



# Town of Castle Rock

## Agenda Memorandum

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

**Item #:** **File #:** TMP 2018-129

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

**From:** Mark Marlowe, P.E., Director of Castle Rock Water  
 Matt Benak, P.E., Water Resources Manager  
 Sheri Scott, P.E., Water Resources Program Manager

### **Resolution Approving the Town of Castle Rock/H&H Farm Agriculture Water Lease Agreement**

#### **Executive Summary**

Castle Rock Water is seeking Town Council approval of a resolution (**Attachment A**) for an agricultural water lease with H&H Farms. H&H Farms is a farmer located in Weld County adjacent to the PV wells we purchased in 2017 as part of our Alternate Source of Supply Project. H&H Farms is interested in a one-year lease of our PV well water rights. The Town of Castle Rock does not plan to export these water rights in 2018 as the infrastructure needed to move the water is not designed or installed. H&H Farms wishes to lease up to 250 acre-feet (AF) at a rate of \$35 per acre-foot which could amount to \$8,750. The price is reasonable for agricultural leased water of this type at this location based on available data regarding other leases in the area. The agreement terminates on November 15, 2018.

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

February 28, 2018, Castle Rock Water Commission \_\_\_\_\_ the water lease agreement.

#### **Discussion**

As part of the hybrid solution, the Town purchased the PV wells in 2017. Well #31640 came with approximately 297 AF of fully exportable municipal water rights. H&H Farms was never informed of the sale of the wells and paid fees to the previous owner who kept the funds. Since they thought they were legally leasing the water, H&H Farms used the water in 2017 to irrigate their crops. The Town is not seeking compensation from H&H Farms for the water used and instead will seek reimbursement from PV. The farmers have planned their 2018 crops with the assumption they could use the water again this year. Given the fact that we will not be exporting this water in 2018, and to continue to build positive relationships in the area, the Town feels it would be in our best interest to lease water to H&H Farms this year.

The key terms of the 2018 water lease agreement are summarized below:

- Agreement will terminate November 15, 2018.
- H&H Farms will lease up to 250 AF of water at a rate of \$35 per AF.

The following table outlines the wells that will be used and the amount of water we will be leasing to H&H Farms.

Well	Maximum Water to be Leased, AF	Annual Water Rights, AF
31640	250	297.2
<b>Total</b>	<b>250</b>	<b>297.2</b>

The benefit of the lease agreement is that it generates revenue for Castle Rock Water that wouldn't otherwise be obtained since the Town does not have the necessary infrastructure installed to export the water to Town.

### **Budget Impact**

If Council approves the agreement, Castle Rock Water would receive up to \$8,750 in revenue in 2018. The revenue will be deposited into Water Resources Fund Capital Leases account 211-4375-393.70-00 <WRAWL>.

### **Recommendations**

Staff recommends approval of the agricultural water lease agreement with H&H Farms for 250 acre-feet of water which will generate a revenue of up to \$8,750.

