



Town of Castle Rock

Agenda Memorandum

Agenda Date: 8/18/2020

Item #: 11. **File #:** RES 2020-070

To: Honorable Mayor and Members of Town Council

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

Resolution Approving the Town of Castle Rock/Town of Lochbuie Water Lease Agreement

Executive Summary

Castle Rock Water is seeking Town Council approval of a resolution (**Attachment A**) for a Water Lease Agreement with the Town of Lochbuie (Lochbuie). This is a mutually beneficial agreement to more efficiently use water supplies owned by Lochbuie and Castle Rock. It will provide Castle Rock with access to additional water supplies in exchange for water the Town has stored in Chatfield. Lochbuie owns a total of 770 acre-feet (AF) of Denver Basin groundwater rights in the Dawson, Denver, and Arapahoe Aquifers, collectively known as Bell Mountain Ground Water on the Bell Mountain property just south of the Town limits. As part of the Water Lease Agreement, Castle Rock Water can pump up to 535 AF of the Bell Mountain Ground Water and capture this water at the Town's CR-1 Diversion in exchange for a like amount of the Town's fully reusable surplus water stored at Chatfield Reservoir. Should Lochbuie not take the water at Chatfield by November 1 of each year, the Town will pay Lochbuie \$30 per acre-foot, less transit losses. Lochbuie will also have the option to request fully reusable surplus water from the Town's PCWRA outfall at a rate of \$300 per acre-foot. The agreement is non-exclusive, so the Town would be able to lease additional surplus supplies to other interested parties. The agreement will terminate at the end of 2020, but can be renewed by mutual agreement of both parties.

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

On November 17, 2017, the Town closed on the purchase of United Water and Sanitation District's infrastructure and water rights in Douglas County. This purchase included certain water rights in the Bell Mountain wells and the management of the Bell Mountain wells for other parties, including the Town of Lochbuie.

Discussion

As part of the United Purchase in November 2017, Castle Rock Water acquired 133.8 AF of Denver Basin groundwater in Bell Mountain and agreed to operate and maintain the three Bell Mountain

wells for both Roxborough Water and Sanitation District and the Town of Lochbuie. Lochbuie owns 200 AF/year in the Dawson Aquifer, 145 AF/year in the Denver Aquifer, and 425 AF/year in the Arapahoe Aquifer. Lochbuie can request water to be pumped at each of the Bell Mountain wells for release into East Plum Creek, approximately 60 miles upstream from Lochbuie's United Diversion No. 3. By entering into this 2020 Water Lease Agreement, Lochbuie would have the potential to receive portions of their Bell Mountain Water but save the cost of pumping the Bell Mountain Ground Water in exchange for Castle Rock Water's fully reusable effluent in Chatfield. If not they are not able to use this water, Lochbuie would still receive a nominal lease rate for water used by Castle Rock. In return, Castle Rock Water would be able to utilize Lochbuie's Bell Mountain Ground Water by capturing it at the CR-1 diversion and then treating at Plum Creek Water Purification Facility (PCWPF), Operating in this fashion can prove to be beneficial to the Town during periods of high water demand and low native stream flows.

The key terms of the 2020 Water Lease Agreement are summarized below:

- The request to use Lochbuie's Bell Mountain Ground Water by Castle Rock Water is at Castle Rock Water's sole discretion, with 48-hour notice.
- In exchange for Bell Mountain Ground Water that Castle Rock Water will capture at CR-1, Lochbuie will receive like quantities of the Town's fully reusable surplus water stored in Chatfield; up to 535 AF, less transit losses.
- If Lochbuie is not able to take the surplus water at Chatfield by November 1, the Town will pay Lochbuie \$30 per acre-foot, less transit losses.
- If available, Lochbuie can lease the Town's excess reusable supplies (at the PCWRA outfall) that Castle Rock Water cannot currently capture for reuse at our Plum Creek Diversion or Chatfield Reservoir a rate of \$300 per acre-foot.
- Lochbuie will bear the costs of diversion, transmission, and utilization of surplus water taken at the PCWRA Outfall and/or Chatfield, for delivery to Lochbuie's United Diversion No. 3.
- The Town will pay all electrical costs if the Town is the only user of Bell Mountain Ground Water. Otherwise, the Town will pay the pro-rata share of electrical costs for pumping the Bell Mountain Ground Water.
- Agreement will terminate December 31, 2020 but can be renewed by mutual agreement.

The benefit of the lease agreement is that it provides the Town an additional water source during peak summer demands, provides another beneficial use for our fully reusable effluent, and strengthens our regional water partnerships.

Budget Impact

The budget impact of this agreement may either be a net expense or a net revenue to Castle Rock Water, depending on the quantities of water leased by either party. The maximum cost of this Lease Agreement to Castle Rock Water will be approximately \$16,050.

Staff Recommendation

Staff recommends approval of the resolution as presented.

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Proposed Motion

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

Attachments

Attachment A: Resolution
Exhibit 1: Agreement