



## Castle Rock Water Commission Agenda - Final

Tony Rathbun, Chair  
Melanie Penoyer-Perez, Vice Chair  
Edward Egnatios  
Brian Gaddie  
Ole Gjerde  
David Hammelman  
Kevin Snow

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Wednesday, January 28, 2026

6:00 PM

Castle Rock Water  
171 Kellogg Ct.  
Castle Rock, CO 80109

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**This meeting is open to the public. Three or more Council members may also attend this meeting, during which the items listed herein will be discussed. If you are unable to access any portion of these materials due to a disability as defined under Colorado House Bill 21-1110, please call us at 303-663-4440, email the Town's accessibility team at [accessibility@CRgov.com](mailto:accessibility@CRgov.com) or submit an accommodation request form at [CRgov.com/A11yRequest](http://CRgov.com/A11yRequest).**

### 6:00 pm CALL TO ORDER / ROLL CALL

### COUNCIL UPDATE

### COMMISSION COMMENTS

### ADMINISTRATIVE BUSINESS

1. [WC 2026-001](#) Introduction of the New Water Commission Member
2. [WC 2026-002](#) Approval of the December 10, 2025 Meeting Minutes  
*Attachments:* [Attachment A: December 10, 2025 Meeting Minutes](#)
3. [WC 2026-003](#) Follow-up on Boards and Commission Discussion from January 20, 2026 Town Council Meeting  
*Attachments:* [Attachment A: DRAFT Boards and Commissions Attendance Policy](#)

### ACTION ITEMS (HIGH PRIORITY / TIME CRITICAL)

4. [WC 2026-004](#) Resolution Approving a Services Agreement between the Town of Castle Rock and Burns & McDonnell for an Arc Flash Study
5. [WC 2026-005](#) Resolution Approving a Construction Contract between the Town of Castle Rock and ???? for the 2026 Denver Basin Aquifer Wells Rehabilitation, Pumping Equipment Replacement, and Well Abandonment Project [Five wells spread out within the Meadows, Founders, Castle Oaks, and Terrain subdivisions]

6. [WC 2026-006](#) Resolution Approving the Amended and Restated Intergovernmental Agreement (IGA) for Water Service between the Dominion Water and Sanitation District, Acting in its Capacity as a Water Activity Enterprise, and the Town of Castle Rock, Acting Through the Town of Castle Rock Water Enterprise [Castle Rock Water's distribution and transmission system inside the Town of Castle Rock to connection on the Northwest side of Town at the edge of unincorporated Douglas County, Colorado]

Attachments: [Attachment B: Map](#)

7. [WC 2026-007](#) Update: Douglas County Water Plan

## DIRECTOR FOLLOW-UP AND INFORMATIONAL / UPDATE ITEMS

8. [WC 2026-008](#) 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]

Attachments: [Attachment A: TC Packet](#)

9. [WC 2026-009](#) Resolution Approving a Second Amendment to the Amended and Restated Intergovernmental Agreement with Douglas County for the Highway 85 Wastewater Collection and Treatment System [Located along the Highway 85 Corridor North of E. Happy Canyon Rd to W. Titan Rd in northern Douglas County]

Attachments: [Attachment A: TC Packet.pdf](#)

10. [WC 2026-010](#) Resolution Approving the Second Amendment to the Infrastructure Development and Purchase Agreement and Water Lease Agreement between the Town of Castle Rock, acting by and through the Castle Rock Water Enterprise, and Tallgrass Colorado Municipal Water, LLC. [Lost Creek area of Weld County, Colorado]

Attachments: [Attachment A: TC Packet.pdf](#)

11. [WC 2026-011](#) Resolution Approving a Settlement Agreement Between the Town of Castle Rock and The Ohio Casualty Insurance Company, for the Craig and Gould North Infrastructure Improvements Project [Located in Historic Downtown Castle Rock]

Attachments: [Attachment B: Site Map](#)

12. [WC 2026-012](#) Briefing from Castle Rock Water: Water Quality Maintenance update; Chatfield Watershed Authority (CWA) By-laws Update; and Drought/Snowpack Update

13. [WC 2026-013](#) Finance Update

14. [WC 2026-014](#) Upcoming Town Council Items

**COMMISSIONER MEETING COMMENTS**



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 1/28/2026

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**Item #:** 1. **File #:** WC 2026-001

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**To:** Members of the Castle Rock Water Commission

**From:** Mark Marlowe, P.E., Director of Castle Rock Water

**Introduction of the new Water Commission Member**  
**Town Council Agenda Date:** January 20, 2026

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### **Executive Summary**

On January 20, 2026, Town Council approved the appointment of Chuck Kocher, as the new Water Commission member. Mr. Kocher will complete the term that was started by Ole Gjerde.



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 1/28/2026

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**Item #:** 2. **File #:** WC 2026-002

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**To:** Members of the Castle Rock Water Commission

**From:** Mark Marlowe, P.E., Director of Castle Rock Water

**Approval of the December 10, 2025 Meeting Minutes**  
**Town Council Agenda Date:** NA

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### Executive Summary

Attached are the meeting minutes for the December 10, 2025 Water Commission Board Meeting.

### Proposed Motion

*"I move to recommend to approval the meeting minutes as presented"*

### Attachments

Attachment A: December 10, 2025 Meeting Minutes

**Water Commission Mtg.  
December 10, 2025**

**Present:** Commissioners Tony Rathbun, Edward Egnatios, Ole Gjerde, Melanie Penoyar-Perez, Brian Gaddie, David Hammelman, Kevin Snow and Jason Gray

**Absent:**

**Guests:** Chuck Kocher

**Staff:** Mark Marlowe, Mark Henderson, Nichol Bussey, Paul Rementer, Roy Gallea, Hannah Branning, Lauren Moore, Erin Evans, and MaryJo Reese

**Start: 6:03 pm**

**End: 8:51 pm**

**Council Report**

Time was allowed for Mayor Gray to share a council update.

**Commissioner Comments**

Time was allowed for Commissioner Comments.

**1. WC 2025-111 Approval of the October 22, 2025, Meeting Minutes**

***I move to approve the Minutes as presented.***

*It was moved by Melanie Penoyar-Perez and seconded by Ole Gjerde to approve the October 22, 2025, meeting minutes as presented. The motion passed (5-0-2) David Hammelman & Brian Gaddie abstained.*

**2. WC 2025-112 Resignation of Water Commissioner Ole Gjerde**

Mr. Marlowe announced that the December 10<sup>th</sup> meeting will be Commissioner Ole Gjerde's last meeting. Castle Rock Water (CRW) thanked Commissioner Gjerde for his dedication and service and gave him a picture and plaque as a thank you.

**3. WC 2025-113 Resolution Approving a Second Amendment to the Services Agreement with W.W. Wheeler & Associates for Phase 2 of the Quantification of East Plum Creek and Cherry Creek Basin Lawn Irrigation Return Flows (LIRF) [Various sites throughout Town]**

Ms. Moore explained that this is an amendment to the W.W. Wheeler & Associates agreement for the Quantification of East Plum Creek and Cherry Creek Basin Lawn Irrigation Return Flows (LIRF). The current agreement is to quantify Zones 1 and 2 in East Plum Creek (EPC) as well as the Meadows and the deadline is for March 31, 2026.

The amendment extends the time of the agreement to December 31, 2026, which allows W.W. Wheeler to quantify Zone 3 of EPC and Zones 4 and 5 in the Cherry Creek Basin. Once the monitoring is completed CRW will be able to file water court applications.

The additional time does not change the overall budget (\$352,800.00) that was originally approved.

***I move to approve the Resolution as presented.***

*David Hammelman moved to approve the Resolution as presented, Edward Egnatios seconded the motion. Motion passed unanimously (7-0).*

**4. WC 2025-114 Resolution Approving a Lease Agreement between the Town of Castle Rock and Rupple Farms, LLC for an Agricultural Lease Agreement [Box Elder Property, Weld County]**

Ms. Moore shared that the Rupple family currently leases 560 acres of property that CRW owns in the Boxelder Creek for farming, ranching and hunting. This agreement is to extend the lease for one additional year and will end December 31, 2026.

The annual lease rate is \$16,459.90. Rupple Farms will also reimburse the Town for the annual assessments from Henrylynn Irrigation District (HID) and Farmers Reservoir and Irrigation Company (FRICO) which will be approximately \$13,800.

***I move to recommend Town Council approval of the Resolution as presented.***

*Melanie Penoyer-Perez moved to approve the Resolution as presented, Ole Gjerde seconded the motion. Motion passed unanimously (7-0).*

**5. WC 2025-115 Resolution Approving a First Amendment to the Services Agreement between the Town of Castle Rock and Consor Engineering for the Plum Creek Pipeline Central to PCWPF Project [Located parallel to Plum Creek through central Castle Rock, CO]**

Ms. Evans reported that this item is to amend the original agreement with Consor Engineering for design services for the Plum Creek Pipeline Central to Plum Creek Water Purification Facility (PCWPF) project. The purpose of the amendment is to add field surveys, coordination and additional utility locates.

The amendment adds an additional \$78,405 to the total contract.

Design services should be completed in September 2026.

Commissioner Rathbun asked if this is a realistic time frame? Ms. Evans explained that yes, the time frame was reasonable.

Commissioner Rathbun asked if this will bring the project to design to completion or does staff anticipate additional items will come up? Ms. Evans stated that it will definitely complete the design phase.

***I move to recommend Town Council approval of the Resolution as presented.***

*Brian Gaddie moved to approve the Resolution as presented, David Hammelman seconded the motion. Motion passed unanimously (7-0).*

**6. WC 2025-116 Resolution Approving the Second Amendment to the Progressive Design-Build Agreement with S.J. Louis Construction, Inc. for the Phase 2 Construction**

**Services for the Sedalia Lift Station and Force Main to Plum Creek Water Reclamation Authority Project [Located in Sedalia, CO]**

Ms. Evans shared that this is a 2<sup>nd</sup> amendment to the progressive design-build agreement with S.J. Louis Construction. The purpose of the project is to design and build the main wastewater conveyance line for the Town of Sedalia and the surrounding area. This amendment in the amount of \$16,766,642.73 which reflects a total guaranteed maximum price (GMP) Agreement with S.J. Louis of \$18,397,025.20 less the previously authorized preconstruction and final design services of \$1,630,382.47. The total estimated project budget including easement acquisition and other costs is now \$19,784,296.46. CRW is requesting a budget increase of \$984,296.00. The additional costs will be recovered under the same terms set forth in the agreement with Douglas County.

Commissioner Gaddie asked if staff feel this is a worthwhile project? Staff indicated that yes, this project has many benefits and discussed those benefits.

Commissioner Gaddie asked if the schedule allows for the ARPA funds to be spent? Ms. Evans shared that the ARPA funds would be used first to make sure they were used appropriately and then the CRW funds would be used.

***I move to recommend Town Council approval of the Resolution as presented.***

*Ole Gjerde moved to approve the Resolution as presented, Brian Gaddie seconded the motion. Motion passed unanimously (7-0).*

**7. WC 2025-117 Ordinance Approving a System Development Fee Credit for New Residential Homes Under 2,000 Finished Square Feet [Entire Castle Rock Water Service Area]**

Mr. Rementer gave an update on where CRW is financially as of December 1<sup>st</sup>.

Ms. Bussey shared that CRW staff are evaluating options to offer builders a discount on System Development Fees (SDFs) if they build homes with a smaller overall square footage. The team is still looking at options and will bring the final proposal to the next Water Commission meeting.

**8. WC 2025-118 Resolution Approving an Equipment and Services Agreement between the Town of Castle Rock and Treatment Technology Holding, LLC for Treatment Chemicals [Entire Castle Rock Water Service Area]**

Mr. Marlowe shared that the purpose of this agreement is for the acquisition and delivery of some of CRW's water treatment chemicals for 2026. CRW relies on the use of many chemicals including the eight different types of chemicals in this bid to properly treat water. Staff received four bids and selected Treatment Technology due to their ability to supply all the necessary chemicals requested.

The budget for chemicals in 2026 is \$750,000.

Based on discussion and consideration, staff will look at alternative bid options next year to make sure that CRW receives the best pricing.

***I move to recommend Town Council approval of the Resolution as presented.***

*Ole Gjerde moved to approve the Resolution as presented, Brian Gaddie seconded the motion. Motion passed unanimously (7-0).*

**9. WC 2025-119 Resolution Approving a First Amendment to the Water Rights Brokerage Agreement between the Town of Castle Rock and Stillwater Resources & Investments, Inc.**

Mr. Henderson shared that this is an amendment to the water rights brokerage agreement that CRW has with Stillwater Resources, to extend the agreement time. The original agreement will expire on January 19, 2026, and since CRW is still investigating options for water in the Lost Creek Basin staff felt it was important to extend this agreement.

This agreement extends the agreement time to January 19, 2028.

Commissioner Rathbun asked if there were any significant changes to the agreement? Mr. Henderson explained that it is only a time extension, all other aspects of the original agreement are the same.

*I move to recommend Town Council approval of the Resolution as presented.*

*Melanie Penoyar-Perez moved to approve the Resolution as presented, Kevin Snow seconded the motion. Motion passed unanimously (7-0).*

**10. WC 2025-120 Update: Water Quality Maintenance**

Ms. Branning shared that CRW will be switching from the use of Chloramines to Chlorine at the beginning of the year to do a reset on the system. She explained that there are no health issues or concerns with the switch, customers may notice a little bit different taste or smell, but the switch is very safe.

**11. WC 2025-121 Update: Stormwater Follow Up**

Mr. Henderson gave an update on items that CRW is working on to improve the stormwater system in Crystal Valley Ranch following the June 2024 storms.

**12. WC 2025-122 Update: Craig and Gould**

Mr. Marlowe shared CRW staff are currently looking into some concerns that have risen from the project that was done in the Craig and Gould neighborhood. The contractor left some issues and unfinished items and then filed for bankruptcy at the end of the project, so CRW and Town Attorney's office are working through next steps.

**13. WC 2025-123 Update: Tallgrass**

Ms. Moore shared an update on the Tallgrass project.

**14. Upcoming Town Council Items**

This is a standing item that will be used to share information about projects that are being worked on at the time of the meeting, but that staff doesn't have information ready yet.

There are no items at this time.

**Commissioner Meeting Comments**

Time was allowed for Commissioner Comments.



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 1/28/2026

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**Item #:** 3. **File #:** WC 2026-003

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**To:** Members of the Castle Rock Water Commission

**From:** Mark Marlowe, P.E., Director of Castle Rock Water

**Follow-up on Boards and Commission Discussion from January 20, 2026 Town Council Meeting**

**Town Council Agenda Date:** NA

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### **Executive Summary**

Town Council discussed changes to the Boards and Commission on January 20, 2026, and they passed an Ordinance on those changes on first reading. The discussion revolved around four areas including meeting attendance requirements, remote meeting attendance, Castle Rock residency requirements, and terms. The comments and input of the Castle Rock Water Commission were well represented by the Town Manager and the Mayor.

Council agreed to allow Castle Rock Water Commission to continue to utilize remote meeting attendance on the condition that the Commission provide Council with a policy for them to review and approve on second reading of the Ordinance. Castle Rock Water Staff have prepared a draft Attendance Policy, **Attachment A**, for Castle Rock Water Commission for discussion and potential adoption at the January 28, 2026, meeting.

### **Proposed Motion**

*"I move to recommend to Town Council approval of Water Commission Attendance Policy as presented"*

### **Attachments**

Attachment A: Draft Attendance Policy

# Boards and Commissions Attendance Policy

## Purpose

The purpose of this policy is to ensure consistent attendance at meetings; active participation and ability to provide relevant input and feedback; pertinent review and recommendations on Castle Rock Water projects, policies and programs; and effective governance overall for the Castle Rock Water Commission.

## Applicability

This policy applies to all appointed members of the Castle Rock Water commission unless otherwise specified by ordinance or resolution.

## Attendance Requirements

### 1. Overall Attendance Standard

Members are expected to regularly attend and actively participate in meetings. Excessive absences or overreliance on virtual attendance undermines the effectiveness of boards and commissions.

### 2. Absence Limitation

- A member may not miss more than **26% of scheduled meetings within a rolling 12-month period.**
- Missing more than 26% of meetings (excused or unexcused) within the rolling period shall result in **automatic removal**.

### 3. Virtual Attendance Limitation

- A member may attend no more than **25% of scheduled meetings virtually within a rolling 12-month period.**
- Members must attend **at least 75% of meetings in person** during the same rolling period.
- Exceeding the virtual attendance limit shall result in **automatic removal**.

### 4. Combination of Absences and Virtual Attendance cannot exceed 5 within a rolling 12-month period.

- Absences and virtual attendance are tracked independently.
- However, exceeding either threshold, or a combination that results in absences plus virtual attendance exceeding 5 in any 12-month period, constitutes grounds for removal.

## Removal for Noncompliance

A member shall be removed from their Castle Rock Water Commission Member seat if any of the following occur within a rolling 12-month period:

- The member has **four (4) absences**.
- The member attends **four (4) meetings virtually**.

The member attends **three (3) meetings virtually and has three (3) absences**. Removal shall be processed in accordance with applicable Town procedures and appointment authority.

## **Tracking and Notification**

- Attendance shall be tracked by staff and reviewed on a rolling basis.
- Members approaching the attendance thresholds shall be notified in writing.
- Notification does not waive enforcement of this policy.



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 1/28/2026

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**Item #:** 4. **File #:** WC 2026-004

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**To:** Members of the Castle Rock Water Commission

**From:** Mark Marlowe, P.E., Director of Castle Rock Water  
Shawn Griffith, Assistant Director of Operations  
Mark Billman, EHS Program Manager

### **Resolution Approving a Services Agreement between the Town of Castle Rock and Burns & McDonnell for an Arc Flash Study**

**Town Council Agenda Date:** February 3, 2026

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#### **Executive Summary**

Castle Rock Water (CRW) staff requests Town Council approval for a services agreement to conduct a comprehensive arc flash hazard and short-circuit study across all CRW electrical facilities with Burns & McDonnell Engineering for \$481,017, with a 5% Town-managed contingency of \$24,051, for a total authorization request of \$505,068 (**see Attachment A**). The study will be completed by December 31, 2027.

Arc flash and electrical shock hazards have long been known to pose significant risk in the workplace, potentially causing severe injuries or fatalities. This assessment will help reinforce CRW's commitment to developing and maintaining safe workplaces across all facilities in regard to electrical safety.

#### **Notification and Outreach Efforts**

No public outreach is planned. Work will be performed at various CRW facilities, out of the public eye, to conduct a CRW facility equipment worker health and safety assessment.

#### **Discussion**

The purpose of this project is to collect data from electrical equipment across forty-nine (49) CRW sites, to provide individual short-circuit, arc flash hazard, and device coordination reports for each site. This data will be used to provide updated electrical one-line diagrams and arc flash and shock hazard labels for each piece of equipment covered by the reports.

The CRW sites include:

- Five water treatment facilities
- Eleven pump stations

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**Item #: 4. File #: WC 2026-004**

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- Nine lift stations
- One surface water diversion site
- Twenty-three groundwater well sites.

Through a competitive bid process, CRW solicited proposals from three qualified engineering firms; their proposal costs are shown below:

Vendor	Proposal
Burns & McDonnell Engineering	\$481,017
Logical Systems LLC	\$500,300
Tetra Tech	Declined to Bid

Staff selected Burns & McDonnell Engineering as they have a fully staffed local electrical engineering team prepared to provide CRW with the best value and pricing to complete the work. Tetra Tech attended the pre-bid project walk but declined to bid as they did not have adequate local electrical engineering staff to complete the project.

### **Budget Impact**

Funding for this project will come from the Water, Water Resources, and Wastewater Plant Engineering Services funds after a first-quarter budget amendment, as follows:

Fund Name	Account Number	Cost	Contingency	Balance after Budget Amendment
Water	210-4230-442.30-40	\$160,339	\$8,017	\$168,356
	211-4340-443.30-40	\$160,339	\$8,017	\$168,356
	213-4530-445.30-40	\$160,339	\$8,017	\$168,356
<b>Total</b>		<b>\$481,017</b>	<b>\$24,051</b>	<b>\$505,068</b>

### **Staff Recommendation**

Staff recommends a services agreement with Burns & McDonnell Engineering for \$481,017, with a 5% Town-managed contingency of \$24,051, for a total authorization request of \$505,068.

### **Proposed Motion**

*"I move to recommend to Town Council approval of the Resolution as presented"*

### **Attachments**

Attachment A: Resolution (Not Attached)

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**Item #: 4. File #: WC 2026-004**

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Exhibit 1:      **Agreement (Not Attached)**



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 1/28/2026

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**Item #:** 5. **File #:** WC 2026-005

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**To:** Members of the Castle Rock Water Commission

**From:** Mark Marlowe, P.E., Director of Castle Rock Water  
Lauren Moore, Water Resources Manager  
Zuzana Howard, Water Resources Project Analyst

**Resolution Approving a Construction Contract between the Town of Castle Rock and ??? for the 2026 Denver Basin Aquifer Wells Rehabilitation, Pumping Equipment Replacement, and Well Abandonment Project [Five wells spread out within the Meadows, Founds, Castle Oaks, and Terrain subdivisions]**

**Town Council Agenda Date:** February 3, 2026

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### Executive Summary

The purpose of the resolution (**Attachment A**) is to request Town Council approval of a Construction Contract (**Exhibit 1**) with \_\_\_\_\_ for the 2026 Denver Basin Aquifer Well Rehabilitation, Pumping Equipment Replacement, and Well Abandonment Project. In 2016, Castle Rock Water started a planned well rehabilitation program. This program is designed to help maintain water production yields from our current deep well assets and to reduce the likelihood of emergency well failures. The program targets wells that are showing declines in well yield and/or have been identified as equipped with older pumping equipment. This program has proven successful over the past ten years due to limited well failures during peak demand season, increased well efficiencies, decreased power consumption, and increases in well yield. The 2025 rehab project included three wells and contributed to an increase in well efficiency of 9.5% over the past year, as shown below.

Year	Well Production of 2025 Rehab Project Wells
2024 (pre-rehab)	582 gpm
2025 (post-rehab)	637 gpm

This spring, CRW is targeting three Denver Basin Wells (CR-44, CR-118, and CR-219) for planned rehabilitation and equipment replacement. As a preventative measure, one well (CR-72R) is scheduled for a video survey to evaluate calcium build-up that was discovered and removed four years ago. Lastly, this project will consist of an abandonment of one inactive well (CR-92) in preparation for the construction of the new Fire Station in Castle Oaks. **Attachment B** shows the locations of the wells that will be serviced. CRW recommends approval of a construction contract with \_\_\_\_\_ in the amount of \$XXX plus a ten percent Town-managed contingency in the amount of

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**Item #: 5. File #: WC 2026-005**

\$XXX for a total project cost with \_\_\_\_\_ of \$XXX. The schedule is critical for this project given the need for these wells during irrigation season. Work will begin immediately upon contract approval and is scheduled for substantial completion by June 2026.

**Notification and Outreach Efforts**

All work will be completed on Town of Castle Rock property. Notification and outreach efforts will include postcard mailers to nearby homes describing the project details such as location, dates, and work hours. Additionally, the project will be listed on the Castle Rock Water website.

**Discussion**

It is important to keep our existing infrastructure operating in an efficient manner to ensure that peak water demands during the summer months can be met, without resorting to water curtailment measures due to well failures. In order to do this, the Water Resources Division has established a yearly rehabilitation and equipment replacement program for priority deep Denver Basin wells. A formalized program helps mitigate emergency well services due to pumping equipment failure. This is accomplished by identifying the wells that are showing declines in production due to biofouling and wells with older pumping equipment. Replacing older pumping equipment often provides the opportunity to resize equipment so that better well efficiency is achieved, reducing the long-term costs of operating the wells. CRW typically budgets \$1,000,000 annually for repair and maintenance.

The following wells are identified for the 2026 Denver Basin Aquifer Well Rehabilitation and Pumping Equipment Project: Arapahoe Aquifer Wells CR-118, CR-219 and Dawson Aquifer Well CR-44. The combined daily production from the wells is 1.0 million gallons per day, which collectively represents approximately 5% of our 5-year average peak summer daily demand. The project will also consist of an abandonment of one inactive Well CR-92 and a video investigation of Well CR-72R to evaluate calcium build-up.

Castle Rock Water sent out an Invitation to Bid on Rocky Mountain BidNet. The following table is a summary of the bids:

\$XXX	\$XXX	\$XXX	\$XXX	\$XXX

Upon review of the bid proposals, schedule, and pricing, CRW Staff decided to move forward with \_\_\_\_\_. \_\_\_\_\_ has successfully worked with the Town on previous well rehabilitation projects and is also the emergency on-call contract with CRW's operations team.

**Budget Impact**

Funding for the project will come from the following account: CIP Repair and Maintenance - Wells 210-4250-442.40-37, which has a balance of \$1,000,000.

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**Item #: 5. File #: WC 2026-005**

Project Account	Contract Amount	Contingency	Total Authorization
210-4275-442.40-37 Repair & Maintenance - Wells - 2026	\$XXX	\$XXX	\$XXX

**Staff Recommendation**

Staff recommends Town Council approval of a Construction Contract with \_\_\_\_\_ for the 2026 Denver Basin Aquifer Wells Rehabilitation and Pumping Equipment Replacement Project.

**Proposed Motion**

*"I move to recommend to Town Council approval of the Resolution as presented"*

**Attachments**

Attachment A: Resolution

Exhibit 1: Construction Contract

Attachment B: Location Map



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 1/28/2026

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**Item #:** 6. **File #:** WC 2026-006

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**To:** Members of the Castle Rock Water Commission

**From:** Mark Marlowe, P.E., Director of Castle Rock Water  
Mark Henderson, P.E., Assistant Director of Castle Rock Water  
Lauren Moore, Water Resources Manager

**Resolution Approving the Amended and Restated intergovernmental Agreement (IGA) for Water Service between the Dominion Water and Sanitation District, Acting in its Capacity as a Water Activity Enterprise, and the Town of Castle Rock, Acting Through the Town of Castle Rock Water Enterprise [Castle Rock Water's distribution and transmission system inside the Town of Castle Rock to connection on the Northwest side of Town at the edge of unincorporated Douglas County, Colorado]**

**Town Council Agenda Date:** February 17, 2026

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### Executive Summary

Castle Rock Water (CRW) is seeking Town Council approval of a Resolution (**Attachment A**) amending and restating the 2016 Firming Service Water Service Intergovernmental Agreement (IGA) (see **Exhibit 1**) between Castle Rock and Dominion Water and Sanitation District (Dominion). The purpose for amending and restating this agreement is to clarify the mechanics and accounting and billing aspects of the agreement, improve the understanding of the implementation of the agreement between the parties, clarify how the 2014 IGA and this amended and restated Firming Service IGA work together, update the agreement to reflect the final resources that are the subject of the agreement, and revise and simplify the approach for Dominion to replace their non-renewable water supply over time.

The key purpose of this Firming Service IGA is to provide Dominion with a water supply to firm the first 700-acre feet (AF) of their WISE subscription (WISE 700). In exchange for this service, Dominion has provided a non-renewable water resource, paid and continues to pay system development fees to CRW, contributed funding to capital assets for CRW, and committed to replacing the non-renewable water resource over time with a renewable resource through funding to CRW.

Key aspects of the amended and restated IGA include:

- Creating consistency and clarity between the 2014 IGA and the Firming Service IGA in water accounting in accordance with an accounting spreadsheet that is an exhibit to the Firming Service IGA;

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**Item #: 6. File #: WC 2026-006**

- Clarifying that billing and accounting will occur monthly and will be based on the WISE water year, with annual reconciliation in July of each year.
- Formalizing the capacity limitations in the Firming Service IGA (0.685 million gallons per day capacity cap and 700 AF per year maximum firming).
- Restating the remaining system development fees to be paid by Dominion which account to \$753,500 and the timeframe for payment (5 years)
- Clarifying the rates associated with each type of water supply in the 2014 and Firming Service IGAs; and
- Creating a revised and simplified approach to replacement of the non-renewable water supply Dominion dedicated to CRW and attaching that replacement to the percent usage annually of the total allowed withdrawal (also known as the total legal supply available) from the non-renewable wells Dominion originally provided. The replacement calculation is based on CRW's most current renewable Water Resources System Development Fee and includes a 25% surcharge.

The rate that Castle Rock will charge Dominion for Firming Service is \$6.17 per 1,000 gallons under the current year's rate. The calculation of the rate will continue to be updated on an annual basis. Dominion began taking deliveries under the 2014 IGA in May 2025 and utilized the Firming Service IGA in November 2025, when WISE was offline for annual maintenance activities.

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

On December 11, 2013, CRW Water Commission recommended approval of the 2014 Water Service IGA by Council.

On January 7, 2014, Town Council approved the 2014 Water Service IGA.

On August 24, 2016, CRW Water Commission recommended approval of the 2016 Firming Service IGA by Council.

On September 29, 2016, Town Council approved the 2016 Firming Service IGA.

On May 21, 2019, Town Council approved the First Amendment to the 2014 Water Service IGA.

On April 15, 2025, Town Council approved the Second Amendment to the 2014 Water Service IGA.

On July 23, 2025, CRW Water Commission recommended approval of the Amended and Restated Firming Service IGA by Council.

**Discussion**

CRW has two agreements related to moving water supplies through our distribution and transmission system for Dominion Water, the 2014 Water Service IGA and the 2016 Firming Service Agreement. The Firming Service IGA also provides actual firming water supplies to Dominion during times when WISE water may not be available. CRW is proposing an amended and restated Firming Service Agreement to clarify aspects of the 2016 version and ensure compatibility with the 2014 Water Service IGA. The 2014 Water Service IGA started to move water last year in May. Per the 2014

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**Item #: 6. File #: WC 2026-006**

Dominion Wheeling IGA, Dominion will have the ability to move up to 4.0 million gallons per day (MGD) of their water through the Town's system and other facilities shared by the Town and Dominion up to a maximum annual total of 4,500 AF. The Firming Service IGA requires CRW to provide up to 0.685 MGD of additional water supply up to a maximum annual amount of 700 AF.

