



Castle Rock Water Commission Meeting Minutes

David Hammelman, Chair
Tony Rathbun, Vice Chair
Angie Brown
Brian Gaddie
KiKi Miller
Melanie Penoyar-Perez
Cortland Wolfe

Wednesday, February 28, 2024

6:00 PM

CRW Admin & Customer Service Bldg.
171 Kellogg Ct.
Castle Rock, CO 80109

This meeting is open to the public and will be held in a hybrid format in accordance with Town Council Electronic Participation, Connected, and Hybrid Meeting Policy. The in-person meeting will be held at the CRW Admin & Customer Service Bldg. 171 Kellogg Ct. Castle Rock CO 80109 or this meeting can be accessed online at: <https://crgov.webex.com/crgov/j.php?MTID=m1098a5dda2249a3713e7278214e89902> the Meeting password: Feb28CRWC (33228279 from video systems) or phone in by calling (720) 650-7664, meeting code 2497 296 8539. One or more Council members may also attend this meeting, during which the items listed herein will be discussed.

CALL TO ORDER / ROLL CALL

Guests: Clark Hammelman, Chuck Kocher
Angie Brown joined the meeting remotely at 7:26 p.m.
Kiki Miller and Mark Marlowe attended the meeting remotely

Present 5 - Chair David Hammelman, Angie Brown, Brian Gaddie, KiKi Miller, and Cortland Wolfe

Not Present 2 - Vice Chair Tony Rathbun, and Melanie Penoyar-Perez

Attendance 8 - Jason Gray, Mark Marlowe, David Van Dellen, Nichol Bussey, Matt Benak, Paul Rementer, Rick Schultz, and Melinda Pastore

COUNCIL UPDATE

Time was allowed for Mayor Jason Gray to share a council update.

COMMISSION COMMENTS

Time was allowed for commissioner comments.

DOUGLAS COUNTY WATER COMMISSION MTG. UPDATE

Mr. Clark Hammelman presented an overview of the Douglas County Water Commission, including members, commission goals and objectives, and actions taken to-date. The commission is charged with developing a 2050 Comprehensive Water Plan, building on the solid foundation and service of each of their water provider partners and water stakeholders in the community.

ADMINISTRATIVE BUSINESS

[WC 2024-009](#) Approval of the January 24, 2024 Meeting Minutes

I move to approve the minutes as presented.

Yes: 4 - Chair Hammelman, Gaddie, Miller, and Wolfe

Not Present: 3 - Vice Chair Rathbun, Brown, and Penoyar-Perez

ACTION ITEMS (HIGH PRIORITY / TIME CRITICAL)

[WC 2024-010](#)

Resolution Approving a Purchase Agreement between the Town of Castle Rock and Plum Creek Trust

Castle Rock Water (CRW) is seeking recommendations to council for approval of two resolutions:

- 1) A purchase and sale agreement with Plum Creek Trust (PCT) for a 145 acre parcel near Sedalia, Colorado, upon which current and future CRW infrastructure resides and is being constructed; and
- 2) A Water Service Agreement with PCT which describes how Castle Rock will service a potential future development on lands adjacent to the 145 acre parcel.

Mr. Van Dellen provided an introduction. The key issue with the Plum Creek Trust acquisition is that CRW has over \$100M invested in the property at the Plum Creek Diversion and it's very important that we acquire this property and secure it. Mr. Benak presented this item. CRW purchased the water infrastructure and easement for the infrastructure on 118 acres in 2017. This is a very important piece of infrastructure for us to buy, because it gives us the ability to capture our fully renewable water.

Key terms of each agreement are as follows:

- 1) Purchase and Sale Agreement
 - a. Castle Rock will pay \$2,269,794 for the 145-acre parcel.
 - b. All non-renewable groundwater underneath the parcel will be transferred to Castle Rock as part of the purchase.
 - c. All mineral rights under the property will be transferred to Castle Rock as part of the purchase.
 - d. Both parties agree to work with each other for easements that may be needed going forward at no cost to the other party.
 - e. The purchase is contingent on a Water Service Agreement to serve surrounding property owned by the seller.
 - f. Closing this purchase agreement will essentially eliminate a 100 acre foot per year water service commitment to United Water and Sanitation District (United) associated with the property from our 2017 purchase of the United assets, including the original 118 acre water infrastructure easement.
- 2) Water Service Agreement
 - a. Castle Rock Water agrees to be the retail water and sewer

