

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

THIS AGREEMENT (“Agreement”), beginning the ____ day of February, 2024, is made and entered into by and between Colorado Springs Utilities, an enterprise of the City of Colorado Springs, a Colorado home-rule city and municipal corporation, hereinafter called “UTILITIES,” and the Stratmoor Hills Water District, 1811 B Street, Colorado Springs, Colorado, acting through its water activity enterprise hereinafter called the “DISTRICT.” Both the UTILITIES and DISTRICT hereinafter are each individually referred to as “Party” and collectively referred to as the “Parties.”

I. RECITALS

- A. DISTRICT, is a Colorado statutory water district with service boundaries located just south of Colorado Springs, north of Fort Carson, and west of Security, was formed October 16, 1956, and currently serves a customer base of approximately 2,000 taps in the Colorado Springs metropolitan area;
- B. DISTRICT is a participant in the Fountain Valley Authority (“FVA”) and has been included within the Southeastern Colorado Water Conservancy District (“SECWCD”);
- C. As an FVA participant, DISTRICT is entitled to deliveries of Frying-Pan Arkansas Project water allocated to the Fountain Valley Conduit by SECWCD (“FVA Water”) utilizing FVA’s water conveyance and treatment system (“FVA Distribution System”);
- D. The FVA Water allocated to DISTRICT is supplemented with other water supplies that are delivered to DISTRICT through infrastructure other than the FVA Distribution System (“Non-FVA Distribution System”);
- E. Under a 1983 Agreement, UTILITIES is obligated to provide water service to DISTRICT in the event FVA’s Distribution System is not in operation;
- F. To facilitate the water service under the 1983 Agreement, a connection between UTILITIES’ Water System and DISTRICT’s Water System was constructed (“FVA Standby Connection”).
- G. DISTRICT is rehabilitating the FVA Standby Connection to be in compliance with current UTILITIES’ Water Line Extension and Service Standards;

- H. In the event FVA is operating, DISTRICT desires to have the ability to receive standby water service for the delivery of DISTRICT Water, or from time to time UTILITIES Full Service Water, conveyed through UTILITIES' water system to the FVA Standby Connection to meet the water demands of the DISTRICT if there are disruptions to the DISTRICT's Non-FVA Water Distribution System operations;
- I. UTILITIES has sufficient system capacity, and may, from time to time, have available water supply to provide Standby Regional Water Service to the DISTRICT at the FVA Standby Connection;
- J. Pursuant to Section 6-50 (Water Rights) of Article VI (Utilities) of the Charter of the City of Colorado Springs, as amended, the City of Colorado Springs has the authority to buy, exchange, augment, lease, own, and control water and water rights; and
- K. UTILITIES has entered into this Agreement pursuant to Section 12.4.304 (Service: Special Contract) of Article 4 (Water Code) of Chapter 12 (Utilities) of the Code of the City of Colorado Springs 2001, as amended (Ord. 10-76).

II. DEFINITIONS

- A. For the purposes of this Agreement, the following terms shall have the following meanings, unless the context clearly requires otherwise. Terms not otherwise defined herein shall have the meaning adopted in the latest amendment to the City Code of Colorado Springs Colorado 2001, as amended ("City Code"):
 - 1. **Consecutive System:** The Code of Colorado Regulations defines a Consecutive System as a Public Water System that receives some or all of its finished water from one or more wholesale systems. Delivery may be through a direct connection or through the distribution system of one or more Consecutive Systems pursuant to a separate agreement between all involved parties.
 - 2. **DISTRICT's Service Area:** The areas as identified as DISTRICT's Service Area on Exhibit A.
 - 3. **DISTRICT's Water Distribution System:** Any devices, facilities, structures, equipment or works owned and/or operated by DISTRICT for the purpose of

providing water service to DISTRICT's customers located within DISTRICT's Service Area.

4. **DISTRICT Water:** Fully consumable water owned or leased by DISTRICT that can legally be used for municipal purposes within DISTRICTS' water service area.
5. **Full Service:** Water service as defined in UTILITIES' Water Rate Schedule – Contract Service -Regional (WCR) Full Service Option.
6. **Full Service Water:** Fully consumable water owned or controlled by the City of Colorado Springs that can legally be used for municipal purposes within DISTRICT's Service Area.
7. **Monument/Fountain Creek Transit Loss Model ("Model"):** The daily accounting model currently used by the Division of Water Resources to determine transit loss and water allocations along Monument and Fountain Creeks. Model shall also apply to any successor model(s) used by the Division of Water Resources for the same purposes.
8. **Point of Connection:** The master meter and associated infrastructure that constitute the FVA Standby Connection which is located at 309 Loomis Avenue, Colorado Springs, Colorado.
9. **Public Water System:** The Code of Colorado Regulations defines a Public Water System as a system for the provision to the public of water for human consumption through pipes or other constructed conveyances if such system has at least fifteen service connections or regularly serves an average of at least 25 individuals daily at least 60 days per year.
10. **Tariffs:** UTILITIES' Water Rate Schedules together with Utilities Rules and Regulations.
11. **Standby Regional Water Service:** Water service as defined in UTILITIES' Water Rate Schedule – Contract Service -Regional (WCR) Standby Service Option whereby UTILITIES' infrastructure is used on a temporary basis when DISTRICT normal operations are disrupted. Standby Service may not be used as a primary means of meeting DISTRICT's water supply demand. Service may be interrupted from time to time.

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

III. AGREEMENT FOR SERVICE

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

A. Term: This Agreement shall become effective upon the date of the last signature below and remains in effect until 5 pm MST on December 31, 2049.

1. Renewal:

- a. No later than eighteen (18) months prior to the expiration of the Term, the Parties shall begin good faith negotiations on a new agreement for UTILITIES' provision of Standby Convey, Treat, and Deliver Regional Water Service to DISTRICT, with the expectation that such new agreement ("New Agreement") shall be substantially similar to this Agreement. The Parties acknowledge that the intent of the Agreement is for the Parties to enter into such successive New Agreements so as to continue the provision of service as contemplated herein, subject to approval by the Colorado Springs City Council.
- b. If the Parties are unable to execute a New Agreement by the date that is six (6) months prior to the end of the Term:
 - i. UTILITIES may notify DISTRICT in writing that DISTRICT shall be disconnected from UTILITIES' Water System as of the expiration of the Term; or
 - ii. If the Parties mutually agree to continue good faith negotiations for a new water service agreement beyond the Term, the term may be extended for an additional one (1) year term at UTILITIES' sole discretion.

B. Standby Regional Water Service:

1. UTILITIES agrees to provide DISTRICT Standby Regional Water Service during the term of this Agreement. UTILITIES shall not be obligated to deliver more than 175 acre-feet annually of DISTRICT Water to DISTRICT, unless a greater amount is approved in writing by UTILITIES. DISTRICT shall only be entitled to receive Standby Regional Water Service hereunder if DISTRICT's normal Non-FVA Water Distribution System operations are significantly disrupted and DISTRICT has a need for water supplies in addition to FVA water to meet its customer's demands. Furthermore, UTILITIES has no obligation to provide Standby Regional Water Service hereunder until the rehabilitation of the FVA Standby Connection has been