

# CITY COUNCIL COMMUNICATION



**MEETING DATE:** January 28, 2025

**ITEM NUMBER:** 9.E

**SECOND READING:**

{{customfields.ResoOrdNumber}}

**TYPE OF ITEM:** Consent

**PRESENTED BY:**

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**SUBJECT/AGENDA TITLE:**

A Resolution of the Longmont City Council Establishing the Cash In Lieu Of Water Rights Transfer Fee

**EXECUTIVE SUMMARY:**

At City Council's December study session meeting, Council directed staff to return with a Resolution amending the rate for Longmont's cash-in-lieu of water rights transfer (CIL). The current rate is \$48,500.00 per acre-foot (AF) and Council directed staff to return with a Resolution revising that to \$59,625.00 per AF. Water Board has also recommended that new CIL rate and an effective date of May 1, 2025 for this proposed change to become effective. Attached is a Resolution revising the CIL rate to \$59,625.00 per AF and setting a date of May 1, 2025 for that new rate to become effective.

**COUNCIL OPTIONS:**

1. Approve the Resolution as presented.
2. Revise the Resolution and pass the amended Resolution.
3. Deny the Resolution.

**RECOMMENDED OPTIONS:**

Approve the Resolution as presented.

**FISCAL IMPACT & FUND SOURCE FOR RECOMMENDED ACTION:**

There are no immediate fiscal impacts of the recommended action. Revenue from future payments of Cash-in-lieu of water rights accrue to the water acquisition fund. This proposed rate increase will result in additional revenues to that fund. CIL will be paid by future development activity when platting of property occurs.

**BACKGROUND AND ISSUE ANALYSIS:**

The City of Longmont has a Raw Water Requirement Policy that requires land that is annexed and subsequently developed in the City to dedicate all historical water rights associated with that property. If historical water rights dedication does not result in a dedication to the city of at least three acre-feet of water per acre of land, then the applicant must dedicate additional water to meet that requirement. One option for meeting that requirement is to pay cash equal to the amount of water needed for dedication to meet the three acre-feet per acre requirement. This is referred to as Cash-in-lieu of water rights dedication. Methodology to calculate this CIL rate has varied over the years based upon policy recommendations of Water Board and as directed by City Council. Currently the rate is set based upon the cost of new water supply projects Longmont is participating in. Currently those projects result in a total cost per acre-foot of new water supply of \$59,625.00 per acre-foot. As such, this is the recommended rate that Water Board is recommending Cash-in-lieu be set at.

A related issue is timing of when any new fee becomes effective. To provide certainty to both the city and development community, Water Board and staff are recommending the CIL rate normally be changed once per year on January 1<sup>st</sup>. For this current change, it is recommended it become effective on May 1<sup>st</sup>.

**ATTACHMENTS:**

Att 1 - Resolution