



## MEMORANDUM

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

**Through:** David L. Corliss, Town Manager

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

**Date:** May 21, 2024

**Title:** **Resolution Approving Funding the Execution of Water Provider Agreement Amendment No. 6 Between the Town of Castle Rock and the Colorado Water Conservation Board for the Purchase of Additional Storage Space in the Chatfield Storage Reallocation Project** [*Chatfield Reservoir in Douglas and Jefferson Counties*]

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### **Executive Summary**

The purpose of this memorandum is to request Town Council approval of a resolution (**Attachment A**) approving the funding of the Town's purchase of our 2024 option in the Chatfield Reservoir Reallocation Project. Renewable water storage is a key component of the Town of Castle Rock's long-term water plan and participation in the Chatfield Storage Reallocation Project gives the Town unique access to additional renewable water sources. The purpose of this memorandum is to request Town Council approval to authorize funding for the purchase of an additional 129 acre-feet (AF) of storage shares from the Colorado Water Conservation Board (CWCB). Castle Rock currently owns 719 AF of storage and has the right to purchase 1,281 AF of storage in accordance with our 2015 agreement with CWCB over the next 10 years.

First storage of reallocation pool water started in May 2020 and Castle Rock currently has a full storage pool with approximately 2,000 AF of water in storage. The purchase of these additional shares will give the Town a total of 848 AF of owned water storage space with the ability to store additional water (up to 2,000 AF) under a storage lease agreement that we have in place with the CWCB.

The cost to purchase 129 AF of storage from CWCB is \$1,070,825.13 and the Assumption Agreement and Water Provider Agreement with CWCB related to this purchase are provided in **Attachments B and C**, respectively. Funding for this purchase was included in the approved 2024 budget. Funding for the purchase of the remaining storage shares under our 2015 agreement with CWCB is included in Castle Rock Water's multi-year financial plan.

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

For a comprehensive summary of Castle Rock's participation in the Chatfield Storage Reallocation Project, please see ***Attachment D***.

On April 27, 2022 Castle Rock Water Commission recommended that Council approve the purchase of 129 AF of additional shares from the Colorado Water Conservation Board.

On May 17, 2022, Town Council approved the purchase of 129 AF of additional shares from the CWCB per resolution 2022-058.

Castle Rock Water staff presented this item to the Castle Rock Water Commission at their meeting held on April 24, 2024, and the Castle Rock Water Commission voted unanimously 6 to 0 to recommend Town Council approval of the Resolution as presented.

## **Discussion**

The Chatfield Storage Reallocation Project (Project) is a water storage project to reallocate flood storage space in the existing Chatfield Reservoir located in northwest Douglas County to space that can be used for storing renewable water supplies. The Town of Castle Rock is currently, and has been since 2004, a participant in this Project.

The Town entered into a multi-year agreement with the CWCB in July 2015 to purchase shares in the Chatfield Storage Reallocation Project. This agreement allowed the Town to spread out the project costs over time while the Project was undergoing permitting, design and construction activities.

Construction for the Chatfield Storage Reallocation Project was substantially completed in December 2019. The final Project construction costs were \$167,016,960, which was \$3.97 million less than the last official Project estimate. The Chatfield Reservoir Management Company (CRMC) was directed to utilize the remaining funds to pay for the first five years of post-construction Project obligations, such as vegetation and habitat monitoring, erosion monitoring, weed management and new vegetation irrigation.

In early 2020, CRMC staff worked diligently to finalize the remaining U.S. Army Corps of Engineers (USACE) submittals that were a requirement prior to first storage. These final submittals were officially approved by USACE on May 13, 2020 who indicated that all recreation modifications, compensatory mitigation features, real estate interests, and other modifications to the Project had been satisfactorily completed. Payment for first storage was made by CRMC on May 14, 2020 to USACE. Given these final two critical path items, first storage of water into the reallocated storage space occurred on May 15, 2020, with Castle Rock Water being the first entity to store water.

Presently, Castle Rock has approximately 2,000 AF of water in storage. With the purchase of this additional block of storage space the Town will own 848 AF of storage with the option to store water up to 2,000 AF in our optioned pool owned by CWCB. Additionally, during the wet spring period of 2023, Castle Rock was able to fill all 2,000 AF of its 1989 Chatfield storage water right and subsequently made this conditional water right into an absolute water right by submitting this documentation through Water Court.

Currently, Castle Rock Water uses its stored supplies in Chatfield Reservoir by exchanging the water back to our Plum Creek Diversion or CR-1 Diversion structures. The longer-term plan is to construct pump stations and a pipeline from Chatfield Reservoir back to our Castle

Rock Reservoirs #1 and #2 near Sedalia (known as the Chatfield Pump Back Project). A large portion of this pipeline would follow the same alignment as the existing Ravenna Pipeline that Castle Rock purchased in 2017. The Chatfield Pump Back Project is currently in the preliminary design stage (see ***Attachment E***) and we are continuing to work with Denver Water on permitting, engineering and cost sharing discussions. Preliminary costs to fully implement this project range from \$85 million to \$102 million depending on the final pipeline size/capacity that is selected for the project. Castle Rock Water has approximately \$90 million in the current long term financial plan for this work.

### **Budget Impact**

The cost for the 129 AF storage space purchase is \$1,070,825.13. The Town has \$1,097,596 in the project budget (Account Number 211-4375-443.77-29, CIP/Chatfield Reallocation) for 2024.

### **Staff Recommendation**

Staff along with the Castle Rock Water Commission recommend Town Council approve funding for 129 AF of additional storage shares for the 2024 option in the Chatfield Reservoir Reallocation Project.

### **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
Attachment B:	Assumption Agreement
Attachment C:	Water Provider Agreement
Attachment D:	Chatfield Program History
Attachment E:	Preliminary Design Alignment for the Chatfield Pump Back Project