



Town of Castle Rock

Agenda Memorandum

Agenda Date: 7/17/2018

Item #: 11. **File #:** RES 2018-064

To: Honorable Mayor and Members of Town Council

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

Resolution Approving the Town of Castle Rock/Joule, Inc. Spot Water Lease Agreement

Executive Summary

Castle Rock Water is seeking Town Council approval of a resolution (**Attachment A**) for a spot water lease with Joule, Inc. Joule, Inc. utilizes Spring Creek, a tributary to West Plum Creek and Plum Creek, to fill Joule, Inc.'s Turtle Rock Pond and Ratcliff Pond. Joule, Inc. asked to lease up to 7.00 acre-feet of the Town's surplus reusable water supplies along Plum Creek, which are treated at the Plum Creek Water Reclamation Authority (PCWRA) and released back to the stream. The Town releases roughly 270 acre-feet (AF) per month of fully-consumable water from the PCWRA plant. Until the Plum Creek Diversion pump station and pipeline are constructed or until the Chatfield Reallocation Project is cleared to allow storage, the Town is limited in its ability to capture and utilize this water supply. Thus, leasing this water to other parties downstream is a good option and provides an income stream for the Water Resources Enterprise similar to a previous spot water lease approved by Council on June 5, 2018. We have agreed to a \$300/AF price for the water and they will pay a \$2,500 lease development fee. 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 2018.

Discussion

Joule, Inc. utilizes Spring Creek, a tributary to West Plum Creek and Plum Creek, to fill Joule, Inc.'s Turtle Rock Pond and Ratcliff Pond. The leased water is for administrative exchange to be coordinated with the Division of Water Resources to fill Joule, Inc.'s ponds. The exchange point for this water is the confluence of West Plum Creek and East Plum Creek, which is 4.5 miles below PWCRA following the stream channel.

The key terms of the 2018 spot water lease agreement are summarized below:

- Joule, Inc. will be leasing some excess reusable supplies that the Town cannot currently

capture for reuse.

- Agreement will terminate December 31, 2018.
- Joule, Inc. will lease up to 7.00 AF of water at a rate of \$300/AF.
- Anticipated delivery schedule will be as follows:
 - 2.18 AF on July 18, 2018;
 - 2.2146 AF on July 19, 2018;
 - 0.0346 AF per day from July 20 to July 31, 2018;
 - 0.0313 AF per day from August 1 to August 31, 2018;
 - 0.0240 AF per day from September 1 to September 30, 2018;
 - 0.0161 AF per day from October 1 to October 31, 2018.
- Point of delivery measurement is at PCWRA. Joule, Inc. will be responsible for any stream transit losses incurred to the delivery quantity.

The benefit of the lease agreement is that it generates revenue for Castle Rock Water that wouldn't otherwise be obtained since the water would continue to flow down Plum Creek to the South Platte River.

Budget Impact

If Council approves the agreement, Castle Rock Water would receive up to \$4,600 in revenue in 2018. The revenue will be deposited into the Water Resources Fund Capital Leases account 211-4375-393.70-00.

Staff Recommendation

Staff recommends approval of the resolution as presented.

Proposed Motion

"I move to approve the resolution as introduced by title".

Attachments

Attachment A: Resolution
Exhibit 1: Agreement