



Town Council Meeting Minutes - Draft

Mayor Jennifer Green
Mayor Pro Tem Renee Valentine
Councilmember Jess Loban
Councilmember James Townsend
Councilmember Jason Bower
Councilmember George Teal
Councilmember Brett Ford

Tuesday, September 4, 2018

6:00 PM

**Council Chambers
100 N. Wilcox Street
Castle Rock, CO 80104**

This meeting is open to the public. All times indicated on the agenda are approximate.
Interested parties are encouraged to be present earlier than the posted time.

COUNCIL DINNER & INFORMAL DISCUSSION

INVOCATION - Pastor Matthew Crowe, Ridgeline Community Church

Mayor Green added that the 4th Castle Rock Day of Prayer was held in Festival Park this past weekend and was a great event.

CALL TO ORDER / ROLL CALL

Present: 6 - Council Member Loban, Council Member Townsend, Mayor Green, Council Member Bower, Council Member Teal, Council Member Ford

Not Present: 1 - Mayor Pro Tem Valentine

PLEDGE OF ALLEGIANCE

COUNCIL COMMENTS

Councilmember Loban agreed that the Day of Prayer was a great event. There are a lot of events going on and a great time to get out and to be mindful of kids going to school and road construction going on.

UNSCHEDULED PUBLIC APPEARANCES

Citizens that addressed Town Council:

Kevin Bracken is running for District 3 Councilmember and wanted to introduce himself. He currently is a youth wrestling coach at Castle View and coaches football as well. He was on the Olympic team for wrestling and was the captain for 7 years. He has been a pharmaceutical sales rep for the past few years and previously worked in the prosthetics field. In the past he coached fight teams and then got back into healthcare. Bracken has lived in Castle Rock for about 10 years and has been doing cost saving initiatives for hospitals and contract reviews and is asking for everyone's support for his candidacy.

Pam Ridler, president of the Castle Rock Chamber and resident of Castle Rock announced the 29th annual ArtFest on the 8th and 9th with Sunday free to first responders. They need more volunteers if anyone is interested in helping.

TOWN MANAGER'S REPORT

[ID 2018-097](#)

Update: Residential Unit Data (through June 30, 2018)

Town Manager David Corliss stated this is updated on a quarterly basis reflecting the residential growth the community is experiencing. They anticipate adding 2,500 residents a year which equates to about three families a day.

[ID 2018-098](#) **Update: Quasi-Judicial Projects**

[ID 2018-099](#) **Development Services Project Updates**

[DIR 2018-036](#) **Request for Work Session on planned interchange for Crystal Valley / I-25: September 11 or October 9**

Loban moved, seconded by Teal, to hold a special work session on September 12, 2018 from 5-7pm at Townhall. The motion passed by the following vote:

Yes: 6 - Loban, Townsend, Green, Bower, Teal, Ford

Not Present: 1 - Valentine

TOWN ATTORNEY'S REPORT

No report.

ACCEPTANCE OF AGENDA

Teal moved, seconded by Ford, to Accept the Agenda as presented. The motion passed by the following vote:

Yes: 6 - Loban, Townsend, Green, Bower, Teal, Ford

Not Present: 1 - Valentine

CONSENT CALENDAR

[RES 2018-078](#) **Resolution Approving a Construction Contract with Iron Woman Construction & Environmental Services, Inc. for the Terrain-Founders Sewer Project *[Terrain Subdivision]***

[MIN 2018-009](#) **Minutes: August 21, 2018 Town Council Meeting**

Teal moved, seconded by Ford to approve the Consent Calendar as read. The motion passed by a vote of:

Yes: 6 - Loban, Townsend, Green, Bower, Teal, Ford

Not Present: 1 - Valentine

ADVERTISED PUBLIC HEARINGS & DISCUSSION ACTION ITEMS

Budget Items

[DIR 2018-037](#)**Discussion/Direction: Sales Tax on Food for Home Consumption**

Town Manager David Corliss presented information on this item explaining that Impact Fees can only pay for capital items like the fire station, new parks, and enlarge streets - it can only be used on new construction. Enterprise funds for Water, Development Services, and Red Hawk do not receive any tax funds for their operations and their revenues pay for themselves. The Town's General Fund is heavily dependent on sales tax. Sales tax goes to the general fund where police and fire (salaries and operations costs) take about 62% and the rest funds general operations. Money also goes into the Transportation fund which is where we maintain our streets, plow snow, traffic signals, etc. Corliss gave an example of the project being presented on the 18th for the widening of Plum Creek. Rebuilding the existing street is from the general fund, but the expansion to add capacity is paid by impact fees. Sales tax on groceries has been in effect for over 20 years which is about 13% of the general fund and 17% of all sales tax collections. Out of our top 10 sales tax producers - 7 of them generate grocery sales tax revenue. Approximately \$7M of our sales tax revenue is from grocery sales.