Under the Firming Service IGA, Dominion provided CRW with 400 AF of non-renewable groundwater supply with water banking provisions for an annual supply up to 700 AF. CRW has been able to utilize these supplies since they were dedicated in 2016 and added to CRW's combined well field water rights decree. In November 2025, CRW was able to use this supply for Dominion, securing deliveries to Dominion when WISE was offline for several weeks due to maintenance activities at Aurora's Binney WTP. Water delivered to Dominion through the 2014 Water Service IGA and the Firming Service IGA is supplied to Dominion at the Dominion connection point (located on the northwestern side of Town, near Atrium drive and Highway 85, which feeds into Dominion's Eastern Regional Pipeline). Dominion's water supplies are received through CRW's WISE connection, see **Attachment B**.

As part of the Dominion Firming Service IGA, Dominion was required to provide non-renewable water supplies, system development fees and funding for CRW capital assets. The water supply was provided in 2016. Since signing the IGA, Dominion has made the following payments as part of the IGA - \$5,834,642.50 total received.

- Initial Payment: \$3,000,000, paid 11/22/2017
- Wells Payment (Founders wells 226 and 227): \$1,937,192.89, paid 9/24/2019
- ASR Wells Payment (RW wells 232 and 233): \$897,449.61, paid 10/3/2022

Dominion has a remaining balance of \$753,500 in system development fees through the Firming Service IGA to be paid over the next five years. In exchange for the firming service CRW provides through this IGA, CRW gets the following additional benefits:

- Dominion pays for transmission of all water supplies through our system with a 5% loss provided to CRW.
- For any WISE 700 water retimed by Dominion in CRW's system, CRW receives a 10% provision of the renewable water supply for use and reuse to extinction at no cost; and
- Dominion pays for all firming supplies at a competitive retail rate which will provide revenues for CRW and better utilize capital assets.

All firming water supplies must be replaced over time by Dominion, as used, by paying our renewable water resources fee plus a 25% surcharge.

### **Budget Impact**

The Firming Service Agreement has positive impacts on the Water Resources budget by providing several revenue streams as noted in the Discussion section.

### **Staff Recommendation**

Staff recommends Town Council approve the amended and restated Firming Service IGA.

**Proposed Motion**

*"I move to recommend to Town Council approval of the Resolution as presented"*

**Attachments**

Attachment A: Resolution **(Not Attached)**  
Exhibit 1: Amended Agreement **(Not Attached)**  
Attachment B: Map



## Dominion and WISE Delivery Points



### Legend

- ★ Delivery Point
- Water Main

0 0.5 1  
Miles

Creation Date: 1/22/2026

Disclaimer: If you are unable to access any portion of this map due to a disability as defined under Colorado House Bill 21-1110, we are here to help! Please call us at 303-663-4440, email the Town's accessibility team at [accessibility@CRgov.com](mailto:accessibility@CRgov.com) or submit an accommodation request form at [CRgov.com/A11yRequest](http://CRgov.com/A11yRequest).



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 1/28/2026

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**Item #:** 7. **File #:** WC 2026-007

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**To:** Members of the Castle Rock Water Commission

**From:** Mark Marlowe, P.E., Director of Castle Rock Water

**Update: Douglas County Water Plan**

**Town Council Agenda Date:** February 17, 2026

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### **Executive Summary**

This will be a presentation only item.



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 1/28/2026

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**Item #:** 8. **File #:** WC 2026-008

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**To:** Members of the Castle Rock Water Commission

**From:** Mark Marlowe, P.E., Director of Castle Rock Water  
Mark Henderson, Assistant Director of Castle Rock Water

**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]  
Town Council Agenda Date: January 20, 2026**

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### Executive Summary

Attached is a copy of the Council packet for the above referenced project for your information.

### Attachments

Attachment A: TC Packet Pinery/WISE Purchase Agreement



## **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]**

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### **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, Ridgegate 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 Ridgegate 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, Outer 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

## **RESOLUTION NO. 2026-008**

### **A RESOLUTION APPROVING INTERGOVERNMENTAL AGREEMENTS BY AND BETWEEN THE TOWN OF CASTLE ROCK, ACTING BY AND THROUGH THE CASTLE ROCK WATER ENTERPRISE, AND DENVER SOUTHEAST SUBURBAN WATER & SANITATION DISTRICT D/B/A PINERY WATER & SANITATION DISTRICT, FOR THE PURCHASE AND SALE OF RIGHTS IN THE WISE PROJECT AND WISE INFRASTRUCTURE CAPACITY AND FOR THE DELIVERY OF WATER**

**WHEREAS**, the Town of Castle Rock, acting by and through the Castle Rock Water Enterprise (the “Town”), and Denver Southeast Suburban Water & Sanitation District d/b/a Pinery Water & Sanitation District (the “District”) are parties to the South Metro WISE Authority (the “Authority”) Formation and Organizational Intergovernmental Agreement (“Organizational Agreement”); and

**WHEREAS**, the Organizational Agreement, as amended, sets forth the members’ subscription amounts in the Water Infrastructure Supply Efficiency Project (the “WISE Project”) and the members’ rights and obligations arising therefrom (collectively, the “WISE Project Rights”); and

**WHEREAS**, the District’s WISE Project Rights are currently 500 acre-feet, which amount is equal to a 5% pro-rata share of the total capacity in the WISE Project; and

**WHEREAS**, pursuant to Section 14 of the Organizational Agreement, members of the Authority are authorized to sell and convey their rights in the WISE Project to one or more other Authority members without restriction; and

**WHEREAS**, the Town desires to purchase 250 acre-feet of the District’s WISE Project Rights, as well as the District’s shares in the East Cherry Creek Valley Western Pipeline, the Binney Water Purification Facility and Pump Station Connection, the DIA Connection, the Ridgegate Pipeline, and all other appurtenant infrastructure, including a future commitment to fund salinity management infrastructure; and

**WHEREAS**, the Town and the District have negotiated the terms and conditions of intergovernmental agreements for (i) the purchase and sale of a portion of the District’s rights in the WISE project and WISE infrastructure capacity and, in connection therewith, (ii) the delivery of wholesale water service from the Town to the District (collectively, the “IGAs”); and

**WHEREAS**, at their meeting on August 27, 2025, the Castle Rock Water Commission voted unanimously to recommend Town Council approval of the IGAs; and

**WHEREAS**, the Town Council hereby finds and determines that it is in the best interests of the Town and its residents to enter into the IGAs with the District.

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

**Section 1. Approval-PSA.** The Intergovernmental Agreement by and between the Town of Castle Rock, acting by and through the Castle Rock Water Enterprise, and Denver Southeast Suburban Water & Sanitation District d/b/a Pinery Water & Sanitation District for Purchase and Sale of Rights in the WISE Project and WISE Infrastructure Capacity (the “PSA”) is hereby approved in substantially the same form as presented at tonight’s meeting, with such technical changes, additions, modifications, deletions, or amendments as the Town Manager may approve upon consultation with the Town Attorney. The Mayor and other proper Town officials are hereby authorized to execute the Agreement and any technical amendments thereto by and on behalf of the Town.

**Section 2. Approval-WDA.** The Intergovernmental Agreement by and between the Town of Castle Rock, acting by and through the Castle Rock Water Enterprise, and Denver Southeast Suburban Water & Sanitation District d/b/a Pinery Water & Sanitation District (Water Delivery Agreement)(the “WDA”) is hereby approved in substantially the same form as presented at tonight’s meeting, with such technical changes, additions, modifications, deletions, or amendments as the Town Manager may approve upon consultation with the Town Attorney. The Mayor and other proper Town officials are hereby authorized to execute the Agreement and any technical amendments thereto by and on behalf of the Town.

**Section 3. Encumbrance and Authorization for Payment.** In order to meet the Town’s financial obligations under the PSA, the Town Council authorizes the expenditure and payment in an amount not to exceed \$2,138,388.05, unless otherwise authorized in writing by the Town.

**PASSED, APPROVED AND ADOPTED** this 20th day of January, 2026, by the Town Council of the Town of Castle Rock, Colorado, on first and final reading by a vote of    for and    against.

**ATTEST:**

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Lisa Anderson, Town Clerk

**Approved as to form:**

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Michael J. Hyman, Town Attorney

**TOWN OF CASTLE ROCK:**

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Jason Gray, Mayor

**Approved as to content:**

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Mark Marlowe, Director, Castle Rock Water

## **AGREEMENT FOR PURCHASE AND SALE OF RIGHTS IN THE WISE PROJECT AND WISE INFRASTRUCTURE CAPACITY**

This Agreement for Purchase and Sale of WISE Capacity (“Agreement”) is made and entered into this 20th day of January, 2026, and is by and between the Town of Castle Rock, a home rule municipality and political subdivision of the State of Colorado (“Castle Rock”), acting by and through the Castle Rock Water Enterprise, and Denver Southeast Suburban Water & Sanitation District d/b/a Pinery Water & Sanitation District, a quasi-municipal corporation and political subdivision of the State of Colorado (“Pinery”).

### **RECITALS**

A. Pinery and Castle Rock are parties to the South Metro WISE Authority Formation and Organizational Intergovernmental Agreement (“Organizational Agreement”) the primary purpose of which is to create the South Metro WISE Authority (“Authority”) to facilitate the WISE Project; and

B. The Organizational Agreement, as amended, sets forth the Members’ Subscription Amounts in the WISE Project and the Members’ rights and obligations arising therefrom (“Members WISE Project Rights”); and

C. The Pinery’s Members WISE Project Rights are currently 500 acre-feet (ac-ft), equal to a 5% Pro-Rata Share; and

D. Pursuant to Section 14 of the Organizational Agreement, Members of the Authority are authorized to sell and convey their rights in the Members WISE Project Rights to one or more other Authority Members without restriction; and

E. Castle Rock desires to purchase 250 ac-ft of the Pinery’s Members WISE Project Rights subject to the terms and conditions contained herein; and

F. The Authority is a party to the Purchase Agreement effective September 18, 2014 (“Purchase Agreement”) for the East Cherry Creek Valley Western Pipeline (the “Western Pipeline”) and the State Land Board Line (the “SLB Pipeline”) which defines assets purchased by the WISE Authority; and

G. The Authority, East Cherry Creek Valley Water & Sanitation District, and the City and County of Denver Acting by and through its Board of Water Commissioners, are parties to that certain Agreement for the Operation of Shared Infrastructure, fully executed as of October 21, 2014, as amended, which sets forth, in part, the obligations of the parties thereto related to cost sharing for capital replacements, capital improvements, operations, and maintenance of Shared Facilities (as defined therein), which includes the Western Pipeline; and

H. Pinery holds a right to capacity in the Western Pipeline and SLB Pipeline as described in **Exhibit A** attached hereto (“Members Pipeline Capacity”) and desires to sell to Castle

Rock a portion of its respective Members Pipeline Capacity in the Western Pipeline (including appurtenant capacity in the Smoky Hill Tank and other improvements) and in the SLB Pipeline; and

I. Castle Rock desires to purchase a portion of Pinery's Members Pipeline Capacity subject to the terms and conditions contained herein; and

J. The Authority is a party to that certain Amended and Restated WISE Partnership-Water Delivery Agreement effective October 21, 2014 (the "WDA"), that certain Agreement for the Operation of Shared Infrastructure (the "OSI") dated October 21, 2014, that certain Modifications Agreement effective October 21, 2014 ("Mods Agreement"), and other agreements, which collectively set forth the benefits and obligations of Authority Members regarding the Binney Water Purification Facility (the "Binney Plant") located north of the Aurora Reservoir and the associated Binney Plant Connection, the Denver International Airport (DIA) Connection (the "DIA Connection") located near the Denver International Airport, and the implementation of a total dissolved solids (TDS) management solution ("Salinity Management") (collectively, the "Binney Agreements"); and

K. As a Member of the Authority, Castle Rock agrees that it has reviewed and is familiar with each agreement pertaining to a Member's benefits and obligations regarding the assets to be transferred herein, regardless of whether such agreement is specifically identified above; and

L. Pinery holds a right to capacity in the Binney Pump Station and Binney Pump Station Connection as described in **Exhibit A** attached hereto ("Members Binney Capacity"); and

M. Castle Rock desires to purchase a portion of the Pinery's Members Binney Capacity subject to the terms and conditions contained herein; and

N. Pinery holds a right to capacity in the DIA Connection as described in **Exhibit A** attached hereto ("Members DIA Capacity"); and

O. Castle Rock desires to purchase a portion of the Pinery's Members DIA Capacity subject to the terms and conditions contained herein; and

P. Castle Rock and Pinery are party to the Intergovernmental Water Infrastructure Cost Sharing, Construction and Capacity Allocation Agreement (the "Ridgegate Construction Agreement") dated June 6, 2016, and other agreements, which collectively set forth the benefits and obligations of Ridgegate Members regarding the Ridgegate Pipeline (collectively, "the Ridgegate Agreements"); and

Q. Pursuant to Section 4 of the Ridgegate Construction Agreement, Parties are authorized to sell and convey their rights in the Ridgegate Pipeline to one or more other Parties without restriction; and

R. Pinery holds a right to capacity in the Ridgegate Pipeline as described in **Exhibit A** attached hereto ("Members Ridgegate Pipeline Capacity") and desires to sell to Castle Rock a

portion of its respective Members Ridgegate Pipeline Capacity in exclusively the Ridgegate Pipeline;

S. Castle Rock desires to purchase a portion of the Pinery's capacity in the Ridgegate Pipeline subject to the terms and conditions contained herein;

T. Pinery and Castle Rock are members of the Cherry Creek Project Water Authority ("CCPWA"), a quasi-municipal corporation and political subdivision of the State of Colorado established pursuant to Section 18(2)(a) of Article XIV of the Colorado Constitution and C.R.S. §§ 29-1-203 and 204.2;

U. Castle Rock and Pinery are parties to that certain Intergovernmental Agreement Between Denver Southeast Suburban Water & Sanitation District D/B/A Pinery Water & Wastewater District and The Town Of Castle Rock (Cherry Creek Project Water Authority Water Delivery Agreement) dated May 17, 2022 (the "Delivery Agreement"); and

V. The Delivery Agreement sets forth the terms and conditions upon which the Parties agreed to operate a pipeline connection between the Parties' respective service areas (the "Interconnect"), among other agreements related thereto.

Castle Rock and Pinery intend that this Agreement set forth their entire understanding and agreement regarding the terms and conditions upon which Pinery is selling a portion of its respective Members Pipeline Capacity in the Western Pipeline, its respective Members Binney Capacity, and its respective capacity in the Ridgegate Pipeline. It is the intention of the parties that all prior negotiations, discussions, offers and agreements between them regarding the purchase of such rights be merged and incorporated in this Agreement, except as otherwise stated. For purposes of this Agreement, "Members Pipeline Capacity", "Members Binney Capacity", "Members DIA Capacity", and "Members Ridgegate Pipeline Capacity" are sometimes jointly referred to herein as "Members Capacity".

## AGREEMENT

In consideration of the mutual promises and covenants herein contained, and the recitals set forth above which are hereby incorporated, Castle Rock and Pinery agree as follows:

1. Definitions. All capitalized terms in this Agreement not otherwise defined herein shall have the meaning as defined in the Organizational Agreement, the WDA, the OSI, the Mods Agreement, and/or the Ridgegate Construction Agreement as the case may be.

2. Sale of Members Rights and Capacity. Subject to the terms of this Agreement, Pinery agrees to sell to Castle Rock a portion of its respective Members WISE Project Rights, Members Pipeline Capacity, its respective Members Binney Capacity, its respective Members DIA Capacity, and its respective Ridgegate Pipeline capacity, each as described in **Exhibit A** (the "Purchased Shares") and transfer to Castle Rock all rights and responsibilities of Pinery associated with the Purchased Shares pursuant to the Organizational Agreement, the Binney Agreements, and the Ridgegate Agreements.

3. Consideration.

a. Purchase Price and Terms. The total purchase price for the Purchased Shares is Two Million One Hundred Thirty-Eight Thousand Three Hundred Eighty-Eight and 05/100 Dollars (**\$2,138,388.05**) (the “Purchase Price”). The Purchase Price shall be paid in full on or before January 31, 2026, and shall be made in funds which comply with all applicable Colorado laws, which include cash, electronic transfer funds, certified check, savings and loan teller’s check and cashier’s check (“Good Funds”) delivered as instructed by Pinery.

b. Additional Consideration. In addition to the Purchase Price, Castle Rock covenants and agrees as follows:

- i. Castle Rock will enter into an intergovernmental agreement in the form attached hereto as **Exhibit B**, whereby Castle Rock will agree to provide the Pinery with water service via the Interconnect on a wholesale basis, up to 0.75 million gallons per day (mgd) during the month of June, July and August, with the actual amounts of water provided on an as-needed and as-available basis with as-available determined solely at the discretion of Castle Rock;
- ii. Castle Rock agrees not to participate in the expansion of Walker Reservoir and will support the District during negotiations with other CCPWA members to secure to the Pinery the maximum possible amount of capacity in the event of an expansion of Walker Reservoir; and
- iii. In the event that Cottonwood, Inverness, and/or any other CCPWA member, decides to sell their interest in CCPWA, Castle Rock agrees that the Pinery shall have the right of first refusal to purchase such interest and increase the Pinery’s membership rights in the CCPWA, up to fifty percent (50%).

4. Delivery of Purchased Shares. Upon receipt of the Purchase Price, Pinery shall deliver to Castle Rock an executed Bill of Sale (the “Bill of Sale”) in the form attached hereto as **Exhibit C**. Upon delivery of the Bill of Sale, Castle Rock shall have full use of the Purchased Shares and shall be fully responsible for the costs allocated to the Members that are based on the Members Pipeline Capacity, Members Binney Capacity, and the Ridgegate Pipeline Capacity attributable to the Purchased Shares, pursuant to Section 6 of the Organizational Agreement, the Binney Agreements, and the Ridgegate Agreements respectively. Castle Rock and Pinery shall notify the Authority of the new allocation of their respective Members Capacity resulting from this Agreement as set forth in **Exhibit A**.

5. Representations, Covenants, and Agreements of Pinery. Pinery represents and covenants as follows:

a. Pinery is a political subdivision duly organized and existing under the Constitution and laws of the State of Colorado. Pinery has taken all necessary actions and is duly authorized to enter into this Agreement and to carry out its obligations hereunder.

b. There is no litigation or proceeding pending or, to the best of Pinery’s knowledge, threatened against Pinery affecting the right of Pinery to execute this Agreement or

the ability of Pinery to take the actions required hereunder or to otherwise comply with the obligations contained herein.

c. Pinery covenants and agrees to comply with any applicable covenants and requirements set forth in the Organizational Agreement, the Binney Agreements, and the Ridgegate Agreements and to take such actions as necessary to facilitate the transfer of the Purchased Shares pursuant to the terms thereof.

6. Representations and Covenants of Castle Rock. Castle Rock represents and covenants as follows:

a. Castle Rock is a political subdivision of the State of Colorado which has the lawful authority to acquire the Purchased Shares from Pinery.

b. Castle Rock shall not pledge or assign its right, title and interest in and to: (1) this Agreement; or (2) the Purchased Shares and attendant rights and obligations that may be derived under this Agreement or assign, pledge, mortgage, encumber or grant a security interest in its right, title and interest in, to and under this Agreement or the Purchased Shares until such time as the Purchase Price has been delivered to Pinery.

c. There is no litigation or proceeding pending against Castle Rock affecting the right of Castle Rock to enter into this Agreement and perform its obligations hereunder or thereunder.

d. Castle Rock shall be responsible for applying for, obtaining, and complying with any and all necessary requirements for Castle Rock's use of the Purchased Shares under the Organizational Agreement, the Binney Agreements, and the Ridgegate Agreements and to take all actions necessary to facilitate the transfer of the Purchased Shares pursuant thereto.

7. Future Cooperation. Pinery and Castle Rock, for themselves, their respective agents, representatives and assigns, agree to provide to each other and the Authority, its agents, representatives, experts and attorneys, such information and documentation as may be reasonably necessary to implement this Agreement.

8. Notices. Notices under this Agreement and other mailings to the parties shall be sent to the parties at the address for notifications on file with the Authority and a copy of any notices hereunder shall be sent to the Authority.

9. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

10. Anti-Merger Clause. This Agreement shall not merge with either the Organizational Agreement, the Binney Agreements, or the Ridgegate Agreements referenced herein.

11. Execution. This Agreement may be executed in duplicate originals as of the date first above written. When each party has executed a copy thereof, such copies taken together shall

be deemed a full and complete agreement between the parties. The date last signed by either party shall be the execution date.

12. Agents. Castle Rock and Pinery each warrant that neither has retained any real estate broker or real estate agent who would be due a commission or other fee as a result of the closing of this transaction.

13. Modification of Agreement. No subsequent modification of any of the terms of this Agreement shall be valid or enforceable unless made in writing and signed by both parties hereto.

14. No Third Party Beneficiaries. It is expressly understood and agreed that enforcement of the terms and conditions of this Agreement, and all rights of action relating to such enforcement, shall be strictly reserved to Castle Rock and Pinery, and their respective successors and assigns, and nothing contained in this Agreement shall give or allow any such claim or right of action by any other or third person on this Agreement. It is the express intention of Castle Rock and Pinery that any person other than Castle Rock or Pinery receiving services or benefits under this Agreement shall be deemed to be an incidental beneficiary only.

15. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

16. Governing Law. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Colorado. Any legal action concerning the provisions hereof shall be brought in Douglas County, Colorado.

17. Non-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 §§ 24-10-101, *et. seq.*, as the same may be amended.

18. Entire Agreement. This Agreement constitutes the entire understanding between the parties relating to the subject thereof and any prior agreements pertaining thereto, whether oral or written, have been merged and integrated into this Agreement.

**[Signature Page Follows]**

IN WITNESS WHEREOF, Castle Rock and Pinery have executed this Agreement as of the date first set forth above.

**PINERY:**

**Denver Southeast Suburban Water and Sanitation District d/b/a Pinery Water and Wastewater District**

By: \_\_\_\_\_  
Walter Partridge, Chairman

ATTEST:

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Jim McGannon, Secretary

ATTEST:

**TOWN OF CASTLE ROCK**

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Lisa Anderson, Town Clerk

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Jason Gray, Mayor

Approved as to form:

Approved as to content:

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Michael J. Hyman, Town Attorney

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Mark Marlowe, Director, Castle Rock Water

**EXHIBIT A**

	<b>Pinery Current Capacity Owned</b>	<b>Cost to Date (USD)</b>	<b>TCR Capacity to purchase</b>	<b>Cost to TCR (USD)</b>
WISE Project Rights*	500 AF	\$972,040.89	250 AF	\$486,020.45
Western Pipeline and Modifications	0.50 mgd	\$1,171,376.86	0.25 mgd	\$585,688.43
DIA Connection	500 AF	\$734,368.95	250 AF	\$367,184.47
Binney Pump Station and Connection	0.50 mgd	\$762,054.94	0.25 mgd	\$381,027.47
Ridgegate Pipeline	0.50 mgd	\$613,982.21	0.25 mgd	\$306,991.11
Salinity Management Project	500 AF	\$22,952.25	250 AF	\$11,476.13
SLB Pipeline	N/A	N/A	Pro-rated based on WISE Authority Records	\$0.00
			<b>TOTAL</b>	<b>\$2,138,388.05</b>

\* Includes South Metro WISE Authority Operations and costs and Operational Reserve

**EXHIBIT B**

**[FORM OF INTERGOVERNMENTAL AGREEMENT]**

**INTERGOVERNMENTAL AGREEMENT BETWEEN  
DENVER SOUTHEAST SUBURBAN WATER &  
SANITATION DISTRICT D/B/A PINERY WATER &  
WASTEWATER DISTRICT  
AND THE TOWN OF CASTLE ROCK  
(WATER DELIVERY AGREEMENT)**

THIS INTERGOVERNMENTAL AGREEMENT (the “Agreement”) is made and entered into this 20th day of January, 2026 (the “Effective Date”), by and between **DENVER SOUTHEAST SUBURBAN WATER & SANITATION DISTRICT D/B/A PINERY WATER & WASTEWATER DISTRICT**, a quasi-municipal corporation and political subdivision of the State of Colorado (“Pinery”) and **THE TOWN OF CASTLE ROCK, A HOME RULE MUNICIPAL CORPORATION, ACTING BY AND THROUGH THE TOWN OF 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; and

**WHEREAS**, each of the Parties operates a water delivery system to provide water service to their customers; and

**WHEREAS**, the Parties entered into the Emergency Connection and Reimbursement Agreement dated December 22, 2011 related to the provision of potable water during emergencies (the “Emergency Interconnect IGA”); and

**WHEREAS**, the pursuant to the Emergency Interconnect IGA, the parties constructed the Interconnect; and

**WHEREAS**, the Parties entered into the Intergovernmental Agreement Between Denver Southeast Suburban Water and Sanitation District d/b/a/ Pinery Water & Wastewater District and the Town of Castle Rock (Cherry Creek Project Water Authority Water Delivery Agreement) dated May 17, 2022 related to delivery of the Castle Rock’s interest in the Cherry Creek Project Water Authority (“CCPWA”) water via the Interconnect (the “CCPWA IGA”); and

**WHEREAS**, Pinery desires to receive water service via the Interconnect on a wholesale basis; and

**WHEREAS**, Castle Rock is willing to provide wholesale water service to Pinery via the Interconnect, subject to the terms of this Agreement.

**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. "Interconnect" means the existing pipeline connection between Castle Rock's water system and the Pinery's water system whereby potable water may be delivered from one party to the other party near Mentha Drive and Carefree Trail along the Parties' service boundaries depicted on map identified as **Exhibit A** to this Agreement. The Interconnect is used to deliver water pursuant to the Emergency Interconnect IGA, the CCPWA IGA and this Agreement.
- B. "MGD" means million gallons per day.
- C. "AF" means acre-feet.
- D. "KGal" means per 1000 gallons.
- E. "Castle Rock WISE Water Cost" means the total cost incurred by the Town to obtain delivery of water pursuant to Castle Rock's participation in South Metro WISE Authority, including the cost of WISE Water plus all costs of pumping and transmitting WISE Water through infrastructure owned by Castle Rock and third parties.
- F. "WISE Water" means water delivered to Castle Rock based on its participation in the South Metro WISE Authority.
- G. "Pinery Rate" means the then-current delivery rate charged to Pinery per KGal.

2. **RATE AND VOLUME OF WATER.** Pursuant to this Agreement, Castle Rock agrees to deliver to up to 0.75 MGD of potable water to the Pinery through the Interconnect during the months of June, July, and August, with the actual amounts of water provided on an as-needed and as-available basis. The maximum volume shall not exceed 71.3 AF per month or 209.5 AF feet annually. The minimum volume is 0 AF. Castle Rock shall have sole discretion to determine whether Castle Rock has water available for delivery to the Pinery. This is in addition to any water Pinery is authorized to take, pursuant to the Emergency Interconnect IGA.

3. **QUALITY OF WATER.** All water delivered from Castle Rock to Pinery through the Interconnect pursuant to this Agreement 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 Water Regulations (5 CCR 1002-1), as amended from time to time. If either party becomes aware of any degradation in water quality that falls below these regulatory requirements, such party shall immediately notify the other party of such fact and cease all deliveries of water until such degradation is remedied.

4. **DELIVERY WATER RATE.** For water deliveries to Pinery pursuant to this Agreement, Pinery agrees to pay the Pinery Rate. The Pinery Rate shall be equal to Castle Rock WISE Water Cost. The Castle Rock WISE Water Cost is \$10.07 per KGal in 2026. The Castle Rock WISE Water Costs will be updated annually in accordance with Castle Rock's standard rate making process. Castle Rock shall provide Pinery written notice of any change to the Pinery Rate before

the end of each calendar year. Castle Rock shall invoice the Pinery monthly for any water deliveries. Pinery shall pay Castle Rock within forty-five (45) days of receipt of the invoices.

**5. NOTICE OF REQUEST FOR DELIVERIES.** The Pinery shall provide written notice to Castle Rock seven (7) days in advance of its desire to receive water through the Interconnect under this Agreement. The notice shall include the flow rate in MGD, the volume per month in AF and total volume in AF. As soon as practicable, the Town shall inform Pinery in writing of the flow rate and volume of water available and the anticipated commencement of deliveries under the Agreement.

**6. CAPITAL IMPROVEMENTS AND COSTS.**

A. The Pinery is responsible for making and infrastructure upgrades downstream of the Interconnect necessary to take delivery of water from Castle Rock through the Interconnect. The Pinery is responsible all costs associated with the upgrades, including but not limited to design, permitting, construction, operation, maintenance, repair and replacement costs.

B. The Pinery and Castle Rock shall enter into a separate agreement, if there are any infrastructure upgrades needed upstream of the Interconnect to make deliveries of water to Pinery through the Interconnect. Castle Rock agrees to cooperate with the Pinery on any upgrades upstream of the Interconnect.

C. The ownership of and maintenance obligations for the Interconnect are governed by Sections 2, 3 and 6 of the Emergency Interconnect IGA.

**7. REUSABLE WATER RIGHTS.** If Castle Rock's water delivered to the Pinery under this Agreement is decreed for use, reuse and successive use to extinction, then Pinery will have the right to reuse that water to extinction. Castle Rock has no obligation to provide any specific water to Pinery or to provide Pinery with water available for reuse and successive use to extinction. Despite references to WISE Water and the WISE Water Rate, the Town has no obligation to deliver WISE Water to Pinery.

**8. ACCOUNTING FOR WATER DELIVERIES.** The water delivered by Castle Rock to Pinery at the Interconnect under this Agreement shall be measured through a water meter with an expected range of flows within a +/- 1% accuracy. Castle Rock shall read the meter and provide accounting to Pinery on a monthly basis. The accounting shall indicate whether the water is available for reuse and successive use to extinction.

**9. DEFAULT/REMEDIES.** The failure of either Party ("Defaulting Party") to perform any material covenant, agreement, obligation or provision of this Agreement shall constitute an event of default ("Default"). In the event that one Party deems the other Party to be in Default, it shall provide written notice indicating the Default. The Defaulting Party shall have thirty (30) days from the date of the notice to cure the Default or, if such Default is not capable of being cured within thirty (30) days, cure of such Default shall commence and be diligently pursued to completion. In no event shall the cure period exceed thirty (30) days for monetary Defaults, or sixty (60) days for

non-monetary Defaults, except by written consent of the non-Defaulting Party. In the event the Defaulting Party fails to cure the Default in accordance with this Section, the non- Defaulting Party may pursue all available remedies at law or equity. In any legal action, to the extent allowed by law, the prevailing Party shall be entitled to recover its reasonable attorney's fees and litigation costs from the other Party.

