wastewater treatment service provided hereunder.
- c. CME's Service Area: The Service Area as depicted on Exhibit A.
- d. CME's Wastewater Collection System: Any devices, facilities, structures, equipment or works owned and/or operated by CME for the purpose of collection and transmission of wastewater generated within CME's Service Area to UTILITIES' Wastewater Treatment System.
- e. Industrial User: A source of discharge which introduces pollutants into CME's Wastewater Collection System and UTILITIES' Wastewater Treatment System from any nondomestic source regulated under Section 307(B), (C), or (D) of 33 USC Section 1251, et seq.
- f. Maximum Allowable Flow: The Maximum Allowable Flow shall be calculated based on a ninety (90) day rolling average of discharge as measured at the points of connection described in Article II.1.
- g. Recovery Agreement Charges: A Recovery Agreement Charge may be assessed for each connection to a collection line or use of a pumping station and force mains, where such line or facility is planned or constructed by UTILITIES or is the subject of a Recovery Agreement between UTILITIES and the property owner or developer who constructed such line or facility as of the Effective Date of this Agreement. Consistent with such agreements, the charge will be in an amount which represents a pro rata share of the cost of construction of the line or facility.
- h. UTILITIES' Wastewater Treatment System: Any devices, facilities, structures, equipment or works owned and/or operated by UTILITIES for the purpose of collecting and treating wastewater.
- i. Wastewater Regional System Availability Fee (WWRSAF): A fee assessed for each new connection to UTILITIES' Wastewater Collection and Treatment System by contract outside the corporate limits of the City in areas where UTILITIES' Wastewater Treatment System is available for use by UTILITIES to serve institutions, plants, organized wastewater districts, municipal corporations, or other similar organizations and only with prior approval by the Colorado Springs City Council.
 - i. The WWRSAF reflects the amount of capacity needed within UTILITIES' Wastewater Treatment System to meet the obligations of regional wastewater contracts.
 - ii. The WWRSAF is determined based on the meter size needed to treat the CME's Maximum Allowable Flow.
 - iii. Any entity that paid a WWRSAF or an analogous charge through a contract in place prior to the implementation of the WWRSAF will be credited for the amount paid for the analogous charge. If the entity met its full contractual WWRSAF or equivalent, it is deemed to have met its WWRSAF and will not be charged an additional WWRSAF.

- j. WWLESS: UTILITIES' Wastewater Line Extension and Service Standards, as may be amended or replaced.

3. Jurisdiction and Compliance.

- a. This Agreement is for wastewater treatment service as defined in UTILITIES' Wastewater Rate Schedule "Contract Service – Regional (S9C)," together with UTILITIES' Rules and Regulations ("URRs") as such may be amended or replaced from time to time by the Colorado Springs City Council ("Tariffs"). The wastewater treatment service provided to CME under this Agreement shall be governed, implemented and enforced with regard to CME and CME's Customers in accordance with the Colorado Springs City Charter, the City Code, the Tariffs, WWLESS, and all other applicable City's or UTILITIES' ordinances, resolutions regulations, policies and rules concerning use of UTILITIES' Wastewater Treatment System as may be amended or replaced, except as otherwise provided in this Agreement.
- b. CME is a User of Colorado Springs' publicly owned wastewater treatment works for the purposes of City Code §12.5.102. In accordance with City Code § 12.5.304, CME submits to the jurisdiction of the City for the purposes of implementation and enforcement of City Code Chapter 12, Article 5 with regard to CME and CME's Customers. CME shall by ordinances or resolutions, provide for CME and CME's Customers to submit to the jurisdiction of the City for the purposes of the UTILITIES implementing and enforcing City Code Chapter 12, Article 5 with regard to CME and its Customers and require CME and its Customers to comply with all applicable laws, regulations, rules or policies concerning use of UTILITIES' Wastewater Treatment System as they exist now or may be amended or replaced in the future (collectively, "CME's Sewer Use Regulations"). CME's Sewer Use Regulations must include provisions that mirror or are more stringent than City Code Chapter 12, Article 5. CME shall provide UTILITIES with a draft of CME's proposed Sewer Use Regulations to the contacts set forth in Article III.13 hereof within ninety (90) days after the Effective Date. UTILITIES will have sixty (60) days from its receipt of the draft to provide CME with notice of whether it approves CME's proposed Sewer Use Regulations or if revisions are necessary. If UTILITIES determines that revisions to CME's Sewer Use Regulations are necessary, CME shall provide UTILITIES with revised proposed Sewer Use Regulations that include the revisions. UTILITIES will have sixty (60) days from its receipt of the revised proposed Sewer Use Regulations to provide CME with notice of whether it approves CME's revised proposed Sewer Use Regulations or if revisions are necessary. If UTILITIES provides CME with notice that revisions to the revised proposed Sewer Use Regulations are necessary, CME shall have ninety (90) days to make such revisions and provide UTILITIES with a revised proposed Sewer Use Regulations that includes UTILITIES' requested revisions. UTILITIES will have sixty (60) days from its receipt of the revised proposed Sewer Use Regulations to provide CME with notice of whether it approves CME's revised proposed Sewer Use Regulations or if revisions thereto are necessary. CME shall adopt the approved Sewer Use Regulations within sixty (60) days of receiving notice of UTILITIES' approval of the regulations.

- c. UTILITIES shall provide CME with notice of any revisions made to City Code Chapter 12, Article 5 in the future. CME shall revise and provide the contacts set forth in Article III.13 hereof its revised Sewer Use Regulations that are at least as stringent as the revised version of City Code Chapter 12, Article 5 within sixty (60) days of its receipt of notice from UTILITIES. UTILITIES will have sixty (60) days from its receipt of the draft to provide CME with notice of whether it approves CME's proposed Sewer Use Regulations or if revisions are necessary. If UTILITIES determines that revisions to CME's Sewer Use Regulations are necessary, CME shall provide UTILITIES with revised proposed Sewer Use Regulations that include the revisions. UTILITIES will have sixty (60) days from its receipt of the revised proposed Sewer Use Regulations to provide CME with notice of whether it approves CME's revised proposed Sewer Use Regulations or if revisions are necessary. If UTILITIES provides CME with notice that revisions to the proposed Sewer Use Regulations are necessary, CME shall have ninety (90) days to make such revisions and provide UTILITIES with revised proposed Sewer Use Regulations that includes UTILITIES' requested revisions. UTILITIES will have sixty (60) days from its receipt of the revised proposed Sewer Use Regulations to provide CME with notice of whether it approves CME's revised proposed Sewer Use Regulations or if revisions thereto are necessary.
- d. CME shall provide UTILITIES with notice and a copy of the most recent version of CME's Sewer Use Regulations to the contacts set forth in Article III.13 hereof by **February 15** of each calendar year, and any amendments to said regulations within thirty (30) days of adoption.

4. Wastewater Treatment Service.

- a. During the term of this Agreement, UTILITIES will accept and treat through its Wastewater Treatment System up to 0.020 MGD of wastewater that originates from inside CME's Service Area in accordance with City Code, the URRs, and subject to the terms and conditions contained herein.
- b. UTILITIES shall have no obligation to accept and treat wastewater under this Agreement that originates outside of CME's Service Area or in excess of 0.020 MGD.
- c. CME shall provide to UTILITIES an updated copy of the map of CME's Wastewater Collection System to the contacts set forth in Article III.13 hereof by **February 15** of each year or notice to the same contacts that no changes to CME's Wastewater Collection System have occurred in the preceding year.