Sales Tax Manager Pete Managers stated the definition of home consumption is something you buy to consume at home. As an example, a deli sandwich would be meant for immediate consumption.

Corliss briefed Council on the communities that do not have a grocery sales tax, but do have property tax for fire protection, water service, and recreation. For instance, Lone Tree does not have property tax or grocery tax, but they do have 17 mills in property tax for South Metro and South Suburban. Castle Rock property tax is only 1.3 mills and we provide fire and recreation. Corliss gave a scenario of what would happen if we cut \$7M out of our budget spreading the amount across departments proportionately. \$1.7 M would be cut from Fire and \$1.5 M would be cut from Police which is equivalent to 16 Fire fighters and 14 Police officers. Current practices are to be fiscally conservative and we must balance our budget every year. The impact on the Transportation Fund would reduce it by \$1.8 M which would equate to approximately 25 fewer lane miles maintained. The Community Center Fund is operated partially by fees but also has funding from the General Fund. The effect of losing the grocery sales tax would impact the Community Center Fund by close to \$400,000 which would mean reduced hours of operation. Half of the sales tax we receive is not from Castle Rock residents. Options would be to rebate Castle Rock residents or income-qualified residents. We could phase out the tax and increase property tax or find another revenue source (lodging tax, admissions tax for movies, etc.) Not replacing the loss in sales tax would be a substantial impact. If we increased property taxes 6.5 Mill from 1.3 Mills over a period of time, it would still not get us to \$7 M but could diversify our revenue stream. Out of 31 municipalities, 17 have grocery tax and 7 of them offer rebates. The DDA funding would also be reduced by about 75% if grocery tax was eliminated.

Mayor Green asked if the opening of the Thornton Outlets would impact Castle Rock. Corliss stated they have a lot of the same shops we have, but we do not know what that impact will be.

Mayor Green would like more detail on what the specific impacts would be for the

reductions.

Councilmember Bower asked for specific details on how much families pay on grocery tax. Assistant Town Manager Kristin Zagurski said they based their estimates on data from labor statistics which show an impact of approximately \$170 a year paid in grocery store tax per family.

Councilmember Townsend asked how many citizens have contacted staff on this subject and who is driving it - is it citizens impacted by it, or is it for political reasons. Townsend asked if the rebate program could be combined with another option. Corliss stated it could be a combination of solutions.

Councilmember Teal affirmed that if the grocery tax is eliminated, would revenues be impacted by the same amount. He questioned if that savings would come back into the local economy. Teal asked if there are any studies that people are going outside of Castle Rock for groceries that don't have grocery sales tax. Teal asked what percentage of grocery tax is made up of the large stores. Mangers said 85-90% comes from the larger stores, and some is coming from convenience stores. Teal asked if retailers would be interested in tracing the zip codes/residential status with their club cards. Corliss answered they had not been directed to, but could ask.

Councilmember Ford asked what problem are we trying to solve and do we want to keep the same level of service. Are we at the appropriate level of service. Is the appropriate funding mechanism in place. Ford asked how they allocated cuts to departments. Corliss stated they cut a percentage from each of those funds based on how much sales tax they receive. Ford said if someone saved \$30 in grocery tax and then spent that money elsewhere in Town, we would only recover 7.5% of that \$30 in lost sales tax.

Mayor Green asked about the community survey and if it would ask this type of question. Corliss stated that has not been asked in the past. There is a survey planned for 2019 and we could include that question. Townsend asked if we could do instant polls on the website. Corliss stated it is not scientific, but we could; and that we could also do a survey earlier than 2019.

Teal asked why 2022 has a large increase in the Transportation Fund. Corliss stated they are saving money to do a large maintenance project.

