



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 2/5/2019

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**Item #:** File #: TMP 2019-066

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**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 / Turnpike LLC Agriculture Water Lease Agreement**

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### Executive Summary

Castle Rock Water is seeking Town Council approval of a resolution (**Attachment A**) for an agricultural water lease with Turnpike LLC. Turnpike LLC 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 343.28 AF of water from these wells in 2018 and 364.52 AF in 2017 for irrigation and has paid the Town \$24,773. Turnpike LLC 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. Turnpike LLC wishes to lease up to 485 acre-feet (AF) at a rate of \$35 per acre-foot which could amount to \$16,975. 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. Turnpike LLC used 364.52 AF of water in 2017 and 343.28 AF in 2018. 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.
- Turnpike LLC will lease up to 485 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 Turnpike LLC.

Well	Maximum Water to be Leased, AF	Annual Water Rights, AF
12123	0*	163.1
12124	100	106.4
31526	140	144.4
31527	135	139.1
31643	110	111.3
14860	0*	74.3
<b>Total</b>	<b>485</b>	<b>738.6</b>

\*well not operational

### **Budget Impact**

If Council approves the agreement, Castle Rock Water would receive up to \$16,975 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 Turnpike LLC for 485 acre-feet of water which will generate a revenue of up to \$16,975.

### **Proposed Motion**

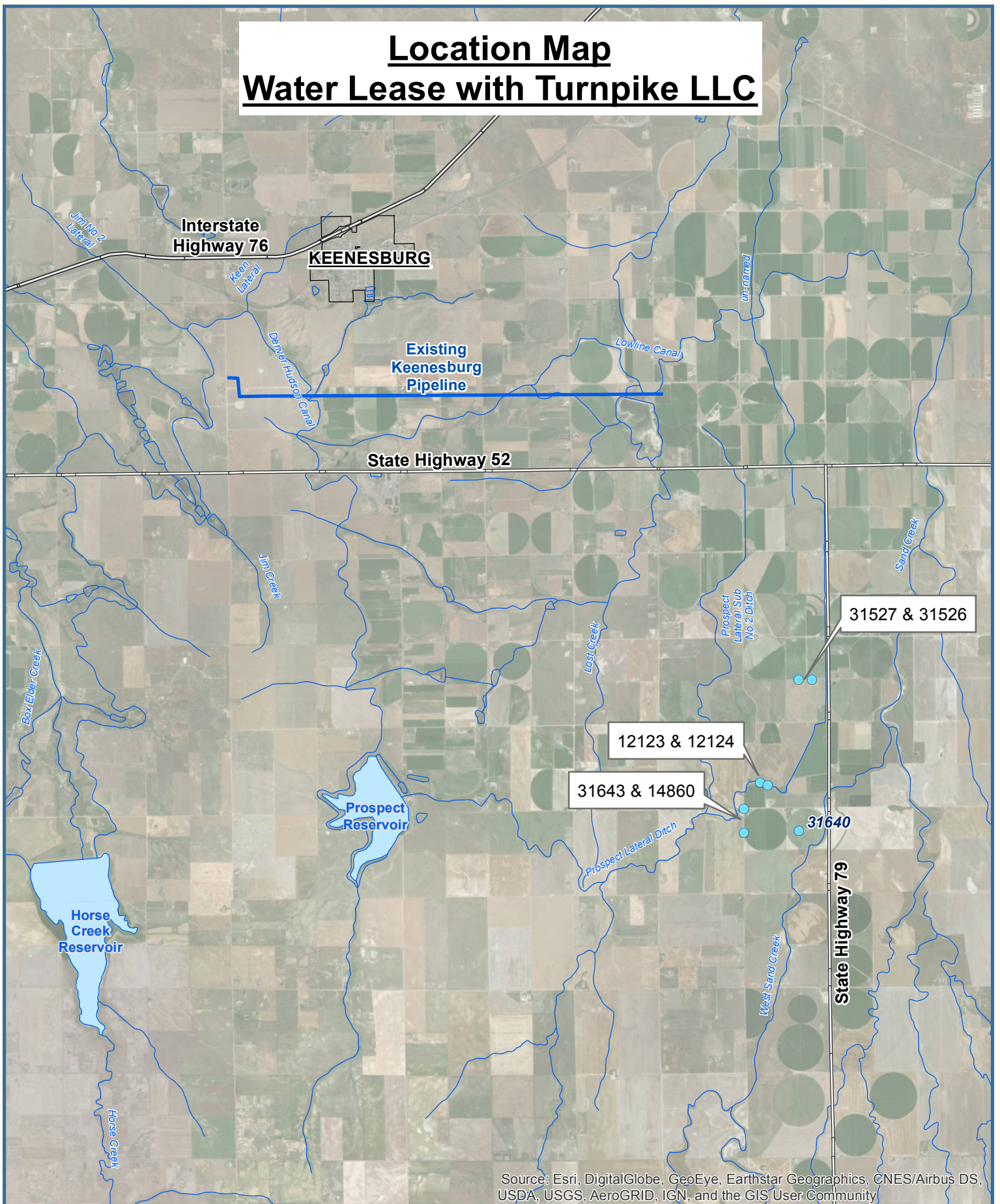
*"I move to approve the Resolution as introduced by title."*

### **Attachments**

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

# Location Map

## Water Lease with Turnpike LLC



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  
(INTERNAL USE ONLY)**

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