

**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 _____ day of _____, 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

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:

Michael J. Hyman, Town Attorney

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

Pinery/Castle Rock Water System Interconnect



Interconnect Inset Map

