



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 Intergovernmental Agreement Between the Town of Castle Rock and Parker Water and Sanitation District for the Platte Valley Water Partnership** [*located in Morgan, Washington, Logan and Sedgwick Counties*]

Executive Summary

The purpose of this memorandum is to request Town Council approval of a Resolution (**Attachment A**) to approve the execution of the Intergovernmental Agreement (IGA), see Exhibit 1 to **Attachment A**, between the Town of Castle Rock and Parker Water and Sanitation District (PWSD) for the Platte Valley Water Partnership (PVWP). This project involves the development of a raw water storage and conveyance project on the lower South Platte River. The project, upon completion, is anticipated to consist of major physical facilities such as diversion structures, reservoir storage facilities, pumping stations, pipelines, and treatment facilities. The project will also include the Lower South Platte Water Conservancy District (LSPWCD); however, they are not a signatory to this IGA. **Attachment B** provides a map showing basic concepts and locations of the infrastructure.

This IGA will be for cooperation in the preconstruction phase of the project to determine the most effective way in which the Town of Castle Rock may use the project infrastructure. This preconstruction phase is anticipated to include design, engineering, permitting, land acquisition, financial planning and other activities necessary to seek construction bids and support our water court application for a significant water right in the area. However, nothing in the IGA obligates the Town of Castle Rock to actually construct any project infrastructure.

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

Castle Rock Water staff presented this IGA to the Castle Rock Water Committee on September 17, 2024.

Discussion

The PVWP is an innovative, long-term water supply solution that will benefit both agricultural and municipal communities in the South Platte River Basin. After over a decade of working together, the PVWP was formally launched in 2021 between the LSPWCD and PWSD. The

project purpose is to provide the participants with additional reliable water supplies in a manner that preserves and supports agricultural uses in the South Platte River Basin by capturing water that would otherwise leave the state of Colorado without being put to a beneficial use. The limitations are that the project infrastructure cannot be used to store, convey or treat any water rights obtained and changed after 2019 that result in the permanent dry up of irrigated agricultural land (Buy and Dry).

The PVWP will create crucial water storage along the lower South Platte River and the infrastructure to transport and treat it. The project is currently in the planning stage, with construction anticipated to begin in the 2030s and water being delivered in 2040 to 2045 timeframe. The key infrastructure will include a small storage reservoir near Illiff, a forebay, potential treatment facilities, pipeline and other infrastructure for transport to Rueter-Hess Reservoir and delivery within LSPWCD and a large storage reservoir near Akron (i.e. Fremont Butte Reservoir).

Castle Rock desires to take part in the project and will benefit by the economies of scale. The Town envisions approximately 3,000 acre-feet (AF) of average annual future yield from the project with individual year supplies up to 8,000 AF (in accordance with the water right filed) once deliveries occur around 2045. Castle Rock has appropriated a new water right along the lower South Platte River (Case No. 21CW3185) that can be delivered as part of this project. Castle Rock's existing water rights that are part of the Box Elder Project can also be delivered via this project if so desired in the future.

Key terms of the agreement include:

- IGA focus on preplanning for oversized project infrastructure;
- PWSD/CRW agree with cooperate on project infrastructure to store and transmit water back to RHR;
- No obligations to construct oversized infrastructure;
- Permitted water rights are described;
- Initial Payment of \$280,000;
- CRW will make annual payments for 25% of preconstruction costs;
- PWSD/CRW/LSPWCD have equal interest in all planning documents under IGA;
- PWSD/CRW/LSPWCD have equal interest in all permits and approvals obtained under IGA;
- CRW has first right of refusal for land acquired by PWSD and *vice versa*;
- LSPWCD has a senior right of first refusal for purchase of PWSD real property;
- This IGA does not override agreement between PWSD and LSPWCD, see **Attachment C**;
- If approvals are required in PWSD/LSPWCD IGA, CRW will also be required to obtain approvals;
- LSPWCD has endorsed CRW participation, see **Exhibit A of Exhibit 1**;
- CRW can terminate IGA at any time and stop payments.

Budget Impact

The PVWP IGA will impact the Water Rights Acquisition capital projects budget (Acct. No. 211-4375-443.75-47) which has a remaining balance of \$1,661,417 for 2024. Upon execution of this IGA, Castle Rock will pay PWSD \$280,000 for costs already incurred by PWSD on the project. The continuing participation payments will be 25% of PWSD's preconstruction costs which is Castle Rock's anticipated participation level in the project

infrastructure to put our new proposed water right to full use. Castle Rock has budgeted \$500,000 per year over the next 5-year budgeting horizon for this agreement.

Staff Recommendation

Castle Rock Water staff presented this item to the Castle Rock Water Commission at their meeting held on September 25, 2024, and the Castle Rock Water Commission voted unanimously 5 to 0 to recommend Town Council approval of the Resolution as presented.

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:	Intergovernmental Agreement
Attachment B:	Concept Map of Infrastructure
Attachment C:	IGA Between PWSD and LSPWCD