



Legislation Text

File #: Res 2015-37, **Version:** 1

RESOLUTION APPROVING AGREEMENT FOR WATER ACQUISITION FEES

Summary and Background Information :

In 2014, the city was approached by Shea Homes ("Shea") to consider an agreement regarding water rights. The city currently charges a water acquisition fee at the time of building permit. Shea proposed to provide FRICO ERUs to the city in exchange for pre-payment of the water acquisition fee. Essentially, the city would be receiving water rights instead of collecting a fee for the purpose of purchasing water rights.

Over several months, the city and Shea outlined various options to include in the agreement. City Council was consulted via executive session in February, 2015. Shea is motivated to complete this transaction since they have an asset that may be exchanged for fees. The payment of the fees would typically occur over time and be subject to annual increases. This agreement would lock-in the fee at 2015 rates for a specified number of lots for 5 years. While Shea expects the 225 lots included in the transaction to develop soon, this provides a level of certainty sought by Shea.

Filing No. 19 3rd Amend.
43 lots - to be sold in May to another homebuilder

Filing No. 22
37 lots - building permits no earlier than Sept, 2015

Filing No. 25 - pending approval by City in June, 2015
41 lots / Shea
104 lots / other homebuilder

Total Lots: 225
Water acquisition fee per lot (2015): \$1,298.19
Total Fee Due: \$292,092.75

Price per ERU: \$5,000
Equivalent No. of ERUs: 58.42

Therefore, Shea will be providing 58.42 ERUs to the city in exchange for \$292,092.75 in water acquisition fees. The fees will be credited to 225 lots in Reunion, 78 of which will be developed by Shea and 147 by other builders. The agreement allows for a five-year absorption schedule for the lots specified in the contract.

Staff Responsible (Department Head): James A. Hayes

Staff Member Presenting : James A. Hayes

Financial Impact : \$0

Funding Source : No funds will be exchanged in this transaction

Staff Recommendation : Approval of the resolution authorizing the contract.

Suggested Motion: Motion to approve Resolution 2015-37 authorizing the Shea Homes Initial Agreement for Water Acquisition Fees