

AGENDA MEMORANDUM

To: Mayor and Members of Town Council

Through: David L. Corliss, Town Manager

From: Tara Vargish, PE, Director, Development Services
BrieAnna Simon, Senior Planner, Development Services Department

Title: **An Ordinance Annexing to the Town of Castle Rock, Colorado, 533.5-Acres of Land Pursuant to an Annexation Petition Submitted by JRW Family Limited Partnership LLLP [Pine Canyon Annexation]**

Executive Summary

JRW Family Limited Partnership LLLP is proposing to annex and rezone the 533.5 acres known as Pine Canyon. The applicant proposes to zone the property as a planned development (PD), and is seeking approval of the Pine Canyon Planned Development Plan and Zoning Regulations (Attachment C).

The Pine Canyon PD proposes to allow 1,800 dwelling units for a gross density of 3.37 dwelling units per acre (du/ac), a maximum of 600,000 square feet (s.f.) of commercial and light-industrial uses and approximately 178.5 acres, 33% of the site, of open space and park land.

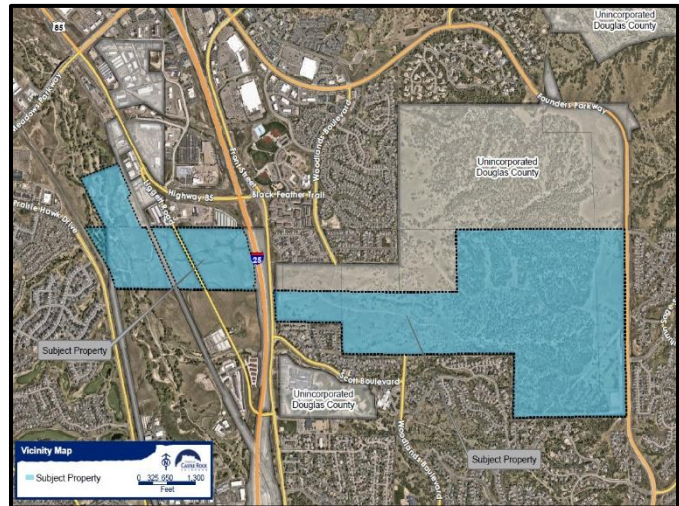


Figure 1: Vicinity Map

Key Benefits of Proposed Annexation and Zoning

- Allows Town determination of growth patterns and development standards
- Development makes key road connections, improving circulation and emergency response
- Development would pay impact fees per residential unit or commercial square foot constructed
- Development would pay all system development fees, including Castle Rock Water's renewable water fee
- Development would tie into Castle Rock Water's existing wastewater treatment system
- Development would also meet all of the Town's water conservation standards

- Provides 33% Open Space and Park land
- Preserves cultural resources on the property
- Makes regional trail connections
- Provides a buffer on southern edge to existing Castle Rock homes and requires similar lot sizes

Planning Commission Recommendation

The Planning Commission voted 6 - 0 to recommend approval to Town Council of the Pine Annexation at a public hearing held on April 24, 2025.

Background

The Property Existing Conditions and Surrounding Uses

The parcel proposed for annexation is currently under the jurisdiction of Douglas County. The 533.5-acre site is in central Douglas County surrounded by the Town of Castle Rock. It is located on both the east and west sides of Interstate 25 (I-25). The portion of the property east of I-25 is generally north of Scott Boulevard, south of Black Feather Trail, west of Founders Parkway, and east of Front Street. The portion of the property west of I-25 is generally east of Prairie Hawk Drive, south of Highway 85 and bisected by Liggett Road (Figure 1).

Town Council held a public hearing on December 17, 2024 for a Pre-Annexation Agreement. The Pre-Annexation Agreement outlined several topics specific to the future annexation and zoning for the property and lays out the agreed upon terms for both the Town and JRW. The Pre-Annexation also outlined a target schedule for processing of the land use items. The proposal tonight meets all of the obligations outlined in the Pre-Annexation Agreement.

