

PRESS RELEASE

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TOWN OF PONCHA SPRINGS SIDES WITH DEVELOPERS AND SUES CITY OF SALIDA

City of Salida believes that new development should “pay its way”.

CITY OF SALIDA, CO — In 2010, the City of Salida and the Town of Poncha Springs entered into Intergovernmental Agreements (IGAs) that provide wastewater collection and treatment to the Town of Poncha Springs through a joint wastewater system managed and operated by the City of Salida.

The City of Salida believes that new growth should “pay its way” for the costs of public improvements required to serve such new development. This includes necessary improvements for wastewater service, and it is unfair for other customers and property owners to bear the burden of such costs.

The City of Salida has been thoughtful about growth and only approves new development that is sustainable. However, Poncha Springs does not have the same standards for growth in their community which has the potential to cause undue burden due to infrastructure demands. The City of Salida has no legal authority to approve or deny development in Poncha Springs, but the current wastewater pipeline to/from Poncha Springs known as the Poncha Interceptor cannot accommodate this rapid new development without a significant upgrade to the system. These upgrades will cost current customers an estimated \$14.3 million and take several years to complete.

Development in Poncha Springs has grown exponentially and not been properly managed, and as a result, the Town has grown by over 33% in the last three years. Since 2017, the City of Salida has warned Poncha Springs to address capacity issues with the wastewater service lines due to the Town Board’s unfettered land use approvals. In 2022, the City of Salida placed both the Town of Poncha Springs and developers of new development within the town on notice that sewer extension agreements and new sewer taps would be contingent upon re-negotiated IGAs with Poncha Springs or the developer would need to provide off-site improvements due to the noted capacity limitations.

The City of Salida has offered to meet to discuss solutions and provide system data to the Town of Poncha Springs, but Poncha Springs has refused to participate, even rejecting an opportunity for town and city leaders to meet. Additionally, the City of Salida has been consistent in asking for additional money and a collaborative approach to a sustainable solution if Poncha Springs wants to approve rapid growth in their community.

On Friday, May 12, the City of Salida received a Summons and Complaint filed in Chaffee County District Court by the Town of Poncha Springs and two development companies, Tailwind Group, LLC, and Full Views Matter, LLC, against the City of Salida.

When hearing about the lawsuit, City of Salida Mayor Dan Shore stated, “We are surprised and disappointed that the Town of Poncha Springs is unwilling to work together to find a long-term solution that supports future growth and doesn’t compromise wastewater service to existing City and Town customers.”

The City of Salida doesn’t have the money to pay to expand the Poncha Interceptor. New or amended IGAs between the City and Town are necessary to determine a fair and equitable cost-sharing agreement. Right now, the Town of Poncha Springs is unwilling to pay their share and prefers to use taxpayer dollars from Salida and Poncha Springs residents to fund their new growth and development. Poncha Springs has refused to negotiate in good faith with the City of Salida despite years of attempts by the City. Instead, Poncha Springs prefers to partner with developers, who are financially benefiting from growth and don’t have the communities’ best interests in mind.

The City of Salida doesn’t think it is fair for residents of either community to enrich developers who have seen unprecedented revenue growth in the last few years. Salida is committed to making decisions that are in the best interest of all current ratepayers regardless of which community they are in. Salida has already invested over \$300,000 in engineering studies and a professional Service Agreement to determine the timing and build-out needs for the Poncha Interceptor. At the current rate of growth in Poncha Springs, the City of Salida and professional engineers have concerns about environmental impacts if significant new development continues to be approved prior to the necessary upgrades at the Interceptor.

For years, the City of Salida has continued to work diligently on issues like infiltration and line maintenance to ensure the sewer system remains viable. City staff has implemented a routine maintenance program of jetting all sewer lines every three years, and the City of Salida’s 2020 budget included the purchase of a new \$400,000 jet vac truck and TV device to make sure that lines are free and clear.

The following timeline and steps outline how the City of Salida has worked to proactively to address capacity concerns without support and collaboration from the Town of Poncha Springs:

- 2017 – City of Salida notified the Town of Poncha Springs of the growing concerns regarding pipeline capacity due to rapid growth in Poncha Springs.
- 2018 – An engineering consulting firm was hired to conduct sewer monitoring and modeling related to the Interceptor’s capacity.
- 2019 – Salida City Council set goals related to community infrastructure and fiscal responsibility to ensure proper asset management of the water and wastewater system.
- 2019 – Salida’s City Council presented the Sewer Collection System Infrastructure Build Out Plan to the Poncha Springs Town Board in December. The plan identified capacity projections.

- 2020 – Salida installed additional flow meters to confirm the projections outlined in the Build Out Plan.
- 2021 - Salida signed a Professional Services Agreement (PSA) for engineering services to determine upsizing needs of the Interceptor.
- 2022 – Salida worked with Butler Snow who serves as Salida’s Bond Counsel to identify various financing options to pay for the necessary upgrades to the system, which were shared with the Town of Poncha Springs Town Attorney.
- 2023 – The engineered design drawings were completed and Salida is ready to move forward with improvements following re-negotiated IGAs with the Town of Poncha Springs.

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The City of Salida, CO, is the statutory seat of Chaffee County with a population of approximately 5,700 residents. Salida is a family-friendly community ideally situated in central Colorado - known by many as the “Heart of the Rockies,” both for its geographic location and the abundance of arts, cultural and recreational amenities found here. The city is dedicated to maintaining a safe, fiscally responsible and forward-thinking government where residents, businesses and visitors can thrive. Explore more about Salida at www.cityofsalida.com.