

**Town Springs Position Statement** (*\*italics = excerpt from 2010 IGAs*):

The Town of Poncha Springs and the City of Salida entered into intergovernmental agreements in 2010 to create a unified regional sewer system designed to serve all existing and future customers of both municipalities. Importantly, the City and the Town agreed all customers of the unified system would pay *the exact same rates* for tap fees and sewer service. As part of those agreements the City of Salida agreed *to assume immediate and sole duty and responsibility for financing, operating, maintaining, improving and expanding the sewer system serving Poncha Springs' existing and future corporate limits*. Salida further agreed *to operate, maintain, and expand the sewer system to accommodate and not inhibit planned growth and development within Poncha Springs*.

**The 2010 agreements guarantee uniform rates**

The agreements identify that *Poncha Springs' future development shall not be limited by the Sewer System, its construction, operation or maintenance, provided that the costs of construction and expansion of the Sewer System are not paid for by the existing rate payers but that the costs are borne by future development*. The Town of Poncha Springs agrees with this section and has relayed to the City of Salida multiple times that it supports raising tap fees in accordance with the agreements so that development will pay its way. However, the agreements also established that *Salida shall have the sole responsibility and authority to set rates, fees, charges, and penalties necessary for the operation, maintenance, upgrade, improvement, and expansion of its sewer system*. The City of Salida has had the ability to set systemwide rates, including increasing tap fees to pay for capital improvements to address capacity issues at any time since the agreements were executed in April of 2010. Now that there are major capital infrastructure costs looming, Salida has taken the approach of denying access to the unified sewer system, halting development in Poncha Springs, unless the Town agrees to give up its rights to equal treatment under the IGA's.

**Development is not a reason to deny service**

Salida has stated publicly that one reason for its unilateral action to deny sewer service to new Poncha development is because Poncha Springs is, in Salida's opinion, developing irresponsibly. The area has seen substantial growth in recent years, in part due to more than a million dollars being spent every year promoting tourism to Salida and Buena Vista (rarely is Poncha Springs referenced in marketing material). The Town of Poncha Springs has not solicited the growth, but simply processed development applications as they have been submitted, relying on the 2010 agreements in place that Salida agreed to operate, maintain, and expand the sewer system to accommodate and not inhibit growth and development in Poncha Springs.

**Poncha Springs has been willing to work with the City of Salida**

The agreements clearly established Salida's sole duty and responsibility of planning, financing, and expanding the system as needed; however, the Town has been willing to work

with the City of Salida; participating in the Salida Sewer Master Plan in 2018-2019, notifying the City of subdivision applications to the Town, and attending the Sewer Collection System Infrastructure Build Out Plan presentation on December 3<sup>rd</sup>, 2019. As an outcome of that meeting the Town and City agreed to form a committee to work together collaboratively towards a solution. The Poncha Springs Board of Trustees appointed committee members on December 16<sup>th</sup>, 2019 and relayed that information to the City of Salida on December 19<sup>th</sup>, 2019, providing committee member availability in January or early February in 2020.

The following timeline also highlights the Towns efforts to work with the City in recent years:

- 9/10/2021 - Notice of Tailwind II Subdivision Application sent to the City of Salida in the same manner as past subdivision applications.
- 4/6/2022 - Agency review letter for Tailwinds II received from the City of Salida April 6<sup>th</sup>, 2022 (seven months following notice of application) indicating the City of Salida would no longer provide Sewer Line Extension Agreements in accordance with the IGAs.
- 5/16/2022 - Poncha Springs Mayor sends letter to Salida Mayor requesting the boards get together to discuss the sewer issue, offering to host the meeting and providing date and time options in June 2022
- 7/9/2022 – Salida’s Attorney responds stating Salida “was surprised to read Mayor Scanga's letter requesting another meeting of both full governing bodies. Salida will not agree to this...”

Letter from Salida Attorney ~~also~~ recommends removal of all language from the IGA as it relates to equal rates, removing any protection Poncha Springs' residents have from price increases by a board they have no vote in appointing.

- 8/16/2022 – At the suggestion of Poncha Springs, two representatives of the Poncha Springs Board of Trustees met with two representatives of the Salida City Council to seek a solution to the sewer issue. Although it appeared progress towards a solution occurred in that meeting, Salida later returned to their original position.
- 8/24/2022 - Since the Salida rejected the proposal to get the two Boards together, Poncha Springs proposes that the parties agree to meet by committee through formal mediation.
- 9/29/2022- 12/1/2022: The City and the Town negotiate a date and location for mediation.
- 1/19/2023 - Mediation is held in Fairplay, but no settlement is agreed.

- 2/22/2023 - Poncha Springs follows up on the mediation with an offer to either settle the dispute, engage in binding arbitration or, if the City rejected arbitration, then both the Town and the City are free to immediately pursue such other remedies, principally including litigation, as they see fit.
- 5/11/2023: Without any agreement, and with Salida now actively stating it will refuse access to the sewer system for Poncha development, Poncha Springs files suit, along with two of the developers whose projects have been halted by Salida's actions.

In 2010, the City of Salida agreed at their discretion to assume sole responsibility to plan, finance, and expand the sewer system as needed to not inhibit growth in Poncha Springs. Salida has been aware of the recent growth in Poncha Springs and has for years had the ability to raise tap fees to raise funds to address identified capacity issues. While the Poncha Springs Board of Trustees has been willing to work collaboratively (initiating proposals to meet as two governing bodies, through representatives, and subsequently through mediation), Salida has decided not to honor the Intergovernmental Agreements they agreed to only 13 years ago. Salida has, instead insisted the sewer issue is Poncha Springs' problem, contrary to explicit language in the agreements, leaving the Town of Poncha Springs no choice other than moving forward with court intervention.

The Town of Poncha Springs has posted the full agreements on its website at [www.ponchaspringscolorado.us](http://www.ponchaspringscolorado.us).