



Legislation Text

File #: Pres 17-47, **Version:** 1

Potential Purchase of PVIC Water

Summary and Background Information:

This presentation is regarding the potential purchase of 4A water from SACWSD. They are selling more 4A water to raise money for the purchase of augmentation water. They want to buy augmentation water because it is necessary in order to have future 4A water available for use for the eventual build-out of the community. Without augmentation water the 4A water cannot be made available in the future. In addition, the reason SACWSD wants to buy augmentation water now is that a large block of water is now available. This is a rare opportunity.

SACWSD has some money available from the sale of the 4A water when the City purchased 265 ERUs in 2016. The City will need another 2,299.2 ERUs in the future. The City has approximately \$1.8 million available in the Water Acquisition Fee Fund, which would purchase 261 ERUs at the current discounted rate of \$6,850 per ERU (minus the connection fee). In addition, SACWSD is willing to change the 2016 sale by removing the connection fee from that sale as well, which then gives the City an additional 63.8 ERUs for that purchase. It is desirable to do that since the price of water rights is escalating faster than the connection fees charged by SACWSD.

If no developers purchase more 4A water, then the City would need to come up with another \$3.5 million to enable SACWSD to be able to purchase the initial 500 acre feet of augmentation water. Staff will look at the 2016 year-end balance in the General Fund to see if it is possible to come up with the additional \$3.5 million. Then it will be a question of competing priorities for Council. (Water versus traffic signals versus ???)

Staff Responsible (Department Head): Roger Tinklenberg

Staff Member Presenting: Outside presenter Paul Zilis/Roger Tinklenberg

Financial Impact: N/A

Funding Source: N/A

Staff Recommendation:

Staff recommends Council authorize purchasing additional 4A water using the Water Acquisition Fee Fund and examining the possible use of General Fund 2016 “excess revenue” to purchase more 4A water.

Suggested Motion:

N/A