



Castle Rock Water Commission Meeting Minutes - Draft

Todd Warnke Chair
John Wright Vice Chair
Wyn Barrett
Clark Hammelman
Bill Leung
Katherine Redmond
Carol Selos

Wednesday, March 24, 2021

6:00 PM

Castle Rock Water
175 Kellogg Ct., Bldg. 183
Castle Rock, CO 80109

This meeting is open to the public and will be held in a fully virtual format in accordance with Town Council Meeting Special Procedures During Declared Disasters. This meeting will be hosted online and can be accessed at <https://crgov.webex.com>, the meeting password is: e9tB2QvHUY5 (39822784) from video systems or phone in by calling (720) 650-7664, meeting code #1874194826#39822784#. Three or more Council members may also attend this meeting, during which the items listed herein will be discussed.

CALL TO ORDER / ROLL CALL

This matter was

- Present** 6 - Chair Todd Warnke, Vice Chair John Wright, Commissioner Wyn Barrett, Commissioner Clark Hammelman, Commissioner Bill Leung, and Commissioner Katherine Redmond
- Not Present** 1 - Commissioner Carol Selos
- Attendance** 10 - Caryn Johnson, Laura Cavey, Mark Marlowe, Tim Friday, Matt Benak, Anne Glassman, Jennifer Thompson, Jeanne Stevens, David Van Dellen, and MaryJo Woodrick

COUNCIL UPDATE

Time was allowed for Council Member Johnson to share an update on Town Council items.

COMMISSION COMMENTS

Time was allowed for Commissioner Comments.

ADMINISTRATIVE BUSINESS

[WC 2021-026](#)

Approval of the February 24, 2021 Meeting Minutes Town Council Agenda Date: NA

This matter was It was moved by Clark Hammelman and seconded by John Wright to approve the meeting minutes for February 24, 2021 as written.

- Yes:** 6 - Chair Warnke, Vice Chair Wright, Commissioner Barrett, Commissioner Hammelman, Commissioner Leung, and Commissioner Redmond
- Not Present:** 1 - Commissioner Selos

[WC 2021-027](#)

Water Commission Appointment Interviews

Town Council Agenda Date: May 11, 2021

Chairperson Warnke shared that Water Commission Interviews are scheduled for May 11, 2021. At this time Todd Warnke, John Wright and Wyn Barrett are up for reappointment and Clark Hammelman is term limited and not eligible for reappointment.

ACTION ITEMS (HIGH PRIORITY / TIME CRITICAL)[WC 2021-025](#)**Resolution Approving a Construction Contract for the Parkview Tributary and Fifth Street Trail Drainage Improvements Project****Town Council Agenda Date: April 20, 2021**

Mr. Van Dellen explained that this project is mainly a storm sewer project, but they will also be replacing water and sewer service lines on Oakwood Dr. Staff plan to begin the project in early spring and finish in the fall of 2021. The project includes the installing of 900 linear feet of storm sewer. The objective of the storm sewer line is to eliminate a concrete channel that runs through several yards as well as remove a section of storm sewer that runs through private property. This project was partially triggered by new development in the area, but it also is focused on upgrades to and rehabilitation of existing infrastructure. Staff received several bids for this project (though all were above the engineer's estimated budget). Rocky Mountain Excavating was the low bid for the project. The cost for the project is \$1.38M including a 10% town managed contingency.

Commissioner Wright asked how the financing for this project worked? Mr. Van Dellen explained that the project funds are coming from a couple of sources. Most of the funds will come from customer rates, but there are also portions coming from development fees. Ultimately, the project is being financed in the near term by the Stormwater bank loan.

Chairperson Warnke asked about the bid prices since the low bid is quite a bit lower than the others is this a concern? Mr. Van Dellen explained that staff vets the bids very carefully and feels confident that the bid covers everything.

It was moved by Bill Leung and seconded by John Wright to recommend WC 2021-025 to Town Council. The motion passed by the following vote: 6-0.

Yes: 6 - Chair Warnke, Vice Chair Wright, Commissioner Barrett, Commissioner Hammelman, Commissioner Leung, and Commissioner Redmond

Not Present: 1 - Commissioner Selos

[WC 2021-028](#)**Resolution Approving the 2021 Town of Castle Rock/United Water & Sanitation District Spot Water Lease Agreement***[Chatfield Reservoir, Douglas County]***Town Council Agenda Date: April 6, 2021**

Mr. Marlowe shared that there are two similar items on the agenda. He also explained that one of Castle Rock Water's (CRW) strategic tactics from the strategic plan is to maximize the use of water rights that CRW can't currently utilize in Castle Rock. At this time, CRW has a significant amount of water in Chatfield Reservoir that CRW can't currently use directly and can only use by exchange.

Mr. Benak explained that this agreement relates directly to the water stored in Chatfield. This agreement would allow United Water & Sanitation District to lease a minimum of 20 acre feet (AF) and a maximum of 400 AF, from April 7, 2021 through December 31, 2021. The cost is \$340 per AF so if United used the entire 400 AF the revenue would be \$136,000. Mr. Benak shared that CRW has been very successful in storing water, and it is a great opportunity to market it for additional revenues to offset our needed future capital investments.

