




**ParkerWater**  
& SANITATION DISTRICT

**CASTLE PINES NORTH**  
  
**METROPOLITAN DISTRICT**

**February 2021  
Board of Directors**

# Unification Study | Goals & Objectives

## CPNMD Board Objectives

- Core Objective #1 - Securing our community's renewable water future wisely and at less cost than the voter-rejected plans of 2016 and 2018;
- Core Objective #2 - Ensuring that the people of Castle Pines will continue to enjoy clean, safe, reliable, on-demand drinking water and wastewater treatment services in perpetuity at the lowest possible cost;
- Core Objective #3 - Ensuring the people of Castle Pines will continue to enjoy clean, safe, reliable stormwater, parks, trails and open space services in perpetuity and at the lowest possible cost; and
- Core Objective #4 - Maximizing efficiencies and economies of scale in ALL service areas.

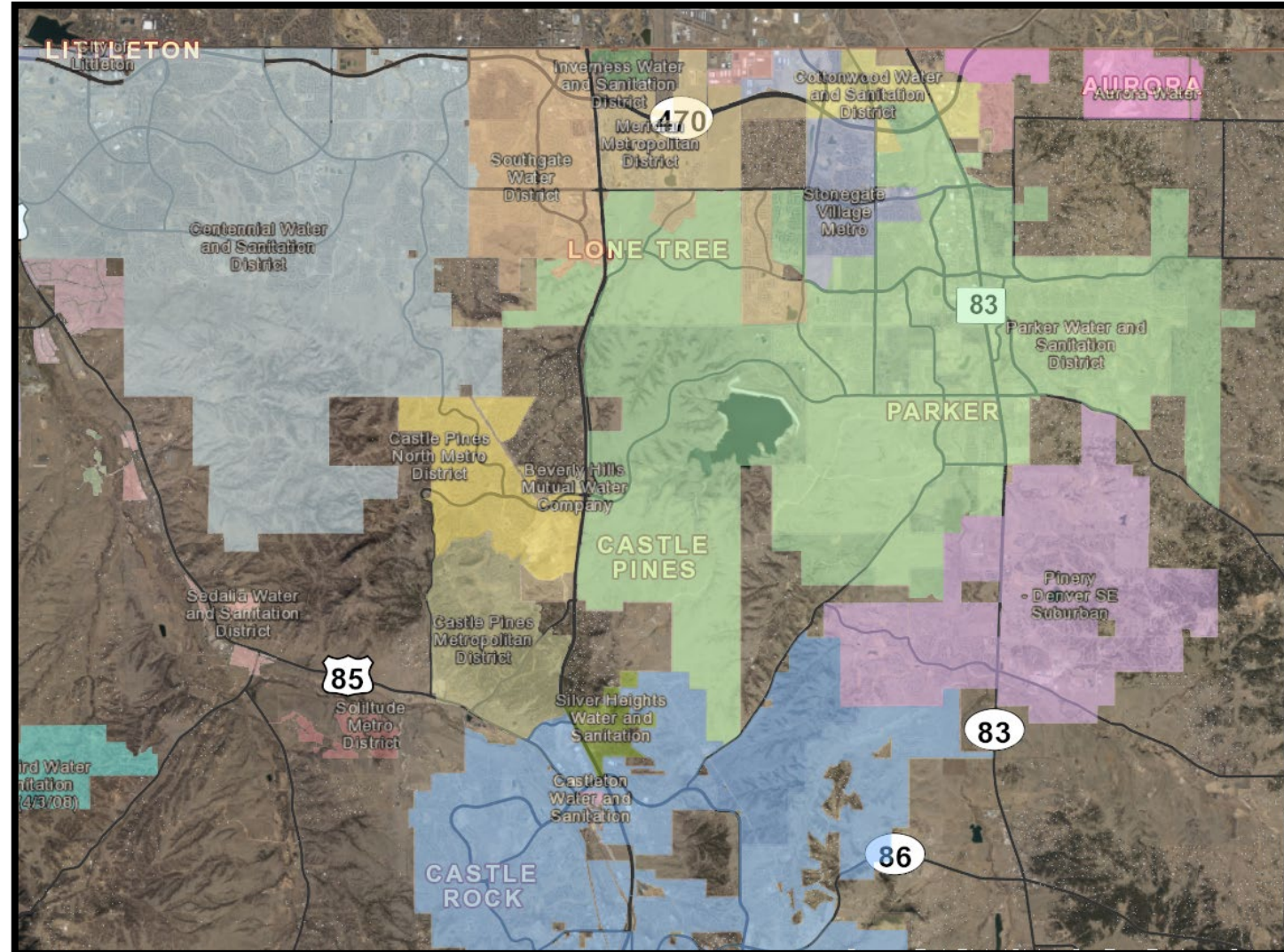
## PWSD Goals

- Transparency/Community Outreach throughout the process.
- Benefits of any final agreement are clearly demonstrated and identified risks are mitigated.
