



Castle Rock Water Commission Agenda - Final

Tony Rathbun, Chair
Melanie Penoyar-Perez, Vice Chair
Edward Egnatios
Brian Gaddie
David Hammelman
Chuck Kocher
Kevin Snow

Wednesday, March 25, 2026

6:00 PM

Castle Rock Water
171 Kellogg Ct.,
Castle Rock, CO 80109

This meeting is open to the public. Three or more Council members may also attend this meeting, during which the items listed herein will be discussed. If you are unable to access any portion of these materials due to a disability as defined under Colorado House Bill 21-1110, please call us at 303-663-4440, email the Town's accessibility team at accessibility@CRgov.com or submit an accommodation request form at CRgov.com/A11yRequest.

6:00 pm CALL TO ORDER / ROLL CALL

COUNCIL UPDATE

COMMISSION COMMENTS

ADMINISTRATIVE BUSINESS

1. [WC 2026-027](#) Approval of the February 25, 2026, Meeting Minutes

Attachments: [Attachment A: February Meeting Minutes](#)

2. [WC 2026-028](#) Update on Water Commission Open Positions & Interview Process

ACTION ITEMS (HIGH PRIORITY / TIME CRITICAL)

3. [WC 2026-029](#) Ordinance Modifying the System Development Fee Methodology for New Residential Homes [Entire Castle Rock Water Service Area]

Attachments: [Attachment A: 2026-03-16 SDF Credit Analysis Memo.docx](#)

DIRECTOR FOLLOW-UP AND INFORMATIONAL / UPDATE ITEMS

4. [WC 2026-030](#) Resolution Approving the 2026 Agriculture Lease between the Town of Castle Rock and PM Farming, LLC. [Weld County, Colorado]

Attachments: [Attachment A: Resolution.](#)

[Exhibit 1: Agreement](#)

[Attachment B: Map](#)

5. [WC 2026-031](#) Resolution Approving the 2026 Town of Castle Rock/Colorado Parks & Wildlife Spot Water Lease Agreement [Chatfield Reservoir, Douglas County]

Attachments: [Attachment A: Resolution](#)
 [Exhibit 1: Agreement](#)
6. [WC 2026-032](#) Resolution Approving a Services Agreement between the Town of Castle Rock and ?????? the Stormwater Master Plan
7. [WC 2026-033](#) Resolution Approving a Construction Contract between the Town of Castle Rock and ?????? for the 6400 E. Tributary at Paint Brush Park Project
8. [WC 2026-034](#) Resolution Approving a Services Agreement between the Town of Castle Rock and ?????? for design services for the Hillside Pump Station
9. [WC 2026-035](#) Proclamation: Mayor’s Challenge Supporting April as Water Conservation Month

Attachments: [Attachment A: Proclamation](#)
10. [WC 2026-036](#) Budget Update
11. [WC 2026-037](#) Drought Update
12. [WC 2026-038](#) Upcoming Town Council Items

COMMISSIONER MEETING COMMENTS



Town of Castle Rock

Agenda Memorandum

Agenda Date: 3/25/2026

Item #: 1. File #: WC 2026-027

To: Members of the Castle Rock Water Commission

From: Mark Marlowe, P.E., Director of Castle Rock Water

**Approval of the February 25, 2026, Meeting Minutes
Town Council Agenda Date: NA**

Executive Summary

Attached are the meeting minutes for the February 25, 2026, Water Commission Meeting.

Proposed Motion

"I move to approve the Meeting Minutes as presented"

Attachments

Attachment A: February Meeting Minutes



**Castle Rock Water Commission
Meeting Minutes - Draft**

Tony Rathbun, Chair
Melanie Penoyar-Perez, Vice Chair
Edward Egnatios
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Wednesday, February 25, 2026

6:00 PM

**Castle Rock Water
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CALL TO ORDER / ROLL CALL

- Present** 5 - Chair Tony Rathbun, Edward Egnatios, David Hammelman, Chuck Kocher, and Kevin Snow
- Not Present** 2 - Vice-Chair Melanie Penoyar-Perez, and Brian Gaddie
- Attendance** 9 - Mark Marlowe, Mark Henderson, Nichol Bussey , Paul Rementer, Roy Gallea, Hannah Branning, Lauren Moore, Emily Huth, and Rick Schultz

COUNCIL UPDATE

Time was allowed for Mr. Marlowe to share a council update.

COMMISSION COMMENTS

Time was allowed for Commissioner Comments.

ADMINISTRATIVE BUSINESS

[WC 2026-015](#)

**Approval of the January 28, 2026 Meeting Minutes
Town Council Agenda Date: NA**

I move to approve the Minutes as presented.

Yes: 5 - Chair Rathbun, Egnatios, Hammelman, Kocher, and Snow

Not Present: 2 - Vice-Chair Penoyar-Perez, and Gaddie

ACTION ITEMS (HIGH PRIORITY / TIME CRITICAL)

[WC 2026-016](#)

**Resolution Approving and Adopting the Town of Castle Rock 2026 Use Management Plan (WUMP) [Castle Rock Service Area]
Town Council Agenda Date: March 3, 2026**

Mr. Schultz shared that this item is to update the Water Use Management Plan (WUMP), which manages water demand through irrigation schedules, conservation programs, and enforcement measures to help Castle Rock Water maintain sustainable water use, especially during peak irrigation months.

The key items of the plan are:

Water Demand Management

- The WUMP establishes watering schedules and regulations to control outdoor irrigation demand during high-use periods.
- These rules help the community reach Castle Rock's target of 100 gallons per capita per day water use while supporting continued growth.

Conservation & Education

- Focuses heavily on public education to encourage water-efficient behavior and environmental stewardship.
- Programs like Water Wiser workshops teach residents how to reduce indoor and outdoor water use and qualify for rebates or exemptions.

Enforcement Structure

- Watering schedules are enforced through violations and surcharges.
- Surcharge structure:
 - 1st violation - Warning
 - 2nd violation - \$25 residential/\$100 non-residential
 - 3rd violation - \$75/\$200
 - 4th violation - \$150/\$400 (possible service disruption)
 - 5th violation - \$300/\$800 (possible service disruption)

Irrigation Scheduling

- Outdoor watering schedules apply during the irrigation season from May-September.
- Non-residential irrigation is restricted to midnight-8 a.m. and divided by geographic zones to reduce peak demand.

The proposed changes include:

- Allow shutoffs after the 4th violation, at staff discretion.
- End bulk mail distribution of schedules starting in 2027. The schedule will be included with the utility bills to reduce cost and paper use.
- Increase violation grace period from 5 days to 7 days.
- Add paperless email notification option for watering violations.

Commissioner Snow shared a concern about the use of the word "required" and gave some suggestions of different words that could be used.

Commissioner Snow asked why Water Wiser class attendance has been going down? Staff explained that it is really in part due to the fact that irrigation is becoming less of an issue.

Commissioner Kocher asked what the most common reason for a violation is? Staff responded that watering on the wrong day is the primary cause.

I move to recommend Town Council approval of the Resolution as presented.

Yes: 5 - Chair Rathbun, Egnatios, Hammelman, Kocher, and Snow

Not Present: 2 - Vice-Chair Penoyar-Perez, and Gaddie

[WC 2026-017](#)

**Resolution Approving the 2026 Water Conservation Rebate Program Budget [The entire Castle Rock Water Service Area]
Town Council Agenda Date: March 3, 2026**

Mr. Schulz shared that the purpose of this item is to approve the 2026 rebate program and budget that provides financial incentives to customers for installing water-efficient fixtures and landscaping to reduce overall water demand. The goal of the program is to encourage residents and businesses to implement indoor and outdoor water conservation improvements in order to support CRW's long-term goal of 100 gallons per capita per day (gpcpd) by 2050. Mr. Schultz also shared that in 2025 the average usage was 111 gpcpd, the lowest since tracking began in 2007.

The current programs being offered are:

ColoradoScape Landscape Conversion

- Replaces high-water turf with native or regionally adapted plants.
- Rebate: \$3.25 per sq ft (up to 1,500 sq ft residential/15,000 sq ft non-residential).
- Reduces irrigation demand from 30 inches/year to about 10 inches/year.

Ultra-High Efficiency Toilet Retrofit

- Up to \$150 rebate for replacing older toilets with 0.8 gallon-per-flush models.

Rotary Nozzle Retrofit

- Up to \$5 per nozzle for replacing traditional sprinkler spray heads with more efficient rotary nozzles.

The proposed changes include:

- Discontinue the Whole-Home Water Monitoring System rebate due to very low participation and no measurable water savings.

The budget for 2026 is \$750,000.00, which is partially funded through watering violation revenues and surcharges.

Commissioner Snow asked when looking at the memo, 99% of the budget goes to the ColoradoScape program so why continue the other programs? Staff explained benefits associated with the toilets and the rotary nozzles despite the fact that the cost for these items are much lower.

I move to recommend Town Council approval of the Resolution as presented.

