

**Town of Lyons, Colorado
Board of Trustees
BOT Agenda Cover Sheet
Agenda Item No: IX. 2.
Meeting Date: 10/21/2019**

TO: Mayor Sullivan and Members of Board of Trustees

FROM: Victoria Simonsen, Town Administrator

DATE: Friday, October 18, 2019

ITEM: Discussion and Direction to Staff regarding Lake MacIntosh shares

ORDINANCE
 MOTION / RESOLUTION
 INFORMATION

I. Request or Issue:

Trustees have requested a discussion of the recent acceptance of Lake MacIntosh shares per the City of Longmont water agreement. Policies and procedures on how they will be utilized should be discussed and agreed upon.

II. Recommended Action/Next Steps:

Discuss the topic and direct staff to draft policies and procedures.

III. Background Information:

In September 2019, the third amendment to the Intergovernmental Agreement with the City of Longmont Water Services Agreement. One of the changes included an allowance for the Town of Lyons to acquire Lake McIntosh Reservoir Company shares for future Fixed Dedication of water supply.

The original IGA required the Town of Lyons to acquire additional water for all new water service taps issued in the town. The IGA required that the Town of Lyons acquire one additional unit of C-BT for each new additional water service connection. At the time the original Water Service Agreement was entered, C-BT Units were readily available and cost in the range of \$12,000 per unit.

Currently, it is more difficult to obtain C-BT water and the cost exceeds \$55,000 per unit. Due to this significant cost, the Town of Lyons requested that the City of Longmont consider amending the Water Service Agreement to allow Lyons to acquire other sources of water to dedicate. After discussions, it was decided to request Lake McIntosh Reservoir shares (at this time) to satisfy the raw water requirement for certain

customer classes. Those customer classes include commercial, economic development, and affordable housing. All other new water services construction is required to acquire C-BT units to satisfy the raw water dedication requirements of the IGA. Those classes are defined in the IGA as follows:

“Affordable Housing” shall mean rental units, within the Lyons Service Area, that are covenant controlled to have rents affordable to households with incomes at or below 60% of the area median income for the Boulder-Longmont area (based on information published by the United States Department of Housing and Urban Development), and for sale housing, within the Lyons Service Area, that is covenant controlled to have sales prices affordable to households with incomes at or below 80% of the area median income for the Boulder-Longmont area.

All Boulder County municipalities and the county itself have agreed to a goal of having 10-12% of their overall housing stock be affordable. The definition of ‘affordable’ in this instance is clear within the agreement. Acceptance of Lake MacIntosh water incentivizes more affordable housing in our community.

“Commercial Development” shall mean an activity within the Lyons Service Area involving the sale of goods or services carried out for profit, including, without limitation, office, retail, services, wholesale trade, and other similar development.

“Economic Development Opportunities” shall mean any proposed new development in the Lyons Service Area that enables greater production, increased employment, and a better distribution of goods and services.

Currently, Lake McIntosh shares are acceptable to the City of Longmont as non-historical water dedication for development in the City of Longmont, and they have agreed that it would be acceptable for the Town of Lyons to also acquire this water right as well. As of this date, Lake MacIntosh shares are approximately \$7,000 per unit.

Per the agreement:

Additional Service Connections - New Approvals. Except for Affordable Housing, Commercial Development, or Economic Development Opportunities, for each Service Connection added within the Lyons Service Area in accordance with a land use approval or contractual commitment(s) subsequent to the date of this Agreement, one (1) additional unit of Lyons C-BT Water shall be required for the Fixed Dedication.

For each Service Connection added within the Lyons Service Area in accordance with an affordable Housing, Commercial Development, or Economic Development Opportunities land use approval or contractual commitment(s) subsequent to the date of this Agreement, either one (1) additional unit of Lyons C-BT Water, or one and four tenths (1.4) shares of capital stock in the Lake McIntosh Reservoir Company, shall be required for the Fixed Dedication. During the term of this Agreement, Lyons shall maintain and enforce a raw water dedication requirement for new taps and new annexations equal to or greater than its regulatory or contractual requirements existing on the date of this Agreement, but in no event shall such dedication requirement be for less than one (1) C-BT unit for each Service Connection, or, if applicable, one and four

tenths (1.4) shares of capital stock in the Lake McIntosh Reservoir Company. The dedication requirement for non-single-family development shall be determined by calculating a single-family residential water use equivalent for such development and multiplying said equivalent by the dedication requirement applicable to a single family residential Service Connection.

IV. Legal Issues:

Unknown

V. Conflicts or Environmental Issues:

Unknown

VII. Summary and Alternatives:

Staff recommends that the Board of Trustees enters into an agreement with Lake MacIntosh Reservoir company to purchase water for all purposes defined above that further the goals adopted in town-sanctioned plans such as the Comprehensive Plan, Lyons Primary Planning Area Plan, Urban Renewal Plan, Sustainability Action Plan, etc. This action will encourage development considered 'community friendly' and in character with the plans.

Standard R-1 residential development would be required to purchase a C-BT unit. Other new development should be considered on a case-by-case basis through the development plan agreement and in concurrence with the above mentioned, town-adopted plans.

Staff recommends that the annual assessment of Lake MacIntosh waster shares (currently \$40 per share) be budgeted and paid for through water rates in the same manner we do for C-BT assessments.

Proposed Motion: Discussion only. No resolution proposed.