



To: Honorable Mayor and Members of Town Council

Through: David L. Corliss, Town Manager

From: Mark Marlowe, P.E., Director of Castle Rock Water
Nichol Bussey, Business Solutions Manager
Paul Rementer, Enterprise Fund Analyst

**Title A Resolution Expressing the Town's Intent to Be Reimbursed for
Certain Expenses Relating to the Acquisition and/or Construction of
Water and/or Wastewater Improvements**

Executive Summary

This resolution authorizes the Town of Castle Rock to declare its official intent to be reimbursed for expenditures made in connection with the acquisition and/or construction of water and wastewater infrastructure prior to the issuance of tax-exempt financing. This is a necessary step under federal tax regulations to preserve the Town's eligibility to reimburse itself from future bond proceeds or other financing instruments.

Discussion

The Town of Castle Rock is pursuing a significant long-term investment in its water and wastewater infrastructure. This investment is being guided by Castle Rock Water's updated capital improvement and financial management plans, which are designed to ensure the Town meets its renewable water goals—75% renewable supplies by 2050 and 100% by 2065.

In order to meet critical project timelines and capitalize on favorable market conditions when they arise, Castle Rock Water anticipates incurring capital costs prior to the completion of formal financing. This resolution satisfies the requirement of Treasury Regulation §1.150-2, which mandates a declaration of official intent to allow for the reimbursement of such expenditures from future tax-exempt bonds or other eligible financing mechanisms.

The total anticipated financing is up to \$56 million, which will be used to support a wide array of utility projects, including:

- Water Infrastructure Supply Efficiency (WISE) desalinization or blending facilities
- Box Elder and Lost Creek pipeline, wells, and treatment infrastructure
- Plum Creek Central Pipeline and Water Purification Facility capacity expansion
- Plum Creek to Rueter Hess Reservoir pipeline and pump station

- Additional capacity in the Rueter Hess Water Purification Facility
- Chatfield Storage Reallocation Project
- Plum Creek Diversion Project upgrade

This resolution does not authorize issuance of debt but ensures compliance with federal tax regulations if reimbursement from future bond proceeds is needed.

Budget Impact

There is no immediate fiscal impact associated with the adoption of this resolution. However, it preserves the Town's ability to reimburse eligible project costs from proceeds of tax-exempt financing at a future date, supporting proactive infrastructure development without jeopardizing bond compliance.

Notification and Outreach

This item will be presented to the Castle Rock Water Commission at their meeting on August 27, 2025, for their recommendation. No additional notification or outreach efforts have been undertaken.

Recommendation

Staff recommends approval of the resolution as introduced.

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