Yes: 5 - Chair Rathbun, Egnatios, Hammelman, Kocher, and Snow

Not Present: 2 - Vice-Chair Penoyar-Perez, and Gaddie

[WC 2026-018](#)

**Ordinance Amending Title 15.48 of the Castle Rock Municipal Code Adopting by Reference as Primary Code the Town of Castle Rock, Colorado 2026 Landscape and Irrigation Criteria Manual [Entire Castle Rock Service Area]
Town Council Agenda Date: March 3, 2026**

Mr. Schultz reported that this item is to update the Landscape and Irrigation Criteria Manual, which sets the standards for landscape design, irrigation systems, and water-efficient landscaping for all new development, renovations, and maintenance activities.

The ColoradoScape Ordinance dated January 1, 2023, eliminated front-yard turf and limited backyard turf in new homes to encourage water-efficient landscaping. The updated manual continues implementing the conservation goals.

The purpose of this manual is to:

Support Long-Term Water Conservation

- The manual helps Castle Rock Water meet the long-term water efficiency goals.
- It works alongside the Water Efficiency Master Plan and Water Use Management Plan to reduce water demand and avoid the need for additional water supplies.

Applies to Development and Landscaping

- Establishes requirements for landscape design, irrigation installation, and maintenance.
- Applies to new development, redevelopment, and landscape renovations across the service area.

There are no significant additional costs expected.

I move to recommend Town Council approval of the Resolution as presented.

Yes: 5 - Chair Rathbun, Egnatios, Hammelman, Kocher, and Snow

Not Present: 2 - Vice-Chair Penoyar-Perez, and Gaddie

[WC 2026-019](#)

**Resolution Approving the 2026 Water Lease Agreement between the Town of Castle Rock and Central Colorado Water Conservancy District [Morgan County, Colorado] (CRW Project No. WR_AWL)
Town Council Agenda Date: March 3, 2026**

Ms. Moore explained that the purpose of this item is to lease the unused Rothe Recharge water credits to the Central Colorado Water Conservancy District (Central) for temporary use in their groundwater augmentation plan. Castle Rock purchased the Rothe Recharge property and water rights in 2014 as part of its long-term water supply strategy. CRW currently cannot use the recharge credits, and the water cannot reasonably be moved back upstream for local use. Leasing the water allows CRW to generate revenue while the water is temporarily unused.

Central would like to lease up to 604 acre-feet of recharge credits. These credits would help support the augmentation requirements for wells in their water management plan.

The cost of the leased water is \$140 per acre-foot. The maximum lease value is \$84,560.00.

I move to recommend Town Council approval of the Resolution as presented.

Yes: 5 - Chair Rathbun, Egnatios, Hammelman, Kocher, and Snow

Not Present: 2 - Vice-Chair Penoyar-Perez, and Gaddie

[WC 2026-020](#)

Resolution Approving the First Amendment to the Amended

**and Restated Property Lease Agreement
Town Council Agenda Date: March 24, 2026**

Ms. Bussey shared that this amendment is to modify an existing telecommunications lease with Cellco Partnership (Verizon Wireless), represented by American Tower. The original agreement was established in 1998 and restated in 2022. The restated agreement was for a monthly lease that could be renewed every 5 years. The new terms would extend the lease terms by 50 years and convert the existing rent structure to a one-time prepaid lease arrangement. CRW would receive \$1,125,000.00 at closing.

Ms. Bussey explained some of the benefits to CRW:

- Provides immediate financial value and liquidity.
- Eliminates long-term uncertainty associated with escalating rent, lease renewals and telecommunications market conditions.
- Reduces administrative oversight while maintaining continued cell tower operations at the site.

Commission members had a significant discussion about the fact that the deal seemed really good. There was discussion about potentially bringing in a consultant or trying to better understand why American Tower was willing to proceed with this agreement. Ultimately, it was determined that the agreement would be in CRW's best interest and to proceed as currently planned.

I move to recommend Town Council approval of the Resolution as presented.

Yes: 5 - Chair Rathbun, Egnatios, Hammelman, Kocher, and Snow

Not Present: 2 - Vice-Chair Penoyar-Perez, and Gaddie

[WC 2026-021](#)

**Resolution Approving the Second Amendment to the
Construction Contract between the Town of Castle Rock
and Garney Companies Inc. for the RWRWTC LAS
Conversion Project [Ray Waterman Regional Water Treatment
Center]
Town Council Agenda Date: March 3, 2026**

Ms. Huth explained that CRW is requesting approval to amend the construction contract with Garney to add additional work identified in the early stages of construction for converting the facility's anhydrous ammonia system to a liquid ammonium sulfate (LAS) chemical system as well as items associated with keeping the plant running for most of the time during construction.

The additional items include:

- Construction of a Red zone PRV vault
- A temporary bypass pipe to keep the plant operating during construction
- Plumbing rerouting and shutdown mitigation
- Damp-proofing of the chemical injection vault
- Fire-rating penetrations in the chemical building
- Installation of an emergency eyewash station
- Replacement of three existing facility hatches

This amendment adds \$1,041,858 to the construction contract changing the total

authorized amount to \$5,111,231.
Commissioner Rathbun asked if this will complete the project or if staff feel that there could be additional items that come up. Ms. Huth explained that CRW staff are confident that this will complete the project.

I move to recommend Town Council approval of the Resolution as presented.

Yes: 5 - Chair Rathbun, Egnatios, Hammelman, Kocher, and Snow

Not Present: 2 - Vice-Chair Penoyar-Perez, and Gaddie

DIRECTOR FOLLOW-UP AND INFORMATIONAL / UPDATE ITEMS

[WC 2026-022](#)

2026 Rates and Fees Timeline

Town Council Agenda Date: NA

Mr. Rementer shared the timeline for the 2026 Rates and Fees.

[WC 2026-023](#)

Update on Water Quality Maintenance & Drought Conditions

Town Council Agenda Date: February 17, 2026

Ms. Branning shared an update on the Water Quality Maintenance that happened in February 2026.

Mr. Marlowe shared an update on the current drought conditions in the state and how that could affect CRW.

[WC 2026-024](#)

Update: 2026 Garden In A Box Program

Town Council Agenda Date: NA

CRW will be participating in the Garden In A Box Program again in 2026. This program is a great opportunity for residents to purchase low water use plants.

[WC 2026-025](#)

Update on the Draft Douglas County Water Plan

Town Council Agenda Date: February 17, 2026

Mr. Marlowe shared the draft Douglas County Water Plan and the feedback that CRW has shared with the Douglas County Water Commission.

[WC 2026-026](#)

Upcoming Town Council Items

Town Council Agenda Date: NA

This is a standing item that will be used to share information about projects that are being worked on at the time of the meeting, but that staff doesn't have information ready yet.

There are no items at this time.

COMMISSIONER MEETING COMMENTS

Time was allowed for Commissioner Comments.



Town of Castle Rock

Agenda Memorandum

Agenda Date: 3/25/2026

Item #: 2. File #: WC 2026-028

To: Members of the Castle Rock Water Commission

From: Mark Marlowe, P.E., Director of Castle Rock Water

Update on Water Commission Open Positions & Interview Process
Town Council Agenda Date: May 29, 2026

Executive Summary

The Castle Rock Water Commission will have four open positions for the year 2026-2027.

Applications will be accepted from April 1, 2026, to April 27, 2026. For anyone interested in applying or re-applying please go to: [Form Center Town Boards and Commissions Application](https://www.crgov.com/FormCenter/Town-Managers-Office-72/Town-Boards-and-Commissions-Application-593)
<<https://www.crgov.com/FormCenter/Town-Managers-Office-72/Town-Boards-and-Commissions-Application-593>>

Interviews will be held on May 12, 2026, from 5 pm to 9 pm at Town Hall.

Final recommendations will be presented to Town Council on May 19, 2026.

New commission member terms will begin on June 1, 2026.

Commission positions open or up for renewal:

Tony Rathbun - term limited

Edward Egnatious - finished up Angie Brown term - now eligible for his own term

Chuck Kocher - finished up Ole Gjerde term - now eligible for his own term



Town of Castle Rock

Agenda Memorandum

Agenda Date: 3/25/2026

Item #: 3. **File #:** WC 2026-029

To: Members of the Castle Rock Water Commission

From: Mark Marlowe, P.E., Director of Castle Rock Water
Nichol Bussey, Business Solutions Manager

Ordinance Modifying the System Development Fee Methodology for New Residential Homes [Entire Castle Rock Water Service Area]
Town Council Agenda Date: April 21, 2026

Executive Summary

Attached is the draft Staff Report for your review and discussion.

Proposed Motion

"I move to recommend Town Council approval of the Ordinance as introduced by title."

Attachments

Attachment A: Draft 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
Nichol Bussey, Business Solutions Manager

Title **Ordinance Modifying the System Development Fee Methodology for New Residential Homes** *[Entire Castle Rock Water Service Area]*

Executive Summary

Staff is requesting Town Council approval of an Ordinance on first reading (Attachment A) modifying the methodology for calculating System Development Fees (SDFs) for new single-family residential development. The proposed approach aligns Water, Water Resources, and Wastewater SDFs with observed system demand based on total home size.

Under this proposal, Castle Rock Water would implement a tiered System Development Fee structure for single-family residential homes based on total square footage, including both finished living space and any unfinished basement area that could reasonably be converted to habitable space in the future. This ensures that fees reflect the full potential long-term demand a home may place on the water and wastewater systems.

