



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
Mark Henderson, Assistant Director of Castle Rock Water

Title: **Resolution Approving a Purchase and Sale Agreement with Denver Southeast Suburban Water & Sanitation District d/b/a Pinery Water & Sanitation District for WISE Capacity** *[WISE water to be used throughout Castle Rock Water's service area]*

Executive Summary

Castle Rock Water (CRW) staff recommends Town Council approval of a Resolution approving a Purchase and Sale Agreement with Denver Southeast Suburban Water & Sanitation District d/b/a Pinery Water & Sanitation District for WISE Capacity (see **Attachment A**). The Purchase and Sale Agreement is for 250 acre-feet (AF) of Water Infrastructure Supply Efficiency (WISE) capacity including the water subscription and all associated infrastructure shares (Western Pipeline, Binney Connection and Pump Station, DIA Connection, Ridgeway Pipeline, and all other associated infrastructure including future commitments to fund salinity management infrastructure). The purchase price is \$2,138,388.05 as shown in the agreement (see Exhibit 1 of **Attachment A**).

CRW has evaluated the price, and the price includes what Pinery has paid for the actual shares and infrastructure. Also, the price includes a recovery of operational costs for the Pinery. CRW believes that the price including this operational component still provides excellent value given the cost of other renewable water resource supplies and the fact that the infrastructure for WISE is already in place.

As part of this agreement, the Town will also enter into a Water Delivery Agreement (Exhibit 2) with the Pinery to provide water service at the interconnect on an as-available, as-needed basis during the months of June, July, and August. Wholesale water will be delivered at the all-in WISE cost, currently \$10.07 per kgal, and updated annually.

CRW has invested \$63.8M in WISE project shares since 2013. CRW currently owns 2,000 AF of WISE shares including associated shares in all of the infrastructure. **Attachment B** provides a map of the WISE infrastructure. The only remaining piece of infrastructure to be constructed

in accordance with the WISE Water Delivery Agreement is a salinity management facility. Currently, this facility needs to be completed by 2030. CRW has reserved \$57M in our five-year capital plan to fund CRW's portion of this facility. This \$57M also includes the amounts needed to fund the portion of the facility that would be funded by the Pinery if CRW proceeds with the purchase of Pinery's shares.

The WISE project is one of two long-term, imported renewable water projects that CRW has been implementing since 2013 as part of our Water Resources Strategic Master Plan. The goal of the Plan is to achieve 75% renewable water supplies by 2050 and 100% renewable water supplies in a typical hydrologic year by 2065. Water deliveries from WISE started in 2018. To date, the largest amount of WISE water CRW has received in any given year is 1,242 AF of WISE water. WISE water is fully reusable to extinction. In 2025, CRW provided 30% renewable water supplies. This year will be the first WISE year (June 2025 to May 2026) where CRW anticipates receiving our full subscription of 2,000 AF.

Notification and Outreach Efforts

CRW has done outreach to customers since 2013 on the importance of the WISE project as part of the Water Resources Strategic Master Plan and the goal to achieve 75% renewable water supplies by 2050. This proposed purchase will help CRW meet the goal sooner, and the benefits will continue to be communicated to customers as part of CRW's outreach on the long-term water plan.

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

This item was presented to the CRW Commission on August 27, 2025. CRW Commission voted unanimously, 7 to 0 to recommend Council proceed with the purchase of the Pinery WISE water shares. Additional Town Council and CRW Commission discussions on WISE can be found in the full project records for the WISE project going back to before 2013.

Discussion

In 2013, the Town of Castle Rock became a member of the South Metro WISE Authority (SMWSA) which, later that year, entered into the Water Infrastructure and Supply Efficiency (WISE) Partnership with Denver Water and Aurora Water upon full execution of the Water Delivery Agreement (WDA). Since that time, Castle Rock has been a participant in the WISE Project and began receiving WISE water in April 2018.

WISE water is provided to members of SMWSA using Aurora Water's Prairie Waters Project (PWP) which captures renewable and reusable water supplies on the South Platte River. The water captured and conveyed by PWP consists of supplies owned by both Aurora Water and Denver Water to varying degrees depending on hydrologic conditions. This partnership provides water to SMWSA members in hydrologically wet and normal years and provides Denver Water with an emergency drought supply 15 out of every 100 years.

The members of SMWSA have ownership of the subscription to WISE water as shown in Table 1. CRW is currently a 20% owner in the total SMWSA subscription of 10,000 AF per year on average or 100,000 AF over a 10-year period. In addition, each SMWSA member

owns varying capacities in the WISE infrastructure used to move the pro rata shares of WISE water. Purchase of the 250 AF of Pinery shares will raise CRW's ownership to 2,250 AF or 22.5% of the total.

The purchase also includes capacity in the Ridgeway Pipeline, the Western Pipeline, the Denver International Airport (DIA) connection and the Binney Connection and Pump Station as well as all the associated infrastructure. This purchase does not increase the overall capacity in what is known as the local WISE infrastructure which includes the Canyons Pipeline, Otter Marker Road Pipeline, Parker Midsection Pipeline and Parker's pump station. The local infrastructure has adequate capacity for CRW to move the additional supply that would come with this purchase. **Attachment B** shows all the WISE infrastructure that CRW uses.

Table 1. WISE Pro Rata Ownership

Member	Pro Rata AF	Ownership
Town of Castle Rock	2000	20%
PWSD	1600	16%
Dominion	1325	13%
Highlands Ranch	1000	10%
Stonegate	1000	10%
Rangeview	900	9%
Meridian	775	8%
Pinery	500	5%
Inverness	500	5%
Cottonwood	400	4%
Total	10000	100%

The overall capital cost of WISE water for CRW to date has been \$31,920 per AF. Once a salinity management facility is constructed, this number will approach \$60,000 per AF. However, one of the benefits of this purchase is that it will reduce the overall per AF cost of WISE while providing more total WISE capacity since no additional local WISE infrastructure will be needed.

Budget Impact

There is adequate excess WISE funding in the 2026 budget, however, with the purchase of these WISE shares, the salinity management capital costs will not accrue to the 2026 budget as they have already been reserved with capital funding along with CRW's portion. The total purchase price for the Pinery WISE capacity and infrastructure is \$2,138,388.05. This will be funded through the WISE Infrastructure account 211-4375-443.77-72, which has a balance of \$6,658,238.00.

Staff Recommendation

Staff recommends Council approve the Resolution as presented and CRW proceed with the purchase of the 250 AF of Pinery WISE water shares including the corresponding infrastructure capacity.

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 Approving the Purchase and Sale Agreement
Exhibit 1: Purchase and Sale Agreement
Exhibit 2: Water Delivery Agreement
Attachment B: Map of WISE Infrastructure