



# **Sixth Amendment to the Leprino Development Agreement**

**City Council  
1<sup>st</sup> Reading - December 6, 2022**

# Leprino Development Agreement Background

- **Original Development Agreement in 2008**
- **Raw water credits and costs a key component of the agreement**
  - **“Produced Water” from dairy process was a key part of the raw water dedication, and an uncertain amount when the agreement was negotiated**
  - **Leprino was granted up to 1,133 acre feet (AF) of favorable cash-in-lieu water priced at \$4,500/AF (Leprino Water Bank Rate)**
- **Total demand was projected to be 1,344 AF at buildout**



# Fourth Amendment to Development Agreement

- **Leprino was successful – buildout projection for water demand too low**
- **All 1,133 AF of Leprino Water Bank Rate water was purchased**
- **Produced Water volume still unknown**
- **Leprino requested additional cash-in-lieu at a favorable rate**
  - **Greeley offered 55 AF at Leprino Water Bank Rate and 150 AF at the New Leprino Water Bank Rate (\$12,000/AF to start)**
  - **Leprino had to dedicate an equal amount of C-BT water to receive cash-in-lieu**

# Leprino's Raw Water - Current

<b><u>Source of Water Supply</u></b>	<b><u>Volume (Acre Feet)</u></b>
<b>Credit associated with site</b>	<b>211</b>
<b>Produced Water credit (decreed – Apr 2020)</b>	<b>600</b>
<b>Leprino Water Bank</b>	<b>1,133</b>
<b>C-BT Dedication</b>	<b>190</b>
<b>Leprino's Allotment</b>	<b>2,134</b>



- **Leprino did not purchase any additional cash-in-lieu under the terms of the Fourth Amendment to the Development Agreement**



# Leprino's Raw Water Overage - 2020

	Volume - AF
Credit associated with site	211
Produced Water credit (decreed)	600
Leprino Water Bank	1,133
C-BT Dedication	190
Leprino's Allotment	2,134
Total Usage - 2020	2,306.53
2020 Overage	172.53

- Buildout occurred in 2018 – raw water surcharges for any usage over allotment
- Leprino's overage in 2020 results in amount owed of \$565,001.68



# Sixth Amendment – Key Terms

- **Per the Fourth Amendment, Greeley had the option to purchase the Excess Decreed Amount (240 AF), or the volume above 600 AF**
  - **In 2022, Leprino and Greeley staff agreed to use the \$565,001.68 Leprino owes for the raw water surcharge for Greeley to purchase 38.70 AF of Excess Decreed Amount water**
  - **Greeley relinquishes all rights to the remainder of the Excess Decreed Amount**
  - **Defined remaining available cash-in-lieu amounts**



# Leprino's Potential Raw Water – Sixth Amendment

	Volume - AF
Credit associated with site	211
Produced Water credit (decreed)	600
Leprino Water Bank	1,133
C-BT Dedication	190
Leprino's Allotment	2,134
<i>Potential New Supplies</i>	
Additional Leprino Water Bank	55
New Leprino Water Bank	165
<i>Potential Total Supply - AF</i>	2,354

- Leprino can increase their allotment
- Leprino staff has indicated that they believe 2,134 AF is sufficient for their operations





# Recommended Action:

- **Introduce the Ordinance and schedule the public hearing and final reading on January 3, 2023.**





# Questions?

