



Town of Castle Rock

Agenda Memorandum

Agenda Date: 5/19/2020

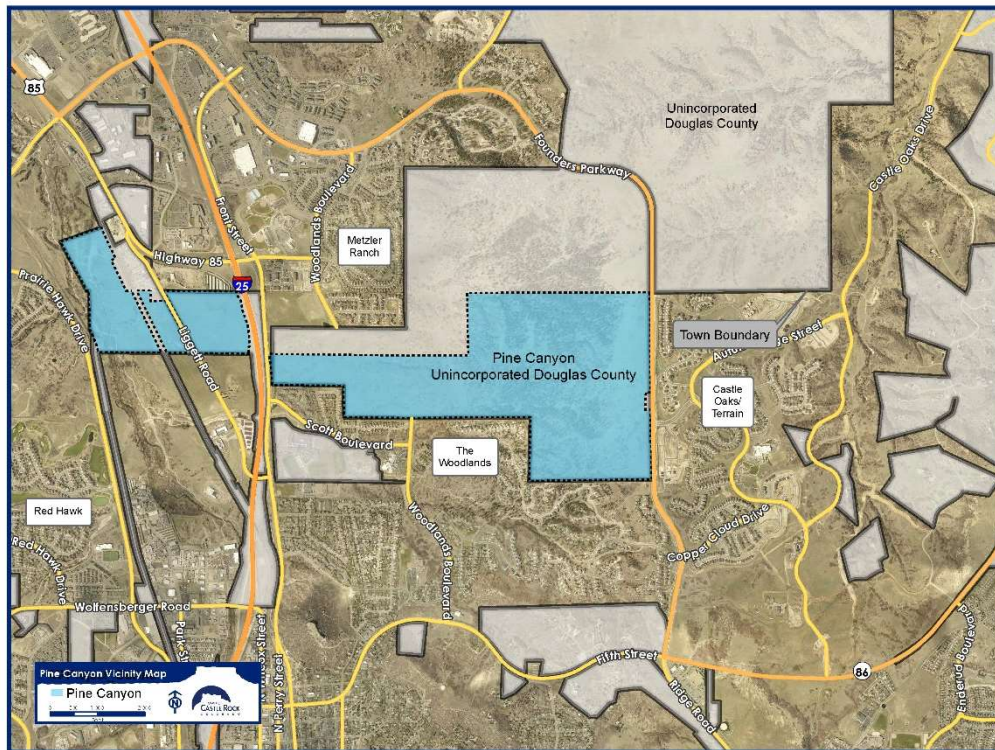
Item #: 13. File #: DIR 2020-018

To: Honorable Mayor and Members of Town Council

From: Tara Vargish, Interim Director, Development Services Department

Thru: Sandy Vossler, Senior Planner, Development Services Department

Discussion/Direction: Pine Canyon Planned Development - Douglas County Referral



Executive Summary

The purpose of this report is to provide Town Council background on the Pine Canyon development proposal, summarize the rezoning application submitted to Douglas County, detail the critical issues and impacts of the proposal and seek Council's direction on a Resolution to oppose the proposed rezoning. This recommendation is based on staff's initial analysis of this proposal, additional impacts and issues may be forthcoming based on

additional review.

Pine Canyon consists of several parcels of land, approximately 540 acres, within unincorporated Douglas County. The property is located on both sides of Interstate 25, extending east to Founders Parkway and west to the Burlington Northern/Santa Fe Railroad. The Woodlands and Escavera neighborhoods are located to the south, Castle Oaks/Terrain is to the east, and the proposed Pioneer Ranch development is located to the north of the property in unincorporated Douglas County **(Attachment A)**.

In December 2013, the landowner, JRW Family Limited Partnership, LLLP, submitted an annexation petition, proposed Planned Development (PD) zoning application and an Annexation and Development Agreement (DA) request to the Town of Castle Rock. Several reviews of the proposal were completed, and the ninth set of staff comments and redlines were sent to the applicant in February 2018.

