



# Town of Castle Rock

## Agenda Memorandum

**Agenda Date:** 10/20/2020

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**Item #: 7. File #:** TMP 2020-710

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**To:** Honorable Mayor and Members of Town Council

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

**Update:** Bulk Water Hydrant Meter Program

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### Executive Summary

This memorandum has been prepared as a review of Castle Rock Water's bulk water supply program. Castle Rock Water provides bulk water through two different avenues, our bulk water station located at 825 Justice Way, Castle Rock 80109 and our fire hydrant meter program. The bulk water station provides water for many different purposes including construction, landscape establishment and irrigation, emergency drinking water supply, agricultural use and other activities. Typically, bulk water supplied through our fire hydrant meter program is for larger uses close to a specific location and is used for construction and site development including things like grading and excavation, dust control, block masonry, concrete, and other types of construction related activities. To exemplify this in 2019, the hydrant meter program used 107,632,000 gallons verse only 5,306,000 gallons through the bulk water station. Currently, Castle Rock Water has 100 bulk water station customers. Of these 100 customers, 20 are using water outside Town limits, 16 are using water inside and outside Town limits and 64 are using water only inside the Town limits. For the hydrant meter program, there are 43 active bulk hydrant permits and only 3 are using water outside Town limits.

While most of the water used by both of these programs is used within Town limits, Castle Rock Water has been providing bulk water through our bulk water station to customers in Douglas County outside of Town limits where there is no other water supplier, upon approval of the use and location and when water is available. As the County seat and a partner with Douglas County, this water service has been provided by the Town to promote the social, health and economic well-being of the County. With respect to use of water outside Town limits, even though Castle Rock Water asks for this information at the time of application for a bulk water station account, Castle Rock Water cannot control where the water will be used once it leaves the bulk station (i.e. it could be outside Town limits even if the customer says it will be in Town). For this reason Council will hopefully remember, Castle Rock Water set the bulk water station rate at 125% of the in Town bulk water rate across the board. This extraterritorial surcharge is consistent with Town Code, 13.12.040. Currently, Castle Rock Water is serving 36 customers that are using some water outside of the Town limits according to their application for bulk water service. Consistent with the extraterritorial surcharge, these customers all pay \$9.82 per thousand gallons which is 125% of the normal in Town bulk water rate of \$7.86.

One issue with Castle Rock Water's bulk water policy came to light recently as a result of a Facebook post. Castle Rock Water learned that a contractor was using a hydrant meter to provide water for a construction project outside of Town. Hydrant meters have historically really only been used for in Town construction bulk water and other in Town purposes. As Castle Rock Water reviewed this situation, Castle Rock Water realized that the I-25 Gap project is using a hydrant meter and using that water outside Town limits and one other contractor is using a hydrant meter for water outside Town limits as well. As a result of this review, Castle Rock Water plans to revise the hydrant meter application/permit to require customers to disclose if they plan to use water outside Town limits. Once Castle Rock Water has this certification from the applicant on the application as to the fact that they plan to use water outside Town limits, this usage will be subject to approval and be approved only if there is no other water supplier and the use and location are inside Douglas County. The rates for this use outside of Town will be \$9.82 per thousand gallons or 125% of normal Town bulk water rates consistent with the extraterritorial charge in Town Code and consistent with Castle Rock Water's bulk water station policy. With hydrant meters it will be easier to verify if the information provided in the application is correct since typically water is used close to the hydrant meter.

### **Budget Impact**

Assuming we use the average water usage per account from 2019, the budget impact of this minor program adjustment will result in approximately \$15,000 of additional revenue from extraterritorial charges.

### **Staff Recommendation**

Staff recommendation is to adjust the hydrant meter program to ensure that any water from this program used outside of Town limits is charged the extraterritorial surcharge of 125% of rates in 13.12.110.