- There should not be a net cost to PWSD customers for the inclusion/consolidation;
- Identify and consider strategic opportunities for regional solutions.
- Document the process and establish a roadmap so it can be used for potential future opportunities.

# The study looked at....

Joint Districts' review and analysis of the following items:

- Legal
- Water Rights, Water Demands
- Water and Wastewater Treatment, Distribution and Collection
- Water Quality
- Financial – assets, liabilities, debt, utility billing and collections
- Engineering and Hydrology
- PWSD's Renewable Water Project
- CPNMD Water and Wastewater Condition Assessment



# Potable Water System Interconnect(s)

- Primary Interconnection
- 2-miles of new 18-inch pipe
- 1 new 4.5 MGD pump station
- Piping to RH Reservoir

## LEGEND

### Water Lines: Potable (14" and greater)

- 14
- 16
- 18
- 20
- 24

— Roads

CPNMD District Boundary

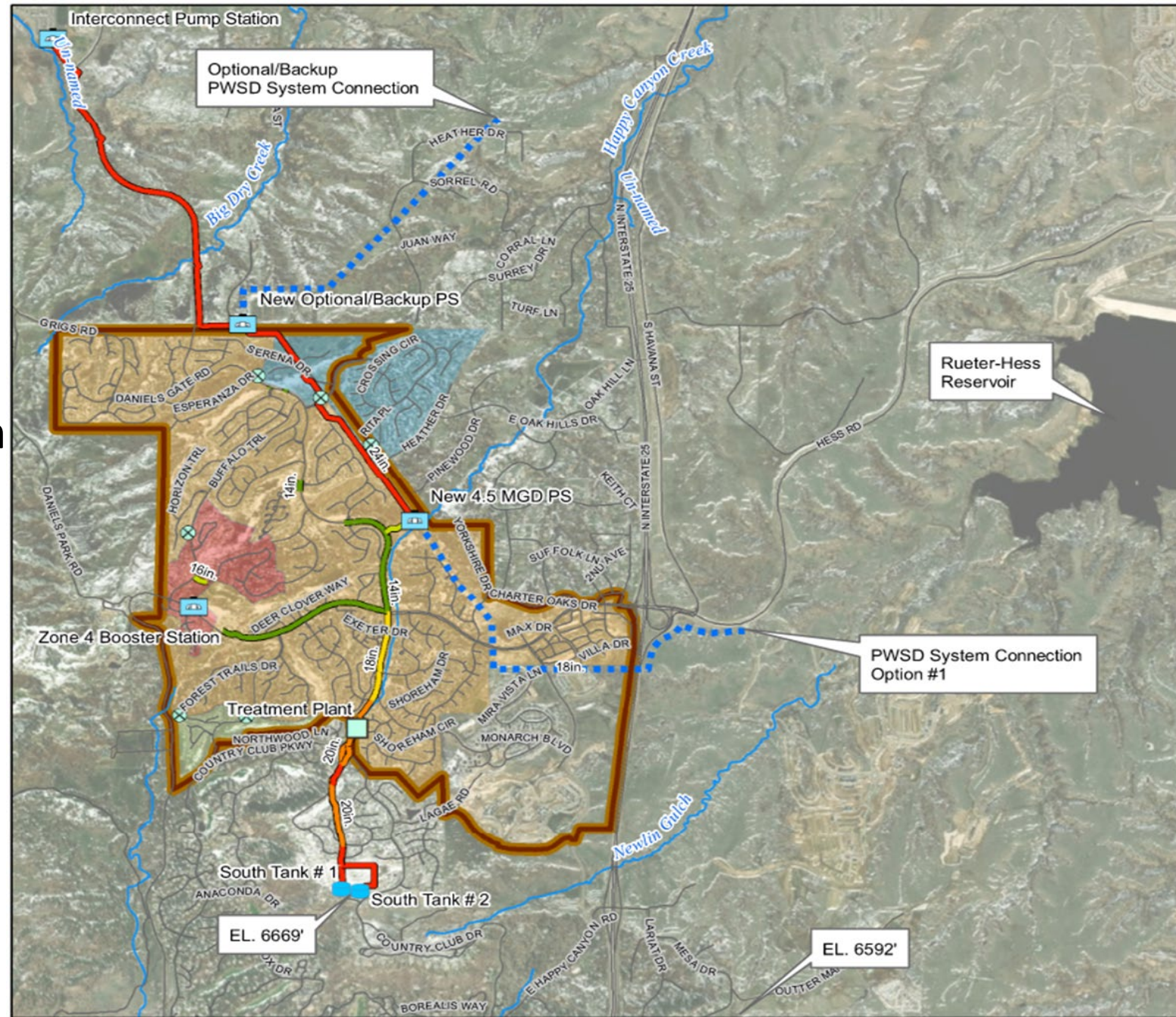
- Tank
- Treatment Plant
- Water Pump Station

