



STAFF REPORT

To: Honorable Mayor and Members of Town Council

Through: David L. Corliss, Town Manager

From: Mark Marlowe, P.E., Director of Castle Rock Water
Roy Gallea, P.E., Engineering Manager

Title: **Resolution Approving a Wastewater Capacity Reservation Agreement Between the Town of Castle Rock and the Silver Heights Water and Sanitation District** *[Silver Heights and Plum Creek Water Reclamation Authority at 4255 N. US Highway 85 Castle Rock]*

Executive Summary

The purpose of this memorandum is to seek Town Council approval of the attached resolution (see **Attachment A**) approving an Intergovernmental Agreement (IGA) for a wastewater capacity reservation between the Town of Castle Rock (Town) and the Silver Heights Water and Sanitation District (Silver Heights). The agreement identifies the terms by which the Town will provide Silver Heights with additional wastewater treatment capacity of approximately 1,320 gallons per day (gpd) in the Plum Creek Water Reclamation Authority (PCWRA) wastewater treatment plant. The purpose of the additional capacity is to allow Grace Chapel Church and a Resident at 1161 Evalena Road to construct additions to their property located in Silver Heights. There are two key conditions to the Town providing the additional wastewater treatment capacity. First, Silver Heights will pay the Town's system development fees for the additional capacity including a 25 percent surcharge for extraterritorial service. This will result in over \$41,715 in revenue to Castle Rock Water's wastewater enterprise. The second condition is for the new development to pay operation and maintenance charges on the use of Castle Rock Water's sewer collection system.

History of Past Town Council, Boards & Commissions, or Other Discussions

Castle Rock Water staff presented this item to the Castle Rock Water Commission at their meeting held on April 24, 2024, and the Castle Rock Water Commission voted unanimously, 6 to 0 to recommend Town Council approval of the Resolution as presented.

Discussion

Silver Heights currently has 48,740 gpd of capacity in the PCWRA wastewater treatment plant through a Special Connector's Agreement. Silver Heights uses approximately 26,000 gallons of this capacity per day and a new senior living facility currently under construction will use the remaining capacity. Therefore, there is not adequate excess capacity to serve the additions to the Church and residential properties. An additional 1,320 gpd is needed. This is equivalent to approximately 6 single family equivalents. Based on our current 2024 system development fee and a 25 percent extraterritorial surcharge, system development fees for this additional capacity will be \$41,715.

The two properties will have two years to move forward with the additions under 2024 fees. If they have not moved forward after two years, the fees will be based on the then current fees plus the 25 percent surcharge.

As a result of needing the additional capacity, Castle Rock Water has been able to negotiate having the new development pay operational and maintenance charges for use of CRW's sewer collection system. The current capacity of 26,000 gpd used by Silver Heights in CRW's sewer collection system is at no cost based on agreements with Silver Heights done in the 1990s. Silver Heights will pay operation and maintenance charges for all of the sewer discharged beyond this capacity at an estimated annual cost of approximately \$1,300.

Budget Impact

Castle Rock Water will collect \$41,715 in system development fees and annual operations and maintenance revenue as part of this IGA. Over a ten-year period, this revenue is estimated to be approximately \$13,000 and has the potential to provide a significant boost to future capital replacement of the sewer mains used by Silver Heights and the Town.

Staff Recommendation

Staff recommends Council approve the resolution approving the IGA for a wastewater capacity reservation between the Town and Silver Heights.

Proposed Motion

"I move to approve the Resolution as introduced by title."

Alternative Motions

"I move to approve the resolution as introduced by title, with the following conditions: (list conditions)."

"I move to continue this item to the Town Council meeting on _____ date to allow additional time to (list information needed)."

Attachments

Attachment A: Resolution
Exhibit 1: IGA between Silver Heights and the Town of Castle Rock
Attachment B: Site Map