

## **RESOLUTION NO. 2018-014**

### **RESOLUTION APPROVING A WHEELING AGREEMENT BETWEEN THE TOWN OF CASTLE ROCK AND PARKER WATER AND SANITATION DISTRICT**

**WHEREAS**, Parker and Water Sanitation District and the Town of Castle Rock, Acting through the Castle Rock Water Enterprise wish to enter into this Wheeling Agreement; and

**WHEREAS**, C.R.S. § 29-1-203 authorizes the Parties to cooperate and contract with one another regarding functions, services and facilities each is authorized to provide; and

**WHEREAS**, the Parties operate water delivery systems to provide water service to their customers; and

**WHEREAS**, the Parties are members of the South Metro WISE Authority, which was formed to manage the delivery of excess water from Denver Water and Aurora to the members of the South Metro WISE Authority under the terms of the 2013 WISE Partnership – Water Delivery Agreement by and between Denver Water, Aurora and the South Metro WISE Authority (the “WISE Agreement”); and

**WHEREAS**, Castle Rock and PWSD are parties to a Town of Castle Rock and Parker Water and Sanitation District Intergovernmental Water Infrastructure Cost Sharing, Design, Construction, and Capacity Allocation Agreement, (“Canyons Infrastructure IGA”), pursuant to which Castle Rock participated in the costs of the design and construction of water delivery infrastructure (the “Canyons Infrastructure”), a portion of which will be used to convey potable water owned or controlled by Castle Rock (“CR Water”) as depicted in the Agreement; and

**WHEREAS**, Castle Rock and PWSD are parties to an Intergovernmental Water Infrastructure Cost Sharing, Design, Construction, and Capacity Allocation Agreement (RidgeGate Line) (“RidgeGate Line IGA”), pursuant to which Castle Rock participated in the costs of the design and construction of water delivery infrastructure (the “RidgeGate Infrastructure”), a portion of which will be used to convey the CR Water to Castle Rock as depicted in the Agreement; and

**WHEREAS**, other infrastructure owned and operated by PWSD exists between the RidgeGate Infrastructure and the Canyons Infrastructure, a portion of which will be used to convey water to Castle Rock as depicted in the Agreement; and

**WHEREAS**, the purpose of this Agreement is to establish the terms and conditions pursuant to which PWSD will wheel CR Water through the Canyons Infrastructure, the RidgeGate Infrastructure, and the Midsection Infrastructure (collectively, the “Wheeling Infrastructure”), the costs of which shall be in addition to those costs set forth in the Storage Documents, the Canyons Infrastructure IGA, and the RidgeGate Infrastructure IGA.

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

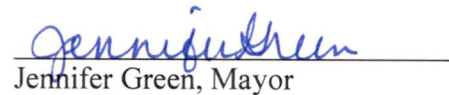
**Section 1. Approval.** The Wheeling Agreement between the Town of Castle Rock and Parker Water and Sanitation District in the form attached as *Exhibit 1* is hereby approved. The Mayor and other proper Town officials are hereby authorized to execute the Agreement by and on behalf of the Town of Castle Rock, Colorado

**PASSED, APPROVED AND ADOPTED** this 6<sup>th</sup> day of March, 2018, by the Town Council of the Town of Castle Rock, Colorado, on first and final reading by a vote of 7 for and 0 against.

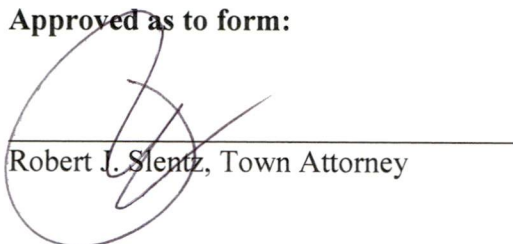
**ATTEST:**

**TOWN OF CASTLE ROCK**

  
Lisa Anderson, Town Clerk

  
Jennifer Green, Mayor

**Approved as to form:**

  
Robert J. Slentz, Town Attorney

**Approved as to content:**

  
Mark Marlowe, Director of Castle Rock Water





**TOWN OF CASTLE ROCK AND PARKER WATER AND SANITATION DISTRICT  
WHEELING AGREEMENT**

**(CASTLE ROCK POTABLE WATER)**

THIS WHEELING AGREEMENT ("the Agreement") is made and entered into this 16 day of March 2018 (the "Effective Date"), by and between the PARKER WATER AND SANITATION DISTRICT, a quasi-municipal special district organized and existing pursuant to the provisions of Title 32 of the Colorado Revised Statutes, ("PWSD") and the TOWN OF CASTLE ROCK, a Colorado home rule municipality, ACTING BY AND THROUGH THE CASTLE ROCK WATER ENTERPRISE ("Castle Rock") (individually a "Party" and collectively, the "Parties").

**WITNESSETH:**

WHEREAS, C.R.S. § 29-1-203 authorizes the Parties to cooperate and contract with one another regarding functions, services and facilities each is authorized to provide;

WHEREAS, the Parties operate water delivery systems to provide water service to their customers;

WHEREAS, the Parties are members of the South Metro WISE Authority, which was formed to manage the delivery of excess water from Denver Water and Aurora to the members of the South Metro WISE Authority under the terms of the 2013 WISE Partnership – Water Delivery Agreement by and between Denver Water, Aurora and the South Metro WISE Authority (the "WISE Agreement");

WHEREAS, Castle Rock currently has an easement dated August 26, 2008 and recorded with the Douglas County Clerk and Recorder at Reception No. 2008060220, allowing Castle Rock to store water in Rueter-Hess Reservoir, subject to the terms and conditions of the Rueter-Hess Reservoir Water Storage Space Intergovernmental Agreement dated August 26, 2008 and recorded with the Douglas County Clerk and Recorder on August 28, 2008 at Reception No. 2008060219 to which the Parties are parties (the "Rueter-Hess Agreement"), the Rueter-Hess Reservoir Operations Plan dated January 25, 2008 (the "Operations Plan") and all other permits, agreements, policies, rules and regulations, and applicable laws governing storage of water in Rueter-Hess Reservoir (collectively, the "Storage Documents");

WHEREAS, Castle Rock and PWSD are parties to a Town of Castle Rock and Parker Water and Sanitation District Intergovernmental Water Infrastructure Cost Sharing, Design, Construction, and Capacity Allocation Agreement, ("Canyons Infrastructure IGA"), pursuant to which Castle Rock participated in the costs of the design and construction of water delivery infrastructure (the "Canyons Infrastructure"), a portion of which will be used to convey potable water owned or controlled by Castle Rock ("CR Water") as depicted on the attached **Exhibit A**;

WHEREAS, Castle Rock and PWSD are parties to an Intergovernmental Water Infrastructure Cost Sharing, Design, Construction, and Capacity Allocation Agreement

(RidgeGate Line) ("RidgeGate Line IGA"), pursuant to which Castle Rock participated in the costs of the design and construction of water delivery infrastructure (the "RidgeGate Infrastructure"), a portion of which will be used to convey the CR Water to Castle Rock as depicted on the attached Exhibit A;

WHEREAS, other infrastructure owned and operated by PWSD exists between the RidgeGate Infrastructure and the Canyons Infrastructure, a portion of which will be used to convey water to Castle Rock as depicted on the attached Exhibit A (the "Midsection Infrastructure");

WHEREAS, the purpose of this Agreement is to establish the terms and conditions pursuant to which PWSD will wheel CR Water through the Canyons Infrastructure, the RidgeGate Infrastructure, and the Midsection Infrastructure (collectively, the "Wheeling Infrastructure"), the costs of which shall be in addition to those costs set forth in the Storage Documents, the Canyons Infrastructure IGA, and the RidgeGate Infrastructure IGA;

WHEREAS, this Agreement divides the costs of wheeling the CR Water through the Wheeling Infrastructure into two categories: (1) Asset Recovery Costs; and (2) Variable Costs, as described in more detail in **Exhibit B**;

WHEREAS, this Agreement sets forth the terms and conditions pursuant to which Castle Rock may wheel CR Water through the Wheeling Infrastructure; provided this Agreement does not address or permit: (1) the wheeling of non-potable through the Wheeling Infrastructure; (2) the storage of water (potable or non-potable) in Rueter-Hess Reservoir; or (3) the treatment of water (potable or non-potable); and

WHEREAS, it is contemplated that on or about the date of this Agreement, PWSD shall enter into a separate agreement under similar terms and conditions with Dominion Water and Sanitation District ("Dominion"), and that PWSD, Castle Rock, and Dominion will cooperate with respect to the conveyance of water through the Wheeling Infrastructure.

