

Issue Brief: Water & Colorado Springs Utilities



HOUSING & BUILDING
ASSOCIATION
OF COLORADO SPRINGS

Water is a scarce commodity in Colorado. With that scarcity comes significant policy, legal and economic challenges that directly impact homebuilding and the affordability of homes in our community. The use of water in Colorado is complex and is often an emotional debate, with water rights and the use of water pitting various groups against each other. West Slope communities versus the Front Range; agriculture users versus municipal water providers; senior rights owners versus junior rights holders; and recreational and conservation interests versus agriculture and municipalities are but a few notable conflicts.

It's critical to understand that in Colorado, water rights are a private property right. They are protected by the Colorado Constitution, with a separate water court system to settle disputes. This legal structure includes surface water rights through rivers and streams and the rights to access the water through underground aquifers. Water rights can be disconnected from the surface ownership of a piece of land and can be bought and sold, leased, or traded.

The cost of providing water to new homes is typically done through the imposition of tap fees calculated to cover the costs of overall system development (collection, storage and distribution), water acquisition, and other related costs. Water fees imposed by the various water providers in El Paso County currently range from \$6,000 to as much as \$25,000 per new home, depending on the size of a home and various providers. The calculation of water fees is also governed by state law and legal cases. The Colorado Springs Utilities Water Resource Fee, which will be fully assessed in July 2023, will add more than \$5,000 additional cost to new single-

family homes in the city.

The rational allocation of the costs of water is critical to the City of Colorado Springs' economic viability and its ability to address the community's housing needs. Colorado Springs faces significant water challenges that create a precarious balance between water rates for existing customers and tap fees for new development. Foremost among those issues is that Colorado Springs is one of the largest cities in Colorado and our entire country that is not located on a significant waterway. Because of this, Colorado Springs is landlocked in a way and must depend on developing water rights, storage and conveyance to provide this

precious resource to residents and businesses.

As such, City residents and businesses have benefited from the foresight and diligent management of the City's water system provided by Colorado Springs Utilities. As the City's sole water provider and primary water utility in El Paso County, CSU's long-standing, proactive and visionary policies have aggressively advocated for and acquired water rights in the high country and developed the infrastructure to store and convey our water.

Moving forward, our City's elected leaders, acting as the CSU board, need to continue to support long-term strategic planning to project—and plan for—water needs 50 years into the future. This includes supporting the current calculation of CSU water tap fees under the “modified equity buy-in,” which resulted from years of collaboration and industry input.

Regional Water Concerns

Beyond Colorado Spring's limits, our City and CSU must show leadership in order to protect our water resources and ensure we don't

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For more information:

Marla Novak

Director of Government Affairs
719-592-1800
marla@cshba.com

Ryan Klein

Chair, HBA PPC Committee
rklein@shermanhoward.com

www.CSHBA.com

Facebook: @HBAofCOS

Twitter: @CSHBA

have water situations that impact our regional economy and viability.

Outlying unincorporated county areas and some of the smaller municipalities in our region rely heavily on non-renewable groundwater from aquifers. That includes supporting the El Paso County requirement that developments must identify a 300-year supply of water, versus the state's requirement of a 100-year supply, in the approval process for new housing. We also need to work with the County and developers to find ways for new housing development in unincorporated El Paso County to access to renewable water resources to become less

reliant on groundwater.

In response to the Colorado Springs Utilities' Water Service Extension Ordinance, the HBA believes the city should create a task force of community representatives and stakeholders, including CSU, COS, El Paso County, the HBA and other industry and utility experts, to review the ordinance and AnnexCOS. This stakeholder process should work to update city code to reflect a thorough Annex COS process that considers the effects of the current intergovernmental agreement with El Paso County and the availability and future use of groundwater resources.

HBA recommendations: To accomplish these goals and to ensure that our region has proper water resources to maintain our economy, the HBA supports:

- Colorado Springs Utilities and City Council need to commit to working with the HBA and other stakeholders on clarifying the definitions and details on the calculations, available resources and implementation of the Water Service Extension Ordinance.
- Continued efforts made by CSU to secure and develop water rights for the future residents of Colorado Springs.
- Continued implementation of CSU's "modified equity buy-in model" to determine water connection fees.
- Honest and transparent stakeholder processes when utilities entities are considering the imposition of increases to connection fees or significant changes to longstanding policies.
- Connection fees that are allocated based on the anticipated water use based on home size, number of residents and conservation measures, as opposed to "one size fits all" methodologies.
- Careful consideration of CSU's extraterritorial service policies that must sustain the City's resources while participating in addressing the region's water issues.
- Continued efforts to address water conservation in new homes as well as the wise water use in landscaping and park requirements.
- Water conservation measures such as progressive rates to disincentivize wasteful water practices.
- Using improved technology to monitor water loss and provide efficient landscape irrigation.
- Development of additional "non-pot" water resources on large and small scales to effectively reuse water to the extent possible, and to extinction when allowed.
- Efforts to continue to expand water storage to effectively and safely make use of all existing water rights, including aquifer recharging and reservoir expansion.
- Advocacy to address regional water quality concerns, including PFCs from Peterson Air Force Base in the Security/Widefield area.

About the Housing & Building Association of Colorado Springs

The Housing & Building Association of Colorado Springs is a trade association that represents more than 500-member companies, including builders, developers, and remodelers, as well as trade contractors, materials suppliers, mortgage lenders, real estate agents, title companies, interior designers, architects, landscapers and beyond. The HBA and its members are community leaders and builders, contributing to the growth, prosperity and quality of life our exceptional community.

HBA Mission

The Housing & Building Association of Colorado Springs promotes policies that allow for the production of safe and affordable housing and enhances the environment for the housing and building industry in El Paso County.