

CITY OF AURORA & EBMD
MEETING TO DISCUSS WATER ISSUES
November 7, 2018

Attendees: Marshall Brown, Larry Moore, Will Schippers

COA's position regarding ground water is that aquifer water is a non-renewable source. They expect users to consume aquifer water as a back-up and emergency supply, and therefore their desire is for users to not to use ground water as a primary source. The COA will expect all future applications for water, either new users or existing users desiring additional water resources, to access a renewable source, such as tributary water. Additionally, they are attempting to move current users of aquifer water as a primary source to tributary water as a primary source.

The COA is not interested in acquiring the Rangeview water rights situated in Section 36, i.e. the west side of HEB. If EBMD was to apply for a well permit in Section 36, the COA would oppose the application to drill a new well as a primary source, but, based on our 1998 agreement with COA, he didn't feel they would prevail in that effort. However, the state and/or protests from other well owners in the area may be successful in denying the permit.

The COA is, and has for some time, required all new developers to have acquired their necessary water rights prior to approval of the development. As part of the approval of the development plan, the COA requires the water rights sufficient for the development to be transferred to the COA at no cost. Result is that each new development is providing water to service the development at no cost to the COA.

Marshall is of the opinion that drilling an additional well to extract water from the Arapahoe Aquifer has some associated risks that should not be ignored. One is competition for the Arapahoe Aquifer water that the COA expects to increase substantially. This competition would primarily come from Rangeview as they plan to drill approx. 1,500 wells into the Arapahoe Aquifer on the 65,500 acre Lowry Bombing range. If this were to happen, he believes the southeast Aurora portion of the Arapahoe Aquifer would be depleted. He said COA is developing plans to recharge the aquifer for their intended use, i.e. a back-up and emergency water supply. The COA plan is to limit recharge of the aquifer to the northeast portion of the city and stay away from recharging the aquifer under the southeast area of the city.

Another risk is the cost of the water that they may charge upon our exercising the 10-year option to extend in 2028. He indicated that if we were to renegotiate rates for water from our wells today the cost would easily be over \$2.00/kgal, and of course we would still have pumping costs. (In discussing this point with EBMD's attorney after the meeting, it is EBMD's opinion that rates would not be subject to renegotiation when the 2028 option is exercised. As the 2038 and following options are bi-lateral options, the COA could decide to no longer provide the current 400-acre feet for extraction from our wells and the price would most likely reflect their not wanting us to utilize aquifer water as a primary water source. This would mean we may not have a golf course/common area water supply at that time, and that the water could be very expensive.)

Marshall mentioned that he was thinking that there is a balloon payment date established for the remaining balance due for the ECCV pipeline, i.e. approx. \$152,000. He didn't have any recollection of the date or which agreement between the COA and the EBMD included that provision. This is not an issue if we move forward with the pipeline per the terms of the new IGA. (In discussing this point with EBMD's attorney after the meeting, it is EBMD's opinion that there is no provision for a balloon payment at any point in time in any of the COA/EBMD agreements.)

Marshall did not have the COA/EBMD documents in front of him to refer to, but he mentioned the above items as he recalled the terms of the agreements to be.