

City approves Southern Delivery System

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by John Hazlehurst

By an 8-1 vote on Wednesday afternoon, the City Council, acting as the Utilities Board, approved the construction of the long-planned southern delivery system to bring water from Pueblo Reservoir to Colorado Springs, Fountain, and Pueblo West.

The first phase of the project, with an estimated cost of \$880 million, was previously scheduled for completion during 2012. That date has been pushed back to 2016, driven by economic conditions and reduced consumption.

Construction of phase one will begin early next year and will be completed during 2016, the first year that water from the project will be available to Colorado Springs users.

The remainder of the project, which will include the construction of the Williams Creek and upper Williams Creek reservoirs, will not be completed until 2025.

At completion, the pipeline will be capable of delivering 78 million gallons of water per day to Colorado Springs and its partners, at a total project cost estimated at \$1.4 billion. That figure, which has increased by \$200 million since 2007, may be adjusted upward in the future.

With the exception of Councilman Tom Gallagher, who has opposed the project during his entire time on council, members of city council gave their enthusiastic assent to the project.

Mayor Lionel Rivera, noting that he has worked on SDS for more than twelve years, hailed the decision as one which would provide a foundation for the city's growth and prosperity for many decades to come.

To pay for the system, utility ratepayers will see their water bills increase by approximately 12 percent annually between 2010 and 2017, with smaller increases slated for 2018 and 2019.

According to the Environmental Impact Statement, a single-family residence is currently paying \$36.17 per month for water, based on an average use of 8,500 gallons per month. To support SDS, households would pay \$57.78 per month in 2015 and \$77.71 per month in 2025.

Colorado Springs Utilities will issue revenue bonds to fund the project, which will be repaid both by water rates and by tap fees on new home construction.

Utilities has estimated that residential customers will pay 35 percent of the cost, commercial/nonresidential will pay 39 percent, and tap fees will support the remaining 26 percent.

In the event that new home construction fails to rebound from its present depressed levels, it's possible that ratepayers might see substantially higher water rate "adjustments."

In such a scenario, rates might more than double by 2015, to nearly \$80 per month, and top out at more than \$100 during 2019.

Despite the project's cost and complexity, Utilities CEO Jerry Forte called it crucial to the city's future.

"We're standing on the shoulders of giants," Forte said, referring the visionary leaders of the 1950's and 1960's who built the Blue River, Homestake, and Fryingpan/Arkansas water projects.

"We have to do this. Without this project, twenty years from now the city would be a very different place-we wouldn't be talking about xeriscaping, but about "no-scaping."

Forte also noted that the city had been unable to build water delivery systems at Elephant Rock on the Arkansas, or expand the Homestake system near the Holy Cross wilderness area because of strong local opposition.

"This is the best solution for us, for the environment, and for our regional partners," he said, "I'm a little concerned about the reaction (from Pueblo) about the delayed start date-but I hope they'll understand that changing circumstances are driving those decisions."