Town Council held a public hearing on February 18, 2025, and found the annexation petition to be in substantial compliance with the provisions of Article II, Section 30(1)(B) of the Colorado Constitution and Section 31-12-107(1), C.R.S. Further, Town Council held a public hearing on April 1, 2025 and found the property proposed for annexation was eligible to be annexed in accordance with the Colorado Revised Statutes. The Town will now consider whether the property should be annexed to the Town, and whether the proposed Planned Development zoning is appropriate and should be approved.

Use and Surrounding Zoning

The subject property is currently undeveloped and being used for agricultural purposes. The property is currently zoned A1-Agricultural One within Douglas County. This zoning generally allows for a wide range of farming, ranching or tree farming activities. A portion of the project on the western side of I-25 is currently zoned General Industrial – GI, along with a portion on the eastern side of I-25 is currently zoned Rural Residential - RR in Douglas County. There are two existing residential units and outbuildings constructed on the northeastern most portions of the property.

The project area is adjacent to the Town of Castle Rock zoning on 60 percent of the project area boundaries. The northern boundary of the project area on the east side of I-25 is adjacent to unincorporated Douglas County, which is zoned in the County as A1-Agricultural One. This

area currently has an annexation and zoning application under review with the Town of Castle Rock but is still within the review process at this time.

The eastern boundary of the project area is adjacent to the Castle Oaks Amendment No. 1 Planned Development Plan which allows for single-family residential. The northern boundary of the project area on the west side of I-25 is adjacent to straight zoned parcels for I-2 General Light and Metzler Ranch Planned Development Plan (1996). Both these planning areas allow for general light-industrial uses.

The southern boundary of the project area on the east side of I-25 is adjacent to Woodlands Planned Development Plan, Scott Ranch Planned Development Plan, and Scott II Major Modification Planned Development Plan. The zoning in these areas allow for a mix of single family residential and multi-family residential. The southern boundary of the project area on the west side of I-25 is adjacent to straight zoned parcels for I-2 General Light Industrial and PL-1 District. The regulations for these areas are outlined in the Town's Municipal Code. The west side of the project area is adjacent to the Meadows Fourth Amendment which allows for open space directly adjacent to the project area.

Discussion of Proposal

Pine Canyon Annexation

The Pine Canyon annexation petition and plat map were accepted and filed with the Town Clerk on February 5, 2025. As required by the Colorado Revised Statutes (C.R.S.), the petition was reviewed by Town Council in two separate hearings. The Substantial Compliance hearing was held on February 18, 2025 and the Council found that the petition substantially complied with the requirements of the Colorado Constitution and the C.R.S for annexation. The Eligibility hearing was held on April 1, 2025 and Town Council found the property to be eligible to be considered for annexation into the Town.

The area proposed for annexation is approximately 533.5-acres, with the majority of the property currently zoned A1-Agricultural One in Douglas County. A portion of the project on the western side of I-25 is currently zoned General Industrial – GI, along with a portion on the eastern side of I-25 is currently zoned Rural Residential - RR in Douglas County.

Pine Canyon Planned Development Zoning

The applicant is requesting that the property be zoned Planned Development (PD) (Attachment D). The Pine Canyon Planned Development Plan and Zoning Regulations establish 11 residential planning areas, two mixed use/multi-family planning areas, one resort spa or residential planning area, one public land dedication planning area for a future school and one business/light-industrial planning area. Additional planning areas are set aside for parks and open space areas.

Residential Development

The proposed zoning would allow 800 single-family detached units, along with 1,000 multi-family units at a gross density of 3.37du/ac. Lot sizes are dependent on the housing type, and would have a minimum of 2,000 s.f. The zoning regulations allow density transfers between planning areas, up to 20%, but in no case shall the maximum number of new units exceed

1,800 units. There are two existing residential units and outbuildings constructed on the northeastern most portions of the property that will remain, as described further in this report.

