

PWSD/CPNMD Inclusion-Termination Update

(March 2, 2022)

What happened?

Folks, from CPNMD's perspective, PWSD's Inclusion termination is primarily about PWSD's demand for more money. What follows is the backstory:

- After three years of Inclusion-related work and due diligence, PWSD and CPNMD staff/consultant teams and boards approved the proposed Inclusion of CPNMD's water and wastewater utilities with PWSD.
- On May 4, 2021, CPNMD voters approved the Inclusion.
- CPNMD owns water rights in northern Colorado, for which PWSD had no use or desire. Inclusion Agreement Exhibit E specifically provides CPNMD's assets will be sold to **assist** in paying off CPNMD's debt, including CPNMD's \$34.8 million Inclusion payment. Consequently, CPNMD put its northern Colorado water rights out for bid.
- On August 5, 2021, CPNMD hosted a bid opening to sell its northern Colorado water rights. Among the bidders were the cities of Aurora and Brighton. The bids came in higher than expected.
- When PWSD realized the sale of CPNMD's northern Colorado water rights would result in unexpected revenue for CPNMD customers, its finance director unilaterally attempted to justify demanding an extra \$11,032,778 'for unforeseen expenses' from CPNMD customers. How?
- Immediately following the August 5, 2021 bid opening, PWSD set aside its own engineering firm's (Jacobs) condition-assessment report on CPNMD's water and wastewater utility infrastructure and systems, which was the basis for CPNMD's May 4, 2021, voter-approved Inclusion. PWSD unilaterally commissioned a *different*

engineering firm (Hazen) to prepare another condition-assessment report to justify PWSD's claim for millions of dollars in additional cash (non-voter-approved) from CPNMD's residents.

- PWSD used its Hazen report as a pretext for eight demands with which CPNMD must comply before consummating the Inclusion.
- PWSD first emailed Hazen's condition-assessment report to CPNMD on February 18, 2022 — well **after** PWSD's notice of termination.
- In a mutually signed December 13, 2021, amendment to the Inclusion Agreement, PWSD and CPNMD specifically '*pledged their commitment to work together to resolve the conditions and additional concerns and to complete the Inclusion and transfer of water and wastewater responsibilities as quickly as possible; but recognize additional time is needed.*' Inclusion termination was never contemplated or discussed.
- CPNMD offered PWSD, pending board approval, an additional \$5 million in cash.
- PWSD continues demanding CPNMD residents pay an additional \$6,032,778 in cash.
- To date, PWSD wants stakeholders and observers of the Inclusion process to believe its decision to terminate the voter-approved Inclusion is based on CPNMD's inability to deliver fully functional water and wastewater systems, failure to obtain funds to pay the agreed-upon Inclusion fee, and failure to correct eight outstanding issues. PWSD's assertion is patently false.
 - ✓ First, as evidenced by CPNMD's on-demand utility services delivery, CPNMD's water and wastewater systems are safe and reliable.
 - ✓ Second, CPNMD's recent water and wastewater infrastructure investments strengthen CPNMD's utility systems, service reliability, and value.
 - ✓ Third, PWSD was fully aware of CPNMD's intent to pay PWSD the \$34.8 million Inclusion fee, **plus an additional \$5 million for unforeseen expenses**, at the conclusion of the City of Brighton's lawsuit, most likely this June 2022.

- ✓ Fourth, though PWSD delivered its eight outstanding issues (demands) to CPNMD months after CPNMD voters approved the Inclusion and months after the bid opening on the sale of CPNMD's northern Colorado water rights, PWSD is aware CPNMD is working diligently and in good faith to address PWSD's eight *post facto* demands.
- PWSD refuses to acknowledge its own internal problems that substantially contribute to its Inclusion-termination decision. 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.
- Senior PWSD officials recently signaled PWSD's intent to *temporarily pause* the Inclusion until after the May 2022 board elections in both jurisdictions and until after it secures financing for the construction of its new headquarters on Hess Road.

What is CPNMD doing to secure our community's renewable water future wisely and at less cost?