The proposed methodology is based on an analysis of water use from 750 homes constructed between 2023 and 2025, which demonstrates a clear relationship between home size and water demand. However, the data also shows that this relationship is not strictly linear. Water use increases more rapidly at smaller home sizes, stabilizes through the mid-range, and increases again for larger homes. Because a single regression formula would not accurately represent this pattern and could result in over- or under-charging across different home sizes, staff determined that a tiered structure provides a more accurate and defensible method for aligning fees with actual system demand.

Staff proposes SDF tiers based on total home square footage, as shown in Table 1 below. These tiers reflect observed differences in average daily water use associated with home size. Under this structure, Water, Water Resources, and Wastewater System Development Fees are scaled proportionally, with smaller homes paying lower fees and larger homes paying higher fees based on their relative system impact.

To establish a consistent baseline for fee calculation, one Single Family Equivalent (SFE) is defined as the 75th percentile of home size constructed since 2023. This benchmark reflects a representative upper-range home within the Town's current development pattern and aligns the standard SDF with the level of service required to support commonly constructed larger homes. Homes smaller than this benchmark pay proportionally less, while larger homes pay proportionally more based on their relative demand.

Table 1

Total SF including unfinished basement	3-year average GPD	% of SDF	Water	Water Resources	Wastewater	Total
Less than 500	45	27%	\$ 2,676.02	\$ 9,654.52	\$ 1,651.80	\$ 13,982.34
500-999	55	33%	\$ 3,270.69	\$ 11,799.97	\$ 2,018.86	\$ 17,089.52
1000-1499	65	39%	\$ 3,865.36	\$ 13,945.42	\$ 2,385.93	\$ 20,196.71
1500-1999	70	42%	\$ 4,162.69	\$ 15,018.14	\$ 2,569.46	\$ 21,750.30
2000-2499	109	65%	\$ 6,481.91	\$ 23,385.40	\$ 4,001.02	\$ 33,868.32
2500-2999	136	81%	\$ 8,087.52	\$ 29,178.11	\$ 4,992.10	\$ 42,257.72
3000-3499	137	82%	\$ 8,146.99	\$ 29,392.65	\$ 5,028.80	\$ 42,568.44
3500-3999	138	83%	\$ 8,206.46	\$ 29,607.20	\$ 5,065.51	\$ 42,879.16
4000-4499	142	85%	\$ 8,444.32	\$ 30,465.38	\$ 5,212.34	\$ 44,122.04
4500-4999	146	87%	\$ 8,682.19	\$ 31,323.56	\$ 5,359.16	\$ 45,364.91
5000-5499	155	93%	\$ 9,217.40	\$ 33,254.46	\$ 5,689.52	\$ 48,161.38
5500-5999	167	100%	\$ 9,931.00	\$ 35,829.00	\$ 6,130.00	\$ 51,890.00
6000-6499	175	105%	\$ 10,406.74	\$ 37,545.36	\$ 6,423.65	\$ 54,375.75
6500-6999	177	106%	\$ 10,525.67	\$ 37,974.45	\$ 6,497.07	\$ 54,997.19
7000-7499	185	111%	\$ 11,001.41	\$ 39,690.81	\$ 6,790.72	\$ 57,482.93
7500-7999	192	115%	\$ 11,417.68	\$ 41,192.62	\$ 7,047.66	\$ 59,657.96
8000-8499	200	120%	\$ 11,893.41	\$ 42,908.98	\$ 7,341.32	\$ 62,143.71
8500-8999	207	124%	\$ 12,309.68	\$ 44,410.80	\$ 7,598.26	\$ 64,318.74
9000-9499	215	129%	\$ 12,785.42	\$ 46,127.16	\$ 7,891.92	\$ 66,804.49

9500-9999	223	134%	\$ 13,261.16	\$ 47,843.51	\$ 8,185.57	\$ 69,290.24
Over 10,000	230	138%	\$ 13,677.43	\$ 49,345.33	\$ 8,442.51	\$ 71,465.27

This proposal reflects the Town’s ongoing evaluation of water use patterns in new residential development constructed under the 2023 landscape standards, as well as Town Council’s interest in housing attainability and fee proportionality. By aligning System Development Fees with measurable water demand and observed development patterns, the revised methodology improves proportionality, supports housing attainability by reducing fees for smaller homes, and maintains full cost recovery under the Town’s “growth pays for growth” framework.

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

Preliminary analysis, discussion, and recommendations related to this item were presented to the Economic Development Council Water Subcommittee at their meetings on January 16, February 20, and March 20, 2026.

Castle Rock Water staff subsequently presented this item to the Castle Rock Water Commission at their meeting held on March 25, 2026, and the Castle Rock Water Commission voted XXXX to XXX to recommend Town Council approval of the Ordinance as presented.

Discussion

System Development Fees ensure that new development contributes proportionally to the cost of infrastructure required to serve growth. These costs include water rights, water supply infrastructure, raw and treated water storage, water treatment capacity, water transmission infrastructure, water distribution systems, wastewater treatment capacity, wastewater collection, and necessary expansions and improvements of these systems.

From 2023 through 2025, Castle Rock Water provided a System Development Fee credit for builders who installed both the front and back yard landscaping at the time of home construction, based on the assumption that installation of full landscaping by the builder could reduce long-term outdoor water demand. Staff conducted an analysis of water consumption patterns for new homes subject to this credit and found that builder-installed front and back yard landscaping did not result in a measurable difference in average water use compared to homes where landscaping was completed by the homeowner. Because the credit was not supported by observed demand reductions, Castle Rock Water discontinued this landscaping-related SDF credit effective January 1, 2026.

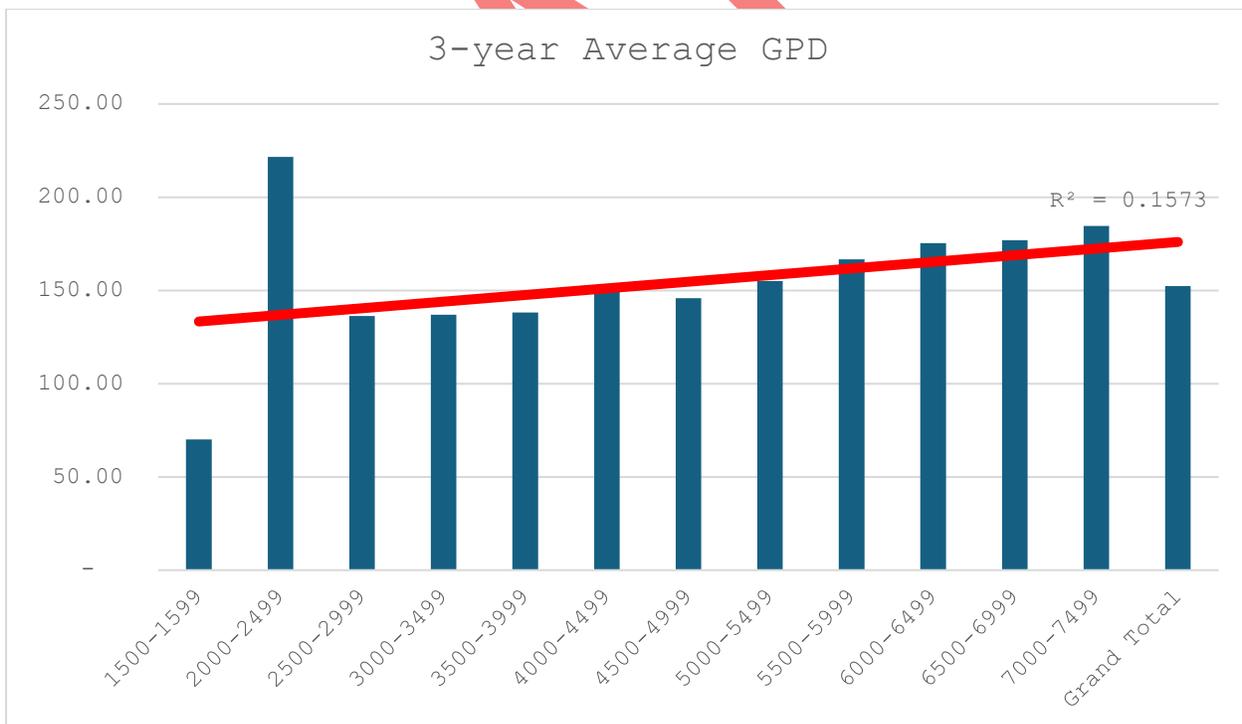
More broadly, Castle Rock Water’s System Development Fees represent a significant component of development costs, and Town Council has expressed interest in ensuring that fees are proportional to actual system demand while also considering housing attainability. In response, staff initiated additional analysis to evaluate whether measurable differences in system demand exist that could support targeted fee adjustments. The goal of this effort is to align fees more closely with observed water use

and development patterns, reducing costs for new development where supported by data while maintaining the Town’s “growth pays for growth” framework and ensuring full cost recovery for infrastructure required to serve growth.

Staff conducted an analysis of water use patterns for 750 single-family residential homes constructed between 2023 and 2025. These homes were built under the Town’s updated 2023 landscape standards, providing a consistent baseline for evaluating water demand. The analysis grouped homes into 500-square-foot increments and evaluated both monthly and daily water consumption across each category.

