

CASTLE ROCK WATER

ORDINANCE & RESOLUTION: AMENDMENT TO PURCHASE/SALE AGREEMENT FOR LOST CREEK WATER RIGHTS

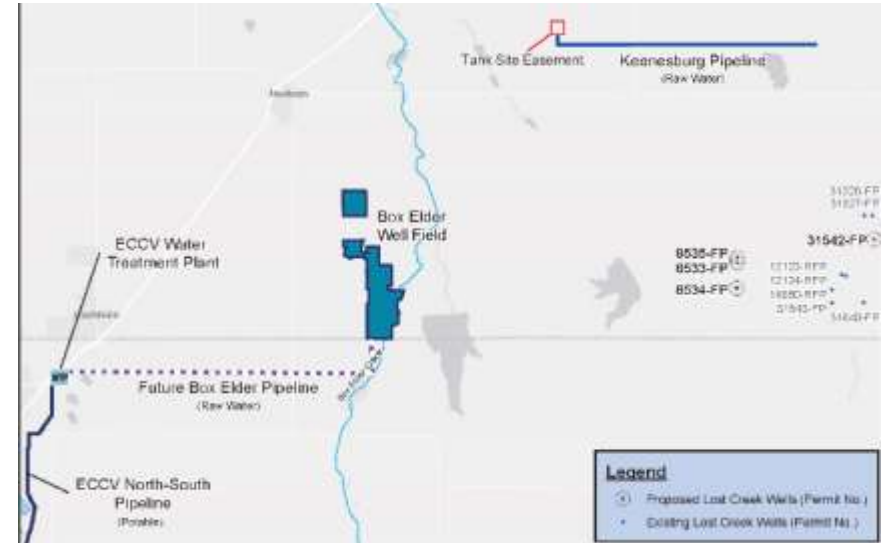
MAY 19, 2020



LOST CREEK WATER RIGHTS

BACKGROUND

- Lost Creek Water Rights Purchased in 2017
 - Currently own 1035.8 acre-feet (AF) in Lost Creek
 - Keenesburg Pipeline capacity and Tank Site Easement part of original purchase
 - Augmentation water for Box Elder well field
 - Could convey this water directly to Town
- Current Purchase Agreement
 - 455.7 AF with four additional wells
 - Transfer pipeline capacity and tank site easement back to PVLLC as part of purchase



Location Map

LOST CREEK WATER RIGHTS

THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT

- 90-day suspension of diligence activities
- Seller obtains additional easements and final well permits
- Seller provides acceptable title insurance
- Seller gets Option to buy Keenesburg Pipeline capacity if Town does not close on water rights



Typical Air Release Assembly along the Keenesburg Pipeline

LOST CREEK WATER RIGHTS

TANK SITE EASEMENT OPTION AGREEMENT

- Tank site easement is real property
- Council must approve sale of this by ordinance
- If PVLLC takes option to buy pipeline capacity, they must also buy tank site easement



Castle Rock Water Staff obtaining water quality samples from a Lost Creek well

LOST CREEK WATER RIGHTS

BUDGET

Costs if Town closes on water rights

- \$3,750,000 for Water Rights, Wells & Easements
- 5% Brokerage Fee (\$187,500) to Stillwater

Potential revenues if Town does not close on water rights

- \$2,232,500
- This is what we paid for pipeline capacity and tank site easement in 2017



Typical irrigation well in the Lost Creek Basin

LOST CREEK WATER RIGHTS

RECOMMENDATIONS

- Staff
- Questions?





THANK YOU

I MOVE TO APPROVE ORDINANCE NO. 2020-006
APPROVING THE TANK SITE EASEMENT OPTION
AGREEMENT ON FIRST READING



THANK YOU

I MOVE TO APPROVE RESOLUTION NO. 2020-051
APPROVING THE THIRD AMENDMENT TO THE
CONTRACT FOR PURCHASE AND SALE OF WATER
ASSETS AND WATER LINE CAPACITY (LOST CREEK)