Citizens that addressed Town Council:

Rich Stucy has been a resident for 25 years and owns commercial property and served on the DDA. He feels this is a moral issue as we are taxing necessities. Commercial real estate taxes are much higher than residential real estate taxes, so an increase in property tax could negatively impact businesses.

Tim Leonard owns Daz Bog. When someone is saving 4% at the cash register, that is real money. As a retailer, he sees those sales tax savings come back into the community. His business specifically shops outside Castle Rock where they don't pay sales tax on groceries. He feels the fund balance could make up for that \$7 M.

Wayne Harlos stated everyone has looked for ways to replace the loss of the grocery tax. The more important question is if the grocery tax is moral. The person that is struggling to pay bills is hit much harder.

Mary Wilson thanked the Town Manager for the explanation of what would happen if we get rid of that revenue source. She asked if 29 cents in your pocket per day will make a difference. You are asking citizens to give up fire and police or pay more to the rec center. That money goes to compensate for the loss of revenue. Some of this revenue is from outside of the community, and that is now gone. Dependency of the sales tax is a concern, but if you remove one revenue source, you need to have something to replace it. The informal survey she took shows that most citizens do their grocery shopping here.

Mayor Green closed the public hearing.

Councilmember Teal would like to consider putting this on the 2019 Town survey. He said this first came up in 2014. His District is growing a lot and is questioning why we have grocery sales tax. He feels that we won't lose \$7 M as some of that will go back into the community. He agrees with Harlos that this is a moral issue.

Mayor Green agrees that a survey would be beneficial and to get more information on what the actual impacts would be.

Councilmember Townsend stated he is interested in doing the right thing, but the question is how we do it and keep up the same level of service.

Councilmember Bower would like to get rid of the grocery tax and feels it is a health care issue. Voters told us to keep the TABOR money for public safety, so not sure if residents think they are over taxed, but does feel it is a moral issue. He would also like to have a survey done and not be so dependent on sales tax.

Councilmember Ford is in favor of a survey and wants to ensure it includes the effects of losing that tax. Loban stated the poverty rate is 4.6% in Castle Rock.

Councilmember Loban asked how much a survey would cost. Zagurski replied that it is about \$40-\$50,000 and that we can do other formats i.e., a phone survey. Loban asked what specific cuts could be made without hitting Fire and Police.

Councilmember Loban asked if we should do a survey earlier. Bower is not sure if it is worth \$50,000 to do it sooner. Teal stated that it is campaign season and would prefer to get through Council transition and then do the survey.

Green moved, seconded by Teal, for staff to bring back more details, study out of town purchases, and to add this to the 2019 survey. The motion passed by the following vote:

Yes: 6 - Loban, Townsend, Green, Bower, Teal, Ford

Not Present: 1 - Valentine

Police Chief Cauley gave a summary of current regional partnerships in Douglas County - SWAT, Impact Unit, Property & Evidence, School Marshal Program, Community Response Team and Lethality Assessment Program. Cauley gave an overview of their Communication Center: 1,000 square feet, 24/7 dispatch, staffed by 14 dispatchers and 1 communications manager. Operations costs are about \$1.3M and they handle over 84k calls, and almost 700k radio transmissions. Key benefits include local control over operations and how they handle calls, our dispatchers are trained for handling CIT/mental illness, staffing can be increased during large Town events, the dispatchers know the officers personally and can determine if there is a concern by their voice, and the dispatchers know our community and the geography. Our dispatchers serve our community one by one and each person is served individually which is the environment they have created. Recognizing the stress of the job and that it is critical that you have and maintain good dispatchers. Our dispatchers receive the highest ratings in the citizen surveys. In his opinion, regionalization would diminish their ability to provide the high level of service that our citizens are used to..

Councilmember Loban agreed that it is a stressful job and how critical it is to have a cohesive relationship between dispatchers and the officers. Teal appreciates him answering the questions he had. Loban asked if they have officers rotate in Dispatch. Cauley stated they do have them go through dispatch to familiarize them with it.

