



STAFF REPORT

To: Honorable Mayor and Members of Town Council

Through: David L. Corliss, Town Manager

From: Mark Marlowe, P.E., Director of Castle Rock Water
Lauren Moore, Water Resources Manager
Zuzana Howard, Water Resources Program Analyst

Title: **Resolution Approving the 2026 Town of Castle Rock/Colorado Parks & Wildlife Spot Water Lease Agreement** [*Chatfield Reservoir, Douglas County*]

Executive Summary

Castle Rock Water is seeking Town Council approval of a resolution (**Attachment A**) for a spot water lease with Colorado Parks & Wildlife (CPW). In anticipation of drought conditions this summer, CPW wishes to lease some of the Town's surplus water stored in Chatfield Reservoir to use at all CPW State Parks, Wildlife Areas, and other properties within the South Platte Basin including but not limited to Chatfield State Park including the Chatfield Fish Unit and associated Settling Ponds and Cherry Creek State Park. While the Town currently owns 848 acre-feet (AF) of storage in Chatfield, the Colorado Water Conservation Board (CWCB) allows for rental of the remaining permitted amount, up to the total of 2,000 AF of storage. The Town currently has upwards of 1,600 AF of water stored in the reservoir with additional reusable supplies coming in each day.

If Council approves this lease, up to 200 AF of water would be released from the Town's Chatfield Reservoir storage account directly into the fish hatchery pond gate and/or a book over to CPW's Chatfield Storage will occur. This release would occur between March 24 and December 31, 2026. The Town will assess a \$420 per AF price for the water lease of 200 AF. The 2026 lease rate was increased by the Consumer Price Index (CPI) based on 2.1% annual increase from \$411 per AF in 2025. The payment will be due upon total quantity released. The potential revenue for this lease is up to \$84,000. The agreement will terminate at the end of 2026.

History of Past Town Council, Boards & Commissions, or Other Discussions

On April 6, 2021, Town Council approved the 2021 spot water lease with CWP for 100 AF.

Castle Rock Water Commission recommended approval of the 2023 lease at their April 26, 2023, meeting.

On May 2, 2023, Town Council approved the 2023 spot water lease with CWP for 200 AF.

This proposed spot water lease will be presented to Castle Rock Water Commission at their March 25, 2026, meeting.

Discussion

Castle Rock Water has a strategic goal to strive to maintain sustainable rates and fees, and demonstrate fiscal responsibility, accountability, and transparency. One of the tactics to achieve this goal is to maximize leasing opportunities for idle water rights. Over the past eight years, the Town has generated over \$2.018 million by leasing idle water rights to downstream users (see **Table 1** below). Until these water rights can be fully utilized by the Town, Staff will continue to seek out users that can put these rights to beneficial use and generate revenue to the benefit of Castle Rock Water's customers.

Table 1. Revenue generated from leasing idle water rights to downstream users over the past eight years.

| Year | Revenue |
|--------------|-----------------------|
| 2018 | \$70,699.75 |
| 2019 | \$30,606.65 |
| 2020 | \$29,019.13 |
| 2021 | \$499,449.73 |
| 2022 | \$531,647.81 |
| 2023 | \$214,123.90 |
| 2024 | \$262,490.54 |
| 2025 | \$380,521.91 |
| TOTAL | \$2,018,559.42 |

As mentioned in the Executive Summary, the Town has been able to store excess supplies in Chatfield Reservoir over the past year, which has exceeded the purchased storage amount (848 AF). Since the Town does not physically have a way to utilize these excess storage supplies at this point in time, CWCB has developed, and Town Council has approved, a lease agreement with the Town to lease the optioned storage space for \$50/AF from CWCB. With a current annual lease rate for 1,152 AF (2,000 AF minus 848 AF), the Town will pay the State \$57,600 in 2026. The spot lease with CWP would allow the Town to further maximize storage space within the reservoir and in addition to other similar leases, will help to cover the annual lease option of storage space with CWCB.

Budget Impact

If Council approves the agreement, Castle Rock Water would receive up to \$84,000 of additional revenue in 2026 from this lease. The revenue will be deposited into the Water Resources Fund Capital Leases account 211-4375-393.70-00.

Staff Recommendation

Staff recommends approval of the resolution as presented.

Proposed Motion

“I move to approve the Resolution as introduced by title.”

Alternative Motions

“I move to approve the resolution as introduced by title, with the following conditions: (list conditions).”

“I move to continue this item to the Town Council meeting on _____ date to allow additional time to (list information needed).”

Attachments

Attachment A: Resolution
Exhibit 1: Agreement