5. Expansion of Wastewater Treatment Obligations. Expansion of CME's Service Area/Treatment Obligations. CME may not expand the CME's Service Area or contract to provide wastewater service to customers located outside of its Service Area without first receiving UTILITIES' prior written approval of the expansion or contract, which may require authorization from the UTILITIES' Board of Directors and the Colorado Springs City Council. If CME desires to obtain additional wastewater treatment service from UTILITIES (1) for properties located outside of its Service Area; or (2) that results in CME's discharges to UTILITIES' Wastewater Treatment System to exceed Maximum Allowable Flow of 0.020 MGD

then:

- a. UTILITIES and CME must negotiate an amendment to this Agreement or a new agreement that provides for such an expansion. CME acknowledges that any such amendment of this Agreement or a new agreement may require approval by the UTILITIES' Board of Directors and/or the Colorado Springs City Council. UTILITIES shall have no obligation to treat wastewater and CME shall not introduce wastewater at Maximum Allowable Flow in excess of 0.020 MGD into UTILITIES' Wastewater Treatment System until the parties have entered into such an amendment or new agreement.
- b. CME shall provide notice to UTILITIES of its intent to request expanded wastewater treatment service for other properties prior to CME seeking approval of the proposed changes from El Paso County. The notice must include the number, types of connections, and flow estimates to CME's Wastewater Collection System that will be included in the expanded Service Area.
- c. UTILITIES shall provide notice to CME of whether it supports the requested changes in wastewater treatment service provided by UTILITIES, whether such expanded service will need to be provided under an amendment to this Agreement or a new agreement, and whether such amendment or new agreement will require approval by the UTILITIES' Board of Directors and/or the Colorado Springs City Council within one hundred and eighty (180) days of UTILITIES' receipt of notice of the requested proposed changes to the extent of wastewater treatment service by UTILITIES. CME acknowledges the expansion of wastewater treatment service is limited to properties within CME's Service Area or within areas that may be included in CME's Service Area in the future.

6. Rates, Charges, Surcharges and Fees Payable by CME.

- a. For the services provided hereunder, CME shall pay to UTILITIES the applicable rates, charges, surcharges, and fees as specified in the Tariffs as such may be amended or replaced from time to time by the Colorado Springs City Council. Such charges and fees include, but are not limited to, Treatment Charges and Extra Strength Surcharges, as provided in UTILITIES' rate schedule "Contract Service - Regional", WWRSF and Recovery Agreement Charges as provided in the Tariffs. Surcharges will apply to CME's wastewater that exceeds normal domestic strength for biochemical oxygen demand and total suspended solids and will be based on twenty-four (24) hour composite samples. CME agrees that UTILITIES' rate making process, as embodied in the Tariffs, is fair and reasonable.
- b. CME will continue to pay the rates and charges established in the Tariffs even if UTILITIES changes its Tariffs so long as UTILITIES' process to change the tariffs is conducted in compliance with the laws of the State of Colorado, City Code, and any other applicable law. UTILITIES will notify CME thirty (30) days in advance of City Council's consideration of the change in tariffs applicable to this Agreement.
- c. CME agrees to pay the then prevailing Treatment Charges and Extra Strength Surcharges or replacements, for every cubic foot of wastewater delivered to UTILITIES' Wastewater Treatment System. UTILITIES will bill CME monthly in arrears for such Treatment Charges and Extra Strength Surcharges with payment due within thirty (30) days of the date of

billing.

- d. The WWRSAF reflects the amount of capacity needed within UTILITIES' Wastewater Treatment System to meet the obligations of regional water contracts. The WWRSAF is determined based on the average flow demand in million gallons per day. CME will deliver wastewater to UTILITIES' Wastewater Treatment System at a Maximum Allowable Flow of 0.020 MGD. The WWRSAF for average daily flows less than 0.10 MGD is \$7,162.00 which must be paid by CME within thirty (30) days after the date CME's Wastewater Collection System is connected to UTILITIES' Wastewater Treatment System.
 - e. CME shall pay Recovery Agreement charges for previously constructed and planned wastewater infrastructure that will be utilized by UTILITIES in accordance with the Tariffs, as amended or replaced. CME agrees to pay initial Recovery Agreement charges of \$93,161.85 based on UTILITIES' acceptance of wastewater at Maximum Allowable Flow of up to 0.020 MGD. Such Recovery Agreement charges must be paid by CME within thirty (30) days after the Effective Date. In the event following the Effective Date, the Maximum Allowable Flow of up to 0.020 MGD is exceeded, CME agrees to pay additional Recovery Agreement charges in an amount determined by UTILITIES prior to UTILITIES accepting and treating wastewater at Maximum Allowable Flow in excess of 0.020 MGD. UTILITIES shall provide CME notice of the amount of the additional Recovery Agreement charges and such charges must be paid by CME within thirty (30) days after such notice. The infrastructure that will be used by UTILITIES to provide wastewater treatment service under this Agreement that is subject to the payment of Recovery Agreement Charges by CME are depicted in Exhibit B.
 - f. UTILITIES conducts extensive water quality monitoring and studies in the Fountain Creek watershed and implements projects and programs to maintain and enhance conditions within the Fountain Creek Watershed. CME shall pay a Water Quality Impact Fee that will be calculated and billed annually. The annual fee will be based on CME's pro rata share of UTILITIES' combined yearly wastewater treatment flows, times the cost of UTILITIES' water quality monitoring and studies and Fountain Creek watershed improvements.
 - g. Payments under this Paragraph by CME shall be due at UTILITIES', Customer Services Department, 111 S. Cascade Ave., Colorado Springs, Colorado 80903. If a bill is not paid within thirty (30) days of when it is due, a deposit will be assessed as outlined in the Tariffs as modified or replaced.
7. CME's Responsibilities. In addition to other responsibilities and duties provided in this Agreement, CME shall solely have the following responsibilities:
- a. CME shall be solely responsible for the permitting, construction, operation, maintenance, integrity of, and reporting associated with CME's Wastewater Collection System including, but not limited to, air emissions from CME's Wastewater Collection System, as may be applicable, and spills, leaks, and sanitary sewer overflows (as defined by the United States Environmental Protection Agency ("EPA") from CME's Wastewater Collection System.
 - b. CME shall at all times have in place and make best efforts to enforce its Sewer Use Regulations. In the event that CME fails to provide resources or otherwise fails to implement and enforce its Sewer Use Regulations within CME's Service Area in a timely manner, UTILITIES is authorized to take all such actions on behalf of and as an agent for CME after providing CME with notice of same.

- c. At all times, CME shall cause all wastewater, which is discharged directly or indirectly into CME 's Wastewater Collection System or into UTILITIES' Wastewater Treatment System by CME or CME's Customers, or on their behalf, to comply with CME's Sewer Use Regulations and any requirements of UTILITIES, as permitted by law.
- d. CME shall at all times operate CME's Wastewater Collection System so as not to interfere with service to third parties who rely on UTILITIES' Wastewater Treatment System.
- e. CME'S Wastewater Collection System shall collect only from separate sanitary sewer systems and there shall be no combined sanitary and stormwater systems or stormwater systems connected to CME's Wastewater Collection System.
- f. If CME has a slug discharge as defined in §12.5.201 of the City Code, or a discharge that could cause problems to the UTILITIES' Wastewater Treatment System, UTILITIES shall be immediately notified. Additionally, a written report shall be submitted within five (5) days of the event detailing the date, time and cause of the slug discharge, the quantity and characteristics of the discharge, and corrective action taken to prevent future slug discharges.
- g. CME shall report, in the manner required by applicable laws and regulations provided below, any illicit discharge, spill, leak, or sanitary overflow from CME's Wastewater Collection System, which may endanger human health, the environment or otherwise enter State Waters (as defined in C.R.S. § 25-8-103(19)) directly or indirectly ("Incident") to UTILITIES and the Colorado Department of Public Health and Environment – Water Quality Control Division ("CDPHE"), as soon as CME becomes aware of the Incident. Such notification shall, at a minimum, provide the following information:
 - 1. A description of the Incident including bypass or upsets.
 - 2. The period of and cause of the Incident, the exact dates and times and/or anticipated time when the Incident will be remedied.
 - 3. The steps CME is taking to reduce, eliminate and prevent reoccurrence of the Incident. Incidents shall be reported verbally to UTILITIES and the CDPHE within twenty-four (24) hours and a written report shall be mailed to said entities within five (5) days from the date CME becomes aware of the Incident.
- h. CME shall maintain an approved EPA User Charge System (40 CFR §§ 35.2140). UTILITIES will notify CME by February 15th of each calendar year of UTILITIES' classifications, classes and surcharges per class and any other information on revenues, costs, and allocation of costs between BOD, TSS and flow so as to assure proportional allocation of costs to Users. CME shall provide within sixty (60) days of implementation or upon request by UTILITIES, a report on CME's classes, rates, and implementation provisions. CME will comply with EPA regulations (40 CFR § 35.2140(c)) by advising CME's Wastewater Collection System Users in conjunction with a regular bill (or other means acceptable to the EPA Regional Administrator) of their wastewater rate and that portion of the rate attributable to wastewater treatment services provided hereunder. A copy of the notification shall be forwarded to UTILITIES within sixty (60) days of when