NOW THEREFORE, the Parties, in and for the consideration of the performance of the mutual promises set forth herein, the receipt and adequacy of which is hereby acknowledged, for themselves and their successors, do hereby agree as follows:

## **1. DEFINITIONS**

The following terms, when capitalized, have the meanings indicated:

A. "Canyons Infrastructure" means the portion of the water delivery infrastructure that will be used to convey potable water owned or controlled by Castle Rock from the Midsection Infrastructure to the Castle Rock water system as shown on the attached Exhibit A.

B. "Conveyance Costs" shall have the meaning set forth in Section 4(A) of this Agreement.



C. “CR Water” means Castle Rock’s share of potable water received from Denver Water and Aurora pursuant to the terms of the WISE Partnership – Water Delivery Agreement and the South Metro WISE Authority Formation and Organizational Intergovernmental Agreement and other potable water, which Castle Rock has a right to convey under this Agreement through the Wheeling Infrastructure. For purposes of this Agreement, “CR Water” does not include non-potable water.

D. “Delinquency Notice” shall have the meaning set forth in Section 4(C) of this Agreement.

E. “Facility Standards Obligation” shall have the meaning set forth in Section 2(E) of this Agreement.

F. “License” shall have the meaning set forth in Section 5(A) of this Agreement.

G. “Midsection Infrastructure” means infrastructure owned and operated by PWSD between the RidgeGate Infrastructure and the Canyons Infrastructure, a portion of which will be used to convey potable water to Castle Rock as shown on the attached Exhibit A.

H. “Operations Plan” means the Rueter-Hess Reservoir Operations Plan dated January 25, 2008, as the same may be amended from time to time.

I. “Point of Delivery” means the point designated in Exhibit A, attached hereto, where the CR Water is delivered from the Wheeling Infrastructure to Castle Rock.

J. “Points of Receipt” means the points designated in Exhibit A, attached hereto, where the CR Water is introduced into the Wheeling Infrastructure.

K. “Rueter-Hess Agreement” means the Rueter-Hess Reservoir Water Storage Space Intergovernmental Agreement dated August 26, 2008 and recorded with the Douglas County Clerk and Recorder on August 28, 2008 at Reception No. 2008060219;

L. “RidgeGate Infrastructure” means the water delivery pipeline and related facilities owned and operated by PWSD, which are used to convey WISE water from the pipeline referred to as the East Cherry Creek Valley pipeline to the PWSD North Water Treatment Plant where the Midsection Infrastructure begins as shown on Exhibit A.

M. “Storage Documents” means the Rueter-Hess Agreement, the Operations Plan, and all other permits, agreements, policies, rules and regulations, and applicable laws governing storage of water in Rueter-Hess Reservoir.

N. “System Loss” shall have the meaning set forth in Section 8 of this Agreement.

O. “Temporary Licensed Capacity” shall have the meaning set forth in Section 5(D) of this Agreement.

P. "Wheeling Infrastructure" means the PWSD water delivery infrastructure and facilities used to convey CR Water from the Point of Receipt to the Point of Delivery, as listed on Exhibit A, which shall consist of the three sections referred to as the RidgeGate Infrastructure, and the Midsection Infrastructure, and the Canyons Infrastructure.

Q. "WISE Agreement" means the 2013 WISE Partnership – Water Delivery Agreement by and between Denver Water, Aurora and the South Metro WISE Authority.

## **2. TRANSPORTATION OF CASTLE ROCK WATER BY PWSD**

A. PWSD shall transport CR Water from the Point of Receipt to the Point of Delivery in an amount and at a water transportation charge in accordance with the terms of this Agreement. The volume of water received by PWSD at the Point of Receipt shall be measured by a meter owned and operated by PWSD located at the Point of Receipt. The volume of water delivered by PWSD to Castle Rock at the Point of Delivery shall be measured by a meter owned and operated by PWSD located at the Point of Delivery, except that until such time as PWSD installs its own meter at the interconnect point designated in Exhibit A as the Castle Rock Interconnect, the volume of water shall be measured by a meter owned by Castle Rock at Castle Rock's metering point at Ray Waterman.

B. Unless advance written approval is provided by PWSD, which PWSD may withhold in its sole discretion, conveyance of CR Water through any portion of the Wheeling Infrastructure shall be at a rate no greater than the lowest capacity allocated to Castle Rock for any portion of the Wheeling Infrastructure, including without limitation Castle Rock's capacity allocations in the Canyons Line IGA, the RidgeGate Line IGA, and Section 5 of this Agreement.

C. PWSD shall maintain the Wheeling Infrastructure in good working order, in an operational condition substantially similar to PWSD's other facilities, and in compliance with all applicable laws and regulations. PWSD shall use commercially reasonable measures to repair any damage to the Wheeling Infrastructure within a reasonable time period.

D. Unless Castle Rock and PWSD agree in writing to the contrary, PWSD shall not be responsible for: (i) any connection facilities required to convey CR Water to the Points of Receipt; or (ii) any connection facilities required to convey CR Water from the Point of Delivery to the Castle Rock System. Castle Rock shall furnish, for written approval by PWSD, drawings and specifications showing all connection facilities to be constructed or installed for connection to the Wheeling Infrastructure, and shall obtain written approval from PWSD before connecting such facilities to the Wheeling Infrastructure.

E. Each Party shall construct, operate, and maintain its connection facilities and appurtenant works in a good and workmanlike manner and in full compliance with the laws of the State of Colorado (the "Facility Standards Obligation"). If Castle Rock fails to meet the Facility Standards Obligation and such failure endangers the public health, safety and welfare or risks damaging the Wheeling Infrastructure, PWSD may refuse to transport CR Water until Castle Rock remedies the deficiency. Except when there is an imminent threat of harm to the public or the Wheeling Infrastructure, prior to suspending the conveyance of CR Water pursuant to this Section



2(F), PWSD shall provide written notice to Castle Rock describing the nature of the deficiency in detail and providing a reasonable period of time to cure the deficiency, which shall be based upon the nature of the deficiency and the hazard posed. Provided Castle Rock proceeds to cure the deficiency with due diligence and there is no imminent threat of harm to the public or the Wheeling Infrastructure, PWSD shall continue to convey CR Water pursuant to the terms of this Agreement.

F. Upon termination of this Agreement, Castle Rock shall promptly disconnect, at its sole cost and expense, all facilities connected to the Wheeling Infrastructure. If Castle Rock fails to disconnect such facilities within thirty (30) days after receiving written notice from PWSD to do so, PWSD may disconnect said connection facilities at Castle Rock's cost and expense. Within thirty (30) days after receiving written demand from PWSD, Castle Rock shall pay PWSD, as specified in such written demand, for all reasonable costs and expenses incurred by PWSD in removing said connection facilities.