It was moved by Clark Hammelman and seconded by Kathy Redmond to recommend WC 2021-028 to Town Council. The motion passed by the following vote: 6-0.

[WC 2021-029](#)

Resolution Approving the Execution of a Natural Gas Pipeline Right-of-Way Grant *[Box Elder Property in Weld County]*

Town Council Agenda Date: April 6, 2021

Mr. Marlowe explained that CRW owns approximately an 850 acre piece of property in the Boxelder Creek drainage. CRW purchased the property with the intent to build wells in the future that will bring renewable water back to Castle Rock.

Mr. Benak reported that CRW plans to build some alluvial wells and infiltration basins along the southern side of the property. The request for the easement is in the range land section of the property that is to the north of the area that CRW plans to build the wells. Currently, there are three natural gas pipeline easements in that area. This would be the fourth and would sit about 10 feet south of the existing pipelines. This agreement is not exclusive so if CRW decides to use the property in the future the owners of the pipelines would be required to move them at their expense.

Chairperson Warnke asked about what Mr. Benak meant by "not exclusive" and what would be involved. CRW can offer the easement property for other uses and further if CRW needs to use the easement property, CRW can require the pipeline to be moved at the pipeline companies' expense.

Commissioner Hammelman asked if there would be a possibility to reduce costs by creating a conservation easement. Staff responded that they would need to research this.

It was moved by John Wright and seconded by Clark Hammelman to recommend WC 2021-029 to Town Council. The motion passed by the following vote: 6-0.

[WC 2021-030](#)

Resolution Approving a Construction Contract with T.

**Lowell Construction, Inc. for the Glovers Water
Rehabilitation Project Phase 1 [East of S. Gilbert St., between
Ash Ave. and Elm Ave.]
Town Council Agenda Date: April 20, 2021**

Mr. Marlowe explained that this is a critical item for CRW. This is something staff have been focusing on over the last few years. This project is the rehabilitation and replacement of aging infrastructure. The cost of doing this is pretty significant.

Ms. Stevens shared this is a construction contract for rehabilitation of about 1 mile of water line in the Glovers neighborhood. Most of the development was built in the 1960s. The project will happen in two phases. Each phase is about 5,000 feet of water line replacement. The current pipe is 6 inch cast iron, and the pipes are undersized and will not carry a normal fire flow. The replacement pipes will be a larger diameter and of a different material. There is also a lack of fire hydrants in the area so part of this project will be to add additional fire hydrants. This first phase should be completed in 2021, and the second phase will be bid in 2022. Staff received 6 bids, and T. Lowell Construction was the low bid. The total cost of this project (with a 10% town managed contingency) is \$1.8M.

Commissioner Hammelman asked if the majority of this project was under the streets. Ms. Stevens explained that all of the project is under the streets - none of it is under private property.

It was moved by John Wright and seconded by Wyn Barrett to recommend WC 2021-030 to Town Council. The motion passed by the following vote: 6-0.

Yes: 6 - Chair Warnke, Vice Chair Wright, Commissioner Barrett, Commissioner Hammelman, Commissioner Leung, and Commissioner Redmond

Not Present: 1 - Commissioner Selos

[WC 2021-031](#)

**Resolution Approving the 2021 Town of Castle
Rock/Colorado Parks & Wildlife Spot Water Lease
Agreement [Chatfield Reservoir, Douglas County]
Town Council Agenda Date: April 6, 2021**

Mr. Benak reported that this agreement is with the Colorado Parks & Wildlife for the lease of water that will be used to refill the pond at the off leash dog park at Chatfield and as additional water that can be run through the fish hatchery that is part of the Chatfield property. The agreement is for a maximum of 100 AF. The price for the water is \$340 per AF.

Commissioner Wright asked how staff decided on the \$340 per acre foot. Mr. Benak explained the process to arrive at the amount which included surveying prices for water in the market several years ago. In 2021, Staff increased the previous \$300/AF lease price using the consumer price index numbers to arrive at the new \$340/AF lease price.

It was moved by Clark Hammelman and seconded by Bill Leung to recommend WC 2021-031 to Town Council. The motion passed by the following vote: 6-0.

Yes: 6 - Chair Warnke, Vice Chair Wright, Commissioner Barrett, Commissioner Hammelman, Commissioner Leung, and Commissioner Redmond

Not Present: 1 - Commissioner Selos

DIRECTOR FOLLOW-UP AND INFORMATIONAL / UPDATE ITEMS

[WC 2021-032](#)

Resolution Approving Chatfield Reservoir Water Storage Lease Agreement with the Colorado Water Conservation Board [Chatfield Reservoir, Douglas County] Town Council Agenda Date: April 20, 2021

Mr. Benak explained that this agreement will allow Castle Rock to store its water within storage space owned by the Colorado Water Conservation Board (CWCB) which Castle Rock has under option to purchase from CWCB over the next 10 to 12 years. Currently, this storage space is 1,410 AF in volume. Castle Rock has been storing water in this space under a temporary arrangement with the CWCB that expires on May 1, 2021. The cost to rent storage space will be \$50 per acre foot which is a great deal.