Results show a clear relationship between total home size and water demand. The overall average water use across all homes in the study was approximately 152 gallons per day (GPD). Smaller homes demonstrated significantly lower usage, while larger homes showed progressively higher demand. For example, homes between 1,500 and 1,999 square feet averaged approximately 70 GPD (46% of the overall average), while homes between 5,500 and 5,999 square feet averaged approximately 167 GPD (109% of average). At the upper end of the range, homes between 7,000 and 7,499 square feet averaged approximately 185 GPD (121% of average).

Figure 1 illustrates the relationship between total square footage and average daily water demand across the study period.



As shown in Figure 1, while this analysis demonstrates a consistent overall increase in water use as home size increases, the relationship is not strictly linear. Water demand increases more rapidly at smaller home sizes, stabilizes through the mid-range, and then increases again for larger homes. This variability within and between size categories indicates that a single regression formula would not accurately represent system demand across all home sizes. In practice, a single formula would introduce systematic bias by overestimating demand for smaller homes and underestimating

demand for mid-sized homes, resulting in fees that are not proportional to actual system impacts.

As a result, staff determined that a tiered or segmented approach based on observed data provides a more accurate, equitable, and defensible method for aligning System Development Fees with actual system demand.

The distribution of homes in the dataset further supports this approach and demonstrates that the proposed structure aligns with current development patterns. The majority of homes constructed during the study period fall within the 3,000 to 5,500 square foot range, representing over 55% of the sample, with relatively consistent water use between approximately 137 and 155 GPD. Smaller homes represent a much smaller share of construction but consistently show lower system demand, while larger homes demonstrate increasing demand consistent with expanded living space and associated water use.

One category (2,000–2,499 square feet) exhibited anomalously high water use (221 GPD) due to a very small sample size of three homes and was determined to be statistically unreliable. Consistent with standard analytical practice, categories with limited sample sizes or anomalous results were normalized using interpolation between adjacent square footage ranges to better reflect the overall relationship between home size and water demand and to avoid distortion from statistically unreliable data points.

In addition to addressing categories with limited sample sizes, staff also evaluated square footage ranges at the lower and upper ends of the dataset where few or no representative homes were available. For these ranges, average water demand values were developed using extrapolation from observed trends in adjacent square footage categories. At the lower end, this approach reflects the continued reduction in water use associated with smaller living areas, while at the upper end it reflects the gradual increase in demand observed in larger homes. These extrapolated values were developed to maintain a consistent and smooth progression in water demand across all home sizes, avoid artificial gaps in the fee structure, and ensure that System Development Fees can be applied uniformly across the full range of potential residential development. This approach is consistent with standard analytical practices and supports a complete and administratively implementable fee schedule.

Based on these observed patterns in both water demand and home size distribution, staff identified the need for a representative benchmark to serve as the basis for System Development Fee calculations. Staff therefore proposes a revised System Development Fee methodology in which all Water, Water Resources, and Wastewater SDFs are based on the total square footage of the home, including both finished living space and any unfinished basement square footage that could reasonably be converted to habitable space in the future. “Total square footage” means the sum of all finished square footage and any unfinished basement square footage that could reasonably be converted to habitable space. Including unfinished basement square footage ensures that fees reflect the full potential long-term demand a home may place on the system.

“Finished square footage” refers to habitable, conditioned living space within the home that is served by heating and/or cooling systems and intended for regular occupancy, consistent with standard residential building definitions. This includes above-grade living

areas and any finished basement space, but excludes unfinished basements, garages, and other non-habitable areas.

Under this approach, each home's SDF is determined using the relationship between square footage and average water demand established through the study, rather than a single flat fee or purely fixture-based approach. This creates a direct and measurable nexus between development characteristics and system impact.

Although System Development Fees under this proposal are based on total home square footage, applicants will still be required to submit plumbing fixture counts as part of the plan review and building permit process to determine the appropriate water meter size. Plumbing fixture counts shall include all plumbing fixtures and water-using features associated with the home, including any optional or future features available at the time of permit submittal, consistent with current submittal requirements. The proposed SDF methodology applies only to single-family residential homes served by a standard ¾-inch meter. All other customer classes and meter sizes will continue to pay System Development Fees in accordance with the schedule implemented on January 1, 2026. Castle Rock Water may evaluate additional customer classes and meter sizes in the future to determine whether similar adjustments are appropriate based on available data and observed demand patterns.

Castle Rock Water has, in limited cases, partnered with developers to implement "water efficiency plans" for specific communities, where enhanced water conservation measures were incorporated into home design and landscaping in exchange for reduced System Development Fees. While these arrangements have demonstrated potential for reducing long-term system demand, they have been evaluated on a case-by-case basis and tailored to the specific characteristics of each development. This proposal does not modify or replace the ability to consider such arrangements in the future; however, any water efficiency plans would continue to be reviewed independently and would require separate analysis and approval to ensure that any fee adjustments remain supported by measurable reductions in system demand and consistent with cost-of-service principles.

To establish a consistent and defensible baseline for fee calculation, one Single Family Equivalent (SFE) is defined as the 75th percentile of home size constructed since 2023. This benchmark was selected because it reflects a representative upper-range home within the Town's current development pattern, rather than an average influenced by smaller homes or outliers. Using the 75th percentile ensures that the standard SDF aligns with the level of service required to support a typical larger home that still occurs frequently in the market. This approach provides a stable and policy-relevant reference point for scaling fees, such that homes smaller than this benchmark pay proportionally less, while larger homes pay proportionally more based on their relative demand. By anchoring the SFE to observed development patterns, the methodology strengthens the nexus between system demand and fee assessment while avoiding distortions that could result from using either a simple average or an extreme value.

This approach directly aligns System Development Fees with observed water use patterns, improves proportionality, and strengthens legal defensibility by tying fees to measurable system impacts. It also provides a clear and predictable framework for the development community while supporting the Town's broader objectives of encouraging

smaller, more attainable housing options and ensuring that growth continues to fund the infrastructure necessary to support it.

Budget Impact

The proposed methodology is expected to result in lower System Development Fee revenues for the Water, Water Resources, and Wastewater SDFs for new single-family residential development. By establishing a tiered structure based on total home square footage, including unfinished basements, smaller homes will pay proportionally lower fees than under the current flat SDF structure, resulting in reduced revenues for those units. Larger homes will pay proportionally higher fees; however, because the distribution of new home construction is weighted toward mid-sized homes, overall SDF revenues are anticipated to decrease.

While these changes are expected to result in lower overall SDF revenues, the analysis demonstrates a clear relationship between total home size and water demand, supporting the proposed tiered structure. The revised methodology aligns fees more closely with observed system usage and long-term demand characteristics, ensuring that SDFs remain consistent with cost-of-service principles. By tying fees directly to total square footage, the approach strengthens the nexus between development impacts and fee assessment while maintaining the Town's commitment that growth funds the infrastructure necessary to support growth.

Staff will continue to monitor building trends, home size distribution, and water use data to ensure ongoing alignment between SDF revenues and infrastructure funding needs and to evaluate whether adjustments to the tier structure or additional customer classes may be warranted in the future.

Schedule

If approved, staff will update the System Development Fee schedule and implementing policy to reflect the tiered fee structure based on total home square footage. Staff will coordinate with Development Services to incorporate the updated fee methodology into the building permit review process and ensure consistent application at permit issuance. Staff will also communicate the changes to the development community and the Home Builders Association (HBA). Implementation would begin on June 1, 2026.

Recommendation

Staff recommends Town Council approval of an Ordinance modifying the System Development Fee methodology for single-family residential development as follows:

Single-Family Residential SDF Methodology

- System Development Fees for Water, Water Resources, and Wastewater shall be based on total square footage of the home, including both finished living space and any unfinished basement square footage that could reasonably be converted to habitable space.

- Fees shall be determined using a tiered structure based on total square footage, as outlined in Table 1, with each tier reflecting the relative water demand associated with that home size.
- One Single Family Equivalent (SFE) shall be defined as the 75th percentile of home size constructed since 2023, establishing the baseline fee level for a representative upper-range home.
- Homes smaller than the SFE benchmark shall pay proportionally lower System Development Fees, while homes larger than the SFE benchmark shall pay proportionally higher fees based on their relative demand.

Applicability

- This methodology shall apply to single-family residential homes served by a standard ¾-inch water meter.
- Plumbing fixture counts shall continue to be required at the time of plan review for the purpose of determining appropriate meter sizing. Plumbing fixture counts shall include all plumbing fixtures and water-using features associated with the home, including any optional or future features available at the time of permit submittal, consistent with current submittal requirements.
- All other customer classes and meter sizes shall continue to pay System Development Fees in accordance with the schedule implemented on January 1, 2026.

Proposed Motion

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

Alternative Motions

“I move to approve the Ordinance 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: Ordinance



Town of Castle Rock

Agenda Memorandum

Agenda Date: 3/25/2026

Item #: 4. **File #:** WC 2026-030

To: Members of the Castle Rock Water Commission

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

Resolution Approving the 2026 Agriculture Lease between the Town of Castle Rock and PM Farming, LLC. [Weld County, Colorado]
Town Council Agenda Date: March 24, 2026

Executive Summary

Castle Rock Water is seeking Town Council approval of a resolution (**Attachment A**) for an Agricultural Lease with PM Farming, LLC. (PM Farming) for the Town's Rothe Property in Weld County. PM Farming is the same entity as Sublette, Inc., which operates under a different LLC name. Sublette, an adjacent landowner, has leased the property for the past eleven years and is interested in renewing their lease on the Rothe Property. Over the past eleven years, Sublette has used part of the property for growing crops, establishing dry-land farming with a native seed mixture, as well as hunting. PM Farming has expressed interest in renewing the lease with similar terms. Since the most recent lease was entered into in 2022, the lease rate has been increased by 14.64% to account for Consumer Price Index (CPI) increases over the past 4 years.

