



## 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 the 2026 Water Lease Agreement between the Town of Castle Rock and Sublette, Inc. [Morgan County, Colorado]**

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### Executive Summary

Castle Rock Water (CRW) is seeking Town Council approval of a Resolution (**Attachment A**) authorizing a Water Lease Agreement (**Exhibit 1**) with Sublette, Inc. (Sublette) to lease the Town's Rothe Recharge Credits acquired with the purchase of the Rothe water rights in 2014. Sublette wishes to lease 11 acre-feet (AF) of the recharge credits to offset shortages in the Sublette Augmentation Plan. The augmentation plan has three participants: Town of Castle Rock, Sublette, Inc. and Riverview Farms, LLC. Due to the lack of precipitation, there were no water inflows this Water Year. As a result of that, both Sublette and Riverview Farms experienced recharge credit shortages.

The Town will charge \$140 per acre-foot, for a total lease value of up to \$1,540, which is reasonable for water of this type and location based on available data from comparable leases in the area. The Town will not be able to use the Rothe Recharge Credits in the coming year, and the water cannot be reasonably moved by exchange back upstream to the Town of Castle Rock.

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

On April 28, 2021, Castle Rock Water Commission recommended Town Council approval of the 2021 Spot Water Lease with Sublette, Inc.

On May 4, 2021, Town Council approved the 2021 Spot Water Lease with Sublette, Inc.

On May 25, 2022, Castle Rock Water Commission recommended Town Council approval of the 2022 Spot Water Lease with Sublette, Inc.

On June 7, 2022, Town Council approved the 2022 Spot Water Lease with Sublette, Inc.

On April 26, 2023, Castle Rock Water Commission recommended Town Council approval of the 2023 Spot Water Lease with Sublette, Inc.

On April 27, 2023, Town Council approved the 2023 Spot Water Lease with Sublette, Inc.

Castle Rock Water staff presented this item to the Castle Rock Water Commission at their meeting held on May 27, 2026, and the Castle Rock Water Commission voted unanimously 6 to 0 to recommend Town Council approval of the Resolution as presented.

### **Discussion**

As part of the long-term water supply plan identified in the Water Resource Strategic Master Plan, the Town purchased the Rothe Recharge property in 2014, and in 2021 the property and its associated water rights were incorporated into the Box Elder Augmentation Plan (Case No. 19CW3231). The property includes 770 AF of water rights that may be used as an augmentation water source in conjunction with the Box Elder Creek Well Field for the Town's Box Elder Project.

The general concept of the Rothe Recharge Project is that water can be diverted from the South Platte River at the Riverside Canal which is located east of Greeley under a water right with an effective 1988 priority date (**Attachment B**). This water is delivered from the Riverside Canal into several recharge ponds which then makes its way through the alluvial sands as groundwater return flow to the South Platte River approximately 16 miles downstream of the point where Box Elder Creek theoretically enters the South Platte River. The hydrogeologic transport of this water through the alluvium takes a number of years. The decree in Colorado Water Court Case No. 89CW027 defines the terms and conditions for operation of this project, including the specific timing of the recharge credits. The Town of Castle Rock will not be able to use this water in the next year, and the water cannot currently be reasonably moved by exchange back upstream to the Town of Castle Rock.

The key terms of the Water Lease Agreement are summarized below:

- Sublette will lease 11 AF at \$140 per AF;
- Revenue total of \$1,540 and
- The lease will terminate on March 31, 2027.

### **Budget Impact**

If Council approves this Water Lease Agreement, Castle Rock Water would receive \$1,540 in revenue over the next year. The revenue will be deposited into the Water Resources Fund Capital Leases account 211-4375-393.70-00.

### **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
- Exhibit 1: Agreement
- Attachment B: Location Map