## 10. MISCELLANEOUS.

A. Appropriations. Any monetary obligation under this Agreement shall be subject to annual appropriation by the governing body of each Party. A failure of either Party to appropriate any annual monies required under this Agreement shall result in the termination of this Agreement on December 31 of the last calendar year for which such monies were appropriated. In such event, each Party's only financial obligation shall be the payment of fees and expenses incurred up to and including the effective date of termination. Nothing set forth herein shall make or constitute this Agreement as a multiple-year fiscal obligation of either Party, nor shall it constitute or create a debt on the part of either Party.

B. Governing Law and Venue. The Parties hereto agree that exclusive jurisdiction and venue for the resolution of any dispute relating to this Agreement shall lie in the District Court for Douglas County, State of Colorado.

C. Entire Agreement. This Agreement and the Emergency Interconnect IGA constitute the entire agreement between the parties relating to the subject matter thereof, and there are no prior or contemporaneous agreements, either oral or written, relating to the subject matter hereof except as expressly set forth herein.

D. Conflict Between Agreements. The Emergency Interconnect IGA shall remain in full force and effect. In the event of an irreconcilable conflict between this Agreement and the Emergency Interconnect IGA, the terms of this Agreement shall govern.

E. Agreement Modification. The Agreement may not be amended, altered, or otherwise changed except by a written agreement between the Parties.

F. Counterpart Execution. The Agreement may be executed in one or more counterparts, each of which when executed shall be deemed an original, all of which together shall constitute one and the same instrument. Executed copies hereof may be delivered by electronic delivery and, upon receipt, shall be deemed originals and binding upon the parties hereto.

G. Governmental Immunity. Nothing in this Agreement shall be construed to waive, limit, or otherwise modify, in whole or in part, any governmental immunity that may be available by law to the Parties or their officials, employees, contractors, or agents, or any other person acting on behalf of the Parties and, in particular, governmental immunity that may be afforded or available to the Parties pursuant to the Colorado Governmental Immunity Act, Title 24, Article 10, Part 1 of the Colorado Revised Statutes.

H. Assignability. This Agreement may be assigned, pledged or transferred, in whole or in part, by either Party, but only with the prior written consent of the other Party to this Agreement.

I. No Public Dedication/No Third-Party Beneficiary. Nothing contained herein shall be deemed to be a grant or dedication of any rights or use to the public in general, and no third-party beneficiary interests are created nor intended to be created by this Agreement.

J. Headings for Convenience. The headings and captions in this Agreement are intended solely for the convenience of reference and shall be given no effect in the construction or interpretation of this Agreement.

K. Notice. Any notice required or permitted by this Agreement shall be in writing and shall be deemed to have been sufficiently given for all purposes if sent by certified mail or registered mail, postage and fees prepaid, addressed to the party to whom such notice is to be given, at the address set forth below, or at such other address as has been previously furnished in writing, to the other party. Such notice shall be deemed to have been given three (3) days after deposit in the United States mail.

If to Castle Rock:	Town of Castle Rock Attn: Director of Castle Rock Water 175 Kellogg Court Castle Rock, CO 80109
with copy to:	Town of Castle Rock Attn: Town Attorney 100 N. Wilcox Street Castle Rock, CO 80104

If to Pinery:	Pinery Water and Wastewater District Attn: District Manager 5242 Old Schoolhouse Rd Parker, CO 80134
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with copy to:	c/o: Folkestad Fazekas Barrick & Patoile, P.C. Attn.: Joe D. Kinlaw, General Counsel 18 S. Wilcox Street, Suite 200 Castle Rock, CO 80104
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L. No Waiver. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other of the provisions of this Agreement, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided herein, nor shall the waiver of any default hereunder be deemed a waiver of any subsequent default hereunder.

K. Recordation. The Parties agree that this Agreement shall be recorded in the records

of the Clerk and Recorder for Douglas County, Colorado.

L. Binding Agreement. The benefits and burdens of this Agreement shall inure to and be binding upon the successors and assigns of the Parties.

M. Definitions and Interpretations. Except as otherwise provided herein, nouns, pronouns and variations thereof shall be deemed to refer to the singular or plural, and masculine or feminine, as the context may require. Any reference to a policy, procedure, law, regulation, rule or document shall mean such policy, procedure, law, regulation, rule or document as it may be amended from time to time.

N. Effect of Invalidity. If any provision of this Agreement is held illegal, invalid or unenforceable under present or future applicable law, such provision will be fully severable and this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision was not a part hereof.

O. Force Majeure. Subject to the terms and conditions of this paragraph, no party to this Agreement shall be liable for any delay or failure to perform under this Agreement due solely to conditions or events of force majeure, as that term is specifically defined herein; provided that: i) the non-performing party gives the other party prompt written notice describing the particulars of the occurrence of the force majeure; ii) the suspension of performance is of no greater scope and of no longer duration than is required by the force majeure event or condition; and iii) the non-performing party proceeds with all necessary diligence to remedy its inability to perform. As used herein, force majeure shall mean any delay or failure of a party to perform its obligations under this Agreement caused by events beyond the party's reasonable control and without the fault or negligence of the party, including, without limitation, (a) acts of God, (b) sudden actions of the elements such as floods, earthquakes, rock slides, avalanches, or tornadoes, (c) sabotage, (d) vandalism beyond that which can be reasonably prevented by the party, (e) terrorism, (f) war, (g) riots, (h) fire, (i) explosion, (j) extreme weather, (k) extreme snow, (l) blockades, (m) insurrection, (n) strike, slowdown or other labor disruptions, and/or (o) pandemics.

**[Signature Pages Follow]**

IN WITNESS WHEREOF, this Agreement is executed by the Parties hereto as of the date first written above.

**ATTEST:**

**TOWN OF CASTLE ROCK**

---

Lisa Anderson, Town Clerk

---

Jason Gray, Mayor

**Approved as to form:**

**Approved as to content:**

---

Michael J. Hyman, Town Attorney

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Mark Marlowe, Director Castle Rock Water

**[Signatures Continue on Following Page]**

**PINERY:**

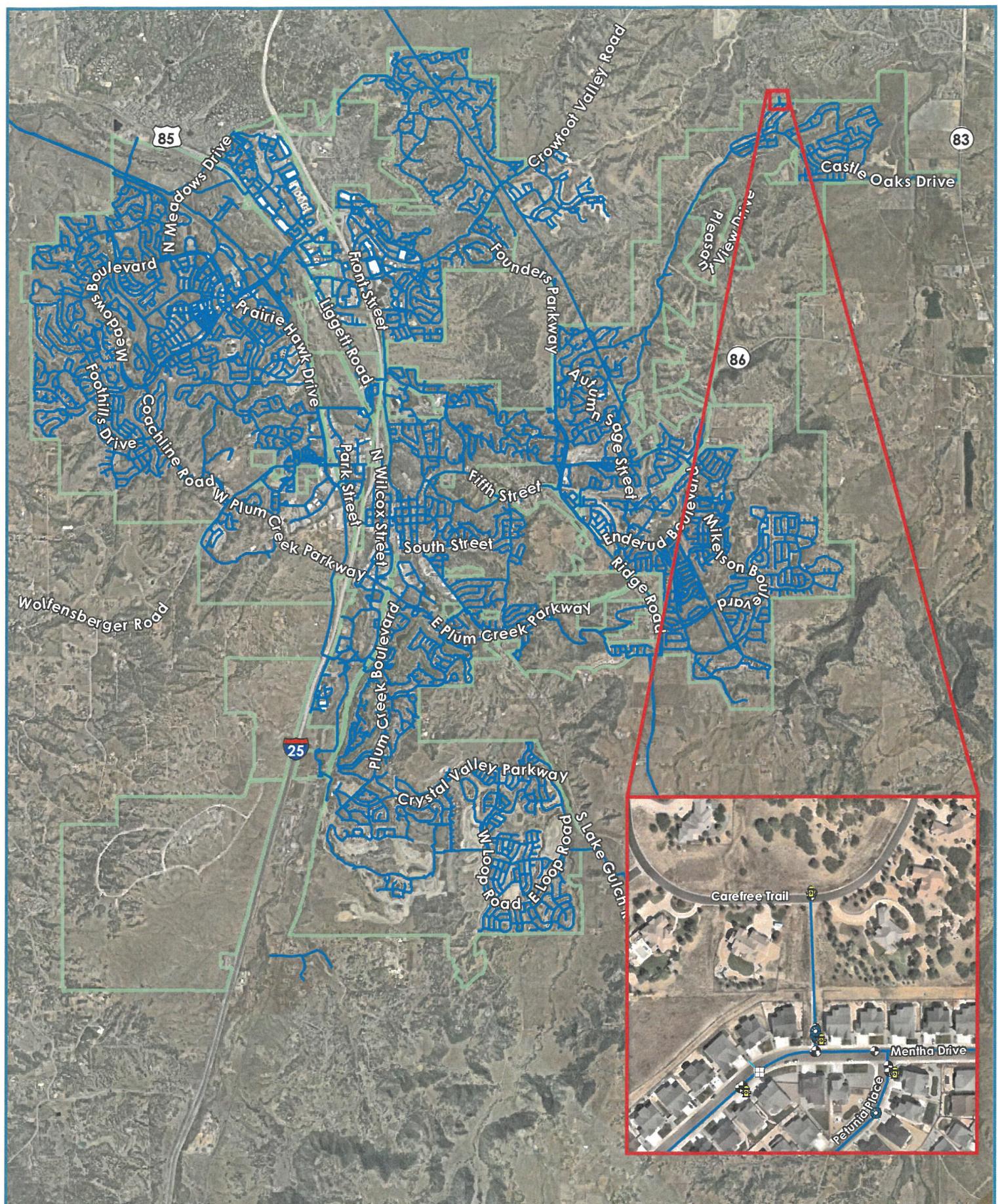
DENVER SOUTHEAST SUBURBAN WATER  
AND SANITATION DISTRICT, D/B/A PINERY  
WATER AND WASTEWATER DISTRICT,  
a quasi-municipal corporation and political  
subdivision of the State of Colorado

By: \_\_\_\_\_  
Walter E. Partridge, Chairman

ATTEST:

By: \_\_\_\_\_  
Jim McGannon, Secretary

---



0 0.5 1 2 3 Miles

Date: 3/7/2022

1 inch = 6,000 feet



**Exhibit A:**  
Castle Rock/Pinery  
Water System Interconnect

Document Path: J:\GIS\Map Requests\2022\Internal\_Requests\Pinery\_Interconnect\Pinery\_Interconnect.mxd

**EXHIBIT C**  
**[FORM OF BILL OF SALE]**

**BILL OF SALE**  
**[RIGHTS IN THE WISE PROJECT AND WISE INFRASTRUCTURE CAPACITY]**

KNOW ALL PERSONS BY THESE PRESENTS that the **DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT**, a quasi-municipal corporation and political subdivision of the State of Colorado **D/B/A PINERY WATER AND WASTEWATER DISTRICT** (the “Pinery”) in consideration of the receipt of the sum of **Two Million One Hundred Thirty-Eight Thousand Three Hundred Eighty-Eight and 05/100 Dollars** (\$2,138,388.05) (the “Purchase Price”), the receipt whereof is hereby acknowledged, has granted, bargained, sold, conveyed, transferred and delivered and by these presents does bargain, sell, grant, convey, transfer and deliver unto the **TOWN OF CASTLE ROCK**, a home rule municipality and political subdivision of the State of Colorado, by and through the Castle Rock Water Enterprise (“Castle Rock”) (each individually a “Party” and collectively, the “Parties”), the following goods, rights and interests set forth herein (capitalized terms used herein, if not separately defined in this Bill of Sale, will have the same meanings ascribed to them in that certain Agreement for Purchase and Sale of Rights in the WISE Project and WISE Infrastructure Capacity, dated January 20, 2026, by and between Castle Rock and Pinery), each as more specifically set forth on **Exhibit 1**, attached hereto and incorporated herein by this reference:

1. WISE Project Rights;
2. Member’s Pipeline Capacity in the Western Pipeline and Modifications (which includes the Smoky Hill Tank and other improvements);
3. The SLB Pipeline;
4. Member’s rights and obligations related to Binney Capacity in the future Binney Connection and Binney Pump Station;
5. Member’s rights and obligations related to DIA Capacity in the DIA Connection;
6. Member’s rights and obligations related to the Ridgegate Pipeline Capacity in the Ridgegate Pipeline.

This Bill of Sale 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 Bill of Sale. In addition, the parties agree to recognize signatures of this Bill of Sale transmitted by telecopy or email as if they were original signatures.

**[Signature Page Follows]**

IN WITNESS WHEREOF, the Pinery and Castle Rock have executed this Bill of Sale, effective  
\_\_\_\_\_, 2026

**DENVER SOUTHEAST SUBURBAN WATER  
AND SANITATION DISTRICT D/B/A PINERY  
WATER AND WASTEWATER DISTRICT,**  
a quasi-municipal corporation and political subdivision  
of the State of Colorado

---

By: Walter Partridge, Chairman

ATTEST:

---

Heidi Tackett, Secretary

**TOWN OF CASTLE ROCK**

---

Lisa Anderson, Town Clerk

---

Jason Gray, Mayor

**Approved as to form:**

---

Michael J. Hyman, Town Attorney

---

Mark Marlowe, Director, Castle Rock Water

**INTERGOVERNMENTAL AGREEMENT BETWEEN  
DENVER SOUTHEAST SUBURBAN WATER &  
SANITATION DISTRICT D/B/A PINERY WATER &  
WASTEWATER DISTRICT  
AND THE TOWN OF CASTLE ROCK  
(WATER DELIVERY AGREEMENT)**

THIS **INTERGOVERNMENTAL AGREEMENT** (the “Agreement”) is made and entered into this 20th day of January, 2026 (the “Effective Date”), by and between **DENVER SOUTHEAST SUBURBAN WATER & SANITATION DISTRICT D/B/A PINERY WATER & WASTEWATER DISTRICT**, a quasi-municipal corporation and political subdivision of the State of Colorado (“Pinery”) and **THE TOWN OF CASTLE ROCK, A HOME RULE MUNICIPAL CORPORATION, ACTING BY AND THROUGH THE TOWN OF 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; and

**WHEREAS**, each of the Parties operates a water delivery system to provide water service to their customers; and

**WHEREAS**, the Parties entered into the Emergency Connection and Reimbursement Agreement dated December 22, 2011 related to the provision of potable water during emergencies (the “Emergency Interconnect IGA”); and

**WHEREAS**, the pursuant to the Emergency Interconnect IGA, the parties constructed the Interconnect; and

**WHEREAS**, the Parties entered into the Intergovernmental Agreement Between Denver Southeast Suburban Water and Sanitation District d/b/a/ Pinery Water & Wastewater District and the Town of Castle Rock (Cherry Creek Project Water Authority Water Delivery Agreement) dated May 17, 2022 related to delivery of the Castle Rock’s interest in the Cherry Creek Project Water Authority (“CCPWA”) water via the Interconnect (the “CCPWA IGA”); and

**WHEREAS**, Pinery desires to receive water service via the Interconnect on a wholesale basis; and

**WHEREAS**, Castle Rock is willing to provide wholesale water service to Pinery via the Interconnect, subject to the terms of this Agreement.

**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. "Interconnect" means the existing pipeline connection between Castle Rock's water system and the Pinery's water system whereby potable water may be delivered from one party to the other party near Mentha Drive and Carefree Trail along the Parties' service boundaries depicted on map identified as **Exhibit A** to this Agreement. The Interconnect is used to deliver water pursuant to the Emergency Interconnect IGA, the CCPWA IGA and this Agreement.
- B. "MGD" means million gallons per day.
- C. "AF" means acre-feet.
- D. "KGal" means per 1000 gallons.
- E. "Castle Rock WISE Water Cost" means the total cost incurred by the Town to obtain delivery of water pursuant to Castle Rock's participation in South Metro WISE Authority, including the cost of WISE Water plus all costs of pumping and transmitting WISE Water through infrastructure owned by Castle Rock and third parties.
- F. "WISE Water" means water delivered to Castle Rock based on its participation in the South Metro WISE Authority.
- G. "Pinery Rate" means the then-current delivery rate charged to Pinery per KGal.

2. **RATE AND VOLUME OF WATER.** Pursuant to this Agreement, Castle Rock agrees to deliver to up to 0.75 MGD of potable water to the Pinery through the Interconnect during the months of June, July, and August, with the actual amounts of water provided on an as-needed and as-available basis. The maximum volume shall not exceed 71.3 AF per month or 209.5 AF feet annually. The minimum volume is 0 AF. Castle Rock shall have sole discretion to determine whether Castle Rock has water available for delivery to the Pinery. This is in addition to any water Pinery is authorized to take, pursuant to the Emergency Interconnect IGA.

3. **QUALITY OF WATER.** All water delivered from Castle Rock to Pinery through the Interconnect pursuant to this Agreement 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 Water Regulations (5 CCR 1002-1), as amended from time to time. If either party becomes aware of any degradation in water quality that falls below these regulatory requirements, such party shall immediately notify the other party of such fact and cease all deliveries of water until such degradation is remedied.

4. **DELIVERY WATER RATE.** For water deliveries to Pinery pursuant to this Agreement, Pinery agrees to pay the Pinery Rate. The Pinery Rate shall be equal to Castle Rock WISE Water Cost. The Castle Rock WISE Water Cost is \$10.07 per KGal in 2026. The Castle Rock WISE Water Costs will be updated annually in accordance with Castle Rock's standard rate making process. Castle Rock shall provide Pinery written notice of any change to the Pinery Rate before

the end of each calendar year. Castle Rock shall invoice the Pinery monthly for any water deliveries. Pinery shall pay Castle Rock within forty-five (45) days of receipt of the invoices.

**5. NOTICE OF REQUEST FOR DELIVERIES.** The Pinery shall provide written notice to Castle Rock seven (7) days in advance of its desire to receive water through the Interconnect under this Agreement. The notice shall include the flow rate in MGD, the volume per month in AF and total volume in AF. As soon as practicable, the Town shall inform Pinery in writing of the flow rate and volume of water available and the anticipated commencement of deliveries under the Agreement.

**6. CAPITAL IMPROVEMENTS AND COSTS.**

A. The Pinery is responsible for making and infrastructure upgrades downstream of the Interconnect necessary to take delivery of water from Castle Rock through the Interconnect. The Pinery is responsible all costs associated with the upgrades, including but not limited to design, permitting, construction, operation, maintenance, repair and replacement costs.

B. The Pinery and Castle Rock shall enter into a separate agreement, if there are any infrastructure upgrades needed upstream of the Interconnect to make deliveries of water to Pinery through the Interconnect. Castle Rock agrees to cooperate with the Pinery on any upgrades upstream of the Interconnect.

C. The ownership of and maintenance obligations for the Interconnect are governed by Sections 2, 3 and 6 of the Emergency Interconnect IGA.

**7. REUSABLE WATER RIGHTS.** If Castle Rock's water delivered to the Pinery under this Agreement is decreed for use, reuse and successive use to extinction, then Pinery will have the right to reuse that water to extinction. Castle Rock has no obligation to provide any specific water to Pinery or to provide Pinery with water available for reuse and successive use to extinction. Despite references to WISE Water and the WISE Water Rate, the Town has no obligation to deliver WISE Water to Pinery.

**8. ACCOUNTING FOR WATER DELIVERIES.** The water delivered by Castle Rock to Pinery at the Interconnect under this Agreement shall be measured through a water meter with an expected range of flows within a +/- 1% accuracy. Castle Rock shall read the meter and provide accounting to Pinery on a monthly basis. The accounting shall indicate whether the water is available for reuse and successive use to extinction.

**9. DEFAULT/REMEDIES.** The failure of either Party ("Defaulting Party") to perform any material covenant, agreement, obligation or provision of this Agreement shall constitute an event of default ("Default"). In the event that one Party deems the other Party to be in Default, it shall provide written notice indicating the Default. The Defaulting Party shall have thirty (30) days from the date of the notice to cure the Default or, if such Default is not capable of being cured within thirty (30) days, cure of such Default shall commence and be diligently pursued to completion. In no event shall the cure period exceed thirty (30) days for monetary Defaults, or sixty (60) days for

non-monetary Defaults, except by written consent of the non-Defaulting Party. In the event the Defaulting Party fails to cure the Default in accordance with this Section, the non- Defaulting Party may pursue all available remedies at law or equity. In any legal action, to the extent allowed by law, the prevailing Party shall be entitled to recover its reasonable attorney's fees and litigation costs from the other Party.

## 10. MISCELLANEOUS.

A. Appropriations. Any monetary obligation under this Agreement shall be subject to annual appropriation by the governing body of each Party. A failure of either Party to appropriate any annual monies required under this Agreement shall result in the termination of this Agreement on December 31 of the last calendar year for which such monies were appropriated. In such event, each Party's only financial obligation shall be the payment of fees and expenses incurred up to and including the effective date of termination. Nothing set forth herein shall make or constitute this Agreement as a multiple-year fiscal obligation of either Party, nor shall it constitute or create a debt on the part of either Party.

B. Governing Law and Venue. The Parties hereto agree that exclusive jurisdiction and venue for the resolution of any dispute relating to this Agreement shall lie in the District Court for Douglas County, State of Colorado.

C. Entire Agreement. This Agreement and the Emergency Interconnect IGA constitute the entire agreement between the parties relating to the subject matter thereof, and there are no prior or contemporaneous agreements, either oral or written, relating to the subject matter hereof except as expressly set forth herein.

D. Conflict Between Agreements. The Emergency Interconnect IGA shall remain in full force and effect. In the event of an irreconcilable conflict between this Agreement and the Emergency Interconnect IGA, the terms of this Agreement shall govern.

E. Agreement Modification. The Agreement may not be amended, altered, or otherwise changed except by a written agreement between the Parties.

F. Counterpart Execution. The Agreement may be executed in one or more counterparts, each of which when executed shall be deemed an original, all of which together shall constitute one and the same instrument. Executed copies hereof may be delivered by electronic delivery and, upon receipt, shall be deemed originals and binding upon the parties hereto.

G. Governmental Immunity. Nothing in this Agreement shall be construed to waive, limit, or otherwise modify, in whole or in part, any governmental immunity that may be available by law to the Parties or their officials, employees, contractors, or agents, or any other person acting on behalf of the Parties and, in particular, governmental immunity that may be afforded or available to the Parties pursuant to the Colorado Governmental Immunity Act, Title 24, Article 10, Part 1 of the Colorado Revised Statutes.

H. Assignability. This Agreement may be assigned, pledged or transferred, in whole or in part, by either Party, but only with the prior written consent of the other Party to this Agreement.

I. No Public Dedication/No Third-Party Beneficiary. Nothing contained herein shall be deemed to be a grant or dedication of any rights or use to the public in general, and no third-party beneficiary interests are created nor intended to be created by this Agreement.

J. Headings for Convenience. The headings and captions in this Agreement are intended solely for the convenience of reference and shall be given no effect in the construction or interpretation of this Agreement.

K. Notice. Any notice required or permitted by this Agreement shall be in writing and shall be deemed to have been sufficiently given for all purposes if sent by certified mail or registered mail, postage and fees prepaid, addressed to the party to whom such notice is to be given, at the address set forth below, or at such other address as has been previously furnished in writing, to the other party. Such notice shall be deemed to have been given three (3) days after deposit in the United States mail.

If to Castle Rock: Town of Castle Rock  
Attn: Director of Castle Rock Water  
175 Kellogg Court  
Castle Rock, CO 80109

with copy to: Town of Castle Rock  
Attn: Town Attorney  
100 N. Wilcox Street  
Castle Rock, CO 80104

If to Pinery: Pinery Water and Wastewater District  
Attn: District Manager  
5242 Old Schoolhouse Rd  
Parker, CO 80134

with copy to: c/o: Folkestad Fazekas Barrick & Patoile, P.C.  
Attn.: Joe D. Kinlaw, General Counsel  
18 S. Wilcox Street, Suite 200  
Castle Rock, CO 80104

L. **No Waiver.** No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other of the provisions of this Agreement, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided herein, nor shall the waiver of any default hereunder be deemed a waiver of any subsequent default hereunder.

K. Recordation. The Parties agree that this Agreement shall be recorded in the records

of the Clerk and Recorder for Douglas County, Colorado.

L. Binding Agreement. The benefits and burdens of this Agreement shall inure to and be binding upon on the successors and assigns of the Parties.

M. Definitions and Interpretations. Except as otherwise provided herein, nouns, pronouns and variations thereof shall be deemed to refer to the singular or plural, and masculine or feminine, as the context may require. Any reference to a policy, procedure, law, regulation, rule or document shall mean such policy, procedure, law, regulation, rule or document as it may be amended from time to time.

N. Effect of Invalidity. If any provision of this Agreement is held illegal, invalid or unenforceable under present or future applicable law, such provision will be fully severable and this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision was not a part hereof.

O. Force Majeure. Subject to the terms and conditions of this paragraph, no party to this Agreement shall be liable for any delay or failure to perform under this Agreement due solely to conditions or events of force majeure, as that term is specifically defined herein; provided that: i) the non-performing party gives the other party prompt written notice describing the particulars of the occurrence of the force majeure; ii) the suspension of performance is of no greater scope and of no longer duration than is required by the force majeure event or condition; and iii) the non-performing party proceeds with all necessary diligence to remedy its inability to perform. As used herein, force majeure shall mean any delay or failure of a party to perform its obligations under this Agreement caused by events beyond the party's reasonable control and without the fault or negligence of the party, including, without limitation, (a) acts of God, (b) sudden actions of the elements such as floods, earthquakes, rock slides, avalanches, or tornadoes, (c) sabotage, (d) vandalism beyond that which can be reasonably prevented by the party, (e) terrorism, (f) war, (g) riots, (h) fire, (i) explosion, (j) extreme weather, (k) extreme snow, (l) blockades, (m) insurrection, (n) strike, slowdown or other labor disruptions, and/or (o) pandemics.

**[Signature Pages Follow]**

IN WITNESS WHEREOF, this Agreement is executed by the Parties hereto as of the date first written above.

