



Legislation Text

File #: Pres 17-180, **Version:** 1

Water Acquisition Fee Annual Escalator

Summary and Background Information :

The water acquisition fee escalator was frozen for 2017 and 2018. On January 1, 2019, it returns to 10 percent per year escalation. Staff has researched the annual escalation in the price of water rights. The Water Market Insider published by WestWater Research, LLC. reported in their "2017 Water Market Outlook" that from 2002 through 2015 water rights prices showed a 9.4 percent annual compound growth rate for the western United States despite the setbacks of the economic recession and agriculture and energy market downturns.

Looking closer to home, staff found the Q1 2016 publication of the Water Market Insider showing average South Platte River Basin price and range of prices from 2005-2015, which averaged out to an 8.8 percent annual compound growth rate. The South Platte River Basin includes the Colorado-Big Thompson units, South Platte ditch company shares, Denver Basin groundwater rights, and effluent leases. There is wide variation between the different types of the above water rights. Even ditch company shares vary widely depending on whether or not the ditch company has storage available.

Because the South Platte River Basin data include prices on such a wide variety of types of water rights, staff inquired about obtaining a report specific to South Platte ditch company shares. The cost quote for a special report specific to South Platte ditch company shares was \$4,850 from WestWater Research, LLC. Staff has not been able to find other sources of price data for water rights.

Staff is recommending that Council go with the 8.8% annual escalator since it is a composite of price inflators from a variety of types of water rights.

Staff Responsible (Department Head): Roger Tinklenberg
Staff Member Presenting : Roger Tinklenberg

Financial Impact : Limited

Funding Source : Water Acquisition Fee Fund, if study is desired

Staff Recommendation : I move to direct staff to prepare an ordinance setting the annual fee escalator at 8.8 percent for the Water Acquisition Fee.

Suggested Motion : Prepare an ordinance setting the annual fee escalator at 8.8 percent for the Water Acquisition Fee.