CME provides such notification to its wastewater Customers.

- i. CME is prohibited from contributing excess flows that cause or contribute to overflows, flooding, or non-compliance with UTILITIES' Colorado Discharge Permit System ("CDPS") Permit No. CO-0026735.

8. Relief Systems.

- a. Before UTILITIES is obligated to provide wastewater treatment service and CME is entitled to introduce wastewater into UTILITIES' Wastewater Treatment System at Maximum Allowable Flow in excess of 0.020 MGD, CME must, at no cost to UTILITIES, construct relief systems and necessary appurtenances as determined by UTILITIES, at its sole discretion in accordance with the City Code and the WWLESS, as each may be amended or replaced. Relief systems shall be approved by UTILITIES, and operational before sustained Maximum Allowable Flow from CME's Service Area in excess of 0.020 MGD can be accepted. The relief facilities may be constructed on property owned by CME, within the boundaries of CME, or at other locations within UTILITIES' Wastewater Treatment System that are mutually agreed upon by the Parties. At the discretion of UTILITIES, UTILITIES may, but is not obligated to, enter into a cost sharing agreement with CME to pay a pro rata share of the construction cost of relief systems based upon UTILITIES sole determination of benefit to UTILITIES. Benefit to UTILITIES may be derived from, but not limited to, the following:

1. Relief of pipelines operating in excess of design capacity.
2. Replacement of structurally deficient pipelines.
3. Replacement of pipelines subject to flooding or other hazards.
4. Replacement of pipelines with inadequate operations and maintenance access.
5. Replacement of pipelines subject to excessive inflow/infiltration.
6. Pipelines that provide for the elimination of pump stations and force mains.

- b. UTILITIES shall provide CME with notice of the required relief systems within 90 days of when CME provides UTILITIES with the notice required under Article I.5.b that it intends to expand the wastewater treatment service provided by UTILITIES hereunder to Maximum Allowable Flow in excess of 0.020 MGD. CME shall provide UTILITIES with its designs for the required relief systems in accordance with the current version of the WWLESS. The WWLESS process for design review, construction acceptance, bill of sale, and warranties will apply to the proposed construction of the relief system.

9. Approvals and Permits. The Parties expressly acknowledge that the service contemplated and/or the construction of any Improvements under this Agreement is dependent upon the receipt of any necessary approvals and/or permits by Federal, State, and local governmental and/or regulatory entities. CME shall be responsible for obtaining all approvals and/or permits necessary for the implementation of this Agreement. UTILITIES will cooperate with CME to obtain any necessary approvals and/or permits. If any required approval and/or permit is not obtained by CME, either Party may terminate this Agreement. A copy of such approval or permit shall be provided to UTILITIES by CME.

10. Interpretation of Requirements. In all cases where the application or the enforcement of the City Code, Tariffs or WWLESS, as may be amended, involve technical or scientific analyses or determinations, UTILITIES shall have final authority as to methods, standards, criteria, significance, evaluation, and interpretation of such analyses and determinations.
11. Reusable Return Flows. Unless separately agreed to by the Parties, UTILITIES will retain dominion, and control over treated reusable water effluent resulting from wastewater introduced by CME into UTILITIES' Wastewater Treatment System for treatment until such time as such reusable water effluent is discharged from UTILITIES' wastewater treatment facilities. Upon such discharge, UTILITIES shall have no further right to use or any other interest in the return flows resulting from wastewater introduced by CME into UTILITIES' Wastewater Treatment System and shall have no obligations related thereto.

Article II

Improvements/Connection to UTILITIES' Wastewater Treatment System

1. Point(s) of Connection of CME to UTILITIES' Wastewater Treatment System. CME shall deliver its wastewater to UTILITIES' Wastewater Treatment System at the points of connection located within the wastewater metering vaults depicted on Exhibit C as approved by UTILITIES and any other location agreed to by the Parties in writing. These connection points, and all other approved new, modified or abandoned connections to UTILITIES' Wastewater Treatment System, shall be made and/or disconnected at the expense of CME or third parties, based on agreements between CME and such third parties.
2. CME's Wastewater Collection System Improvements. CME shall be solely responsible, financially and otherwise, for designing, installing, constructing, and operating CME's Wastewater Collection System including, but not limited to, flow meters, wastewater mains, and all infrastructure improvements necessary to connect UTILITIES' Wastewater Treatment System to CME's Wastewater Collection System at the agreed upon points of connection, and all other related facilities necessary for use in connection with this Agreement ("Improvements"). Any Improvements required for the connection of CME Wastewater Collection System to UTILITIES Wastewater Treatment system shall be agreed upon by the Parties in advance and shall be designed, installed, constructed, inspected, operated and maintained in accordance with the City Code and the WWLESS as each may be amended or replaced. The Improvements shall be located on property owned by CME or in rights-of-way or easements dedicated for public utilities or conveyed to CME. CME shall, at its own cost and subject to UTILITIES' approval, locate, design, and construct 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 the WWLESS. UTILITIES acknowledges that other than any new Improvements required under this section, CME's Wastewater Collection System infrastructure was constructed prior to the Parties entering into this Agreement and that the previously installed infrastructure may not be in compliance with City Code or the WWLESS. UTILITIES will not be inspecting or requiring upgrades to such previously installed infrastructure prior to CME connecting to UTILITIES Wastewater Treatment System.

However, any previously installed infrastructure that is part of CME's existing Wastewater Collection System or any infrastructure that is subsequently acquired by CME that does not comply with the WWLESS shall be brought into compliance at the time such infrastructure is repaired or replaced.

3. Wastewater Discharge Meters/Vaults.

- a. In addition to any other Improvements required under Article II.2 hereof, within xx (xxx) days of the Effective Date CME must design and install all required facilities related to wastewater discharge meters that will record the amount of wastewater delivered to UTILITIES' Wastewater Treatment System by CME, including, but not limited to, the wastewater metering vault and appurtenances depicted in the WWLESS detail C3-8, the electrical supply to the operating equipment inside the metering vault, and for providing adequate maintenance access to the vault. CME's obligations with regard to the meter vault and appurtenances extends to and includes providing a suitable housing/protection and electric supply for any required instrumentation and Remote Terminal Units used to collect and transmit level and flow data to UTILITIES. CME must obtain UTILITIES' approval of the design and installation of all such facilities. CME shall be responsible for costs of future modifications of the metering flume required to measure increased flows when phased installations, such as nested flumes, are required to accurately measure multiple ranges of flows considered under this Agreement.
- b. UTILITIES shall read, operate, maintain, and replace the discharge meter(s) at UTILITIES' cost.
- c. The accuracy of the meter shall be verified by UTILITIES upon installation and on an annual basis thereafter, with results provided to UTILITIES and CME. CME has the right to request meter verification tests more often than once annually; however, if the accuracy of the meter tests ARE within +/-2% of the results of the most recent past annual test, CME shall be responsible for the cost of the test. If the meter does not test within the +/-2% accuracy imitation specified herein, then UTILITIES shall be responsible for the cost of meter calibration. In the event that the meter is found to be in error, no adjustments to previous invoices will be permitted.