PR Valve

Proposed Pipes

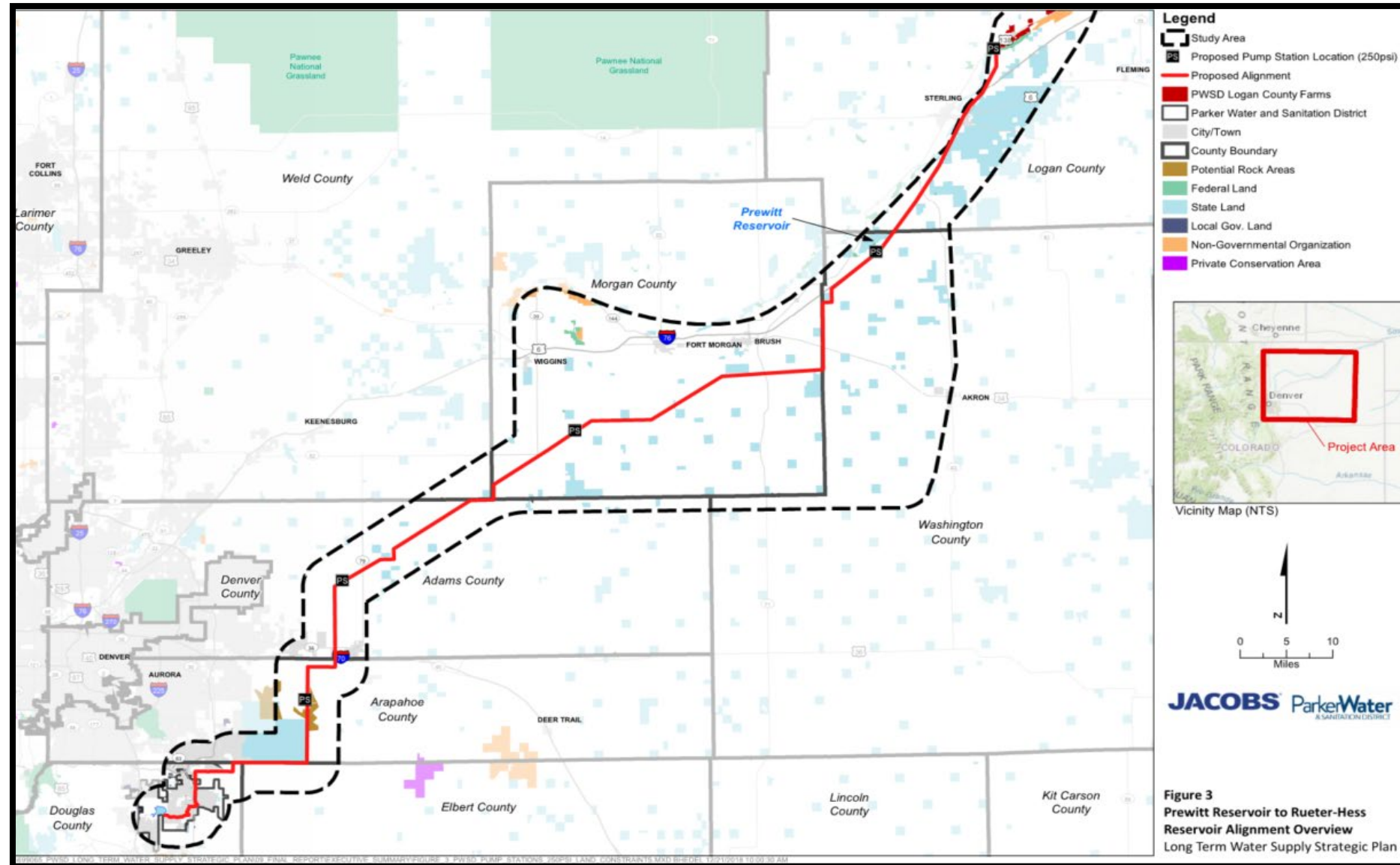
### Pressure Zones

- Zone 1A
- Zone 1B
- Zone 2
- Zone 3



# Participation with the PWSD Farms Project

- 11,100 AF project
- Total cost of base project \$603 M (2020 \$'s)
- Potential additional partners



# Financial Analysis – Rates/Fees/Capital

## Assumptions for Full Inclusion Scenario

- PWSD rates and fees implemented in 2022
- Payment in lieu for CPNMD Mill Levy revenues to be used in 2022 – PWSD Mill Levy 2023 and thereafter
- Capital Reinvestment is paid in cash every year
- CPNMD current debt is paid off prior to the inclusion
- Annual revenue increases of 2.75% through 2029 and 3% thereafter
- \$34.8 million Inclusion Fee in the form of cash or surcharge from CPNMD

# Financial Analysis – Capital

## Investment in the CPNMD's Service Area

<u>Project</u>	<u>Entity</u>	<u>Source</u>	<u>Cost</u>	<u>Description</u>	<u>Time Frame</u>
AMI Meters/Communication Tower	PWSD	Field Services	2,270,000	Installation of AMI technology including AquaHawk - assumes aLLY meter for fire suppression flows	2022
Centennial Pump Upsizing	CPNMD	CPNMD/CWSD IGA	500,000	Upsize piping to allow full contractual water supply from Centennial Water and Sanitation District	2022
Farms Water and Upsize Costs	PWSD	Engineering	6,400,000	1,170 AF Farms Water and Upsize Piping/Chemical feeds @ RHWPf for Phase II Expansion project	Completed