G. PWSD shall not be responsible for the control, carriage, handling, use, disposal, or distribution of CR Water up to the Point of Receipt, or beyond the Point of Delivery. To the extent permitted by law, Castle Rock shall indemnify and hold PWSD harmless on account of damage or claims of damage of any nature whatsoever for which there is legal responsibility, including property damage, personal injury, or death arising out of or connected with the control, carriage, handling, use, disposal, or distribution of CR Water up to the Point of Receipt and beyond the Point of Delivery.

H. Castle Rock shall not be responsible for the control, carriage, handling, use, disposal, or distribution of CR Water between the Point of Receipt and the Point of Delivery. To the extent permitted by law, PWSD shall indemnify and hold Castle Rock harmless on account of damage or claims of damage of any nature whatsoever for which there is legal responsibility, including property damage, personal injury, or death arising out of or connected with the control, carriage, handling, use, disposal, or distribution of CR Water between the Point of Receipt and the Point of Delivery.

### **3. TERM**

This Agreement shall become effective on the Effective Date and shall remain in effect indefinitely, unless terminated as provided for herein.

### **4. COMPENSATION**

A. Methodology. For the conveyance of CR Water from the Points of Receipt to the Point of Delivery, Castle Rock shall be assessed charges based upon the calculation methodology set forth in Exhibit B, which includes without limitation operating, maintenance, repair, and replacement costs (the "Conveyance Costs"). Conveyance costs based upon volume of water conveyed shall be based upon the volume of water measured at the Point of Delivery plus System Loss as defined in Section 8 herein. Payment of the Conveyance Costs by Castle Rock is required for Castle Rock to maintain its licensed capacity in the RidgeGate and Canyons Infrastructure, its Temporary Licensed Capacity under Section 5 of this Agreement, and any licensed capacity it may own in the Replacement Waterline as contemplated by Section 5. The methodology for calculating

the Conveyance Costs may be amended by PWSD to account for the addition, subtraction or alteration of the factors composing the methodology over time, including the assignment of capacity to a third-party, as described in more detail in Exhibit B. PWSD shall bill Castle Rock quarterly for the Conveyance Costs, which shall be paid by Castle Rock within forty-five (45) days of receipt.

B. Allocation. The Conveyance Costs shall be based on PWSD's costs as set forth in Exhibit B, and shall be reasonably allocated to Castle Rock in proportion to Castle Rock's capacity and use of the Wheeling Infrastructure relative to the total capacity and use of the Wheeling Infrastructure by all users. The Conveyance Costs shall not be calculated in a manner that results in Castle Rock paying an amount that is not reasonably proportional to Castle Rock's capacity and use of the Wheeling Infrastructure. This provision is intended to prevent PWSD from allocating the Wheeling Costs in a manner resulting in Castle Rock subsidizing the costs of PWSD or other users of the Wheeling Infrastructure. The parties agree that the Conveyance Cost methodology set forth in Exhibit B meets this standard.

C. General Terms.

i. If any portion of any bill is disputed, the disputed amount shall be paid under protest when due and shall be accompanied by a written statement indicating the basis for the protest. If the protest is found to be valid, Castle Rock shall be refunded any overpayment.

ii. If any delinquent amount is not paid by Castle Rock within fifteen (15) days after receipt by Castle Rock of written notice by PWSD to Castle Rock of the delinquency (the "Delinquency Notice"), PWSD shall have the right, without liability of any kind, to refuse to transport CR Water so long as the said amount remains unpaid. In the event the delinquent amount is not paid by Castle Rock within ninety (90) days after receipt by Castle Rock of the Delinquency Notice, PWSD shall have the right, without liability of any kind, to terminate this Agreement. Nothing herein shall limit the rights of PWSD to use any other available legal remedy to effect collection of said amounts.

iii. All late payments shall be subject to a one-time late fee of 5% of the amount due. All amounts due but unpaid shall be subject to interest at 8% on the invoiced amount per annum from the date that the payment was originally due.

**5. TEMPORARY LICENSED CAPACITY - 24-INCH WATER LINE PORTION OF MIDSECTION INFRASTRUCTURE**

A. Capacity Reservation and Allocation. PWSD hereby grants to Castle Rock a temporary, five year, non-exclusive license for capacity in the 24-inch waterline owned by PWSD in the Midsection Infrastructure ("License") as further set forth herein.

B. Replacement Waterline. The parties intend to construct an additional waterline to convey CR Water that will replace the existing 24-inch waterline (the "Replacement Waterline"). Upon the Replacement Waterline becoming operational, this License shall terminate. The parties agree to cooperate in the construction of the Replacement Waterline with due haste so that it is



completed before the License expires. It is currently contemplated that PWSD shall become the owner of the Replacement Waterline and that PWSD, Castle Rock and Dominion will each pay their proportionate share of the cost of designing and constructing the Replacement Waterline relative to their percentage ownership of the total capacity of such line. It is contemplated that PWSD will grant Castle Rock and Dominion a license for their proportionate share of the permanent capacity in the Replacement Waterline, relative to their respective investments in the Replacement Waterline. It is contemplated that Castle Rock and Dominion will pay the entire costs of the Replacement Waterline up front, subject to reimbursement by PWSD for PWSD's proportionate share of the costs on or before [December, 31] 2024. The Parties contemplate that the Replacement Waterline will be 36 to 42 inches in diameter with a total capacity of between 23 and 30 MGD, and that PWSD shall have approximately 30%, Castle Rock shall have approximately 55%, and Dominion shall have approximately 15% of the capacity of the Replacement Waterline, respectively depending on the specific section. The Parties acknowledge that the provisions of this Section 5(B) are subject to change and shall not be binding on either Party. Any such terms shall only be binding to the extent they are set forth in a separate, fully-executed intergovernmental agreement cost sharing between the Dominion, Parker and Castle Rock.

C. Access Restriction. Castle Rock acknowledges that the License granted herein is for capacity in the 24-inch waterline only. Castle Rock shall not at any time access the 24-inch waterline, Wheeling Infrastructure or other facilities or property owned or controlled by PWSD.

D. Temporary Licensed Capacity. The License to Castle Rock is limited to 1 MGD (the "Temporary Licensed Capacity") solely for the conveyance of CR Water; provided that PWSD shall not convey an amount of CR Water through the 24-inch waterline in excess of the lowest capacity Castle Rock has at any location in the Wheeling Infrastructure. At the request of Castle Rock, PWSD will wheel CR Water in excess of the Temporary Licensed Capacity to the extent, in PWSD's sole and absolute discretion, PWSD determines there is capacity available in the Wheeling Infrastructure and there is no impairment of PWSD's operations. At all times Dominion has the right to wheel water through the 24-inch waterline, Castle Rock and Dominion may share each other's licensed capacity in the 24-inch waterline pursuant to an agreement between Castle Rock and Dominion. Unless agreed otherwise by PWSD, PWSD shall assess all Conveyance Costs that are charged based upon volume of water wheeled to the party whose water is being wheeled regardless of whose capacity is being used.

E. Capacity Restriction. If capacity in the 24-inch waterline is restricted on account of maintenance, emergencies, force majeure, or legal or regulatory requirements, PWSD shall forthwith advise Castle Rock of such capacity restriction and the anticipated duration thereof, and apportion capacity in the 24-inch waterline proportionally based upon Castle Rock's proportional share of capacity in the 24-inch waterline relative to all users of such waterline.

F. Revocation of License. The license granted herein shall be revocable by PWSD in the event of a default by Castle Rock and Castle Rock's failure to cure such default in accordance with the provisions of Section 11, below.

