

AGENDA MEMORANDUM

To: Planning Commission

From: Sandy Vossler, Senior Planner, Development Services Department

Title: **Territorial Road Annexation** [4.7 acres, located west of Interstate 25 and south and west of Crystal Valley Interchange]

Executive Summary

The Town of Castle Rock (Town) and ACM Dawson Trails VIII JV LLC (ACM Dawson Trails) propose to annex 4.7 acres consisting of parcels that comprise the Territorial Road right-of-way and other parcels acquired by the Town for future right-of-way (Attachment A and Figure 1).

With the alignment and construction of the Crystal Valley Interchange (CVI) and removal of the west frontage road, most of the Territorial Road right-of-way is no longer needed. In November 2023, the Town exchanged certain Territorial Road parcels with ACM Dawson Trails, for property necessary for the CVI alignment. All the parcels in the annexation area will be zoned Planned Development (PD) within Dawson Trails. The parcels owned by the Town will be designated as public land that allows for public right-of-way (ROW) and public facilities. The parcels owned by ACM Dawson Trails will be incorporated into the adjacent planning area as established in the Dawson Trails PD.

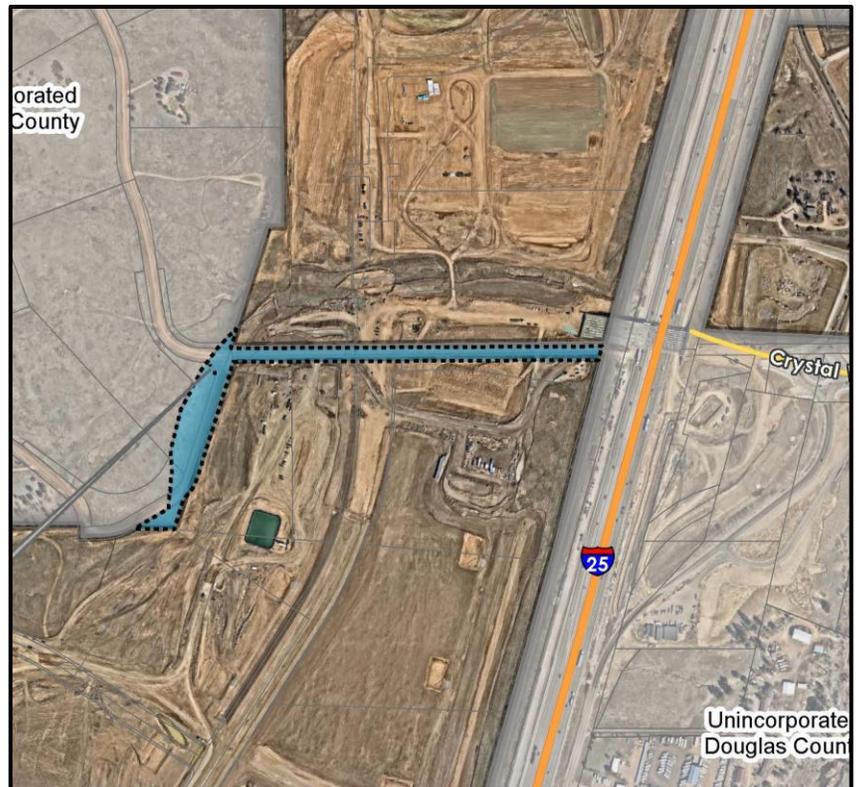


Figure 1 Vicinity Map

Staff recommends that Planning Commission recommend to Town Council approval of the Territorial Road Annexation. The associated zoning of the annexed parcels is addressed in a separate staff report, with a recommended action.

Key Benefits of Proposed Annexation

- Incorporate Town-owned property providing for consistent application of the Municipal Code, law enforcement and emergency services.
- Incorporate developer-owned parcels giving the Town jurisdiction over zoning and development, as well as allowing uniform enforcement of the Municipal Code, law enforcement and emergency services, and to capture sales tax revenue.

Background

The property included in this annexation includes Territorial Road and other properties acquired by the Town needed for the alignment and construction of the new Crystal Valley Interchange. All parcels are located west of Interstate 25 and south of the new Crystal Valley interchange.

Territorial Road was an unimproved roadway located west of Interstate 25, extending west from the Burlington Northern/Santa Fe Railroad (BNSF RR) right-of-way, approximately a third of mile, where it then turned south and west transitioning into Twin Oaks Road. Territorial Road Annexation consists of 8 parcels, totaling 4.7 acres. The parcels include ROW (shaded green in Figure 2 and Attachment B), land purchased by the Town (shaded red) and two parcels acquired from Douglas County (shaded blue). The parcels proposed for annexation are currently under the jurisdiction of Douglas County and are zoned Large Rural Residential.

