



Town of Castle Rock

Agenda Memorandum

Agenda Date: 2/5/2019

Item #: File #: TMP 2019-067

To: Honorable Mayor and Members of Town Council

From: Mark Marlowe, Director of Castle Rock Water
Matt Benak, Water Resources Program Manager
Lauren Moore, Water Resources Program Analyst

Resolution Approving the Town of Castle Rock / H&H Farms Agriculture Water Lease Agreement

Executive Summary

Castle Rock Water is seeking Town Council approval of a resolution (**Attachment A**) for an agricultural water lease with H&H Farms. H&H Farms is a farmer located in Weld County adjacent to the Lost Creek Basin wells we purchased in 2017 as part of our Alternate Source of Supply Project. As part of their 2018 lease, the farmer used 183.55 AF of water from these wells in 2018 for irrigation and has paid the Town \$6,424.25. H&H Farms is interested in an additional one-year lease of our Lost Creek Basin water rights. The Town of Castle Rock does not plan to export these water rights in 2019 as the infrastructure needed to move the water is not designed or installed. H&H Farms wishes to lease up to 275 acre-feet (AF) at a rate of \$35 per acre-foot which could amount to \$9,625. The price is reasonable for agricultural leased water of this type at this location based on available data regarding other leases in the area. Additionally, the lease will help generate good will in the community towards Castle Rock in the near term which will be important as we build the infrastructure to use this supply. The agreement terminates on November 15, 2019.

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

February 28, 2018, Castle Rock Water Commission unanimously recommended that Town Council approve the 2018 water lease agreement.

March 6, 2018, Town Council unanimously approved the 2018 water lease agreement.

January 23, 2019, Castle Rock Water Commission _____ the 2019 water lease agreement.

Discussion

As part of the Town's hybrid renewable water solution, the Town purchased several Lost Creek Basin wells in 2017. These wells came with approximately 1,035 AF (annually) of fully exportable water rights which could be used for municipal and other purposes. Eventually, the Town intends to use

these water rights directly or as an augmentation source. However, until infrastructure is built to transport this water to a treatment plant or place of augmentation, leasing this water for other purposes helps to generate some revenue for Castle Rock Water. In 2018, H&H Farms used 183.55 AF of water and has paid the Town \$6,242.25. The farmers are also planning to use this water in 2019.

The key terms of the 2019 water lease agreement are summarized below:

- Agreement will terminate November 15, 2019.
- H&H Farms will lease up to 275 AF of water at a rate of \$35 per AF.

The following table outlines the wells that will be used and the amount of water we will be leasing to H&H Farms.

Well	Maximum Water to be Leased, AF	Annual Water Rights, AF
31640	275	297.2
Total	275	297.2

Budget Impact

If Council approves the agreement, Castle Rock Water would receive up to \$9,625 in revenue in 2019. The revenue will be deposited into Water Resources Fund Capital Leases account 211-4375-393.70-00 <WRAWL>.

Recommendations

Staff recommends approval of the 2019 agricultural water lease agreement with H&H Farms for 275 acre-feet of water which will generate a revenue of up to \$9,625.