Water Treatment Facility	Jacobs	Condition Assessment	2,500,000	Improvements at CPNMD's Water Purification Facility identified from condition assessment report	2022-2023
Treated Water Pump Stations	Jacobs	Condition Assessment	900,000	Improvements at CPNMD's treated water pump stations identified from condition assessment report	2022-2023
Castle Pines Parkway Water Main	Jacobs	Condition Assessment	6,000,000	Improvements on Castle Pines Parkway water main identified from condition assessment report	2022-2023
Wastewater Lift Stations	Jacobs	Condition Assessment	820,000	Improvements at the wastewater lift stations identified from condition assessment report	2022-2023
Interconnect	Jacobs	Feasibility Model	5,590,000	Dual flow Interconnect between PWSD/CPNMD to accept full delivery from Centennial Water and Sanitation District	2022-2024
RHWPf Capacity	Jacobs	Feasibility Model	33,285,000	Treatment Capacity as identified in the feasibility model	2027-2031
Farms' LT Water Project	Jacobs	Feasibility Model	63,553,000	Participation in the Long Term Farm's Project as identified in the feasibility model	2022-2039
Capital Reinvestment	Jacobs and Stantec	Condition Assessment and Financial Model	<u>70,686,000</u>	Replacement of Water and Sewer Mains, Equipment, Pumps, Lift Stations, etc. planned in the 30-year financial model	2022-2052
<b><u>Total Capital and Reinvestment</u></b>			<b>\$ 192,504,000</b>		