- CPNMD remains steadfastly committed to securing the community's water future wisely and at less cost than the voter-rejected plans of 2016 and 2018.
- Four years ago, CPNMD embarked on a mission to secure our community's renewable water future wisely and at less cost. With renewed vigor, we will continue pursuing that objective with other potential Inclusion partners.
- CPNMD is reviewing next steps with PWSD, Douglas County, Aurora Water, Denver Water, The Village, Centennial Water & Sanitation District, and other potential water and wastewater utility Inclusion partners.
- If and when PWSD wishes to revisit the Inclusion, CPNMD stands ready and willing to work, in good faith, toward an expedited Inclusion.
- Given the reliability of CPNMD's water wells, InterConnect pipeline, and relationship with Centennial Water & Sanitation District, CPNMD will continue serving as our community's water and wastewater utility provider and fulfilling its fiduciary and stewardship responsibilities to its residents, property owners, and customers.

- By any objective standard, CPNMD's water and wastewater distribution systems are in far better condition today than those it inherited four years ago from previous administrations. CPNMD is now the beneficiary of two pre-Inclusion due diligence reports (Jacobs and Hazen), both of which reveal a punch list of infrastructure investments and operational enhancements, each of which CPNMD's staff/consultant team is diligently working to complete or already has. That translates into better, more reliable service for CPNMD customers and makes CPNMD's customers even more desirable Inclusion partners for the right district.

What can customers reasonably expect moving forward?

Until we find — and voters approve — the right Inclusion partner, CPNMD will continue fulfilling its fiduciary and stewardship responsibilities to its residents, property owners, and customers. In the meantime:

- CPNMD is diligently reviewing its Inclusion options and will notify customers when it better understands options, details, and timing.
- CPNMD welcomes PWSD back to the negotiating table if and when PWSD:
 - ✓ is ready, willing, and able to work with CPNMD in good faith; ***and***
 - ✓ when its negotiating posture acknowledges CPNMD's cash offer and customer base constitute a community most districts would be pleased to acquire.
- In addition to enhanced infrastructure and service reliability, CPNMD customers will continue, for the duration of 2022, benefiting from the lowest property tax rates CPNMD has had in decades (17% property tax-rate reduction from 19 mils down to 15.79 mils) ***and*** no cost-of-service rate increases from 2021, ***and*** the at least temporary elimination of the CPNMD's \$15 Renewable Water Investment fee from each monthly water bill.
- Consistent with its fiduciary and stewardship responsibilities, CPNMD annually considers cost-of-service rate and fee adjustments and will do so for fiscal year 2023 beginning this fall.

PWSD's Eight Inclusion Demands

The following eight PWSD Inclusion demands of CPNMD are based on PWSD staff's Inclusion update at the December 9, 2021 PWSD board meeting — *six months **after** the voter-approved Inclusion and 25 days **before** the voter-approved Inclusion date of Monday, January 3, 2022.*

1. PWSD's surprise demand that CPNMD pay an additional \$11,032,778 (Hazen) more than the mutually agreed upon, voter-approved \$34.8 million Inclusion fee (Jacobs).

[See explanation above.](#)

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

[Final draft distributed. Awaiting final PWSD Inclusion date.](#)

3. City of Brighton's water rights lawsuit.

- CPNMD owns water rights in northern Colorado. *The City of Aurora submitted a bid package of \$865,500 higher than the City of Brighton's bid.* The City of Aurora's high-bid package, combined with fiduciary and stewardship responsibilities CPNMD has to its in-district customers, prompted the CPNMD board to award its water rights to the City of Aurora, thereby providing CPNMD's property owners and residents with the highest possible return on investment and an additional \$865,500 to CPNMD's coffers. The City of Brighton was unhappy with the outcome and filed a lawsuit contesting CPNMD's decision.
- Counsel and other knowledgeable water law and litigation observers are confident CPNMD and the City of Aurora (CPNMD's co-litigant) will prevail in court. However, the lawsuit may drag on until June, thereby tying up water-right proceeds CPNMD needs to ***assist*** in paying off its debt, including the \$39.4 million Inclusion fee. Counsel expects a final resolution of the City of Brighton's lawsuit in June 2022.
- Because PWSD chose to terminate the Inclusion, CPNMD may exercise its right to terminate the sale of its northern Colorado water rights, thereby allowing those water rights to continue increasing in value.

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

An agreement between CPNMD and CPMD (The Village) is necessary concerning the use of the jointly owned water to resolve PWSD's concern. While CPNMD and CPMD (The Village) legally own the water rights on a 50/50 basis, the parameters for using said water rights were undefined in the original acquisition and ownership documents. Counsel is confident of final resolution within 90 days.