The zoning also restricts Planning Areas 1, 4, 5, 6, 7, 9, 10 and 11 from over-lot grading in sensitive areas of the property and requires some tree preservation in lieu of the standard Skyline/Ridgeline regulations. This will preserve mature trees and have less impact on the existing natural resources compared with traditional over-lot grading developments in Town. The Site Development Plans for these planning areas will demonstrate how the tree preservation will help buffer the view of proposed structures.

Commercial Development

Planning Area 18 and Planning Area 17 area proposed to be a mix-used area. This will allow for both multi-family residential units integrated with commercial uses. Planning Area 19 is proposed to be an area of business/light industrial uses. Permitted uses include retail, restaurant, office, manufacturing and distribution facilities. The maximum non-residential square footage allowed is 600,000.

Planning Area 6 is proposed to allow a resort spa hotel, up to 225 rooms with a full service spa, with the intent to be an anchor in the Pine Canyon community. The proposed zoning is flexible and allows that if a resort is not built, this planning area can be developed with up to 75 single family residences instead. These 75 units would be out of the total 800 single family units, which would reduce the number of homes built in the residential planning areas.

Open Space, Public Land, Park and Trails

Per the Pre-Annexation agreement the development was required to meet the Town's minimum 20 percent open space. The proposed zoning accounts for 178.5 acres of open space or 33% of the site. As planning areas develop, additional open space will be provided to the Town during the site development plan process..

OSP 8 and OSP 9 include a 62.1 acre private Homestead and farm land that will continue to be a Homestead farm with educational opportunities. There are two existing residential units and various agricultural outbuildings constructed on the Homestead area that will remain and are not counted toward the 1,800 residential units. This property will be used to actively farm the land, while providing a grazing area for cattle. The Homestead will partner with local agencies to provide educational programs for the community.

Prescriptive Buffer

Based on input from the surrounding residents, the development plan was revised to create a prescriptive buffer on the southern property boundary of the PD between Planning Areas 4, 10 and 11, and the existing Woodlands neighborhood.

The buffer area will be provided from the Pine Canyon residential lot line to project's property line adjacent to the Woodlands residential neighborhood. This buffer area will include a trail and meet the Town's landscaping requirements. The existing CORE Electric overhead transmission lines also run in this buffer area.

Technical Reports and Analyses

Fire

The proposed project area is located with the Town of Castle Rock Fire Protection Service Area. The project area will be served by Town of Castle Rock Fire, which has capacity to serve the proposed development. If this property annexes into the Town, it will be served by Castle Rock Water, allowing Castle Rock Fire to have a reliable and renewable water supply for necessary fire services.

Parks and Recreation

The development is constructing three (3) local or neighborhood parks totally 22.9 acres. These parks will be open to the public, and will be privately owned by the Metro District or HOA. Based on the density proposed for this development, Town code would require 42.02 acres of Public Land Dedication (PLD) for uses such as parks, police and fire, water facilities, and other Town lands. Town staff is recommending approval of the PD zoning as proposed with 22.9 acres of parkland, which matches the proposal they submitted to Douglas County. The proposed Development Agreement for Pine Canyon is drafted to recognize that this dedication is 16.25 acres short and will not obligate the developer to pay any additional cash-in-lieu for PLD. Staff recommends this due to the overall benefit of having this property develop within the Town's jurisdiction, subject to the Town's permitting and development process, and connected to and participating in the Town renewable water supplies.

The other portion of PLD that the Town calculates is for future school use. Based on the proposed density and Douglas County School District's student/land density ratios, 20.56 acres of PLD are required for future school land in Pine Canyon. The School District has agreed that the proposed 12.7-acre parcel will be sufficient. No additional school PLD is requested.

In regard to trails and open space, the development is proposing 155.6 acres of open spaces, which is 29% of the development. Code requires 106.9 acres to meet the 20% minimum open space requirement. It is expected that additional open space will be added by each planning area as they go through the site development plan process, which may include areas such as buffers, pocket parks, trail connections, and multi-family common spaces, which will be above and beyond the 29% identified now. Trail corridors are proposed through the development.

