



# Water Acquisition Fee: Fee Escalator Presentation

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April 17, 2017

# Purpose of this Presentation

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- This is a follow-up to the Water Acquisition fee presentation on November 14, 2016
- Purpose and desired outcome:
  - The purpose is to obtain Council direction on the water acquisition fee annual inflator



# Background

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- When City prepared Long-Range Financial Plan in early 2000's, water for future City facilities was identified as a major unfunded future obligation
- In 2003 Ordinance 1402 established fee & set the annual fee escalation at 10% per year



# Current Fee Escalator

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- Now fee escalator is frozen temporarily
- Will go back to 10% effective 2019-1-1, unless changed



# Research

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- Staff research found compounded annual growth in water prices for past 10 years:
  - Western US water rights inflated at 9.4%/year
  - South Platte River Valley water rights inflated 8.8%/year
  - But South Platte River Valley included Colorado-Big Thompson water rights, which skews it higher, and groundwater rights that skew it lower
  - Can get WestWater Research report specific to Denver area for \$4,850



# Recommendation

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Staff recommendation is to go with the  
8.8%/year



# Council Discussion & Direction

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- Does Council want to go with the 8.8% escalator?
  - OR
- Does Council want to pay \$4,850 for a research report specific to Denver region?