**ATTEST:**

**TOWN OF CASTLE ROCK**

---

Lisa Anderson, Town Clerk

---

Jason Gray, Mayor

**Approved as to form:**

**Approved as to content:**

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Michael J. Hyman, Town Attorney

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Mark Marlowe, Director Castle Rock Water

**[Signatures Continue on Following Page]**

**PINERY:**

DENVER SOUTHEAST SUBURBAN WATER  
AND SANITATION DISTRICT, D/B/A PINERY  
WATER AND WASTEWATER DISTRICT,  
a quasi-municipal corporation and political  
subdivision of the State of Colorado

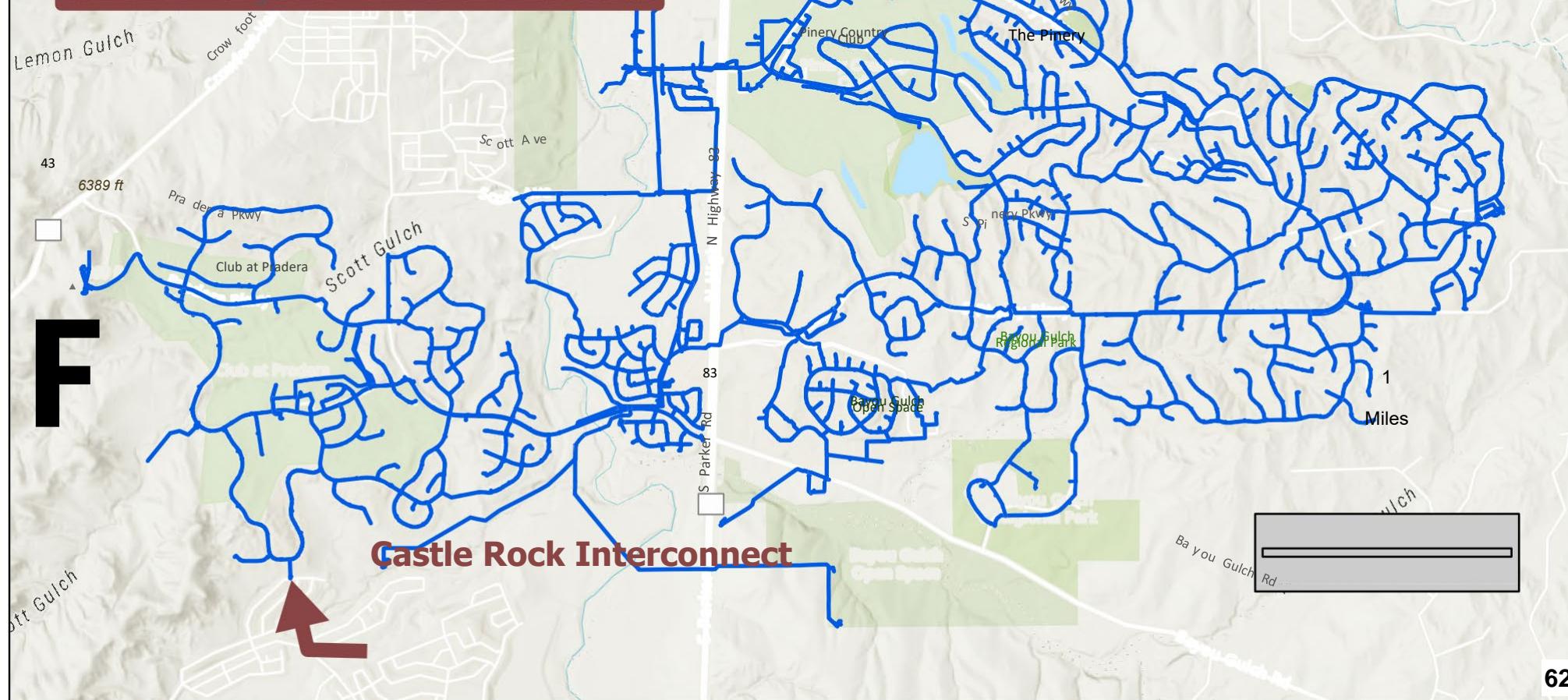
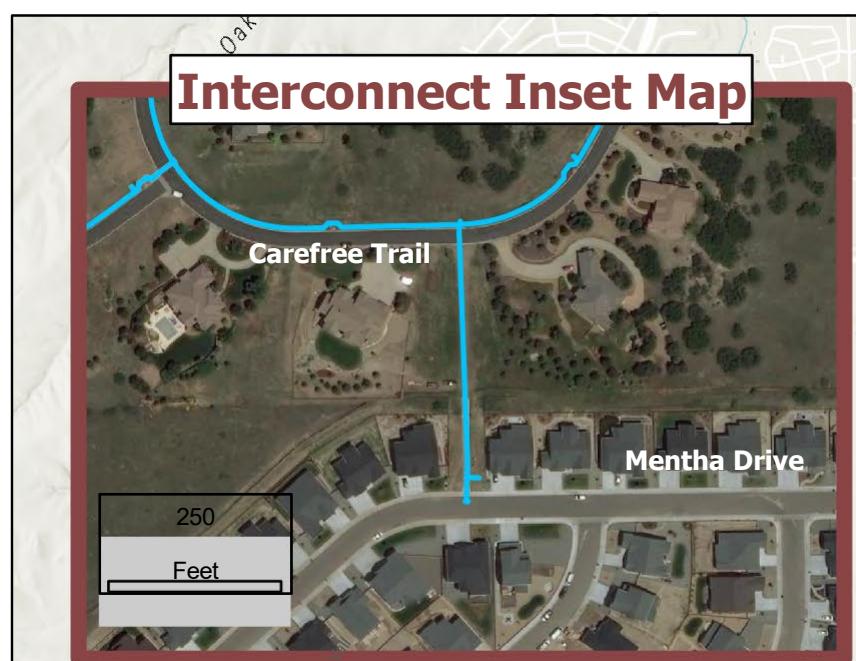
By: \_\_\_\_\_  
Walter E. Partridge, Chairman

ATTEST:

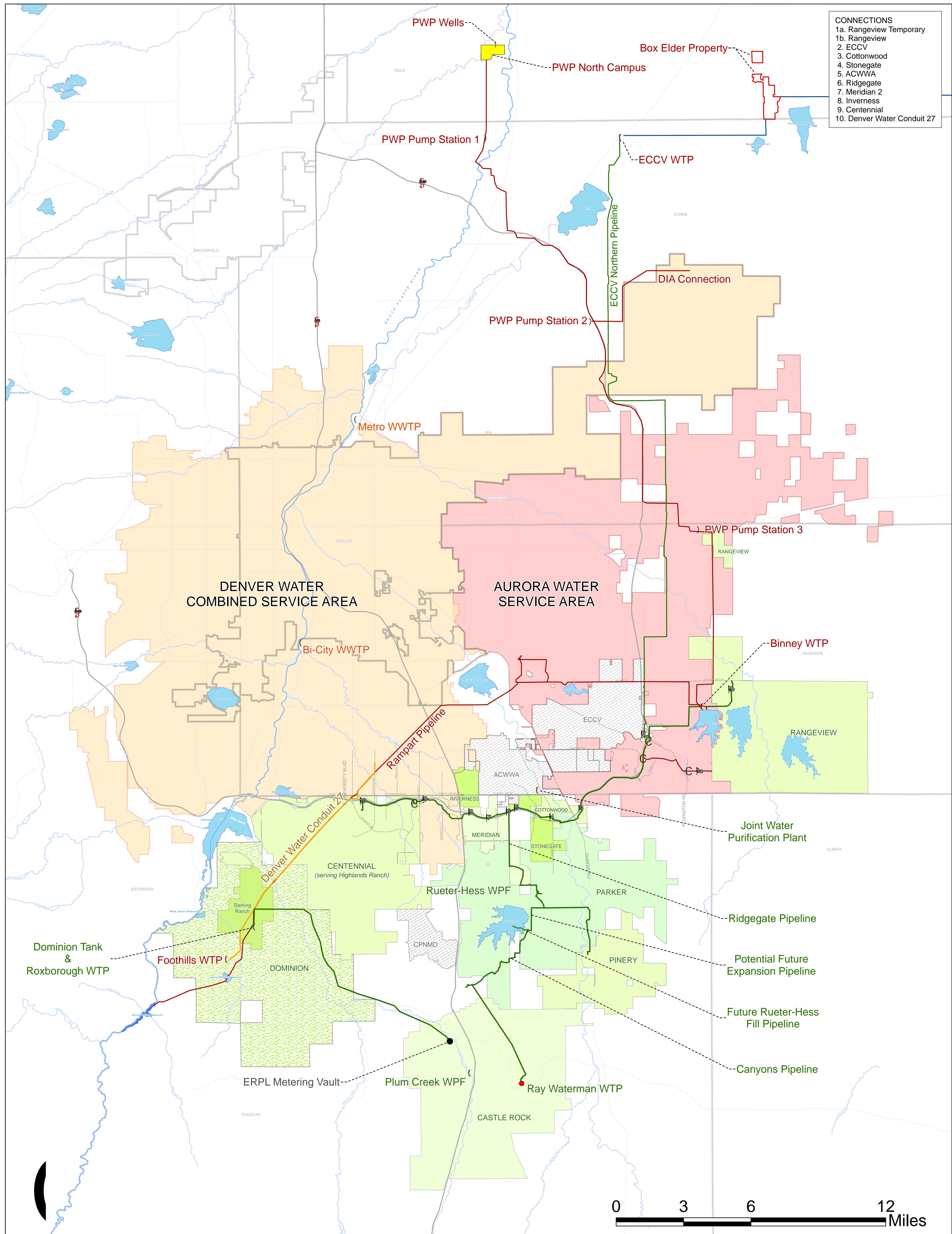
By: \_\_\_\_\_  
Jim McGannon, Secretary

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# Pinery/Castle Rock Water System Interconnect



# SMWSA & WISE General Infrastructure

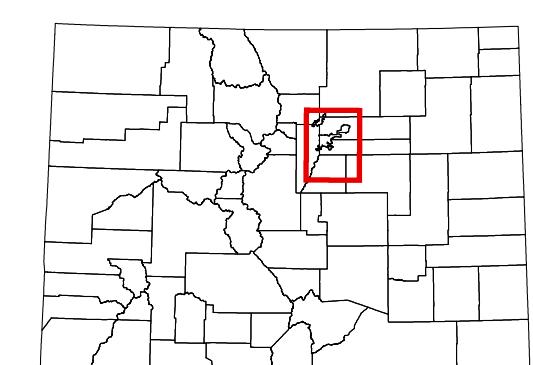


## Major Components

- C Quebec WTP
- C Pressure Sustaining Valve
- C Smoky Hill Tank
- C Aurora Temporary Connection

## Legend

- ( Existing Wastewater Treatment Plants
- ( Existing Water Treatment Plants
- ! Pipeline Connections
- Existing Pipelines
- ..... Proposed Pipeline
- Highways
- Proposed Reservoirs
- SMWSA & WISE Members
- SMWSA Only Members
- Counties
- Counties





# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 1/28/2026

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**Item #:** 9. **File #:** WC 2026-009

**To:** Members of the Castle Rock Water Commission

**From:** Mark Marlowe, P.E., Director of Castle Rock Water  
Mark Henderson, P.E., Assistant Director Castle Rock Water

**Resolution approving a Second Amendment to the Amended and Restate  
Intergovernmental Agreement with Douglas County for the Highway 85 Wastewater  
Collection and Treatment System [Located along the Highway 85 Corridor North of E.  
Happy Canyon R. to W. Titan Rd. in northern Douglas County]**

**Town Council Agenda Date:** January 20, 2026

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### Executive Summary

Attached is a copy of the Council packet for the above referenced project for your information.

### Attachments

Attachment A: 2<sup>nd</sup> Amendment to DC IGA for the Hwy 85 Wastewater System



## **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, P.E., Assistant Director Castle  
Rock Water

**Title:** **Resolution Approving a Second Amendment to the Amended and Restated  
Intergovernmental Agreement with Douglas County for the Highway 85  
Wastewater Collection and Treatment System [Located along the Highway 85  
Corridor North of E. Happy Canyon Rd to W. Titan Rd in northern Douglas  
County]**

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### **Executive Summary**

Castle Rock Water (CRW) staff recommends Town Council approval of a Resolution approving a second amendment to the previously approved Amended and Restated Intergovernmental Agreement (IGA) with Douglas County. The project completed 60% design and a Guaranteed Maximum Price (GMP) was negotiated with the design-builder, S.J. Louis Construction, Inc. Town Council approved the negotiated GMP as the second amendment to the design-builder construction contract in the amount of \$16,766,642.73. The total estimated project budget including easement acquisition and other costs is now \$19,784,296. This will require an increase in CRW's contribution to the project from \$4,800,000 to \$5,784,296; an increase of \$984,296. This additional cost will be recovered under the same terms as the \$4,800,000 under a second amendment to the agreement with Douglas County that is presented herein.

The First Amendment to the IGA defined how a funding gap for the project would be covered before the project moved into final design and construction. CRW proposed to cover the funding gap and the amendment refined the financial structure and cost recovery terms associated with CRW's proposal to cover the funding gap. The key terms for the First Amendment included:

- Castle Rock Water will fund any funding shortfall for construction of the project up to a maximum of \$4.8 million.
- System development fees (SDFs) collected for connectors to the project will pay off the Castle Rock Water contribution to the project first before any of that funding goes back to Douglas County or for improvements or expansions of the sewer system.

- A 25% surcharge will be added to the portion of the system development fee reimbursing any funding gap covered by Castle Rock Water, and this surcharge will be for use by Castle Rock Water to benefit its existing customers and system.
- Interest will accrue to the balance of the funding provided by Castle Rock Water at a rate of 5% per year until the funds provided by Castle Rock Water have been fully reimbursed.
- System development fees will be handled consistently with the original agreement once Castle Rock Water has been reimbursed, except for the 25% surcharge which will continue to be collected and used for improvements or expansions to the system.

The Second Amendment maintains all the same terms as the First Amendment but revises the amount that CRW will fund based on the funding shortfall for the project as result of the increased GMP that was negotiated with the design-builder. CRW's contribution as stated in the IGA will increase by \$984,296 to a total of \$5,784,296 for the project.

Benefits to CRW of the Second Amendment to the IGA include:

- Ensures the benefits and terms from Amended and Restated IGA and First Amendment still apply.
- Maintains the additional financial resources to CRW with the increased funding amount by the additional 25% surcharge over and above the additional financial resources provided by the current extraterritorial surcharge to accomplish our core mission and vision.
- Ensures that the \$14M in ARPA funding will still be used for a lift station and force main that will allow CRW to bring reusable supplies directly back to the Plum Creek Water Reclamation Authority Wastewater Treatment Plant where those supplies can easily be accessed using CRW's existing infrastructure.

### **Notification and Outreach Efforts**

CRW has worked closely with potential customers in the corridor including Sedalia, CORE, the Douglas County School District and new proposed developments in northern Douglas County.

Douglas County has conducted outreach including posting a news article on their web page about the Highway 85 Southern Corridor Wastewater Project. Castle Rock Water has posted information on its web page about the project as well.

CRW publicly noticed the project for Location & Extents application that was submitted to the Douglas County Planning Commission, and the application was approved on January 5, 2026.

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

Castle Rock Water staff presented this item to the Castle Rock Water Commission at their meeting held on April 26, 2023, and the Castle Rock Water Commission voted unanimously 6 to 0 to recommend Town Council approval of the Resolution as presented.

Council approved the original agreement with Douglas County at their meeting on May 2, 2023.

Castle Rock Water staff presented the Amended and Restated IGA with Douglas County at their meeting on May 22, 2024. Castle Rock Water Commission voted to unanimously (6 to 0) recommend Council approval of the Resolution.

Castle Rock Water staff presented the Amendment to the Amended and Restated IGA with Douglas County at the Castle Rock Water Commission meeting on June 27, 2025. Castle Rock Water Commission voted unanimously (7-0) to recommend Council approval of the Resolution.

On July 15, 2025 Town Council approved an amendment to the IGA adjusting the project funding amount to \$18.8 million, with CRW funding a projected shortfall of approximately up to a maximum of \$4.8 million.

On September 16, 2025 Town Council approved the First Amendment to the agreement with S.J. Louis for Phase 2 Design services to complete design to 100%.

Castle Rock Water staff presented the second contract price amendment to the progressive design-build agreement with S. J. Louis Construction, Inc. for the Phase 2 Construction Services for the Sedalia Lift Station and Force Main 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.

On December 16, 2025 Town Council approved the second contract price amendment to the progressive design-build agreement with S. J. Louis Construction, Inc. for Phase 2 Construction Services for the Sedalia Lift Station and Force Main which included the discussion of the need of the increased project budget and need to amend the IGA with Douglas County.

## **Discussion**

The project completed 60% design and a Guaranteed Maximum Price (GMP) was negotiated with the design-builder, S.J. Louis Construction, Inc. Town Council approved the negotiated GMP as the second amendment to the design-builder construction contract in the amount of \$16,766,642.73. The total estimated project budget including easement acquisition and other costs is now \$19,784,296. This will require an increase in CRW's contribution to the project from \$4,800,000 to \$5,784,296; an increase of \$984,296. This additional cost will be recovered under the same terms as the First Amendment with the increased amount included in the Second Amendment to the agreement with Douglas County. CRW wants to ensure that adequate funding is in place for the project. CRW is proposing to fill any funding gap over \$14M up to a maximum of \$19,784,296 or essentially up to a \$5,784,296 gap.

## **Budget Impact**

CRW modeled the impact of this approach on rates and fees and CRW's capital plan. The model was updated to account for the additional \$984,296 to be funded by CRW as reflected in the Second Amendment to the IGA. There is no anticipated impact on rates and fees based on the 2024 rates and fees model. With respect to the capital plan, CRW believes that it will not be impacted as long as CRW is able to be reimbursed in a 5 to 10-year timeframe.

In order to be fully reimbursed within five years, assuming a \$5.78M gap, the project will have to connect approximately 805 single family equivalents (SFEs). Possible connectors totaling more than 805 have been identified below including estimated SFEs.

- CORE – 11 SFEs
- Plum Creek Trust Property – 600 SFEs (CRW already contracted to serve this development for water and sewer)
- Planned multi-family development – 227 SFEs
- Douglas County Public Works Building – 26 SFEs
- Douglas County School District Sedalia Elementary School – 22 SFEs

CRW updated the model, see **Attachment B**, which estimates the reimbursement. The model also identifies additional funding which will come to CRW under the Amendment to the IGA based on the 25% surcharge and could be up to \$426,859.

### **Staff Recommendation**

Staff recommends Town Council approval of this Second Amendment to the Amended and Restated IGA with Douglas County for the Highway 85 Wastewater Collection and Treatment System.

### **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: Agreement  
Attachment B: Updated Financial Model

## **RESOLUTION NO. 2026-009**

### **A RESOLUTION APPROVING THE SECOND AMENDMENT TO THE AMENDED AND RESTATED INTERGOVERNMENTAL AGREEMENT BETWEEN THE TOWN OF CASTLE ROCK AND DOUGLAS COUNTY FOR THE HIGHWAY 85 WASTEWATER COLLECTION AND TREATMENT SYSTEM**

**WHEREAS**, on May 22, 2024, the Town of Castle Rock, Colorado (the “Town”) and the Board of County Commissioners of the County of Douglas (the “County”) entered into an Amended and Restated Intergovernmental Agreement (the “IGA”) for the design, construction, and operation of the Highway 85 Wastewater Collection and Treatment System (the “Project”); and

**WHEREAS**, the IGA provides that the County shall commit \$14,000,000 of American Rescue Plan Act funding for the Project; and

**WHEREAS**, on July 15, 2025, based upon an updated engineering cost estimate, the Town and the County entered into a First Amendment to the IGA (the “First Amendment”) whereby the Town agreed to fund a potential shortfall of \$4,800,000, which shortfall would eventually be reimbursed from system development fees collected from customers connecting to the Project; and

**WHEREAS**, recently, the design-builder for the Project has submitted a guaranteed maximum price for the project of \$16,766,642, resulting in a total expected Project cost of \$19,784,296: and

**WHEREAS**, accordingly, there now exists an additional potential shortfall of \$984,296 over and above the amount accounted for in the First Amendment; and

**WHEREAS**, the Town is willing to fund the additional shortfall under specific terms and conditions related to the reimbursement of this shortfall from system development fees as set forth in a Second Amendment to the IGA (the “Second Amendment”); and

**WHEREAS**, the Town Council finds and determines that it is in the best interests of the Town and its residents to approve this Second Amendment.

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

**Section 1. Approval.** The Second Amendment to the Amended and Restated Intergovernmental Agreement for the design, construction, and operation of the Highway 85 Wastewater Collection and Treatment System between the Town and the County is hereby approved in substantially the same form as presented at tonight’s meeting, with such technical changes, additions, modifications, deletions, or amendments as the Town Manager may approve upon consultation with the Town Attorney. The Mayor and other proper Town officials are hereby

authorized to execute the Agreement and any technical amendments thereto by and on behalf of the Town.

**Section 2. Encumbrance and Authorization for Payment.** In order to meet the Town's financial obligations under the Second Amendment, the Town Council authorizes the expenditure and payment of an additional amount not to exceed \$984,296, unless otherwise authorized in writing by the Town.

**PASSED, APPROVED AND ADOPTED** this 20th day of January, 2026, by the Town Council of the Town of Castle Rock, Colorado, on first and final reading, by a vote of    for and    against.

**ATTEST:**

**TOWN OF CASTLE ROCK**

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Lisa Anderson, Town Clerk

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Jason Gray, Mayor

**Approved as to form:**

**Approved as to content:**

---

Michael J. Hyman, Town Attorney

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Mark Marlowe, Director of Castle Rock Water

**SECOND AMENDMENT TO THE AMENDED AND RESTATED  
INTERGOVERNMENTAL AGREEMENT BETWEEN THE TOWN OF CASTLE ROCK  
AND DOUGLAS COUNTY FOR THE HIGHWAY 85 WASTEWATER COLLECTION  
AND TREATMENT SYSTEM**

**THIS SECOND AMENDMENT TO THE AMENDED AND RESTATED  
INTERGOVERNMENTAL AGREEMENT** (the “Second Amendment”) is made and entered  
into this 20th day of January, 2026 (“Effective Date”), by and between the Town of Castle Rock,  
a home rule municipal corporation, acting by and through the Town of Castle Rock Water  
Enterprise (“Castle Rock”), and the Board of County Commissioners of the County of Douglas  
("Douglas County"), (each individually, a “Party”, and collectively, the “Parties”).

**RECITALS:**

**WHEREAS**, Castle Rock and Douglas County entered into an Amended and Restated  
Intergovernmental Agreement on May 22, 2024 (the “Agreement”) for the design, construction,  
and operation of the Highway 85 Wastewater Collection and Treatment System the “Project”; and

**WHEREAS**, Castle Rock and Douglas County entered into a First Amendment to the  
Amended and Restated Intergovernmental Agreement on July 15, 2025 to fund a potential \$4.8  
million shortfall not accounted for in the Agreement that was based on a total expected cost of up  
to \$18.8 million for the project at the 30% design level; and

**WHEREAS**, the Agreement provides that Douglas County shall commit fourteen million  
dollars in American Rescue Plan Act funds to the Project; and

**WHEREAS**, the design-builder for the project has submitted a guaranteed maximum price  
for the project at \$16,766,642 resulting in a total expected project cost of \$19,784,296 leaving a  
potential additional \$984,296 shortfall not accounted for in the Agreement for a total funding  
shortfall of \$5,784,296; and

**WHEREAS**, Castle Rock wishes to fund the shortfall under specific terms related to  
reimbursement, interest, and surcharges on system development fees; and

**WHEREAS**, the Parties agree to incorporate said terms into the Agreement.

**NOW, THEREFORE**, the Parties, in and for the consideration of the performance of  
mutual promises set forth herein, the receipt and adequacy of which is hereby acknowledged for  
themselves and their successors, wish to memorialize this Amendment as follows:

1. **Definitions.** Terms used in this Amendment, when capitalized, shall have the same meanings assigned to them as set forth in the Agreement.

2. **Amendment.** Section 3(A)(ii) of the Agreement is hereby amended to read as follows:

(ii) **Funding Shortfall Commitment.** Castle Rock shall pay up to a maximum of five million, seven-hundred, eighty-four thousand, two hundred and ninety-six dollars (\$5,784,296) beyond the \$14 million in ARPA funding to complete final design and construction (the “Funding Shortfall Payment”). The Funding Shortfall Payment shall be reimbursed to Castle Rock as detailed herein. Any portion of the Funding Shortfall Payment not reimbursed to Castle Rock shall accrue interest at a rate of 5% per year (“Accrued Interest”).

3. **Ratification.** Except as expressly modified by this Amendment, the Agreement remains in full force and effect. To the extent any conflict arises between this Amendment and the Agreement, the provisions of this Amendment shall prevail.

**(Signature pages to follow)**

**IN WITNESS WHEREOF**, the parties hereby execute this Second Amendment on the date first written above.

**ATTEST:**

---

Lisa Anderson, Town Clerk

**TOWN OF CASTLE ROCK**

---

Jason Gray, Mayor

**Approved as to form:**

**Approved as to content:**

---

Michael J. Hyman, Town Attorney

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Mark Marlowe, Director of Castle Rock Water

**ATTEST:**

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Clerk to the Board

**DOUGLAS COUNTY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

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

**APPROVED AS TO FISCAL CONTENT:**

---

Director of Finance

**APPROVED AS TO LEGAL FORM:**

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Sr. Asst. County Attorney

**AMENDED AND RESTATED INTERGOVERNMENTAL AGREEMENT  
BETWEEN THE TOWN OF CASTLE ROCK AND DOUGLAS COUNTY  
FOR THE HIGHWAY 85 WASTEWATER COLLECTION AND  
TREATMENT SYSTEM**

**THIS INTERGOVERNMENTAL AGREEMENT** (the “Agreement”) is made and entered into this 2nd day of July, 2024 (the “Effective Date”), by and between the Town of Castle Rock, a home rule municipal corporation, acting by and through the Town of Castle Rock Water Enterprise (“Castle Rock”), and the Board of County Commissioners of the County of Douglas (“Douglas County”), (each, 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; and

**WHEREAS**, Castle Rock operates a wastewater collection system and owns wastewater treatment capacity in the Plum Creek Water Reclamation Authority (“PCWRA”) treatment facility to provide retail wastewater service to its customers; and

**WHEREAS**, Douglas County desires to utilize American Rescue Plan Act funding to design and construct a wastewater collection and treatment system along the Highway 85 corridor (the “Castle Rock-Managed Highway 85 Wastewater Collection and Treatment System” or “System”) in Douglas County, extending from the unincorporated Town of Louviers to the PCWRA wastewater treatment facility, which System will allow all treated wastewater to be collected and reused in Douglas County to the maximum extent allowed by law; and

**WHEREAS**, Castle Rock and Douglas County believe that the System will help to ensure that all available reusable water supplies are reused within Douglas County to extinction, thereby extending the life of the Denver Basin aquifer; and

**WHEREAS**, Castle Rock and Douglas County believe that the System will help encourage and enable the future connection of properties along the Highway 85 corridor to renewable water supplies; and

**WHEREAS**, Castle Rock and Douglas County believe the System will encourage additional regional infrastructure and intergovernmental partnerships that will provide future benefits by expanding the use and availability of reusable and renewable water supplies in Douglas County and by creating economies of scale to keep down costs for all users of water and wastewater in the region; and

**WHEREAS**, Castle Rock and Douglas County believe the System will avoid the future proliferation of small, underfunded water and sanitation districts in this part of Douglas County; and

**WHEREAS**, Castle Rock and Douglas County believe the System will provide opportunities for collaboration in the development of recreational trails and facilities along the

Highway 85 corridor, including a trail that will eventually extend from Castle Rock to Chatfield Reservoir; and

**WHEREAS**, Castle Rock has the experienced project engineering and management staff that are needed to help Douglas County construct the System; and

**WHEREAS**, Castle Rock also has the operational capacity and experience to own, operate, maintain, and, if necessary, replace the System, and/or manage the contracting for these services, for the benefit of the future customers of the System in unincorporated Douglas County; and

**WHEREAS**, Castle Rock is willing to make available at cost, plus an extraterritorial surcharge, wastewater treatment capacity it owns in the PCWRA treatment facility to serve customers of the System, but only if this proves to be the most cost-effective method of providing such service; and

**WHEREAS**, Castle Rock is willing to use its project engineering and management expertise to design and construct a System for Douglas County and to give Douglas County full authority to allocate capacity in the System to existing and future customers of the System; and

**WHEREAS**, Douglas County further desires to utilize American Rescue Plan Act funding to obtain easements to facilitate the construction, operation, and maintenance of the System along Plum Creek, which easements can exist in combination with existing and future trails, thereby expanding recreational amenities for Douglas County residents; and

**WHEREAS**, Castle Rock has the ability to acquire these easements on behalf of Douglas County; and

**WHEREAS**, Douglas County and Castle Rock believe the System will improve water quality in Plum Creek and Chatfield Reservoir, both of which are drinking water sources for Douglas County and Castle Rock, by eliminating failing wastewater lagoon systems and, eventually, septic systems; and

**WHEREAS**, Douglas County believes that the System will stimulate economic development and growth in the Highway 85 corridor; and

**WHEREAS**, based upon the foregoing reasons, the Parties find and determine that it is in the best interests of their respective customers and citizens to enter into this Agreement.

**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, shall have the meanings indicated:

- A. “ARPA Funds” shall mean funds encumbered by Douglas County in accordance with Section 603(b) of the Social Security Act, as added by Section 9901 of the American Rescue Plan Act (“ARPA”), Public Law No. 117-2 (March 11, 2021), together with all rules and regulations promulgated thereunder.
- B. “Castle Rock-Managed Project Infrastructure” means that portion of the Project Infrastructure for which Castle Rock will manage the design, construction, and installation, including the Sedalia Lift Station and Force Main, which Infrastructure shall be used for the purpose of collecting wastewater from the Service Area for treatment at the PCWRA wastewater treatment facility using the PCWRA Treatment Capacity.
- C. “Collection System” means that portion of the Project Infrastructure utilized for the collection and delivery of wastewater to the PCWRA wastewater treatment facility using PCWRA Treatment Capacity.
- D. “Collection System Development Fee” means the fee that Castle Rock will charge to those persons seeking to develop or redevelop property within the Service Area for the right to connect to the Castle Rock-Managed Highway 85 Wastewater Collection and Treatment System. Said fee shall be charged for the purpose of defraying all costs associated with the design and construction of the Collection System and any improvements thereto, and shall consist of: (i) the capital recovery fee, which shall be calculated based on the Final Infrastructure Costs for the Collection System, (ii) the capital improvement fee, which shall be calculated based on the costs of increasing the capacity of the Collection System as may be necessary to serve new development or redevelopment in the Service Area, (iii) the Extraterritorial Surcharge, and (iv) any other costs determined by Castle Rock to be necessary and appurtenant. All revenues generated by the Collection System Development Fee that reimburse Douglas County for its investment in the System shall be invested by Castle Rock in the Collection System. All other revenues generated by such Fee shall be retained by Castle Rock.
- E. “Collection System Treatment Capacity” means that portion of the PCWRA Treatment Capacity actually used in the Castle Rock-Managed Highway 85 Wastewater Collection and Treatment System.
- F. “Collection System Treatment Facility” means any treatment works, as defined in section 212 of the Federal Clean Water Act (33 U.S.C. §§1251, *et seq.*), that currently exists and is used to provide treatment capacity for the Project and/or is designed and constructed as part of the Project to be used in the storage, treatment, recycling, reuse, and reclamation of domestic and/or industrial wastewater generated by customers of the System for purposes of complying with the Federal Clean Water Act.
- G. “Collection System Treatment Facility Development Fee” means the fee that Castle Rock will charge to those persons seeking to develop or redevelop property within

the Service Area for the right to connect to the Castle Rock-Managed Highway 85 Wastewater Collection and Treatment System. Said Fee shall be charged for the purpose of defraying all costs associated with design and construction of Collection System Treatment Facility and any improvements thereto, and shall consist of: (i) the capital recovery fee, which shall be calculated based on the Final Infrastructure Costs for the Collection System Treatment Facility, (ii) the capital improvement fee, which shall be calculated based on the costs of increasing the capacity of the Collection System Treatment Facility as may be necessary to serve new development or redevelopment in the Service Area, (iii) the Extraterritorial Surcharge, and (iv) any other costs determined by Castle Rock to be necessary and appurtenant. All revenues generated by the Collection System Treatment Facility Development Fee will be retained by Castle Rock.

- H. “Estimated Castle Rock-Managed Project Infrastructure Costs” means the estimated costs of designing, constructing and installing the Castle Rock-Managed Project Infrastructure, as more particularly described in the attached Exhibit A.
- I. “Extraterritorial Surcharge” means the ten percent (10%) surcharge that Castle Rock will add to the Collection System Development Fees, the Collection System Treatment Facility Development Fees, the PCWRA Treatment System Development Fee, and all other rates and fees charged by Castle Rock in providing extraterritorial retail wastewater service to System customers.
- J. “Final Castle Rock-Managed Project Infrastructure Costs” means the final costs of designing, constructing and installing the Castle Rock-Managed Project Infrastructure, as more particularly described in the amended Exhibit A.
- K. “MGD” means million gallons per day.
- L. “Necessary Improvement” means any improvement to the Castle Rock-Managed Project Infrastructure, (i) the construction or installation of which Castle Rock reasonably deems to be a necessary prerequisite for any person seeking to develop or redevelop property within the Service Area to connect to the Castle Rock-Managed Highway 85 Wastewater Collection and Treatment System, and (ii) which is in addition to those improvements to the Castle Rock-Managed Project Infrastructure that are funded by Collection System Development Fees or Collection System Treatment Facility Development Fees.
- M. “PCWRA Treatment Capacity” means wastewater treatment capacity that Castle Rock owns in the PCWRA wastewater treatment facility, which capacity may be used in the Castle Rock-Managed Highway 85 Wastewater Collection and Treatment System.
- N. “PCWRA Treatment System Development Fee” means the fee that Castle Rock will charge and collect from Douglas County or existing and/or future customers that connect to the Castle Rock-Managed Highway 85 Wastewater Collection and

Treatment System and use PCWRA Treatment Capacity for the purpose of defraying all costs associated with connecting to the PCWRA wastewater treatment facility. Said Fee shall consist of: (i) the capital recovery fee, which shall be calculated based on the amount of PCWRA Treatment Capacity required for a Single-Family Equivalent and retained by Castle Rock and (ii) the Extraterritorial Surcharge, which shall be retained by Castle Rock as reimbursement for the value of its Treatment Capacity in the PCWRA treatment facility. The current fee is set at \$4,900 per Single Family Equivalent and shall be adjusted each year based on Castle Rock's annual study of rates and fees.