On April 17, 2020, the applicant submitted a written request to the Town to withdraw the Pine Canyon annexation petition, zoning and DA applications. Subsequently, the landowner submitted an application to Douglas County requesting a rezoning of the property to a PD. The Town will have the opportunity to provide referral comments to Douglas County on the proposal. Staff is reviewing the plan; however, a cursory review to date shows numerous areas where this proposal would not meet the Town's minimum development standards. These areas include transportation impacts to the existing Town roadway network, providing substandard public open spaces, incompatibility with surrounding neighborhoods, and operating separate water and sanitation district facilities in close proximity to Town residents and Town facilities.

Pine Canyon Overview

Pine Canyon and the adjacent Pioneer Ranch are remnants of a larger homestead property owned by the Scott family, and are mostly surrounded by the Town boundaries. The original property was divided over the years between family members. Douglas County High School sits on property once part of the homestead and remains in unincorporated Douglas County. The Woodlands and Scott II Planned Developments, also a part of the original homestead, were annexed in the late 1980's and have developed in the Town.

The Scott family, represented by Ed and Kyle Scott, owns the property that is proposed to be annexed and developed as Pioneer Ranch, under a separate application with the Town. The Scott family has an active annexation petition and PD zoning application in process with the Town. Pine Canyon is comprised of several parcels of land owned by JRW Family Limited Partnership, LLLP, represented by James and Kurt Walker. The Walker family had an annexation petition and PD zoning application in process with the Town, however, on April 17, 2020, those applications were withdrawn.

Topography, Natural Features and Wildlife

Historically, the property has been used for agricultural purposes. There are three distinct types of land cover on the property. The far west area includes riparian and wetlands within the East Plum

Creek floodplain, which is defined by large, sheer dirt banks. The land on either side of I-25 consists of grasslands. The higher elevations of the eastern third of the property contain mature stands of Ponderosa Pine and Gambel Oak (**Attachment B**).

Wildlife typical of the Colorado riparian, grassland and forested areas such as mule and whitetail deer, raptors and migratory birds, rabbits, beaver, deer mice, voles and pocket gophers would be common to the property. Additionally, predators such as coyotes, raccoons, red foxes, striped skunks and short-tailed weasels are also likely to be seen on the property. A natural resources analysis done in 2012 identified federally threatened or endangered species of animals or plants potentially found in Douglas County and on the property, such as the Preble's Meadow Jumping mouse.

The topography is such that a significant portion of the higher elevations of the property would be subject to the Skyline-Ridgeline Protection regulations, if it developed within the Town's jurisdiction (**Attachment C**). Douglas County does not have a requirement to protect these areas.

Ground Water Resources

Pine Canyon has certain ground water rights associated with it. Based on water decrees provided to the Town with the annexation petition, staff calculated that there were 714.5-acre feet of ground water acceptable for use to serve development of the property. That equates to 649.55 Single Family Equivalents (SFE) under the Town's groundwater dedication policy. An SFE is the numerical value assigned to a specific property based upon the relative size and capacity of the required domestic water connection. One SFE, or 1.1 acre feet, is the average annual wholesale water production necessary to meet the estimated demand from a single-family residence under the Town Regulations. As a point of reference, 92.6% of the Town's 21,403 residential water accounts are classified as 1 SFE.

Location and Access

Pine Canyon is approximately 540 acres located both east and west of I-25. With the exception of the separate Pioneer Ranch property to north and a smaller property west of I-25, Pine Canyon is virtually surrounded by the Town of Castle Rock. The property east of I-25 (Pine Canyon East) is adjacent to the Terrain community to the east, the Woodlands/Escavera and Scott II neighborhoods to the south and Front Street to the west. Pioneer Ranch abuts the property to north. Founders Parkway and Front Street are contiguous to the property on the east and west, respectively. The existing Woodlands Boulevard dead-ends into the property on the south property boundary. Woodlands Boulevard existing north of the property does not currently extend to Pine Canyon, but rather terminates at the Pioneer Ranch property line.

Approximately 125 acres of Pine Canyon are located west of I-25 (Pine Canyon West), extending from the Interstate west into the East Plum Creek floodplain. The Burlington Northern/Santa Fe Railroad (BNSF) is on the far western property boundary. Liggett Road and the Union Pacific Railroad traverse the property from the northwest to southeast. Liggett Road is the only existing accessible road to these properties.

The Town of Castle Rock owns and maintains Liggett Road, Front Street and Woodlands Boulevard north and south of the property. Founders Parkway is owned and maintained by the Colorado Department of Transportation (CDOT).

