




Colorado Springs Utilities

*It's how we're all connected*

# Interoffice Memorandum

**DATE:** October 15, 2009

**TO:** Honorable Mayor and Members of City Council

**FROM:** Jerry Forte, P.E., Chief Executive Officer 

**RE:** **A RESOLUTION APPROVING THE ACQUISITION OF THREE PARCELS AFFECTING THE CONTINENTAL- HOOSIER TRANSMOUNTAIN DIVERSION SYSTEM**

**CITY STRATEGIC GOAL(S) THIS ITEM SUPPORTS:**



SUSTAINABLE GROWTH



QUALITY OF LIFE

**UTILITIES STRATEGIC GOAL(S) THIS ITEM SUPPORTS:** I1 - Plan, Build, Operate, and Maintain Infrastructure and I6 - Plan for and Manage Enterprise business Risk

**SUMMARY:** Residential development in the Blue River Watershed in Summit County, Colorado is impacting Colorado Springs Utilities' (CSU) Continental-Hoosier Transmountain Diversion System, commonly referred to as the Continental-Hoosier System or Blue River System. CSU has been working with Summit County since 2007 to review growth in the Blue River Watershed to the extent allowed by Summit County's existing planning and development regulations. Many of the subdivisions located within the Blue River Watershed were platted prior to a fully regulated development system in Summit County, and as a result, Summit County's codes are often less restrictive than necessary to preserve and maintain natural watershed conditions and provide adequate protection for CSU's water system infrastructure. Based on these and other factors, CSU is currently seeking to acquire three parcels of land in the Quandary Village Filing No. 1 Subdivision located immediately adjacent to CSU's pipeline and water intake structures for the purposes of maintaining and protecting water infrastructure, system yield, water quality, and watershed function.

**PREVIOUS COUNCIL ACTION:** City Council, acting as the Colorado Springs Utilities Board, was briefed on Summit County development issues involving the Quandary Village Subdivisions and the Bemrose Pipeline and Access Road in April 2007. The Mayor submitted a letter to the Summit County Board of Commissioners on behalf of the Colorado Springs Utilities Board in April 2007 expressing concerns regarding residential development in the Blue River Watershed and its potential impacts to decreed water rights and infrastructure associated with Colorado Springs Utilities' Continental-Hoosier System. In this letter, it was recommended that Summit County work collaboratively with Colorado Springs Utilities to establish means for protecting water rights and infrastructure, while promoting safe conditions for homebuilders and residents in the Quandary Village Subdivisions.

**BACKGROUND:** Residential development in the Blue River Watershed in Summit County, Colorado has the potential to significantly impact infrastructure, water system yield, and other tangible and intangible assets associated with CSU's Continental-Hoosier System. The Continental-Hoosier System diverts, collects, and transports water from the Blue River

Watershed in Summit County, Colorado, providing a municipal water supply to the City of Colorado Springs (City). CSU has developed a working relationship with Summit County that allows CSU to review planning and development applications that may affect CSU's water rights and infrastructure, the applicable codes are often insufficient to protect CSU's interests in the Blue River Watershed. To add to the complexity, many of the subdivisions at issue were platted prior to Summit County's current system of development regulation, and thus are often not subject to the current codes. Therefore, in addition to working with Summit County, CSU staff has been working over the past three years to evaluate and quantify development impacts to identify further mitigation solutions. Based on the evaluations, land acquisition in the Quandary Village Filing No. 1 Subdivision is an important component of a comprehensive plan to address development issues and mitigate potential impacts to CSU's assets and interests in Summit County.

Three of the parcels CSU would like to purchase were selected based on two independent consultants' review of watershed hydrology and site conditions. The hydrologic analyses were reviewed in conjunction with subdivision plat maps, development plans, and critical infrastructure to develop a prioritized list of parcels to acquire. Based on the combined analyses, Lot 4, Block 4; Lot 5, Block 4; and Lot 6, Block 4 of Quandary Village; Sub #1 were determined to be of critical importance. These lots are critical to acquire because natural surface and subsurface water flows converge on these parcels and critical system infrastructure, including two collection points and the Bemrose Pipeline are located immediately adjacent to these parcels.