- O. "Project" means the design, construction, and installation of the Castle Rock-Managed Highway 85 Wastewater Collection and Treatment System.
- P. "Project Infrastructure" means the Castle Rock-Managed Highway 85 Wastewater Collection and Treatment System, all as more particularly identified in the description attached as Exhibit B and shown on the map attached as Exhibit B-1.
- Q. "Project Management Fee" means the fee that Castle Rock charges Douglas County to manage the design, construction, and installation of the Castle Rock-Managed Project Infrastructure, which fee shall be equal to one percent (1%) of the Douglas County share of the Project costs.
- R. "Reusable Water" means wastewater from water rights that can be used and reused to extinction, which wastewater shall be put into the Castle Rock-Managed Project Infrastructure and, thereby, made available for purchase by Castle Rock.
- S. "Service Area" means the area located in unincorporated Douglas County within which Castle Rock will provide retail wastewater service through the Castle Rock-Managed Highway 85 Wastewater Collection and Treatment System as shown on the map attached as Exhibit C. Upon the delivery of written notice thereof to Castle Rock, Douglas County may designate additional property in unincorporated Douglas County to be included within the Service Area, subject to the availability of sufficient capacity in the System to serve such property.
- T. "Single Family Equivalent" means the relative measure of demand placed on any wastewater facility or infrastructure by an average single-family residential unit.
- U. "System Development Fees" means, collectively and individually, as applicable, Collection System Development Fees, Collection System Treatment Facility Development Fees, and PCWRA Treatment System Development Fees.

## **2. DESCRIPTION OF PROJECT.**

- A. Consideration. Douglas County agrees to use available American Rescue Plan Act funds to help: (i) finance the design, construction, and installation of a wastewater collection and treatment system along the Highway 85 corridor, extending

approximately from south of the unincorporated Town of Louviers to the PCWRA wastewater treatment facility, and (ii) acquire all easements, whether temporary or permanent, rights-of-way, and other real property interests as may be necessary to construct, operate, maintain, repair, and replace the System. In consideration of obtaining access to available Reusable Water in the Service Area and the payment by Douglas County of fourteen million dollars (\$14,000,000.00) of ARPA Funds for the design, construction, and installation of Project Infrastructure and the Project Management Fee, Castle Rock agrees to manage the design, construction, and installation of the Castle Rock-Managed Project Infrastructure. Douglas County acknowledges and understands that Castle Rock is in the process of negotiating additional agreements that will be required to ensure the design and construction of a complete wastewater collection and treatment system. If, for whatever reason, Castle Rock is unable to consummate these agreements, Castle Rock will work with Douglas County to amend and/or terminate this Agreement as may be necessary.

B. Ownership. Upon the substantial completion of construction and the initial acceptance of the Castle Rock-Managed Project Infrastructure by Douglas County and Castle Rock, ownership of the Castle Rock-Managed Project Infrastructure shall be conveyed to Castle Rock by the general contractor of the Project, along with all warranties associated therewith. Thereafter, Castle Rock agrees to own, operate, maintain, repair and replace the Castle Rock-Managed Project Infrastructure. Castle Rock further agrees to own, operate, maintain, repair and replace any wastewater collection infrastructure that is paid for by, and built to serve any new or existing development connecting to the Castle Rock Managed Project Infrastructure and to provide retail wastewater service to those Douglas County residents within the Service Area who connect to the Castle Rock-Managed Project Infrastructure.

### **3. PROJECT DESIGN, CONSTRUCTION, AND INSTALLATION.**

A. Costs. The Estimated Castle Rock-Managed Project Infrastructure Costs, as shown in Exhibit A, shall include, without limitation, the following costs incurred by Castle Rock: (i) staff time spent administering the work set forth herein, which time shall be accounted for within the Project Management Fee; (ii) design of the Castle Rock-Managed Project Infrastructure; (iii) easement research and acquisition, and any right-of-way or other permitting fees; and (iv) construction and contract management. Castle Rock shall track all costs incurred during the course of the designing, constructing, and installing the Castle Rock-Managed Project Infrastructure; provided, however, that Douglas County acknowledges and agrees that Castle Rock staff time shall not be tracked. The total ARPA Funds that Douglas County will provide for the Castle Rock-Managed Project Infrastructure is fourteen million dollars (\$14,000,000.00).

B. Change Orders. Douglas County acknowledges and agrees that the Estimated Castle Rock-Managed Project Infrastructure Costs may increase at any time during the design, construction or installation of the Castle Rock-Managed Project Infrastructure. Castle Rock shall provide updated Estimated Castle Rock-Managed

Project Infrastructure Costs to Douglas County on a quarterly basis through completion of the Castle Rock-Managed Project Infrastructure. Upon completion and initial acceptance of the Castle Rock-Managed Project Infrastructure, Castle Rock shall prepare an amended Exhibit A showing the Final Castle Rock-Managed Project Infrastructure Costs. Upon agreement of the Parties as to the amount of the Final Castle Rock-Managed Project Infrastructure Costs, the amended Exhibit A shall be substituted for the original Exhibit A and shall be incorporated into this Agreement.

- C. Scope of Work. The general proposed scope of work for the Project Infrastructure and the estimated timeline are provided in the attached Exhibit D (the “Scope of Work”).
- D. Examination of Records; Dispute Resolution. At Douglas County’s request, Castle Rock shall provide records relating to the design, construction, and installation of the Castle Rock-Managed Project Infrastructure, including copies of each draw request from the general contractor, together with paid invoices or such other documentation as may be available and reasonably requested for Douglas County to verify the Final Castle Rock-Managed Project Infrastructure Costs. The Parties shall cooperate to resolve any disputes concerning the Final Castle Rock-Managed Project Infrastructure Costs. If the Parties are unable to resolve their dispute informally, they shall submit the dispute to non-binding mediation before a mutually agreeable mediator. If the Parties remain unable to resolve their dispute within sixty (60) days of commencing mediation, the Parties may pursue any remedies lawfully available to them.
- E. Costs in Excess of Contingency. Castle Rock shall administer the Castle Rock-Managed Project Infrastructure in substantially the same manner and with the same care as other Castle Rock design and construction projects of a similar scope and nature. Castle Rock shall manage all change orders and costs adjustments within a contingency amount agreed to by the Parties. Adjusted cost estimates will be made based upon actual construction bids or change orders. If the Estimated Castle Rock-Managed Project Infrastructure Costs need to be adjusted over and above the contingency amount, Castle Rock shall give written notice to Douglas County. Douglas County shall have 30 days to provide approval of such additional costs. If Douglas County does not approve the additional costs, the Parties will meet to review and identify opportunities to decrease the overall Scope of Work to bring the Estimated Castle Rock-Managed Project Infrastructure Costs within the amount of funding available under ARPA. If the Parties cannot identify opportunities to decrease the overall Scope of Work and Estimated Castle Rock-Managed Project Infrastructure Costs, then the Parties agree to submit the dispute to non-binding mediation as provided in Subsection D of this Section.
- F. Easements. Castle Rock agrees to undertake the acquisition of all easements, whether temporary or permanent, rights-of-way, and other real property interests as may be necessary to construct, operate, maintain, repair, and replace the Castle

Rock-Managed Project Infrastructure. All such real property interests shall be granted to Castle Rock at the time of acquisition. In addition, provision shall be made for recreational trail easements in locations consistent with Douglas County's draft Plum Creek Regional Trail feasibility study. Any trail easements acquired by Castle Rock for this purpose shall be granted to Douglas County at the time of acquisition. Wherever feasible, such easements may be non-exclusive and occupy the same location as the real property interests granted to Castle Rock pursuant to this Subsection F.

G. Contract Solicitation. Castle Rock will undertake the bidding and contracting for design, property acquisition, and construction services utilizing its standard design and construction contracting processes. Selected consultants and contractors will be provided to Douglas County by Castle Rock for Douglas County' concurrence prior to the signing of each contract. Douglas County shall fully fund each contract prior to award by Castle Rock and partially fund any remaining contract until the full amount of ARPA funds allocated to this Project has been invested in the Castle Rock-Managed Project Infrastructure. For any construction contract, the Parties will enter into a separate agreement to establish an escrow account, which account shall be funded by Douglas County to the appropriate amount of each such contract, plus a reasonable contingency. This escrow account will be used for payment of all invoices for each such contract. The Parties acknowledge and agree that the construction of the Castle Rock-Managed Project Infrastructure may be phased as the Parties may deem appropriate, and that separate construction contracts may be entered into for each phase of the Castle Rock-Managed Project Infrastructure.

H. Escrow. Castle Rock will review and approve all consultant and contractor invoices that are funded with ARPA Funds and then forward said invoices to Douglas County for approval on a monthly basis. Douglas County will review and approve said invoices within fifteen (15) days following receipt of the invoice and then submit the approved invoices to the escrow agent for payment to the contractor. Payment from the escrow account shall be made in full within thirty (30) days following receipt of the invoice from the contractor.

I. Insurance. Castle Rock will require each Project contractor to procure and maintain the following types and amounts of insurance in accordance with the requirements of Castle Rock's purchasing policies, with each policy to be issued to include Douglas County, its officers and employees, as and additional named insured:

- (i) Commercial General Liability Insurance, including coverage for bodily injury, broad form property damage (including for contractual and employee acts), blanket contractual, independent contractors, products, and completed operations, with minimum combined single limits of \$1,000,000 for each occurrence and \$1,000,000 aggregate.
- (ii) Comprehensive Automobile Liability Insurance, including coverage for each of the contractor's owned, hired and/or non-owned vehicles assigned

to or used in performance of the services, with minimum combined single limits for bodily injury and property damage of not less than \$1,000,000 for each occurrence and \$1,000,000 aggregate.

- (iii) Workers' Compensation Insurance to cover obligations imposed by the Workers Compensation Act of Colorado and any other applicable laws for any employee engaged in the performance of work under the contract, and Employer's Liability insurance with minimum limits of \$500,000 each accident, \$500,000 disease-policy limit, and \$500,000 disease-each employee.
- (iv) Builder's Risk or Installation Floater Policy, at Castle Rock's discretion, in an amount equal to the value of the Project where the possibility exists of loss or damage to the Project (for the construction contract only).
- (v) Professional Liability Insurance, including coverage for damages or claims for damages arising out of the rendering, or failure to render, any professional services, with minimum combined single limits of \$1,000,000 for each occurrence and \$1,000,000 aggregate (for the design contract only).

#### **4. CAPACITY ALLOCATION.**

- A. Capacity Reservation and Allocation. Concurrent with the substantial completion and initial acceptance of the Castle Rock-Managed Project Infrastructure, Castle Rock shall grant Douglas County a license for Douglas County's proportional share in the permanent capacity of the Castle Rock-Managed Project Infrastructure (the "License"). Castle Rock will retain all other capacity in the Castle Rock-Managed Project Infrastructure. This will result in an estimated initial allocation of permanent capacity in the System of 5% for Castle Rock and 95% for Douglas County. A final allocation shall be determined by the Parties at the time of final design of the Castle Rock-Managed Project Infrastructure. As new customers connect to the Castle Rock-Managed Project Infrastructure, Castle Rock's share of the allocation of permanent capacity shall increase, while Douglas County's share of the allocation of permanent capacity will decrease, by the amount of permanent capacity needed to serve each new customer.
- B. Access Restriction. The Parties acknowledge and agree that the License granted herein is for capacity in the Castle Rock-Managed Project Infrastructure only. Following the transfer of ownership of Castle Rock-Managed Project Infrastructure as provided in Subsection A of this section, Douglas County shall not at any time access the Castle Rock-Managed Project Infrastructure or other facilities or property owned or controlled by Castle Rock, except pursuant to the terms, restrictions and conditions set forth in this Agreement.

C. License Capacity. The total capacity of the Castle Rock-Managed Project Infrastructure is set forth in Exhibit B. The License granted to Douglas County is limited to the percentage share set forth in Subsection A of this Section, which share may not be sold or assigned by Douglas County. If the total capacity of the Castle Rock-Managed Project Infrastructure should ever exceed the amounts set forth in Exhibit B for any reason, as determined by Castle Rock in its sole discretion, the excess capacity shall be allocated between Castle Rock and Douglas County based upon the prorated funding of such capacity until such time as new customers connect to the System and such capacity is allocated to Castle Rock as set forth in Subsection A of this Section.

D. Capacity Restriction. If capacity in the Castle Rock-Managed Project Infrastructure is restricted on account of maintenance, emergencies, force majeure, or legal or regulatory requirements, Castle Rock shall forthwith advise Douglas County of such capacity restriction and the anticipated duration thereof, and apportion capacity in the Castle Rock-Managed Project Infrastructure based upon Douglas County's proportional share of Castle Rock-Managed Project Infrastructure capacity.

E. Limitations. The allocation of costs set forth herein between Castle Rock and Douglas County is intended to apply solely to the costs of designing, constructing, and installing the Castle Rock-Managed Project Infrastructure, and shall not be construed to include costs and fees related to the operation, maintenance, repair, or replacement of the Castle Rock-Managed Project Infrastructure. Such costs and other related terms and conditions, shall be managed by Castle Rock.

F. Warranty. Upon the completion of construction, initial acceptance, and conveyance of the Castle Rock-Managed Project Infrastructure, Castle Rock shall be the sole owner of the Castle Rock-Managed Project Infrastructure and all warranties associated therewith, subject to the rights of Douglas County as further set forth herein. Castle Rock represents and warrants to Douglas County that Castle Rock either has, or will obtain, all necessary right, title and interest in the Castle Rock-Managed Project Infrastructure to convey the License set forth in Subsection A of this Section. Castle Rock does covenant and agree that it shall warrant and forever defend Douglas County 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 the person or entity granting rights, interests or title to Castle Rock or any portion thereof, Castle Rock shall, to the extent permitted by law, take all necessary actions to acquire the requisite interest needed to satisfy its obligations hereunder; provided that, for so long as Douglas County has capacity in the System, Douglas County may be required by Castle Rock to pay its proportional share of the costs related to any action taken by Castle Rock if the need for such action is not due to the negligence of Castle Rock.

G. Insurance. Castle Rock shall procure and maintain property insurance for the Castle Rock-Managed Project Infrastructure that is substantially similar to the coverage

maintained by Castle Rock for other similar Castle Rock-owned water and wastewater infrastructure. If the Castle Rock-Managed Project Infrastructure is damaged, Castle Rock shall allocate all proceeds from the insurance policy towards repairing the Project Infrastructure

## 5. RETAIL WASTEWATER SERVICE.

- A. Wastewater Collection and Treatment System Capacity. Douglas County shall be allocated licensed capacity in the Castle Rock-Managed Project Infrastructure. Douglas County can make this capacity available for customers in the Service Area. Douglas County and Castle Rock agree that service to future development within the Service Area will be provided in the most cost-effective manner as determined by Castle Rock, as the retail wastewater service provider, and the customer applying for service
- B. General Service Requirements. Castle Rock will be the retail provider of wastewater service in the Service Area. With regard to property within the Service Area that (i) is undeveloped as of January 1, 2023, or (ii) is fully developed, but for which approval is being sought from Douglas County to redevelop, the property owner shall submit an application to Douglas County for the development or redevelopment of such property, which application shall include a request to connect to the Castle Rock-Managed Project Infrastructure. Within fifteen (15) days of receipt, Douglas County shall notify Castle Rock of each such application. Castle Rock will set an application fee for evaluation of the service options to the property that is the subject of the application and, upon collection of that fee, will evaluate service options for such property. If Douglas County has adequate capacity for Castle Rock to serve the property under the License, Castle Rock will then calculate the amount of System Development Fees that it will charge the applicant for the right to connect to the Castle Rock-Managed Project Infrastructure. Castle Rock will also determine what Necessary Improvements, if any, are required as a condition precedent for the applicant to connect to the Castle Rock-Managed Project Infrastructure. Thereafter, Castle Rock will provide a "will serve" letter to the applicant stating the total System Development Fees that the applicant will be required to pay and identifying the Necessary Improvements that the applicant will be required to provide. Douglas County, as the land use agency for the Service Area, will provide the required review(s) for the development or redevelopment application in accordance with its land use rules and regulations; provided, however, that Douglas County agrees that Castle Rock's rules and regulations regarding water, wastewater, and water conservation, including landscaping, shall take precedence over any Douglas County rules and regulations pertaining to this subject matter. Upon approval by Douglas County of the development or redevelopment application, the payment of all applicable System Development Fees to Castle Rock, and the substantial completion of all Necessary Improvements, the applicant will be allowed to connect to the Castle Rock-Managed Project Infrastructure and retail wastewater service shall be provided to the newly developed or redeveloped property.

With regard to property within the Service Area that is fully developed as of January 1, 2023, and for which no approval is being sought from Douglas County to redevelop, the property owner shall submit an application to Douglas County for connection to the Castle Rock-Managed Project Infrastructure. Within fifteen (15) days of receipt, Douglas County shall notify Castle Rock of each such application. If Douglas County has adequate capacity to serve the property under the License, Castle Rock will then determine what Necessary Improvements, if any, are required as a condition precedent for the applicant to connect to the Castle Rock-Managed Project Infrastructure. Thereafter, Castle Rock will provide a “will serve” letter to the applicant identifying the Necessary Improvements that the applicant will be required to provide. No System Development Fees associated with that portion of the Castle Rock-Managed Project Infrastructure funded by Douglas County will be charged to the applicant, as long as Douglas County has adequate capacity to serve the property with the Castle Rock-Managed Project Infrastructure; provided, however, that if the applicant will be using PCWRA Treatment Capacity and/or any portion of the Castle Rock-Managed Project Infrastructure not funded by Douglas County, Castle Rock will charge and collect from the property owner the PCWRA Treatment System Development Fee and other System Development Fees as appropriate. If Douglas County does not have adequate capacity available, then the application will be treated as if it is an application for the development or redevelopment of property within the Service Area. In such cases, Castle Rock will calculate System Development Fees in a manner similar to how they are calculated for new development or redevelopment. Upon approval by Douglas County of the connection application and the substantial completion of all Necessary Improvements, and, if applicable, the payment of System Development Fees to Castle Rock, the applicant will be allowed to connect to the Castle Rock-Managed Project Infrastructure and retail wastewater service shall be provided to the property.

Each connection shall meet all of Castle Rock’s connection requirements, which requirements are generally set forth in Title 13 of the Castle Rock Municipal Code. Such connection shall also meet the PCWRA Code of Rules and Regulations dated May 19, 2020, and adopted by reference pursuant to Section 13.04.020 of the Castle Rock Municipal Code. As consideration for allowing the connection to the Castle Rock-Managed Project Infrastructure, Douglas County will allocate to Castle Rock the pro-rated capacity in the Castle Rock-Managed Project Infrastructure that will be used by new development or redevelopment. The allocation of such capacity shall be memorialized in an annual statement to be provided by Castle Rock to Douglas County by no later than thirty (30) days following the end of each calendar year. Within thirty (30) days following the date upon which all capacity in the Castle Rock-Managed Project Infrastructure has been allocated to Castle Rock pursuant to the terms of this Subsection B, Castle Rock will send Douglas County written notice that the License granted to Douglas County herein is terminated.

C. Use of System Development Fees. With the exception of System Development Fees or the portion of System Development Fees that is due to Castle Rock, the System Development Fees for Douglas County's licensed capacity will be: (i) reinvested by Douglas County in the design, construction, and installation of additional components of the Castle Rock-Managed Project Infrastructure in the Service Area as recommended by Castle Rock to Douglas County or (ii) returned to Douglas County for other uses as determined in Douglas County's sole discretion. The amount of System Development Fees associated with Douglas County's licensed capacity will be collected, reported, and transferred to Douglas County no less than annually. Based on the amount of System Development Fees collected for Douglas County's licensed capacity, Castle Rock will notify Douglas County as to the specific infrastructure it intends to fund with System Development Fees, along with the estimated costs of such infrastructure. Such notice will be presented to Douglas County annually for its review and approval. A separate intergovernmental agreement will be negotiated and executed by the Parties for each such infrastructure component, identifying the amount of the System Development Fees that Douglas County will agree to use for such purpose. Nothing in this Agreement shall be deemed to require Douglas County to use System Development Fees associated with Douglas County's licensed capacity for expansion of the Castle Rock-Managed Project Infrastructure.

D. Renewable Water Requirement. For new development or redevelopment in the Service Area, Castle Rock will require the developer or redeveloper to provide a renewable water supply for their development or redevelopment as a condition precedent to obtaining a "will serve" letter from Castle Rock to connect to the Castle Rock-Managed Project Infrastructure.

E. Limitations. At such time as Castle Rock agrees to be the retail wastewater provider to any property within the Service Area, any costs and fees related to the operation, maintenance, repair, or replacement of any wastewater infrastructure that Castle Rock owns or comes to own will be assessed in accordance with Castle Rock's standard rate-setting policies and procedures, and shall include a 10% extraterritorial surcharge separate from the process of setting and collecting System Development Fees.

## **6. AMERICAN RESCUE PLAN ACT PROVISIONS.**

A. Acknowledgement. Castle Rock acknowledges and agrees that the funds encumbered by Douglas County to pay for the design, construction, and installation of the Castle Rock-Managed Project Infrastructure, and the acquisition of all easements, rights-of way, and other real property interests necessary and appurtenant thereto, have been provided in accordance with ARPA. The Parties acknowledge that all ARPA Funds) may only be used to cover those eligible costs incurred by Douglas County during the period that begins on March 3, 2021, and ends on December 31, 2024, including costs incurred to make necessary investments in sewer infrastructure. The Parties anticipate that the total amount of

ARPA Funds available for the Castle Rock-Managed Project Infrastructure shall not exceed \$14,000,000.

B. Use of ARPA Funds. Castle Rock shall only utilize ARPA Funds for the purposes described in this Agreement. Castle Rock agrees and acknowledges that, as a condition to receiving the ARPA Funds, it shall strictly follow the Coronavirus Local Fiscal Recovery Fund Award Terms and Conditions attached as Exhibit E. All invoices submitted by Castle Rock to Douglas County pursuant to this Agreement shall use “COVID-19” or “Coronavirus” as a descriptor for those costs that are paid by ARPA Funds to facilitate the tracking of Agreement-related spending related to COVID-19. Castle Rock shall segregate and specifically identify the time and expenditures billed to Douglas County on each invoice to allow for future review and analysis of COVID-19 related expenses. To avoid an unlawful duplication of federal benefits, the Parties agree and acknowledge that the services provided by Castle Rock for which ARPA Funds are used shall not, to the extent that ARPA Funds are used, also be paid for or reimbursed by monies provided under any other federal program.

C. ARPA Deadlines. Douglas County agrees and acknowledges that it shall obligate the use of ARPA funds for the services performed by Castle Rock under this Agreement no later than December 31, 2024. Castle Rock agrees and acknowledges that all services performed by Castle Rock using ARPA Funds must be performed by no later than December 31, 2026.

D. Reporting Requirements. To the extent that Castle Rock’s services hereunder contemplate the spending of ARPA Funds, Castle Rock shall provide to Douglas County information responsive to mandatory performance measures, including programmatic data sufficient to conduct oversight as well as understand aggregate program outcomes. Further, in providing the ARPA-required information to the City, to the extent possible, Castle Rock shall provide this programmatic data related to such services disaggregated by race, ethnicity, gender, income, and other relevant demographic factors as may be determined by Douglas County. Castle Rock shall insert the foregoing requirement into all subcontracts related to this Agreement, thereby obligating all subcontractors to the same reporting requirement as Castle Rock.

E. Inspection of Records. Castle Rock shall maintain records of the documentation supporting the use of ARPA Funds in an auditable format, for the later of five (5) years after final payment on this Agreement or the expiration of the applicable statute of limitations. Any authorized agent of Douglas County or of the Federal government, including the Special Inspector General for Pandemic Recovery, have the right to access, and the right to examine, copy and retain copies, at the official’s election in paper or electronic form, any pertinent books, documents, papers and records related to Castle Rock’s use of ARPA Funds pursuant to this Agreement. Castle Rock shall cooperate with Federal and Douglas County representatives and such representatives shall be granted access to the foregoing documents and

information during reasonable business hours and until the latter of five (5) years after the final payment under this Agreement or expiration of the applicable statute of limitations. No examination of records and audits pursuant to this section shall require Castle Rock to make disclosures in violation of state or federal privacy laws.

**7. DEFAULT/REMEDIES.** In the event a Party deems the other Party to be in default, it shall provide written notice indicating the event of default. The defaulting party shall have thirty (30) days from the date of the notice to cure the stated default or, if such default is not capable of being cured within thirty (30) days, cure of such default shall commence and be diligently pursued. In no event shall the cure period exceed thirty (30) days for monetary defaults, or sixty (60) days for non-monetary defaults, except by written consent of the non-defaulting party. In the event the defaulting party has failed to cure in accordance with this Section, the non-defaulting party may pursue all available remedies at law or equity. In addition, Castle Rock shall have the ability to withhold services to manage the design and construction of the Project Infrastructure due to a monetary default by Douglas County.

**8. MISCELLANEOUS.**

- A. **Governing Law and Venue.** The Parties hereto agree that exclusive jurisdiction and venue for the resolution of any dispute relating to this Agreement shall lie in the District Court for Douglas County, State of Colorado.
- B. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties relating to the subject matter thereof, and there are no prior or contemporaneous agreements, either oral or written, relating to the subject matter hereof except as expressly set forth herein.
- C. **Agreement Modification.** The Agreement may not be amended, altered, or otherwise changed except by a written agreement between the Parties.
- D. **Counterpart Execution.** The Agreement may be executed in one or more counterparts, each of which when executed shall be deemed an original, all of which together shall constitute one and the same instrument. Executed copies hereof may be delivered by electronic delivery and, upon receipt, shall be deemed originals and binding upon the parties hereto.
- E. **Governmental Immunity.** Nothing in this Agreement shall be construed to waive, limit, or otherwise modify, in whole or in part, any governmental immunity that may be available by law to the Parties or their officials, employees, contractors, or agents, or any other person acting on behalf of the Parties and, in particular, governmental immunity that may be afforded or available to the Parties pursuant to the Colorado Governmental Immunity Act, Title 24, Article 10, Part 1 of the Colorado Revised Statutes.

- F. Assignability. This Agreement and the License granted herein may not be assigned, pledged or transferred, in whole or in part, without the express written consent of the other Party which consent shall not be unreasonably withheld.
- G. No Public Dedication/No Third-Party Beneficiary. Nothing contained herein shall be deemed to be a grant or dedication of any rights or use to the public in general, and no third-party beneficiary interests are created nor intended to be created by this Agreement.
- H. Headings for Convenience. The headings and captions in this Agreement are intended solely for the convenience of reference and shall be given no effect in the construction or interpretation of this Agreement.
- I. Notice. Any notice required or permitted by this Agreement shall be in writing and shall be deemed to have been sufficiently given for all purposes if sent by certified mail or registered mail, postage and fees prepaid, addressed to the party to whom such notice is to be given, at the address set forth below, or at such other address as has been previously furnished in writing, to the other party. Such notice shall be deemed to have been given when deposited in the United States mail.

If to Castle Rock: Town of Castle Rock  
Attn: Director of Castle Rock Water  
175 Kellogg Court  
Castle Rock, CO 80109

with copy to: Town of Castle Rock  
Attn: Town Attorney  
100 N. Wilcox Street  
Castle Rock, CO 80104

If to Douglas County: Douglas County  
Attn: Special Projects Manager  
100 Third Street  
Castle Rock, CO 80104

with copy to: Douglas County  
Attn: County Attorney  
100 Third Street  
Castle Rock, CO 80104

J. **No Waiver.** No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other of the provisions of this Agreement, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided herein, nor shall the waiver of any default hereunder be deemed a waiver of any subsequent default hereunder.

- K. Recordation. The Parties agree that this Agreement may be recorded in the records of the Clerk and Recorder for county in which a Party has its principal place of business.
- L. Binding Agreement. The benefits and burdens of this Agreement shall inure to and be binding upon on the successors, and assigns of the Parties.
- M. Definitions and Interpretations. Except as otherwise provided herein, nouns, pronouns and variations thereof shall be deemed to refer to the singular or plural, and masculine or feminine, as the context may require. Any reference to a policy, procedure, law, regulation, rule or document shall mean such policy, procedure, law, regulation, rule or document as it may be amended from time to time.
- N. Survival of Representations. Each and every covenant, promise, and payment contained in this Agreement shall survive each and be binding and obligatory upon each of the Parties and shall not merge into any deed, assignment, covenant, escrow agreement, easement, lease or any other document.
- O. Non-Severability. Each Section of this Agreement is intertwined with the others and is not severable unless by mutual consent of the Parties.
- P. Effect of Invalidity. If any portion of this Agreement is held invalid or unenforceable for any reason by a court of competent jurisdiction as to either Party or as to both Parties, the Parties will immediately negotiate valid alternative portions) that as near as possible give effect to any stricken portion(s).
- Q. 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.

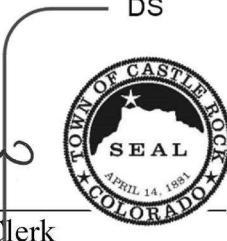
IN WITNESS WHEREOF, this Agreement is executed by the Parties hereto as of the date first written above.

(Signature pages to follow)

ATTEST:

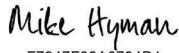
DocuSigned by:  
  
298A8A4EDEE34AF...

Lisa Anderson, Town Clerk



Approved as to form:

DocuSigned by:

  
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Michael J. Hyman, Town Attorney

TOWN OF CASTLE ROCK

DocuSigned by:  
  
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Jason Gray, Mayor

Approved as to content:

DocuSigned by:

  
FEA6D2E651B241D...

Mark Marlowe, Director Castle Rock Water

STATE OF COLORADO )  
                         ) ss.  
COUNTY OF DOUGLAS )

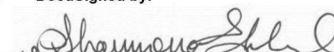
The foregoing instrument as acknowledged before me this 8<sup>th</sup> day of July, 2024, by Lisa Anderson as Town Clerk and Jason Gray as Mayor of the Town of Castle Rock, Colorado.

Witness my official hand and seal.