5. Renewing water wheeling agreement with Centennial Water & Sanitation District.

The agreement has been drafted and awaits the final PWSD's Inclusion date. The Centennial Water & Sanitation District board was scheduled to consider the agreement in December 2021, but because of PWSD's Inclusion delay, Centennial Water & Sanitation District intends to reschedule the agreement for consideration upon receiving a final PWSD Inclusion date.

6. Securing Chatfield Reservoir storage-fee waivers.

Five of nine owners have signed the waiver. The remaining four are on hold, awaiting a final PWSD Inclusion date.

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

Counsel has developed a process for determining easements and other rights previous administrations failed to record and including them in CPNMD's mapping system. Though the process is labor-intensive and time-consuming, nothing is difficult about it. 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 2022.

8. Rehabbing CPNMD's water wells and water treatment plant

- Eight of CPNMD's ten water wells have been recently rehabbed. Rehab on the remaining two will be finished in March 2022.
- CPNMD's water treatment plant upgrades are well underway and will be finished in April 2022.



<i>TO:</i>	Castle Pines North Metropolitan District Board of Directors
<i>FROM:</i>	Amanda Castle Pinnacle Consulting Group, Inc.
<i>SUBJ:</i>	Inclusion
<i>DATE:</i>	03/02/2022

As the District is keenly aware, an inclusion agreement was signed with PWSD in early 2021 and subsequently approved by the voters of Castle Pines North Metropolitan District in May of 2021. Based on much negotiation and due diligence of both Districts, the inclusion agreement explicitly stated that Castle Pines North would be responsible for paying an inclusion fee totaling \$34,800,000.

From the beginning of negotiations, Castle Pines North understood that the enterprise funds would be unable to pay off all necessary obligations, including paying off the CoP's which, by nature of the debt, were always carried by the General Fund. Therefore, Castle Pines North agreed to sell to *assist* in paying off the debt.

It is extremely important to understand that the proceeds from the CoP's were used to fund assets that were held in the Enterprise fund, and strictly benefited the enterprise funds. The Enterprise funds did not have the wherewithal to assume/pay for debt when the CoP's were taken on (many moons ago), and as such the General Fund needed to assume the debt, allowing for necessary enterprise fund infrastructure. It was not ideal, but it was what needed to be done. It is also important to note that at no time has the general fund ever had a transfer of funds from the Enterprise funds to cover the debt of the CoP's. Having said that, the opposite has been true as proceeds were transferred to the enterprise fund to pay for assets.

In late July Parker Water & Sanitation began to request cash flow information that would demonstrate how much additional cash the enterprise funds would have at year-end (above and beyond the inclusion fee) that would be turned over to Parker upon inclusion. To answer their requests, we provided several cash flows clearly demonstrating the Enterprise Fund's inability to pay off total debts, requiring additional transfers of cash from the General Fund, and leaving no cash remaining above and beyond the noted inclusion fee.

After much discussion and back and forth, District staff and members of the board believed we could add the additional \$5.6 million from additional proceeds on the sale of assets into the enterprise funds, leaving additional cash for distribution to Parker of \$5 million, for a total payment of \$39,800,000.

In November, requests of the District's financial projections became increasingly urgent, as Parker pushed for even more cash. By December, it became clear that Parker was adamant about receiving, additional cash to help close the \$11 million funding gap they believed existed.

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The District Board and staff worked tirelessly to provide clear information, and even requested an additional meeting with the Parker board. Parker denied the District's request and delayed the inclusion.

In February, our team scheduled a meeting with Parker's staff to discuss the year-end cash flow, which demonstrated the District's ability to pay the nearly \$39,800,000, but no more. The discussion with Parker happened on February 10th, and our team walked away feeling confident that we had made good progress, and that Parker's staff clearly understood our position and the funds available. Unfortunately, shortly after our meeting, the Board voted to terminate the inclusion agreement, which came as a complete shock.

As the Finance Director, I had a responsibility to ensure this agreement was in the best interest of our residents, and to ensure that the General Fund would remain whole upon inclusion. While we attempted many times to clearly articulate the financial position of the enterprise funds, we continued to get requests that would have placed the General Fund in a position to fund a large amount of cash toward the inclusion, which I could not stand behind.