ORD 2018-029 Ordinance Adopting the 2019 Budget for the Town of Castle Rock, Colorado (First Reading)

Town Manager David Corliss recognized the work from Trish, Matt, Nicole, Alex and others in the Finance department for their efforts. The Budget open house was well attended. They have focused on top priorities and maintaining levels of service. They are forecasting a 4% growth in sales tax which is slowing down from previous years. Corliss went over the items recommended for 2019 in public safety, transportation, and parks and recreation. Impact fees are needed to pay for growth-related projects, and they are recommending a four-year phase-in. This will allow the construction of a fire station needed in the future and moving some transportation projects up. Infrastructure improvements at Castle Rock Water are budgeted, and it also includes funding for the ACC Collaborative Campus. Compensation and health care increases are included for existing staff. The CIP budget and mill levy will be presented at the next meeting with the 2nd reading of the budget.

Mayor Green confirmed that the school resource officer is funded by the Town and the School District. Chief Cauley stated the School District is favorable for obtaining the additional school resource officer.

Teal moved, seconded by Bower, that Ordinance No. 2018-029 be Approved on First Reading as presented. The motion passed by the following vote:

Yes: 6 - Loban, Townsend, Green, Bower, Teal, Ford

Not Present: 1 - Valentine

ORD 2018-030 Ordinance Amending Chapter 3.16 Adding a New Section 3.16.005

Entitled Authority; Amending Section 3.16.030 Adjusting the Development Impact Fees for Residential and Non-Residential Uses; and Adding a New Section 3.16.035 Entitled Inflation (First Reading)

Citizens that addressed Town Council:

Jill Repella has been working with the HBA on the Impact Fee and thanked staff for their efforts. She shared a letter from Cherie Talbert submitted as EXHIBIT A. In summary, the HBA appreciates the collaborative effort of Town staff and the more structured result and phasing of the fees. The HBA has a few points that remain of great importance including they would like to see a formal credit/refund policy, grandfathering in recorded plats, and feel there is a disproportionate increase between residential and commercial fees. They do feel the increases, although they will be phased in, are substantial and could impact ability for home ownership for some.

Morris Barbera with KB Homes thanked staff and Council for their collaborative work. He feels there has been improvement over the last two years of work but they are still disappointed overall. He feels commercial fees are disproportionate to residential fees. Housing in Castle Rock is not in the affordable range and the impact fees are added to the cost of a home. The market will slow down and every house that doesn't get built is a \$50,000 loss to the Town.

Councilmember Teal thanked Commissioner Repella and Mr. Barbera for coming and for their comments, and feels this was done in a responsible manner.

Teal moved, seconded by Bower, that Ordinance No. 2018-030 be Approved on First Reading as presented. The motion passed by the following vote:

Yes: 6 - Loban, Townsend, Green, Bower, Teal, Ford

Not Present: 1 - Valentine

[ORD 2018-031](#) Ordinance Amending Titles 4 and 13 of the Castle Rock Municipal Code by Changing the Water Tier 2 and Tier 3 Rates and Water, Wastewater and Water Resources System Development Rates and Fees and Making Certain Editorial Updates to Such Titles (First Reading)

Water Director Mark Marlowe reminded Council that they provided details on this item at the previous Council meeting. Marlowe went over the key assumptions and input. They did not raise rates last year and recommend a rate increase on Tier 2 and 3 outdoor water rates which also encourages conservation. They also recommend an increase in system development fees of about 8%. He added that 2019 fees are below what they forecasted in 2013. These fees would be implemented in January 2019.

No public comment.

Townsend moved, seconded by Teal, that Ordinance No. 2018-031 be Approved on First Reading as presented. The motion passed by the following vote:

Yes: 6 - Loban, Townsend, Green, Bower, Teal, Ford

Not Present: 1 - Valentine

QUASI JUDICIAL HEARINGS

[ORD 2018-032](#) **Ordinance Approving the Crystal Valley Ranch Planned Development Plan, Amendment No. 6 (First Reading)***[Commercial and Residential Use Areas, Southeast Corner of Crystal Valley Parkway / West Loop Road]* (Town of Castle Rock Project #PDP18-0006)

Mayor Green read Ordinance 2018-032, Ordinance 2018-033, and Resolution 2018-079 into the record and read the quasi-judicial script. No Councilmembers voiced any conflict on any of these items.

Development Services Director Bill Detweiler stated all of these items are in the Crystal Valley area. The first item was approved in 2001, with 21 acres split between residential and commercial for 171 dwelling units. The amendment proposed reduces commercial from 10.7 to 4 acres while maintaining the same number of units with a decreased density. Planning Commission and staff recommend approval.