Zoning

Most of Pine Canyon is currently zoned Agriculture One (A-1) under Douglas County zoning. Approximately, 80 acres adjacent to Escavera and Founders Parkway are zoned Rural Residential (RR) and about 50 acres west of I-25 are zoned General Industrial (GI). See **Attachment D** for a list of the permitted uses under the current Douglas County zoning.

Pine Canyon East is adjacent to five PD neighborhoods that are within the Town of Castle Rock. **Attachment E** reflects the location of each Town neighborhood and the standards to which each Town neighborhood was developed.

Pine Canyon West is adjacent to properties within the Town zoned General Industrial (I-2) and Public Land to the south, PD public open space to the west and north, and I-2 and PD Industrial.

Town of Castle Rock: Proposed Annexation and PD Zoning (2013-2018)

In December 2013, the Town accepted an Annexation Petition and PD Zoning application from the Walker group. The process of internal and external review was begun and would continue with several resubmittals through February 2018 (**Attachment F**).

Throughout the processing of the proposal, many meetings were held with the applicant and their development team to discuss critical staff comments relative to water, traffic impacts and road improvements, and public open space dedication. Public outreach was extensive prior to submittal of the formal 2013 application, as well as throughout the period that the application was active.

Development Plan

The zoning proposal submitted to the Town included multiple planning areas of mixed use, office, commercial, hotel/resort and residential. The PD Plan proposed

- 1,320 dwelling units of single-family detached or attached, townhomes, condominiums or apartments,
- 40,000 square feet of non-residential development east of I-25,
- 775,000 square feet of non-residential development west of I-25,
- Access to Pine Canyon East from Front Street, Woodlands Boulevard south of the property and Founders Parkway,
- Access to Pine Canyon West from Liggett Road,
- 62 acres of public open space located west of I-25, Liggett Road and the BNSF railroad primarily in the floodplain and Preble's Jumping Mouse habitat, without vehicle access,
- 133 acres of private open space east of I-25, functioning as trail corridors and as buffers between uses and planning areas,
- 56.7 acres of public land for a school and public park,
- All ground water rights dedicated to the Town, and
- A Water Efficiency Plan.

Attachment G is a color rendering prepared by staff to illustrate the location and distribution of the open space, as well as the proposed or existing encumbrances on the open space.

Public and Staff Concerns

Staff and the public expressed critical concerns over traffic impacts, necessary off-site road improvements, water resources, and the location, quantity and quality of the public open space. These concerns are discussed in more detail later in this report under the section titled Major Impacts to the Town. The Town and the applicant were not able to reach consensus on acceptable plan changes and developer obligations to resolve these concerns to the Town's satisfaction. Staff offered the applicant, on a number of occasions, the opportunity to move the proposal forward to Planning Commission and Town Council public hearings in order to present their plan and vision for the development, as proposed. The applicant declined to do so without the full support of staff. Without resolution of the outstanding issues, staff was unable to recommend approval of the annexation and zoning.

Proposal Withdrawn

Staff provided the ninth set of review comments and redlines to the applicant in February 2018. Staff continued to reach out to, and meet with the applicant and their development team on a number of occasions in attempts to answer questions and move the proposal forward. The applicant submitted no further plan or zoning revisions, and on April 17, 2020 requested the Pine Canyon annexation petition and zoning application be withdrawn. The Walker family has submitted an application to Douglas County requesting to rezone the property to an urban level Planned Development.

Douglas County: Proposed Rezoning to Planned Development (May 2020)

The Pine Canyon Planned Development application was submitted to Douglas County in May 2020. The Town will have the opportunity to provide external comments to Douglas County Planning for this proposed rezoning and creation of the Pine Canyon Planned Development. The proposal to the County is similar to the proposal considered by the Town, in that the plan promotes urban level development and the zoning allows mixed use, office, commercial, hotel/resort and residential development. The list below summarizes the proposed PD Plan; the underlined text indicates a new condition, or significant change to the annexation and zoning plan that was previously submitted to the Town (**Attachment H** includes the PD Plan submitted to the Town and the PD Plan submitted to Douglas County).

