



## Legislation Details (With Text)

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**Type:** Resolution      **Status:** Mayor's Office

**File created:** 5/14/2018      **In control:** City Council

**On agenda:** 6/26/2018      **Final action:** 6/26/2018

**Title:** A Resolution Authorizing the Purchase of Lower Arkansas Water Management Association Stock owned by Arkansas River Farms, LLC for Colorado Springs Utilities; and Authorizing the Execution of Closing Documents

**Presenter:**  
Pat Wells Water Resources and Demand Management General Manager  
Eric Tharp, Acting CEO, Colorado Springs Utilities

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Resolution--Purchase of ARF LAWMA Shares \_Draft 6-13-2018.pdf, 2. Signed Resolution 66-18

Date	Ver.	Action By	Action	Result
6/26/2018	1	City Council	adopted	Pass

A Resolution Authorizing the Purchase of Lower Arkansas Water Management Association Stock owned by Arkansas River Farms, LLC for Colorado Springs Utilities; and Authorizing the Execution of Closing Documents

**Presenter:**

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Eric Tharp, Acting CEO, Colorado Springs Utilities

**Summary:**

Utilities has negotiated a water sharing agreement with the Lower Arkansas Water Management Association (LAWMA), which is the first step toward diversifying Colorado Springs Utilities' water supply portfolio through the use of Alternative Transfer Methods (ATMs). The water sharing agreement contemplates Colorado Springs Utilities' acquisition of water shares in LAWMA and the filing of a water court application that is necessary for Colorado Springs Utilities to utilize the water derived from the LAWMA shares, both of which require City Council approval by resolution.

**Previous Council Action:**

N/A

**Background:**

Colorado Springs Utilities has had informal water sharing agreements with LAWMA for many years. Through the subject acquisition, Colorado Springs Utilities will purchase 2,500 LAWMA shares (2,000 acre-feet of water) from Arkansas River Farms, LLC, for use in five out of every 10 years; LAWMA will

receive the water in the remaining five years. The transaction will benefit Colorado Springs Utilities' customers by addressing storage recovery following drought years. It also is an important step toward achieving the water supply goals defined in the Integrated Water Resource Plan (IWRP). Colorado Springs Utilities will also need to file a water court application for appropriative rights of exchange in order to utilize the water derived from the LAWMA shares and other ATM water it subsequently acquires.

If the resolution authorizing the purchase is approved, Colorado Springs Utilities and Arkansas River Farms, LLC will execute a Purchase and Sale Agreement in similar form to the attached agreement and, pursuant to its terms, may close on the transaction on or before July 31, 2018. Several contingencies on the purchase of the LAWMA shares exist and must be satisfied prior to closing on the acquisition. If the contingencies are satisfied, Colorado Springs Utilities will purchase the 2,500 LAWMA shares at \$3,500.00 per share for a total of \$8.75 million. Colorado Springs Utilities hereby seeks City Council approval of the attached resolution authorizing it to close on the purchase of the 2,500 LAWMA shares.

**Financial Implications:**

If the resolution is approved, Colorado Springs Utilities will spend \$8.75 million on acquiring the 2,500 LAWMA shares.

**Board/Commission Recommendation:**

N/A

**Stakeholder Process:**

N/A

**Alternatives:**

Approve or not approve the attached resolution authorizing Colorado Springs Utilities' purchase of the 2,500 LAWMA shares.

**Proposed Motion:**

Approval of the attached resolution authorizing Colorado Springs Utilities' acquisition of the 2,500 LAWMA shares.

N/A