### **Proposed Motion**

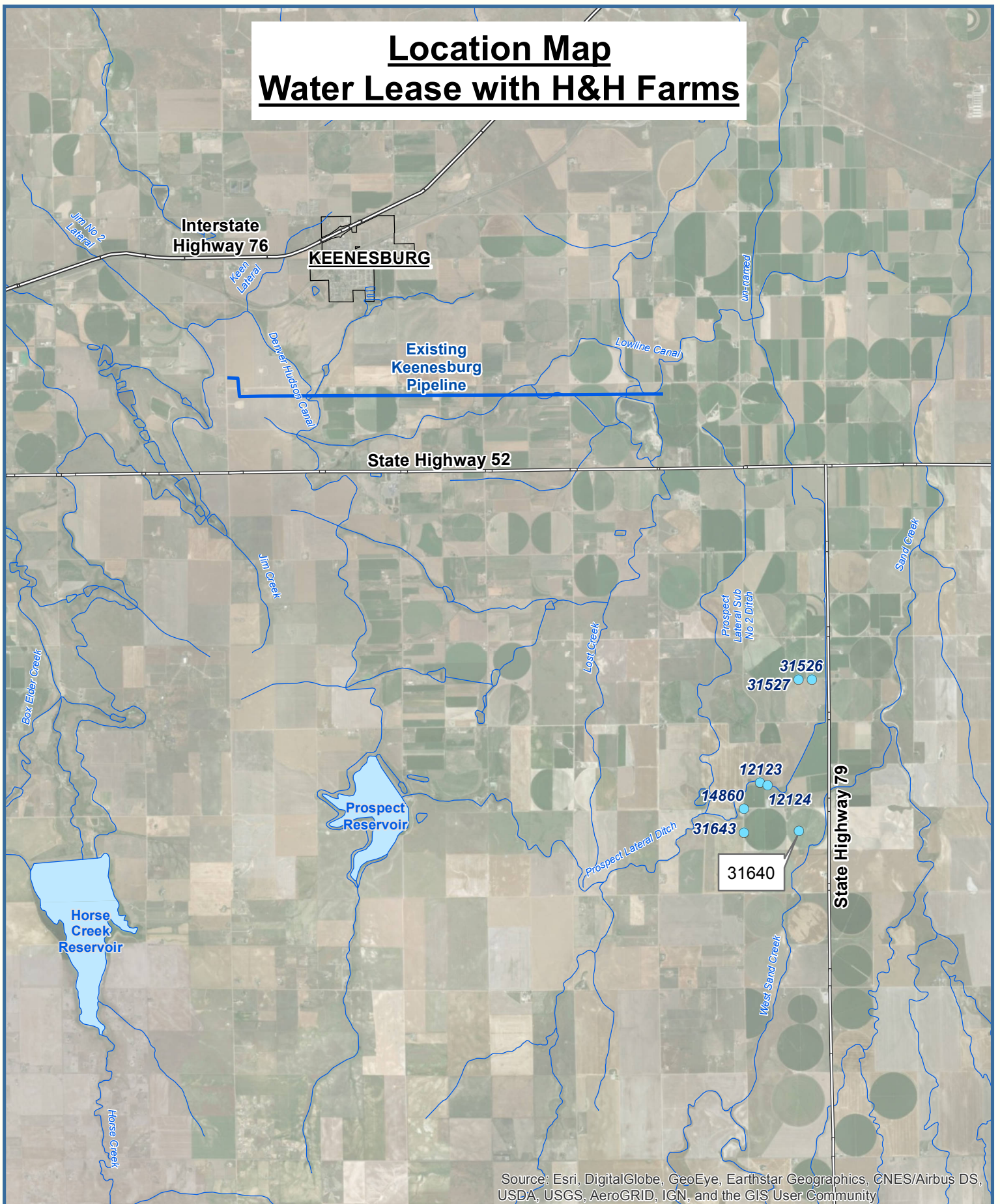
*"I move to approve the Resolution as introduced by title."*

### **Attachments**

Attachment A: Resolution  
Exhibit 1: Agreement  
Attachment B: Location Map

# Location Map

## Water Lease with H&H Farms



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community



0 3,900 7,800 15,600 Feet

Date: 2/7/2018

1 inch = 7,750 feet



Disclaimer: The data presented has been compiled from various sources, each of which introduces varying degrees of inaccuracies or inconsistencies. Such discrepancies in data are inherent and in supplying this product the Town of Castle Rock assumes no liability for its use or accuracy. Questions or comments regarding the cartographic composition of this map including, but not limited to, errors, omissions, corrections, and/or updates, should be directed to the Utilities Department, Town of Castle Rock, (720) 733-6087. Copyright 2017, Town of Castle Rock Utilities Mapping.

**CASTLE ROCK  
UTILITIES MAP  
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