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Project/File: FY 2026 Proposed SDF Design - Tiered SDF Structure Based on Single-Family Residential House Size Date: April 8, 2026

Background

Castle Rock Water (CRW) prepares an annual rates and fees study to determine sufficient cost-of-service-based water, water resources, wastewater, and stormwater rates and fees. Stantec Consulting Services Inc. (Stantec) is engaged to assist with the annual updates and findings. As an extension of the scope for the 2026 rates and fees study, Stantec was tasked with reviewing the methodology and supporting calculations used in developing a proposed tiered system development fee (SDF) structure for new single-family residential homes that more appropriately reflects the expected water system demand.

CRW Staff prepared a Landscape Regulations Analysis. For a 3-year period, Staff examined average water consumption across several housing and site characteristics, including lot size, number of bathrooms, number of bedrooms, irrigation area, backyard installations, presence of finished basements, and finished square footage. The analysis primarily relies on comparisons of average billed water use across multiple variables to assess how each factor relates to overall demand. Stantec's review of the analysis confirms that square footage demonstrates the most consistent relationship to average water consumption among the factors evaluated, as larger homes generally demonstrate a higher average water use.

Stantec Observations

Stantec supports the CRW Staff proposal to assess single-family SDFs for water, water resources, and wastewater based on tiers of total house square footage. Staff's analysis of recent data is robust; however, monitoring average account demand and house size in the future to validate the proposed change in methodology is recommended. The following observations are provided in support of the SDF methodology recommendation:

- Correlation exists in recent CRW data between average water consumption and house size.
- The assessment of system development fees for water and wastewater connections based on house size is practiced in other states.
- Scaling SDFs by total square footage provides a nexus between the SDF assessed and expected water demand.