G. Warranty. PWSD shall be the sole owner of the 24-inch waterline, subject to the rights of Castle Rock as set forth herein. PWSD represents and warrants to Castle Rock that PWSD either has, or will obtain, all necessary right, title and interest in the 24-inch waterline to convey the License set forth in this Section and enter into this Agreement. PWSD covenants and agrees that it shall warrant and defend Castle Rock in its quiet and peaceful possession of its License rights granted herein against all and every person or persons. In the event that the License or any part thereof is challenged by a person or entity granting rights, interests or title to PWSD in the 24-inch waterline or any portion thereof, PWSD shall, to the extent permitted by law, take all necessary actions to acquire the requisite interest needed to satisfy its obligations hereunder; provided that Castle Rock may be required by PWSD to pay its proportional share of the costs related to actions taken by PWSD if the need for such actions was not due to the negligence of PWSD. The representations and warranties of this Section are for the sole benefit of Castle Rock and shall not be deemed to be given to any third party.

H. Insurance. PWSD shall procure and maintain property insurance for the 24-inch waterline that is substantially similar to the coverage maintained by PWSD for other similar PWSD-owned water infrastructure. If the 24-inch waterline is damaged, PWSD shall allocate all proceeds from the insurance policy towards repairing the 24-inch waterline.

## **6. WATER QUALITY AND TESTING**

A. Castle Rock shall supply to PWSD at the Point of Receipt water that meets the standards set forth in **Exhibit C** ("Water Quality Standards"). PWSD shall test the water quality of CR Water at a mutually agreed-upon location for compliance with the Water Quality Standards. PWSD shall only accept CR Water into the Wheeling Infrastructure if it meets all applicable Water Quality Standards. The testing shall occur on a frequency determined by PWSD in its sole discretion. If CR Water fails to meet the Water Quality Standards, PWSD may refuse to accept it into the Wheeling Infrastructure, and the water shall be diverted at a mutually agreeable location. Castle Rock shall be solely responsible for all penalties, fines, and other costs associated with the failure of CR Water to meet the applicable requirements and for any associated discharges.

B. PWSD will not treat the CR Water, and PWSD shall be under no obligation to construct or furnish water treatment facilities to improve the quality of the CR Water. The Parties anticipate the CR Water will be commingled with water owned by PWSD or other authorized users prior to delivery to the Castle Rock System at the Point of Delivery. Provided the CR Water meets all applicable Water Quality Standards at the Point of Receipt, PWSD warrants it will meet such standards at the Point of Delivery.

## **7. INTERRUPTIONS AND REDUCTIONS**

PWSD may discontinue or reduce the quantity of CR Water to be transported as herein provided for the purposes of investigation, inspection, construction, testing, maintenance, repair, replacement, or similar circumstance, of the Wheeling Infrastructure or any part of PWSD's water delivery system. Any reduction in the quantity of CR Water through the Wheeling Infrastructure shall be in the same proportion as reductions in quantity of other water being conveyed through



the lines, so that Castle Rock is not required to curtail conveyance more than any other users of the affected line. PWSD shall use good faith efforts to coordinate any such discontinuance or reduction with Castle Rock, and shall provide Castle Rock reasonable advance notice of such discontinuance or reduction. In case of emergency, no notice need be given. PWSD, its officers, agents, and employees, shall not be liable for damages when, for any reason whatsoever, any interruption, discontinuance, or reduction in transportation of CR Water occurs.

## **8. LOSSES**

The CR Water is subject to system loss between the Point of Receipt and the Point of Delivery ("System Loss"), which PWSD has estimated to be four percent (4%) in PWSD's master plan. The Parties agree that the System Loss for CR Water shall be equal to the amount set forth in PWSD's master plan for PWSD's system-wide operations, as it may be updated from time-to-time, unless the Parties agree upon a different System Loss figure based on an analysis of historical operations of deliveries under this Agreement.

## **9. RIGHT TO CONTRACT**

Nothing set forth herein shall limit PWSD's rights to contract with other entities for the conveyance of water through the Wheeling Infrastructure on similar or different terms as those set forth herein; provided that: (i) Castle Rock's rights under this Agreement or its licensed capacity in the Wheeling Infrastructure under separate agreements between PWSD and Castle Rock are not impaired or reduced; and (ii) Castle Rock's costs under this Agreement are not more than they would be in the absence of such conveyances.

## **10. FORCE MAJEURE**

Each Party shall be excused from performing its obligations under this Agreement during the time and to the extent that it is prevented from performing by a cause beyond its control, including, but not limited to: any incidence of fire, flood, or strike; acts of God; action of the government (except the parties hereto); war or civil disorder; violence or the threat thereof; severe weather; commandeering of material, products, plants or facilities by the federal, state or local government (except the parties hereto); and national fuel shortage, when satisfactory evidence of such cause is presented to the other Party, and provided further, that such nonperformance is beyond the reasonable control of, and is not due to the fault or negligence of, the Party not performing.

## **11. DEFAULT/REMEDIES**

Either Party may terminate this Agreement for a material breach by the other Party. In the event a Party alleges the other Party is in breach or default of this Agreement, the non-defaulting party shall first notify the defaulting party in writing of such default and specify the exact nature of the alleged default in such notice. Except in the case of non-payment of amounts due, which are governed by Section 4(C), the defaulting party shall have ninety (90) working days from receipt of such notice within which to cure such default before the non-defaulting party may exercise any of its remedies hereunder, provided that: (i) such default is capable of being cured, (ii) the

defaulting party has commenced such cure within said ninety (90) day period, and (iii) the defaulting party diligently prosecutes such cure to completion. If such default is not of a nature that can be cured in such ninety (90) day period, corrective action must be commenced within such period by the defaulting party and thereafter diligently pursued. Nothing herein shall limit the rights of either Party to all remedies available at law or equity, provided the procedures set forth herein are followed.

## **12. MISCELLANEOUS**

A. Assignment. Except as set forth herein, neither this Agreement, nor any of a Party's rights, obligations, duties or authority hereunder, may be assigned in whole or in part without the prior written consent of the other Party, which consent shall not unreasonably be withheld. Any such attempt of assignment shall be deemed void and of no force and effect. Consent to one assignment shall not be deemed to be consent to any subsequent assignment, nor the waiver of any right to consent to such subsequent assignment.

B. Relationship of Parties. This Agreement does not and shall not be construed as creating a relationship of joint ventures or partners between the Parties.

C. Modification. This Agreement may be modified, amended, changed or terminated, in whole or in part, only by an agreement in writing duly authorized and executed by the Parties. No consent of any third party shall be required for the negotiation and execution of any such agreement.

D. Waiver. The waiver of a breach of any of the provisions of this Agreement by either Party shall not constitute a continuing waiver or a waiver of any subsequent breach of the same or another provision of this Agreement.

E. Integration. This Agreement contains the entire agreement between the Parties and no statement, promise or inducement made by any Party or the agent of any Party that is not contained in this Agreement shall be valid or binding.

F. Severability. Invalidation of any of the provisions of this Agreement or of any paragraph, sentence, clause, phrase or work herein, or the application thereof in any given circumstance, shall not affect the validity of any other provision of this Agreement.

G. Governing Law and Venue. This Agreement shall be governed by the laws of the State of Colorado, and any legal action concerning the provisions hereof shall be brought in Douglas County, Colorado.

H. Fax and Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original, but all of which when taken together shall constitute one Agreement. In addition, the parties agree to recognize signatures of this Agreement transmitted by telecopy or email as if they were original signatures.

J. No Waiver of Governmental Immunity. The Parties, their directors, officers,



agents and employees are relying upon and do not waive or abrogate, or intend to waive or abrogate by any provision of this Agreement the monetary limitations or any other rights immunities or protections afforded by the Colorado Governmental Immunity Act, C.R.S Section 24-10-101 et seq. as the same may be amended.

IN WITNESS WHEREOF, the Parties have entered into this Agreement effective as of the date set forth herein as evidenced by signature of each of the Parties.

