

RESOLUTION NO. 2015- __

**A RESOLUTION APPROVING AN OPTION AGREEMENT FOR ACQUISITION
OF CHATFIELD RESERVOIR REALLOCATION PROJECT SHARES
FROM THE STATE OF COLORADO**

WHEREAS, the Town of Castle Rock, a Colorado Home rule municipal corporation, by and through the Town of Castle Rock Water Enterprise and the State of Colorado, acting by and through the Department of Natural Resources, Colorado Water Conservation Board (“CWCB”), seek to enter into an agreement to provide the option for the Town to purchase additional orphan shares in the Chatfield Reallocation Project, up to 1,300.39 acre-feet of shares; and

WHEREAS, the Town has already recognized the value of investing in storage in the Chatfield Reallocation Project by approving the purchase of 200 acre-feet of space in 2014; and

WHEREAS, the Town recognizes the need to obtain additional storage in the Chatfield Reallocation Project as part of its long term water plan; and

WHEREAS, the CWCB has adequate orphan shares to offer to the Town as an option at the current cost of the shares, and at that same cost over the full time period of the agreement; and

WHEREAS, the Option Agreement provides the Town with a cost effective way to obtain additional storage in the Chatfield Reallocation Project and spread the costs over time for the benefit of the Town’s customer base.

WHEREAS, the Town has a 2,000 acre-foot water storage right in the Chatfield Reservoir and treated effluent return flows that will help the Town fill the storage space; and

WHEREAS, the Town has a pending Water Court case that will allow the Town to exchange water in Chatfield back to the Town in a cost efficient manner.

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

Section 1. Approval. The Town Council, on behalf of the Town of Castle Rock Water Enterprise approves entering into the Option Agreement (*Exhibit I*) with CWCB up to 1,300.39 acre-feet of additional storage in the Chatfield Reallocation Project over a 15 to 20 year period, and payment of annual operation costs associated with the optioned shares in accordance with the terms in the Option Agreement.

Section 2. Encumbrance and Authorization for Payment. In order to meet the Town’s financial obligations under the Option Agreement, the Town Council authorizes the expenditure and payment from the 2015 appropriation account #211-4375-443-7729 an amount not to exceed \$700,000 for the purchase of 87 shares in the Reallocation Project and Operation,

Maintenance, Repair, Rehabilitation, Reconstruction and Replacement (O&M-RRR&R) for all remaining optioned shares.

PASSED, APPROVED AND ADOPTED this 16th day of June, 2015, 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

Sally A. Misare Town Clerk

Paul Donahue, Mayor

Approved as to form:

Robert J. Slentz, Town Attorney

Approved as to content:

Mark Marlowe, Utilities Director