

Town of Castle Rock



Agenda Memorandum

Agenda Date: 11/5/2019

Item #: 13. **File #:** TMP 2019-811

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
Lauren Moore, Water Resources Program Analyst

Resolution: Approving the Town of Castle Rock/Turnpike LLC Agricultural Water Lease Agreement

Executive Summary

Castle Rock Water is seeking Town Council approval of a resolution (**Attachment A**) for an agricultural water lease with Turnpike LLC. Turnpike LLC is a farmer located in Weld County adjacent to the Lost Creek Basin wells we purchased in 2017 as part of our Alternate Source of Supply Project. As part of their 2019 lease, the farmer has used 314.11 acre-feet (AF) to date of water from these wells in 2019 for irrigation (their current lease expires November 15, 2019) and currently owes the Town \$10,993.85. Turnpike LLC is interested in an additional one-year lease for our Lost Creek Basin water rights. The Town of Castle Rock does not plan to export these water rights in 2020 as the infrastructure needed to move the water is not designed or installed. Turnpike LLC wishes to lease up to 485 (AF) at a rate of \$35 per acre-foot, which could amount to \$16,975 in revenue. 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, 2020.

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

February 28, 2018, Castle Rock Water Commission unanimously recommended that Town Council approve the 2018 water lease agreement.

March 6, 2018, Town Council unanimously approved the 2018 water lease agreement.

January 23, 2019, Castle Rock Water Commission recommended that Town Council approve the 2019 water lease agreement.

February 5, 2019, Town Council unanimously approved the 2019 water lease agreement.

Discussion

As part of the Town’s hybrid renewable water solution, the Town purchased several Lost Creek Basin wells in 2017. These wells came with approximately 1,035 AF (annually) of fully exportable water rights which could be used for municipal and other purposes. Eventually, the Town intends to use these water rights directly or as an augmentation source. However, until infrastructure is built to transport this water to a treatment plant or place of augmentation, leasing this water for other purposes helps to generate some revenue for Castle Rock Water. In 2019, Turnpike LLC has used 314.11 AF to date of water from these wells for irrigation and currently owes the Town \$10,993.85. The farmers are also planning to use this water in 2020.

The key terms of the 2020 water lease agreement are summarized below:

- Agreement will terminate November 15, 2020.
- Turnpike LLC will lease up to 485 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 Turnpike LLC.

Well	Maximum Water to be Leased, AF	Annual Water Rights, AF
12123	0*	163.1
12124	100	106.4
31526	140	144.4
31527	135	139.1
31643	110	111.3
14860	0*	74.3
Total	485	738.6

*well not operational

Budget Impact

If Council approves the agreement, Castle Rock Water would receive up to \$16,975 in revenue in 2020. The revenue will be deposited into Water Resources Fund Capital Leases account 211-4375-393.70-00 <WRAWL>.

Staff Recommendation

Staff recommends approval of the 2020 agricultural water lease agreement with Turnpike LLC for 485 acre-feet of water which will generate a revenue of up to \$16,975.

Proposed Motion

“I move to approve the Resolution as introduced by title.”

Attachments

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