At this time, the ownership and maintenance of all open space and parks are planned to be by the metro district or as determined at time of Site Development Plan and Plat. At the time of SDP, the park parcels ownership may transfer to the Town, but maintenance will be held by the metro district or HOA. All parks and recreation development impact fees will be paid to the Town at time of building permit to offset the park usage impacts and uses this development will bring to the town-wide park facilities.

The 12.7-acre future school PLD site will be owned and maintained by the developer until it is needed for a school site. If the School District has not applied for a SDP and requested to build on the site within 10 years, the developer may develop it for parks and recreation uses, or they may dedicate it to the Town for parks and recreation uses.

On the western side of the development, a 62.1-acre open space/agricultural area is proposed. This area has been split into three smaller areas. The first area, OSP8 would be the larger

parcel used primarily for private agricultural use, the second would be a private 2.2-acre homestead, and the third would be a public trail corridor for the existing Town trail. The developer intends to use the agricultural and homestead areas to continue the current uses of grazing cattle, growing crops, and may have other farm animals on site and work with local groups such as Future Farmers of America or 4-H in an educational capacity. The two existing residential units will remain on the Homestead.

Traffic Impact Analysis and Mitigation

A Traffic Impact Analysis (TIA) was submitted to the Town with this application. As part of the pre-annexation agreement between the Town and the applicant, the Town has agreed to accept the TIA as it is, however the Town will require updated TIAs at the time of site development plans. Additional analysis will be required as planning areas are advanced. Proposed uses and trip generation data may require additional traffic infrastructure mitigation. All development is required to work with the Town on roads and road connections as each planning area develops. The development will also pay transportation impact fees on all building permits issued for the development. These fees will be used for the construction of road improvement projects throughout Town.

Utilities

The development would tie into Castle Rock Water's existing wastewater treatment system, and a separate treatment facility, as proposed in Douglas County, would not be needed or built. The Town's applicable water and sewer requirements set forth in the Town of Castle Rock Water Criteria Manual and Wastewater Criteria Manual will apply to the property.

Drainage

The Town's applicable drainage requirements set forth in the Town of Castle Rock Stormwater Criteria Manual will apply to the Property. The developer or metro district shall retain ownership of the drainage ways, and the Town will receive a drainage easement over the drainage and floodplain areas for emergency maintenance if needed.

Water Conservation

The development will meet all of the Town's water conservation standards, including the ColoradoScape requirements established in 2022. The Town's applicable landscape and irrigation requirements set forth in the Town of Castle Rock Landscape and Irrigation Criteria Manual (as amended) will apply to the Property, and have been incorporated into the PD Zoning's standards and noted within the annexation agreement.

Water Resources

Town staff is recommending approval of the PD Zoning with a nonrenewable groundwater dedication of approximately 757 acre-feet, which is short of the normal nonrenewable groundwater dedication required for a development of this size. As agreed to in the pre-annexation agreement with the Town, the Town will reserve existing excess nonrenewable groundwater already owned by the Town to ensure the appropriate amount of nonrenewable groundwater is available for the benefit of the development. The development will pay all system development fees at current and future rates, including Castle Rock Water's renewable water fee. The development will meet all of the Town's water conservation standards including the ColoradoScape requirements put in place at the end of 2022. Town staff believe that getting this development into the Town's water system and off of sole reliance on

nonrenewable groundwater is important for the region and the long-term sustainability of water supply for the Town and this development. Additionally, having Town water services to this area will greatly improve the water supply for Castle Rock Fire, who is the responding fire agency.

As agreed to in the pre-annexation agreement with the Town, JRW has requested the right to retain 106 acre-feet of groundwater solely for irrigation, stock watering, domestic and other agricultural purposes for the use of the existing homestead, located on the far west side of the property, west of the BNSF railroad and east of East Plum Creek. JRW has agreed to a restrictive covenant on these groundwater rights, limiting their use for agriculture and irrigation for this 62.1-acre homestead, and it would grant the Town first right of refusal to purchase them in the future. The Town will also grant JRW a lease agreement to allow them to lease, at the Town's going rates, a very small amount of water (~1 acre-foot) to augment their agricultural use of the 106 acre-feet of groundwater.

