



AGENDA MEMORANDUM

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
Adriana Alfaro, Water Resources Program Analyst

Title: **Resolution Approving the 2025 Drought Management Plan** [*Entire Castle Rock Water Service Area*]

Executive Summary

The purpose of this memorandum is to seek Town Council approval of a resolution (**Attachment A**) for the 2025 Drought Management Plan ("Plan") (**Exhibit 1**). The original Plan was created in 2018, and it has been updated throughout 2024 into 2025.

One of Castle Rock Water's strategic goals is to have a water supply that is 75% renewable by 2050 and 100% renewable (in an average water year) by 2065. While these changes provide a more diverse and reliable long-term water supply, it also subjects the Town to potentially larger impacts from drought as renewable supplies are significantly less available during drought conditions. This also supports the importance of our strategic plan goal to protect our nonrenewable groundwater supplies, which are generally not impacted directly by droughts. Protection of these supplies will strengthen the long-term water resources of the community.

This 2025 Plan focuses on long-term drought mitigation in addition to strategies that provide short-term responses to temporary drought-related water supply shortages. The largest change to the Plan from the 2018 Plan is the implementation of a reduction of residential water budget levels and an increase in the water surcharge rates during various drought stages. This change has to be reflected in changes to Town Code as well, which is addressed in the draft Ordinance approved by Town Council on first reading on January 21, 2025, see **Attachment B**. The revised 2025 Plan was developed with input from a wide-spectrum of the community, including: Castle Rock Water; representatives of the Water Commission; Douglas County; Castle Rock Fire Department; Parks and Recreation; homeowners associations and members of the development community.

Notification and Outreach Efforts

In June of 2024, Castle Rock Water formed a stakeholder group to be involved in the development of the updated Drought Management Plan. Large water users, key

government water users, water users that would be significantly impacted economically, water users associated with critical public health and safety functions (e.g. the hospital), and members of the development community were invited to participate in the stakeholder group. Not all of those invited to participate decided to participate. Approximately, 30 water users took part in the stakeholder process. A complete list is provided in the 2025 Plan.

On July 10, 2024, Castle Rock Water held the first stakeholder meeting to gain input on the proposed Plan revisions. After this meeting, a full draft updated 2025 Plan was prepared and sent to all the stakeholders for input.

In August of 2024, Castle Rock Water conducted outreach to the general public regarding changes to the Drought Management Plan with a message in Your Town Talk, a news article on the website, and an article in the customer email newsletter. Each of these outreach efforts included requests for public comment.

On September 11, 2024, Castle Rock Water held a second stakeholder meeting to seek additional input on the draft updated Plan.

On September 18, 2024, Castle Rock Water hosted an Open House which allowed the public to ask questions about the 2025 Plan. Proposed changes and a link to the Plan were included on the poster at this Open House.

History of Past Town Council, Boards, & Commissions, and other Discussions

Castle Rock Water staff presented this item to the Castle Rock Water Commission at their meeting held on December 11, 2024, and the Castle Rock Water Commission voted unanimously 6 to 0 to recommend Town Council approval of the Resolution as presented.

On January 21, 2025, staff presented the draft 2025 Plan to Council along with an ordinance to approve a reduction of residential water budget levels and an increase in the water surcharge rates during various drought stages. Council approved the Ordinance on first reading and indicated support for the resolution on the updated 2025 Plan.

Discussion

The Plan is intended to be a guide to facilitate water use decision-making if supply or water production shortages present themselves. Plan objectives include:

- Planning for droughts before they occur;
- Protecting public health and safety, and minimizing the adverse effects of a water supply shortage;
- Providing comprehensive and flexible guidance for drought response, allowing for an appropriate range of actions to respond;

- Identifying and determining the severity of droughts through clear definitions of triggers;
- Providing effective communication to customers, the public and governmental departments/agencies, so they clearly understand the situation and the actions taken.

Some of the key actions that Castle Rock Water either currently does, or will be doing for drought management include:

- Ongoing monitoring of drought indicators;
- Development of new water supplies (this includes WISE, the development of infrastructure to fully utilize our return flows in Plum Creek, and the renewable water supplies in the Box Elder project);
- Cooperative water sharing agreements with neighboring communities;
- Operation and maintenance activities that improve water efficiency;
- Conservation measures specified in the Water Efficiency Master Plan (WEMP);
- Implementation of a reduction of residential water budget levels and an increase in the water surcharge rates during various drought stages.

Droughts can vary significantly in extent, severity and duration, and as such the Plan lays out what an appropriate level of response would be for each drought category. Ultimately, it will require the entire community to embrace water conservation during periods of drought conditions to help stretch our water supplies.

Budget Impact

The updated Drought Management Plan was developed by Castle Rock Water Staff and therefore, there was no direct budget impact to developing the 2025 Plan. The implementation of a reduction of residential water budget levels and an increase in the water surcharge rates during various drought stages in the 2025 Plan will have an impact on budget during a drought. The exact extent of the impact is hard to measure and will depend on how much customers conserve at the various drought stages. Castle Rock Water had the potential impacts of the reduction of residential water budgets and water surcharge rates evaluated by Stantec, Castle Rock Water's rates and fees consultant. The estimated budget impacts from this work indicate that up to \$5 million dollars of additional revenue could be collected during the most severe drought stage.

A copy of Stantec's report is provided as ***Attachment C***.

Recommendations

Staff and Castle Rock Water Commission recommend that the 2025 Drought Management Plan be approved by Town Council.

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:	Drought Management Plan
Attachment B:	Draft Ordinance
Attachment C:	Stantec's Report on Drought Stage Water Budgets and Water Surcharges