# Financial Analysis – Revenue Comparison

## 2020 CPNMD's Water Rates compared to 2020 PWSD's Water Rates

<u>2020 Revenue Projections</u>				
	<u>CPNMD Rates</u>	<u>PWSD Rates</u>	<u>Difference</u>	<u>Percent Change</u>
<b>Sewer Rate Revenues</b>	\$ 1,970,537	\$ 2,323,501	\$ 352,964	17.91%
<b>Water Rate Revenues</b>	\$ <u>6,164,367</u>	\$ <u>4,434,546</u>	\$ <u>(1,729,821)</u>	<u>-28.06%</u>
<b>Total Rate Revenues</b>	\$ <b>8,134,904</b>	\$ <b>6,758,047</b>	\$ <b>(1,376,857)</b>	<b>-16.93%</b>

**Note:** Revenue projections are based on 2018 CPNMD's actual billed consumption data



# Financial Analysis – Revenue Comparison

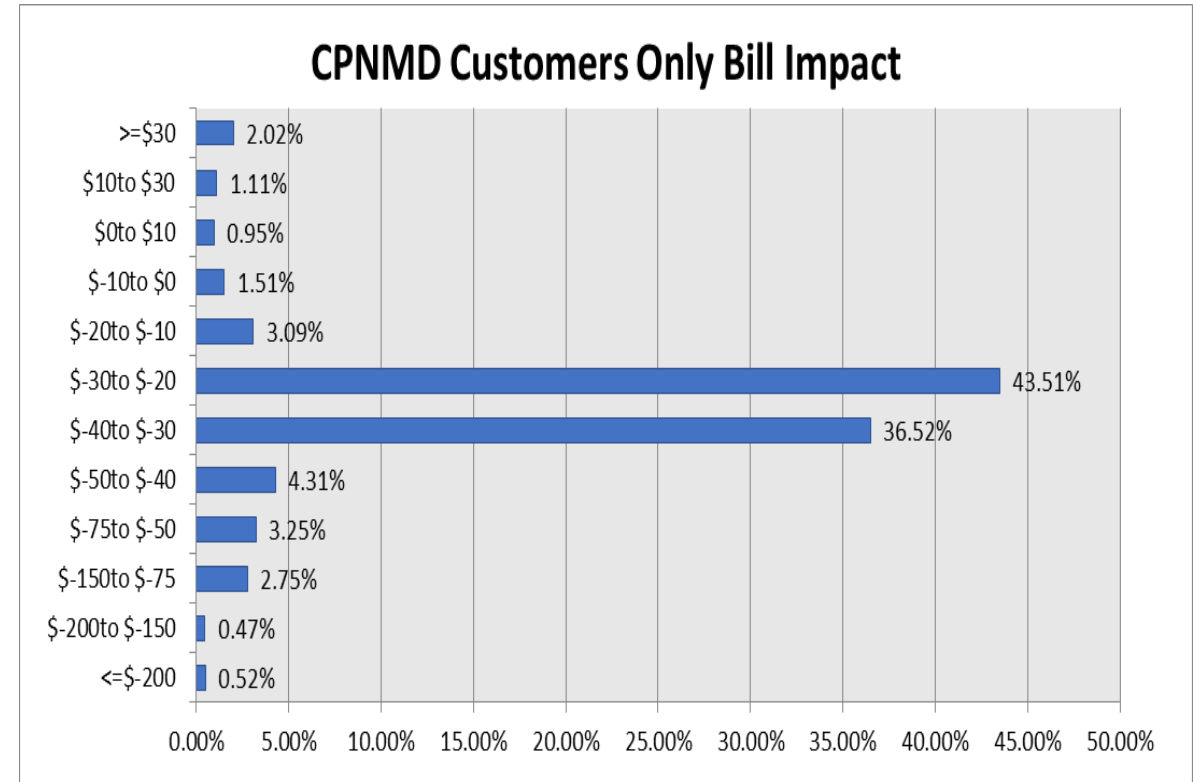
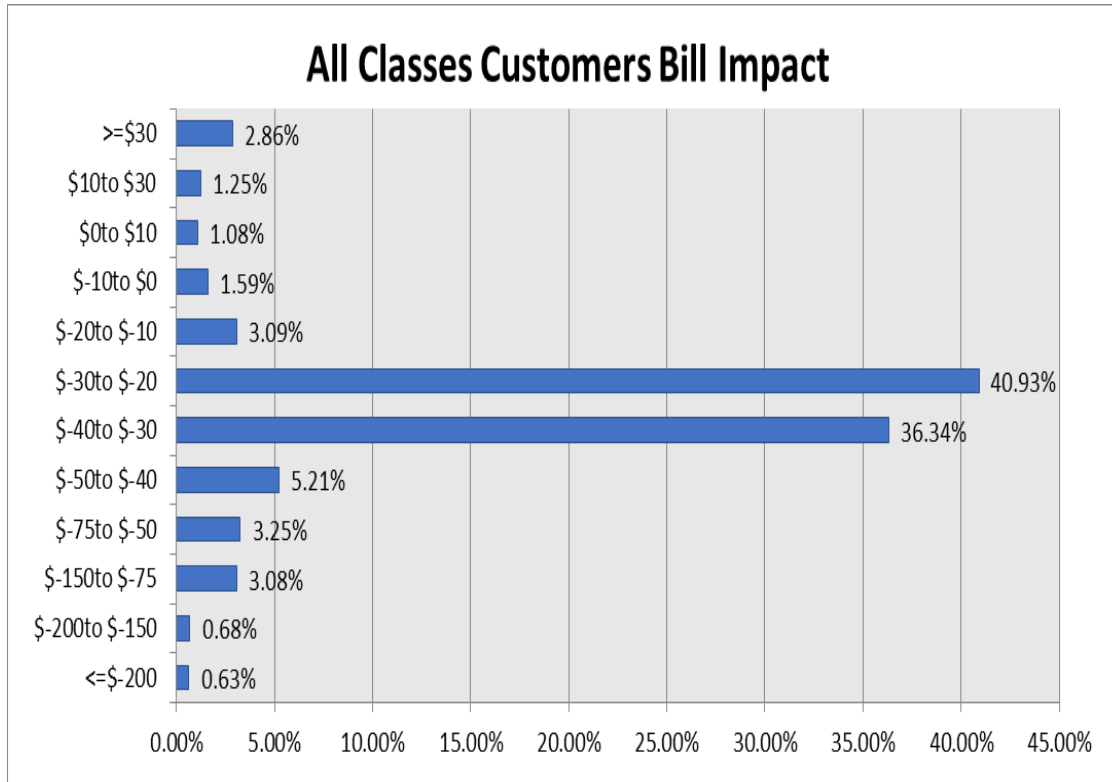
## 2020 CPNMD's Rates compared to 2020 PWSD's Rates – Bill Impacts