- 1,800 dwelling units of single-family detached and attached, townhomes, condominiums or apartments,
- 600,000 square feet of non-residential development distributed on both sides of I-25,
- Vehicle access to Pine Canyon East from Front Street, Woodlands Boulevard south of the property and Founders Parkway,
- Vehicle access to Pine Canyon West from Liggett Road,
- Pedestrian access across I-25,
- 64 acres of private open space, with public access, located west of I-25, Liggett Road and the BNSF railroad, primarily in the floodplain and Preble's Jumping Mouse habitat, without vehicle

- access, to be donated as a conservation easement,
- 121 acres of private open space, with public access east of I-25, functioning as trail corridors, buffers between uses and planning areas and parks,
- 12 acres of land for a school,
- A Mobility Hub located on I-25 in coordination with CDOT,
- Owner retains all ground water rights; no renewable water supply planned,
- Request to appeal the Douglas County water supply standards,
- Plan to construct a new water reclamation facility on site to process wastewater,
- Creation of five Metropolitan Districts and one Water & Sanitation District; service plans have been submitted for County review and approval. The service plans will be sent to the Town for referral comments.

Major Impacts to the Town

The last set of review comments sent from the Town to the applicant in February 2018 contained extensive items from Planning, Parks, Public Works and Castle Rock Water. Given the significant increase in dwelling units, the traffic volume and impacts to Town roads, the quantity and fragmented nature of the proposed open space and the limited nonrenewable water resources provided in the rezoning proposal to Douglas County, staff's concerns remain, and in fact, are heightened. Below is a summary of the major, unresolved items relative to the proposal submitted to the Town, and the additional concerns arising from the new proposal to develop in the County.

Open Space Dedication

Staff requested increased, quality public open space and parks dedication on the east side of I-25 where the ridgeline and mature pines exist, where it would be in closer proximity, and accessible to the residents. The dedicated public open space should not be fragmented or encumbered by detention ponds and overhead transmission lines, and must be accessible, within walking distance to the public. **Attachment G** shows the location and type of open space proposed, as well as the encumbrances on the property.

The comments and changes requested by staff are not resolved with the rezoning plan submitted to Douglas County.

School District Dedication

Based on the previous Pine Canyon proposed zoning, which includes a mix of allowable single-family and multi-family uses, the Town and Douglas County School District agreed to model the student generation rate on an assumption of 856 single-family dwelling units and 464 multi-family dwelling units. The resulting calculation required a public land dedication for a school of 17.88 acres, rounded to 18 acres. The new rezoning plan submitted to Douglas County includes communication with the School District proposing 1,000 single-family dwelling units and 800 multi-family units, which results in 20 acres of public land dedication for schools.

The 12 acres of land for a school site reflected on the proposal to Douglas County remains less than

the acreage previously requested by the school district.

Transportation Impacts and Mitigation

The Traffic Impact Analysis (TIA) for the site needs to be updated to address how the project will mitigate the increased traffic the site will generate. The TIA needs to resolve the impact that the proposed development will have to the Town's roadway infrastructure, and the Town will need to understand the requirements the County will place on the developer to mitigate all transportation impacts.

As a matter of reference, based on the developer's proposed zoning, their proposal would generate approximately \$19,056,600 in building permit transportation impact fees if the property was developed within the Town boundaries. In the County, the Town would not receive any of these impact fees. Without these fees, the ability to implement some of the projects identified within our Transportation Master Plan will be impacted.

Mitigation of any transportation impacts that this development would have on the surrounding street network is a critical concern. Town staff is currently researching legal methods to control the connection of unannexed properties to the Town's street network. A future Municipal Code amendment may be warranted.

Attachment I is an exhibit prepared by staff during the Town review to show the anticipated roadway improvements necessary to accommodate the traffic generated by 1,320 dwelling units and 815,000 square feet of non-residential uses. To reiterate, these were identified as part of the previously withdrawn Town annexation review. The developer's TIA was not finalized prior to being withdrawn, so **Attachment I** represents the preliminary items staff identified. Determination of the development's share of any of these improvements was necessary in order to draft the Annexation and Development agreement.

