

MAYOR AND CITY COUNCIL COMMUNICATION

DATE: September 3, 2024
TO: Mayor and City Council
FROM: Melinda Moritz, Public Works Director
THROUGH: Crystal Caldera, Ph.D., City Manager
SUBJECT: Presentation and Discussion to Consider Approval of an Ordinance Authorizing a Budget Adjustment in the Amount of \$696,758.00 from the Enterprise Fund Balance and \$320,000 from the General Fund Balance to Purchase 100 Acre Feet of Water Rights

SPONSOR(S): N/A

PURPOSE

This M & C is to approve additional funding for the purchase of 100-acre feet of water rights. To prepare for future development and current critical period drought management, the city should acquire approximately 300 additional acre feet of water rights.

Currently, the city owns 1758.38-acre feet of water rights, and this will increase our amount to 1858.38-acre feet. The City budgeted \$280,000 for the purchase of 40-acre feet of water rights in this fiscal year, but we have an opportunity to purchase 100-acre feet. The seller is not willing to sell off a portion of these rights.

New subdivisions are being developed with a total of 583 new homes expected within the next 2-5 years and this purchase will help to ensure we are able to serve all Leon Valley water customers during times of critical period drought management. Developers pay impact fees into the Enterprise Fund account and the funds may only be used to pay for water rights and new infrastructure due to the new developments. Over \$60,000 has been collected so far this year.

FISCAL IMPACT

Cost per acre foot	\$ 12,000
Total acre feet	<u>x 100</u>
Cost for 100-Acre Feet	\$1,200,000
Closing costs	<u>\$72,000 +/-</u>
<i>Total Amount Needed</i>	<i>\$1,272,000 +/-</i>
Enterprise Fund (Impact Fees)	\$ 696,758

General Fund Reserve	\$ 320,000
Amt Funded in FY 24	<u>\$ 280,000</u>
<i>Total</i>	<i>\$1,296,758</i>

Total Budget Adjustment Needed: \$1,016,758

Impact Fee Balance \$ 696,758

General Fund balance \$5,919,097 (as of 09/30/23)

RECOMMENDATION

It is recommended the City Council approve the request for a budget adjustment to purchase 100-acre feet of water rights.

APPROVED : _____ DISAPPROVED: _____

APPROVED WITH THE FOLLOWING AMENDMENTS :

ATTEST :

SAUNDRA PASSAILAIGUE, TRMC
City Secretary