Rico Planning Commission Memorandum

<div align="right">Date: March 25th, 2021</div>

TO: Town of Rico Board of Trustees

FROM: Kari Distefano, Rico Town Manager

SUBJECT: Board of Trustee's work session

Allocation of water uses in the future

   I have been working with Marti Whitmore to devise an equitable allocation of Rico's water uses that can be added to the revised Rico Land Use Code. I have attached a list of options for the Trustees to consider as well as a map of a proposed utility service area. The Rico Planning commission discussed the options at the March 10th meeting and preferred Option 3, the hybrid, but they did not have any definitive suggestions for a fee in lieu of charge.

   I had suggested that we link the fee to the additional water use the subdivision would generate. Here is a possible method of determining the fees:

According to a preliminary engineering report we had done in 2018, the cost of upgrading the Silver Creek system to the point it could be used would be approximately $4,000,000. When we looked at this U.S.D.A interest rates for a 20-year loan were 2.5%. This may have come down but I am going to use it:

The payments on a $4,000,000 loan would be $254,352 per year. For this price, we would get an additional 3 cubic feet per second (cfs). 3 cfs is the equivalent of 2172 acre feet per year so the cost per acre foot per year of upgrading the system would be $117.10.

The average person uses 100 gallons of water per day.
The average household has 2.53 people. 100x2.53x365 = 92,345 gallons per year or 0.2834 acre feet per year.

If you multiply $117.10 by 0.2834, you get an annual fee of $33.19 per single family lot. This would be in addition to the Town's normal base rate and would be adjusted for inflation. It would go away once the system had been upgraded.

   The easiest way to charge this would be to have the developer pay that fee on an ongoing basis until the new system was installed and paid off but I think that we need to come up with a lump sum option. This process is just a suggestion. We could charge a higher rate but it does need to be roughly proportional to the level of subdivision impact. We should also consider

affordable housing and whether or not to incorporate a sliding scale fee for developers that are willing to provide deed restricted housing.

The other suggestion that came out of the Planning Commission discussion was to increase tap fees. While the Board recently brought them down, I believe that we are looking at a different landscape now than we were in 2018. Last year there were 32 land sales in Rico and we have seen an uptick in planning and building permit applications. We could charge an increased tap fee only to new subdivisions and leave the current tap fee in place for existing lots.

I had a conversation with Marty Robbins, the water commissioner in our area who is temporarily taking the place of Doug Pickering, who is retiring. He said we could change our point of diversion but like Marti Whitmore had cautioned, anytime an entity enters water court, they open themselves up to objections. The objecting entity must prove that an alternate point of diversion would damage downstream users. The other cautionary note is that the Town would only get water rights for water that Silver Creek physically produces. As far as I know, there are no historic records of Silver Creeks production and the Town would have to do a study. If the Town were to do a study this upcoming year, which will almost certainly be dry, and Silver Creek only produces for example 0.3 cfs, that would be all that we would get. If the Town is contemplating this path, the next step would be to start tracking Silver Creek flow and to generate a request for proposals for a water attorney. Once we know approximately what this will cost, we can start applying for grant funding.

Infrastructure needs prioritization survey

At the last meeting, the Trustees asked that staff develop and infrastructure prioritization survey. I have included a draft of the survey in this packet for discussion. Please review it and be prepared to comment or revise.