4. Ownership and Maintenance of Improvements. It is understood by the Parties that the point of demarcation between CME's Wastewater Collection System and UTILITIES' Wastewater Treatment System will be located at the metering vault. All infrastructure, including the Improvements, located upstream of the metering vault is understood to be owned and maintained by CME and all infrastructure, including the Improvements, located downstream of the metering vault is understood to be owned and maintained by UTILITIES. Unless earlier dedicated by plat, upon completion of design, installation and construction of the Improvements, CME shall convey and dedicate to UTILITIES or shall cause the conveyance and dedication to UTILITIES by a third party who owns the Improvements, on forms acceptable to UTILITIES, ownership of all the Improvements located on the UTILITIES' side of the metering vault(s), as depicted on Exhibit C, and the right to locate the Improvements dedicated and conveyed to UTILITIES on property upon which they are located. UTILITIES shall be responsible for the operation, maintenance and repair of all Improvements dedicated

to it and after they are conveyed to it pursuant to this Paragraph. CME shall continue to own all of the other Improvements. CME hereby agrees to grant UTILITIES ingress and egress over and through CME's property to the CME-owned Improvements so that UTILITIES may operate, maintain, repair, and inspect the Improvements that UTILITIES is responsible for as well as perform its other duties under this Agreement. If such an easement is necessary, CME shall provide UTILITIES with an easement providing for such ingress and egress in a form approved by UTILITIES. CME shall be responsible for the operation, maintenance and repair of all Improvements not conveyed and dedicated to UTILITIES hereunder, including any repair or maintenance that is requested by UTILITIES. The Parties shall keep the Improvements and every part thereof for which they are responsible pursuant to this Paragraph maintained and in good repair so that they continue to properly serve the purposes for which they were originally intended. All repair or maintenance of the Improvements shall be completed in a timely manner and in accordance with the City Code and the WWLESS, as each may be amended or replaced. CME agrees to provide UTILITIES with a continuously complete record of all Improvements.

Article III

CME Industrial Pretreatment Program Responsibilities Delegated to UTILITIES

1. Industrial Users. At the present time, CME does not anticipate that there will be any Industrial Users connected to its Wastewater Collection System. However, the Parties acknowledge that connection of Industrial Users to CME's Wastewater Collection System in the future is possible. The provisions of this Article III will apply in the event commercial and/or industrial customers are connected to CME's Wastewater Collection System in the future.
2. Delegation of Industrial Pretreatment Program Responsibilities. CME designates UTILITIES as the agent of CME for the purposes of implementation and enforcement of CME's Sewer Use Regulations promulgated pursuant to Article I.3.b hereof against Industrial Users located in CME's Service Area ("CME's Industrial Pretreatment Responsibilities"). As such, UTILITIES shall have direct authority to develop, implement, and enforce all pretreatment standards and requirements as necessary to regulate Industrial Users located in CME's Service Area. This includes, but is not limited to, those responsibilities and obligations set forth in the United States Code of Federal Regulations and Colorado Code of Regulations and implementing regulations. CME agrees that UTILITIES will implement CME's Industrial Pretreatment Responsibilities in accordance with City Code Chapter 12, Article 5, as well as *UTILITIES' Enforcement Response Plan, Silver Source Control Policies & Procedures Manual, Mercury Source Control Policies & Procedures Manual, Fats, Oil and Grease Policies & Procedures Manual, Liquid Waste Hauler Program Policies and Procedures Manual*, and other related sector control program requirements ("UTILITIES' Industrial Pretreatment Program Standards").
3. Compliance with Discharge Limitations. CME hereby agrees to comply and require its Customers whose discharged flow enters into UTILITIES' Wastewater Treatment System to comply, with the discharge prohibitions, discharge limitations, and points of discharge limitations set forth in CME'S Sewer Use Regulations and City Code Chapter 12, Article 5.
4. Technical and Administrative Duties. UTILITIES, on behalf of and as agent for CME, will perform technical and administrative duties necessary to implement and enforce CME's Sewer Use Regulations including, but not limited to: (1) updating its industrial waste inventory

to include users within CME's Service Area; (2) issuing or co-issuing permits to all Industrial Users that are required to obtain a permit (see Article III.8 hereof); (3) conducting inspections, sampling and analysis related to Industrial Users; (4) taking all appropriate enforcement action as outlined in City Code Chapter 12, Article 5 as well as UTILITIES' enforcement response plan and provided for in CME's Sewer Use Regulations; (5) providing CME with notice of enforcement actions UTILITIES takes against any Industrial User in CME's Service Area; and (6) performing any other technical or administrative duties UTILITIES deems appropriate.

5. UTILITIES Emergency Actions. In addition, UTILITIES, may, as agent of CME, take emergency action to stop or prevent any discharge to UTILITIES' Wastewater Treatment System originating within CME's Service Area which presents or may present an imminent danger to the health or welfare of humans, which reasonably appears to threaten the environment, or which threatens to cause interference, pass through, or sludge contamination.
6. UTILITIES' Duties. UTILITIES, on behalf of and as an agent of CME, agrees to perform the following actions and duties as necessary to implement and enforce CME's Sewer Use Regulations and City Code Chapter 12, Article 5 consistent with 40 CFR 403.8(f):
 - a. Review and authorize the connection of an industrial user to CME's Wastewater Collection System;
 - b. Control through permit or other means, the contribution of wastewater to UTILITIES' Wastewater Treatment System by Industrial Users within CME's Service Area. Without limitation, UTILITIES shall have the right to prohibit any connection to, or discharges into, CME's Wastewater Collection System of an Industrial User in accordance with City Code;
 - c. Require CME's Customers to comply with all requirements of UTILITIES' Industrial Pretreatment Standards;
 - d. Deny or condition new or increased contributions of pollutants or changes in the nature of pollutants by an Industrial User;
 - e. Require the development of compliance schedules by Industrial Users for installation of technology required to meet UTILITIES' Industrial Pretreatment Program Standards;
 - f. Require submission of all notices and self-monitoring reports from Industrial Users as are necessary to assess and assure compliance with UTILITIES' Industrial Pretreatment Program Standards as well as CME's Sewer Use Regulations;
 - g. Carry out all inspection, surveillance and monitoring procedures necessary to determine whether an Industrial User is complying with UTILITIES' Industrial Pretreatment Program Standards as well as CME's Sewer Use Regulations;
 - h. Carry out all inspections, surveillance and monitoring necessary to ensure compliance with UTILITIES' Industrial Pretreatment Program Standards as well as CME's Sewer Use Regulations;
 - i. Enter the property/premises of an Industrial User in which a discharge source or pretreatment infrastructure is located, or in which required records are kept, to ensure compliance with UTILITIES' Industrial Pretreatment Program Standards as well as CME's Sewer Use Regulations;

