



Potential Water Acquisition Presentation

January 23, 2017

Water Rights

Phase 4A ERU's

Large block of augmentation water

Potentially enough water for build-out

Does City want to purchase more 4A water so
SACWSD can buy augmentation water?



4A Program

- Phase 4A water included 3,600 ERUs made available through SACWSD
- 4A water is available to developments that lacked enough water for their development
- City purchased 265 ERUs for \$2,252,000



Additional 4A ERU's

- Total estimated additional ERUs needed for future City facilities: 2,299.2
- The current sale of the 4A water is without \$1,650 for the connection fee included
- City could purchase additional 261 ERUs at reduced price of \$6,850 using \$1,787,850 from Water Acquisition Fund



Augmentation Water

- If augmentation water is not purchased, new 4A water could go away
- 4A water is critical for the ultimate build out of the community
- Potential transaction presents opportunity to secure sufficient augmentation water for build out



SACWSD / City

- Largest amount of augmentation water on South Platte for many years
- Would need a City/SACWSD effort to secure the water
- SACWSD would dedicate 4A revenue to purchase
- City would need to provide additional funds in years when 4A sales are insufficient



Costs

- First 500 AF - \$15,000/acre foot for total of \$7.5 million
 - Could need additional \$3.5 million in 2017 in addition to 4A purchase
- Next two purchases would need to be for 500 acre feet each
- Final 2,500 acre feet negotiable





Discussion

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Analysis of Proposed Sale

- City can defer the connection fee on both the 265 ERUs purchased in mid-2016 and the currently proposed 4A sale
- Result is that City would gain additional 63.8 ERUs from previous purchase by deferring connection fee of \$1,650
- City could purchase additional 261 ERUs at reduced price of \$6,850 using \$1,787,850 from Water Acquisition Fund



Recommendations

- Give staff direction to indicate interest in purchasing 261 ERUs for \$1,787,850 at discounted price
- Convert connection fee in 2016 purchase to additional 63.8 ERUs instead because future connection fee appears less volatile than water costs
- Plan to purchase more ERUs from GF 2016-end fund balance



Thoughts For Council – 4A Water¹¹

- Does Council want to purchase more water now?
- If so, does Council want to purchase water with or without the connection fee included?
 - At the most basic level, the operative question is whether the connection fee or the cost of water rights will inflate faster
- Does Council want to purchase more ERUs using a portion of 2016 ending GF balance?



Proposed Next Steps

Topic	Schedule
Staff meeting with SACWSD staff regarding developer interest	February 2
Letter of Intent – Augmentation Water	February 15
Staff review of preliminary 2016 year-end General Fund \$ Balance	February 28
Resolution authorizing purchase	March 6
SACWSD closing on augmentation water	April, 2017

