



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: **Resolution Approving the Second Amendment to the Intergovernmental Agreement (IGA) for Water Service between Dominion Water and Sanitation District, Acting in its Capacity as a Water Activity Enterprise, and the Town of Castle Rock, Acting Through the Town of Castle Rock Enterprise**
[Northwest Douglas County, Colorado]

Executive Summary

Castle Rock Water is seeking Town Council approval of a Resolution (***Attachment A***) amending the 2014 Water Service Intergovernmental Agreement (IGA) (see ***Exhibit 1***) between Castle Rock and Dominion Water and Sanitation District (Dominion). The purpose for amending this agreement is to add two additional water supplies to the IGA. The quality of this water will be exactly the same as what the Town receives as part of its WISE deliveries at the Ray Waterman Water Treatment Facility.

Key aspects of the amended IGA include:

- Changes to Section 4 – The addition of two water sources: The “Aurora 250 Water” and the “Aurora 570 Water”.
- Adjusting the standby fee in recognition of a May 1, 2025 water delivery date.

Adding a notice provision whereby Dominion would provide at least 48 hours’ notice to Castle Rock for any flow change requests.

The rate that Castle Rock will charge Dominion to wheel water through its system has been recalculated and is \$0.37 per 1,000 gallons.

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

On May 21, 2019 Town Council approved the First Amendment to the 2014 Water Service IGA.

Discussion

Per the 2014 Dominion Wheeling IGA, Dominion will have the ability to move up to 4.0 million gallons per day (MGD) of their water through the Town's system and other facilities shared by the Town and Dominion. Additionally, the Town has entered into the Firming Service Commitment agreement with Dominion to provide the Town with additional supplies and provide the conditions under which the Town will treat and deliver additional water to Dominion at the Dominion connection point (located on the northwestern side of Town, near Atrium drive and Highway 85, which feeds into Dominion's Eastern Regional Pipeline).

Dominion has two water supply agreements with the City of Aurora known as the dedicated water supply agreement (Aurora 250 Water) and the bridge water agreement (Aurora 570 Water). This water has been delivered from Aurora's Rampart system directly to Roxborough's Moore Water Treatment Plant, from which Dominion receives treated water. Starting on May 1, 2025, Aurora will begin deliveries of both of these water supplies through the South Metro WISE infrastructure. Thus, this water will now flow through Parker system, through the WISE local infrastructure, through Castle Rock's system, and into Dominion's Eastern Regional Pipeline to serve Dominion's customers starting on May 1, 2025.

Since 2014, Dominion has been paying Castle Rock an annual fee for standby capacity in the Town's water system. For 2025, the Town will prorate the \$150,000 annual standby fee to account for only 4 months of capacity reservation. Therefore, the Town will invoice Dominion \$50,000 for capacity reservation for January 1 through April 30, 2025.

All other provisions of the IGA will remain in effect.

Budget Impact

The Wheeling Agreement has positive impacts to the Water Resources budget by providing a revenue stream. At the currently calculated Dominion wheeling rate of \$0.37 per 1,000 gallons, the Town could receive nearly \$99,000 in revenue by moving 820 acre-feet of water for Dominion. Additionally, the Town receives 5% of the water that Dominion requests through the Town's system.

Staff Recommendation

Staff recommends Town Council approve the second amendment to the Water Service IGA.

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:	Amended IGA
Exhibit B-2 of Exhibit 1:	Additional Water Sources