

# Acquisition of Groundwater Extinguishment Credits and Surface Water Rights

Town Council Meeting

December 17, 2018

# Strategic Objectives

- Establish a Long-Term Assured Water Supply
- Reduce Overall Customer Water replenishment Costs by Using Less Expensive Options Versus CAGR D
- Become Designated Assured Water Provider





# Long-Term Water Resource Needs



Build Out Demand

43,500 AF

LESS



– Effluent

(12,000) AF

– Current Surface Water

(500) AF

– NIA Phase 1

(4,100) AF



– Pre Code GW

(5,000) AF

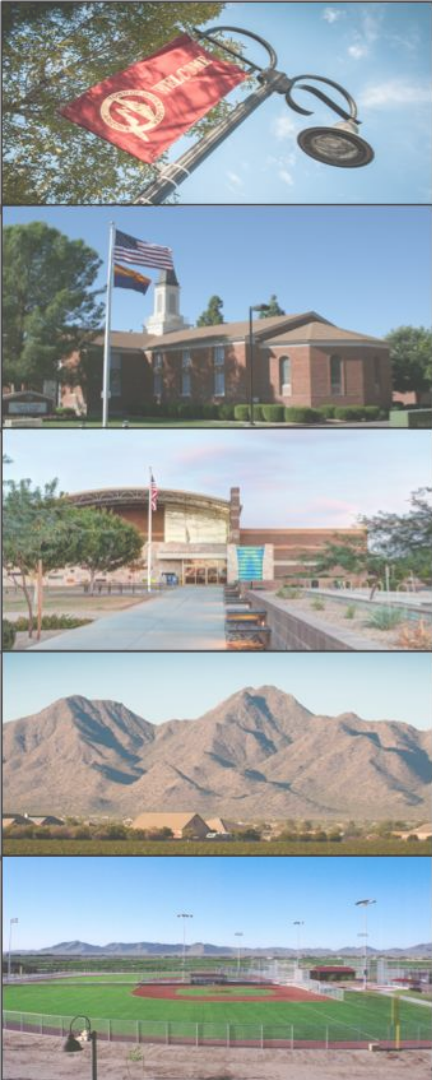
– System Conservation 10%

(4,400) AF

**BUILD-OUT SHORTAGE**

**17,500 AF**





# Current Water Resource Needs

- Current Demand – 5,300 AF of Excess GW Delivered Annually
- Projected Demand – 93,000 AF of Excess GW Delivered Over the Next 10 Years
- Projected Demand – 154,000 AF of Excess GW Delivered Over the Next 15 Years

# Extinguishment Credits

- Terminated Grandfathered GW Rights
- Transferable & Do Not Expire
- Used to Offset GMA Requirements
- Not Subject to Drought Contingency
- Used/Dedicated to Meet 100 Year Renewable Assured Water Supply





# Purchase Agreement Regarding Cibola Water Rights

- Perpetual Water Rights On Colorado River South of Blythe
- 2,088 AF
  - 11% of 17.5K Need
- High Priority Water if Drought Declared
- Contingent Upon Ownership Transfer
  - 2 Year Process
  - Expected Close of Escrow: January 1, 2020
  - \$1M Refundable Deposit paid by 12/31/18



# Financial Summary

## 1. Extinguishment Credits

- Contract Price: \$49M
  - Cost per Acre Foot: \$280
  - Estimated Financed Cost per AF: \$376

## 2. Water Rights

- Contract Price: \$21M
  - Estimated Financed Cost per AF: \$200

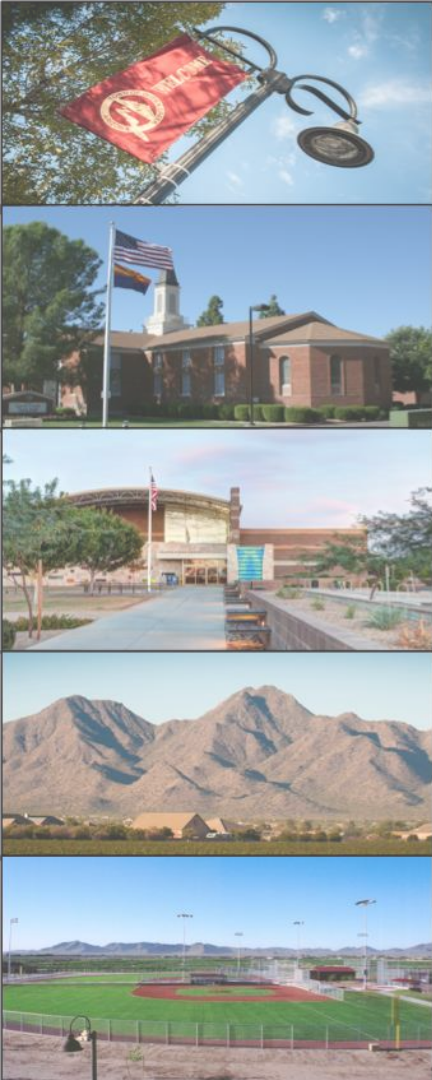
NOTE: CAGR Rate is \$705 per AF



# Calendar

Item	Date
Approve Two Purchase Agreements	December 17 <sup>th</sup> Regular Agenda
Take Ownership of 15K Extinguishment Credits (\$4.2M)	December 31 <sup>st</sup>
<ul style="list-style-type: none"><li>• Take Ownership of the Remaining 135K Extinguishment Credits (\$37.8M)</li><li>• Approve Interim Financing</li></ul>	February 28, 2019
Issue Permanent Debt Financing for Extinguishment Credits	Spring 2019
Issue Debt for Water Rights	December 2020





# Recommended Motion

Approval and Adoption of the  
Purchase Agreements and Related  
Resolutions



# Questions and Comments