



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
Lauren Moore, Water Resources Manager
Zuzana Howard, Water Resources Program Analyst

Title: **Resolution Approving an Agricultural Lease Agreement Between the Town of Castle Rock and Ruppel Farms, LLC** [*Box Elder Property, Weld County*]

Executive Summary

Castle Rock Water (CRW) is seeking Town Council approval of a Resolution (**Attachment A**) for the renewal of an Agricultural Lease (**Exhibit 1**) with Ruppel Farms, LLC (Ruppels) for the Box Elder property. The Town closed on the Box Elder property on December 30, 2016 and is interested in continuing to work with the lessee who has previously farmed on the property. The terms of the lease have been updated and the Town will assess a lease rate of \$26 per acre and a grazing fee of \$1,899.90 for up to sixty head of livestock. Both amounts reflect a 9.9% increase based on the Consumer Price Index (CPI) from September 2023 to September 2025. Under the proposed terms, the Ruppels will lease 560 acres of farmland for one year at a cost of \$14,560. They will also pay \$1,899.90 for grazing rights. The total annual cost of the lease is \$16,459.90.

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

February 22, 2017, Castle Rock Water Commission recommended the agreement be taken to Town Council for approval.

March 28, 2017, Town Council unanimously approved the Agricultural Lease with Ruppel Farms, LLC.

November 5, 2019, Town Council unanimously approved the First Reading for the 2020 Agricultural Lease with Ruppel Farms, LLC.

December 3, 2019, Town Council unanimously approved the Second Reading for the 2020 Agricultural Lease with Ruppel Farms, LLC.

On December 6, 2022, Town Council approved the three-year 2023 Agricultural Lease Agreement with Ruppel Farms, LLC.

Castle Rock Water staff presented this item to the Castle Rock Water Commission at their meeting held on December 10, 2025, and the Castle Rock Water Commission voted unanimously 7 to 0 to recommend Town Council approval of the Resolution as presented.

Discussion

As part of the Town's long term water supply plan, the Town purchased the Box Elder property and closed on it on December 30, 2016. This farm is located approximately six miles east of Lochbuie, Colorado in southern Weld County. The water rights associated with this property will serve as a renewable water supply and/or augmentation source, along with the Lost Creek Basin wells, for the increased water demands that the Town will face as population growth continues. Should the Town obtain additional water rights in the South Platte River basin, this property is located along a section of Box Elder Creek, which will be a useful diversion point for northern water supplies.

Ruppel Farms, LLC held a crop-share lease with the previous property owner, Box Elder Properties, LLC, from January 1, 2011, through December 31, 2016, covering 700 acres. During that period, up to 650 of the available 850 acres were cultivated, while the areas containing structures and the riparian corridor along Box Elder Creek remained uncultivated and/or were used for grazing. After the crop-share lease ended, the Ruppels leased 560 acres with grazing rights for two separate three-year terms beginning in 2017 and again in 2020. The current lease including the same 560 acres with grazing rights began on January 1, 2023 and it is set to expire at the end of this year. In total, revenues from the agricultural leases starting in 2017 have generated approximately \$120,000 in revenue for use in offsetting long term renewable water costs.

Ruppel Farms, LLC utilizes irrigation water from Henrylyn Irrigation District (HID) and Farmers Reservoir and Irrigation Company (FRICO) and it is estimated that approximately 200 acres can be irrigated and 360 acres can be dry farmed. The lease rate will be \$26 per acre, up to 560 acres annually. Additionally, a \$1,899.90 grazing right can be leased each year for up to sixty head of livestock. The farmer will reimburse the Town for annual assessments to Henrylyn Irrigation District (HID) and FRICO totaling approximately \$13,800. The total for this lease including the grazing right is \$16,459.90 with the tenant paying all annual assessments. The key terms of the agreement are as follows:

- 1-year lease;
- Town will pay all property taxes and assessments against the real estate and personal property on the farm as well as insurance premiums for the structures and liability insurance coverage;

- Town will provide Tenant with limited power of attorney to administer the farm's participation in government programs;
- Tenant's participation in Agricultural Risk Coverage Program (ARC-CO) and other government program participation is the sole responsibility of the tenant (the Town will execute documents as necessary);
- All crops and proceeds from the crops shall be the Tenant's;
- Tenant shall furnish all labor, power, machinery and movable equipment, and all related operation and maintenance expenses to operate the farm;
- Tenant shall cut the weeds along ditches, roads, and property boundaries whenever necessary to prevent reseeding;
- Tenant shall be responsible for reimbursing the Town all paid annual assessments which include but are not limited to FRICO assessments, HID, Chemigation Permit renewals, etc.;
- Tenant will have the right to call on the FRICO and HID water rights.
- Hunting terms on the property have been updated to reflect immediate termination of such rights if any violation of hunting, firearm, trespass, wildlife, or safety laws occurs.

Budget Impact

If Council approves the agreement, Castle Rock Water would receive \$16,459.90 of additional revenue in 2026. 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".

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:	Lease Agreement