



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
Lauren Moore, Water Resources Manager
Zuzana Howard, Water Resources Program Analyst

Title: **Resolution Approving the 2026 Agricultural Lease Agreement with PM Farming, LLC. for the Rothe Property** [*Weld County, Colorado*]

Executive Summary

Castle Rock Water is seeking Town Council approval of a resolution (**Attachment A**) for an Agricultural Lease with PM Farming, LLC. (PM Farming) for the Town's Rothe Property in Weld County. PM Farming is the same entity as Sublette, Inc., which operates under a different LLC name. Sublette, an adjacent landowner, has leased the property for the past eleven years and is interested in renewing their lease on the Rothe Property. Over the past eleven years, Sublette has used part of the property for growing crops, establishing dry-land farming with a native seed mixture, as well as hunting. PM Farming has expressed interest in renewing the lease with similar terms. Since the most recent lease was entered into in 2022, the lease rate has been increased by 14.64% to account for Consumer Price Index (CPI) increases over the past 4 years.

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

On August 19, 2014, Town Council approved the Purchase Agreement for the Rothe Recharge project. As part of this purchase, 640 acres of land were acquired by the Town.

June 24, 2015, Utilities Commission was updated on the key points regarding the Rothe Surface Use Lease Agreement. Utilities Commission supported entering into a surface use agreement with Sublette, Inc.

On August 4, 2015, Town Council approved the 2015 Surface Use Lease with Sublette.

On January 3, 2023, Town Council approved the 2022 Surface Use Lease with Sublette.

This agricultural lease will be presented to the Castle Rock Water Commission at their March 25, 2026 meeting.

Discussion

The Rothe Property, as shown in **Attachment B**, was purchased in support of the Box Elder Project. The Box Elder Project is part of the Town's long-term renewable water plan. A key component of this project is the purchase of water rights in the South Platte Basin. In 2014, Castle Rock purchased the Rothe Water Rights as part of the project. As part of the Town's purchase of the Rothe Recharge water rights, the Town also acquired 640 acres of land in southeastern Weld County. Successful implementation of the Box Elder Project requires that the Town maintain this property until it is sold or otherwise disposed.

PM Farming is the same entity as Sublette, Inc., which operates under a different LLC name. Sublette, an adjacent landowner, has leased the property for the past eleven years and is interested in renewing their lease on the Rothe Property. Allowing the property to be put to good use and acting as a good neighbor can help provide local support for the Town's project. More importantly, property management of the land will also maximize the availability of the Town's water rights. Castle Rock Water proposes entering into a new Agricultural Lease (**Exhibit 1**) with PM Farming with similar terms.

The key terms of this agreement are as follows:

- 1-year lease agreement;
- Annual rent due in the amount of \$7,137;
- Hunting and grazing rights;
- Lessee can grow non-irrigated crops
- Lease can be terminated by Castle Rock 120 days prior to the termination date;
- Lease can be terminated by Sublette 30 days prior to the termination date; and
- PM Farming will be responsible for procuring and maintaining Comprehensive General Liability and Comprehensive Automobile Liability Insurance at its own cost.

This Agricultural Lease demonstrates to the surrounding community that the Town is willing to work with the nearby neighbors. The Town will also be acting as good neighbors by not letting the property become overrun with weeds and providing for on-site management of the property at all times. Additionally, the Town will be able to generate some revenue from the property.

Budget Impact

If Council approves the agreement, Castle Rock Water would receive \$7,137 in rent for a 1-year lease. The revenue will be deposited into Water Resources Fund Capital Leases account 211-4375-393.70-00.

Staff Recommendation

Staff recommends approval of the one-year Agricultural Lease Agreement with PM Farming, LLC. which will generate a revenue of \$7,137 annually.

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: Lease Agreement
- Attachment B: Location Map