



## **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  
Zuzana Howard, Water Resources Program Analyst

**Title:** **Resolution Approving a True-Up Payment for the WISE DIA Connection Project Invoice from South Metro WISE Authority** [*Denver City and County*]

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### **Executive Summary**

Castle Rock Water (CRW) is seeking Town Council approval of a resolution (**Attachment A**) authorizing payment of an invoice (**Attachment B**) from South Metro Water Infrastructure Supply Efficiency (WISE) Authority (SMWSA). This invoice totals \$712,851.93 and represents the Town of Castle Rock's 22.5% share of the WISE Denver International Airport (DIA) Connection project true-up fee. The true-up invoice amount is \$3,168,230.81. Additionally, there is a potential for a second true-up invoice resulting from a Commerce City use tax audit associated with the project.

The WISE DIA Connection Project was a collaborative effort between WISE, Denver Water, and Aurora Water. The project was developed to provide a means for Denver Water to deliver a portion of its water obligation to WISE while meeting required water quality standards. The project included approximately six miles of 18-inch PVC pipeline extending from Denver Water's conduit No. 147 to Aurora's Prairie Water's Pump Station 2 (PWPS2), where a flow control and metering facility was located. The pipeline connected to Aurora Water's Prairie Waters Pipeline, allowing water to be conveyed to the Binney Water Purification Facility and the WISE Pump Station for treatment and delivery to WISE members.

The WISE partners selected Tetra Tech to complete the design of the pipeline and flow control facility and JHL Constructors was the selected contractor. Construction began in June 2024 and is now 100% complete.

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

All major components of the WISE project have been presented to Castle Rock Water Commission and Town Council. The last update to Town Council occurred on April 15, 2025. Council approved the second invoice and payment for the DIA Connection of \$1,000,000.

## Discussion

In 2013, the Town of Castle Rock became a member the South Metro WISE Authority (SMWSA) which, later that year, entered into the 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 through the use of 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 in 15 out of every 100 years.

A portion of the supply that Denver Water contributes to the WISE Project is located near DIA. To convey this water to SMWSA members, and ultimately to Denver Water's service area during emergency drought conditions, a connection between the DIA supply source and the WISE system was required. The WISE DIA Connection Project was constructed to provide this critical infrastructure and ensure the reliable delivery of water to participating members.

As outlined in Table 1 below, Castle Rock is responsible for 22.5% of the payment which amounts to \$712,851.93.

Table 1, DIA Connection True-up Payment Pro-Rata Details

Member	Subscription %	Member Amount
Castle Rock	22.50%	\$712,851.93
Cottonwood	4.00%	\$126,729.23
Dominion	13.25%	\$419,790.58
Highlands Ranch	10.00%	\$316,823.08
Inverness	5.00%	\$158,411.54
Meridian	7.75%	\$245,537.89
PWSD	18.50%	\$586,122.70
Pinery	0.00%	\$0.00
Rangeview	9.00%	\$285,140.77
Stonegate	10.00%	\$316,823.08
<b>Total</b>	<b>100.00%</b>	<b>\$3,168,230.81</b>

Castle Rock Water has a WISE supply of 2,250 acre feet per year on average. This is an interruptible supply 2 out of every 10 years. To date, Castle Rock Water has invested a total of \$65,978,388 in the WISE project for infrastructure and water supply. Attachment C provides a map of all of the WISE infrastructure including the DIA Connection. There is one more major component of infrastructure to complete the WISE

project infrastructure. A desalination facility will be required before 2030. Castle Rock Water's current estimated cost for this last piece of infrastructure is \$63,180,000.

**Budget Impact**

This payment of \$712,851.93 for the 2026 DIA Connection True-up fee will be paid from CIP/WISE Infrastructure account <211-4375-443.77-72>, project code <WRWPSF>. The account currently has a balance of \$6.4 million.

Since 2014, Castle Rock has paid SMWSA a total of \$1,994,350.20 for the DIA Connection. Including the 2026 payment, the Town of Castle Rock will have paid a total of \$2,707,202.13.

**Staff Recommendation**

Staff recommends approval of the resolution as presented.

**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: Invoice
- Attachment C: Map of WISE Infrastructure