

RESOLUTION NO. 2026-058

**A RESOLUTION APPROVING THE WATER LEASE AGREEMENT
BETWEEN THE TOWN OF CASTLE ROCK AND CENTRAL
COLORADO WATER CONSERVANCY DISTRICT**

WHEREAS, pursuant to the decree in Case No. 89CW27, District Court, Water Division No. 1 (the “Decree”), the Town of Castle Rock (the “Town”) and other owners operate the Rothe-Sublette Recharge Project (the “Project”), which diverts water from the South Platte River at the Riverside Canal into recharge ponds that accrete water to the South Platte River to generate recharge credits (the “Recharge Credits”); and

WHEREAS, the Town owns the right to 60.4% of the first 1,275 acre-feet (AF), up to 770 AF annually, of Recharge Credits generated by the Project (the “Town Recharge Credits”); and

WHEREAS, Recharge Credits from the Project are used by the Town and the other owners to augment depletions from alluvial wells pursuant to the Decree; and

WHEREAS, the Decree authorizes the lease of excess recharge credits to third parties for use in judicially approved plans for augmentation; and

WHEREAS, the Town and the Central Colorado Water Conservancy District (the “District”) have previously entered into that certain Intergovernmental Agreement dated September 17, 2024 (the “IGA”), whereby the Town provides the District with 1.5 AF of Town Recharge Credits annually in exchange for each 1.0 AF of the District’s water storage right in Chatfield Reservoir; and

WHEREAS, the District approached the Town about leasing additional Town recharge credits to provide an alternative mechanism by which to meet its augmentation needs; and

WHEREAS, the Town and the District previously entered into an Agreement that commenced on July 1, 2025 and expired on March 31, 2026, whereby the District leased up to 604 AF of Recharge Credits for which the Town charged \$140 per AF for a total lease value of up to \$84,560; and

WHEREAS, at present, the Town does not have any available means by which to use the Town Recharge Credits within its water system over the next year; and

WHEREAS, a lease with the District will allow the Town to generate revenue from the Town Recharge Credits that it would not otherwise be able to realize; and

WHEREAS, accordingly, the Town and the District desire to enter into a water lease agreement by which the District may lease up to 491.4 AF of excess Town Recharge Credits to support pumping from wells included in the District’s augmentation plan.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF CASTLE ROCK, COLORADO AS FOLLOWS:

Section 1. Approval. The Water Lease Agreement between the Town and the District is hereby approved in substantially the same form as presented at tonight's meeting, with such technical changes, additions, modifications, deletions, or amendments as the Town Manager may approve upon consultation with the Town Attorney. The Mayor and other proper Town officials are hereby authorized to execute the Agreement and any technical amendments thereto by and on behalf of the Town.

PASSED, APPROVED AND ADOPTED this 19th day of May, 2026, by the Town Council of the Town of Castle Rock, Colorado, on first and final reading, by a vote of ___ for and ___ against.

ATTEST:

TOWN OF CASTLE ROCK

Lisa Anderson, Town Clerk

Jason Gray, Mayor

Approved as to form:

Approved as to content:

Michael J. Hyman, Town Attorney

Mark Marlowe, Director Castle Rock Water