

Water & Sewer Agenda Summary

Date: August 17, 2022

Key Staff Contact: Sean Chambers, Director

Title: Water Lease & Trade Agreement with Platte River Power Authority (PRPA)

Summary:

The Water & Sewer Dept. has been a collaborator and partner with PRPA in regional water discussions and projects such as the Windy Gap Firming Project. To best manage its water demands at the Rawhide facility prior to the full utilization of the Chimney Hollow Reservoir project, PRPA has a need to secure by multi-year lease water that can be used to firm its supplies between now and the completion of the Windy Gap Firming project. Once the Chimney Hollow Reservoir project is complete and operational, Platte River will have a firm water supply and the value of its Poudre River rights would likely diminish over time from disuse. Whereas Greeley will have an ability to make an ongoing beneficial use of the rights to meet various needs of a growing Greeley.

To further the long-term goals of both Greeley and PRPA, the parties propose an agreement to trade leased C-BT water from Greeley to PRPA and in exchange for the transfer of the Rawhide Pipeline Water Right from PRPA to Greeley, with a short-term lease back to PRPA.

The City's water resources staff have reviewed the proposed terms and find the following:

1. The proposed lease of 400 AF /yr. of Greeley C-BT units to PRPA is within the portfolio's available excess supply and such a rental would not have a material impact on the city's resources needed to meet customer demands.
2. The proposed water lease in exchange for Poudre River water rights is in the best interest of the water utility, and if not leased to PRPA, the C-BT water would most likely be leased for agricultural uses at a minimal rate.
3. The PRPA Rawhide Pipeline water right would create value for the city and its customers in future years as the city grows and its potable and non-potable demands grow.

Preliminary analysis of the PRPA Cache la Poudre Rawhide Pipeline Rights confirmed an annual historical average yield more than 800 AF / yr. Greeley expects PRPA will continue to utilize these rights during the lease back period, and thereafter the city will integrate them into the city's beneficial use portfolio.

Recommended Action:

Based upon yield, value, legal and engineering analysis, the Staff recommend approval of the agreement

Recommended Motion:

Approve Purchase and Sale Agreement, Agreement for Lease of Colorado-Big Thompson Water, and Water Rights Leaseback Agreement with Platte River Power Authority and delegate authority to the Director of Water and Sewer to approve minor revisions to the agreements before their execution, provided that the material substance of the agreements remains unchanged

Attachments:

Agreements

Purchase and Sale Agreement – Water Rights

Agreement for Lease of Colorado-Big Thompson Project Unit Water

Water Rights Leaseback Agreement

Presentation Slide Deck