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

On August 19, 2014, Town Council approved the Purchase Agreement for the Rothe Recharge project. As part of this purchase, 640 acres of land were acquired by the Town.

June 24, 2015, Utilities Commission was updated on the key points regarding the Rothe Surface Use Lease Agreement. Utilities Commission supported entering into a surface use agreement with Sublette, Inc.

On August 4, 2015, Town Council approved the 2015 Surface Use Lease with Sublette.

On January 3, 2023, Town Council approved the 2022 Surface Use Lease with Sublette.

This agricultural lease will be presented to the Castle Rock Water Commission at their March 25, 2026, meeting.

Discussion

The Rothe Property, as shown in **Attachment B**, was purchased in support of the Box Elder Project. The Box Elder Project is part of the Town's long-term renewable water plan. A key component of this project is the purchase of water rights in the South Platte Basin. In 2014, Castle Rock purchased the Rothe Water Rights as part of the project. As part of the Town's purchase of the Rothe Recharge water rights, the Town also acquired 640 acres of land in southeastern Weld County. Successful implementation of the Box Elder Project requires that the Town maintain this property until it is sold or otherwise disposed.

PM Farming is the same entity as Sublette, Inc., which operates under a different LLC name. Sublette, an adjacent landowner, has leased the property for the past eleven years and is interested in renewing their lease on the Rothe Property. Allowing the property to be put to good use and acting as a good neighbor can help provide local support for the Town's project. More importantly, property management of the land will also maximize the availability of the Town's water rights. Castle Rock Water proposes entering into a new Agricultural Lease (**Exhibit 1**) with PM Farming with similar terms.

The key terms of this agreement are as follows:

- 1-year lease agreement.
- Annual rent is due in the amount of \$7,137.
- Hunting and grazing rights.
- Lessee can grow non-irrigated crops
- Lease can be terminated by Castle Rock 120 days prior to the termination date.
- Lease can be terminated by Sublette 30 days prior to the termination date; and
- PM Farming will be responsible for procuring and maintaining Comprehensive General Liability and Comprehensive Automobile Liability Insurance at its own cost.

This Agricultural Lease demonstrates to the surrounding community that the Town is willing to work with the nearby neighbors. The Town will also be acting as good neighbors by not letting the property become overrun with weeds and providing for on-site management of the property at all times. Additionally, the Town will be able to generate some revenue from the property.

Budget Impact

If Council approves the agreement, Castle Rock Water would receive \$7,137 in rent for a 1-year lease. The revenue will be deposited into Water Resources Fund Capital Leases account 211-4375-393.70-00.

Staff Recommendation

Staff recommends approval of the one-year Agricultural Lease Agreement with PM Farming LLC. which will generate a revenue of \$7,137 annually.

Item #: 4. File #: WC 2026-030

Proposed Motion

“I move to recommend to Town Council approval of the Resolution as presented”

Attachments

Attachment A: Resolution
Exhibit 1: Lease Agreement
Attachment B: Location Map

RESOLUTION NO. 2026- ____

**A RESOLUTION APPROVING AN AGRICULTURAL LEASE AGREEMENT
BETWEEN THE TOWN OF CASTLE ROCK AND PM FARMING, LLC.**

WHEREAS, the Town of Castle Rock, Colorado, acting by and through the Town of Castle Rock Water Enterprise (the “Town”), is the owner of an approximately 640-acre parcel of land located in Weld County, Colorado (the “Property”);

WHEREAS, for the last 11 years, the Town has leased the Property to Sublette, Inc. (“Sublette”) for hunting, livestock grazing and related agricultural purposes. PM Farming, LLC. (“PM Farming”) is the same entity as Sublette, Inc., which operates under a different LLC name.; and

WHEREAS, the Town and PM Farming have agreed upon the terms and conditions of an Agricultural Lease Agreement (the “Lease Agreement”) for an additional year term; and

WHEREAS, pursuant to Section 14.02.050.A of the Castle Rock Municipal Code, the lease of real property owned by the Town shall be approved by resolution of the Town Council.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF CASTLE ROCK AS FOLLOWS:

Section 1. Approval. The Lease Agreement between the Town and PM Farming is hereby approved in substantially the same form as presented at tonight’s meeting, with such technical changes, additions, modifications, deletions, or amendments as the Town Manager may approve upon consultation with the Town Attorney. The Mayor and other proper Town officials are hereby authorized to execute the Lease Agreement and any technical amendments thereto by and on behalf of the Town.

PASSED, APPROVED AND ADOPTED this 24th day of March, 2026, by the Town Council of the Town of Castle Rock, Colorado, on first and final reading by a vote of ____ for and ____ against.

ATTEST:

TOWN OF CASTLE ROCK

Lisa Anderson, Town Clerk

Jason Gray, Mayor

Approved as to form:

Approved as to content:

Michael J. Hyman, Town Attorney

Mark Marlowe, Director of Castle Rock Water

AGRICULTURAL LEASE AGREEMENT

THIS AGRICULTURAL LEASE AGREEMENT (“Lease Agreement”) is entered into as of this 24th day of March, 2026, (“Effective Date”), by and between the **TOWN OF CASTLE ROCK**, a Colorado home rule municipal corporation, acting by and through the **TOWN OF CASTLE ROCK WATER ENTERPRISE**, (“Lessor”), and **PM FARMING, LLC**, a Colorado limited liability company, (“Lessee”) (collectively, Lessor and Lessee are referred to as the “Parties”).

RECITALS:

A. Lessor is the owner of an approximately 640-acre parcel of land located in Weld County, Colorado, as more particularly described in the attached *Exhibit 1* (the “Property”).

B. Lessee desires to lease the Property for hunting, livestock grazing and related agricultural purposes.

C. Lessor desires to lease the Property to Lessor on the terms and conditions specified in this Lease Agreement.

NOW, THEREFORE, in consideration of the mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

COVENANTS:

Section 1. Lease. Subject to the terms and conditions set forth herein, Lessor hereby leases to Lessee and Lessee leases from Lessor the Property for the purposes expressly stated herein. Lessee shall have quiet and peaceable possession of the Property for such purposes, provided that Lessee is and remains in compliance with the terms and conditions of this Lease Agreement.

Section 2. Term. The initial term of this Lease Agreement shall commence on March 24, 2026, and expire March 23, 2027 (the “Term”).

Section 3. Rent. Lessee shall pay rent in the amount of \$7,137.00. Payment shall be due upon the execution of this Lease Agreement.

Section 4. Permitted Uses. Lessor hereby grants to Lessee (to include Lessee’s partners, officers, directors, employees, their family members, and invitees), the exclusive and unrestricted right to occupy and utilize the Property for all lawful hunting, grazing, agricultural and recreational activities.

Section 5. Hunting; Compliance with Applicable Laws. Lessee may enter upon the lands at any time, without notice to Lessor, to lawfully hunt or to prepare for hunting. Lessor shall not lease, license, or give permission to any other party for hunting purposes on the Property during

the term of this Agreement, provided however, Lessor and their accompanied guests may hunt legal game on the property after obtaining specific permission for each hunting day or event from the Lessee. Lessee shall not cause damage to the Property and shall be liable to Lessor for any such damages. Lessee may use all roads as they may exist (or as they may be altered from time to time by mutual agreement) to access the Property. Lessee may construct temporary hunting blinds and pits, providing that all dug pits are not located on center pivot wheel tracks, over buried electrical or pipeline services, or on existing roadways; that such pits are marked appropriately with flagging and/or reflectors when not in use; and such pits will be closed and covered when not in use to help prevent potential accidents.

Lessee, and all individuals acting under Lessee's rights granted herein, shall comply with all applicable federal, state, and local laws, regulations, and ordinances governing hunting activities, firearm use, trespass, wildlife management, safety, and any other relevant requirements; provided, however, that any minor under the age of 18 participating in such activities must be accompanied by a responsible adult who is properly licensed to hunt in the State of Colorado. Failure to comply with such laws or regulations shall constitute a material breach of this Lease and may result in immediate termination of all hunting rights granted herein, at Lessor's discretion.

Section 6. Suitability for Hunting Purposes. Lessor makes no assurances or warranties as to the suitability and/or huntable conditions existing on the Property. Lessee may improve the suitability and/or condition of the Property for hunting with the consent of Lessor.

Section 7. Crops and Irrigation. Lessee may, at its sole expense plant and harvest non-irrigated agricultural crops (e.g., dryland wheat) to enhance the hunting conditions on the Property. In no event shall water owned or controlled by Lessor or from any other source, including the Lessee, be used on the Property for such agricultural purpose. Lessee shall use best land management practices at the end of each harvest season and comply with all local, State and Federal regulations in the application of any fertilizer on the Property.

Section 8. Lessor's Use of Property. Lessor reserves the right to utilize the Property for all other activities so long as such activities do not materially interfere with the permitted uses granted to Lessee under this Lease Agreement.