A revised TIA and final analysis of necessary roadway improvements and the Pine Canyon share of the cost was not completed before the annexation was withdrawn. The increased traffic volume and associated level of service impacts to Town roadways, the necessary roadway improvements and the loss of impact fees remain critical concerns of the Town.

Water Resources

The most concerning aspect of the proposal to develop in Douglas County is the proposed development's plan to completely rely on nonrenewable groundwater. As noted in the County's Master Plan, water is a top priority, and the County has spent the last decade or more helping water providers like Castle Rock Water secure sustainable renewable water supplies to supplement the finite nonrenewable groundwater resources for the County's residents. In fact, in 2015 Douglas County signed the WISE Water Reservation Agreement with Denver Water, Aurora Water and the South Metro WISE Authority to secure renewable water resources. The very purpose of that agreement was to "create a mechanism...for the purpose of reducing dependence on nonrenewable groundwater." This proposed development would be a major setback to the progress that has been made in Douglas County securing renewable water resources, including the progress made by

Castle Rock Water. As Council knows, the Town, through Castle Rock Water, is currently considering helping another adjacent development in unincorporated Douglas County deal with water resource issues because of reliance on nonrenewable groundwater.

To be clear, the cost of incorporating this development into the Town's renewable water resources plan would be approximately \$19.5 million dollars, which would have been paid by the building permit fees, if they were to annex into the Town. Under the new proposal to develop in the County, the applicant's Water Supply Plan Report provides no plans to build or obtain renewable water resources leaving it to the County or another existing water provider to rescue the development at considerable cost sometime in the future when those renewable resources are needed.

In addition to proposing to develop solely on nonrenewable groundwater, the proposed development in the County does not even have enough nonrenewable groundwater to develop the proposed densities according to Douglas County's own rules under its Guide to Water Supply Standards. The applicant has 709.9-acre feet per year of nontributary and not-nontributary water rights, and according to Douglas County's requirements, the proposed development could need as much as 1,577 acre feet per year depending on how the various components are classified. Had the development annexed into the Town, it would have also been short of the needed groundwater, and as a result, the proposed development would have been required to develop under an approved Water Efficiency Plan. There is no requirement for this type of plan in the County. With annexation into the Town, the development would have also contributed over \$4 million dollars through building permit fees to develop additional water infrastructure and nonrenewable groundwater resources.

Of equal concern is the location of the proposed pumping of nonrenewable groundwater to serve the development. Well sites are shown in the middle of Castle Rock, in close proximity to Castle Rock's existing well sites. This pumping, as the applicant's own report confirms, will have impacts on Castle Rock's wells. While the applicant states that the well interference would be insignificant, Castle Rock Water has concerns with any pumping of Denver Basin groundwater in the middle Castle Rock, and will need to closely evaluate this proposal.

Additionally, Castle Rock plans to do Aquifer Storage and Recovery within the Town utilizing its deep groundwater wells. Due to the location of the development, there may be the potential for the development to essentially take water that Castle Rock stores in the aquifer. This will have to be evaluated in much more detail.

Beyond the water supply issues, the Town is concerned with how the Denver Basin groundwater will be treated. The applicant does not provide any details on treatment plants and how technologically enhanced naturally occurring radioactive materials (TENORM) from those plants will be handled. The location of treatment plants could have a significant impact on the Town due to truck traffic for chemical deliveries, maintenance, solids handling, and other activities that may present risks to Town roads, Town services and Town residents (e.g. spill response by our fire department).

Wastewater management for this proposed development is also a major concern. The applicant proposes to construct their own water reclamation facility in the middle of Castle Rock. Colorado Revised Statute 25-8-702 2.(c) encourages the consolidation of wastewater treatment facilities whenever feasible. The consolidation of this wastewater with Castle Rock's wastewater is very

feasible and, in fact easy. For this reason alone, the applicant should not be constructing a wastewater treatment facility in the middle of residential and commercial property (existing in the Town now and in the future in the development). The applicant's report on wastewater for the development indicates they are proposing the water reclamation facility partly because of the "restricted availability of treatment capacity in the Plum Creek Water Reclamation Authority". There is no restriction on this treatment capacity as the applicant claims. The Town of Castle Rock has plenty of capacity to serve the proposed development if it annexes into the Town.

