



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
Matt Benak, P.E., Water Resources Manager

Title: **Resolution Approving the First Restated Town of Castle Rock and Parker Water and Sanitation District Intergovernmental Agreement for Shared Use of Newlin Gulch Aqueduct No. 2 [Cherry Creek Basin]**

Executive Summary

Castle Rock Water is seeking Town Council approval of a Resolution (***Attachment A***) approving the First Restated Intergovernmental Agreement (IGA) between the Town of Castle Rock and Parker Water and Sanitation District (PWSD) for Shared Use of Newlin Gulch Aqueduct No. 2 (i.e., the Cherry Creek Diversion Structure and Pump Station). PWSD owns and operates the Cherry Creek Diversion Structure and Pump Station located just south of Stroh Road in Parker, Colorado whereby they divert surface flows off of Cherry Creek into Rueter-Hess Reservoir (RHR).

The intent of the original (2014 IGA) with Parker was to allow for Castle Rock's treated wastewater effluent, that is released from the Pinery's wastewater treatment facility, to be carried in Cherry Creek and diverted and pumped by the Cherry Creek Diversion into Castle Rock's storage account within RHR. Now that Castle Rock is part of the Cherry Creek Project Water Authority (CCPWA) and has water stored in Castle Rock Water's storage space in CCPWA's Walker Reservoir, the Town wishes to release this water on occasion, and divert and store that water in RHR where it can be more easily used by the Town's customers (by a separate treatment and delivery agreement with PWSD). This restated agreement allows for water to be released from Walker Reservoir and notice to be provided to PWSD by Castle Rock Water that water is being released and at what flow rate. The restated agreement also specifies how the cost of diverting/pumping this water into storage in RHR is to be paid by Castle Rock Water. Castle Rock Water anticipates that up to 250 acre-feet (AF) of water may be diverted in this manner annually at a cost of approximately \$25,000. Presently, the Town owns 8,000 AF of storage space in RHR and has approximately 400 AF of water stored in this space (roughly 5% the Town's storage volume).

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

On December 19, 2014, Town Council approved the Town of Castle Rock and Parker Water and Sanitation District Intergovernmental Agreement for Shared Use of Newlin Gulch Aqueduct No. 2.

Castle Rock Water staff presented this item to the Castle Rock Water Commission at their meeting held on March 26, 2025, and the Castle Rock Water Commission voted unanimously 6 to 0 to recommend Town Council approval of the Resolution as presented.

Discussion

One of the key pieces of Castle Rock's long-term water plan is adequate storage for its renewable water rights. Castle Rock is a member of the CCPWA. The CCPWA is a group of water providers that has formed an Authority to construct and operate a water project, consisting of renewable and Denver Basin water, in the Cherry Creek Basin to provide relatively firm water yield of from 500 to 2,000-acre feet per year. CCPWA is comprised of four participants with shares in the project as follows:

- Castle Rock Water: 41.25%
- Inverness Water & Sanitation District: 31.118%
- Denver Southeast Suburban (AKA "The Pinery"): 20.489%
- Cottonwood Water & Sanitation District: 7.143%

In August 2024, the CCPWA complete the construction of Walker Reservoir and its associated infrastructure and began storing water. Walker Reservoir is a 650 AF water storage facility located approximately ½-mile northwest of Franktown, Colorado and Castle Rock owns 150 AF, or 23.08% of the storage capacity. Water is transferred into Walker Reservoir via three wells in the Cherry Creek alluvium which captures renewable water rights, and via an Arapahoe aquifer well to take advantage of CCPWA's non-renewable water rights.

The Town does not have a direct connection to water stored in Walker Reservoir, however, the Town does have a connection, via the WISE local infrastructure, to water stored in RHR. By transferring the water from Walker Reservoir to RHR, via Cherry Creek and diversion and pumping by PWSD, Castle Rock Water can deliver this water to its customers (following treatment at PWSD's Rueter-Hess Water Purification Facility). This amended IGA will allow this to occur. Stream losses are estimated to be 3.13% based on the 6.25-mile stream distance from the Walker Reservoir outlet to the intake of the PWSD diversion.

The restated agreement allows Castle Rock Water to have PWSD divert this additional water resource from Walker Reservoir into RHR. The only other changes to the agreement are that Castle Rock Water must provide at least 24 hours' notice to PWSD staff prior to the release of water from Walker Reservoir and the cost to divert and pump water at the PWSD diversion was updated to reflect current cost of service.

Budget Impact

PWSD will charge the Town \$101.24 per AF of water diverted and pumped from Cherry Creek into RHR. The Town anticipates up to 250 AF of water to be diverted annually as part of this agreement which equates to \$25,310. Funding for these diversions will come from the Water Resources Fund/PWSD CC Diversion Fees account <211-4340-443.30-42> which has a 2025 budget of \$4,500. Staff will initiate a budget transfer from other operational funds later in 2025 to cover line-item overages.

Staff Recommendation

Staff recommends the approval of the First Restated Intergovernmental Agreement between the Town of Castle Rock and Parker Water and Sanitation District for Shared Use of Newlin Gulch Aqueduct No. 2.

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:	First Restated IGA
Attachment B:	Original Agreement