

M *Castle Pines North* METROPOLITAN DISTRICT

Providing the people, families, neighborhoods and small businesses of Castle Pines North with clean, safe, reliable drinking water, renewable water, wastewater, storm water, parks and open space services in the most fiscally responsible manner, while serving as stewards of the community's water-related assets and Standard & Poor's AA bond rating.

DISSOLUTION STATUS

CPN City Council's February 5, 2010 application in Douglas County District Court to dissolve your CPNMD means that at some point, CPNMD may or may not continue to serve as your drinking water, renewable water, wastewater, storm water, parks and open space services provider.

As long as City Council chooses to leave its application to dissolve your CPNMD in place, State law requires CPNMD to submit a viable, fiscally responsible Dissolution Plan to the District Court. The District Court may accept, reject or refine that Dissolution Plan before sending it to CPNMD voters to approve or deny. In the event voters reject said Dissolution Plan, CPNMD will likely continue as your services provider.

To date, CPNMD has engaged three established, fiscally responsible, *potential* dissolution partners (potential service providers). These include:

- Castle Pines (The Village) Metro District
- Parker Water and Sanitation District
- Town of Castle Rock

Each entity is collaboratively participating with CPNMD and our consultant, StepWise Utility Advisors (Stepwise), to perform rigorous, independent cost/benefit analyses to reveal CPNMD's most fiscally responsible dissolution options.

Analyses findings will serve as the factual basis upon which CPNMD will draft and submit the most viable, fiscally responsible CPNMD Dissolution Plan we can to the District Court.

In the spirit of full disclosure, CPNMD also reached out to Centennial (Highlands Ranch) Water and Sanitation District and CPN City Council. Centennial Water and Sanitation District appears uninterested.

CPN City Council appears reluctant to participate in the same rigorous, independent cost/benefit analysis to which CPNMD's three potential dissolution partners have committed.

In the coming months, StepWise will complete and publicly release for review and comment, its **Phase 1** cost/benefit analyses findings. Stepwise will subsequently refine, complete and release **final** analyses findings. We intend to inform and engage you throughout this process.

In the event CPN City Council chooses to withdraw its application to dissolve your CPNMD **and also** chooses to reimburse CPNMD residents, property owners and businesses for all dissolution-related expenses CPNMD incurred as a result of City Council's application to dissolve your CPNMD, **then:**

I. Consistent with the many formal and informal communications between City Council members and CPNMD Board members spanning 2008 to date, CPNMD would consider conveying to the City all storm water functions and responsibilities as well as ownership of all parks and open space amenities and associated operations and maintenance responsibilities **under the following proposed terms and conditions:**

- A. The City would quantify and disclose, in writing, to CPNMD all specific and independently verified financial benefits to those CPNMD serves as well as all associated implementation costs; **and**
- B. The City would quantify and disclose, in writing, to CPNMD specifically how it would propose to deliver services in an equally or more efficient, effective, fiscally responsible manner than CPNMD currently does, while also maintaining the same or higher level of service.

II. Because \$750,000 is the approximate sum of money CPNMD annually expends to operate, maintain and deliver parks and open space amenities and services, CPNMD would consider conveying to the City \$750,000 in 2011, and an additional \$750,000 in 2012, on the sole condition that the City shall expend all said revenues from CPNMD exclusively and directly on parks and open space amenities within CPNMD.

III. Beginning January 1, 2013, CPNMD would presumably cease collecting storm water, parks and open space-related fees and will cease serving as the City's de facto billing agent for the City's newly acquired storm water, parks and open space assets. (In other words, beginning January 1, 2013, the City would presumably begin assessing its own revenue stream(s) for the purpose of operating and maintaining its newly acquired storm water, parks and open space scope.)

IV. CPNMD would presumably continue to operate and maintain all drinking water, renewable water, wastewater assets and related services for the people, families, neighborhoods and businesses in CPNMD until such time as the CPNMD Board, in its sole discretion, chooses to pursue other more fiscally responsible alternative(s).

In closing, until such time as City Council withdraws its application to dissolve your CPNMD, we will continue acting in accordance with the City-initiated, legally prescribed dissolution process.

A warm and sincere "thank you" for your consideration, time and patience during these challenging times. We are eager for your feedback.

Sincerely,

Your CPNMD Board of Directors

Please contact us or our Assistant District Manager Dan Schmick at dschmick@cpnmd.org or 303-688-8550 with questions.



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