

CASTLE PINES NORTH



METROPOLITAN DISTRICT

April 19, 2022

Status of eight action items re: Inclusion of CPNMD's water and wastewater utilities with Parker Water & Sanitation District (PWSD)

The following is a status report on the eight action items from PWSD staff's Inclusion update at PWSD's December 9, 2021, board meeting — *six months after the Inclusion election and 25 days before the voter-approved Inclusion date of January 3, 2022.*

1. City of Brighton's water rights lawsuit.

Victory for CPNMD's customers! See attached April 7, 2022, announcement issued to customers via water bill insert, broadcast email, NextDoor, and posted to Recent News section of homepage.

2. Negotiating consent decree with the Colorado Department of Public Health & Environment.

CPNMD is still awaiting Inclusion date from PWSD. CDPHE will act on CPNMD's request if and only if PWSD commits to an Inclusion date. Without a firm Inclusion date, there is no need for CDPHE to issue a consent decree.

3. Separating jointly-owned, 1980s-era groundwater rights between CPNMD and its southern neighbor, Castle Pines Metro District in The Village.

Discussions between CPNMD and CPMD (The Village) attorneys are underway. Counsel has prepared a draft agreement for

consideration during CPNMD's April 2022 board meeting. An agreement between CPNMD and CPMD is necessary to resolve PWSD's concern about legal ownership of jointly owned water rights. The rights were undefined in the original acquisition and ownership documents. Counsel is confident of a final resolution shortly, but both boards will need to act on the proposed agreement.

4. Renewing water-wheeling agreement with Centennial Water & Sanitation District.

CPNMD is still awaiting Inclusion date from PWSD. The Centennial Water & Sanitation District board was scheduled to consider the agreement in December 2021. Because of PWSD's Inclusion delay, Centennial Water & Sanitation District intends to reschedule the agreement for board consideration upon receiving a final PWSD Inclusion date.

5. Securing Chatfield Reservoir storage-fee waivers.

CPNMD is still awaiting Inclusion date from PWSD. Five of nine owners have signed the waiver. The remaining four are on hold, awaiting a final PWSD Inclusion date. Without a firm Inclusion-commitment date from PWSD, the remaining four owners have no sense of urgency to sign.

6. Recording decades-old water & wastewater infrastructure easements and property rights conveyances CPNMD inherited from previous administrations.

CPNMD's legal counsel is working through a process of determining easements and other rights previous administrations failed to record and including them in CPNMD's GIS system. The process is labor-intensive and time-consuming, but otherwise

straightforward. In no way does the process affect CPNMD's use or ownership of any of its infrastructure, facilities, equipment, or legal rights. **Counsel anticipates completing this process in June.**

7. CPNMD's water wells and water treatment plant.

- CPNMD is nearly finished with a **multi-million-dollar refurbishment/upgrade** to its water treatment plant. Barring unforeseen circumstances, CPNMD intends to complete the project this month and begin offering guided tours in May 2022.
- CPNMD has completed maintenance overhauls of all ten water wells **five years ahead of schedule.**

8. PWSD's demands that CPNMD pay it \$11,032,778 more than the mutually agreed upon, voter-approved \$34.8 million Inclusion fee.

- PWSD's demand constitutes an attempted unjustified money grab.
- CPNMD leaders offered PWSD an additional \$5 million in cash toward the PWSD's demand for an additional \$11,032,778. PWSD's all-or-nothing posture insisted that CPNMD residents needed to pay **another \$6,032,778** — *monies to which PWSD is not entitled.*
- CPNMD will deduct the millions of dollars in recent and ongoing infrastructure investments directly from PWSD's voter-approved \$34.8 million Inclusion fee.
- CPNMD will welcome PWSD back to the negotiating table if and when PWSD demonstrates it is ready, willing, and able:

✓ First, to work with CPNMD in good faith;

- ✓ Second, when PWSD's negotiating posture acknowledges CPNMD's cash offer and customer base together constitute a community PWSD values and is pleased to acquire; and
- ✓ Third, when PWSD's staff sufficiently addresses PWSD's internal challenges, which substantially contributed to PWSD's unilateral decision to terminate the Inclusion. Those PWSD challenges include, but are not limited to, PWSD's internal staffing shortages, billing software issues, and supply chain issues resulting in the substantial delay of AMI water meters for customers of both jurisdictions.
- Though PWSD remains CPNMD's first choice as the Inclusion partner for our community's water and wastewater utilities, it would be irresponsible for CPNMD to do anything other than aggressively pursue alternative Inclusion partners. Consequently, with renewed vigor, CPNMD is pursuing other potential Inclusion partners.