It was moved by Clark Hammelman and seconded by Bill Leung to recommend WC 2021-031 to Town Council. The motion passed by the following vote: 6-0.

Yes: 6 - Chair Warnke, Vice Chair Wright, Commissioner Barrett, Commissioner Hammelman, Commissioner Leung, and Commissioner Redmond

Not Present: 1 - Commissioner Selos

[WC 2021-033](#)

2020 Rates & Fees Study Recommendations Update Town Council Agenda Date: NA

Ms. Thompson reported that staff is starting on the 2021 Rates and Fees Study. As part of the process she shared with Water Commission several follow-up items from the 2020 study.

Financial Planning Recommendations:

1. Stantec suggested omitting the beginning fund balance deduction of the 60 days of operating expenses in the first of the year. It effectively accounts for the reserve requirement twice in the first modeling year. *This item has been completed.*
2. Stantec suggested to designate capital implementation plan (CIP) funding rules to enable funding from system development fees (SDFs) or rates according to project designations of growth versus rate funded or a combination of both. *This item is in progress.*

Cost-of-Service and Rate Recommendations:

1. Stantec suggested to continue to track actual revenues collected by customer class for water and wastewater and compare to customer class costs of service in the cost of service models. *The staff has been looking at this closely over the last few years. Staff will work with Stantec during the*

2021 study to achieve a roll out strategy.

2. Review cost allocation revisions prepared during the 2020 study and determine the impact on the cost of service rates. *This recommendation is in progress and final updates to implementation will be included in the 2021 study.*

System Development Fees (SDF) Recommendations:

1. Use the consolidated SDF model for future fee calculations for the water, water resources and wastewater funds. *This recommendation has been completed.*
2. Work with CRW's Engineering team, annually, to determine additional capacities provided by CIP projects. *This item is currently being implemented in the 2021 study.*
3. Stantec suggested tracking changes in asset values, for buy-in component, and CIP values, for incremental fee component, year-over-year. This allows CRW to track conversion of CIP to assets and changes in overall system infrastructure values. *This recommendation has been started and should be completed and implemented during the 2021 study.*
4. Evaluate the effect of SDF and development impact fee (DIF) revenues over time when implementing system development fee increases that are less than calculated. *This item is in progress. Staff have created a model to track SDFs versus rate revenues and expenses over time.*

[WC 2021-034](#)

**The Technical Criteria Variance Process
Town Council Agenda Date: NA**

Mr. Marlowe explained that this is a follow up item to a question that Commissioner Hammelman asked at a previous meeting.

Ms. Stevens gave a presentation on the technical variance criteria. She explained that a technical criteria variance can be a variance from any one of the provisions of the Technical Manuals. All of the different technical manuals that the Town has were identified in the Water Commission packet. All of the technical manuals are adopted by reference in code. The variance process is addressed in code as well as in the Development Procedures Manual and the technical criteria manuals. Each variance is considered on a case by case basis. Blanket variances are not approved. The variance request and all supporting documentation will be reviewed by the plan development team and then shared with the appropriate CRW division. Once reviewed by the appropriate CRW division, the variance is routed to the Assistant Director and Director for final approval. If a variance is denied, the applicant can appeal. The appeal would go to Town Council for review.

Ms. Stevens shared that the Town has received 100 variances over the last three years. Ms. Stevens is unaware of any variances that went through the appeal process. Staff works hard to find solutions that will work with the Town and developer.

[WC 2021-035](#)

Emergency Response Plan - Current Plan Overview

Town Council Agenda Date: NA

Mr. Marlowe explained that this item is a follow up for a question that was asked in a previous meeting. Mr. Friday shared a presentation on the Emergency Response plan for Castle Rock Water. This plan was created after the 911 situation as part of the Public Health Security and Bioterrorism Preparedness and Response Act of 2002. CRW is currently in the process of updating the plan. This document works in conjunction with the Risk and Resilience Assessment, which was completed in December 2020.

The pandemic is part of the emergency response plan so staff have been able to utilize the plan this year. This document is a secure document and can't be shared in its entirety to customers, vendors or even the Water Commission board members. Mr. Friday shared some of the highlights from the plan.

Commissioner Hammelman clarified that this is a Federal requirement. Mr. Friday explained that this is a nationwide initiative. All utilities are required to have a plan.

Commissioner Leung commented on the options for Solar Power. Staff indicated this is something that is being considered as part of the strategic plan.

[WC 2021-036](#)

Proclamation: My Water Pledge, Mayor's Water Challenge [for Council Action/Presentation]**Town Council Agenda Date: March 16th and April 6th**

Mr. Marlowe reported that April is the Mayor's Water Challenge. CRW has participated in the program for the last three years. Placing in the top five in 2020. The challenge will begin April 1st, and everyone is encouraged to take the pledge.

COMMISSIONER MEETING COMMENTS

Time was allowed for Commissioner Comments.