



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 10/20/2020

---

**Item #:** 14. **File #:** ORD 2020-021

---

**To:** Honorable Mayor and Members of Town Council

**From:** Mark Marlowe, P.E., Director of Castle Rock Water  
Matt Benak, P.E., Water Resources Manager

**Ordinance Amending Section 14.02.050 of the Castle Rock Municipal Code  
Concerning the Lease of Public Property for Water Leases Less than or Equal to 10  
Acre Feet (Second Reading - Approved on First Reading on October 6, 2020 by a  
vote of 6-0)**

---

### **Executive Summary**

Castle Rock Water is seeking Town Council approval of an ordinance on second reading that would add language to the Town's Municipal Code authorizing the Director of Castle Rock Water to have the authority to administratively approve spot water leases for amounts less than or equal to 10 acre-feet (AF) in a calendar year per entity. The cumulative amount of water that could be leased in this fashion will not exceed fifty (50) AF in a calendar year.

This ordinance would add subsection D to Section 14.02.050 of the Castle Rock Municipal Code stating:

"D. THE LEASE OF WATER RIGHTS MAY BE AUTHORIZED BY THE DIRECTOR OF CASTLE ROCK WATER OR HIS/HER DESIGNEE IN THE AMOUNT OF LESS THAN OR EQUAL TO TEN (10) ACRE FEET AND FOR A TERM NOT TO EXCEED ONE (1) YEAR. AT A MINIMUM, THE PRICE FOR WATER LEASES SHALL BE SET AT MARKET VALUE, BUT IN NO EVENT LESS THAN \$300 PER ACRE FOOT. THE CUMULATIVE AMOUNT OF LEASES AUTHORIZED PURSUANT TO THIS SUBSECTION D SHALL NOT EXCEED FIFTY (50) ACRE FEET IN ANY CALENDAR YEAR."

### **Discussion**

Castle Rock Water is approached on a fairly regular basis by entities seeking to lease small quantities of our water, with the most recent being the Denver Botanic Gardens at Chatfield, who wished to lease 4 acre-feet of our fully reusable effluent to offset irrigation of their pumpkin field. These leases can be quite time sensitive, and having the ability to administratively approve the lease of small quantities of water that Castle Rock cannot put to immediate use has the benefit of providing additional revenue.

Generally, these small quantity leases involve the Town's surplus reusable water supplies along Plum Creek, which are treated at the Plum Creek Water Reclamation Authority (PCWRA) and released back to the stream. The Town releases approximately 200 acre-feet (AF) per month of fully-consumable water from the PCWRA plant that we can capture at the Plum Creek Diversion or at Chatfield Reservoir for storage. The Town does have additional water that may be surplus from time to time within the Cherry Creek Basin and in Weld County (Rothe water and Lost Creek water).

Castle Rock Water is proposing a standard *de minimus* water lease agreement with the following key terms:

- Lease agreements will be for no more than one (1) year.
- Leases will be for less than or equal to 10 AF.
- The minimum lease rate for water will be \$300/AF and is subject to adjustment by Castle Rock Water based on market analysis.
- The lessee will be responsible for any stream transit losses and for the proper accounting of the leased water.

The benefit of these water lease agreements are that they generate additional revenue for Castle Rock Water that wouldn't otherwise be obtained.

### **Budget Impact**

If Council approves the ordinance on second reading, Castle Rock Water could receive \$3,000 or more per lease agreement. Revenue from these leases will be deposited into the Water Resources Fund Capital Leases account 211-4375-393.70-00.

### **Staff Recommendation**

Staff recommends approval of the ordinance as presented on second reading.

### **Proposed Motion**

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

### **Attachments**

Attachment A: Ordinance  
Exhibit 1: Spot Water Lease Agreement