*[Remainder of Page Intentionally Blank – Signatures on Following Page]*

**PARKER WATER & SANITATION DISTRICT**  
A Colorado special district and political subdivision

By: \_\_\_\_\_  
Darcy Beard, Chair

**ATTEST:**

\_\_\_\_\_  
Title: \_\_\_\_\_

**TOWN OF CASTLE ROCK**

Jennifer Green  
Jennifer Green, Mayor

**ATTEST:**

Lisa Anderson  
Lisa Anderson, Town Clerk

Approved as to form:

Robert J. Slentz  
Robert J. Slentz, Town Attorney

Approved as to content:


Mark Marlowe  
Mark Marlowe, Director of Castle Rock Water




2/28/2018



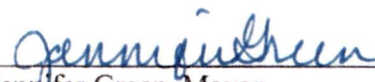
PARKER WATER & SANITATION DISTRICT  
A Colorado special district and political subdivision

By:   
~~Darcy Beard, Chair~~ William WASSERMAN  
VICE PRESIDENT

ATTEST:

  
Title: TREASURER

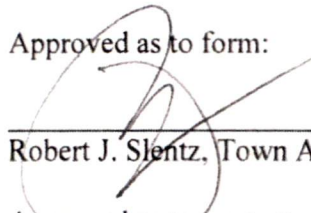
TOWN OF CASTLE ROCK

  
Jennifer Green, Mayor

ATTEST:

  
Lisa Anderson, Town Clerk

Approved as to form:

  
Robert J. Slentz, Town Attorney

Approved as to content:

  
Mark Marlowe, Director of Castle Rock Water



2/28/2018

## EXHIBIT A

### [PWSD Water Delivery System Description and Diagram]

The Wheeling Infrastructure shall consist of the RidgeGate Line, the Midsection Infrastructure, and the Canyons Line as shown on the attached **Exhibit A-1**.

#### RidgeGate Line

Segment 1 on Exhibit A-1 depicts the RidgeGate Line. In Segment 1 CR Water will be conveyed through the 4.5-mile 42-inch RidgeGate Infrastructure to the finished water clearwell of the Rueter-Hess Water Purification Facility (RHWPF) and pumped into Zone 2 by the RHWPF WISE pumps. *See Exhibit A-1, Segment 1.*

#### Midsection Infrastructure

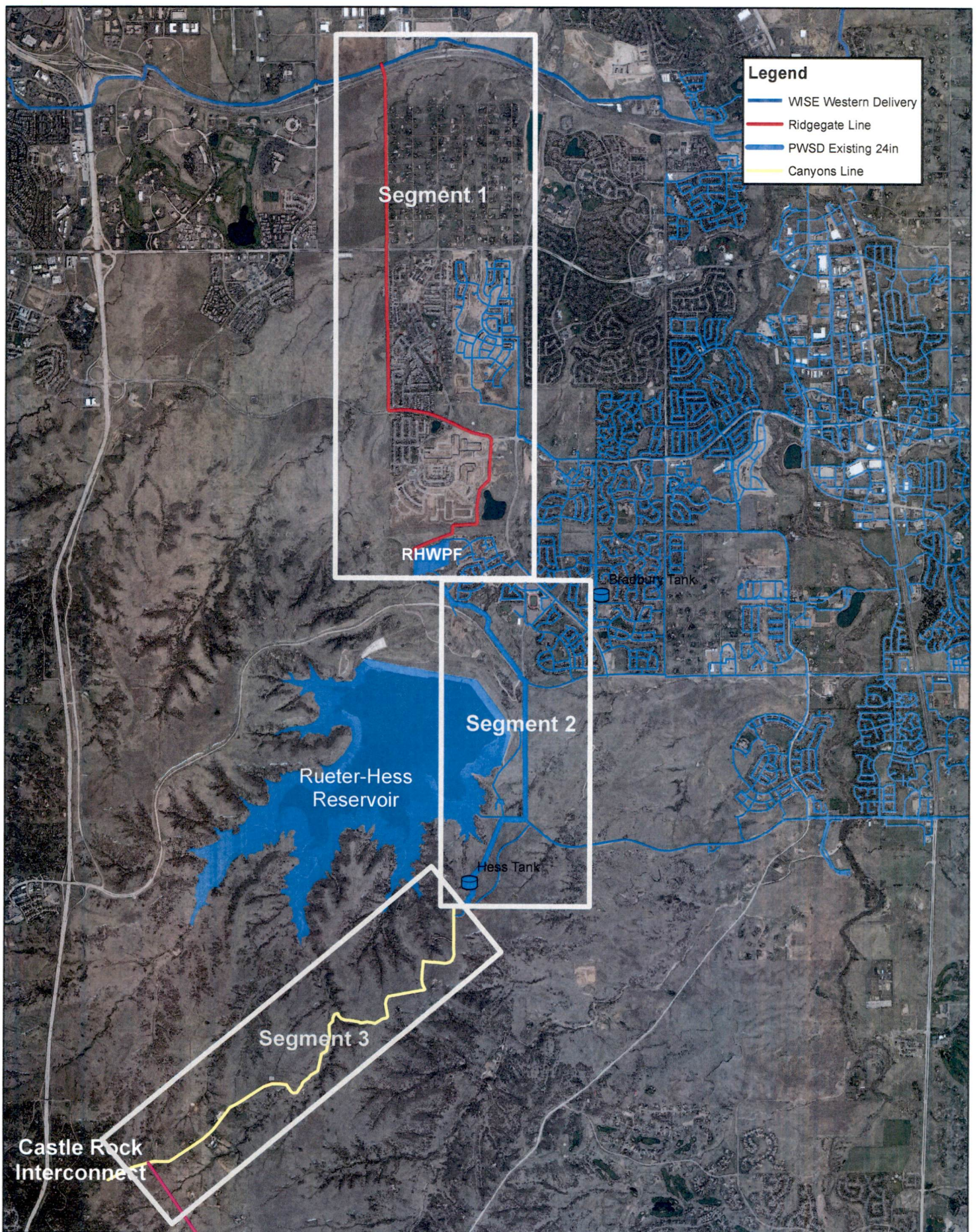
In Segment 2, CR Water will be conveyed through Zone 2 through the existing 24-inch PWSD water line. *See Exhibit A-1, Segment 2.*

#### Canyons Waterline

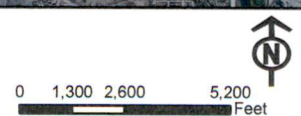
In Segment 3, the Canyons Pump Station will move CR Water from Zone 2 to Zone 3 where it will be conveyed through the 36-inch Canyons Line to Castle Rock's system through an interconnection. *See Exhibit A-1, Segment 3.*

PWSD retains the right to modify or alter the Wheeling Infrastructure provided that there is no loss in the Castle Rock's licensed capacity in the Wheeling Infrastructure granted to Castle Rock by PWSD in this Agreement, the Canyons Infrastructure IGA, the RidgeGateLine IGA, and the agreement contemplated by the Parties for the construction of the Replacement Waterline.





**Exhibit A-1**  
**Castle Rock Wheeling**





## EXHIBIT B

### CONVEYANCE COST FORMULA METHODOLOGY

The rate for wheeling water through the Wheeling Infrastructure (the "Wheeling Rate") shall be established annually by April 1 of each year, and shall apply for the subsequent one-year period commencing on June 1 and ending on May 31. On or before April 1 of each year, PWSD shall deliver notice of the new Wheeling Rate for the upcoming June 1 to May 31 period (the "Wheeling Rate Notice"). The Wheeling Rate Notice shall include information supporting the Wheeling Rate and shall show the underlying costs and calculations used to establish the Wheeling Rate. The Wheeling Rate Notice shall substantially take the form set forth in **Exhibit B-1** attached hereto, and shall be approved by the PWSD District Manager.

