



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 an Amendment to the Rueter-Hess Drought Water Supply Pilot Plan Intergovernmental Agreement (IGA) between the Town of Castle Rock Water Enterprise and Denver Water, Parker Water and Sanitation District, and East Cherry Creek Valley Water and Sanitation District** *[Located in northwest and northeast Douglas County]*

Executive Summary

The purpose of this memorandum is to request Town Council approval of an Amendment to an Intergovernmental Agreement (IGA) between Castle Rock Water (CRW), Denver Water, Parker Water and Sanitation District (PWSD) and East Cherry Creek Valley Water and Sanitation District for the Rueter-Hess Drought Water Supply Pilot Plan. The resolution approving the amendment to the agreement is provided in **Attachment A** and the Amendment to the Intergovernmental Agreement (IGA) is **Exhibit 1** to the Resolution.

The aforementioned parties desire to extend the Pilot Plan for four additional years, expiring on December 31, 2028. This pilot project involves storage of water in Rueter-Hess Reservoir (RHR) under the current terms of the RHR 404 permit and helps CRW to store its currently permitted fully-reusable return flows, which are captured and stored in Chatfield Reservoir, into RHR using existing infrastructure.

The way the pilot operates is that Denver Water transfers "Pilot Water" into the WISE System using the existing Conduit 111 / WISE Pipeline interconnection. Pilot Water is then pumped through WISE infrastructure to PWSD's Rueter-Hess Water Purification Facility (RHWPF) where it combines with other water and enters PWSD's potable water distribution system. When PWSD uses the Pilot Water in the manner described above, PWSD has a reduced need to withdraw water supplies stored in RHR. Therefore, PWSD will book over water stored in a PWSD RHR storage account into a new PWSD subaccount titled "Pilot Plan Storage Account."

On August 21, 2024, Denver Water and CRW coordinated to perform a swap of 390 acre-feet (AF) of water. This block of water was booked from Castle Rock's Chatfield Reservoir storage

account to a Denver Water Chatfield Reservoir storage account. Simultaneously, Denver Water booked over 390 AF of RHR Pilot Plan Storage Account water to the CRW RHR storage account.

The original IGA contemplated up to 1,000 AF of water (total) being transferred in the manner described above.

The benefit of this agreement to CRW is that it gives an opportunity to add additional supplies into RHR, where through other agreements with PWSD, we can treat and deliver additional potable water to our customers. PWSD will realize higher water levels in RHR and Denver Water will be able investigate potential future options for storing water in RHR. The pilot project will also use some of ECCV's pumping and piping infrastructure to move water to PWSD's system, and because the primary benefit is for CRW, the Town will pay energy recovery costs and administrative fees to ECCV during the pilot project. In 2024, CRW paid \$15,581 to ECCV.

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

On August 18, 2020, the Castle Rock Water Commission unanimously recommended that Town Council approve the IGA when its final form was presented for Council consideration.

On December 15, 2020, Town Council approved the IGA.

Castle Rock Water staff presented this item to the Castle Rock Water Commission at their meeting held on December 11, 2024, and the Castle Rock Water Commission voted unanimously 7 to 0 to recommend Town Council approval of the Resolution as presented.

Discussion

RHR is located in northeastern Douglas County one mile east of Castle Pines Parkway and I-25 on property owned by PWSD. RHR was completed in 2012 and has a storage capacity of 75,000 acre feet (AF) which will encompass 1,170 acres at full pool. Along with PWSD, Castle Pines North and Stonegate, CRW is also a participant in the reservoir and owns 8,000 AF of storage space.

To date, CRW has only been able to store around 6% of its current allocated space in water. The water we have been able to store is made up of return flows from the Town that are treated at the Pinery's wastewater treatment facility and discharged into Cherry Creek. CRW has an existing agreement with PWSD to capture these return flows and pump them into RHR, however, PWSD is limited by their water rights on Cherry Creek of when they can pump, thus limiting what CRW is able to put into RHR. In August 2024, CRW was able to store an additional 390 AF of water as part of this IGA.

As the Chatfield Reservoir Reallocation Project was nearing completion, CRW was approached by Denver Water and PWSD in late 2019 with the idea of a reservoir exchange pilot project. The basic concept was to have PWSD use some of Denver Water's fully reusable supplies within their distribution system, keep a like amount of water within RHR (that they otherwise would have had to draw upon), and then, at a mutually agreeable time, and for

a mutually agreeable volume, a reservoir trade would be made between Denver Water and CRW. CRW would trade a volume of its fully reusable supplies stored in Chatfield to Denver Water, and Denver Water would trade the same volume of its fully reusable water over to CRW in RHR.

Budget Impact

The total cost of the Pilot Project will depend on the total quantity of water transferred and the time of year (ECCV's summer pumping rates are higher than the winter pumping rates). Assuming summer pumping and \$400 monthly administrative costs during the months when water is pumped, we estimate the cost of the Pilot Project to be approximately \$80,000 to transfer the full 1,000 AF of water. Payments for this Pilot Project will be made from the CIP operation and maintenance account 211-4375-443.40-90 <Project Code WR RHR>. CRW paid ECCV \$15,581 in 2024 for their pumping associated with this project.

Staff Recommendation

Staff and CRW Commission recommend that Town Council approve the first amendment to the Water Service IGA.

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: Amendment to the IGA