Aurora Water is seeking approval from City Council to buy water rights associated with the London Mine, located near Alma, in Park County. 1,411 acre feet (af) is proposed to be purchased at a price of $22,000 per af, with additional costs of $3 million for the option to additional water rights as they are developed. An acre foot of water is 325,851 gallons, enough water to serve 2.5 households on average. The seller of the rights is MineWater Finance, LLC and No Name Investors, both Colorado companies. The total value of this initial sale is $34,042,000. As additional water rights are developed, Aurora may purchase these rights for $21,500 per acre foot. The sellers are confident that the source of the rights could ultimately result in an average annual deliverable of 5,400 af.

The source of this water is from a basin that is recharged from snowmelt on London Mountain. A geologic fault contains the water underground and prevents it from discharging into South Mosquito Creek, a tributary of the South Platte River. This water will be pumped from the basin to a water tunnel in the London Mine and from there, discharged into South Mosquito Creek. Since this water is not naturally connected to the streams, it is considered under Colorado Water Law to be non-tributary. This has special meaning as this water can be decreed as reusable and can be recaptured utilizing Aurora’s Prairie Waters system, a potable reuse system.

Points to note

- This is a complex transaction, so Aurora Water is utilizing an unprecedented team of professionals to vet all aspects of the deal. We’ve included engineers and attorneys with experience in water rights, mining and environmental law.

- This is a Win-Win-Win Scenario for Aurora, the environment and Colorado.
  - The Colorado Water Plan, released in 2015, identified a substantial gap in available water to meet the state’s future growth scenarios. Municipal water providers will have to be more innovative in their approach to ensuring that they can meet future demand.
    - **Win for Aurora**
      - This sale provides a large amount of water for a growing municipal entity without diverting tributary water from the basin. As a non-tributary water source, it can be used and reused by Aurora “to extinction.” Reuse increases the water available to meet new demands and reduces the quantity of additional acquisitions.
    - **Win for the environment**
      - This reduces or eliminates a potential for contamination by pumping the water around the tunnel that has been a source of contamination. This could become a model for other contaminated mines. Since the water will be moved to Spinney Mountain reservoir using South Mosquito Creek, higher stream flows improve the ecosystem and fishery in the creek.
    - **Win for the west slope and agricultural water users**
      - This is a large amount of renewable water that doesn’t impact any river basin or any existing water rights.
London Mine Purchase and Sale Agreement Fact Sheet

Details

Who: Aurora Water, municipal water provider for the city of Aurora, Colorado (buyer) and MineWater Finance LLC. and No Name Investors, LLC. (seller)

What: 1411 af non-tributary water rights from the London Mine for $22,000 per af, plus $3 million for options to additional water rights from the contained basin and ancillary rights. The total value of this initial purchase is $34,042,000. As additional water rights are developed, they may be purchased by Aurora at $21,500 per af.

When: Purchase and Sale Agreement (PSA) submitted to Aurora City Council for approval on January 8, 2018. Final closing pending completion of due diligence process 180 day following approval by council and signature by both parties.

Where: South Park County, outside of Alma, Colorado

Why: Aurora is purchasing water rights to meet projected growth. These water rights, once pumped from the contained basin, are discharged into South Mosquito Creek, which connects downstream with Aurora Spinney Mountain Reservoir. These rights are considered to be non-tributary, so they do not currently impact the streams and rivers in the area. This also means that Aurora Water, under Colorado Water Law, can utilize these rights to “extinction”, meaning they can be recaptured by Aurora’s Prairie Waters system, as potable reuse system.

How: MineWater is selling water that has been pumped from a contained basin to prevent the water from passing through sections of an old gold mine. Bypassing this section of the mine infrastructure will reduce or eliminate the introduction of heavy metals that previously resulted in contamination.

Aurora Water’s History of Innovation

Aurora has been a leader in developing water resources that help minimize the impact throughout the state.

- As far back as 1968, Aurora was one of the early adopters of reclaimed water for irrigation of parks and golf courses.
- Over the 15 years, Aurora Water has reduced consumption by over 30% through its nationally recognized water conservation and education programs.
- This culture of efficiently utilizing existing water rights lead to the pinnacle of water conservation, Aurora’s Prairie Waters system. Opened in 2010, Prairie Waters recycles water after it’s been used into clean, safe drinking water.
- Aurora is actively exploring Aquifer Storage and Recovery (ASR) as an alternative storage option that eliminates evaporative losses and reduces the water quality concerns, such as algae blooms, that typically occurs in shallow, warmer waterbodies on the plains of Colorado. ASR stores water underground and has been widely used in other western states.
- Even when Aurora builds traditional projects, there is a great emphasis on environmental sustainability. The city will be building a new reservoir in South Park County called Wild Horse. This site was chosen because of its low environmental impact. Its off-stream, so there’s no river impacts or and is built on what was private land, so little or no public lands will be lost.

01/22/18