

City Council approves SDS plan that doubles water rates over next decade

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Colorado Springs residents will pay dearly over the next decade for the water officials say is needed for the city's future.

Sitting as the Utilities Board, the City Council on Wednesday approved a plan for financing and building the Southern Delivery System water pipeline, which includes a doubling of water rates between 2010 and 2019. The city-owned utility has already received approval from the U.S. Bureau of Reclamation, which runs the reservoir, and Pueblo County.

Though each rate increase will have to be approved by the council annually, the plan calls for annual water rate hikes of 10 percent to 12 percent through 2017, and 4 percent a year for two years after that. The increases would be on top of a 41 percent hike in water rates this year.

"The rates will double over the next nine years as we go forward in getting this project done, but it's something that needs to be done for the future of our community," said Mayor Lionel Rivera.

Average monthly water bills would go from about \$40 in 2010 to \$70 to \$100 in 2019.

"Utilities have to have their resources available before there's a need for them. You can't do it after the fact," said Bill Cherrier, Utilities chief planning and finance officer. "The days of cheap water are probably behind us. The water is going to get more expensive."

He said when Colorado Springs built its Homestake mountain water system in the 1960s, water rates doubled in a similar span of time.

The plan also calls for completing the pipeline by 2016, which is four years later than projected when Utilities began seeking permits, which officials said will spread out the needed rate increases more gradually over the coming decade. The 2012 startup, officials said, would have meant 26 percent rate hikes in 2010 and 2011, and lesser hikes in subsequent years.

The council voted 8-1 to approve the financing plan and schedule and to set Pueblo Reservoir as the source of the water.

"It's not going to be easy over the next few years with rate increases, but it's a period of investment we require in order to have the long-term benefits this kind of project will bring about," said Councilwoman Jan Martin. "I am actually placing this vote for the future generations of the city of Colorado Springs."

Councilman Tom Gallagher, a longtime critic of the pipeline, cast the dissenting vote.

"I sat here and I saw the cost estimates for Southern Delivery double and I saw this board not bat an eye," said Gallagher, who questions whether Colorado Springs has rights to enough water, through deals with the Bureau of Reclamation and southeast Colorado agricultural users, to justify the pipeline.

"It's criminal, and history will show this was stupid," he said.

Officials noted that the 1041 land-use permit from Pueblo County requires Colorado Springs to have it under construction within three years. While the housing slowdown has pushed back to 2017 or longer the date the water will be needed, officials say the system provides necessary redundancy in a water system that has pipelines spread across hundreds of miles of mountain terrain that are old and vulnerable to disruptions.

"We would prefer not to start implementation during a recession," said Chief Water Services Officer Bruce McCormick. "But we don't want to give up the opportunity to build it, because we think that would be irresponsible."

The pipeline will carry 10 million gallons a day when it starts flowing in 2016 and will eventually bring 78 million gallons a day to a new reservoir southeast of Colorado Springs. It will cost about \$1.4 billion, an increase of \$200 million over the price the Bureau of Reclamation estimated in 2007, which officials attributed to inflation, design refinements and mitigations Pueblo County has required for sending more treated effluent down Fountain Creek.

The schedule adopted Wednesday calls for mitigation work on Fountain Creek, a new pipe near Marksheffel Road and connection with Pueblo Reservoir in 2010, heavy construction along the reservoir and in Pueblo West in 2011 and laying pipeline along the rest of the route and starting pump stations and a treatment plant in 2012.

The cost of the first phase is estimated at \$880 million.

Construction of Upper Williams Creek and Williams Creek reservoirs, in the second phase, would begin between 2020 and 2025.

The decision puts to rest Utilities' backup plan, which was to build the pipeline along Colorado Highway 115 from the Arkansas River in Fremont County. That route, approved by Fremont County, would have cost \$190 million more.