- j. Evaluate and enforce compliance with Industrial Pretreatment Program Standards and requirements utilizing remedies including, but not limited to, injunctive relief and assessment of civil or criminal penalties for violations; and
 - k. Meet the confidentiality requirements set forth in 40 CFR Part 403.14.
7. CME's Duties. CME is responsible for, and hereby accepts the following duties and agrees to perform the following actions in relation to all Industrial Users within CME's Service Area:
- a. Prior to allowing an Industrial User to connect to CME's Wastewater Collection System, CME shall provide UTILITIES with notice of its intent to permit connection of an Industrial User to CME's Wastewater Collection System that includes such customer's name, address, Standard Industrial Classification code, and average daily water usage;
 - b. Submit to UTILITIES' Industrial Pretreatment Program, quarterly by January 31, April 30, July 31, and October 31 each year during the term of this Agreement, an updated inventory of all Industrial Users and commercial customers connected to CME's Wastewater Collection System. Such inventory shall include such customer's name, address, Standard Industrial Classification code and/or NAICS code, and average daily water usage for the previous quarter;
 - c. CME shall provide the resources and commit to implementation and enforcement of its Sewer Use Regulations with UTILITIES' oversight;
 - d. CME agrees to be responsible for any violations of applicable law for failure of UTILITIES' Industrial Pretreatment Program meeting applicable law resulting from CME's neglect, failure to report any known violations, or failure to comply with the terms and conditions of this Agreement; and
 - e. CME shall inform UTILITIES at least two (2) weeks prior to any planned significant change in operations which will affect wastewater characteristics or at least ninety (90) days prior to discharge of any wastewater from a new Industrial User as defined in City Code. Unplanned changes in wastewater characteristics must be reported within seven (7) days after the change becomes known.
8. Co-Issue Permits. CME may co-issue all permits if CME notifies UTILITIES' Industrial Pretreatment Program Director in writing requesting to do so. UTILITIES will take the lead in preparing draft control mechanisms.
9. Enforcement Discretion. CME and UTILITIES shall each retain their enforcement discretion. Regarding Industrial Users served by CME, each Party shall be copied on all notices of violation and administrative orders issued by the other Party. Notwithstanding the above, UTILITIES has full authority to take enforcement action directly against any CME Customer discharging flows to the UTILITIES' Wastewater Treatment System as provided in the City Code. UTILITIES shall notify CME when assessing penalties, terminating wastewater treatment service, or seeking criminal sanctions against any of CME's Customers. UTILITIES shall provide CME with a status report regarding the compliance of Significant Industrial Users within CME's boundaries on or before **April 1** of each year.
10. Challenges to UTILITIES' Authority. CME agrees that if UTILITIES' authority to act as agent for CME under this Agreement is questioned or challenged by an Industrial User within CME's Service Area, administrative agency, court of law, or otherwise, CME will take all actions necessary to ensure that implementation and enforcement of its Sewer Use Regulations

against any Industrial User within its Service Area discharging flows into UTILITIES' Wastewater Treatment System, including implementing its Sewer Use Regulations on its own behalf.

11. Admission to Property. CME acknowledges that UTILITIES has the power to carry out all inspection, surveillance, and monitoring procedures necessary in accordance with City Code § 12.5.805. CME's Sewer Use Regulations shall provide that UTILITIES is authorized to enter any premises of any industrial user located within CME's Service Area to determine compliance with applicable pretreatment standards and requirements, or access CME's wastewater collection system at any time in order to obtain samples.

12. Charges and Fees Related to Industrial Pretreatment Program.

- a. To CME. UTILITIES may bill CME under this Agreement for any costs associated with performing the responsibilities delegated to UTILITIES in this Article III.
- b. To Industrial Users. Prior to allowing an Industrial User to connect to CME's Wastewater Collection System, CME shall collect all fees related to wastewater treatment for Industrial Users as set forth in the Tariffs and pay those fees to UTILITIES. All general and special sewer service charges, and other charges levied against Industrial Users by CME, shall be retained by CME, except as otherwise provided by this Agreement or applicable law. Permit fees shall be retained by UTILITIES.
- c. Enforcement. All penalties or other enforcement receipts arising from enforcement actions taken by UTILITIES against CME or CME's Customers under this Article III shall be collected and retained by UTILITIES.

13. Submittals. Any submittal required by this Article III, shall be made in accordance with Article V.4 hereof, and provided at the following address:

Colorado Springs Utilities
Attn: Industrial Pretreatment Program
701 E. Las Vegas St.
Colorado Springs, CO 80903

Article IV Remedies

1. Liquidated Damages. Damages to UTILITIES resulting from CME's breach of this Agreement are difficult to ascertain. To the extent permitted by law, in addition to any and all costs and charges provided herein, and in accordance with City Code § 12.5.304:B.2, CME is subject to liquidated damages for violation of provisions of City Code Chapter 12, Article 5, in an amount equal to the penalties imposed pursuant to said Article. Such liquidated damages are a reasonable estimate of damages to UTILITIES and are not a penalty.
2. Consequential Damages. CME acknowledges and agrees that any illicit discharge of industrial wastewater by CME, or a CME Customer, may subject CME 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 UTILITIES' CDPS permit where the discharge of CME or its Customer(s) caused or contributed to the violation.

3. Disconnection Damages. It is agreed that the damage to UTILITIES, if CME disconnects from UTILITIES' Wastewater Treatment System prior to the expiration of the term of this Agreement or any extension thereof, will not be less than the reproduction costs of any of UTILITIES' facilities, including UTILITIES' owned Improvements which are rendered useless by such disconnection, and which must be replaced in order for UTILITIES to provide wastewater treatment service to UTILITIES' other customers unless the disconnection is required by events beyond the reasonable control of CME.
4. Breach of Agreement. Upon any breach of this Agreement, which does not also constitute a breach of City Code Chapter 12, Article 5, UTILITIES shall have the immediate right to: (a) seek specific performance; (b) be reimbursed for costs; and (c) be entitled to money damages for the time period between the breach and the order for specific performance. Said rights also apply if liquidated damages, as provided in City Code § 12.5.304: B.2, are unavailable.
5. Termination by UTILITIES. CME acknowledges and consents to UTILITIES' right to terminate this Agreement without liability or obligation to CME, CME's Customers or any other person or entity: (1) due to CME's breach of a material term or condition of this Agreement, if CME has not taken substantial steps to cure the breach within a reasonable period of time from delivery of notice of its breach from UTILITIES; or (2) as otherwise authorized by the City Code or City Council but only after reasonable and proper notice to CME, public hearing, and an opportunity to be heard. UTILITIES shall promptly notify CME of circumstances that could result in a breach or changes in City Code, or City Council action that could result in termination of the Agreement. In the alternative, if UTILITIES determines that the breach(s) may result in an immediate health hazard or harm to person or property, UTILITIES, may take control of any portion of CME's Wastewater Collection System and other CME facilities which UTILITIES find to be necessary for provision of wastewater treatment service within CME's Service Area for the purpose of remedying the breach(s). UTILITIES will provide CME with notice of the action(s) taken within a reasonable timeframe. While in control of any portion of CME's Wastewater Collection System, UTILITIES may immediately take all actions it deems necessary to correct the noticed breach(s) and put in place corrective measures to prevent further breaches. CME agrees to reimburse UTILITIES for all expenses incurred by UTILITIES in correcting the breach or breaches and putting in place corrective measures to prevent further breaches. Upon such payment, control of the applicable portions of CME's Wastewater Collection System shall be returned to CME. The notice provision of this subparagraph shall not apply when UTILITIES determines that the breach(s) may result in an immediate health hazard or harm to person or property, in which case UTILITIES may take immediate control of any portion of CME's Wastewater Collection System and take the same actions regarding a noticed breach(s), upon hand delivery of written notice of the breach and description of the harm likely to result. The term breach of a material term or condition by CME shall include, but not be limited to, failure to continue to exist as a municipal, quasi-municipal or corporate entity or similar user; failure to maintain CME's Wastewater Collection System; failure to perform functions necessary to the operation of CME's Wastewater Collection System or UTILITIES' Wastewater Treatment System; failure to adopt measures or take actions required to enable UTILITIES to obtain any required permits; unauthorized extension of wastewater treatment service or expansion of CME's Service Area; unauthorized connection of a CME extraterritorial customer to CME's Wastewater Collection System; failure

to make payments required under the Agreement; or other actions or inactions which could reasonably cause a health hazard or harm to persons or property.