One of the reasons CRS 25-8-702 encourages consolidation of wastewater treatment is that small treatment facilities serving small populations often do not have adequate financial and technical resources to operate these facilities over the long term and meet increasingly strict regulatory standards. The Town is very concerned that this will be the case for a small facility located in the middle of the Town operated by a metro district with limited capacity. Any discharge from the wastewater treatment facility will be upstream of a number of Castle Rock Water's drinking water supplies, creating a very significant concern. In addition to these concerns, the applicant's plan makes no mention of the need for odor control facilities, nor does it address the aesthetics of a wastewater facility on this property and the affect upon surrounding property values. Given the proposed treatment facilities location, odor control facilities will be a necessity, as will significant efforts to screen the facility from surrounding properties to avoid impacts to property values. Further, the applicant is proposing to utilize reuse water for irrigation in the development. This means that they will need a reuse water reservoir in the middle of Castle Rock.

Stormwater is a major concern, as the applicant's development will generate a significant amount of stormwater. This runoff will ultimately flow through parts of the Town utilizing our existing stormwater infrastructure with no contributions from the applicant to pay for the use of the Town's infrastructure. If this property had developed within the Town, the applicant would have been required to contribute to Castle Rock's stormwater infrastructure an estimated \$2.4 million. In addition, this stormwater will create significant additional non-point source pollution upstream of Castle Rock Water's drinking water supplies. It will then be up to Castle Rock Water to treat and remove this pollution.

These are just some of the big picture concerns with water, water resources, wastewater and stormwater with allowing this proposed development to proceed as planned in unincorporated Douglas County.

Loss of Impact Fee Revenue

For every home or business that is constructed within the Town of Castle Rock, impact and system development fees are included in the building permit fees. These are not fees paid for by the developer, but are ones paid for at time of home construction. Impact and system development fees are used by the Town to fund capital improvement projects such as widening or constructing Town roadways, securing renewable water, and constructing facilities such as fire stations and parks. As new homes are constructed in Town, the need for these additional capital improvements are necessary.

If this urban level community develops under the County's jurisdiction it will place a large burden on the Town's infrastructure and services, because it is physically located within the Town, but it will not

be offsetting costs through building permit impact fees collected with each new home or business. Based on the Town's 2020 fees, staff has estimated the typical impact and system development fee payments that this development would have generated, if the proposed 1,800 residential units and 600,000 square feet of commercial uses were developed in the Town.

The Town's parks and recreation amenities and the Town's transportation network will be directly impacted by the County residents living in Pine Canyon, given the proximity and connection to Town recreation amenities and roadway network. The PD Plan, in fact, shows road and trail connections to existing Town streets and trails, as well as to the Castle Rock Recreation Center on Woodlands Boulevard. Staff estimates this impact as \$10,150,400 for the Park and Recreation impact fee, and \$19,056,600 for the Transportation impact fee.

Please note, since the Town will not collect any impact and system development fees under this rezoning proposal, these estimates represent the potential financial impact that the Town will incur, in order to provide the necessary Townwide capital improvements to support this development within Douglas County

Town Council Direction

The purpose of this report and discussion is to provide Town Council information on the history and development proposals of Pine Canyon. Staff review of the current proposal to develop Pine Canyon to urban density levels within Douglas County has identified major concerns and impacts regarding water, wastewater, stormwater, transportation, open space, public land dedication, and compatibility with surrounding neighborhoods. Staff is not opposed to development of this parcel; however, the current proposal does not demonstrate how it will mitigate the impacts that this new community will have on the existing Town infrastructure, amenities and residents that surrounds it.

Staff is recommending that Town Council formalize opposition to the rezoning and the unincorporated development of this property immediately adjacent to the Town. If so directed, staff will prepare a Resolution formalizing the Council position. The Resolution would be presented for action to Town Council at an upcoming meeting.

Attachments

- Attachment A: Vicinity Map
- Attachment B: Vegetation Exhibit
- Attachment C: Skyline-Ridgeline Protection Area
- Attachment D: Douglas County Zoning: A-1, RR, GI
- Attachment E: Surrounding Uses and Standards
- Attachment F: Submittal Timeline
- Attachment G: Color Rendering of Open Space Location and Encumbrances
- Attachment H: Planned Development Plan Comparison
- Attachment I: Transportation Impacts