

RESOLUTION NO. 2026-065

**A RESOLUTION APPROVING THE 2026 WATER LEASE AGREEMENT
BETWEEN THE TOWN OF CASTLE ROCK AND SUBLETTE, INC.**

WHEREAS, pursuant to the decree in Case No. 89CW27, District Court, Water Division No. 1 (the “Decree”), the Town of Castle Rock (the “Town”) and other owners operate the Rothe-Sublette Recharge Project (the “Project”), which diverts water from the South Platte River at the Riverside Canal into recharge ponds that accrete water to the South Platte River to generate recharge credits (the “Project Recharge Credits”); and

WHEREAS, the Town owns the right to 60.4% of the first 1,275 acre-feet (AF), up to 770 AF annually, of Project Recharge Credits (the “Town Recharge Credits”); and

WHEREAS, Project Recharge Credits are used by the Town and the other owners to augment depletions from alluvial wells pursuant to the Decree; and

WHEREAS, the Decree authorizes the lease of excess Project Recharge Credits to third parties for use in judicially approved plans for augmentation; and

WHEREAS, at present, the Town does not have any available means by which to use the Town Recharge Credits within its water system over the next year; and

WHEREAS, a lease with Sublette, Inc., will allow the Town to generate revenue from the Town Recharge Credits that it would not otherwise be able to realize; and

WHEREAS, a lease with the Town will allow Sublette, Inc., to use excess Town Recharge Credits to offset shortages in its augmentation plan; and

WHEREAS, accordingly, the Town and Sublette, Inc., desire to enter into a water lease agreement by which Sublette, Inc. may lease up to eleven (11) AF of excess Town Recharge Credits (the “Lease Agreement”).

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

Section 1. Approval. The Lease Agreement between the Town and Sublette, Inc. 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 2nd day of June, 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 Castle Rock Water