Town Council held a public hearing on June 3, 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 July 15, 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.

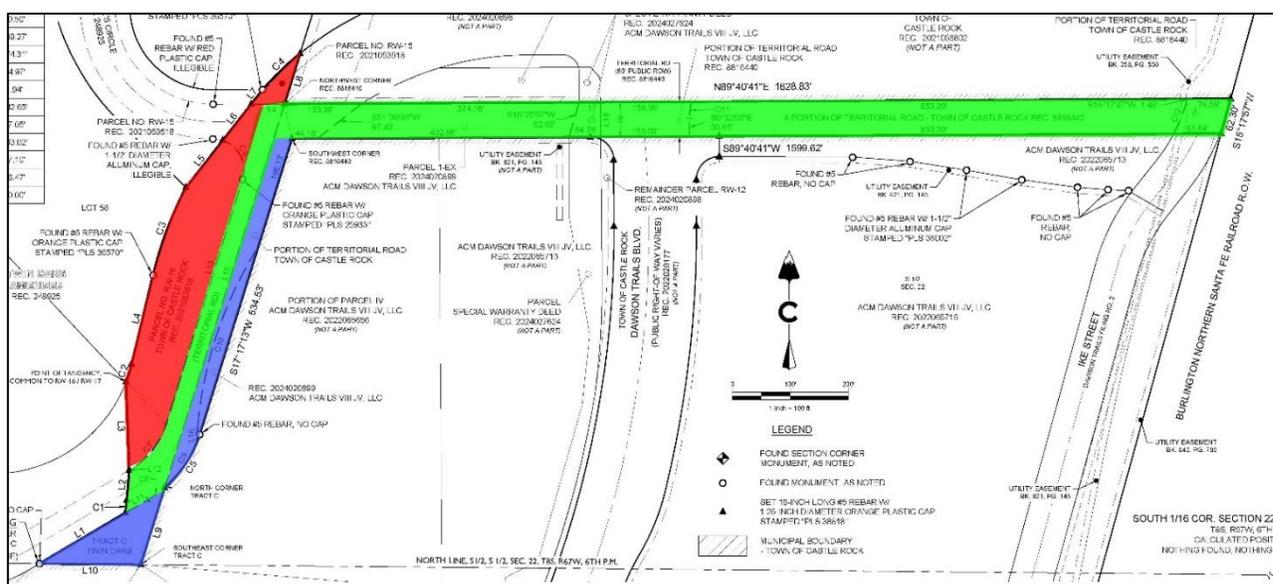


Figure 2 Annexation Map

Existing Conditions and Surrounding Uses

The subject parcels are currently zoned Large Rural Residential (LRR), as is the Twin Oaks Subdivision located to the west. The property north and south of Territorial Road are zoned Planned Development within Dawson Trails. Territorial Road and Twin Oaks Road are unpaved. The non-ROW parcels included in this annexation are undeveloped.

Discussion of Proposal

Territorial Road Annexation

The Territorial Road Annexation petition and map were accepted and filed with the Town Clerk on May 9, 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 June 3, 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 July 15, 2025 and Town Council found the property to be eligible to be considered for annexation into the Town.

The area proposed for annexation is 4.7 acres, is under the jurisdiction of Douglas County and is zoned Large Rural Residential. The annexation area is adjacent to the Town of Castle Rock boundaries on 80 percent of the area's boundaries.

During the design of the Crystal Valley Interchange, it was determined that the alignment would be generally outside of the boundaries of the Territorial Road ROW. Further, the alignment required the Town to acquire additional property north of Territorial Road owned by ACM Dawson Trails and zoned for development. In November 2023, Town Council approved an agreement swapping certain Town-owned property for property owned by ACM Dawson Trails, therefore the Town and ACM Dawson Trails are co-petitioners for this annexation.

