



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 3/6/2018

**Item #: File #:** TMP 2018-128

**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  
 Sheri Scott, P.E., 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 PV wells we purchased in 2017 as part of our Alternate Source of Supply Project. Turnpike LLC is interested in a one-year lease of our PV well water rights. The Town of Castle Rock does not plan to export these water rights in 2018 as the infrastructure needed to move the water is not designed or installed. Turnpike LLC wishes to lease up to 715 acre-feet (AF) at a rate of \$35 per acre-foot which could amount to \$25,025. The farmer also used 364.52 AF of water from these wells in 2017 for irrigation and will be paying the Town \$35 per AF which will amount to \$12,758.20. 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 December 31, 2018.

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

February 28, 2018, Castle Rock Water Commission unanimously \_\_\_\_\_.

### Discussion

As part of the hybrid solution, the Town purchased the PV wells in 2017. The wells came with approximately 1,035 AF of fully exportable municipal water rights. Turnpike LLC was never informed of the sale of the wells and therefore used the water in 2017 to irrigate their crops. The Town is seeking compensation for the water used at \$35 per AF. Turnpike LLC used 364.52 AF of water in 2017. The farmers have also planned their 2018 crops with the assumption they would use the water again this year. Given the fact that we will not be exporting this water in 2018, and to continue to build positive relationships in the area, the Town feels it would be in their best interest to lease water to Turnpike LLC.

The key terms of the 2018 water lease agreement are summarized below:

- Agreement will terminate December 31, 2018.
- Turnpike LLC will lease up to 715 AF of water at a rate of \$35 per AF.
- Turnpike LLC will pay for the 364.52 AF of water they used in 2017 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	160	163.1
12124	100	106.4
31526	140	144.4
31527	135	139.1
31643	110	111.3
14860	70	74.3
<b>Total</b>	<b>715</b>	<b>738.6</b>

The benefit of the lease agreement is that it generates revenue for Castle Rock Water that wouldn't otherwise be obtained since the Town does not have the necessary infrastructure installed to export the water to Town.

### **Budget Impact**

If Council approves the agreement, Castle Rock Water would receive up to \$37,783.20 in revenue in 2018. The revenue will be deposited into Water Resources Fund Capital Leases account 211-4375-393.70-00 <WRAWL>.

### **Recommendations**

Staff recommends approval of the agricultural water lease agreement with Turnpike LLC for 715 acre-feet of water which will generate a revenue of up to \$37,783.20.

### **Proposed Motion**

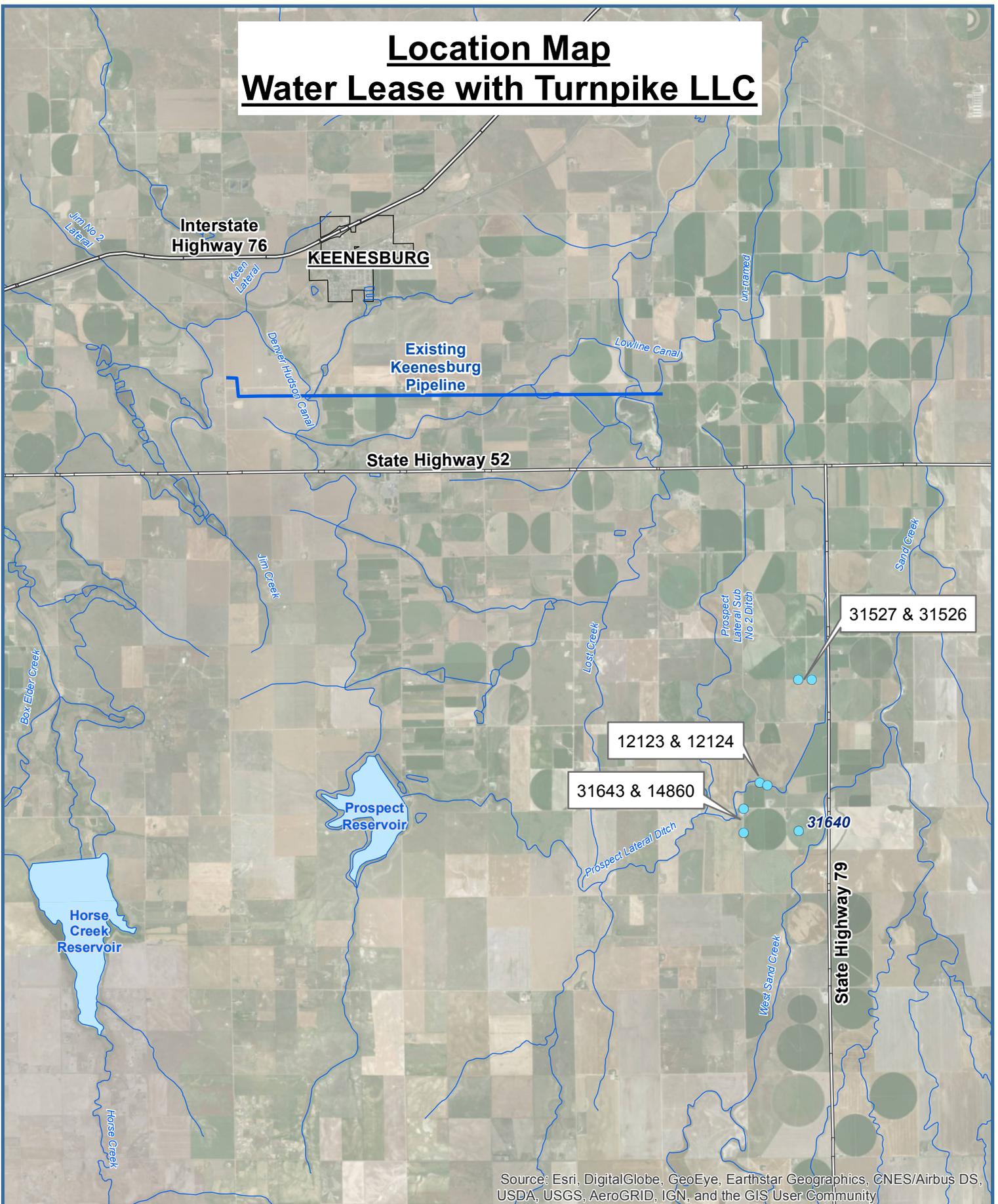
*"I move to approve the Resolution as introduced by title."*

### **Attachments**

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

# Location Map

## Water Lease with Turnpike LLC



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community



Date: 2/7/2018

1 inch = 7,750 feet



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**CASTLE ROCK  
UTILITIES MAP  
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