6. Termination by CME. CME may terminate this Agreement due to a material breach on the part of UTILITIES if UTILITIES has not taken substantial steps to cure the breach within a reasonably sufficient time frame that allows UTILITIES to cure the material breach after receiving written notice of such breach from CME.
7. Effect of Termination. Upon termination by either Party, UTILITIES shall have no further obligation to provide wastewater treatment service to CME or CME's Customers and CME's Wastewater Collection System shall be disconnected from UTILITIES' Wastewater Treatment System. Upon termination, UTILITIES shall determine the connection facilities between CME's Wastewater Collection System and UTILITIES' Wastewater Treatment System that must be removed at CME's sole expense in accordance with the WWLESS. UTILITIES shall determine the way the connection facilities are to be removed and wastewater treatment service discontinued in accordance with the Tariffs and WWLESS. All outstanding charges owed by CME to UTILITIES are due and payable prior to the disconnection of service. If all outstanding charges owed by CME to UTILITIES are not paid prior to disconnection, CME's obligation to make full payment shall survive termination of this Agreement.
8. Time for Cure. The time frame for a Party to cure a material breach shall be set forth in the notice of breach and shall in no event be less than ninety (90) days except in the case of an emergency.
9. Enforcement of Rights. Nothing herein shall prevent either Party from enforcing its rights under this Agreement by an appropriate legal or equitable action.
10. Remedies Cumulative. Remedies herein are cumulative and may be used individually, sequentially, concurrently, or in any order.

Article V Miscellaneous

1. Parties' Enforcement Powers. Both Parties to this Agreement recognize in the other Party the power to enforce its laws, rules and regulations and the terms of this Agreement by turning off or disconnecting wastewater treatment service to a property within CME's Service Area for violations of such laws, rules, regulations and this Agreement. Neither Party shall turn back on or reconnect wastewater treatment service for a property after the same has been turned off or disconnected by the other Party in the course of enforcing its laws, rules, or the terms of this Agreement, except upon written consent of the Party originally causing the turn off or disconnection. Each Party agrees to provide notice to the other Party prior to turning off or disconnecting wastewater treatment service to property for violations of its laws, rules, regulations and this Agreement.
2. Annual Reviews of Agreement. CME understands that UTILITIES is a publicly owned treatment works, and is required by the Clean Water Act, 33 USC § 1251, *et seq.*, to control wastewaters introduced by all Users into UTILITIES' Wastewater Treatment System. CME

also understands that UTILITIES is subject to present and continuing Federal and State statutory and regulatory controls and other factors which may, subsequent to the date of this Agreement, be added to or amended. The Parties will review and determine if revisions to this Agreement are necessary to ensure compliance with all applicable Federal, State and local laws, rules and regulations issued thereunder and other added or amended controls or factors, as necessary, but at least once every year on or before **February 15**. CME agrees to cooperate with UTILITIES in preparing, executing and implementing any revisions to this Agreement deemed necessary by UTILITIES as part of the annual review.

3. CME Rules and Regulations. CME retains the full right to make and enforce rules and regulations not inconsistent with or less stringent than the Colorado Springs City Charter, the City Code, the Tariffs, and WWLESS to govern water use within CME's Service Area. CME agrees to exercise its rulemaking, rate/fee-setting and other powers to assist UTILITIES in enforcing the Tariffs and WWLESS.
4. CME Dissolution. In the event that CME seeks to dissolve pursuant to relevant laws, rules and regulations, CME shall provide a copy of its dissolution petition to UTILITIES at the time of its filing. The dissolution petition shall provide for assignment of CME's rights and obligations under the Agreement to a party acceptable to UTILITIES. If no provision is made for such an assignment or other arrangement reasonably acceptable to UTILITIES, upon CME's dissolution, this Agreement shall be null, void and of no further force or effect, and UTILITIES shall have no further obligation to provide wastewater treatment service pursuant to the terms of this Agreement.
5. Representatives and Notice. All notices, reports and submittals required by this Agreement shall be in writing, signed by an authorized representative of the Party providing the notice, report or submittal and shall be personally delivered, sent by overnight delivery service, or mailed by certified mail, postage prepaid, return receipt requested, as follows:

a. For UTILITIES:

Chief System Planning and Projects Officer
Courier Service Address:
Colorado Springs Utilities
ATTN: Customer Utilities Connections Manager
1521 S. Hancock Expressway.
Colorado Springs, CO 80903

United States Postal Service Address:
Colorado Springs Utilities
Customer Utilities Connections Manager
1521 S. Hancock Expressway.
Colorado Springs, CO 80903

With copy to:

City Attorney's Office - Utilities Division

Courier Service Address:
City Attorney's Office
ATTN: Utilities Division
30 S. Nevada Ave.
Colorado Springs, CO 80903

United States Postal Service Address:
City Attorney's Office
ATTN: Utilities Division
P.O. Box 1575, Mail Code 510
Colorado Springs, CO 80901-1575

b. For CME:

Cheyenne Mountain Estates MHC Holdings, LLC
Attn: Josh Winter and Larry Saliterman
350 State Highway 7, Suite 224
Excelsior, MN 55331

With Copy to:

David G. Eisenstein
Blockwick Eisenstein Krahenbuhl, LLC
2672 North Park Drive, Suite 200
Lafayette, CO 80026

Local Community Manager
Cheyenne Mountain Estates MHP
8160 Piute Road
Colorado Springs, CO 80926

6. Force Majeure. Neither Party hereto shall be liable to the other for any failure, delay, or interruption in performing its obligation hereunder due to causes or conditions beyond its reasonable control, including strikes, riots, wars, floods, fires, explosions, global pandemics, epidemics, acts of nature, acts of government, labor disturbances, or if such performance would be prohibited or limited by any federal, state, or local law, rule, regulation, order or directive.
7. 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.
8. 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. Acceptance by UTILITIES into UTILITIES' Wastewater Treatment System from CME of wastewater in a volume or with characteristics exceeding or violating any limit or restriction provided for, by or pursuant to this Agreement, in one or more instances or under one or more circumstances, shall not constitute a waiver of such limit or restriction or of any of the provisions of the Agreement and shall not in any way obligate UTILITIES thereafter to accept or to make provision for wastewater delivered and discharged into UTILITIES' Wastewater Treatment System in a volume or with characteristics exceeding or violating any such limit or restriction in any other instance or under any other circumstances.

9. Audits. UTILITIES shall have the right to audit at any time all of CME's records relating to any of CME's Customers or relating to compliance with this Agreement. CME shall have the right to audit all UTILITIES' records relating to compliance with this Agreement.

10. Liability.

- a. 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.*
 - b. UTILITIES' Limitation of Liability. In addition to force majeure events described in this Agreement, UTILITIES shall not be liable to CME for failure to accept or treat CME's wastewater when such failure is the result of upset or mechanical or power failure. In emergency circumstances, UTILITIES shall have the right to interrupt wastewater service and require CME to temporarily store and contain wastewater flows to the extent of CME's storage capabilities in the event of malfunction or upset of UTILITIES' facilities. In the event of planned maintenance which makes UTILITIES' Wastewater Treatment System unavailable to accept CME's wastewater, UTILITIES shall give CME ten (10) days prior notice of the planned maintenance shall be given to CME, after which CME will temporarily store and contain wastewater to the extent of its storage capabilities.
11. No Third-Party Beneficiaries. Nothing herein shall be construed to give any rights or benefits hereunder to anyone other than UTILITIES and CME. Enforcement of the terms and conditions of this Agreement, and all rights of action relating to such enforcement, shall be strictly reserved to CME and UTILITIES, and nothing contained in this Agreement shall give or allow any such claim or right of action by any other or third person under such Agreement. It is the express intention of CME and UTILITIES that any person other than CME or UTILITIES receiving services or benefits under this Agreement shall be deemed to be an incidental beneficiary only.
 12. 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 CME for future performance and obligations thereafter in excess of UTILITIES' authorized appropriation for this Agreement or the applicable spending limit, whichever is less. UTILITIES will notify CME as soon as reasonably practicable in the event of non-appropriation or in the event a spending limit becomes applicable.