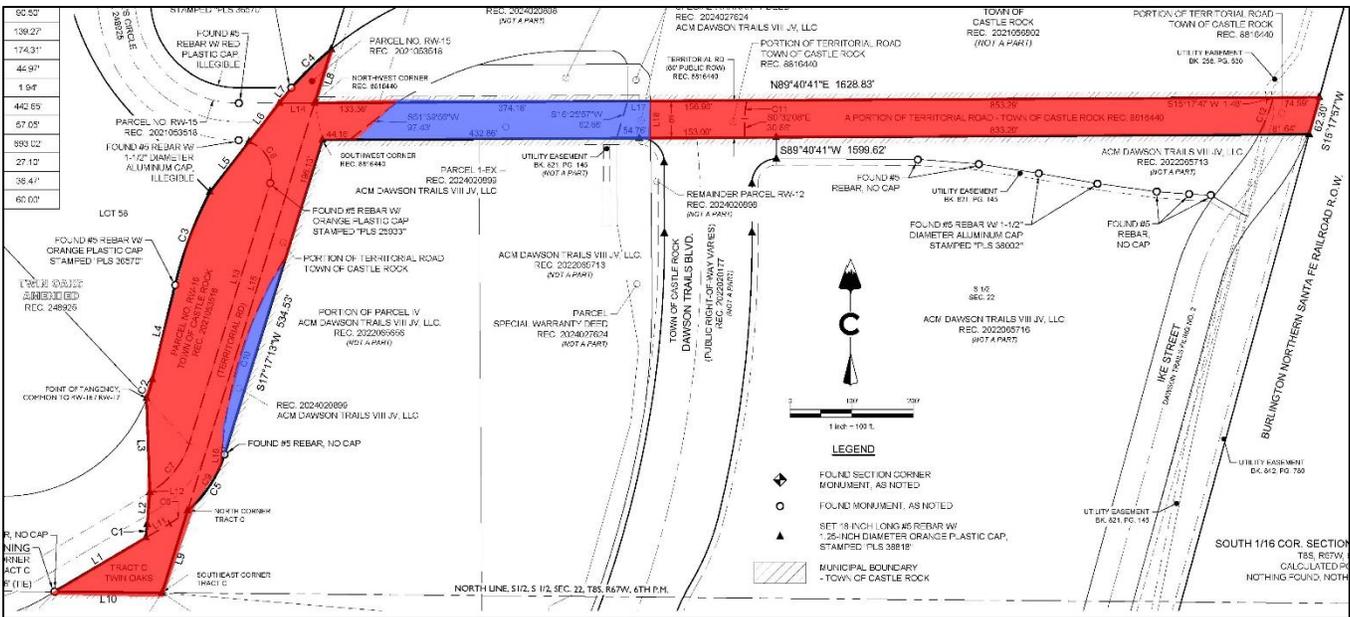


Figure 3 Parcel Ownership Map

Dawson Trails Planned Development, Amendment No. 3

The parcels included in the Territorial Road Annexation will be zoned as Planned Development, within Dawson Trails. The parcels owned by the Town will be designated Public Land – 1 (PL-1) and Public Land -2 (PL-2) to be used as future right-of-way and utility facilities (Attachment C and Figure 3 shaded red). The parcels owned by ACM Dawson Trails will be incorporated into the adjacent planning area, E2, and developed according to the permitted uses of that planning area (shaded blue).

Notification and Outreach

Public Notice

Public hearing notice signs were posted on the property on January 28, 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 public hearing on the Town's website and provided information about the proposal on the Town's *Development Activity* interactive map.

Neighborhood Meetings

Two neighborhood meetings were held, hosted by the Town and ACM Dawson Trails. The first neighborhood meeting was held August 21, 2024 and was attended by eighteen residents mostly from the County subdivisions of Twin Oaks and Keene Ranch. One couple in attendance were from Red Hawk. The second meeting was held on April 14, 2025, attended by five people, all residents from Twin Oaks. The third neighborhood meeting was waived by the Town Manager.

There were general questions raised at both meeting about timing of the annexation and how the properties would be zoned (Attachment D).

External Referrals

External referrals were sent to local service providers, Douglas County agencies and the Colorado Department of Transportation. There are no outstanding external referral comments.

Technical Reports and Analyses

Fire - The proposed annexation area is currently located with the Town of Castle Rock Fire Protection Service Area. Once annexed the area will be served by Town of Castle Rock Fire, which serves the Dawson Trails PD area and has the capacity to serve the incorporated area.

Parks, Recreation and Open Space - Parks and open space dedications have been made with the original approval of the Dawson Trails PD. Additional dedications are not required with this annexation and zoning. It should be noted, however, that the proposed zoning amendment designates the parcels remaining in the Town's ownership as public land.

Traffic Impact Analysis and Mitigation - A Traffic Impact Analysis (TIA) was not required to be submitted for the proposed annexation and zoning amendment.

Utilities and Drainage - Any utility and drainage facilities necessary to serve property within this annexation area will tie into Castle Rock water, wastewater and storm sewer treatment and distribution systems currently under construction in Dawson Trails.

Water Conservation - Future development within the annexation and zoning amendment areas will be required to meet the Dawson Trails PD and Town water conservation standards and landscaping and irrigation criteria, including the ColoradoScape requirements.