Annexing this development into the Town, so it can be served by the Town's water system and off of sole reliance on nonrenewable groundwater is important for the region and the long-term sustainability of the water supply for the Town and this development. Castle Rock Water staff is supportive of this development and the above agreements.

Notification and Outreach

Public Notice

Public hearing notice signs were posted on the property on April 9, 2025. Written notice letters were sent to property owners within 500 feet of the property, at least 15 days prior to the public hearings.

Town staff published notice of the Planning Commission and Town Council public hearings on the Town's website and provided information about the proposal on the Town's *Development Activity* interactive map.

Neighborhood Meetings

The Town and applicant together held three neighborhood meetings. A neighborhood meeting was scheduled and noticed for February 11, 2025, March 11, 2025 and April 16, 2025. All meetings were held via a hybrid format with participation both in person and online. These meetings had questions on traffic generation and roadway connections, the need for a resort/hotel in this area, buffer areas, and number of additional units. Town staff provided an overview of the past history of annexation discussions with the applicant, and their recent applications with the County. Staff also discussed that this property will develop either in the County or in the Town, and that staff would rather this property develop within the Town's jurisdiction and subject to the Town's regulations.

External Referrals

External referrals were sent to local service providers and Douglas County agencies. There are no outstanding external referral comments.

Analysis

Annexation Criteria and Analysis 20.04.040

The Town Council and Planning Commission shall consider the policies, guidelines and criteria in the Town Master Plan, as amended, in determining whether it is in the best interests of the Town to grant or deny the petition for annexation.

2030 Vision and Comprehensive Master Plan

Principle – Responsible Growth-2.1

Annexation of areas with the potential to accommodate growth in a fiscally and environmentally sound manner.

- a. Is a logical extension or infill of Town boundaries.
- b. Has demonstrated a significant benefit to the Town.
- c. Will be provided with adequate urban services.
- d. Is fiscally responsible.
- e. Conveys to the Town all water rights appurtenant to the ground at the time of annexation.

Analysis: The proposed Annexation generally meets criterion a-e. Annexation and zoning of the Pine Canyon property is a step toward closing holes within the Town boundaries and providing for continuity of Fire and Police services. Approximately 33% of the property will be dedicated as open space and park land, preserving areas of mature vegetation and wildlife habitat. The trail system will benefit the entire community and provide important links to the Front Range Trail. Additionally, it provides a new east-west road network in this area, and will provide part of the missing north-south road and sidewalk connection on Woodlands Boulevard, which are critical to improve traffic/pedestrian mobility in this area.

The plan also generally conforms to all other relevant requirements and land development principles of the Town's Municipal Code.

Budget Impact

The Pine Canyon Pre-Annexation Agreement included a credit for application fees that have been previously paid to the Town, as well as the Town covering the costs of mailing notices for the annexation and zoning neighborhood hearings. This development will pay their required building and impact fees, as all other developments within the Town pay.

Findings

All staff review comments and external referral comments have been addressed. Staff finds the proposed Pine Canyon Planned Development Plan and Zoning Regulations:

- Meets the goals and principles of the Town's Vision and Comprehensive Master Plan,
- Was reviewed and processed as prescribed in the Municipal Code, Title 20 Annexation
- Conforms with the obligations outlined in the Pre-Annexation Agreement.

Recommendation

Planning Commission voted 6 - 0 to recommend to Town Council approval of the Planned Development Plan, as proposed.

Proposed Motion

Option 1: Approval

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

Option 2: Approval with Conditions

"I move to approve the Annexation Ordinance, with the following conditions:" (list conditions)

Option 3: Continue item to next hearing (need more information to make decision)

"I move to continue this item to the Town Council meeting on [date], at [time]."

Attachments

Attachment A: Vicinity Map

Attachment B: Ordinance

Attachment C: Annexation Petition

Attachment D: Annexation Map

Attachment E: Pre-Annexation Agreement

Attachment F: Public Comment