My commission expires 9/30/2024

DAN#20084033388-459132

DS

DocuSigned by:  
  
N 20084033388-459132  
Notary Public

SHANNON EKLUND  
NOTARY PUBLIC  
STATE OF COLORADO  
Notary ID: 20084033388  
My commission expires 9/30/2024

**ATTEST:**

**BOARD OF COUNTY COMMISSIONERS OF  
THE COUNTY OF DOUGLAS**

**Approved as to form:**

**STATE OF COLORADO )  
                          ) ss.  
COUNTY OF DOUGLAS )**

The foregoing instrument as acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2024, by \_\_\_\_\_ for the Board of County Commissioners of the County of Douglas.

Witness my official hand and seal.

My commission expires:

\_\_\_\_\_  
Notary Public

**BOARD OF COUNTY COMMISSIONERS  
OF THE COUNTY OF DOUGLAS**

BY: \_\_\_\_\_  
n/a

DATE: \_\_\_\_\_

**APPROVED AS TO FISCAL CONTENT:**

Signed by:  
BY:   
19B6927A7A3A4AC...  
Andrew Copland  
Director of Finance

DATE: **8/23/2024**

**APPROVED AS TO LEGAL FORM:**

DocuSigned by:  
BY:   
573DD015549D4F7...  
Christopher Pratt  
Sr. Asst. Cty. Atty.

DATE: **8/22/2024**

ATTEST:

DocuSigned by:  
*Hayley Hall*  
166E3E33F00240B...

Hayley Hall Clerk to the Board

Signed by:



BOARD OF COUNTY COMMISSIONERS OF THE  
COUNTY OF DOUGLAS

STATE OF COLORADO )  
 ) ss.  
COUNTY OF DOUGLAS )

The foregoing instrument as acknowledged before me this 23rd day of August,  
2024, by George Teaf for the Board of County Commissioners of the County of Douglas.

Witness my official hand and seal.

My commission expires:

2/25

Amy N  
Notary Public

AMY T. WILLIAMS  
NOTARY PUBLIC  
STATE OF COLORADO  
NOTARY ID 19974000634  
MY COMMISSION EXPIRES 2/8/2025

**INTERGOVERNMENTAL AGREEMENT BETWEEN THE TOWN OF  
CASTLE ROCK AND DOUGLAS COUNTY FOR THE HIGHWAY 85  
WASTEWATER COLLECTION AND TREATMENT SYSTEM**

**THIS INTERGOVERNMENTAL AGREEMENT** (the “Agreement”) is made and entered into this 2nd day of May, 2023 (the “Effective Date”), by and between the Town of Castle Rock, a home rule municipal corporation, acting by and through the Town of Castle Rock Water Enterprise (“Castle Rock”), and the Board of County Commissioners of the County of Douglas (“Douglas County”), (each, 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; and

**WHEREAS**, Castle Rock operates a wastewater collection system and owns wastewater treatment capacity in the Plum Creek Water Reclamation Authority (“PCWRA”) treatment facility to provide retail wastewater service to its customers; and

**WHEREAS**, Douglas County desires to utilize American Rescue Plan Act funding to design and construct a wastewater collection and treatment system along the Highway 85 corridor (the “Highway 85 Wastewater Collection and Treatment System” or “System”) in Douglas County, starting in the unincorporated Town of Louviers and extending as far south towards the PCWRA wastewater treatment facility as funding will allow; and

**WHEREAS**, Castle Rock has the experienced project engineering and management staff that are needed to help Douglas County construct the System; and

**WHEREAS**, Castle Rock also has the operational capacity and experience to own, operate, maintain, and, if necessary, replace the System, and/or manage the contracting for these services, for the benefit of the future customers of the System in unincorporated Douglas County; and

**WHEREAS**, Castle Rock is willing to make available at cost, plus an extraterritorial surcharge, wastewater treatment capacity it owns in the PCWRA treatment facility to serve customers of the System, but only if this proves to be the most cost-effective method of providing such service; and

**WHEREAS**, Castle Rock is willing to use its project engineering and management expertise to design and construct a System for Douglas County and to give Douglas County full authority to allocate capacity in the System to existing and future customers of the System; and

**WHEREAS**, Douglas County further desires to utilize American Rescue Plan Act funding to obtain easements to facilitate the construction, operation, and maintenance of the System along Plum Creek, which easements can exist in combination with existing and future trails, thereby expanding recreational amenities for Douglas County residents; and

**WHEREAS**, Castle Rock has the ability to acquire these easements on behalf of Douglas County; and

**WHEREAS**, Douglas County and Castle Rock believe the System will improve water quality in Plum Creek and Chatfield Reservoir, both of which are drinking water sources for Douglas County and Castle Rock, by eliminating failing wastewater lagoon systems and, eventually, septic systems; and

**WHEREAS**, Douglas County believes that the System will stimulate economic development and growth in the Highway 85 corridor; and

**WHEREAS**, based upon the foregoing reasons, the Parties find and determine that it is in the best interests of their respective customers and citizens to enter into this Agreement.

**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, shall have the meanings indicated:

- A. “Collection System” means that portion of the Project Infrastructure utilized for the collection and delivery of wastewater to the Collection System Treatment Facility, in the event that such Facility is designed and constructed as part of the Project.
- B. “Collection System Development Fee” means the fee that Castle Rock will charge to those persons seeking to develop or redevelop property within the Service Area for the right to connect to the Highway 85 Wastewater Collection and Treatment System. Said fee shall be charged for the purpose of defraying all costs associated with the design and construction of the Collection System and any improvements thereto, and shall consist of: (i) the capital recovery fee, which shall be calculated based on the Final Infrastructure Costs for the Collection System, (ii) the capital improvement fee, which shall be calculated based on the costs of increasing the capacity of the Collection System as may be necessary to serve new development or redevelopment in the Service Area, (iii) the Extraterritorial Surcharge, and (iv) any other costs determined by Castle Rock to be necessary and appurtenant. All revenues generated by the Collection System Development Fee, except for those revenues attributable to the Extraterritorial Surcharge, shall be invested by Castle Rock in the Collection System.
- C. “Collection System Treatment Capacity” means wastewater treatment capacity in the Collection System Treatment Facility, in the event that such Facility is designed and constructed as part of the Project.

- D. “Collection System Treatment Facility” means any treatment works, as defined in section 212 of the Federal Clean Water Act (33 U.S.C. §§1251, *et seq.*), that is designed and constructed as part of the Project to be used in the storage, treatment, recycling, and reclamation of domestic and/or industrial wastewater generated by customers of the System for purposes of complying with the Federal Clean Water Act.
- E. “Collection System Treatment Facility Development Fee” means the fee that Castle Rock will charge to those persons seeking to develop or redevelop property within the Service Area for the right to connect to the Highway 85 Wastewater Collection and Treatment System. Said Fee shall be charged for the purpose of defraying all costs associated with design and construction of Collection System Treatment Facility and any improvements thereto, and shall consist of: (i) the capital recovery fee, which shall be calculated based on the Final Infrastructure Costs for the Collection System Treatment Facility, (ii) the capital improvement fee, which shall be calculated based on the costs of increasing the capacity of the Collection System Treatment Facility as may be necessary to serve new development or redevelopment in the Service Area, (iii) the Extraterritorial Surcharge, and (iv) any other costs determined by Castle Rock to be necessary and appurtenant. All revenues generated by the Collection System Treatment Facility Development Fee, except for those revenues attributable to the Extraterritorial Surcharge, shall be invested by Castle Rock in the Collection System Treatment Facility.
- F. “Dominion” means the Dominion Water and Sanitation District, a quasi-municipal special district organized and existing pursuant to the provisions of Title 32 of the Colorado Revised Statutes.
- G. “Dominion and Castle Rock Wastewater Service Agreement” means the intergovernmental agreement between Dominion and Castle Rock that will be executed in the event that Castle Rock proceeds with the alternative for the Project that utilizes any portion of the Dominion System in the design and construction of the Highway 85 Wastewater Collection and Treatment System.
- H. “Dominion System” means any collection system or treatment works, as defined in section 212 of the Federal Clean Water Act (33 U.S.C. §§1251, *et seq.*), that is used by Dominion in the collection, storage, treatment, recycling, and reclamation of domestic and/or industrial wastewater generated by Dominion customers for purposes of complying with the Federal Clean Water Act.
- I. “Dominion System Development Fee” means the fee that Castle Rock will charge and collect from those persons seeking to develop or redevelop property within the Service Area that connect to the Highway 85 Wastewater Collection and Treatment System and use any portion of the Dominion System. Said Fee shall be charged for the purpose of defraying all costs associated with connecting to the Dominion System, and shall consist of (i) the capital recovery fee, which shall be calculated based on the total infrastructure costs of the Dominion System, (ii) the capital

improvement fee, which shall be calculated based on the costs of increasing the capacity of the Dominion System as may be necessary to serve new development or redevelopment connecting to the Dominion System, (iii) the Extraterritorial Surcharge, and (iv) any other costs determined by Castle Rock to be necessary and appurtenant.

J. “Estimated Project Infrastructure Costs” means the estimated costs of designing, constructing and installing the Project Infrastructure, as more particularly described in the attached Exhibit A.

K. “Extraterritorial Surcharge” means the ten percent (10%) surcharge that Castle Rock will add to the Collection System Development Fees, the Collection System Treatment Facility Development Fees, the Dominion System Development Fee, the PCWRA Treatment System Development Fee, and all other rates and fees charged by Castle Rock in providing extraterritorial retail wastewater service to System customers.

L. “Final Project Infrastructure Costs” means the final costs of designing, constructing and installing the Project Infrastructure, as more particularly described in the amended Exhibit A.

M. “Louviers” means the Louviers Water and Sanitation District, a quasi-municipal special district organized and existing pursuant to the provisions of Title 32 of the Colorado Revised Statutes

N. “Louviers and Castle Rock Reuse Water Purchase and Sale Agreement” means the intergovernmental agreement between Louviers and Castle Rock for the purchase by Castle Rock of certain Reusable Water presently owned by Louviers.

O. “MGD” means million gallons per day.

P. “Necessary Improvement” means any improvement to Project Infrastructure, (i) the construction or installation of which Castle Rock reasonably deems to be a necessary prerequisite for any person seeking to develop or redevelop property within the Service Area to connect to the Highway 85 Wastewater Collection and Treatment System, and (ii) which is in addition to those improvements to Project Infrastructure that are funded by Collection System Development Fees, Collection System Treatment Facility Development Fees, or Dominion System Development Fees.

Q. “PCWRA Treatment Capacity” means wastewater treatment capacity that Castle Rock owns in the PCWRA wastewater treatment facility, which capacity may be used in the Highway 85 Wastewater Collection and Treatment System.

R. “PCWRA Treatment System Development Fee” means the fee that Castle Rock will charge and collect from Douglas County or existing and/or future customers

that connect to the Highway 85 Wastewater Collection and Treatment System and use PCWRA Treatment Capacity for the purpose of defraying all costs associated with connecting to the PCWRA wastewater treatment facility. Said Fee shall consist of: (i) the capital recovery fee, which shall be calculated based on the amount of PCWRA Treatment Capacity required for a Single Family Equivalent and retained by Castle Rock and (ii) the Extraterritorial Surcharge, which shall be retained by Castle Rock as reimbursement for the value of its Treatment Capacity in the PCWRA treatment facility. The current fee is set at \$4,900 per Single Family Equivalent and shall be adjusted each year based on Castle Rock's annual study of rates and fees.

- S. "Project" means the design, construction, and installation of the Highway 85 Wastewater Collection and Treatment System.
- T. "Project Infrastructure" means the Highway 85 Wastewater Collection and Treatment System, all as more particularly identified in the description attached as Exhibit B and shown on the map attached as Exhibit B-1.
- U. "Project Management Fee" means the fee that Castle Rock charges Douglas County to manage the design, construction, and installation of the Project, which fee shall be equal to one percent (1%) of the total Project costs.
- V. "Reusable Water" means wastewater from water rights that can be used and reused to extinction, which wastewater shall be put into the Project Infrastructure and, thereby, made available for purchase by Castle Rock.
- W. "Service Area" means the area located in unincorporated Douglas County within which Castle Rock will provide retail wastewater service through the Highway 85 Wastewater Collection and Treatment System as shown on the map attached as Exhibit C. Upon the delivery of written notice thereof to Castle Rock, Douglas County may designate additional property in unincorporated Douglas County to be included within the Service Area, subject to the availability of sufficient capacity in the System to serve such property.
- X. "Single Family Equivalent" means the relative measure of demand placed on any wastewater facility or infrastructure by an average single-family residential unit.
- Y. "System Development Fees" means, collectively and individually, as applicable, Collection System Development Fees, Collection System Treatment Facility Development Fees, Dominion System Development Fees and PCWRA Treatment System Development Fees.

## **2. DESCRIPTION OF PROJECT.**

- A. Consideration. Douglas County agrees to use available American Rescue Plan Act funds to: (i) finance the design, construction, and installation of a wastewater

collection and treatment system along the Highway 85 corridor, extending approximately from the unincorporated Town of Louviers to the PCWRA wastewater treatment facility , or as far south as such available funding will allow, and (ii) acquire all easements, whether temporary or permanent, rights-of-way, and other real property interests as may be necessary to construct, operate, maintain, repair, and replace the System. In consideration of obtaining access to available Reusable Water in vicinity of the Highway 85 corridor and the payment by Douglas County of the Project Management Fee, Castle Rock agrees to manage the design, construction, and installation of the Project Infrastructure.

B. Ownership. Upon the substantial completion of construction and the initial acceptance of the Project Infrastructure by Douglas County and Castle Rock, ownership of the Project Infrastructure shall be conveyed to Castle Rock by the general contractor of the Project, along with all warranties associated therewith. Thereafter, with the exception of those portions of the System it may convey to Dominion pursuant to the Dominion and Castle Rock Wastewater Service Agreement, Castle Rock agrees to own, operate, maintain, repair and replace the System and to provide retail wastewater service to those Douglas County residents within the Service Area who agree to connect to the System.

### **3. PROJECT DESIGN, CONSTRUCTION, AND INSTALLATION.**

A. Costs. The Estimated Project Infrastructure Costs shall include, without limitation, the following costs incurred by Castle Rock: (i) staff time spent administering the work set forth herein, which time shall be accounted for within the Project Management Fee; (ii) design of the Project Infrastructure; (iii) easement research and acquisition, and any right-of-way or other permitting fees; and (iv) construction and contract management. Castle Rock shall track all costs incurred during the course of the Project; provided, however, that Douglas County acknowledges and agrees that Castle Rock staff time shall not be tracked.

B. Change Orders. Douglas County acknowledges and agrees that the Estimated Project Infrastructure Costs may increase at any time during the design, construction or installation of the Project Infrastructure. Castle Rock shall provide updated Estimated Project Infrastructure Costs to Douglas County on a quarterly basis through completion of the Project Infrastructure. Upon completion and initial acceptance of the Project Infrastructure, Castle Rock shall prepare an amended Exhibit A showing the Final Project Infrastructure Costs. Upon agreement of the Parties as to the amount of the Final Project Infrastructure Costs, the amended Exhibit A shall be substituted for the original Exhibit A and shall be incorporated into this Agreement.

C. Scope of Work. The general proposed scope of work for the Project Infrastructure and the estimated timeline are provided in the attached Exhibit D (the “Scope of Work”). As part of the Scope of Work, Castle Rock will evaluate the most cost-effective and beneficial overall approach to providing the Project Infrastructure and

long-term service to the existing and future residents of the Highway 85 corridor, while taking into account the total available funds for the Project and the costs to each portion of the Service Area. In so doing, Castle Rock shall consider the various benefits that will result from the Project to the broadest cross-section of Douglas County residents, including, but not limited to, environmental, economic development, and recreational benefits, as well as the availability of additional drinking water and reuse water supplies. In particular, this evaluation shall identify the most cost-effective and beneficial means of providing wastewater treatment from among the following three alternatives: (i) the construction of a new wastewater treatment facility in the unincorporated Town of Louviers, (ii) the construction of a new wastewater treatment facility on Dominion's property located along the South Platte River, and (iii) the utilization of Castle Rock's existing treatment capacity in PCWRA. Castle Rock will also work with Louviers to negotiate a separate intergovernmental agreement, the Louviers and Castle Rock Reuse Water Purchase and Sale Agreement, to purchase reuse water supply from Louviers, thereby providing Louviers with additional capital to reinvest in its water and wastewater system. These evaluations will be reviewed with Douglas County and agreed to prior to Castle Rock proceeding with final design of the Project Infrastructure. In the event that Castle Rock proceeds with the alternative set forth in Subsection C.(ii) above, Castle Rock will work with Dominion to negotiate a separate intergovernmental agreement, the Dominion and Castle Rock Wastewater Service Agreement to set forth the terms and conditions the will govern the construction of the wastewater treatment facility and the use of the Dominion System.

D. Examination of Records; Dispute Resolution. At Douglas County's request, Castle Rock shall provide records relating to the design, construction, and installation of the Project Infrastructure, including copies of each draw request from the general contractor, together with paid invoices or such other documentation as may be available and reasonably requested for Douglas County to verify the Final Project Infrastructure Costs. The Parties shall cooperate to resolve any disputes concerning the Final Project Infrastructure Costs. If the Parties are unable to resolve their dispute informally, they shall submit the dispute to non-binding mediation before a mutually agreeable mediator. If the Parties remain unable to resolve their dispute within sixty (60) days of commencing mediation, the Parties may pursue any remedies lawfully available to them.

E. Costs in Excess of Contingency. Castle Rock shall administer the Project in substantially the same manner and with the same care as other Castle Rock design and construction projects of a similar scope and nature. Castle Rock shall manage all change orders and costs adjustments within a contingency amount agreed to by the Parties. Adjusted cost estimates will be made based upon actual construction bids or change orders. If the Estimated Project Infrastructure Costs need to be adjusted over and above the contingency amount, Castle Rock shall give written notice to Douglas County. Douglas County shall have 30 days to provide approval of such additional costs. If Douglas County does not approve the additional costs,

the Parties will meet to review and identify opportunities to decrease the overall Scope of Work to bring the Estimated Project Infrastructure Costs within the amount of funding available under the American Rescue Plan Act. If the Parties cannot identify opportunities to decrease the overall Scope of Work and Estimated Project Infrastructure Costs, then the Parties agree to submit the dispute to non-binding mediation as provided in Subsection D of this Section.

F. Easements. Castle Rock agrees to undertake the acquisition of all easements, whether temporary or permanent, rights-of-way, and other real property interests as may be necessary to construct, operate, maintain, repair, and replace the Project. All such real property interests shall be granted to Castle Rock at the time of acquisition. in addition, provision shall be made for recreational trail easements in locations consistent with Douglas County's draft Plum Creek Regional Trail feasibility study. Any trail easements acquired by Castle Rock for this purpose shall be granted to Douglas County at the time of acquisition. Wherever feasible, such easements may be non-exclusive and occupy the same location as the real property interests granted to Castle Rock pursuant to this Subsection F.

G. Contract Solicitation. Castle Rock will undertake the bidding and contracting for design, property acquisition, and construction services utilizing its standard design and construction contracting processes. Selected consultants and contractors will be recommended to Douglas County by Castle Rock with Douglas County confirming approval of each contract prior to signing. Douglas County shall fully fund each contract prior to award by Castle Rock. For any construction contract, the Parties will enter into a separate agreement to establish an escrow account, which account shall be funded by Douglas County to the full amount of each such contract, plus a reasonable contingency. This escrow account will be used for payment of all invoices for each such contract. The Parties acknowledge and agree that the construction of the Project may be phased as the Parties may deem appropriate, and that separate construction contracts may be entered into for each phase of the Project.

H. Escrow. Castle Rock will review and approve all contractor invoices and then forward said invoices to Douglas County for approval on a monthly basis. Douglas County will review and approve said invoices within fifteen (15) days following receipt of the invoice and then submit the approved invoices to the escrow agent for payment to the contractor. Payment from the escrow account shall be made in full within thirty (30) days following receipt of the invoice from the contractor.

I. Insurance. Castle Rock will require each Project contractor to procure and maintain the following types and amounts of insurance in accordance with the requirements of Castle Rock's purchasing policies, with each policy to be issued to include Douglas County, its officers and employees, as and additional named insured:

(i) Commercial General Liability Insurance, including coverage for bodily injury, broad form property damage (including for contractual and

employee acts), blanket contractual, independent contractors, products, and completed operations, with minimum combined single limits of \$1,000,000 for each occurrence and \$1,000,000 aggregate.

- (ii) Comprehensive Automobile Liability Insurance, including coverage for each of the contractor's owned, hired and/or non-owned vehicles assigned to or used in performance of the services, with minimum combined single limits for bodily injury and property damage of not less than \$1,000,000 for each occurrence and \$1,000,000 aggregate.
- (iii) Workers' Compensation Insurance to cover obligations imposed by the Workers Compensation Act of Colorado and any other applicable laws for any employee engaged in the performance of work under the contract, and Employer's Liability insurance with minimum limits of \$500,000 each accident, \$500,000 disease-policy limit, and \$500,000 disease-each employee.
- (iv) Builder's Risk or Installation Floater Policy, at Castle Rock's discretion, in an amount equal to the value of the Project where the possibility exists of loss or damage to the Project (for the construction contract only).
- (v) Professional Liability Insurance, including coverage for damages or claims for damages arising out of the rendering, or failure to render, any professional services, with minimum combined single limits of \$1,000,000 for each occurrence and \$1,000,000 aggregate (for the design contract only).

#### **4. CAPACITY ALLOCATION.**

- A. Capacity Reservation and Allocation. Concurrent with the substantial completion and initial acceptance of the Project Infrastructure, Castle Rock shall grant Douglas County a license for Douglas County's proportional share in the permanent capacity of the System (the "License"). Castle Rock will retain adequate capacity in the System for the purpose of providing retail or wholesale wastewater service to Louviers. All remaining capacity shall be granted to Douglas County by virtue of the License. This will result in an estimated initial allocation of permanent capacity in the System of 10% for Castle Rock and 90% for Douglas County. A final allocation shall be determined by the Parties at the time of final design and construction of the Project Infrastructure. As new customers connect to the System, Castle Rock's share of the allocation of permanent capacity shall increase, while Douglas County's share of the allocation of permanent capacity will decrease, by the amount of permanent capacity needed to serve each new customer.
- B. Access Restriction. The Parties acknowledge and agree that the License granted herein is for capacity in the System only. Following the transfer of ownership of Project Infrastructure as provided in Subsection A of this section, Douglas County

shall not at any time access the Project Infrastructure or other facilities or property owned or controlled by Castle Rock, except pursuant to the terms, restrictions and conditions set forth in this Agreement.

- C. License Capacity. The total capacity of the Project Infrastructure is set forth in Exhibit B. The License granted to Douglas County is limited to the percentage share set forth in Subsection A of this Section, which share may not be sold or assigned by Douglas County. If the total capacity of the Project Infrastructure should ever exceed the amounts set forth in Exhibit B for any reason, as determined by Castle Rock in its sole discretion, the excess capacity shall be allocated to Douglas County until such time as new customers connect to the System and such capacity is allocated to Castle Rock as set forth in Subsection A of this Section.
- D. Capacity Restriction. If capacity in the Project Infrastructure is restricted on account of maintenance, emergencies, force majeure, or legal or regulatory requirements, Castle Rock shall forthwith advise Douglas County of such capacity restriction and the anticipated duration thereof, and apportion capacity in the Project Infrastructure based upon Douglas County's proportional share of Project Infrastructure capacity.
- E. Conveyance of Capacity. Castle Rock will be the retail provider of wastewater service in the Service Area. With regard to property within the Service Area that (i) is undeveloped as of January 1, 2023, or (ii) is fully developed, but for which approval is being sought from Douglas County to redevelop, the property owner shall submit an application to Douglas County for the development or redevelopment of such property, which application shall include a request to connect to the System. Within fifteen (15) days of receipt, Douglas County shall notify Castle Rock of each such application. Castle Rock will then calculate the amount of System Development Fees that it will charge the applicant for the right to connect to the System. Castle Rock will also determine what Necessary Improvements, if any, are required as a condition precedent for the applicant to connect to the System. Thereafter, Castle Rock will provide a "will serve" letter to the applicant stating the total System Development Fees that the applicant will be required to pay and identifying the Necessary Improvements that the applicant will be required to provide. Douglas County, as the land use agency for the Service Area, will provide the required review(s) for the development or redevelopment application in accordance with its land use rules and regulations. Upon approval by Douglas County of the development or redevelopment application, the payment of all applicable System Development Fees to Castle Rock, and the substantial completion of all Necessary Improvements, the applicant will be allowed to connect to the System and retail wastewater service shall be provided to the newly developed or redeveloped property.

With regard to property within the Service Area that is fully developed as of January 1, 2023, and for which no approval is being sought from Douglas County to redevelop, the property owner shall submit an application to Douglas County for

connection to the System. Within fifteen (15) days of receipt, Douglas County shall notify Castle Rock of each such application. If Douglas County has adequate capacity to serve the property under the License granted by Subsection C of this Section, Castle Rock will then determine what Necessary Improvements, if any, are required as a condition precedent for the applicant to connect to the System. Thereafter, Castle Rock will provide a “will serve” letter to the applicant identifying the Necessary Improvements that the applicant will be required to provide. No System Development Fees will be charged to the applicant, as long as Douglas County has adequate capacity to serve the property; provided, however, that if the applicant will be using PCWRA Treatment Capacity, Castle Rock will charge and collect from the property owner the PCWRA Treatment System Development Fee. If Douglas County does not have adequate capacity available, then the application will be treated as if it is an application for the development or redevelopment of property within the Service Area. In such cases, Castle Rock will calculate System Development Fees in a manner similar to how they are calculated for new development or redevelopment. Upon approval by Douglas County of the connection application and the substantial completion of all Necessary Improvements, and, if applicable, the payment of System Development Fees to Castle Rock, the applicant will be allowed to connect to the System and retail wastewater service shall be provided to the property.

Each connection shall meet all of Castle Rock’s connection requirements, which requirements are generally set forth in Title 13 of the Castle Rock Municipal Code. If PCWRA Treatment Capacity is being used, such connection shall also meet the PCWRA Code of Rules and Regulations dated May 19, 2020, and adopted by reference pursuant to Section 13.04.020 of the Castle Rock Municipal Code. If Dominion’s System is used to provide wastewater service, the applicant must also meet all of Dominion’s connection requirements., As consideration for allowing the connection to the System, Douglas County will allocate to Castle Rock the pro-rated capacity in the Project Infrastructure that will be used by new development or redevelopment. The allocation of such capacity shall be memorialized in an annual statement to be provided by Castle Rock to Douglas County by no later than thirty (30) days following the end of each calendar year. Within thirty (30) days following the date upon which all capacity in the Project Infrastructure has been allocated to Castle Rock pursuant to the terms of this Subsection E, Castle Rock will send Douglas County written notice that the License granted to Douglas County herein is terminated.

F. Dominion System Development Fee. Notwithstanding any provision of this Agreement to the contrary, the Dominion System Development Fee shall not be charged and collected until such time as the average daily capacity of the Highway 85 Wastewater Collection and Treatment System exceeds 200,000 gallons of wastewater. Thereafter, if any portion of the Dominion System is being used, Castle Rock will commence collecting Dominion System Development Fees and, with the exception of the Extraterritorial Surcharge, remit any such Fees it collects to Dominion.

- G. Renewable Water Requirement. For new development or redevelopment in the Service Area, after the first 200,000 gallons of wastewater capacity has been allocated, Castle Rock will require new development and redevelopment requiring capacity beyond the first 200,000 gallons to have renewable water supply for their development as a condition precedent to obtaining a “will serve” letter from Castle Rock to connect to the System.
- H. Limitations. The allocation of costs set forth herein between Castle Rock and Douglas County is intended to apply solely to the costs of designing, constructing, and installing the Project Infrastructure, and shall not be construed to include costs and fees related to the operation, maintenance, repair, or replacement of the Project Infrastructure. Such costs and other related terms and conditions, shall be managed by Castle Rock as the retail wastewater provider in the Service Area in accordance with Castle Rock’s standard rate setting policies and procedures.
- I. Warranty. Upon the completion of construction, initial acceptance, and conveyance of the Project Infrastructure, Castle Rock shall be the sole owner of the Project Infrastructure and all warranties associated therewith, subject to the rights of Douglas County as further set forth herein. Castle Rock represents and warrants to Douglas County that Castle Rock either has, or will obtain, all necessary right, title and interest in the Project Infrastructure to convey the License set forth in Subsection A of this Section. Castle Rock does covenant and agree that it shall warrant and forever defend Douglas County 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 the person or entity granting rights, interests or title to Castle Rock or any portion thereof, Castle Rock shall, to the extent permitted by law, take all necessary actions to acquire the requisite interest needed to satisfy its obligations hereunder; provided that, for so long as Douglas County has capacity in the System, Douglas County may be required by Castle Rock to pay its proportional share of the costs related to any action taken by Castle Rock if the need for such action is not due to the negligence of Castle Rock.
- J. Insurance. Castle Rock shall procure and maintain property insurance for the Project Infrastructure that is substantially similar to the coverage maintained by Castle Rock for other similar Castle Rock-owned water and wastewater infrastructure. If the Project Infrastructure is damaged, Castle Rock shall allocate all proceeds from the insurance policy towards repairing the Project Infrastructure.

## 5. AMERICAN RESCUE PLAN ACT PROVISIONS.

- A. Acknowledgement. Castle Rock acknowledges and agrees that the funds encumbered by Douglas County to pay for the design, construction, and installation of the Project Infrastructure, and the acquisition of all easements, rights-of way, and other real property interests necessary and appurtenant thereto, have been provided in accordance with Section 603(b) of the Social Security Act, as added by

Section 9901 of the American Rescue Plan Act, Public Law No. 117-2 (March 11, 2021) (together with all rules and regulations promulgated thereunder, “ARPA”). The Parties acknowledge that all funding from ARPA (“ARPA Funds”) may only be used to cover those eligible costs incurred by Douglas County during the period that begins on March 3, 2021, and ends on December 31, 2024, including costs incurred to make necessary investments in sewer infrastructure. The Parties anticipate that the total amount of ARPA Funds available for the Project shall not exceed \$26,800,000.