Water Resources - All groundwater rights associated with the annexation parcels have been retained by the Town.

Annexation Analysis

This staff analysis takes into consideration the Territorial Road annexation map and petition which were processed and reviewed in accordance with the requirements of the Colorado Constitution, and Colorado Revised Statutes Title 31, Title 20 of the Town of Castle Rock Municipal Code and the 2030 Comprehensive Master Plan (Master Plan), Responsible Growth Principles for annexation.

Town of Castle Rock Municipal Code, Title 20

Annexation is a 3-step process. Substantial Compliance and Eligibility public hearings, steps 1 and 2, were held and Town Council made findings that the annexation application was substantially compliant with State Statutes, and was eligible for annexation to the Town. The third step in the process is the Annexation and Zoning public hearings. Section 20.02.040 of the Municipal Code sets forth the review and determination criteria for annexations. Town Council shall

- Consider the policies, guidelines and criteria in the Town's Comprehensive Master Plan, as amended, along with other relevant information in determining whether it is in the best interests of the Town to grant or deny the petition for annexation.

The principles and criteria for annexation outlined in the 2030 Comprehensive Master Plan are outlined and addressed in the following section.

- Consider whether the annexation complies with the Douglas County/Town of Castle Rock Intergovernmental Development Plan (IGA).

The Intergovernmental Development Plan between the Town of Castle Rock and Douglas County expired several years ago and has never been renewed, therefore the IGA is not applicable to this proposed annexation.

2030 Comprehensive Master Plan

RG 2.1 Castle Rock Annexation Areas: Annexation of areas with the potential to accommodate growth in a fiscally and environmentally sound manner. Annexation request must take into consideration the following items:

- A. Is a logical extension or infill of Town boundaries.

The proposed annexation is a logical extension of the Town boundaries and meets the adjacency requirements for annexation. The annexation area is located well within the Town's 3-mile boundary and is partially surrounded by the Town boundaries.

- B. Has demonstrated a significant benefit to the Town.

Annexation of the parcels brings the property under Town jurisdiction for law and code enforcement, as well as control over the zoning.

- C. Will be provided with adequate urban services.

If necessary, water, wastewater and storm sewer facilities are available on or within proximity of the property.

- D. Is fiscally responsible.

The properties remaining in Town ownership will continue to be maintained by the Town. The properties owned by ACM Dawson Trails will be maintained by ACM Dawson Trails, future owners or metropolitan districts.

- E. Conveys to the Town all water rights appurtenant to the ground at the time of annexation.

The Town retains ownership of groundwater rights.

- F. Secures renewable water to 100 percent of the expected development on the annexed area.

Water rights were conveyed to the Town when the parcels were acquired.

RG 2.2 Annexation of Infill Areas: Consider annexations and development of areas surrounded, or partially surrounded, by the Town boundary that can demonstrate a benefit to the Town, with the goal of encouraging development that creates a contiguous municipal boundary.

As noted earlier in this report the annexation area is 80% contiguous with the Town's boundary and zoning. The benefit to annexing this parcel is to bring it under Town jurisdiction for zoning, code enforcement, law enforcement and life/safety.

RG 2.3 Annexation for Non-Urban Purposes: Annexations may be pursued by the Town for purposes other than urban development, such as securing land use control over the open

space areas. Annexations for open space shall include legal instruments prohibiting future urban development.

By annexing the property, the Town will bring the property fully under the jurisdiction of the Town's Municipal Code, law enforcement, code enforcement and life/safety response.

Budget Impact

The annexation of the property will not negatively impact the Town's budget.

Findings

All staff review comments and external referral comments have been addressed. Town staff finds that the proposed annexation:

- Meets the requirements for annexation prescribed in the Colorado Constitution and Title 31 of the Colorado Revised Statutes,
- Meets the requirements found in Title 20 of the Town of Castle Rock Municipal Code, and
- Meets the objectives and criteria for responsible growth and annexation established in the Town's 2030 Comprehensive Master Plan.

Recommendation

Staff recommends that Planning Commission recommend approval of the Annexation, as proposed, to Town Council.

Proposed Motion

Option 1: Approval

"I move to recommend approval of the Annexation, to Town Council."

Option 2: Approval with Conditions

"I move to recommend approval of the Annexation, to Town Council, 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 Planning Commission meeting on [date], at [time]."

Attachments

- Attachment A: Vicinity Map
- Attachment B: Annexation Map
- Attachment C: Zoning Rendering
- Attachment D: Neighborhood Meeting Summaries