There shall be two components to the Wheeling Rate: (1) Asset Recovery Costs; and (2) Variable Costs. These costs shall be calculated as set forth below.

#### Asset Recovery Cost

The purpose of the Asset Recovery Cost component of the Wheeling Rate is for all users of the Wheeling Infrastructure (each a "User") to pay their proportional share of the costs of the capital assets used to wheel their water through the Wheeling Infrastructure and for PWSD to collect funds to be used to replace the Wheeling Infrastructure over time so that the Wheeling Infrastructure functions to convey User water in perpetuity.

The Asset Recovery Cost component shall be calculated based upon the depreciation of the Wheeling Infrastructure used to wheel User water through the Wheeling Infrastructure. PWSD shall establish depreciation schedules for all Wheeling Infrastructure based upon the initial costs of the Wheeling Infrastructure and each User's Licensed Capacity in the components of the Wheeling Infrastructure. Users shall pay a proportional share of the depreciation costs via either: (1) a rate charged upon the volume of water a User wheels through the Wheeling Infrastructure per 1,000 gallons ("Asset Recovery Cost Rate") or a flat annual fee ("Flat Annual Fee"). Whichever payment method is selected by a User, the annual amount paid shall equal the Flat Annual Fee. If a User opts to pay the Asset Recover Cost via the Asset Recover Cost Rate, at such time as PWSD has recovered an amount equal to the Flat Annual Fee, PWSD will cease assessing such a rate component for the remainder of the applicable annual period, and if at the end of the applicable annual period, PWSD has failed to recover an amount equal to the Flat Annual Fee, the User shall pay the difference to PWSD within thirty (30) days of receipt of invoice for such amount from PWSD. If infrastructure is removed from the Wheeling Infrastructure, it shall be removed as a component of the Asset Recovery Cost formula. If infrastructure is added to the Wheeling Infrastructure, it shall be added as a component of the Asset Recovery Cost formula.



Other than modifications to the Asset Recovery Cost Rate due to inaccuracies in the formula (pursuant to Wheeling Formula Methodology Modifications section below), the addition or removal of infrastructure as addressed above, or the assignment of Licensed Capacity, the Asset Recovery Cost Rate shall be adjusted every annual period (June 1 through May 31) by adjusting the total cost of the Wheeling Infrastructure by a percentage equivalent to the increase in the Construction Cost Index for the Denver-Boulder region as published by the Engineering News Record for the prior year (January 1 through December 31). If the Engineering News Record ceases to publish its Construction Cost Index, the Parties shall agree upon a similar cost index measuring the change in construction costs for the Denver-Boulder region.

#### Variable Costs

The purpose of the Variable Cost component of the Wheeling Rate is for all Users to pay their proportional share of the total variable costs involved in wheeling their water through the Wheeling Infrastructure. The elements of the Variable Cost component shall include without limitation the following costs: electricity, operation and maintenance (including labor), valve exercising, sampling, water quality testing and other similar measures, chemicals, and other similar costs incurred by PWSD to repair, maintain and operate the Wheeling Infrastructure.

The annual Variable Cost component for each June 1 through May 31 period shall be calculated based upon the variable costs from the January 1 through December 31 period of the prior year. The Variable Cost component, like the Asset Recovery Cost, shall be established at a rate per 1,000 gallons of User water wheeled through the Wheeling Infrastructure ("Variable Cost Rate"). Unlike the Asset Recovery Cost, there will be no mandatory minimum Variable Cost charge, because the majority of the variable costs are generally only incurred by PWSD when water is actually wheeled by a User through the Wheeling Infrastructure.

#### Total Wheeling Cost Rate

The Wheeling Cost Rate is composed of the Asset Recovery Rate and the Variable Cost Rate and may vary by User depending upon the Wheeling Infrastructure used to wheel each User's water and each User's Licensed Capacity in the Wheeling Infrastructure. Commencing on June 1, 2018 the Wheeling Cost Rate for Castle Rock shall be as set forth in **Exhibit B-1**, attached hereto.

#### Wheeling Formula Methodology Modifications

The purpose of the wheeling formula methodology set forth herein is to accurately allocate the costs of wheeling User water through the Wheeling Infrastructure so that all Users pay a share of the total costs that is reasonably related to their capacity in and use of the Wheeling Infrastructure. The Parties acknowledge that the formula and underlying methodology may require adjustments over time due to material inaccuracies, regulatory changes, or other

unforeseen events, which cause the formula to inaccurately apportion the User costs based on each User's capacity and use of the Wheeling Infrastructure.

If a Party believes there is a material inaccuracy in the wheeling formula methodology or if the Wheeling Rate has been improperly calculated, the following process shall apply:

1. The Party shall deliver written notice to the other Party setting forth in detail the error or material inaccuracy and proposed modifications to the wheeling formula methodology that will remedy the inaccuracy.
2. PWSD shall deliver the written notice to all other Users of the Wheeling Infrastructure with which PWSD has an agreement to wheel water.
3. The Parties and all other Users of Wheeling Infrastructure shall have sixty (60) days to evaluate and respond to the notice.
4. The Parties and other Users shall negotiate in good faith in an attempt to reach a mutually agreeable resolution.
5. Within 120 days of receipt of the original notice detailing the error or material inaccuracy or such other time period as mutually agreed upon by the Parties, the PWSD District Manager shall render a final decision concerning the Wheeling Formula Methodology and/or the Wheeling Rate.
6. If within the time period prescribed herein, the District Manager has not issued a final decision, or a Party disagrees with the final decision, the Parties may pursue any remedies available at law or equity.

User Specific Supplemental Terms - Castle Rock

None.



**EXHIBIT B-1**

**WHEELING RATE NOTIFICATION FOR JUNE 1, 2018**

The Wheeling Cost Rate = \$ 0.61 per 1,000 gallons of water.

# Asset Value by Component

Component	Year in Service	Design Head (ft)	Design Flow (mgd)	Castle Rock Flow (MGD)	Castle Rock Portion (%)	Unit Value	Unit	Unit Cost (\$/Unit)	Total Asset Cost*	Including Engineering and Design Costs	CCI Calculation % for Year Placed in Service	2016 Total Cost	2016 Cost Castle Rock Portion
42" Steel RidgeGate Line (E-470 to RHWPF)	2017/2018	N/A	16.4	3.00	18.3%	24,600	FT	\$ 569	\$ 14,005,670	\$ 16,106,520	1.0000	\$ 16,106,520	\$ 2,946,315
RHWPF WISE Pump Station - Pumps	2017/2018	360	17	3.00	17.6%	17	MGD	\$ 100,000	\$ 1,700,000	\$ 1,785,000	1.0000	\$ 1,785,000	\$ 315,000
RHWPF WISE Pump Station - Building	2017/2018	360	17	3.00	17.6%	17	MGD	\$ 350,000	\$ 5,950,000	\$ 6,247,500	1.0000	\$ 6,247,500	\$ 1,102,500
24" Existing DIP (RHWPF to Stroh Road) '08 Portion	2012	N/A	10.2	3.00	29.4%	4,620	FT	\$ 184	\$ 850,080	\$ 977,592	1.0625	\$ 1,038,680	\$ 305,494
24" Existing DIP (RHWPF to Stroh Road) '15 Portion	2009	N/A	10.2	3.00	29.4%	8,400	FT	\$ 106	\$ 890,400	\$ 1,023,960	1.1685	\$ 1,196,346	\$ 351,925
Zone 2 to Zone 3 Pump Station - Pumps	2017/2018	TBD	17.2	8.00	46.5%	17	MGD	\$ 100,000	\$ 1,700,000	\$ 1,785,000	1.0000	\$ 1,785,000	\$ 830,233
Zone 2 to Zone 3 Pump Station - Building	2017/2018	TBD	17.2	8.00	46.5%	17	MGD	\$ 350,000	\$ 5,950,000	\$ 6,247,500	1.0000	\$ 6,247,500	\$ 2,905,814
36" Canyons Line	2017/2018	N/A	18.3	9.00	49.2%	18,055	FT	\$ 140	\$ 8,493,913	\$ 9,768,000	1.0000	\$ 9,768,000	\$ 4,803,934
<b>TOTAL ASSET COSTS</b>													<b>\$ 13,561,215</b>