- B. Use of ARPA Funds. Castle Rock shall only utilize ARPA Funds for the purposes described in this Agreement. Castle Rock agrees and acknowledges that, as a condition to receiving the ARPA Funds, it shall strictly follow the Coronavirus Local Fiscal Recovery Fund Award Terms and Conditions attached as Exhibit E. All invoices submitted by Castle Rock to Douglas County pursuant to this Agreement shall use “COVID-19” or “Coronavirus” as a descriptor for those costs that are paid by ARPA Funds to facilitate the tracking of Agreement-related spending related to COVID-19. Castle Rock shall segregate and specifically identify the time and expenditures billed to Douglas County on each invoice to allow for future review and analysis of COVID-19 related expenses. To avoid an unlawful duplication of federal benefits, the Parties agree and acknowledge that the services provided by Castle Rock for which ARPA Funds are used shall not, to the extent that ARPA Funds are used, also be paid for or reimbursed by monies provided under any other federal program.
- C. ARPA Deadlines. Douglas County agrees and acknowledges that it shall obligate the use of ARPA funds for the services performed by Castle Rock under this Agreement no later than December 31, 2024. Castle Rock agrees and acknowledges that all services performed by Castle Rock using ARPA Funds must be performed by no later than December 31, 2026.
- D. Reporting Requirements. To the extent that Castle Rock’s services hereunder contemplate the spending of ARPA Funds, Castle Rock shall provide to Douglas County information responsive to mandatory performance measures, including programmatic data sufficient to conduct oversight as well as understand aggregate program outcomes. Further, in providing the ARPA-required information to the City, to the extent possible, Castle Rock shall provide this programmatic data related to such services disaggregated by race, ethnicity, gender, income, and other relevant demographic factors as may be determined by Douglas County. Castle Rock shall insert the foregoing requirement into all subcontracts related to this Agreement, thereby obligating all subcontractors to the same reporting requirement as Castle Rock.
- E. Inspection of Records. Castle Rock shall maintain records of the documentation supporting the use of ARPA Funds in an auditable format, for the later of five (5) years after final payment on this Agreement or the expiration of the applicable statute of limitations. Any authorized agent of Douglas County or of the Federal

government, including the Special Inspector General for Pandemic Recovery, have the right to access, and the right to examine, copy and retain copies, at the official's election in paper or electronic form, any pertinent books, documents, papers and records related to Castle Rock's use of ARPA Funds pursuant to this Agreement. Castle Rock shall cooperate with Federal and Douglas County representatives and such representatives shall be granted access to the foregoing documents and information during reasonable business hours and until the latter of five (5) years after the final payment under this Agreement or expiration of the applicable statute of limitations. No examination of records and audits pursuant to this section shall require Castle Rock to make disclosures in violation of state or federal privacy laws.

**6. DEFAULT/REMEDIES.** In the event a Party deems the other Party to be in default, it shall provide written notice indicating the event of default. The defaulting party shall have thirty (30) days from the date of the notice to cure the stated default or, if such default is not capable of being cured within thirty (30) days, cure of such default shall commence and be diligently pursued. In no event shall the cure period exceed thirty (30) days for monetary defaults, or sixty (60) days for non-monetary defaults, except by written consent of the non-defaulting party. In the event the defaulting party has failed to cure in accordance with this Section, the non-defaulting party may pursue all available remedies at law or equity. In addition, Castle Rock shall have the ability to withhold services to manage the design and construction of the Project Infrastructure due to a monetary default by Douglas County.

**7. MISCELLANEOUS.**

- A. Governing Law and Venue. The Parties hereto agree that exclusive jurisdiction and venue for the resolution of any dispute relating to this Agreement shall lie in the District Court for Douglas County, State of Colorado.
- B. Entire Agreement. This Agreement constitutes the entire agreement between the parties relating to the subject matter thereof, and there are no prior or contemporaneous agreements, either oral or written, relating to the subject matter hereof except as expressly set forth herein.
- C. Agreement Modification. The Agreement may not be amended, altered, or otherwise changed except by a written agreement between the Parties.
- D. Counterpart Execution. The Agreement may be executed in one or more counterparts, each of which when executed shall be deemed an original, all of which together shall constitute one and the same instrument. Executed copies hereof may be delivered by electronic delivery and, upon receipt, shall be deemed originals and binding upon the parties hereto.
- E. Governmental Immunity. Nothing in this Agreement shall be construed to waive, limit, or otherwise modify, in whole or in part, any governmental immunity that may be available by law to the Parties or their officials, employees, contractors, or

agents, or any other person acting on behalf of the Parties and, in particular, governmental immunity that may be afforded or available to the Parties pursuant to the Colorado Governmental Immunity Act, Title 24, Article 10, Part 1 of the Colorado Revised Statutes.

- F. Assignability. This Agreement and the License granted herein may not be assigned, pledged or transferred, in whole or in part, without the express written consent of the other Party which consent shall not be unreasonably withheld.
- G. No Public Dedication/No Third Party Beneficiary. Nothing contained herein shall be deemed to be a grant or dedication of any rights or use to the public in general, and no third party beneficiary interests are created nor intended to be created by this Agreement.
- H. Headings for Convenience. The headings and captions in this Agreement are intended solely for the convenience of reference and shall be given no effect in the construction or interpretation of this Agreement.
- I. Notice. Any notice required or permitted by this Agreement shall be in writing and shall be deemed to have been sufficiently given for all purposes if sent by certified mail or registered mail, postage and fees prepaid, addressed to the party to whom such notice is to be given, at the address set forth below, or at such other address as has been previously furnished in writing, to the other party. Such notice shall be deemed to have been given when deposited in the United States mail.

If to Castle Rock: Town of Castle Rock  
Attn: Director of Castle Rock Water  
175 Kellogg Court  
Castle Rock, CO 80109

with copy to: **Town of Castle Rock  
Attn: Town Attorney  
100 N. Wilcox Street  
Castle Rock, CO 80104**

If to Douglas County: Douglas County  
Attn: Special Projects Manager  
100 Third Street  
Castle Rock, CO 80104

with copy to: Douglas County  
Attn: County Attorney  
100 Third Street  
Castle Rock, CO 80104

- J. No Waiver. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other of the provisions of this Agreement, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided herein, nor shall the waiver of any default hereunder be deemed a waiver of any subsequent default hereunder.
- K. Recordation. The Parties agree that this Agreement may be recorded in the records of the Clerk and Recorder for county in which a Party has its principal place of business.
- L. Binding Agreement. The benefits and burdens of this Agreement shall inure to and be binding upon the successors, and assigns of the Parties.
- M. Definitions and Interpretations. Except as otherwise provided herein, nouns, pronouns and variations thereof shall be deemed to refer to the singular or plural, and masculine or feminine, as the context may require. Any reference to a policy, procedure, law, regulation, rule or document shall mean such policy, procedure, law, regulation, rule or document as it may be amended from time to time.
- N. Survival of Representations. Each and every covenant, promise, and payment contained in this Agreement shall survive each and be binding and obligatory upon each of the Parties and shall not merge into any deed, assignment, covenant, escrow agreement, easement, lease or any other document.
- O. Non-Severability. Each Section of this Agreement is intertwined with the others and is not severable unless by mutual consent of the Parties.
- P. Effect of Invalidity. If any portion of this Agreement is held invalid or unenforceable for any reason by a court of competent jurisdiction as to either Party or as to both Parties, the Parties will immediately negotiate valid alternative portions) that as near as possible give effect to any stricken portion(s).
- Q. 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.

IN WITNESS WHEREOF, this Agreement is executed by the Parties hereto as of the date first written above.

(Signature pages to follow)

**ATTEST:**

— DocuSigned by:

Robbie Schonker

1E6150539D7D47B...  
Lisa Anderson, Town Clerk



DocuSigned by: **TOWN OF CASTLE ROCK**

— DocuSigned by

g e

A7938A42F3A848A  
Jason Gray, Mayor

**Approved as to form:**

— DocuSigned by:

Mike Hyman

F7347F32A6794D1...  
Michael J. Hyman, Town Attorney

**Approved as to content:**

— DocuSigned by

Mark Marlowe

FEA6D2E651B241D...  
Mark Marlowe, Director Castle Rock Water

**STATE OF COLORADO )  
COUNTY OF DOUGLAS ) ss.**

\_\_\_\_ **Is** foregoing instrument as acknowledged before me this 8<sup>th</sup> day of May, 2023, by Lisa Anderson as Town Clerk and Jason Gray as Mayor of the Town of Castle Rock, Colorado.

Witness my official hand and seal.

My commission expires: 9/30/2024

SHANNON EKLUND  
NOTARY PUBLIC  
STATE OF COLORADO  
Notary ID: 20084033388  
My commission expires 9/30/2024

— DocuSigned by

Designed by:

2C2E9A3EE54D4A3  
Notary Public

DAN#20084033388-694923

**BOARD OF COUNTY COMMISSIONERS  
OF THE COUNTY OF DOUGLAS**

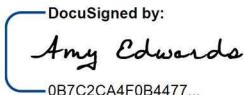
DocuSigned by:  
BY:   
Doug DeBord  
B5C95B8DCFAB4AA...  
**Doug DeBord**  
**County Manager**  
DATE: **5/26/2023**

BY: \_\_\_\_\_  
n/a  
DATE: \_\_\_\_\_

**APPROVED AS TO FISCAL CONTENT:**

DocuSigned by:  
BY:   
Andrew Copland  
80C333BC1187403...  
**Andrew Copland**  
**Director of Finance**  
DATE: **5/26/2023**

**APPROVED AS TO LEGAL FORM:**

DocuSigned by:  
BY:   
Amy Edwards  
0B7C2CA4F0B4477...  
**Amy Edwards**  
**Senior Assistant County Attorney**  
DATE: **5/17/2023**

## 5-Year Funding

Year 1	2027
Number of Years	5
Final Year	2031
Total SFEs	2,727
SFE's Per Year	161

CRW Funding Gap Revenue (25%)	2,134,293
CRW Interest Revenue (5%)	895,837
CRW Funding Gap Revenue - Just 25% Portion	426,859

Total Project Cost	19,784,296
ARPA Funding	14,000,000
Funding Gap	5,784,296

SDF - ARPA	5,133.85
SDF - Funding GAP	2,121.12
ARPA Funding Multiplier	10%
Funding Gap Multiplier	25%

SDF - ARPA Funding Final	5,647.23
SDF -Funding Gap Final	2,651.40
SDF - Total	8,298.63

Interest Rate

1	2027 SFEs	161
2	2028 SFEs	161
3	2029 SFEs	161
4	2030 SFEs	161
5	2031 SFEs	161
6		
7		
8		
9		
0		
1		
2		
3		
4		
5		
6		
7		
8		
9		
0		
1		
2		
3		
4		
5		
6		
7		
8		
9		
0		
Total 2027-2031 SFEs		805

## 30-Year Funding

Year 1	2027
Number of Years	30
Final Year	2056
Total SFEs	2,727
SFE's Per Year	45

CRW Funding Gap Revenue (25%)	3,606,596
CRW Interest Revenue (5%)	5,504,007
CRW Funding Gap Revenue - Just 25% Portion	721,319

Total Project Cost	19,784,296
ARPA Funding	14,000,000
Funding Gap	5,784,296

SDF - ARPA	5,133.85
SDF - Funding GAP	2,121.12
ARPA Funding Multiplier	10%
Funding Gap Multiplier	25%

SDF - ARPA Funding Final	5,647.23
SDF - Funding Gap Final	2,651.40
SDF - Total	8,298.63

Interest Rate	5.00%
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1 2027 SFEs	45
2 2028 SFEs	45
3 2029 SFEs	45
4 2030 SFEs	45
5 2031 SFEs	45
6 2032 SFEs	45
7 2033 SFEs	45
8 2034 SFEs	45
9 2035 SFEs	45
10 2036 SFEs	45
11 2037 SFEs	45
12 2038 SFEs	45
13 2039 SFEs	45
14 2040 SFEs	45
15 2041 SFEs	45
16 2042 SFEs	45
17 2043 SFEs	45
18 2044 SFEs	45
19 2045 SFEs	45
20 2046 SFEs	45
21 2047 SFEs	45
22 2048 SFEs	45
23 2049 SFEs	45
24 2050 SFEs	45
25 2051 SFEs	45
26 2052 SFEs	45
27 2053 SFEs	45
28 2054 SFEs	45
29 2055 SFEs	45
30 2056 SFEs	45
Total 2027-2031 SFEs	1,360

Year	SFEs	Total Payment	Interest Payment	Principal Payment	End of Year Balance
2027	45	376,277	289,214.80	87,061.96	5,697,234.04
2028	45	376,277	284,861.70	91,415.05	5,605,818.99
2029	45	376,277	280,290.95	95,985.81	5,509,833.18
2030	45	376,277	275,491.66	100,785.10	5,409,048.09
2031	45	376,277	270,452.40	105,824.35	5,303,223.74
2032	45	376,277	265,161.19	111,115.57	5,192,108.17
2033	45	376,277	259,605.41	116,671.35	5,075,436.82
2034	45	376,277	253,771.84	122,504.91	4,952,931.91
2035	45	376,277	247,646.60	128,630.16	4,824,301.75
2036	45	376,277	241,215.09	135,061.67	4,689,240.08
2037	45	376,277	234,462.00	141,814.75	4,547,425.33
2038	45	376,277	227,371.27	148,905.49	4,398,519.84
2039	45	376,277	219,925.99	156,350.76	4,242,169.07
2040	45	376,277	212,108.45	164,168.30	4,078,000.77
2041	45	376,277	203,900.04	172,376.72	3,905,624.05
2042	45	376,277	195,281.20	180,995.55	3,724,628.50
2043	45	376,277	186,231.42	190,045.33	3,534,583.17
2044	45	376,277	176,729.16	199,547.60	3,335,035.57
2045	45	376,277	166,751.78	209,524.98	3,125,510.59
2046	45	376,277	156,275.53	220,001.23	2,905,509.37
2047	45	376,277	145,275.47	231,001.29	2,674,508.08
2048	45	376,277	133,725.40	242,551.35	2,431,956.73
2049	45	376,277	121,597.84	254,678.92	2,177,277.81
2050	45	376,277	108,863.89	267,412.87	1,909,864.94
2051	45	376,277	95,493.25	280,783.51	1,629,081.44
2052	45	376,277	81,454.07	294,822.68	1,334,258.75
2053	45	376,277	66,712.94	309,563.82	1,024,694.93
2054	45	376,277	51,234.75	325,042.01	699,652.92
2055	45	376,277	34,982.65	341,294.11	358,358.81
2056	45	376,277	17,917.94	358,358.81	(0.00)
<b>Total</b>	<b>1,360</b>	<b>11,288,303</b>	<b>5,504,007</b>	<b>5,784,296</b>	<b>(0.00)</b>



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 1/28/2026

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**Item #:** 10. **File #:** WC 2026-010

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**To:** Members of the Castle Rock Water Commission

**From:** Mark Marlowe, P.E., Director of Castle Rock Water  
Lauren Moore, Water Resources Manager

**Resolution Approving the Second Amendment to the Infrastructure Development and Purchase Agreement and Water Lease Agreement between the Town of Castle Rock, acting by and through the Castle Rock Water Enterprise, and Tallgrass Colorado Municipal Water, LLC. [Lost Creek area of Weld County, Colorado]**  
**Town Council Agenda Date:** January 20, 2026

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### Executive Summary

Attached is a copy of the Council packet for the above reference project for your information.

### Attachments

Attachment A: RES 2026-005 2<sup>nd</sup> Amendment to Tallgrass Agreement



## **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

**Title:** **Resolution: Approving the Second Amendment to the Infrastructure Development and Purchase Agreement and Water Lease Agreement between the Town of Castle Rock, acting by and through the Castle Rock Water Enterprise, and Tallgrass Colorado Municipal Water, LLC. [Lost Creek area of Weld County, Colorado]**

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### **Executive Summary**

Castle Rock Water (CRW) staff request Town Council approval of a Resolution (see **Attachment A**) for the Second Amendment to the Infrastructure Development and Purchase Agreement and Water Lease Agreement between the Town of Castle Rock and Tallgrass Colorado Municipal Water, LLC (Tallgrass). This amendment (see **Exhibit 1**) is to extend the deadline outlined in section *2.10 Purchase Obligation* and section *5.10 Future Improvements Generally* for the Town and Tallgrass to reach an agreement on Phase 1B and Phase 2 of the project to July 1, 2026. The extension allows the Town and Tallgrass additional time to determine if progress can be made towards negotiating agreements for Phase 1B and Phase 2 of the project, as the originally identified scopes of work have changed. The deadline was previously extended to January 31, 2026 with the First Amendment. Please reference Resolution No. 2024-103 (**Attachment B**) for additional detail regarding the original agreement.

### **Staff Recommendation**

Staff recommend that Town Council approve the Second Amendment to the Infrastructure Development and Purchase Option Agreement between the Town of Castle Rock and Tallgrass Colorado Water, 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: Resolution 2024-103

**RESOLUTION NO. 2026-005**

**A RESOLUTION APPROVING THE SECOND AMENDMENT TO THE  
INFRASTRUCTURE DEVELOPMENT AND PURCHASE AGREEMENT  
BETWEEN THE TOWN OF CASTLE ROCK, ACTING BY AND  
THROUGH THE CASTLE ROCK WATER ENTERPRISE, AND  
TALLGRASS COLORADO MUNICIPAL WATER, LLC**

**WHEREAS**, the Town of Castle Rock, acting by and through the Castle Rock Water Enterprise (the “Town”), owns eleven groundwater wells in Weld County and the right to divert and use a decreed volume of 1,492 acre-feet of water in the Lost Creek Designated Basin and 770 acre-feet of water as part of the Rothe Recharge Project (the “Town Water Rights”) that it desires to put to beneficial use; and

**WHEREAS**, Tallgrass Colorado Municipal Water LLC (the “Developer”) is interested in constructing necessary infrastructure and connecting it to Developer’s groundwater gathering and transmission system for the purpose of assisting the Town in accessing the Town Water Rights and to allow the Developer to lease the Town Water Rights for a certain period of time, prior to the Town using such water as part of its municipal water system (the “New Tallgrass Infrastructure”); and

**WHEREAS**, in furtherance of these objectives, the Town and the Developer have executed that certain Infrastructure Development and Purchase Agreement dated October 1, 2024 (the “Agreement”); and

**WHEREAS**, the Agreement provides for a three-phase approach in constructing the New Tallgrass Infrastructure, the first phase of which the Town will purchase if negotiations regarding the construction of the second and third phases prove unsuccessful; and

**WHEREAS**, since that time, the Town and the Developer have entered into the First Amendment to the Agreement to extend the time period in Section 2.10 for negotiating an agreement on completing the second and third phases of the New Tallgrass Infrastructure; and

**WHEREAS**, the Town and the Developer desire to enter into a Second Amendment to the Agreement to further extend the time period in Section 2.10 until July 1, 2026; and

**WHEREAS**, the Town Council finds that approving the Second Amendment to the Agreement for this purpose is in the best interests of the Town’s water customers.

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

**Section 1. Approval.** The Second Amendment to the Infrastructure Development and Purchase Agreement between the Town and the Developer is hereby approved in substantially the same form as presented at tonight’s meeting, with such technical changes, additions, modifications, deletions, or amendments as the Town Manager may approve upon consultation

with the Town Attorney and the Director of Castle Rock Water. The Mayor and other proper Town officials are hereby authorized to execute these Agreements and any technical amendments thereto by and on behalf of the Town.

**PASSED, APPROVED AND ADOPTED** this 20th day of January, 2026, by the Town Council of the Town of Castle Rock, Colorado, on first and final reading, by a vote of    for and    against.

**ATTEST:**

**TOWN OF CASTLE ROCK**

---

Lisa Anderson, Town Clerk

---

Jason Gray, Mayor

**Approved as to form:**

**Approved as to content:**

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Michael J. Hyman, Town Attorney

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Mark Marlowe, Director of Castle Rock Water

## **AGREEMENT FOR PURCHASE AND SALE OF RIGHTS IN THE WISE PROJECT AND WISE INFRASTRUCTURE CAPACITY**

This Agreement for Purchase and Sale of WISE Capacity (“Agreement”) is made and entered into this 20<sup>th</sup> day of January, 2026, and is by and between the Town of Castle Rock, a home rule municipality and political subdivision of the State of Colorado (“Castle Rock”), acting by and through the Castle Rock Water Enterprise, and Denver Southeast Suburban Water & Sanitation District d/b/a Pinery Water & Sanitation District, a quasi-municipal corporation and political subdivision of the State of Colorado (“Pinery”).

### **RECITALS**

A. Pinery and Castle Rock are parties to the South Metro WISE Authority Formation and Organizational Intergovernmental Agreement (“Organizational Agreement”) the primary purpose of which is to create the South Metro WISE Authority (“Authority”) to facilitate the WISE Project; and

B. The Organizational Agreement, as amended, sets forth the Members’ Subscription Amounts in the WISE Project and the Members’ rights and obligations arising therefrom (“Members WISE Project Rights”); and

C. The Pinery’s Members WISE Project Rights are currently 500 acre-feet (ac-ft), equal to a 5% Pro-Rata Share; and

D. Pursuant to Section 14 of the Organizational Agreement, Members of the Authority are authorized to sell and convey their rights in the Members WISE Project Rights to one or more other Authority Members without restriction; and

E. Castle Rock desires to purchase 250 ac-ft of the Pinery’s Members WISE Project Rights subject to the terms and conditions contained herein; and

F. The Authority is a party to the Purchase Agreement effective September 18, 2014 (“Purchase Agreement”) for the East Cherry Creek Valley Western Pipeline (the “Western Pipeline”) and the State Land Board Line (the “SLB Pipeline”) which defines assets purchased by the WISE Authority; and

G. The Authority, East Cherry Creek Valley Water & Sanitation District, and the City and County of Denver Acting by and through its Board of Water Commissioners, are parties to that certain Agreement for the Operation of Shared Infrastructure, fully executed as of October 21, 2014, as amended, which sets forth, in part, the obligations of the parties thereto related to cost sharing for capital replacements, capital improvements, operations, and maintenance of Shared Facilities (as defined therein), which includes the Western Pipeline; and

H. Pinery holds a right to capacity in the Western Pipeline and SLB Pipeline as described in **Exhibit A** attached hereto (“Members Pipeline Capacity”) and desires to sell to Castle

Rock a portion of its respective Members Pipeline Capacity in the Western Pipeline (including appurtenant capacity in the Smoky Hill Tank and other improvements) and in the SLB Pipeline; and

I. Castle Rock desires to purchase a portion of Pinery's Members Pipeline Capacity subject to the terms and conditions contained herein; and

J. The Authority is a party to that certain Amended and Restated WISE Partnership-Water Delivery Agreement effective October 21, 2014 (the "WDA"), that certain Agreement for the Operation of Shared Infrastructure (the "OSI") dated October 21, 2014, that certain Modifications Agreement effective October 21, 2014 ("Mods Agreement"), and other agreements, which collectively set forth the benefits and obligations of Authority Members regarding the Binney Water Purification Facility (the "Binney Plant") located north of the Aurora Reservoir and the associated Binney Plant Connection, the Denver International Airport (DIA) Connection (the "DIA Connection") located near the Denver International Airport, and the implementation of a total dissolved solids (TDS) management solution ("Salinity Management") (collectively, the "Binney Agreements"); and

K. As a Member of the Authority, Castle Rock agrees that it has reviewed and is familiar with each agreement pertaining to a Member's benefits and obligations regarding the assets to be transferred herein, regardless of whether such agreement is specifically identified above; and

L. Pinery holds a right to capacity in the Binney Pump Station and Binney Pump Station Connection as described in **Exhibit A** attached hereto ("Members Binney Capacity"); and

M. Castle Rock desires to purchase a portion of the Pinery's Members Binney Capacity subject to the terms and conditions contained herein; and

N. Pinery holds a right to capacity in the DIA Connection as described in **Exhibit A** attached hereto ("Members DIA Capacity"); and

O. Castle Rock desires to purchase a portion of the Pinery's Members DIA Capacity subject to the terms and conditions contained herein; and

P. Castle Rock and Pinery are party to the Intergovernmental Water Infrastructure Cost Sharing, Construction and Capacity Allocation Agreement (the "Ridgegate Construction Agreement") dated June 6, 2016, and other agreements, which collectively set forth the benefits and obligations of Ridgegate Members regarding the Ridgegate Pipeline (collectively, "the Ridgegate Agreements"); and

Q. Pursuant to Section 4 of the Ridgegate Construction Agreement, Parties are authorized to sell and convey their rights in the Ridgegate Pipeline to one or more other Parties without restriction; and

R. Pinery holds a right to capacity in the Ridgegate Pipeline as described in **Exhibit A** attached hereto ("Members Ridgegate Pipeline Capacity") and desires to sell to Castle Rock a

portion of its respective Members Ridgegate Pipeline Capacity in exclusively the Ridgegate Pipeline;

S. Castle Rock desires to purchase a portion of the Pinery's capacity in the Ridgegate Pipeline subject to the terms and conditions contained herein;

T. Pinery and Castle Rock are members of the Cherry Creek Project Water Authority ("CCPWA"), a quasi-municipal corporation and political subdivision of the State of Colorado established pursuant to Section 18(2)(a) of Article XIV of the Colorado Constitution and C.R.S. §§ 29-1-203 and 204.2;

U. Castle Rock and Pinery are parties to that certain Intergovernmental Agreement Between Denver Southeast Suburban Water & Sanitation District D/B/A Pinery Water & Wastewater District and The Town Of Castle Rock (Cherry Creek Project Water Authority Water Delivery Agreement) dated May 17, 2022 (the "Delivery Agreement"); and

V. The Delivery Agreement sets forth the terms and conditions upon which the Parties agreed to operate a pipeline connection between the Parties' respective service areas (the "Interconnect"), among other agreements related thereto.

Castle Rock and Pinery intend that this Agreement set forth their entire understanding and agreement regarding the terms and conditions upon which Pinery is selling a portion of its respective Members Pipeline Capacity in the Western Pipeline, its respective Members Binney Capacity, and its respective capacity in the Ridgegate Pipeline. It is the intention of the parties that all prior negotiations, discussions, offers and agreements between them regarding the purchase of such rights be merged and incorporated in this Agreement, except as otherwise stated. For purposes of this Agreement, "Members Pipeline Capacity", "Members Binney Capacity", "Members DIA Capacity", and "Members Ridgegate Pipeline Capacity" are sometimes jointly referred to herein as "Members Capacity".

## AGREEMENT

In consideration of the mutual promises and covenants herein contained, and the recitals set forth above which are hereby incorporated, Castle Rock and Pinery agree as follows:

1. Definitions. All capitalized terms in this Agreement not otherwise defined herein shall have the meaning as defined in the Organizational Agreement, the WDA, the OSI, the Mods Agreement, and/or the Ridgegate Construction Agreement as the case may be.

2. Sale of Members Rights and Capacity. Subject to the terms of this Agreement, Pinery agrees to sell to Castle Rock a portion of its respective Members WISE Project Rights, Members Pipeline Capacity, its respective Members Binney Capacity, its respective Members DIA Capacity, and its respective Ridgegate Pipeline capacity, each as described in **Exhibit A** (the "Purchased Shares") and transfer to Castle Rock all rights and responsibilities of Pinery associated with the Purchased Shares pursuant to the Organizational Agreement, the Binney Agreements, and the Ridgegate Agreements.

3. Consideration.

a. Purchase Price and Terms. The total purchase price for the Purchased Shares is Two Million One Hundred Thirty-Eight Thousand Three Hundred Eighty-Eight and 05/100 Dollars (**\$2,138,388.05**) (the “Purchase Price”). The Purchase Price shall be paid in full on or before January 31, 2026, and shall be made in funds which comply with all applicable Colorado laws, which include cash, electronic transfer funds, certified check, savings and loan teller’s check and cashier’s check (“Good Funds”) delivered as instructed by Pinery.

b. Additional Consideration. In addition to the Purchase Price, Castle Rock covenants and agrees as follows:

- i. Castle Rock will enter into an intergovernmental agreement in the form attached hereto as **Exhibit B**, whereby Castle Rock will agree to provide the Pinery with water service via the Interconnect on a wholesale basis, up to 0.75 million gallons per day (mgd) during the month of June, July and August, with the actual amounts of water provided on an as-needed and as-available basis with as-available determined solely at the discretion of Castle Rock;
- ii. Castle Rock agrees not to participate in the expansion of Walker Reservoir and will support the District during negotiations with other CCPWA members to secure to the Pinery the maximum possible amount of capacity in the event of an expansion of Walker Reservoir; and
- iii. In the event that Cottonwood, Inverness, and/or any other CCPWA member, decides to sell their interest in CCPWA, Castle Rock agrees that the Pinery shall have the right of first refusal to purchase such interest and increase the Pinery’s membership rights in the CCPWA, up to fifty percent (50%).

4. Delivery of Purchased Shares. Upon receipt of the Purchase Price, Pinery shall deliver to Castle Rock an executed Bill of Sale (the “Bill of Sale”) in the form attached hereto as **Exhibit C**. Upon delivery of the Bill of Sale, Castle Rock shall have full use of the Purchased Shares and shall be fully responsible for the costs allocated to the Members that are based on the Members Pipeline Capacity, Members Binney Capacity, and the Ridgegate Pipeline Capacity attributable to the Purchased Shares, pursuant to Section 6 of the Organizational Agreement, the Binney Agreements, and the Ridgegate Agreements respectively. Castle Rock and Pinery shall notify the Authority of the new allocation of their respective Members Capacity resulting from this Agreement as set forth in **Exhibit A**.

5. Representations, Covenants, and Agreements of Pinery. Pinery represents and covenants as follows:

a. Pinery is a political subdivision duly organized and existing under the Constitution and laws of the State of Colorado. Pinery has taken all necessary actions and is duly authorized to enter into this Agreement and to carry out its obligations hereunder.

b. There is no litigation or proceeding pending or, to the best of Pinery’s knowledge, threatened against Pinery affecting the right of Pinery to execute this Agreement or

the ability of Pinery to take the actions required hereunder or to otherwise comply with the obligations contained herein.

c. Pinery covenants and agrees to comply with any applicable covenants and requirements set forth in the Organizational Agreement, the Binney Agreements, and the Ridgegate Agreements and to take such actions as necessary to facilitate the transfer of the Purchased Shares pursuant to the terms thereof.

