



Town of Castle Rock

Agenda Memorandum

Agenda Date: 7/21/2020

Item #: 12. **File #:** TMP 2020-501

To: Honorable Mayor and Members of Town Council

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

Resolution Approving the First Amendment to the Water Rights Lease Between the Town of Castle Rock and Turnpike, LLC

Executive Summary

Castle Rock Water is seeking Town Council approval of a resolution (**Attachment A**) for the First Amendment to the 2020 Water Rights 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 the 2020 lease, the farmer has used 193.63 AF to date of water from these wells in 2020 for irrigation (their current lease expires November 15, 2020) and currently owes the Town \$6,777.05. Turnpike LLC is interested in an additional 30 AF lease of our Lost Creek Basin water rights this season as the hot and dry weather has increased the crops anticipated demand. The Lost Creek Wells have a three-year water banking system, which currently has enough water banked that would allow for their additional request, despite the annual maximum for each well. The amendment would increase the available water from 485 AF to 515 AF. The lease rate of \$35 per acre-foot would remain the same.

History of Past Town Council, Boards & Commissions, or 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 recommended that Town Council approve the 2019 water lease agreement.

February 5, 2019, Town Council unanimously approved the 2019 water lease agreement.

October 23, 2019, Castle Rock Water Commission recommended that Town Council approve the 2020 water lease agreement.

November 5, 2019, Town Council unanimously approved the 2020 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 2020, Turnpike LLC has used 193.63 AF to date of water from these wells for irrigation and currently owes the Town \$6,777.05. The farmers have requested an additional 30 AF from well 31643-FP in 2020.

The key terms of the First Amendment to the 2020 Water Rights Lease agreement are summarized below:

- Agreement will terminate November 15, 2020.
- Turnpike LLC will lease up to 515 AF (addition of 30 AF to the original 485 AF permitted in 2020) of water at a rate of \$35 per AF.

The following table outlines the wells that are being be used and the amount of water we will be leasing to Turnpike LLC.

Well	Annual Water Rights, AF	2020 Pumping Limit (Banked + Annual Water), AF	2020 Maximum Water to be Leased, AF	2020 Water Rights Lease Used thru June, AF	2020 Water Rights Lease Remaining, AF
12123	163.1	415	0*	0	0
12124	106.4	197.4	100	36.71	63.29
31526	144.4	350	140	43.19	96.81
31527	139.1	324	135	40.16	94.84
31643	111.3	154.1	110 +30** =140	73.57	66.43***
14860	74.3	200	0*	0	0
Total	738.6	485	485	193.63	321.37

*Well not operational

**First Amendment to the 2020 Water Rights Lease

***Includes additional 30 AF requested

Budget Impact

If Council approves the agreement, Castle Rock Water would receive up to \$1,050 in revenue in 2020 in addition to the original lease revenue of \$16,975. The revenue will be deposited into Water Resources Fund Capital Leases account 211-4375-393.70-00 <WRAWL>.

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Staff Recommendation

Staff recommends approval of the First Amendment to the 2020 Water Rights Lease agreement with Turnpike LLC for 515 acre-feet of water, which will generate a revenue of up to an additional \$1,050.

Proposed Motion

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

Attachments

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