13. 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 Agreement provisions shall continue to be binding upon the Parties who agree that this Agreement shall be reformed to replace such stricken provision with a new provision that comes as close as possible to expressing the intention of the stricken provision.
14. No Assignment Without Consent. Except as provided herein, 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. Notwithstanding anything herein to the contrary, upon written notice to CME, UTILITIES may assign this Agreement without consent to the City of Colorado Springs. Notwithstanding anything herein to the contrary, upon written notice to UTILITIES, CME may assign this Agreement without consent to any purchaser of or any other successor in interest to CME in the MHP, provided such purchaser or successor in interest agrees in writing with UTILITIES and CME to assume all of CME's rights and obligations under this Agreement.
15. 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.
16. Governing Law, Jurisdiction and Venue. This Agreement shall be construed in accordance with the laws of the State of Colorado without reference to conflicts of laws, the Colorado Springs City Charter, the City Code, and the Tariffs. In the event of litigation, this Agreement shall be enforceable by or against the City on behalf of UTILITIES as provided in City Code § 12.1.109. In the event of any dispute over the Agreement's terms and conditions, the exclusive venue and jurisdiction for any litigation arising hereunder shall be in the District Court of El Paso County, Colorado and, if necessary, for exclusive federal questions, the United States Court for the District of Colorado.
17. Entire Agreement; Modifications to be in Writing. This Agreement with attachments constitutes the entire agreement between the Parties and supersedes all previous written or oral communications, understandings, and agreements between the Parties unless specifically stated herein. This Agreement may only be amended by a written agreement signed by both

Parties. E-mail and all other electronic (including voice) communications from UTILITIES in connection with this Agreement are for informational purposes only. No such communication is intended by UTILITIES to constitute either an electronic record or 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.

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

COLORADO SPRINGS UTILITIES

CHEYENNE MOUNTAIN ESTATES
MHC HOLDINGS, LLC, a Minnesota
limited liability company

By: _____

By: _____

Name: _____

Name: Larry Saliterman

Title: Chief Executive Officer

Title: Chief Manager

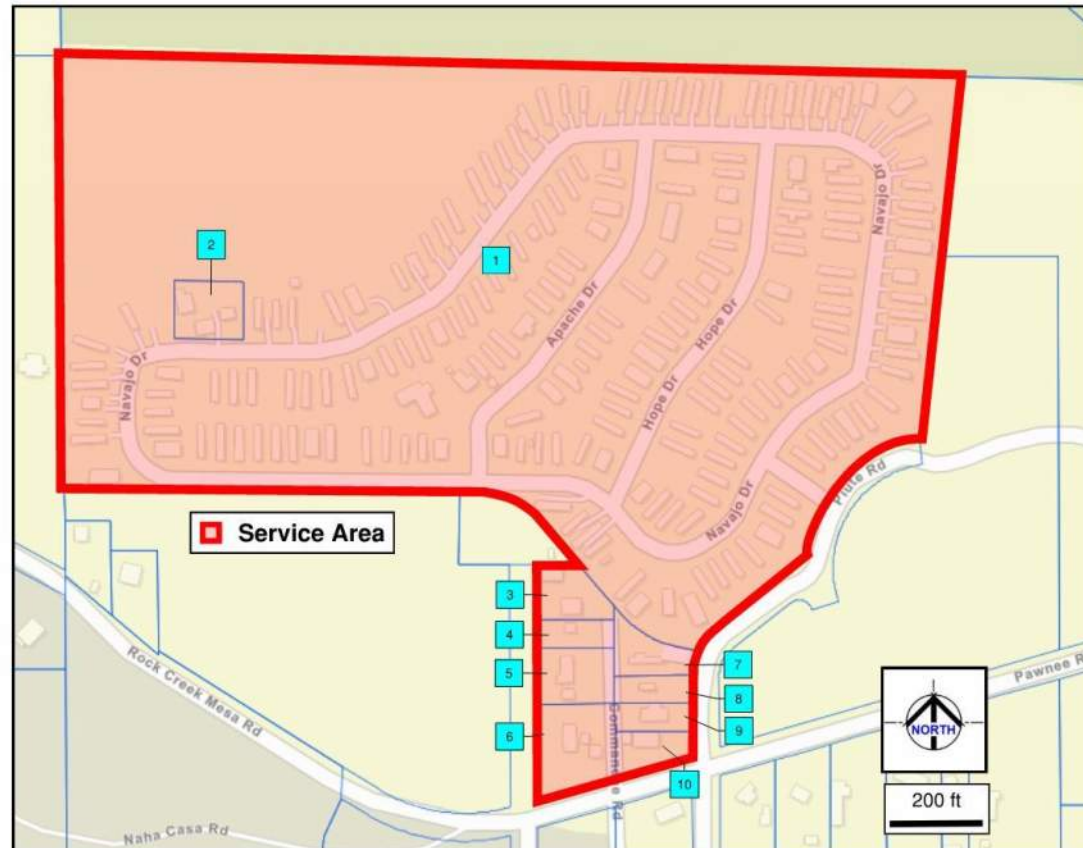
Date: _____

Date: _____

Approved as to form:

Exhibit A
to the
WASTEWATER SERVICE AGREEMENT
Cheyenne Mountain Estates MHC Holdings, LLC
Service Area

Exhibit A - CME Wastewater Service Area



Note 1: Parcel labeled 1 denotes the MHP. Parcels labeled 2 - 10 denote undeveloped parcels or parcels with existing single-family residences located outside of the boundary of the MHP but within CME's Wastewater Service Area.
Note 2: Parcels labeled 3, 5, 7, 8, 9, and 10 are presently connected to CME's Wastewater Collection System.

Exhibit B
to the
WASTEWATER SERVICE AGREEMENT
Cheyenne Mountain Estates MHC Holdings, LLC
Recovery Agreement Maps