6. Representations and Covenants of Castle Rock. Castle Rock represents and covenants as follows:

a. Castle Rock is a political subdivision of the State of Colorado which has the lawful authority to acquire the Purchased Shares from Pinery.

b. Castle Rock shall not pledge or assign its right, title and interest in and to: (1) this Agreement; or (2) the Purchased Shares and attendant rights and obligations that may be derived under this Agreement or assign, pledge, mortgage, encumber or grant a security interest in its right, title and interest in, to and under this Agreement or the Purchased Shares until such time as the Purchase Price has been delivered to Pinery.

c. There is no litigation or proceeding pending against Castle Rock affecting the right of Castle Rock to enter into this Agreement and perform its obligations hereunder or thereunder.

d. Castle Rock shall be responsible for applying for, obtaining, and complying with any and all necessary requirements for Castle Rock's use of the Purchased Shares under the Organizational Agreement, the Binney Agreements, and the Ridgegate Agreements and to take all actions necessary to facilitate the transfer of the Purchased Shares pursuant thereto.

7. Future Cooperation. Pinery and Castle Rock, for themselves, their respective agents, representatives and assigns, agree to provide to each other and the Authority, its agents, representatives, experts and attorneys, such information and documentation as may be reasonably necessary to implement this Agreement.

8. Notices. Notices under this Agreement and other mailings to the parties shall be sent to the parties at the address for notifications on file with the Authority and a copy of any notices hereunder shall be sent to the Authority.

9. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

10. Anti-Merger Clause. This Agreement shall not merge with either the Organizational Agreement, the Binney Agreements, or the Ridgegate Agreements referenced herein.

11. Execution. This Agreement may be executed in duplicate originals as of the date first above written. When each party has executed a copy thereof, such copies taken together shall

be deemed a full and complete agreement between the parties. The date last signed by either party shall be the execution date.

12. Agents. Castle Rock and Pinery each warrant that neither has retained any real estate broker or real estate agent who would be due a commission or other fee as a result of the closing of this transaction.

13. Modification of Agreement. No subsequent modification of any of the terms of this Agreement shall be valid or enforceable unless made in writing and signed by both parties hereto.

14. No Third Party Beneficiaries. It is expressly understood and agreed that enforcement of the terms and conditions of this Agreement, and all rights of action relating to such enforcement, shall be strictly reserved to Castle Rock and Pinery, and their respective successors and assigns, and nothing contained in this Agreement shall give or allow any such claim or right of action by any other or third person on this Agreement. It is the express intention of Castle Rock and Pinery that any person other than Castle Rock or Pinery receiving services or benefits under this Agreement shall be deemed to be an incidental beneficiary only.

15. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

16. Governing Law. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Colorado. Any legal action concerning the provisions hereof shall be brought in Douglas County, Colorado.

17. Non-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 §§ 24-10-101, *et. seq.*, as the same may be amended.

18. Entire Agreement. This Agreement constitutes the entire understanding between the parties relating to the subject thereof and any prior agreements pertaining thereto, whether oral or written, have been merged and integrated into this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, Castle Rock and Pinery have executed this Agreement as of the date first set forth above.

**PINERY:**

**Denver Southeast Suburban Water and Sanitation District d/b/a Pinery Water and Wastewater District**

By: \_\_\_\_\_  
Walter Partridge, Chairman

ATTEST:

---

Jim McGannon, Secretary

ATTEST:

---

Lisa Anderson, Town Clerk

**TOWN OF CASTLE ROCK**

---

Jason Gray, Mayor

Approved as to form:

Approved as to content:

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Michael J. Hyman, Town Attorney

---

Mark Marlowe, Director, Castle Rock Water

**EXHIBIT A**

	Pinery Current Capacity Owned	Cost to Date (USD)	TCR Capacity to purchase	Cost to TCR (USD)
WISE Project Rights*	500 AF	\$972,040.89	250 AF	\$486,020.45
Western Pipeline and Modifications	0.50 mgd	\$1,171,376.86	0.25 mgd	\$585,688.43
DIA Connection	500 AF	\$734,368.95	250 AF	\$367,184.47
Binney Pump Station and Connection	0.50 mgd	\$762,054.94	0.25 mgd	\$381,027.47
Ridgegate Pipeline	0.50 mgd	\$613,982.21	0.25 mgd	\$306,991.11
Salinity Management Project	500 AF	\$22,952.25	250 AF	\$11,476.13
SLB Pipeline	N/A	N/A	Pro-rated based on WISE Authority Records	\$0.00
			<b>TOTAL</b>	<b>\$2,138,388.05</b>

\* Includes South Metro WISE Authority Operations and costs and Operational Reserve

**EXHIBIT B**  
**[FORM OF INTERGOVERNMENTAL AGREEMENT]**

**INTERGOVERNMENTAL AGREEMENT BETWEEN  
DENVER SOUTHEAST SUBURBAN WATER &  
SANITATION DISTRICT D/B/A PINERY WATER &  
WASTEWATER DISTRICT  
AND THE TOWN OF CASTLE ROCK  
(WATER DELIVERY AGREEMENT)**

THIS INTERGOVERNMENTAL AGREEMENT (the "Agreement") is made and entered into this 20th day of January, 2026 (the "Effective Date"), by and between DENVER SOUTHEAST SUBURBAN WATER & SANITATION DISTRICT D/B/A PINERY WATER & WASTEWATER DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado ("Pinery") and THE TOWN OF CASTLE ROCK, A HOME RULE MUNICIPAL CORPORATION, ACTING BY AND THROUGH THE TOWN OF 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; and

**WHEREAS**, each of the Parties operates a water delivery system to provide water service to their customers; and

**WHEREAS**, the Parties entered into the Emergency Connection and Reimbursement Agreement dated December 22, 2011 related to the provision of potable water during emergencies (the "Emergency Interconnect IGA"); and

**WHEREAS**, the pursuant to the Emergency Interconnect IGA, the parties constructed the Interconnect; and

**WHEREAS**, the Parties entered into the Intergovernmental Agreement Between Denver Southeast Suburban Water and Sanitation District d/b/a/ Pinery Water & Wastewater District and the Town of Castle Rock (Cherry Creek Project Water Authority Water Delivery Agreement) dated May 17, 2022 related to delivery of the Castle Rock's interest in the Cherry Creek Project Water Authority ("CCPWA") water via the Interconnect (the "CCPWA IGA"); and

**WHEREAS**, Pinery desires to receive water service via the Interconnect on a wholesale basis; and

**WHEREAS**, Castle Rock is willing to provide wholesale water service to Pinery via the Interconnect, subject to the terms of this Agreement.

**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. "Interconnect" means the existing pipeline connection between Castle Rock's water system and the Pinery's water system whereby potable water may be delivered from one party to the other party near Mentha Drive and Carefree Trail along the Parties' service boundaries depicted on map identified as **Exhibit A** to this Agreement. The Interconnect is used to deliver water pursuant to the Emergency Interconnect IGA, the CCPWA IGA and this Agreement.
- B. "MGD" means million gallons per day.
- C. "AF" means acre-feet.
- D. "KGal" means per 1000 gallons.
- E. "Castle Rock WISE Water Cost" means the total cost incurred by the Town to obtain delivery of water pursuant to Castle Rock's participation in South Metro WISE Authority, including the cost of WISE Water plus all costs of pumping and transmitting WISE Water through infrastructure owned by Castle Rock and third parties.
- F. "WISE Water" means water delivered to Castle Rock based on its participation in the South Metro WISE Authority.
- G. "Pinery Rate" means the then-current delivery rate charged to Pinery per KGal.

2. **RATE AND VOLUME OF WATER.** Pursuant to this Agreement, Castle Rock agrees to deliver to up to 0.75 MGD of potable water to the Pinery through the Interconnect during the months of June, July, and August, with the actual amounts of water provided on an as-needed and as-available basis. The maximum volume shall not exceed 71.3 AF per month or 209.5 AF feet annually. The minimum volume is 0 AF. Castle Rock shall have sole discretion to determine whether Castle Rock has water available for delivery to the Pinery. This is in addition to any water Pinery is authorized to take, pursuant to the Emergency Interconnect IGA.

3. **QUALITY OF WATER.** All water delivered from Castle Rock to Pinery through the Interconnect pursuant to this Agreement 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 Water Regulations (5 CCR 1002-1), as amended from time to time. If either party becomes aware of any degradation in water quality that falls below these regulatory requirements, such party shall immediately notify the other party of such fact and cease all deliveries of water until such degradation is remedied.

4. **DELIVERY WATER RATE.** For water deliveries to Pinery pursuant to this Agreement, Pinery agrees to pay the Pinery Rate. The Pinery Rate shall be equal to Castle Rock WISE Water Cost. The Castle Rock WISE Water Cost is \$10.07 per KGal in 2026. The Castle Rock WISE Water Costs will be updated annually in accordance with Castle Rock's standard rate making process. Castle Rock shall provide Pinery written notice of any change to the Pinery Rate before

the end of each calendar year. Castle Rock shall invoice the Pinery monthly for any water deliveries. Pinery shall pay Castle Rock within forty-five (45) days of receipt of the invoices.

**5. NOTICE OF REQUEST FOR DELIVERIES.** The Pinery shall provide written notice to Castle Rock seven (7) days in advance of its desire to receive water through the Interconnect under this Agreement. The notice shall include the flow rate in MGD, the volume per month in AF and total volume in AF. As soon as practicable, the Town shall inform Pinery in writing of the flow rate and volume of water available and the anticipated commencement of deliveries under the Agreement.

**6. CAPITAL IMPROVEMENTS AND COSTS.**

A. The Pinery is responsible for making and infrastructure upgrades downstream of the Interconnect necessary to take delivery of water from Castle Rock through the Interconnect. The Pinery is responsible all costs associated with the upgrades, including but not limited to design, permitting, construction, operation, maintenance, repair and replacement costs.

B. The Pinery and Castle Rock shall enter into a separate agreement, if there are any infrastructure upgrades needed upstream of the Interconnect to make deliveries of water to Pinery through the Interconnect. Castle Rock agrees to cooperate with the Pinery on any upgrades upstream of the Interconnect.

C. The ownership of and maintenance obligations for the Interconnect are governed by Sections 2, 3 and 6 of the Emergency Interconnect IGA.

**7. REUSABLE WATER RIGHTS.** If Castle Rock's water delivered to the Pinery under this Agreement is decreed for use, reuse and successive use to extinction, then Pinery will have the right to reuse that water to extinction. Castle Rock has no obligation to provide any specific water to Pinery or to provide Pinery with water available for reuse and successive use to extinction. Despite references to WISE Water and the WISE Water Rate, the Town has no obligation to deliver WISE Water to Pinery.

**8. ACCOUNTING FOR WATER DELIVERIES.** The water delivered by Castle Rock to Pinery at the Interconnect under this Agreement shall be measured through a water meter with an expected range of flows within a +/- 1% accuracy. Castle Rock shall read the meter and provide accounting to Pinery on a monthly basis. The accounting shall indicate whether the water is available for reuse and successive use to extinction.

**9. DEFAULT/REMEDIES.** The failure of either Party ("Defaulting Party") to perform any material covenant, agreement, obligation or provision of this Agreement shall constitute an event of default ("Default"). In the event that one Party deems the other Party to be in Default, it shall provide written notice indicating the Default. The Defaulting Party shall have thirty (30) days from the date of the notice to cure the Default or, if such Default is not capable of being cured within thirty (30) days, cure of such Default shall commence and be diligently pursued to completion. In no event shall the cure period exceed thirty (30) days for monetary Defaults, or sixty (60) days for

non-monetary Defaults, except by written consent of the non-Defaulting Party. In the event the Defaulting Party fails to cure the Default in accordance with this Section, the non- Defaulting Party may pursue all available remedies at law or equity. In any legal action, to the extent allowed by law, the prevailing Party shall be entitled to recover its reasonable attorney's fees and litigation costs from the other Party.

## 10. MISCELLANEOUS.

- A. Appropriations. Any monetary obligation under this Agreement shall be subject to annual appropriation by the governing body of each Party. A failure of either Party to appropriate any annual monies required under this Agreement shall result in the termination of this Agreement on December 31 of the last calendar year for which such monies were appropriated. In such event, each Party's only financial obligation shall be the payment of fees and expenses incurred up to and including the effective date of termination. Nothing set forth herein shall make or constitute this Agreement as a multiple-year fiscal obligation of either Party, nor shall it constitute or create a debt on the part of either Party.
- B. Governing Law and Venue. The Parties hereto agree that exclusive jurisdiction and venue for the resolution of any dispute relating to this Agreement shall lie in the District Court for Douglas County, State of Colorado.
- C. Entire Agreement. This Agreement and the Emergency Interconnect IGA constitute the entire agreement between the parties relating to the subject matter thereof, and there are no prior or contemporaneous agreements, either oral or written, relating to the subject matter hereof except as expressly set forth herein.
- D. Conflict Between Agreements. The Emergency Interconnect IGA shall remain in full force and effect. In the event of an irreconcilable conflict between this Agreement and the Emergency Interconnect IGA, the terms of this Agreement shall govern.
- E. Agreement Modification. The Agreement may not be amended, altered, or otherwise changed except by a written agreement between the Parties.
- F. Counterpart Execution. The Agreement may be executed in one or more counterparts, each of which when executed shall be deemed an original, all of which together shall constitute one and the same instrument. Executed copies hereof may be delivered by electronic delivery and, upon receipt, shall be deemed originals and binding upon the parties hereto.
- G. Governmental Immunity. Nothing in this Agreement shall be construed to waive, limit, or otherwise modify, in whole or in part, any governmental immunity that may be available by law to the Parties or their officials, employees, contractors, or agents, or any other person acting on behalf of the Parties and, in particular, governmental immunity that may be afforded or available to the Parties pursuant to the Colorado Governmental Immunity Act, Title 24, Article 10, Part 1 of the Colorado Revised Statutes.

H. Assignability. This Agreement may be assigned, pledged or transferred, in whole or in part, by either Party, but only with the prior written consent of the other Party to this Agreement.

I. No Public Dedication/No Third-Party Beneficiary. Nothing contained herein shall be deemed to be a grant or dedication of any rights or use to the public in general, and no third-party beneficiary interests are created nor intended to be created by this Agreement.

J. Headings for Convenience. The headings and captions in this Agreement are intended solely for the convenience of reference and shall be given no effect in the construction or interpretation of this Agreement.

K. Notice. Any notice required or permitted by this Agreement shall be in writing and shall be deemed to have been sufficiently given for all purposes if sent by certified mail or registered mail, postage and fees prepaid, addressed to the party to whom such notice is to be given, at the address set forth below, or at such other address as has been previously furnished in writing, to the other party. Such notice shall be deemed to have been given three (3) days after deposit in the United States mail.

If to Castle Rock:      Town of Castle Rock  
Attn: Director of Castle Rock Water  
175 Kellogg Court  
Castle Rock, CO 80109

with copy to:      Town of Castle Rock  
Attn: Town Attorney  
100 N. Wilcox Street  
Castle Rock, CO 80104

If to Pinery:      Pinery Water and Wastewater District  
Attn: District Manager  
5242 Old Schoolhouse Rd  
Parker, CO 80134

with copy to:      c/o: Folkestad Fazekas Barrick & Patoile, P.C.  
Attn.: Joe D. Kinlaw, General Counsel  
18 S. Wilcox Street, Suite 200  
Castle Rock, CO 80104

L. No Waiver. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other of the provisions of this Agreement, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided herein, nor shall the waiver of any default hereunder be deemed a waiver of any subsequent default hereunder.

K. Recordation. The Parties agree that this Agreement shall be recorded in the records

of the Clerk and Recorder for Douglas County, Colorado.

L. Binding Agreement. The benefits and burdens of this Agreement shall inure to and be binding upon on the successors and assigns of the Parties.

M. Definitions and Interpretations. Except as otherwise provided herein, nouns, pronouns and variations thereof shall be deemed to refer to the singular or plural, and masculine or feminine, as the context may require. Any reference to a policy, procedure, law, regulation, rule or document shall mean such policy, procedure, law, regulation, rule or document as it may be amended from time to time.

N. Effect of Invalidity. If any provision of this Agreement is held illegal, invalid or unenforceable under present or future applicable law, such provision will be fully severable and this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision was not a part hereof.

O. Force Majeure. Subject to the terms and conditions of this paragraph, no party to this Agreement shall be liable for any delay or failure to perform under this Agreement due solely to conditions or events of force majeure, as that term is specifically defined herein; provided that: i) the non-performing party gives the other party prompt written notice describing the particulars of the occurrence of the force majeure; ii) the suspension of performance is of no greater scope and of no longer duration than is required by the force majeure event or condition; and iii) the non-performing party proceeds with all necessary diligence to remedy its inability to perform. As used herein, force majeure shall mean any delay or failure of a party to perform its obligations under this Agreement caused by events beyond the party's reasonable control and without the fault or negligence of the party, including, without limitation, (a) acts of God, (b) sudden actions of the elements such as floods, earthquakes, rock slides, avalanches, or tornadoes, (c) sabotage, (d) vandalism beyond that which can be reasonably prevented by the party, (e) terrorism, (f) war, (g) riots, (h) fire, (i) explosion, (j) extreme weather, (k) extreme snow, (l) blockades, (m) insurrection, (n) strike, slowdown or other labor disruptions, and/or (o) pandemics.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Agreement is executed by the Parties hereto as of the date first written above.

ATTEST:

**TOWN OF CASTLE ROCK**

---

Lisa Anderson, Town Clerk

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Jason Gray, Mayor

Approved as to form:

Approved as to content:

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Michael J. Hyman, Town Attorney

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Mark Marlowe, Director Castle Rock Water

[Signatures Continue on Following Page]

**PINERY:**

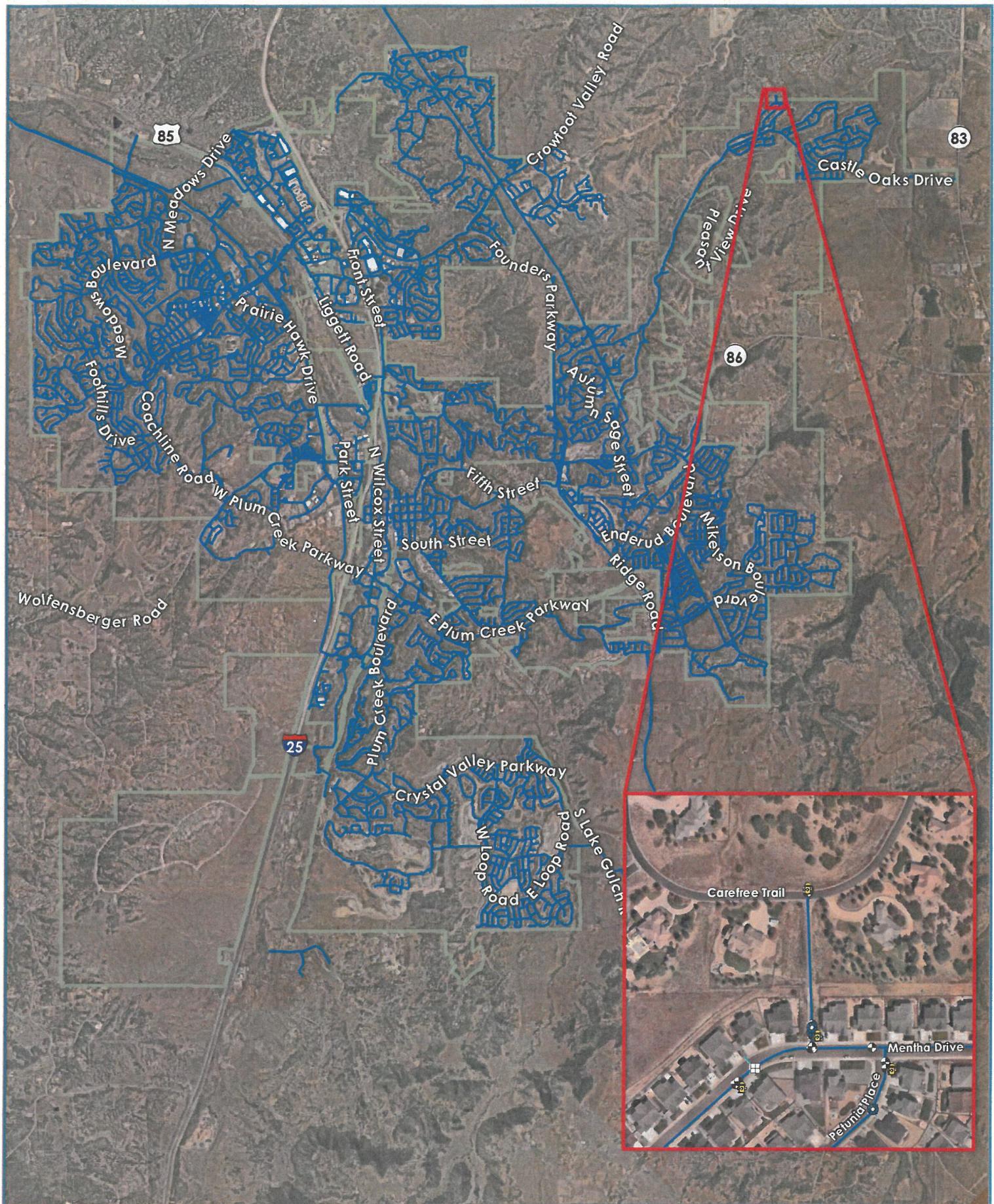
DENVER SOUTHEAST SUBURBAN WATER  
AND SANITATION DISTRICT, D/B/A PINERY  
WATER AND WASTEWATER DISTRICT,  
a quasi-municipal corporation and political  
subdivision of the State of Colorado

By: \_\_\_\_\_  
Walter E. Partridge, Chairman

ATTEST:

By: \_\_\_\_\_  
Jim McGannon, Secretary

---



**EXHIBIT C**  
**[FORM OF BILL OF SALE]**

**BILL OF SALE**  
**[RIGHTS IN THE WISE PROJECT AND WISE INFRASTRUCTURE CAPACITY]**

KNOW ALL PERSONS BY THESE PRESENTS that the **DENVER SOUTHEAST SUBURBAN WATER AND SANITATION DISTRICT**, a quasi-municipal corporation and political subdivision of the State of Colorado D/B/A **PINERY WATER AND WASTEWATER DISTRICT** (the “Pinery”) in consideration of the receipt of the sum of **Two Million One Hundred Thirty-Eight Thousand Three Hundred Eighty-Eight and 05/100 Dollars** (\$2,138,388.05) (the “Purchase Price”), the receipt whereof is hereby acknowledged, has granted, bargained, sold, conveyed, transferred and delivered and by these presents does bargain, sell, grant, convey, transfer and deliver unto the **TOWN OF CASTLE ROCK**, a home rule municipality and political subdivision of the State of Colorado, by and through the Castle Rock Water Enterprise (“Castle Rock”) (each individually a “Party” and collectively, the “Parties”), the following goods, rights and interests set forth herein (capitalized terms used herein, if not separately defined in this Bill of Sale, will have the same meanings ascribed to them in that certain Agreement for Purchase and Sale of Rights in the WISE Project and WISE Infrastructure Capacity, dated January 20, 2026, by and between Castle Rock and Pinery), each as more specifically set forth on **Exhibit 1**, attached hereto and incorporated herein by this reference:

1. WISE Project Rights;
2. Member’s Pipeline Capacity in the Western Pipeline and Modifications (which includes the Smoky Hill Tank and other improvements);
3. The SLB Pipeline;
4. Member’s rights and obligations related to Binney Capacity in the future Binney Connection and Binney Pump Station;
5. Member’s rights and obligations related to DIA Capacity in the DIA Connection;
6. Member’s rights and obligations related to the Ridgegate Pipeline Capacity in the Ridgegate Pipeline.

This Bill of Sale 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 Bill of Sale. In addition, the parties agree to recognize signatures of this Bill of Sale transmitted by telecopy or email as if they were original signatures.

**[Signature Page Follows]**

IN WITNESS WHEREOF, the Pinery and Castle Rock have executed this Bill of Sale, effective  
\_\_\_\_\_, 2026

**DENVER SOUTHEAST SUBURBAN WATER  
AND SANITATION DISTRICT D/B/A PINERY  
WATER AND WASTEWATER DISTRICT,  
a quasi-municipal corporation and political subdivision  
of the State of Colorado**

---

By: Walter Partridge, Chairman

ATTEST:

---

Jim McGannon, Secretary

**TOWN OF CASTLE ROCK**

---

Lisa Anderson, Town Clerk

---

Jason Gray, Mayor

Approved as to form:

Approved as to content:

---

Michael J. Hyman, Town Attorney

---

Mark Marlowe, Director, Castle Rock Water

**EXHIBIT 1**

	<b>Pinery Current Capacity Owned</b>	<b>Cost to Date (USD)</b>	<b>TCR Capacity to purchase</b>	<b>Cost to TCR (USD)</b>
WISE Project Rights*	500 AF	\$972,040.89	250 AF	\$486,020.45
Western Pipeline and Modifications	0.50 mgd	\$1,171,376.86	0.25 mgd	\$585,688.43
DIA Connection	500 AF	\$734,368.95	250 AF	\$367,184.47
Binney Pump Station and Connection	0.50 mgd	\$762,054.94	0.25 mgd	\$381,027.47
Ridgegate Pipeline	0.50 mgd	\$613,982.21	0.25 mgd	\$306,991.11
Salinity Management Project	500 AF	\$22,952.25	250 AF	\$11,476.13
SLB Pipeline	N/A	N/A	Pro-rated based on WISE Authority Records	\$0.00
			<b>TOTAL</b>	<b>\$2,138,388.05</b>

\* Includes South Metro WISE Authority Operations and costs and Operational Reserve

# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 1/28/2026

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**Item #:** 11. **File #:** WC 2026-011

**To:** Members of the Castle Rock Water Commission

**From:** Mark Marlowe, P.E., Director of Castle Rock Water  
Roy Gallea, P.E., Engineering Manager  
Frank N. Main, Project Manager

**Resolution Approving a Settlement Agreement Between the Town of Castle Rock and The Ohio Casualty Insurance Company, for the Craig and Gould North Infrastructure Improvements Project [Located in Historic Downtown Castle Rock]**  
**Town Council Agenda Date:** February 3, 2026

---

### Executive Summary

Castle Rock Water is seeking Town Council approval of a Resolution accepting a Settlement Agreement for the Craig and Gould North Infrastructure Improvements Project (Project) in the amount of \$380,000 (see **Attachment A**). Project Improvements included upgrading the streets, alleys, storm drainage, water and sanitary sewer infrastructure to meet current design criteria standards and replace aging infrastructure located in the residential neighborhood identified as Craig and Gould North, bounded by Rock Park to the north, Sunset Drive to the east, Fifth Street to the south and Front Street to the west (see **Attachment B**).

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

The Craig and Gould North project was originally presented to Council in 2007 following the completion of the Craig and Gould South project to establish the scope and budget of this work.

- January 8, 2019 - Council awarded a design contract for The Craig and Gould North project to AECOM.
- August 25, 2021 - Castle Rock Water staff presented the construction contract to the Castle Rock Water Commission.
- September 13, 2021 - Public Works staff presented the construction contract to the Public Works Commission.
- September 21, 2021 - Town Council approved a Construction Contract with JBS Pipeline LLC ("JBS") in the amount of \$6,941,599 and a completion date of November 22, 2022.
- Change Orders 1 through 7 added \$693,966.20 to original Construction Contract giving a final Contract amount of \$7,635,565.20 and a Substantial Completion date of July 31, 2023 (Substantial Completion was never issued under this Construction Contract).

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**Item #: 11. File #: WC 2026-011**

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- April 23, 2023 - Town received Bankruptcy Notice for JBS. At that time, there were items remaining uncompleted under the Construction Contract (Pavement Striping and Thermoplastic Pavement Markings), as well as Punch List Items needing to be reconstructed.
- June 18, 2024 - an Order from the Bankruptcy Court was issued granting the Town's motion for relief from the stay to pursue remedies with respect to the Bonds.

### **Discussion**

On approximately August 6, 2024, the Town declared JBS in default under the Construction Contract and made a claim on the Bonds requesting that the Ohio Casualty Insurance Company, the surety for JBS (the "Surety"), complete the Project. The Surety investigated the claim during August and September 2024, which investigation included reviewing project records and attending meetings with the Town.

On approximately September 22, 2024, the Surety sent correspondence to the Town advising that the Surety intended to hire a construction contractor to complete JBS's unfinished scope of work and remaining punch-list items under the Construction Contract. The Surety and the Town performed site visits on August 20, 2024, March 27, 2025, and June 23, 2025, which resulted in the generation of a field-review punch-list of items needing to be corrected. After further discussion between the Surety and the Town, a final settlement has been determined to be the most acceptable means for finalizing the Project.

Town Staff has been negotiating with the Surety and has agreed on a final settlement in the amount of \$380,000.

### **Staff Recommendation**

Staff recommends Town Council approval of a Resolution Approving a Settlement Agreement Between the Town of Castle Rock and The Ohio Casualty Insurance Company, for the Craig and Gould North Infrastructure Improvements Project.

### **Attachments**

Attachment A: Resolution **(Not Attached)**  
Exhibit 1: Agreement **(Not Attached)**  
Attachment B: Project Site Map

Attachment B





# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 1/28/2026

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**Item #:** 12. **File #:** WC 2026-012

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**To:** Members of the Castle Rock Water Commission

**From:** Mark Marlowe, P.E., Director of Castle Rock Water  
Hannah Branning, Water quality & Regulatory Compliance

**Briefing from Castle Rock water: Water Quality Maintenance Update; Chatfield Watershed Authority (CWA) By-laws Update; and Drought/Snowpack Update**  
**Town Council Agenda Date:** January 20, 2026

---

### **Executive Summary**

This will be a presentation only item.



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 1/28/2026

---

**Item #:** 13. **File #:** WC 2026-013

**To:** Members of the Castle Rock Water Commission

**From:** Mark Marlowe, P.E., Director of Castle Rock Water  
Nichol Bussey, Business Solutions Manager  
Paul Rementer, Enterprise Fund Analyst

**Finance Update**

**Town Council Agenda Date:** <Jan./Feb./Mar., etc dd, yyy>

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### **Executive Summary**

This will be a presentation only item.



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 1/28/2026

---

**Item #:** 14. **File #:** WC 2026-014

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**To:** Members of the Castle Rock Water Commission

**From:** Mark Marlowe, P.E., Director of Castle Rock Water

### Upcoming Town Council Items

**Town Council Agenda Date:** NA

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### Executive Summary

This item is an informational update only and is designed to give Commission a preview of time critical items that may need to go to Council prior to review at a Commission Meeting.

### *Items for this month include:*

**Amended Agreement for the LAS Conversion**