Section 9. Termination. This Lease Agreement shall terminate:

A. Upon 120 days prior written notice by Lessor for any or no reason. In such event, any Rents previously paid, shall be prorated through the date of termination and returned to Lessee upon such termination.

B. At any time by Lessee upon 30 days written notice to Lessor for any reason or no reason. In such event, any Rents previously paid, shall be prorated through the date of termination and returned to Lessee upon such termination.

C. Upon expiration of the term of this Lease Agreement.

Section 10. Insurance.

A. General Conditions: Lessee agrees to secure and maintain, at its own cost, at or before the time of execution of this Agreement, the following insurance. Lessee shall keep the required insurance coverage in force at all times during the term of the Agreement. The required insurance shall be underwritten by an insurer licensed or authorized to do business in Colorado and rated by A.M. Best Company as “A-VII” or better. Each policy shall require notification to Lessor in the event any of the required policies be canceled or non-renewed before the expiration date thereof. Such written notice shall be sent to Lessor. Said notice shall be sent thirty (30) days prior to such cancellation or non-renewal unless due to non-payment of premiums for which notice shall be sent ten (10) days prior. If such written notice is unavailable from the insurer, Lessee shall provide written notice of cancellation, non-renewal and any reduction in coverage to the parties identified in the Notices section by certified mail, return receipt requested within three (3) business days of such notice by its insurer(s). The insurance coverages specified in this Agreement are the minimum requirements, and these requirements do not lessen or limit the liability of the Lessee. The Lessee shall maintain, at its own expense, any additional kinds or amounts of insurance that it may deem necessary to cover its obligations and liabilities under this Agreement. All commercial and automobile liability policies shall have the following additional provisions:

- Severability of interests or separation of insureds provision;
- Provision that coverage is primary and non-contributory with other coverage maintained by Lessor;
- The underlying Agreement is an “insured contract” under the policy;
- Defense costs shall be outside the policy limits for liability coverage.

B. Proof of Insurance: Lessee may not take possession of the Property prior to placement of coverages required under this Agreement. Lessee certifies that the certificate of insurance attached hereto as **Exhibit 2**, preferably an ACORD form, complies with all insurance requirements of this Agreement. Failure on the part of Lessee to procure or maintain policies providing the required coverage, conditions, and minimum limits shall constitute a material breach of contract upon which at its sole discretion, Lessor may, in addition to and without limitation of any and all other remedies that may be available to Lessor, procure or renew any such policy or any extended connection therewith, and all monies so paid by Lessor shall be repaid by Lessee to Lessor upon demand. Lessor’s acceptance of a certificate of insurance or other proof of insurance that does not comply with all insurance requirements set forth in this Agreement shall not act as a waiver of Lessee’s breach of this Agreement or of any of the Lessor’s rights or remedies under this Agreement. Each certificate shall identify the Property and shall provide that coverage afforded under the policies shall not be cancelled, terminated or materially changed until at least 30 days prior written notice has been given to Lessor. If the words “endeavor to” appear in the portion of the certificate addressing cancellation, those words shall be stricken from the certificate by the agent(s) completing the certificate. Lessor may require additional proof of insurance, including but not limited to policies and endorsements.

C. Additional Insureds: For Commercial General Liability and Automobile Liability, Lessee’s insurer(s) shall include Lessor, its elected and appointed officials, officers, employees, and agents acting within the course and scope of their duties for Lessor as additional insured.

D. Waiver of Subrogation: For all coverages required under this Agreement, Lessee's insurer shall waive subrogation rights against Lessor, its elected and appointed officials, officers, employees, and agents acting within the course and scope of their duties for Lessor.

E. Commercial General Liability: Lessee shall maintain a Commercial General Liability insurance policy with minimum limits of \$1,000,000 for each occurrence and \$2,000,000 products and completed operations aggregate, and \$2,000,000 general aggregate. The policy shall provide coverage for all claims for bodily injury, property damage (including loss of use), and contractual liability.

F. Automobile Liability Insurance: Lessee shall maintain an Automobile Liability insurance policy with minimum combined single limits for bodily injury and property damage of not less than One Million Dollars (\$1,000,000) each occurrence and One Million Dollars (\$1,000,000) aggregate with respect to each of Lessee's owned, hired and/or non-owned vehicles assigned to or used on the Property. The policy shall contain a "severability of interests" provision.

Section 11. Governmental Immunity. The Parties understand and agree that Lessor is relying on, and does not waive or intend to waive by any provision of this Agreement, the monetary limitations or any other rights, immunities, and protections provided by the Colorado Governmental Immunity Act, § 24-10-101, et seq., C.R.S., as from time to time amended, or otherwise available to Lessor, its officers and employees.

Section 12. Indemnification. Lessee shall indemnify and hold Lessor harmless against any claim of liability or loss from personal injury or property damage resulting from or arising out of the use and occupancy of the Property by Lessee, its servants, agents or invitees, excepting, however, such claims or damages as may be due to or caused by the grossly negligent or willful and wanton acts or omissions of Lessor, its employees or agents.

Section 13. Warranties. Lessee and Lessor each acknowledge and represent that it is duly organized, validly existing and in good standing and has the right, power and authority to enter into this Agreement and bind itself hereto through the party set forth as signatory for the party below.

Section 14. Default and Right to Cure.

A. The following will be deemed a default by Lessee and a breach of this Lease Agreement: (i) non-payment of Rent if such Rent remains unpaid for more than thirty (30) days after receipt of written notice from Lessor of such failure to pay; or (ii) Lessee's failure to perform any other term or condition under this Agreement within. If Lessee remains in default beyond any applicable cure period, Lessor will have the right to exercise any and all rights and remedies available to it under law and equity, to terminate the Lease, retake possession of the Property and recover damages and reasonable attorney's fees.

B. The following will be deemed a default by Lessor and breach of this Lease Agreement. Lessor's failure to perform any term, condition, or breach of any warranty or covenant under this Lease Agreement within thirty (30) days after receipt of written notice from Lessee

specifying the failure. If Lessor remains in default beyond the applicable cure period, Lessee will have the right to exercise any and all rights available to it under law and equity.

Section 15. Assignment. Any assignment of this Lease Agreement by Lessee shall require the prior written approval of Lessor, which approval shall be at the sole discretion of Lessor. However, Lessor acknowledges Lessee intends to use others to perform work and to manage such work at its sole expense.

Section 16. Notices. All notices, requests, demands, and communications hereunder will be given by first class certified or registered mail, return receipt requested, or by a nationally recognized overnight courier, postage prepaid, to be effective when properly sent and received, refused or returned undelivered. Notice will be addressed as follows:

If to Lessor: Town of Castle Rock
 Castle Rock Water
 175 Kellogg Court
 Castle Rock, Colorado 80109
 Attn: Lauren Moore, Water Resources Manager

With a copy to: Town of Castle Rock
 100 N. Wilcox Street
 Castle Rock, Colorado 80104
 Attn: Michael J. Hyman, Town Attorney

If to Lessee: PM Farming, LLC
 770 N. High Street
 Denver, Colorado 80218

Either party may change the place for giving notice to it by thirty (30) days written notice to the other party as provided herein.

Section 17. Severability. If any term or condition of this Lease Agreement is found unenforceable, the remaining terms and conditions will remain binding upon the parties as though said unenforceable provision were not contained herein. However, if the invalid, illegal, or unenforceable provision materially affects this Lease Agreement, then the Lease Agreement may be terminated by either party on ten (10) days prior written notice to the other party.

Section 18. Casualty. Lessor will provide notice to Lessee of any casualty affecting the Property within forty-eight (48) hours of discovery of the casualty. If any part of the Property is damaged by fire or other casualty so as to render the Property unsuitable, in Lessee's sole determination, then Lessee may terminate this Lease Agreement by providing written notice to the Lessor, which termination will be effective as of the date of such damage or destruction. Upon such termination, Lessee will be entitled to collect all insurance proceeds payable to Lessee on account thereof and to be reimbursed for any prepaid Rent on a prorate basis.

Section 19. Taxes.

A. Lessee shall be solely responsible for and shall timely pay all personal property taxes levied and assessed against it or its personal property. Lessee shall be solely responsible for and shall timely pay all real property taxes levied and assessed against the Premises, if any, as a result of Lessee's use of the Property under this Agreement. At the request of Lessor, Lessee shall provide evidence of payment of taxes.

B. Lessee shall have the right to contest all taxes, assessments, charges and impositions assessed against its personal property or improvements, and Lessor agrees to join in such contest, if required by law, and to permit the Lessee to proceed with the contest in Lessors name, provided that the expense of the contest is borne by Lessee.

Section 20. Sale of Property. If, at any time during the terms of this Lease Agreement, Lessor decides to sell all or any of portion of the Property, Lessor shall notify Lessee of its intent to sell and Lessee shall have a ninety (90)-day exclusive period to negotiate a contract with the Lessor to purchase that portion of the Property being offered for sale. If, for whatever reason, the Parties are unable to successfully negotiate a purchase contract within this period of time, Lessor may proceed with such sale.

Section 21. Miscellaneous.

A. **Amendment/Waiver.** This Lease Agreement cannot be amended, modified or revised unless done in writing and signed by an authorized agent of the Lessor and an authorized agent of the Lessee. No provision may be waived except in a writing signed by both parties.