Proposed Motion

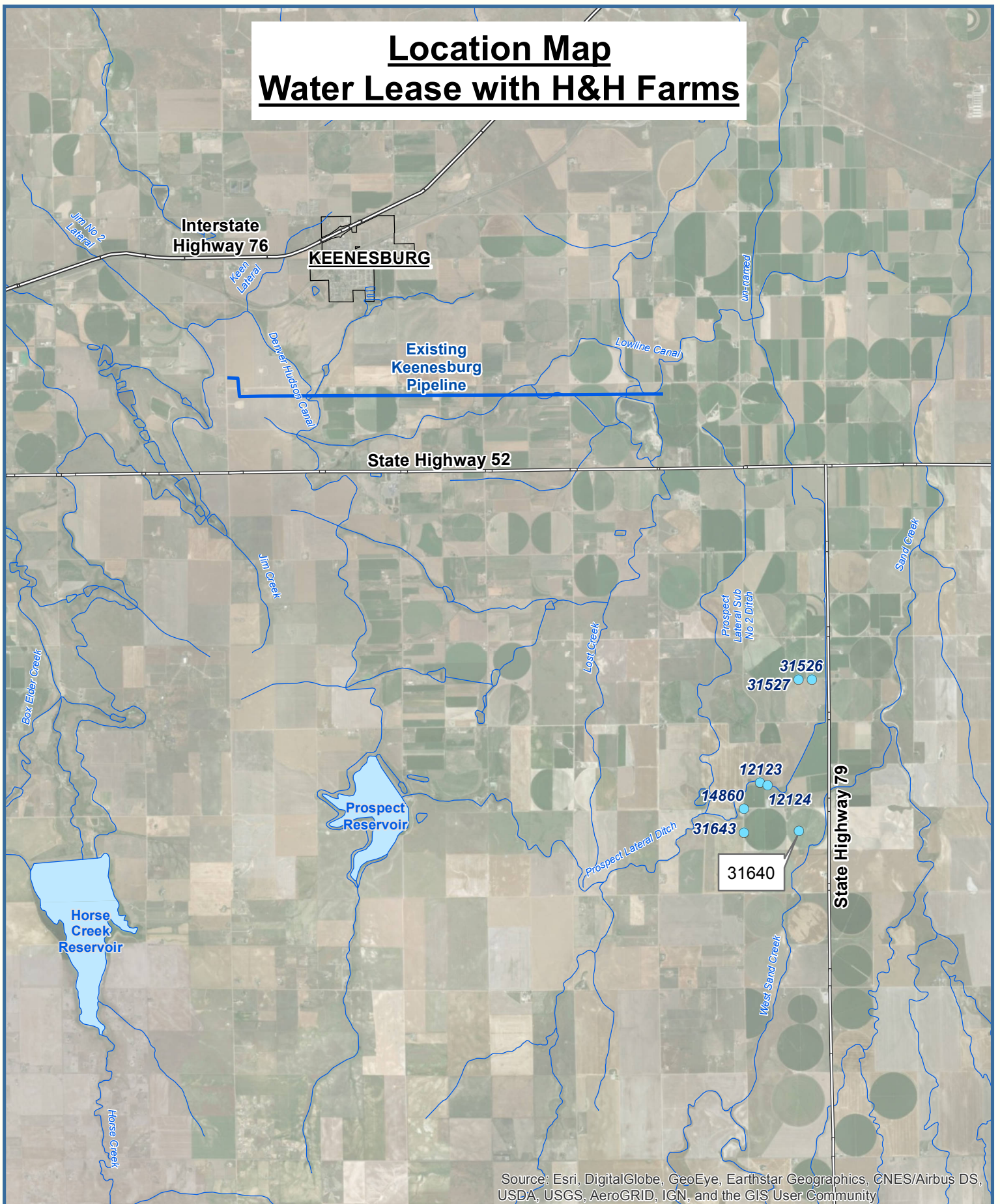
"I move to approve the Resolution as introduced by title."

Attachments

Attachment A: Resolution
Exhibit 1: Agreement
Attachment B: Location Map

Location Map

Water Lease with H&H Farms



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community



0 3,900 7,800 15,600
Feet

Date: 2/7/2018

1 inch = 7,750 feet



Disclaimer: The data presented has been compiled from various sources, each of which introduces varying degrees of inaccuracies or inconsistencies. Such discrepancies in data are inherent and in supplying this product the Town of Castle Rock assumes no liability for its use or accuracy. Questions or comments regarding the cartographic composition of this map including, but not limited to, errors, omissions, corrections, and/or updates, should be directed to the Utilities Department, Town of Castle Rock, (720) 733-6087. Copyright 2017, Town of Castle Rock Utilities Mapping.

**CASTLE ROCK
UTILITIES MAP
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