



Sixth Amendment to the Leprino Development Agreement

October 19, 2022

Leprino Development Agreement Background

- **Original Development Agreement done in 2008**
- **Raw water credits and costs a key component of the agreement**
 - **Produced Water 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 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**



Raw Water – Original Development Agreement

	Volume - AF
Credit associated with site	211
Produced Water credit (not decreed)	600
Leprino Water Bank	1,133
Leprino's <i>Potential</i> Allotment	1,944

* Expected demand = 1,344 AF



Fourth Amendment to Development Agreement - 2018

- **Leprino was successful – buildout projection for water demand too low**
- **All 1,133 AF of Leprino Water Bank Rate water was purchased**
- **Water Court application for the Produced Water proceeding but result 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**

Raw Water – Fourth Amendment to the Development Agreement

	Volume - AF
Credit associated with site	211
Produced Water credit (not decreed)	600
Leprino Water Bank	1,133
<i>Potential New Supplies</i>	
C-BT Dedication	205
Additional Leprino Water Bank	55
New Leprino Water Bank	150
Leprino's <i>Potential</i> Allotment	2,354



Leprino's Raw Water - Current

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

- 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 Terms

- **Per the Fourth Amendment, Greeley had the option to purchase the Excess Decreed Amount (240 AF)**
 - **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**
 - **Updated to reflect current raw water requirement rules**



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

- **Water and Sewer Board approves and recommends to City Council the Sixth Amendment to the Development Agreement for Leprino Foods Company.**



Questions?