Greg Brown, the applicant, stated that as they have grown they have determined that the need is for less density for the same amount of residential units and less commercial. Teal commended Brown for his responsiveness to the community desires.

No public comment.

Teal moved, seconded by Loban, that Quasi-Judicial Ordinance No. 2018-032 be Approved on First Reading as presented. The motion passed by the following vote:

Yes: 6 - Loban, Townsend, Green, Bower, Teal, Ford

Not Present: 1 - Valentine

[ORD 2018-033](#) **Ordinance Approving the Crystal Valley Ranch Planned Development Plan Amendment No. 5 (First Reading)**

Development Services Director Bill Detweiler presented that they plan to reduce Area 4 by 52 units on the north side and add 52 units south of Loop road in the Ridge Estates area. Planning Commission and staff recommend approval.

Councilmember Loban confirmed that the 52 units are in the area that is to be annexed.

No public comment.

Councilmember Teal commended Mr. Brown for listening the community.

Teal moved, seconded by Loban, that Quasi-Judicial Ordinance No. 2018-033 be Approved on First Reading as presented. The motion passed by the following vote:

Yes: 6 - Loban, Townsend, Green, Bower, Teal, Ford

Not Present: 1 - Valentine

RES 2018-079 Resolution Approving a Site Development Plan for Lot 1, Heckendorf Ranch Filing No. 2, Amendment No. 3 [Multifamily Development; Northwest Corner of Crystal Valley Parkway and Plum Creek Boulevard] (Town of Castle Rock Project #SDP18-0010)

Development Services Director Bill Detweiler stated the property is at Plum Creek Boulevard and Crystal Valley Parkway. The applicant has worked with the neighborhood and staff. Primary access is off Plum Creek Boulevard and emergency access off of Crystal Valley Parkway. This is an age-targeted multi-family development. Planning Commission and staff recommend approval.

Councilmember Teal stated this was initially not well received and commended the applicant. The applicant stated they went through an extensive outreach process in order to accommodate concerns of the community. They reduced the density and the height of the structures.

No public comment.

Teal moved, seconded by Townsend, that Quasi-Judicial Resolution No. 2018-079 be Approved as presented. The motion passed by the following vote:

Yes: 6 - Loban, Townsend, Green, Bower, Teal, Ford

Not Present: 1 - Valentine

ADVERTISED PUBLIC HEARINGS & DISCUSSION ACTION ITEMS

RES 2018-080 Resolution Approving a Contract to Buy and Sell Real Estate for the Acquisition of Real Property Located at 830 N. Wilcox Street

Town Attorney Bob Slentz briefed Council on a parcel that the Town wishes to purchase. It is currently an operating fuel station and convenience store. The appraised value of the ground without improvements is less than the asking price, but the property is currently for sale as an operating fuel station. They will do an environmental audit for site conditions.

Councilmember Loban asked if any of the items can be sold or if we could repurpose any of the assets.

Town Manager David Corliss stated this is a top priority for an area needing improvement as a high traffic accident area. Councilmember Bower added that there is also a possibility for a future Bustang station.

No public comment.

Bower moved, seconded by Loban, that Resolution No. 2018-080 be Approved as presented. The motion passed by the following vote:

Yes: 6 - Loban, Townsend, Green, Bower, Teal, Ford

Not Present: 1 - Valentine

[ORD 2018-034](#) **Ordinance Amending Chapters 2.17 and 5.08 of the Castle Rock Municipal Code by Updating Colorado Revised Statutes Citations (First Reading)**

Town Clerk Lisa Anderson gave a brief explanation that House Bill 1025 relocated the liquor, beer, and special event statutes to a new Title 44 where all laws administered by the Department of Revenue will reside. This ordinance changes all of the references to the new Title 44 in our Code.

Townsend moved, seconded by Loban, that Ordinance No. 2018-034 be Approved on First Reading as presented. The motion passed by the following vote:

Yes: 6 - Loban, Townsend, Green, Bower, Teal, Ford

Not Present: 1 - Valentine

ADDITIONAL UNSCHEDULED PUBLIC APPEARANCES

None.

ADJOURN

Mayor Green adjourned the meeting at 9:09 pm.

Submitted by:

Lisa Anderson, Town Clerk