B. **Bind and Benefit.** The terms and conditions contained in this Lease Agreement will run with the Property and bind and inure to the benefit of the parties, their respective heirs, executors, administrators, successors and assigns.

C. **Entire Agreement.** This Lease Agreement and the exhibits attached hereto, all being a part hereof, constitute the entire agreement of the parties and will supersede all prior offers, negotiations, and agreements with respect to the subject matter of this Lease Agreement.

D. **Governing Law.** This agreement will be governed by the laws of the State of Colorado. Whenever possible, each provision of this Lease shall be interpreted so as to be effective and valid under Colorado law. If any provision of this Lease is, for any reason and/or to any extent, invalid or unenforceable, then neither the remainder of this Lease in with the provision appears or the application of the provision to other persons or other circumstances shall be affected by such invalidity or unenforceability.

E. **Interpretation.** Unless otherwise specified, the following rules of construction and interpretation apply: (i) captions are for convenience and reference only and in no way define or limit the construction of the terms and conditions hereof; (ii) use of the term "including" will be interpreted to mean "including but not limited to"; (iii) whenever a party's consent is required under this Lease Agreement, except as otherwise stated in this Lease Agreement or as same may be duplicative, such consent will not be unreasonably withheld, conditioned or delayed; (iv)

exhibits are an integral part of the Lease Agreement and are incorporated by reference into this Lease Agreement; (v) use of the terms “termination” or “expiration” are interchangeable; and (vi) reference to a default will take into consideration any applicable notice, grace and cure periods.

IN WITNESS WHEREOF, the parties have caused this Lease Agreement to be effective as of the date written above.

ATTEST:

TOWN OF CASTLE ROCK, acting by and through the **TOWN OF CASTLE ROCK WATER ENTERPRISE**

Lisa Anderson, Town Clerk

Jason Gray, Mayor

Approved as to form:

Approved as to content:

Michael J. Hyman, Town Attorney

Mark Marlowe, Director of Castle Rock Water

STATE OF COLORADO)
) ss.
COUNTY OF DOUGLAS)

The foregoing instrument was acknowledged before me this ____ day of _____, 2026, by Jason Gray, as Mayor, and Lisa Anderson, as Town Clerk, of the Town of Castle Rock, Colorado.

Witness my official hand and seal.

My commission expires: _____

[S E A L]

Notary Public

PM FARMING, LLC

By: _____

Its: _____

STATE OF)
) **ss.**
COUNTY OF)

The foregoing instrument was acknowledged before me this ____ day of _____, 2026, by _____ as _____ for PM Farming, LLC, a Colorado limited liability company.

Witness my official hand and seal.

My commission expires: _____

[S E A L]

Notary Public

EXHIBIT 1
LEGAL DESCRIPTION OF THE PROPERTY

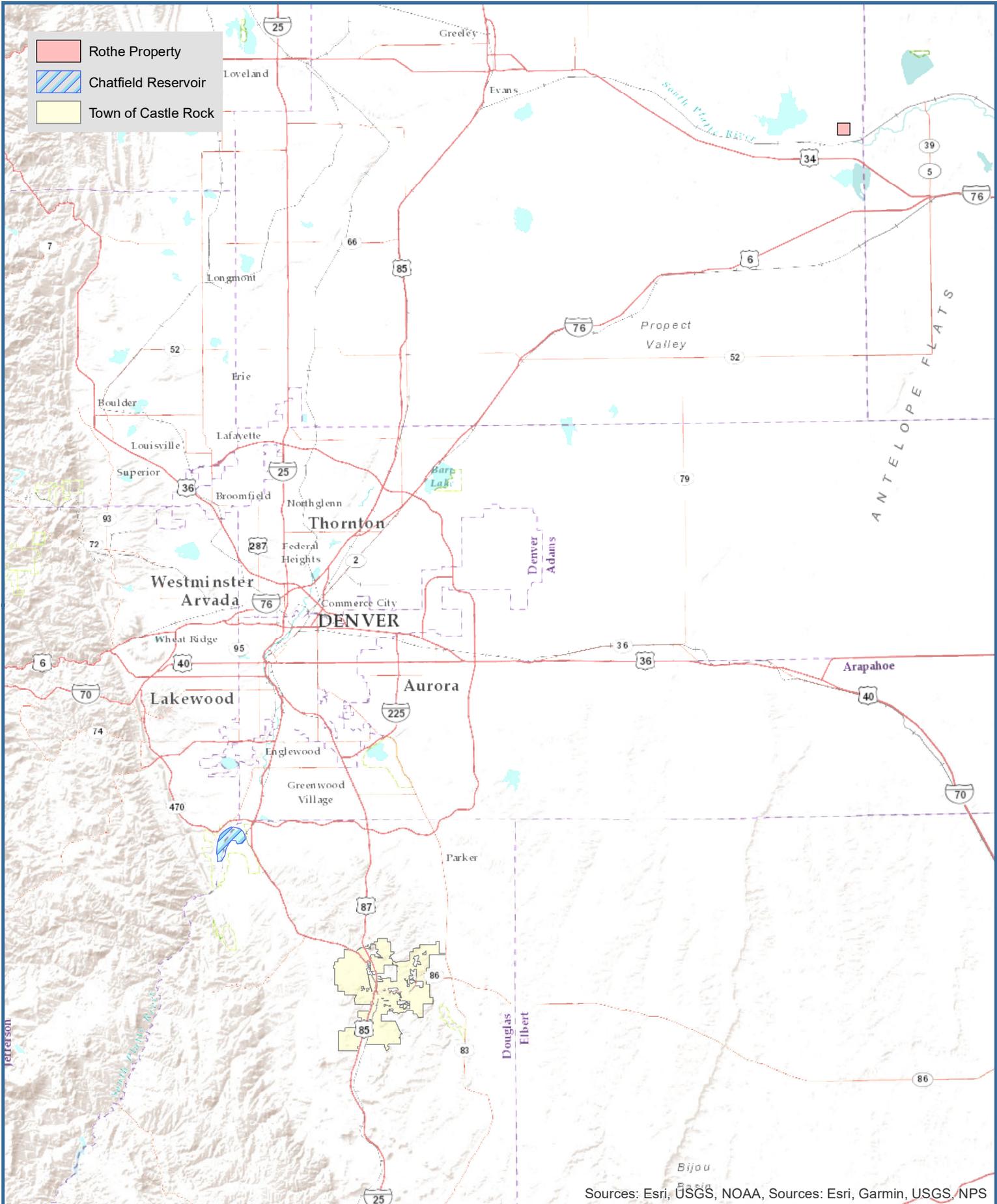
Parcel A:

The East 1/2 of Section 11 and the West 1/2 of Section 12, all in Township 4 North, Range 61 West of the 6th P.M., County of Weld, State of Colorado.

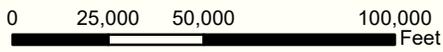
Parcel B:

Together with a non-exclusive easement for the purposes of ingress and egress for agricultural and hunting purposes over and across the North 30 feet of the Northeast 1/4 of Section 12, Township 4 North, Range 61 West of the 6th P.M., County of Weld, State of Colorado.

EXHIBIT 2
LESSEE'S CERTIFICATE OF INSURANCE
(to be inserted)



Sources: Esri, USGS, NOAA, Sources: Esri, Garmin, USGS, NPS



1 inch = 50,000 feet



Disclaimer: The data presented has been compiled from various sources, each of which introduces varying degrees of inaccuracies or inconsistencies. Such discrepancies in data are inherent and in supplying this product the Town of Castle Rock assumes no liability for its use or accuracy. Questions or comments regarding the cartographic composition of this map including, but not limited to, errors, omissions, corrections, and/or updates, should be directed to the Utilities Department, Town of Castle Rock, (720) 733-6000. Copyright 2024, Town of Castle Rock Utilities Mapping.



Town of Castle Rock

Agenda Memorandum

Agenda Date: 3/25/2026

Item #: 5. **File #:** WC 2026-031

To: Members of the Castle Rock Water Commission

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

Resolution Approving the 2026 Town of Castle Rock/Colorado Parks & wildlife Spot Water Lease Agreement [Chatfield Reservoir, Douglas County]
Town Council Agenda Date: March 24, 2026

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 being 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 a 2023 lease at their April 26, 2023, meeting.

Item #: 5. File #: WC 2026-031

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.

Item #: 5. File #: WC 2026-031

Staff Recommendation

Staff recommends approval of the resolution as presented.

Proposed Motion

“I move to recommend to Town Council approval of the Resolution as presented”

Attachments

Attachment A: Resolution
Exhibit 1: Agreement

RESOLUTION NO. 2026-__

**A RESOLUTION APPROVING THE TOWN OF CASTLE ROCK/COLORADO
PARKS AND WILDLIFE SPOT WATER LEASE AGREEMENT**

WHEREAS, the Town of Castle Rock (the “Town”) owns certain water stored at Chatfield Reservoir that is reusable and fully consumable after its first use for municipal purposes by the Town; and

WHEREAS, from time to time, a certain amount of this water is surplus to the needs and obligations of the Town (“Surplus Water”); and

WHEREAS, the Town anticipates it will have Surplus Water available from time to time in 2026; and

WHEREAS, Colorado Parks & Wildlife (“CPW”) desires to lease a certain portion of the Surplus Water from the Town 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.