## Cost Recovery

	Unit Value	Units	Castle Rock
Pipeline (new only): Asset Recovery (75 years)	1.33%	-	\$ 103,078
Pipeline (existing): Asset Recovery/Depreciation (75 years)	2.66%	-	\$ 17,487
Pumps/Stations: Asset Recovery for Pumps (20 years)	5.00%	-	\$ 57,262
Pumps/Stations: Asset Recovery for Building (67 years)	1.49%	-	\$ 59,724
Annual Maintenance Cost - pumps (Includes Energy)	\$ 0.34	\$/1000 gallon	\$ 110,789
Annual Maintenance Cost - pipes	\$ 0.17	\$/1000 gallon	\$ 55,395
Annual Administrative, Accounting, Billing, Operations and Overhead	\$ 0.10	\$/1000 gallon	\$ 16,618
<b>Total Variable Cost Estimate:</b>			<b>\$ 420,354</b>
<b>Total Annual Cost:</b>			<b>\$ 420,354</b>
WISE Subscription, acre-ft/yr		1000	
Average Daily Flow, MGD		0.89	
Average Annual Flow Volume, MG		326	
Assumed Water Loss		4%	

## Option A

Total Asset Charge	\$ 237,551
Total Cost Per 1KG	\$ 0.61

## Option B

Total Cost Per 1KG (first 1,000AF)	\$ 1.29
Total Cost Per 1KG (over 1,000AF)	\$ 0.61

## Cost Summary (Up to 1 MGD Flow)

Cost per MG	\$ 1,290.02
Cost per 1000 Gallons	\$ 1.29

Castle Rock will be paying an asset recovery charge either through the rate or as a flat fee - PWSD will replace any of the pipes/pumps/stations identified below at PWSD's expense.

The asset recovery charge portion will increase annually per the Denver/Boulder area construction index, set at \$7,412.32 as of December 31, 2017.

Variable costs, maintenance on pumps, pipes and energy for pumping will be adjusted annually based on expected costs.



## EXHIBIT C

### WATER QUALITY STANDARDS

1. Compliance with Drinking Water Standards and TDS Limit. All water introduced by a Castle Rock into the Infrastructure shall meet all state and federal safe drinking water regulatory requirements as such may exist now or in the future, including without limitation the Safe Drinking Water Act and Colorado Primary Drinking Regulations (5CCR 1002-1), as they may be amended. Primary drinking water standards have not been established for TDS at the time of execution of this Agreement; provided that the current secondary standard is 500 mg/l. Unless the PWSD agrees otherwise, Castle Rock shall not introduce water that exceeds the secondary standard of 500 mg/l. All water introduced by Castle Rock shall be disinfected with Chloramines, unless PWSD agrees otherwise.

2. Rejection of Water. Castle Rock shall be solely responsible for making any water it introduces into the Infrastructure compatible with the standards set forth in Section 1 of this Exhibit C. Violation of such standards shall be immediately reported to the PWSD. PWSD may reject any deliveries that violate these standards. In addition, violations of such standards for a period of 24 continuous hours or more than three times within any three-month period shall permit PWSD to require that deliveries by Castle Rock cease until Castle Rock cures the cause of such violation and provides reasonable evidence of the cure supported by testing documentation.



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 3/6/2018

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**Item #: 21. File #: RES 2018-014**

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**To:** Honorable Mayor and Members of Town Council

**From:** Mark Marlowe, Director of Castle Rock Water

**Resolution Approving the Town of Castle Rock and Parker Water and Sanitation District Wheeling Agreement**

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### Executive Summary

The purpose of this memorandum is to request Town Council approval of an Intergovernmental Agreement (IGA) with Parker Water and Sanitation District (PWSD) for the transmission or “wheeling” of our WISE water (and other treated water, such as water from our Box Elder project) through their system and into infrastructure owned by the Town of Castle Rock. This Agreement outlines how PWSD will charge for the costs of maintenance, repair, replacement and operation of delivering our water through their system. The resolution approving the agreement is provided in **Attachment A**.

One of the key pieces of the Town’s long-term water supply strategy is the incorporation of new, renewable imported supplies. Water from the WISE project will help us meet this goal. The initial infrastructure for the WISE project will be complete by April 2018, and Castle Rock Water will start to take deliveries of water at that time. To date, Castle Rock Water has invested approximately \$40 million in the WISE infrastructure.

Now that capital infrastructure will be complete, the WISE members need to ensure operational agreements are in place to delineate how operational costs are allocated for the various pieces and parts of the infrastructure.

This is one of the last operational agreements that needs to be put in place. The portions of the WISE system to which this agreement applies are shown in **Attachment B**. One final agreement that needs to be completed is with Dominion Water and Sanitation District (Dominion) for the operations of the Outter Marker Road pipeline (see **Attachment B** for location).

The purpose of this memorandum is to request Town Council approval of an Intergovernmental Agreement (IGA) with Parker Water and Sanitation District (PWSD) for the transmission or “wheeling” of our WISE water (and other treated water, such as water from our Box Elder project) through their system and into infrastructure owned by the Town of Castle Rock. This Agreement outlines how PWSD will charge for the costs of maintenance, repair, replacement and operation of delivering our water through their system.



The key terms of the agreement are:

- PWSD will transport and meter the Town's water through their infrastructure (and infrastructure within which we own capacity, e.g. the Ridgeway line and Canyons line).
- PWSD will operate and maintain the Wheeling infrastructure in good working order and cover the cost of all future capital replacements.
- The agreement is in effect indefinitely.
- PWSD will charge the Town for its volume of water delivered through the infrastructure. The costs of wheeling is divided into asset recovery and variable costs. For 2018, the Wheeling Cost rate is \$0.61 per 1,000 gallons of water wheeled with a single Asset Recovery rate of \$237,551 that will be collected on a per 1,000 gallon basis of \$0.68 for the first 1,000 acre-feet of water.

There is a pipeline restriction or 'bottleneck' in PWSD's system that is addressed in the Agreement as well. This bottleneck is a 24-inch waterline within which PWSD does not require all the capacity now for its customers. PWSD is granting the Town a five year, non-exclusive license for capacity in this line (also known as the Midsection Infrastructure, as depicted on Exhibit A-1 of the Agreement). In order to ensure we have pipeline capacity in the midsection after the 5-year license expires, the Town, Dominion and PWSD will soon begin discussions on designing and building a parallel pipeline section that will have adequate capacity to convey much of our future flows.

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

On June 17, 2014, Town Council approved the execution of the Western Pipeline Purchase Agreement by the South Metro WISE Authority.

On September 16, 2014, Town Council approved the execution of the Modifications Agreement, key terms of the Operations Agreement, key terms of the Joint Use Agreement, and associated costs for other key WISE Project components which included design of the Ridgeway Infrastructure.

On October 22, 2014, staff provided the Castle Rock Water Commission with an update of the Alternate Source of Supply Projects which included an update regarding the Ridgeway infrastructure.