- provider for the PCT development, which could have up to a maximum of 600 housing units.
- b. All non-renewable groundwater under the 145-acre parcel and the developable acres will be dedicated to the Town and be credited towards meeting the Town’s water dedication code requirements. This consists of approximately 397 acre-feet (AF) of non-renewable groundwater.
 - c. Castle Rock Water will agree to let PCT purchase “cash in lieu” groundwater credits for any additional credits needed for the development.
 - d. Castle Rock agrees to share the savings from the 100-acre foot water commitment to United that goes away and use some additional savings to reimburse for additional valuable property around the 118-acre water infrastructure easement, taking the total property interests to 145 acres. In total a 90 AF credit towards renewable water dedication requirements will be provided.
 - e. Castle Rock Water will allow PCT to sign an option agreement to purchase credits for any additional renewable water required for the property through expansion of one of Castle Rock’s existing renewable water projects.
 - f. Castle Rock Water will charge a 10% extraterritorial surcharge on all rates and fees associated with providing service to the property.
 - g. PCT will be responsible for all costs associated with extending services to the property to be served as well as all infrastructure within the property consistent with Castle Rock’s approach to any development.
 - h. Castle Rock Water will provide a “Will Serve Letter” consistent with the requirements of Douglas County for PCT to use in getting entitlements and zoning from Douglas County.

I move to recommend to Town Council approval of the Resolutions as presented.

Yes: 4 - Chair Hammelman, Gaddie, Miller, and Wolfe

Not Present: 3 - Vice Chair Rathbun, Brown, and Penoyar-Perez

[WC 2024-011](#) Resolution Approving the 2024 Water Use Management Plan (WUMP) [Castle Rock Service Area]

Mr. Schultz presented this item. The Water Use Management Plan (WUMP) is a demand management tool that identifies regulations and watering schedules as a method to encourage water conservation during peak irrigation demand and throughout the year. For 2024, only minor administrative changes are suggested

and no substantial content changes are being proposed.

Chair Hammelman asked why the Conservation Division discontinued offering winterization classes. Mr. Schultz explained that in 2023 staff made the decision to not continue offering this course, as it is not conservation related. They were offering the course as a community service. At Water Wiser classes, staff has been asking residents if there is any interest in the winterization course and there has been some interest. If the interest becomes strong, they may resume the classes.

I move to recommend to Town Council approval of the Resolution as presented.

Yes: 4 - Chair Hammelman, Gaddie, Miller, and Wolfe

Not Present: 3 - Vice Chair Rathbun, Brown, and Penoyar-Perez

[WC 2024-012](#)

An Ordinance Approving the Proposed Changes to the Landscape and Irrigation Criteria Manual [Entire Castle Rock Service Area]

Mr. Schultz presented this item. The Landscape and Irrigation Criteria Manual is a key document that helps Castle Rock meet its long-term water efficiency goals. The manual outlines landscaping and irrigation criteria which reduce water waste, improve watering efficiency and supports landscapes that are native and regionally adaptive in a ColoradoScape design. The major changes to the Landscape and Irrigation Criteria Manual being proposed are:

- Concepts, formulas, and terminology related to Composite Landscape Water Use Rating (CLWUR) and Landscape Water Use Rating (LWUR) were removed.
- Several definitions were deleted and updated.
- The term head-to-head coverage was added regarding irrigation systems.
- The requirement for a Registered Landscape Professional to be present during all scheduled inspections was outlined.
- In regards to soil evaluations, the element Nitrogen was removed due to its mobility in soil.
- Surety amounts not specifically addressed in the Subdivision Improvement Agreement (SIA) or Property Improvement Agreement (PIA), will be determined as a percentage of the owner's landscape and irrigation construction contract for items incomplete as determined by the approved plans. These percentages were updated to reflect the existing Municipal Code, as follows: Bond - 100% of the owner's landscape and irrigation construction contract; Letter of credit: 75% of the owner's landscape and irrigation construction contract; and Cash/Escrow: 65% of the owner's landscape and irrigation construction contract.
- The statement that native areas shall be maintained in a manner consistent with native or regionally adapted vegetation that differs from

maintenance practices of traditional grass was added.

- In irrigation system design, master valves are now required in residential applications.
- Native grasses were included in section 4.6.3, Turf, Woody Plants, Native Grasses, and Fertilization.
- In parking lot requirements, the minimum irrigated area increased by one (1) foot. The minimum irrigable area is four (4), consistent with Town requirements.
- In design requirements, the need for home builders to design the front and backyard was outlined.

Chair Hammelman asked how it is determined how often the manual needs to be updated. Mr. Schultz replied that staff looks at it annually, and at that time it is determined if there is a need. Some of the reasons the manual may need to be updated are if the market changed or if we are receiving feedback from our stakeholders that something needs to be changed. Mr. Schultz said we are seeing very good compliance.

I move to recommend to Town Council approval of the Ordinance as presented.

Yes: 4 - Chair Hammelman, Gaddie, Miller, and Wolfe

Not Present: 3 - Vice Chair Rathbun, Brown, and Penoyar-Perez

[WC 2024-013](#)

Resolution Approving a Water Lease Agreement between the Town of Castle Rock and Turnpike, LLC. [Weld County, CO]

Mr. Van Dellen introduced the four agricultural water lease agreement renewals on the agenda and Mr. Benak presented them. All are in Weld County, in the Lost Creek area. Turnpike, LLC wishes to lease up to 650 acre-feet (AF) at a rate of \$43.60 per AF, which could amount to \$28,340.00 in revenue. This is a one-year lease.

