**2022 Water Cash-in-Lieu Increase**

**Frequently Asked Questions**

**BACKGROUND/HISTORY**

* Since 1963, the City of Longmont has had a Raw Water Requirement Policy that requires land that is annexed and developed in the City to dedicate all of the water rights associated with that property.
* If the historical water rights dedicated at annexation doesn’t result in a dedication to the City of at least three acre-feet of water per acre of land, the applicant must satisfy the remaining water deficit at time of platting.
* One option to satisfy this requirement is to pay cash equal to the amount of water needed for dedication to satisfy this three acre-feet per acre of land requirement. This is the Cash-in-lieu of water rights dedication.
* Since 2013, the City has reviewed the current cost of new water supply projects as a metric to adjust the value of this Cash-in-lieu fee accordingly.

**GENERAL INFORMATION/HIGHLIGHTS**

* City Council directed staff to review the methodology utilized to determine the cash-in-lieu fee for the City.
* The Cash-in-lieu fee as of February 2022 is $18,528 per acre-foot.
* The City’s most recent evaluation resulted in a proposed increase from $18,528 to $48,500.
* The City uses these funds to acquire raw water, either in the form of outright acquisition of water rights or through the construction of water supply projects.
* The previous methodology used to set the cash-in-lieu fee took the average cost of single water supply elements, such as the Windy Gap Firming Project, which increases the City’s water supply but does not represent a full project metric.
* This increase comes as a result of a change of methodology that uses an entire project basis (water right, diversion capability, water conveyance, facilities and storage facilities that result in a full acre-foot of water delivered to the City’s water plant for treatment) for setting the fee.

**FREQUENTLY ASKED QUESTIONS & ANSWERS**

1. **Why does this increase need to happen right now?**

The city currently is well lower in its CIL cost than other similar water providers and as development continues to occur in the city, these funds are needed to ensure the City has a robust future water supply.

1. **What are the benefits of this increase to the City?**

These funds will be used to expand the City’s water supply to continue to develop an industry-leading water supply for the future of Longmont's citizens.