



Town of Castle Rock

Agenda Memorandum

Agenda Date: 7/21/2020

Item #: 10. **File #:** TMP 2020-456

To: Honorable Mayor and Members of Town Council

From: Mark Marlowe, P.E., Director Castle Rock Water

Resolution Approving an Intergovernmental Agreement For Wastewater Capacity Reservation Between the Town of Castle Rock and the Silver Heights Water and Sanitation District

Executive Summary

The purpose of this memorandum is to seek Town Council approval of the attached resolution (**see Attachment A**) approving an intergovernmental agreement 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 3,740 gallons per day in the Plum Creek Water Reclamation Authority (PCWRA) wastewater treatment plant. The purpose of the additional capacity is to allow Bridgewater Castle Rock ALF, LLC to develop a new senior living facility near the existing facilities 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 \$85,000 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 Waters sewer collection system. Historically, Silver Heights has used a portion of Castle Rock Water's sewer collection system to move wastewater to the PCWRA wastewater treatment plant at no cost (see Attachment B). This agreement will establish that the new development in Silver Heights will pay the cost of this operation and maintenance helping to establish this cost of service approach to providing service to Silver Heights as well as contributing approximately \$22,000 per year in revenue or \$220,000 over ten years. This is revenue that will help pay the future cost of rehabilitation for the sewer mains currently used to move waste from Silver Heights to PCWRA.

Discussion

Silver Heights currently has 45,000 gallons per day 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. There is not adequate excess capacity to serve the proposed senior living facility. An additional 3,740 gallons per day is needed. This is equivalent to approximately 17 single family equivalents. Based on our current 2020 system development fee and a 25 percent extraterritorial surcharge, system development fees for this additional capacity will be over \$85,000.

The developer will have two years to move forward with the facility under 2020 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 development pay operational and maintenance charges for use of CRW's sewer collection system. The current capacity of 26,000 gallons per day used by Silver Heights in CRW's sewer collection system is at no cost based on agreements with Silver Heights done in the 1990s. The new development will pay operation and maintenance charges for all of the sewer discharged which will amount to approximately 22,740 gallons per day. The charge for this service will be \$2.80 per thousand gallons in the first year and is based off of CRW's actual cost of service established in our annual rates and fees study. This charge will be updated each year in accordance with our annual rates and fees study as approximately 44 percent of CRW's total wastewater charges.

Budget Impact

Castle Rock Water will collect system development fees just over \$85,000 and annual operations and maintenance revenue of over \$22,000 as part of this IGA. The IGA ensures that the Town will collect operation and maintenance revenues for at least 19,000 gallons per day of the existing Silver Heights allotment of 45,000 gallons per day. Over a ten year period, this revenue 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."

Attachments

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