**FINANCIAL IMPLICATIONS:** Colorado Springs Utilities will spend \$240,000 of the budgeted funds in 2009 to acquire three parcels of land in the Quandary Village Filing No. 1 Subdivision that were appraised at \$270,000.

**BOARD/COMMISSION RECOMMENDATION:** Not Applicable.

**STAKEHOLDER PROCESS:** Negotiations with the property owner were conducted in accordance with the City's standard policy as set out in the City of Colorado Springs Procedures Manual for the Acquisition and Disposition of Real Property Interests and all applicable law.

**ALTERNATIVES:** Several alternatives to property acquisition have been evaluated and/or pursued to prevent or minimize the impacts of development on infrastructure, assets, and interests relating to CSU's Continental-Hoosier System.

1. Summit County Land Use and Development Code and associated permitting processes do not provide the level of regulatory oversight and safeguards necessary to adequately protect water system infrastructure and assets.
2. Infrastructure improvements and hardening to prevent a system outage or failure due to either a short duration, high impact event (e.g., landslide) or a long duration, cumulative impact (e.g., water supply reduction, water quality degradation) could be more expensive and less effective than land acquisition.
3. Building new infrastructure to avoid development impacts would be cost prohibitive and not allowed under existing water rights decrees.

Delaying the acquisition of real property increases the risk that land acquisition efforts may become more difficult and costly, or that the properties will be developed. Once properties are developed, an opportunity to maintain the historic conditions under which the Continental-Hoosier System was originally constructed and has operated under for the past

50+ years will be lost, and it will become more difficult and costly for CSU to protect its assets and interests.

**RECOMMENDATION:** Move approval of proposed resolution.

**PROPOSED MOTION:** Approval of the Resolution Approving the Acquisition of Three Parcels Affecting The Continental- Hoosier Transmountain Diversion System.

Resolution No. \_\_\_\_\_

**A RESOLUTION APPROVING THE ACQUISITION OF THREE PARCELS  
AFFECTING THE CONTINENTAL- HOOSIER TRANSMOUNTAIN  
DIVERSION SYSTEM**

WHEREAS, Colorado Springs Utilities (Utilities) operates the Continental-Hoosier Transmountain Diversion System to divert, collect, and transport water from the Blue River Watershed in Summit County, Colorado to the City of Colorado Springs (City) to provide a municipal water supply to the citizens of Colorado Springs.

WHEREAS, the Blue River Property Acquisition Project is an approved capital project within Utilities' 2009 budget with a goal of preserving and maintaining natural watershed conditions and protecting and maintaining water system infrastructure, system yield, water quality, and other tangible and intangible assets and interests to provide a safe and reliable source of water supply to the citizens of Colorado Springs.

WHEREAS, to ensure that certain platted parcels remain undeveloped, thereby preserving and maintaining watershed conditions that provide a safe and reliable source of water supply to the citizens of Colorado Springs, Utilities seeks to acquire certain parcels in the Blue River Watershed adjacent to Utilities' intakes for the Continental-Hoosier Transmountain Diversion System;

WHEREAS, the owner of Lot 4, Block 4; Quandary Village; Sub #1, Lot 5, Block 4; Quandary Village; Sub #1, and Lot 6, Block 4; Quandary Village; Sub #1, three parcels adjacent to Utilities' Continental-Hoosier Transmountain Diversion System collection points and pipeline, is willing to sell all three parcels for a total price of two hundred and forty thousand dollars (\$240,000);

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

SECTION 1. that the City Council of the City of Colorado Springs approves the acquisition of Lot 4, Block 4; Quandary Village; Sub #1, Lot 5, Block 4; Quandary Village; Sub #1, and Lot 6, Block 4; Quandary Village; Sub #1 in the Blue River Watershed for a total price of two hundred and forty thousand dollars (\$240,000).

SECTION 2. This Resolution shall be in full force and effect immediately upon its adoption.

Dated at Colorado Springs, Colorado this the 27th day of October, 2009.

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Mayor

(SEAL)

Attest:

\_\_\_\_\_  
City Clerk