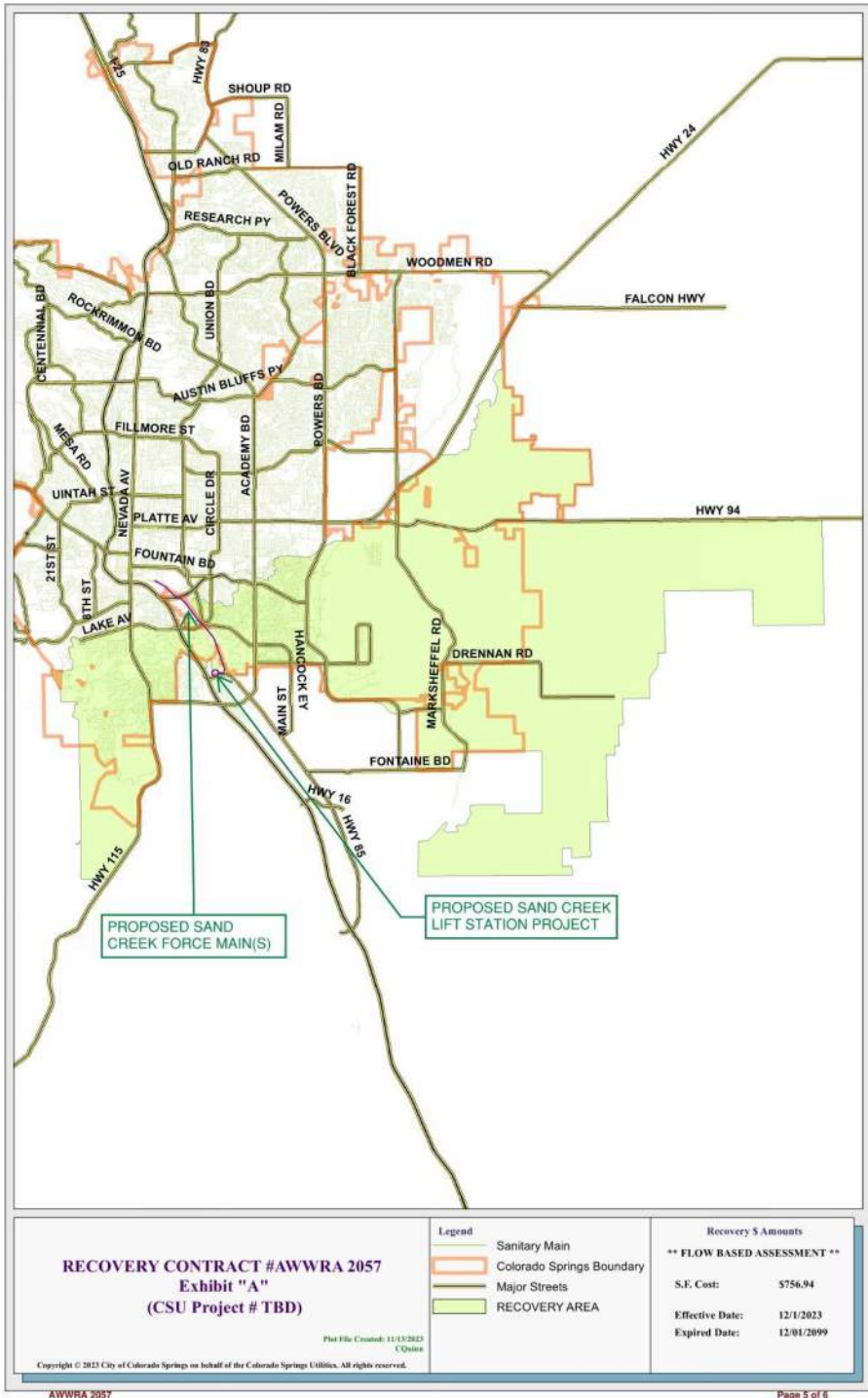
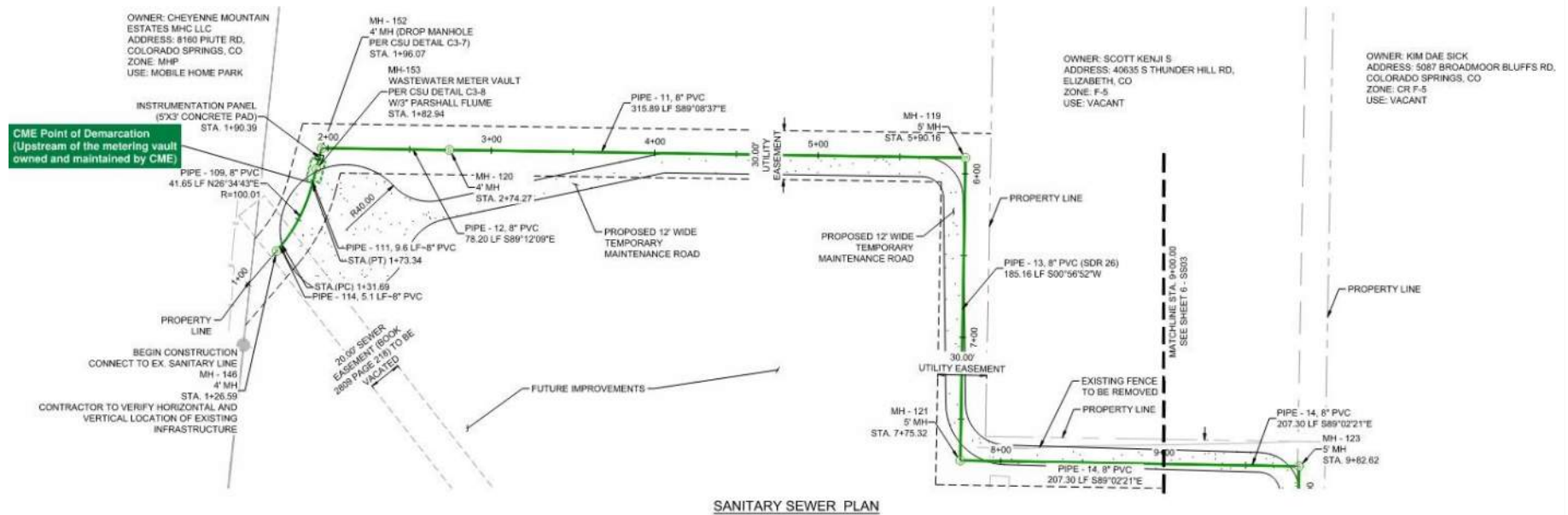


Exhibit C
to the
WASTEWATER SERVICE AGREEMENT
Cheyenne Mountain Estates MHC Holdings, LLC
Point of Demarcation



Board Memo Agenda Item

Staff Report

Date: (Date of Utilities Board Meeting)	June 18, 2025		
To:	Utilities Board		
From:	Travas Deal, Chief Executive Officer		
Subject:	Utilities Policy Advisory Committee (UPAC) Assignment Approval		
NARRATIVE:			
Desired Action: Choose only one	☒ Approval ☐ Discussion ☐ Information		
Executive Summary:	The Utilities Policy Advisory Committee (UPAC) is an advisory committee directed by the Utilities Board that reviews, analyzes, and provides recommendations on specific issues or policies. The Utilities Board has the authority to direct UPAC to study specific issues or policies and provide recommendation to the Utilities Board. UPAC's last assignment was completed in February 2025. At the May Working Committee, the Utilities Board narrowed on two potential assignment options and now need to vote on which to approve. Following the assignment selection, the Utilities Board Liaison will work with UPAC to define the scope and bring that forward to the full Utilities Board for approval in July.		
Benefits:	UPAC's recommendations provide valuable insight for the Utilities Board to consider on specific policy or research-based issues.		
Board Policy: If this impacts one of the board policies, indicate that here.	Operational Resources P-5		
Cost / Budget: Include the projected cost or budget here.	N/A		
Affected Parties: This could include community groups, specific City Council Districts, other utilities, nonprofit organizations, certain neighborhoods, Colorado Springs Utilities employees, etc.	Utilities Board members, Utilities Policy Advisory Committee members, Colorado Springs Utilities staff and customers		
Alternatives:	N/A		
Submitter:	Bethany Schoemer	Email Address:	bschoemer@csu.org
Division:	Administration and Human Resources	Phone Number:	719-668-3811
Department:	Public Affairs	Date Submitted:	June 2, 2025
SPG Staff Use Only:	Consent Calendar ☐ Yes ☒ No		Item Number 12
ITEMS SUBMITTED AFTER THE DEADLINE WILL BE POSTPONED UNTIL THE NEXT UTILITIES BOARD MEETING.			



Utilities Policy Advisory Committee (UPAC) Assignment Approval

Dave Donelson
Utilities Board Chair

Assignment Options

Geothermal

- What are the environmental impacts of geothermal energy?
- Is geothermal energy even feasible in Colorado?
- What is the current regulatory environment for geothermal energy?

Decarbonization

- How do we deal with the unfunded mandates from the state of Colorado?
- What are we paying for electrification?
- How are other utilities that have unfunded decarbonization mandates paying for it and staying in compliance with their respective state laws?

Assignment Vote

Next Steps

- UB Liaison will work with UPAC and finalize a scope to bring forward to the full Utilities Board for approval in July
- After the July Utilities Board meeting, UPAC will begin their research, and the Utilities Board will receive periodic updates before their assignment recommendation is finalized



Colorado Springs Utilities[®]

It's how we're all connected