



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 a Purchase and Sale Agreement for Water Rights and All Appurtenances and Easements Between Ranchview Investments, LLC and the Town of Castle Rock, Acting By and Through the Castle Rock Water Enterprise** *[along Indian Creek in northwest Douglas County]*

Executive Summary

Castle Rock Water (CRW) staff request Town Council approval of a Resolution approving a Purchase and Sale Agreement between the Town of Castle Rock and Ranchview Investments, LLC for their 25% interest in the Meadow Ditch water right, easements and appurtenances. As part of a purchase and sale agreement the Town completed with Roxborough Water and Sanitation District (Roxborough) in July 2023, the Town acquired a 75% interest in the Meadow Ditch water right and desires to purchase the remaining interest in this water right.

The purchase price is \$828,000 and includes all of Ranchview's interest in the Meadow Ditch water right, Lambert Reservoir No. 3 and all associated easements and agreements, including those that may be held by Valley Development Group, LLC. CRW will put up \$20,000 earnest money towards the purchase within ten days after the agreement is executed. CRW will also pay the seller's legal and consulting fees up to a maximum amount of \$10,000.

The Meadow Ditch water has an 1866 appropriation date, and there are no downstream water rights on Indian Creek or Plum Creek with a higher seniority. According to our water rights engineering consultant, this 25% interest in the water right may yield an average of 20.7 acre feet (AF) annually. With these two water rights combined, the yield is approximately 71 AF per year, on average. If we include the reusability of these water rights (all 71 AF), the total expected yield could be high as 135 AF.

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

On December 13, 2023 Castle Rock Water Commission voted unanimously that Town Council approve the Purchase and Sale Agreement with Ranchview Investments, LLC.

Castle Rock Water staff presented this item to the Castle Rock Water Commission at their meeting held on March 27, 2024, and the Castle Rock Water Commission voted unanimously 7 to 0 to recommend Town Council approval of the Resolution as presented.

Discussion

Senior surface water rights in close proximity to Castle Rock that are available to acquire are rare and valuable. While an additional 20.7 AF of water may not sound like much, it is enough water to supply approximately 60 or more homes in Castle Rock. As this water would be used multiple times in the municipal system (i.e. used to extinction), the real yield is more like 39 AF per year. An added benefit of the Town acquiring the remaining interest in the Meadow Ditch Water Right is that it allows Castle Rock to control the operation of the historic Lambert Reservoir along Indian Creek where the Town could construct a small volume forebay, pump station and pipeline to transfer the water to Castle Rock Reservoir Nos. 1 and 2 which will then eventually be pumped to the Town's Plum Creek Water Purification Facility (PCWPF) for treatment and use by our customers.

These water rights have a number of key benefits, and there are multiple important reasons for CRW to own these rights:

1. These water rights are relatively close to Castle Rock.
2. Castle Rock already owns a 75% interest in these rights.
3. They have a very high seniority, and Castle Rock currently does not have many senior water rights.
4. CRW has most of the infrastructure in place to put the water rights to immediate use.
5. The cost is very competitive with other very senior water rights Castle Rock has pursued recently.
6. We do not want other water providers or water speculators to purchase these water rights and build infrastructure along Plum Creek which may interfere with the operation of our infrastructure.
7. CRW has already invested approximately \$47 million in infrastructure and water rights within the Chatfield corridor with another \$100 million planned over the next 10 to 15 years.

Budget Impact

The purchase price for the remaining Meadow Ditch water rights is \$828,000 and CRW also agrees to pay the seller's attorney and consulting fees, up to \$10,000. Funding for

the purchase of these water rights will come from the 2024 Water Resources Fund/Water Rights Acquisition project budget (Account Number 211-4375-443.75-47, Project Code WR OWR) which has a budget of \$2,500,000.

Staff Recommendation

Staff and Castle Rock Water Commission recommend that Town Council approve the Resolution approving the Purchase and Sale Agreement with Ranchview Investments, LLC.

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: Agreement
- Attachment B: Location Map

Attachment A

Pre-Construction Services Agreement between the Town of Castle Rock
and Garney Companies, Inc.