On November 18, 2014, Town Council approved Resolution 2014-92: Execution of the Ridgeway Line and Rueter-Hess WISE Infrastructure Design Intergovernmental Agreement

On February 13, 2015, Town Council approved the First Amendment to the IGA regarding the Ridgeway Line and Rueter-Hess WISE Infrastructure Design Intergovernmental Agreement dated November 19, 2014, which reduced Castle Rock's cost by \$169,580 due to the design contract being substantially less than originally estimated.

On January 5, 2016, staff provided Town Council an update regarding the Alternate Source of Supply Projects which included an update regarding the progress on the Ridgeway infrastructure design.



On April 19, 2016, Town Council approved the execution of an Intergovernmental Water Infrastructure Cost Sharing, Construction and Capacity Allocation Agreement between the Town of Castle Rock and Parker Water and Sanitation District for the Ridgeway Line portion of the WISE infrastructure.

On July 27, 2016, the Castle Rock Water Commission recommended approval of the agreement as presented.

On August 16, 2016, Town Council approved the execution of an Intergovernmental Water Infrastructure Cost Sharing, Design, Construction and Capacity Allocation Agreement for the Canyons Pipeline design-build portion of the WISE infrastructure.

On June 6, 2017, Town Council approved the execution of the revised Intergovernmental Water Infrastructure Cost Sharing, Design, Construction and Capacity Allocation Agreement for the Canyons Pipeline design-build portion of the WISE infrastructure.

On February 28, 2018, the Castle Rock Water Commission unanimously approved the agreement as presented.

### **Discussion**

The purpose of this memorandum is to request Town Council approval of an Intergovernmental Agreement (IGA) with Parker Water and Sanitation District (PWSD) for the transmission or "wheeling" of our WISE water (and other treated water, such as water from our Box Elder project) through their system and into infrastructure owned by the Town of Castle Rock.

The WISE Western Pipeline Purchase Agreement closed on October 21, 2014. Soon thereafter, the WISE Authority selected Western Summit as the design-builder for the modifications to the Western Pipeline. These modifications included a 2 million gallon storage tank, a chloramination disinfection facility, a greensand filtration system in a new water treatment plant, a pump station by-pass and supervisory control and data acquisition system (SCADA) improvements. Substantial completion of the WISE modification work occurred in December 2016 with final completion in mid-2017.

To be able to physically receive WISE water deliveries, infrastructure from the Western Pipeline had to also be constructed. In addition to the Ridgeway Line project, which was described to Council on April 19, 2016, the new 36-inch, 3.4-mile Canyons pipeline was also constructed. In addition to this pipeline, a booster pump station is also being built (however, the pump station will not be initially required for delivery of WISE water to the Town). PWSD is converting their system from a free chlorine system to a chloraminated system.

The infrastructure used to transport the Town's water will need to be maintained and occasionally repaired. Also, there will be operational costs associated with transport of the Town's water and monies that will need to go towards future infrastructure replacement. With that, PWSD developed the Wheeling Agreement to describe how the Town will be charged for this. The agreement also discusses a bottleneck in PWSD's system that will need to be coordinated with the design and construction of a parallel pipeline section to be funded by PWSD, Dominion and the Town. This



parallel section will need to be built by 2023.

### **Budget Impact**

The Wheeling Agreement will impact the Town's budget. We have budgeted \$1,015,577 in 211-4340-443.30-70 Water Resources, Engineering - Other Professional Services, Project Code WRPWWF for WISE operating expenses in 2018. Assuming we take our "take or pay" water for 2017, the operating budget is adequate for the 2018 take or pay of 346 acre-feet. We will need to carry forward \$483,000 out of the \$963,805 that was budgeted for WISE operating expenses in 2017. Staff will monitor this account closely and process a budget transfer or request a budget amendment later in 2018 if necessary.

### **Recommendations**

Staff and Castle Rock Water Commission recommend that Town Council approve the Agreement as presented in Exhibit 1.

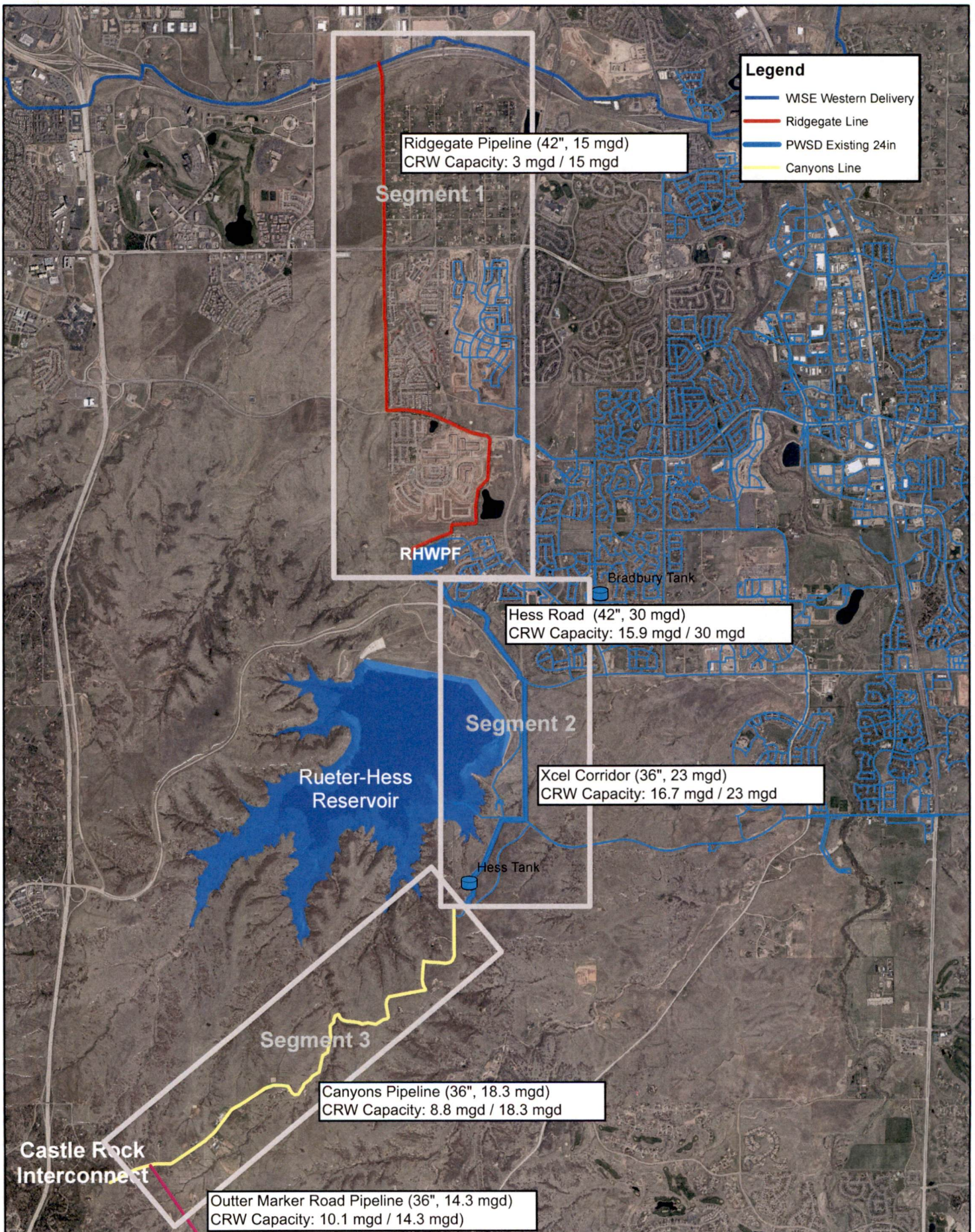
### **Proposed Motion**

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

### **Attachments**

Attachment A:	Resolution
Exhibit B:	Agreement
Attachment B:	Map of operational agreement





## ATTACHMENT B

