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Dear Josh Ames certificate holder,

This letter is to inform you of proposed changes to the Fort Collins Utilities Water Supply Requirement (WSR) calculations that will be presented at a City Council Work Session in spring 2021 and at a City Council Meeting in fall 2021. While various aspects of the WSR calculations may change, **the value of your Josh Ames certificate will NOT be impacted.**

What is Changing

Various factors affect Utilities’ ability to reliably deliver a defined volume of treated water to taps at all times, including:

- Annual variation in water right yields
- Different sources of water supply
- Losses between water sources and the taps
- Annual variation in water demands

Historically, WSR accounted for the factors above by multiplying the water demand at the tap by the Water Supply Factor, valued at 1.92. However, Utilities now can better represent these factors and simplify WSR calculations by incorporating them directly into its modeling system and the Cash-In-Lieu price. **As a result, the Water Supply Factor is proposed to be eliminated as a separate term in the WSR calculations and instead be integrated directly into the Cash-In-Lieu price.**

The goal is to create greater transparency around how we calculate and determine the cost of delivering a firm water supply at the tap. To maintain the same relative value between the old and new system, **the volume of water indicated on Josh Ames certificates would be divided by 1.92.** While this may appear alarming, **this would NOT change the relative value of the certificate** due to changes in how WSR values are calculated, as demonstrated in the examples below and on the reverse.

<p>Example – Josh Ames Certificate with a total value of 3 acre-feet (AF) Assume the water demand for one home = 0.26 AF</p>
<p><u>Current Calculation</u></p> <p>Water Demand x Water Supply Factor = WSR needed per House 0.26 AF x 1.92 = 0.50 AF needed per House</p> <p>Josh Ames Certificate Value / WSR = Number of Houses Developed 3 AF / 0.5 AF / House = 6 houses with 1 Josh Ames Certificate</p> <p><i>In this example, 1 Josh Ames certificate could be used to develop 6 single-family homes.</i></p>
<p><u>Future Calculation</u></p> <p>Water Demand = WSR needed per House 0.26 AF = 0.26 AF needed per House</p> <p>Josh Ames Certificate / Water Supply Factor = Certificate value in new system 3 AF / 1.92 = 1.56 AF</p> <p>Josh Ames Certificate Value / WSR = Number of Houses Developed 1.56 AF / 0.26 AF / House = 6 houses with 1 Josh Ames Certificate</p> <p><i>In this example, 1 Josh Ames certificate could be used to develop 6 single-family homes.</i></p>



<p>Example – Josh Ames Certificate with a total value of 0.5625 acre-feet Assume the water demand for one home = 0.26 AF</p> <p>Current Calculation</p> <p>Water Demand x Water Supply Factor = WSR needed per House 0.26 AF x 1.92 = 0.50 AF needed per House</p> <p>Josh Ames Certificate Value / WSR = Number of Houses Developed 0.5625 AF / 0.5 AF / House = 1.125 houses with 1 Josh Ames Certificate</p> <p><i>In this example, 1 Josh Ames certificate could be used to develop 1 single-family home with a slight remainder.</i></p> <p>Future Calculation</p> <p>Water Demand = WSR needed per House 0.26 AF = 0.26 AF needed per House</p> <p>Josh Ames Certificate / Water Supply Factor = Certificate value in new system 0.5625 AF / 1.92 = 0.29 AF</p> <p>Josh Ames Certificate Value/WSR = Number of Houses Developed 0.29 AF / 0.26 AF / House = 1.125 house with 1 Josh Ames Certificate</p> <p><i>In this example, 1 Josh Ames certificate could be used to develop 1 single-family home with a slight remainder.</i></p>

For specifics on how each development type’s calculation is proposed to change, please see the table below. Depending on the type of development, these changes could result in a cost increase. In general, the changes would tend to favor lower-water-use developments paying less and higher-water-use developments paying more.

	Current System Calculation	Proposed Future System Calculation
Commercial	Tap Size*	Business Type (e.g., gal/sq ft or gal/room)
Residential and Duplex	1.92 x (Number of Bedrooms + Lot Size)	Number of Bedrooms + Outdoor Area
Multifamily	1.92 x (Number of Bedrooms + Lot Size)	Number of Bedrooms <i>Separate irrigation tap required for all outdoor irrigation.</i>
Irrigation	Tap Size*	Water budget table found on Landscape Plans. <i>Separate irrigation tap required for all outdoor irrigation in commercial and multifamily developments.</i>

*Water supply factor (1.92) built into to tap size calculations.

These changes also would apply to water certificate holders. For detailed information on the proposed changes, please visit fcgov.com/wsr-update. If you have questions or concerns, please contact Abbye Neel at aneel@fcgov.com.

Sincerely,

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Interim Utilities Deputy Director

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