

**Town of Lyons, Colorado
Board of Trustees
BOT Agenda Cover Sheet
Agenda Item No: X. 2.
Meeting Date: September 16, 2024**

TO: Mayor Rogin and Members of the Board of Trustees

FROM: Aaron Caplan, Engineering, Building & Utilities Director

DATE: September 10, 2024

ITEM: Discussion/Direction on Accepting Cash in Lieu of Four (4) Shares of Colorado Big-Thompson Project Water (C-BT) for Four (4) Lots in Lyons Valley Park

X ORDINANCE

MOTION / RESOLUTION

INFORMATION

- I. **REQUEST OR ISSUE:** Accept \$200,000 cash in lieu of four shares of C-BT for four lots in Lyons Valley Park, Filing No.8.
- II. **RECOMMENDED ACTION / NEXT STEP:** Direct staff to bring a resolution documenting the acceptance of the cash in lieu of water rights and another resolution amending the Subdivision Improvement Agreement for Lyons Valley Park Filing No. 8 to allow cash in lieu.
- III. **FISCAL IMPACTS:** The Water and Sewer Fund would receive \$200,000 in revenue.
- IV. **BACKGROUND INFORMATION:** Per an agreement with Longmont, the Town must dedicate water rights for each new or upsized connection to the Town water system. The Town currently holds 18 shares of C-BT that are not dedicated to Longmont each year for treated water. The Lyons Municipal Code requires most new or upsized connections to dedicate water rights to the Town, which can then be dedicated to Longmont.

The Town is aware of four properties that fall into a category called Pre-Existing Commitments. These properties would be allowed to connect to the Town water system without supplying water rights to the Town. If these properties request a connection to the town water system, the Town should continue to reserve four shares of our undedicated C-BT for use.

The Town conducted a survey a few years ago to determine what properties might fall into this pre-existing commitment category and only found these four properties. It is possible that other unknown agreements were made to commit water rights for a property to connect to the water system. The Town was recently advised that the

property where our million-gallon water tank is located (Apple Valley) was granted the right to two taps into the Town water system in exchange for the easement of the water tank. We are working to determine if this includes the water rights or just the taps. Either way, other unknown pre-existing commitments may exist. Staff has felt the Town should reserve between 5 and 10 of our undedicated C-BT shares.

Staff and the Utilities and Engineering Board (UEB) have expressed the willingness, and even desire, to accept cash in lieu of water rights for at least some of the additional water rights not being dedicated each year to Longmont.

If there is agreement that the Town could benefit from accepting cash in lieu of water rights at this time, the next question becomes the value of cash in lieu of water rights. There has been a discussion with the UEB and the previous Board of Trustees on the current financial value of various water rights, including C-BT. The requestors recently purchased four shares of C-BT that have been transferred, or are in the final stages of being transferred, to the Town for four of their properties. They paid \$200,000 for these four shares. Before purchasing four more shares of C-BT for their other four lots, they wanted to come to the Town and ask if the Town was interested in accepting \$200,000 instead of four more shares of C-BT.

V. **LEGAL ISSUES:** The lots in Lyons Valley Park are subject to the Subdivision Improvement Agreement for Lyons Valley Park Filing No. 8, which requires C-BT to be used for the water rights dedication. An amendment to the SIA will be required to accept cash in lieu of water rights for these lots.

VI. **CONFLICTS OR ENVIRONMENTAL ISSUES:** Unknown at this time.