



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
Matt Benak, P.E., Water Resources Manager

Title: **A Resolution Approving Castle Rock's Portion of the Capital Assessments for the Wells Associated with the Walker Reservoir Construction Project**
[Located in Douglas County near Franktown, CO]

Executive Summary

The purpose of this memorandum is to seek Town Council approval by Resolution (see **Attachment A**) of Castle Rock's portion of the Cherry Creek Project Water Authority (CCPWA) well construction and other capital infrastructure work associated with phase two of the Walker Reservoir construction project.

Castle Rock entered into a Project Participation Agreement (**Attachment B**) with the CCPWA in September 2021 for the construction of Walker Reservoir. Reservoir construction has been ongoing (HPM Contracting is the General Contractor) with construction completion anticipated in Fall/Winter 2023. The second phase of the Walker Reservoir Project is for the wells and other associated infrastructure necessary to fill the reservoir. CCPWA's total approved budget in 2023 for this phase is \$3,662,500 and includes well drilling and equipping; site improvements; pipelines; grading and erosion control; and professional services during construction. Based on the Town's ownership percentage of the CCPWA (41.25%), the capital costs associated with this second phase of the project are equal to \$1,510,781.25.

CCPWA's consultant (HRS Water Consultants) has designed three alluvial wells and one Denver Basin (Arapahoe Aquifer) well to be used to pump water into Walker Reservoir. The well locations are shown on the location map as **Attachment C**.

CCPWA received and evaluated bids for the construction work related to the wells. The Arapahoe Aquifer well drilling and equipping has been awarded to Hydro Resources in the amount of \$1,257,778 and the alluvial well drilling and equipping has been awarded to Layne Christensen in the amount of \$1,390,635. Farnsworth Group has been awarded the site civil and pipeline design contract and is currently developing the construction drawings. Well drilling operations will commence in March 2023.

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

On June 17, 2019, CRW staff presented the opportunity to purchase ACWWA's interest in the CCPWA to the Castle Rock Water Commission (CRWC), who recommended that the Town move forward with the purchase.

On June, 18, 2019, CRW staff presented the opportunity to purchase ACWWA's interest in the CCPWA to the Water Resources Committee. The Committee recommended moving forward with an offer, the offer ultimately agreed to and outlined in this memo.

On October 2, 2019, the Director of CRW attended the CCPWA's Board Meeting to discuss Castle Rock's proposed purchase of ACWWA's interest in the project and to confirm that the other members were open to reevaluating the proposed capital infrastructure for the project and the manner in which that infrastructure is funded by the CCPWA members.

On October 23, 2019, CRW staff presented the revised agreement to CRWC, and CRWC again recommended that Council approve the purchase and the agreement.

On December 11, 2019, CRWC was updated on the final agreement approach and CRWC offered their continued support by general consensus.

On January 21, 2020, Town Council approved the Purchase and Sale Agreement with ACWWA.

On March 5, 2020 the Town and ACWWA entered into the Contract for the Purchase and Sale Agreement.

On May 5, 2020, the Town and ACWWA entered into the First Amendment to the Contract for the Purchase and Sale Agreement which put into effect a 90-day stay due to the potential impacts of the COVID-19 pandemic.

On November 3, 2020, the Town and ACWWA entered into the Second Amendment to the Contract for the Purchase and Sale Agreement which extended the due diligence deadline to December 15, 2020.

On February 12, 2021, the Town closed on the purchase of ACWWA's interest in the CCPWA.

On July 28, 2021, Castle Rock Water Commission recommended that the Town enter into the Project Participation Agreement (PPA) with the CCPWA for Walker Reservoir.

On September 21, 2021, Castle Rock entered into the Project Participation Agreement (PPA) with CCPWA for Walker Reservoir.

Discussion

Walker Reservoir is a water storage facility located approximately ½-mile northwest of Franktown, Colorado that is currently being constructed. Walker Reservoir will serve multiple

functions by being able to store tributary and non-tributary water and to release water for direct use, augmentation and release and re-diversion downstream to Rueter-Hess Reservoir. Walker Reservoir is being constructed with a 650 AF capacity and Castle Rock will have 150 AF, or approximately 23% of the capacity.

To be able to deliver water into Walker Reservoir, wells need to be drilled, both in the Cherry Creek alluvium to capture renewable water rights, and in the deep Denver Basin aquifer to take advantage of CCPWA's non-renewable water rights. CCPWA's water engineering consultant designed three alluvial wells and one Arapahoe well in close proximity to the reservoir that will be used to pump water into storage.

Budget Impact

CRW's cost for the second phase of the Walker Reservoir project, which includes well drilling and equipping; site improvements; pipelines; grading and erosion control; and professional services during construction is estimated to be \$1,510,781.25 and will be drawn from the Water Resources Fund, Capital Projects Division, CC Basin Infrastructure (Account Number 211-4375-443.79-17), which has a current balance of \$2,170,000. In addition to Castle Rock's portion of the phase two construction work, CCPWA has also issued an invoice for 2023 CIP General Assessments in the amount of \$20,625.00 (to be drawn from Account Number 211-4375-443.79-17) and 2023 General Operating Assessments in the amount of \$12,375.00 (to be drawn from Account Number 211-4340-443.80-61, CC Project Water Authority).

Staff Recommendation

Castle Rock Water Commission and Staff recommend that Town Council approve the capital payment to CCPWA for the construction of the wells associated with the Walker Reservoir Project.

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:	Project Participation Agreement
Attachment C:	Location Map