I move to recommend to Town Council approval of the Resolution as presented.

Yes: 4 - Chair Hammelman, Gaddie, Miller, and Wolfe

Not Present: 3 - Vice Chair Rathbun, Brown, and Penoyar-Perez

[WC 2024-014](#)

Resolution Approving a Water Lease Agreement between the Town of CastleRock and H&H Farms [Weld County, CO]

H&H Farms wishes to lease up to 275 AF at a rate of \$43.60 AF, which could amount to \$11,990.00 in revenue. This is a one-year lease.

I move to recommend to Town Council approval of the Resolution as presented.

Yes: 4 - Chair Hammelman, Gaddie, Miller, and Wolfe

Not Present: 3 - Vice Chair Rathbun, Brown, and Penoyar-Perez

[WC 2024-015](#) Resolution Approving a Water Lease Agreement between the Town of Castle Rock and Dove Meadow Dairy Inc. [Weld County, CO]

Dove Meadow Dairy, Inc. wishes to lease up to 125 AF at a rate of \$43.60 per AF, which could amount to \$5,450.00 in revenue. This is a one-year lease.

I move to recommend to Town Council approval of the Resolution as presented.

Yes: 4 - Chair Hammelman, Gaddie, Miller, and Wolfe

Not Present: 3 - Vice Chair Rathbun, Brown, and Penoyar-Perez

[WC 2024-016](#) Resolution Approving a Water Lease Agreement between the Town of Castle Rock and Ruppel Farms, LLC. [Weld County, CO]

Ruppel Farms, LLC wishes to lease up to 525 AF at a rate of \$43.60 per AF, which could amount to \$22,890.00 in revenue. This is a one-year lease.

I move to recommend to Town Council approval of the Resolution as presented.

Yes: 4 - Chair Hammelman, Gaddie, Miller, and Wolfe

Not Present: 3 - Vice Chair Rathbun, Brown, and Penoyar-Perez

DIRECTOR FOLLOW-UP AND INFORMATIONAL / UPDATE ITEMS

[WC 2024-017](#) 2023 Budget Recap and 2024 Capital Improvement Plan (CIP)

Mr. Rementer presented this item. The 2023 revenues were at -\$6.3M (-7.7%). The revenue drivers were system development fees at -\$7.2M (-24.7%), charges for service were -\$3.4M (-7.1%), and investment earnings were +5.9M (+831%). The investment earnings are managed by the Town and money was moved to different areas with higher interest. Expenses were down at -\$82.8M (-47.5%). Expense drivers were capital at -\$72.7M (-60.5%) and operating expenses at -\$7.8M (-18.1%).

Mr. Rementer said that System Development Fee (SDF) revenues are driven mostly by residential permits. Our 2023 budget was based on 1,100 permits; however, the 2023 actual was 402 permits vs. 687 in 2022 (-41% compared to 2022). The 2023 budget for SDF revenue was \$29.3M, and the actual was \$22.0M. Mr. Rementer also reviewed residential consumption, metered water sales, operating expenses, and capital expenses.

[WC 2024-018](#) PFAS CERCLA Liability Exemption for Water and Wastewater Utilities

Mr. Van Dellen informed the commission that the Environmental Protection Agency is moving forward with new rules that would classify PFAS forever

chemicals as hazardous waste. Last week council acted on a letter that Mr. Marlowe presented and recommended. This is to support a bill that is at the U.S. legislature ensuring that water and wastewater service providers are not the ones held liable and responsible for the treatment or disposal costs associated with PFAS. Those who are generating the chemicals and the polluters are the ones who would be held responsible for hazardous waste clean-up in the future. Council supported this and Castle Rock is banded together with other agencies, such as Aurora water, to send this message up to our Senators in an effort to get their support of the bill.

Commissioner Wolfe asked if we know who is generating the chemicals. Mr. Van Dellen responded that it is companies like DuPont and 3M, and the commission may recall that we entered into a class action lawsuit against those organizations and we're hoping to be able to secure some funding through that lawsuit to help reimburse some of the costs that we're incurring related to PFAS.

[WC 2024-019](#)

Upcoming Town Council Items

Mr. Van Dellen presented this informational update, which is designed to give the commission a preview of time critical items that may need to go to council prior to review at a commission meeting. Items for this month include:

- 1) Resolution approving the contractor guarantee maximum price construction management agreement between the Town of Castle Rock and Archer Construction for the Highway 85 Wastewater Project.
- 2) Resolution approving an amended agreement between the Town of Castle Rock and Douglas County for the Highway 85 Wastewater project.
- 3) Resolution Approving an amended agreement between the Town of Castle Rock and Dominion Water and Sanitation District for the Highway 85 Wastewater Project.

COMMISSIONER MEETING COMMENTS

Time was allowed for commissioner comments.

Mr. Van Dellen announced that next month's meeting will be held at the Plum Creek Water Purification Facility (PCWPF) at 5:00 p.m., followed by a tour.