WHEREAS, the Town and CPW have agreed upon the terms of a Spot Water Lease Agreement; and

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF CASTLE ROCK AS FOLLOWS:

Section 1. Approval. The Spot Water Lease Agreement between the Town and CPW, is hereby approved in substantially the same form as presented at tonight’s meeting, with such technical changes, additions, modifications, deletions, or amendments as the Town Manager may approve upon consultation with the Town Attorney. The Mayor and other proper Town officials are hereby authorized to execute the Agreement and any technical amendments thereto by and on behalf of the Town.

PASSED, APPROVED AND ADOPTED this 24th day of March, 2026, by the Town Council of the Town of Castle Rock, Colorado, on first and final reading by a vote of ___ for and ___ against.

ATTEST:

TOWN OF CASTLE ROCK

Lisa Anderson, Town Clerk

Jason Gray, Mayor

Approved as to form:

Approved as to content:

Michael J. Hyman, Town Attorney

Mark Marlowe, Director of Castle Rock Water

**TOWN OF CASTLE ROCK/COLORADO PARKS AND WILDLIFE
SPOT WATER LEASE AGREEMENT**

THIS SPOT WATER LEASE AGREEMENT (“Agreement”) is entered into March 24, 2026, by and between the Town of Castle Rock, a Colorado home rule municipal corporation, acting by and through the Town of Castle Rock Water Enterprise, as Lessor (the “Town”), and Colorado Parks and Wildlife, as Lessee (“CPW”) (collectively, the Town and CRW are referred to as the Parties).

RECITALS

WHEREAS, the Town owns certain water stored at Chatfield Reservoir that is reusable and fully consumable after its first use for municipal purposes by the Town; and

WHEREAS, from time to time, a certain amount of this water is surplus to the needs and obligations of the Town (“Surplus Water”); and

WHEREAS, the Town anticipates it will have Surplus Water available from time to time in 2026; and

WHEREAS, CPW desires to lease a certain portion of the Surplus Water from the Town and make it available for use at all CPW state parks, wildlife areas, and other properties within the South Platte River Basin, including but not limited to Chatfield State Park, the Chatfield Fish Unit and associated settling ponds and Cherry Creek State Park.

AGREEMENT

NOW THEREFORE, in consideration of the mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Town and CPW agree as follows:

1. Water Rights Lease. The Town hereby leases to CPW up to 200 acre-feet (AF) of the Surplus Water (“Leased Spot Water”), which will be made available as follows:
 - A. Between March 24, 2026, and December 31, 2026, with no additional water released thereafter.
2. Deliveries.
 - A. Amount. Subject to availability, the Leased Surplus Water will be withdrawn from the Town’s Chatfield Storage Account upon coordination with the Colorado Department of Natural Resources – Division of Water Resources, who will make the requested release from Chatfield.
 - B. Location. The Leased Surplus Water will be released from Chatfield Reservoir either: (i) through the Reservoir outlet manifold directly into the fish hatchery pond gate and adjacent settling ponds; or (ii) by means of a book-over from the Town’s Chatfield Storage Account into CPW’s Chatfield Storage Account.

8. Assignment. Lessee may not assign its rights hereunder without the prior written consent of Lessor, which may be withheld in Lessor's sole discretion. In the event that Lessor consents to an assignment of Lessee's rights hereunder, the assignee shall execute an assumption agreement pursuant to which it shall assume Lessee's obligations hereunder. The terms of such assumption agreement must be approved by Lessor.

9. Entire Agreement. This Agreement represents the entire Agreement between the Parties on the matters set forth herein and supersedes all prior negotiations, representations or agreements respecting said matters whether written or oral.

10. Binding Effect. The execution of the Agreement by the Town, as lessor, and CPW, as lessee, constitutes the execution of a binding lease agreement by the Parties on the terms and conditions contained herein and may not be modified except in writing signed by both Parties. This Lease shall be binding on the Parties' respective successors and assigns.

11. Controlling Law. This Lease Agreement shall be governed under, and construed pursuant to the laws of the State of Colorado.

(signature page to follow)



Town of Castle Rock

Agenda Memorandum

Agenda Date: 3/25/2026

Item #: 6. **File #:** WC 2026-032

To: Members of the Castle Rock Water Commission

From: Mark Marlowe, P.E., Director of Castle Rock Water
Roy Galles, P.E., Engineering Manager
Emily Huth, P.E., CIP Manager

Resolution Approving a Services Agreement between the Town of Castle Rock and ???? for the Stormwater Master Plan
Town Council Agenda Date: April 21, 2026

Executive Summary

This will be a presentation only item.



Town of Castle Rock

Agenda Memorandum

Agenda Date: 3/25/2026

Item #: 7. **File #:** WC 2026-033

To: Members of the Castle Rock Water Commission

From: Mark Marlowe, P.E., Director of Castle Rock Water
Roy Gallea, P.E., Engineering Manager
Frank Main, CIP Manager

Resolution Approving a Construction Contract between the Town of Castle Rock and ???? for the 6400 E. Tributary at Paint Brush Park Project
Town Council Agenda Date: April 21, 2026

Executive Summary

This will be a presentation only item.



Town of Castle Rock

Agenda Memorandum

Agenda Date: 3/25/2026

Item #: 8. **File #:** WC 2026-034

To: Members of the Castle Rock Water Commission

From: Mark Marlowe, P.E., Director of Castle Rock Water
Roy Gallea, P.E., Engineering Manager

Resolution Approving a Services Agreement between the Town of Castle Rock and ???? for design services for the Hillside Pump Station
Town Council Agenda Date: April 21, 2026

Executive Summary

This will be a presentation only item.



Town of Castle Rock

Agenda Memorandum

Agenda Date: 3/25/2026

Item #: 9. **File #:** WC 2026-035

To: Members of the Castle Rock Water Commission

From: Mark Marlowe, P.E., Director of Castle Rock Water
Nichol Bussey, Business Solutions Manager
Sandra Sandman, Customer Relations Program Manager

Proclamation: Mayor's Challenge Supporting April as Water Conservation Month
Town Council Agenda Date: 1st Reading March 24th and 2nd Reading April 7th

Executive Summary

April is Water Conservation Month and coincides with Earth Month. In celebration and to create awareness, the Town of Castle Rock proclaims (**Attachment A**) April as Water Conservation Month and encourages residents to take action for a sustainable water future.

The goal for Castle Rock Water is to reduce gallons per capital daily (GPCD) from our current average of 118 GPCD to 100 GPCD by 2050.

Attachments

Attachment A: Proclamation



PROCLAMATION



MAYOR'S CONSERVATION CHALLENGE FOR WATER CONSERVATION



WHEREAS water is a precious natural resource and essential to a vital community; and

WHEREAS it is imperative residents become educated and understand the importance of conserving water, using water-efficient products, and maintaining practices at work and home to wisely use water in all daily activities; and

WHEREAS Castle Rock residents have reduced their water consumption by more than 20% over the past 10 years; and

WHEREAS Castle Rock Water has a goal of another 18% conservation by 2055; and

WHEREAS the Town of Castle Rock has always encouraged and supported water conservation through various educational programs and special events; and

WHEREAS every business, industry, school and resident can make a difference and help by saving water and thus promoting a healthy economy and community; and

WHEREAS the Mayor of the Town of Castle Rock is challenging each resident and business to help protect our precious resource by pledging to conserve at MyWaterPledge.com, entering to win one of ten front yard ColoradoScape designs at CRconserve.com, and by taking Water Wise workshops.

NOW, THEREFORE, the Town Council of the Town of Castle Rock does hereby proclaim April 2026 Water Conservation Month in the Town of Castle Rock.

PASSED, APPROVED AND ADOPTED this 7th day of April 2026, by the Town Council of the Town of Castle Rock, Colorado.

ATTEST

TOWN OF CASTLE ROCK

Lisa Anderson, Town Clerk

Jason E. Gray, Mayor





Town of Castle Rock

Agenda Memorandum

Agenda Date: 3/25/2026

Item #: 10. **File #:** WC 2026-036

To: Members of the Castle Rock Water Commission

From: Mark Marlowe, P.E., Director of Castle Rock Water
Nichol Bussey, Business Solutions Manager
Paul Rementer, Enterprise Fund Analyst

Budget Update
Town Council Agenda Date: NA

Executive Summary

This will be a presentation only item.



Town of Castle Rock

Agenda Memorandum

Agenda Date: 3/25/2026

Item #: 11. File #: WC 2026-037

To: Members of the Castle Rock Water Commission

From: Mark Marlowe, P.E., Director of Castle Rock Water

Drought Update
Town Council Agenda Date: NA

Executive Summary

This will be a presentation only.



Town of Castle Rock

Agenda Memorandum

Agenda Date: 3/25/2026

Item #: 12. **File #:** WC 2026-038

To: Members of the Castle Rock Water Commission

From: Mark Marlowe, P.E., Director of Castle Rock Water

Upcoming Town Council Items
Town Council Agenda Date: NA

Executive Summary

This item is an informational update only and is designed to give Commission a preview of time critical items that may need to go to Council prior to review at a Commission Meeting.

Items for this month include:

There are no items at this time.