

**Town of Lyons, Colorado
Board of Trustees
BOT Agenda Cover Sheet
Agenda Item No: XIII. 2.
Meeting Date: 21 Mar 2022**

TO: Mayor Angelo and Members of the Board of Trustees
FROM: Aaron Caplan, Director of Utilities & Engineering
DATE: 19 Jan 2022
ITEM: General Business – Spirit Hound Distillers Water Dedication Request

ORDINANCE
 MOTION / RESOLUTION
 INFORMATION

- I. **REQUEST OR ISSUE:** Spirit Hound Distillers is currently requesting an extension of a Temporary Certificate of Occupancy which is under the Building Permit Department. That request is on hold until the outstanding requirement for 1.4 shares of Lake McIntosh or one share of Colorado Big Thompson water is dedicated to the Town. Spirit Hound Distillers is requesting the Town use 1.4 shares of its supply of Lake McIntosh Shares to dedicate to Longmont.
- II. **RECOMMENDED ACTION / NEXT STEPS:** Deny the request to allow 1.4 shares of the Town's stock of Lake McIntosh be used for the dedication of shares to Longmont. Require Spirit Hound Distillers to dedicate either Lake McIntosh or C-BT shares to the Town so those can be dedicated to Longmont.
- III. **FISCAL IMPACTS:** Granting this request would use 1.4 shares of the Town's stock of Lake McIntosh shares. Depleting the shares available for the Town to use in other situations.
There was mention in the request of the economic benefits to the Town from Spirit Hound Distillers. The economic development was the reason the Town staff felt the application to allow Lake McIntosh shares which were selling at around \$10,500 per share in place of the standard Colorado Big Thompson shares which were selling at over \$60,000 per share was acceptable and should be presented to the Board of Trustees. This offered a possible savings to Spirit Hound Distillers of \$40,000 to \$50,000.
- IV. **BACKGROUND INFORMATION:** The request to the Board of Trustees mentions lack of clarity around dedicating water rights to the Town. The application to request that the Lyons Board of Trustees accept the dedication of Lake McIntosh water shares in place of Colorado Big Thompson water shares, begins with 'Town of Lyons Board of Trustees is empowered to accept 1.4 shares of capital stock in the Lake McIntosh Reservoir Company

(“Lake McIntosh Shares”).

In a Mar 29th, 2021, email to Matt Rooney Director Caplan said “A 3/4” inch tap currently has a \$17,500 service connection fee, and a 1” tap which allows double the volume of water is double the price at \$35,000 so it would be a \$17,500 service connection fee to upsize to the 1” tap. Then a 1 inch requires doubling the water rights committed to the town. That would be 1 CBT share, or you could submit the application to the Board of Trustees to request using Lake McIntosh water shares because you believe your project falls under economic development. There are conditions for using Lake McIntosh and so you would need to show you meet the conditions and **then it would be 1.4 shares of Lake McIntosh that would need to be submitted.**”

Matt’s response: “Thanks Aaron, what are the bigger tap sizes the town allows? and costs? and I assume more water rights? Please detail out.”

My Response: “If you went up to a 2” tap it would \$105,000 – the \$17,500 for the ¾” tap you have, and then $6 - 1 = 5$ CBT shares or $5 \times 1.4 = 7$ Lake McIntosh shares. 1 and ½” tap allows up to 1,080,000 gallons of water a year and a 2” 1,890,000 gallons per year. “

In an Apr 26, 2021, email Matt said; ‘The answer to your question is we would only pay for the 1” tap and use 1” of water for 2021. We would NOT upgrade line size at this time, and only do it when we do our additional building. And at that time, we would likely upgrade to a 2” line- physical line 2” plus water rights for 2”.

There was also mention of not taking samples from the wastewater sampling port. While that does not have direct bearing on the water rights requirements, I wanted to point out that the town did take samples for testing in Dec 2020. Results are attached.

I would also note that the Town and Spirit Hound Distillers had worked out a program where Spirit Hound Distillers was side streaming waste from the production process that used copper kettles. When that was implemented, the town did start meeting the maximum allowable copper allowed in its wastewater permit. With the Town meeting its copper levels on a regular basis, I felt there was not a need to do further testing at this time, an expense that would be borne by the business which pays the costs of testing.

V. LEGAL ISSUES:

VI. CONFLICTS OR ENVIRONMENTAL ISSUES: N/A

VII. SUMMARY AND ALTERNATIVES: