

June 7, 2024

Attention: Doug DeBord
Douglas County
100 Third Street
Castle Rock, CO 80104

RE: Revised ARPA Proposal to Douglas County

Dear Doug,

Castle Rock Water has engaged in several years of stakeholder meetings with Douglas County, Louviers Water & Sanitation District, Dominion Water and Sanitation District and other regional stakeholders (including potential new development, Douglas County Schools, CORE and Sedalia) in order to construct a regional wastewater system along the E-85 corridor. Through the process of engineering these solutions and investing approximately \$1.2M of the American Rescue Plan Act (ARPA) funding on the Chatfield Basin Water Reclamation Facility (CBWRF) and the Louvier's Lift Station, the recommendations of the County's consultant, Diamondback, were reconsidered. As a result, Castle Rock Water has provided an option for a lift station in Sedalia, such that wastewater flows in the service area could travel south to Castle Rock Water's capacity in the Plum Creek Water Reclamation Authority (PCWRA) treatment facility providing more options and flexibility than the previous option with just a lift station in Louviers feeding the CBWRF.

Castle Rock Water believes that the current option for some level of division of wastewater flows and capacity provides for a reasonable investment and plan for wastewater flows near term, but that final flow of wastewater across the service area should be market based with future development having the opportunity to utilize Douglas County's available capacity going in either direction based on actual estimated costs to connect and availability to provide maximum flexibility and most efficient utilization. This updated ARPA proposal includes:

1. Castle Rock investing up to \$14M of Douglas County's ARPA funding to design and construct a lift station in Sedalia and a force main from that lift station to PCWRA's treatment plant south of Sedalia capable of carrying approximately 600,000 gallons per day of wastewater.
2. Castle Rock making available to customers in the corridor an equivalent amount of treatment capacity, 600,000 gallons per day of wastewater, at the cost of \$4,458 per single family equivalent (SFE) with an estimated 2,727 SFEs available.
3. Castle Rock Water will complete the lift station and force main by the end of 2026. Castle Rock Water already has capacity available in the PCWRA treatment plant so complete wastewater service would be available by the end of 2026.
4. Castle Rock Water is committed to being the retail wastewater provider for any customers which connect to the system, and will also evaluate retail renewable water service availability on a case by case basis. Castle Rock Water will charge a 10% extraterritorial fee on all system development fees (SDFs) and service fees.
5. Castle Rock Water will collect SDFs based on pro-rated costs of capacity in the lift station and force main from new development (Castle Rock Water assumes existing development will not pay SDF for lift station and force main) that connects to the infrastructure and return that to Douglas County for either reinvestment into the wastewater collection and treatment system or other purposes as defined by

Douglas County. Based on an estimated cost of \$14M, Castle Rock Water would return a SDF of \$6,159 per single family equivalent to Douglas County.

6. Douglas County will own all of the capacity in the lift station and force main and make all decisions regarding service availability and land use until customers connect at which point the capacity will transfer to Castle Rock Water.

Current estimated costs for the project are summarized below:

Item	Estimated Cost (0.6 MGD of Capacity)	Estimated Cost per SFE (Assuming 220 Gallons per SFE)
Sedalia Lift Station and Force Main (paid with ARPA funds)	\$14,000,000	\$6,778 per SFE (\$616 includes Extraterritorial Charges)*
PCWRA Treatment Capacity (paid with in-kind reuse water from customer or cash from customer)	\$12,158,181**	\$0 or \$4,458 per SFE**
Total Estimated Costs	\$26,158,181	\$6,778 to \$11,236 per SFE**

**Castle Rock Water assumes this SDF will be waived for existing development in the service area by Douglas County. This fee includes a 10% Extraterritorial surcharge that Castle Rock Water will keep with the remainder of the SDF returned to Douglas County.*

***To be paid by customer or Douglas County could use system development fee reimbursements from new development for existing residents in corridor. For customers with reusable water supplies, this cost would be completely offset by dedication of the reusable water to Castle Rock Water.*

The partnership between Douglas County and Castle Rock Water will provide 1) environmental benefits and water quality improvements to the watershed and Chatfield Reservoir by eliminating failing septic tank systems, 2) economic opportunities for new development and redevelopment in the region, 3) the ability to fully capture and reuse water supplies, 4) economies of scale to provide competitive water and wastewater service in the region into the future, and 5) support for the ability of a significant local employer to expand. If you have questions, please feel free to call me at 720-733-6001.

Sincerely,

Mark Marlowe, PE
 Director of Castle Rock Water