<u>Water and Sewer Combined Bill Impacts</u>					
	<u>All Bills</u>	<u>CPNMD Only</u>	<u>Residential</u>	<u>Residential - Out of District</u>	<u>Commercial</u>
<b>Increase</b>	5.2%	4.1%	3.4%	18.4%	4.8%
<b>Decrease</b>	94.8%	95.9%	96.6%	81.6%	95.2%

**Note:** Revenue projections are based on 2018 CPNMD's actual billed consumption data

# Financial Analysis – Bill Impacts

## 2020 CPNMD's Rates compared to 2020 PWSD's Rates Combined Bill Impacts



Note: Based on CPNMD's 2018 Actual Consumption

# Unification Study | *Results for CPNMD*

## With Castle Pines North Metro District's Inclusion into Parker Water and Sanitation District:

- Total Water and Sewer rate revenue collected from CPNMD customer's without surcharge would be approximately 17% for CPNMD customers – over 95% of the bills will be less than what CPNMD customers are paying today
- System Development Fees would be lower under PWSD's fee structure (about 30% less)
- CPNMD's customers would join a utility that owns sufficient water, and has a plan to deliver that water, to meet a goal of 75% renewable water supply by build-out
- With CPNMD's cash on hand, plus proceeds from selling CPNMD farm water/storage rights on the South Platte, all of CPNMD's current debt and liabilities would be settled
- PWSD would receive \$34.8 Million and all assets of the water and sewer enterprises
- During the first year of inclusion, all new PWSD accounts would have AMI meters installed and have access to a customer portal which allows residents to monitor their own usage
- All infrastructure costs to interconnect the utilities, install AMI meters, buy-in capacity into our water plant and provide a 75% renewable water supply by PWSD buildout can be accomplished with the \$34.8 Million and reasonable annual revenue increases (2.75% to 3.0%)
- A slight reduction to property tax rates for CPNMD customers – PWSD's levies would be approximately \$363 annually based on \$720K average home value

# Unification Study | *Results for PWSD*

## With Castle Pines North Metro District's Inclusion into Parker Water and Sanitation District:


- PWSD would receive a new revenue stream on approximately 3,500 accounts generating in excess of \$10 million annually to be used to help hold down necessary increases for all customers
- PWSD would receive all the assets of CPNMD's water and sewer enterprises including \$34.8 Million which would fund participation in the long-term renewable water project, the interconnect, purification capacity at RHWPF, the AMI conversion, improvements identified in the condition assessment and unexpected capital requirements
- No debt or current liabilities of CPNMD would be assumed by PWSD as these will be paid off prior to inclusion
- Total gross property valuation of PWSD (based on budget year 2020 Valuations) would increase approximately 19% to \$997,115,711
- PWSD could reduce the RH Reservoir mill levy by approximately 19% - based on a \$561K average home value it would be a reduction of \$54 per year
- The total cost per account of the farms project (in 2020 \$) would decrease by approximately 16% or \$2,000
- New customers outside current CPNMD boundaries would go through PWSD's process of inclusion
- PWSD, after inclusion, would have access to Centennial Water and Sanitation District and own water rights in the South Platte River
- There is no net cost to PWSD customers over the 30-year study period

# Next Steps assuming May Election...

- **February**
  - Public Meeting of inclusion resolution and inclusion agreement
  - File inclusion order and agreement with District Court
- **March**
  - District Court orders election date
  - Publish the notice of election and certify ballot content - Mail ballot plan at DEO's Office
  - Boards and Councils consider a resolution of support for the inclusion election
  - Order registration records from County and property owner lists from County Assessor
  - Send mail ballots to covered military and overseas electors
- **April**
  - Print and mail ballots – Post and publicize election notice
  - Divide District into election precincts and designate polling places – appoint election judges
- **May**
  - May 4, 2021 (Tentative election date)

# Questions?

**ParkerWater**  
& SANITATION DISTRICT



**CASTLE PINES NORTH**  
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# Thank You