When does CPNMD have to make the decision about a May 2018 election?

The certification deadline for a May 2018 election is March 9, but the March Board of Directors meeting is not until the 19th so it’s too late. We didn’t want to consider a special election meeting because when we did that in 2016 we heard complaints from constituents. Making this decision at the regularly-scheduled February meeting appears to be the ideal approach.

Why the rush for May 2018 election?

First, it doesn’t have to be in May. The Board is currently considering whether to place a mill levy question on the ballot in 2018, either in May, November or not at all. There are advantages and disadvantages to each that the Board is weighing.

The more important element to this question is that we have made a concerted effort since our failed ballot measure in May 2016 to better educate the community about this issue. Just because the community voted down the financing mechanism, does not mean the problem went away. We still have a responsibility to ensure this community has a reliable water source well into the future. Our increased communications and outreach over the past year-and-a-half have included over a dozen events, two surveys, water bill inserts to every customer, over two dozen emails, an abundance of social media activity and full-page ads in The Connection. Even given all of that there will always be a portion of the community that chooses not to engage, so it’s difficult to reach everyone.

Could CPNMD have a TABOR election in November 2018?

Because CPNMD is a “special district,” its election cycle is always in May. We must hold an election in May 2018 no matter what because we need to elect Directors to the Board. However, we could both host a May election and call a special election in November 2018. We have estimated the cost to CPNMD to participate in a county coordinated November election will be between $20,000 and $40,000.
Could CPNMD coordinate with the City on the November 2018 election as the Mayor suggested?

A coordinated election merely refers to the fact that the county clerk may coordinate and conduct elections on behalf of multiple political subdivisions (such as districts and cities) even though each entity must submit its own separate question for the ballot. In that case, CPNMD’s and the City’s TABOR questions are required to be asked separate from one another even if they are asked in the same election. There is no true coordinated (or shared questions) when it comes to the ballot.

The important takeaway from the Mayor’s comments is the need for collaboration, which we wholeheartedly agree with. We do not see our infrastructure needs as competing with the City’s infrastructure needs. Both are equally important and should be funded to ensure the quality of life our residents expect and enjoy. If the CPNMD Board decides to pursue a May election, it allows the City dedicated time to roll out a public involvement process without interference of another local issue that may compete for voters’ attention. We will support the City’s efforts and hope they will support ours.

Doesn’t this water issue compete with other issues in the community?

The community does have many needs that will require funding and we certainly don’t see them as competing interests. We’ve worked diligently since May 2016 to find ways to reduce our cost and the amount we’ll need to borrow, which leaves more resources for other entities. At this point, we’ve shaved $10 million off our project cost to bring it to $55.5 million and current analyses demonstrate we could borrow as little as $49.5 million (or 9.95 mills) due to some additional revenue and cash reserves we can apply toward the project. Previous estimates were 15 mills or $65.5 million. This is just one way we’re making room for other unfunded needs.

Will there be a joint meeting between City Council and the CPNMD Board of Directors?

We were thrilled at the turnout from City Council at our Study Session as a first step toward a productive relationship and partnership. Likewise, we share the Mayor’s interest in getting our two entities together for a strategic session. Our Board President, Kathy Rosenkrans, has already reached out to the Mayor and we look forward to getting this scheduled.
Please clarify whether rates and fees would increase if CPNMD issues Revenue Bonds over General Obligation Bonds to pay for the Renewable Water Infrastructure project.

First, rates and fees for fixed costs will continue to increase over time as costs to provide services rise. They are set based on an annual update to our third-party Rate Study.

Second, there are two ways to finance this project – Revenue Bonds or General Obligation Bonds. The first are repaid via fees, so the Renewable Water Fee would need to increase over time if CPNMD pays for the project via Revenue Bonds. However, if voters agree to a property tax-based financing mechanism through General Obligation Bonds, the $15 monthly Renewable Water Fee will be eliminated.

What would it cost if CPNMD built their own water plant?

At a minimum, the cost would double – plus where would we put it? Our Renewable Water Infrastructure Plan is based on partnerships to help manage costs and build a livable community. We would like to expand our treatment capacity at the Centennial plant since they are already a partner of ours. If we had to build this on our own, the cost would double and include the design and construction of the plant, new pump stations and a pipeline to move raw water from Chatfield to the water treatment plant. The existing pump station and pipeline are dedicated to moving potable water (water that has already been treated to drinking water standards) and cannot be used for raw water.

If a home is valued at $400K, what would the property tax increase be, with a 9 and a 10 mill levy?

At 9 mills the increase in the annual property tax is $259.20 at 10 mills the increase is $288.00. For comparison, in 2016, a homeowner would have paid $1,305.44 to CPNMD on a home valued at $400,00 based on a higher residential assessment rate (set by the state) and given this was prior to us paying off some debt. Based on today’s assessment rate and mill levy, plus a 10 mill increase, you’d pay $835.20 to CPNMD. It’s a net decrease from what you paid in 2016.
If the proposed increase is tied to property taxes, how would that be controlled year over year? What transparency would exist? Would you increase property taxes without any open hearings? Why should a homeowner approve to tie the increase to property taxes as opposed to the current billing method?

There is quite a bit of control and oversight that comes from both state law and the ballot question itself. The authorizing ballot question will have a maximum amount that can be borrowed, a maximum mill levy that can be collected by the County and a maximum repayment amount. We are not allowed to go over any of those amounts.

Homeowners should want to authorize property taxes for funding the renewable water plan simply because it reduces their cost and it’s a more stable, reliable and predictable means of financing. A Limited General Obligation bond, backstopped by taxes for repayment, is the cheapest money we can borrow, and the transparency is built right into the ballot question. The one factor that can fluctuate is the assessed valuation, but it’s likely to increase and will help keep the cost per homeowner lower.

If voters don’t approve a General Obligation bond backed by property taxes, the CPNMD Board of Directors have the authority to increase monthly fees to payback Revenue bonds. Ultimately, this is a more expensive and less predictable means of financing.

**Based on the new tax reform passed by Congress, if you do not itemize on your taxes, you cannot claim property taxes as a deduction. As a result, how would that (increase tied to property taxes) benefit those homeowners who do not itemize?**

It lowers your overall cost. If CPNMD is not authorized to issue bonds based upon repayment via property taxes, then we will have to issue Revenue bonds which come at a high cost of issuance and then need to be repaid by fees. Those fees are estimated to be $42/month per home starting in 2019 and increase to a peak of $64/month by 2046. If the additional mill levy is 10 then the amount of tax on a $400,000 home will be $280 a year or $24/mo. and will reduce over time as new homes start paying taxes and as Assessed Valuation increase on properties.