As previously stated, the General Fund has carried the burden of the CoP's for many years, at a very large benefit to the Enterprise funds. Having the General Fund provide additional cash for the inclusion was simply out of the question.

The abrupt termination of the agreement frustrates me for multiple reasons. First and foremost, we were not provided with an opportunity to sit down with the Parker's board to collaborate on a plan of action. Instead, we were continually trying to feed information to staff, hoping it would be relayed to the board.

Second, there was no discussion of alternative options that Parker may have had in obtaining additional funds. Per the inclusion agreement, Parker could have sought to increase the renewable water component of the inclusion agreement (as explicitly stated on page 6 of the signed document) if they believed more funds were necessary. While we the District would have been unable to fund the large differential Parker was looking for, it was an option they could have sought and billed for if we all agreed.

I am confident in the information Castle Pines North provided and stand by the fact that no more than \$39,800,000 could have been transferred for the inclusion. As the Finance Director, I could not support pulling millions of dollars from the General Fund to appease Parker. It would have been irresponsible and would have left the General Fund in a difficult situation for years to come.

EXHIBIT E
INFRASTURE AND FACILITIES

CPNMD Fund	DESCRIPTION	Year Installed/Acquired	Original Cost	Depreciation Method	Annual Depreciation	Accumulated Depreciation	Book Value 12-31-19	Additional Notes
These assets will be sold to assist in paying off CPNMD's debt as part of the inclusion								
Gen Gov	LAND-FARM	2009	348,100	N/A			348,100	Platteville Farm
Gen Gov	LAND-FARM	2009	933,279	N/A			933,279	Fulton Farm
Gen Gov	Water Rights	2009	1,698,530	N/A			1,698,530	Platteville Ditch Water Rights
Gen Gov	Water Rights	2009	2,398,763	N/A			2,398,763	Fulton Ditch Water Rights
Water	Vincent Farms (Meadow Island) Water Rights	None Given	3,980,213	N/A			3,980,213	
These assets will be turned over the PWSB if the CPNMD inclusion is approved by the voters								
Gen Gov	Water Storage Rights	2008	8,366,941	N/A		-	8,366,941	Reuter-Hess Lease/Purchase Costs
Gen Gov	Water Rights	2009	5,259,029	N/A		-	5,259,029	Hock Hocking Water Rights
Water	LAND & RIGHT OF WAY	None Given	103,115.35	N/A		-	103,115	
Water	BUILDING & IMPROVEMENTS	1995	1,690,204.70	SL 60	28,170.08	775,594.49	914,610	
Water	Arapahoe Well A-7 Improvements	2001	422,801.42	SL 50	8,456.03	156,436.52	266,365	
Water	Denver Well A-7 Improvements	2001	277,545.87	SL 50	5,550.92	102,691.97	174,854	
Water	Well A-6 Improvements	2003	811,521.87	SL 50	16,230.44	267,802.22	543,720	
Water	Well DE-6 Improvements	2003	191,311.85	SL 50	3,826.24	63,132.91	128,179	
Water	WELL A-4 and A -Improvements	1996	380,448.00	SL 50	7,608.96	178,768.78	201,679	
Water	Reuse Water Main	2003	235,790.32	SL 25	9,431.61	155,621.61	80,169	
Water	24 Inch Tank Supply Line	2004	948,299.59	SL 25	37,931.98	587,945.74	360,354	
Water	Reuse Water Main	2004	1,662.80	SL 25	66.51	1,030.94	632	
Water	Well Field 5 Main	2004	208,459.19	SL 50	4,169.18	64,622.35	143,837	
Water	Denver Well LDA 2	2004	121,358.20	SL 50	2,427.16	37,621.04	83,737	
Water	Prior Year CIP	2004	1,450,319.42	SL 50	29,006.39	449,599.02	1,000,720	
Water	Well A-7 & DE-7 site improvements	2006	25,000.00	SL 50	500.00	6,750.00	18,250	
Water	Water Rights Optimization Plan	2008	74,785.50	SL 10	-	74,785.50	-	
Water	Well A4 Improvements	2012	210,000.00	SL 10	21,000.00	157,500.00	52,500	
Water	Well A5 Improvements	2013	420,233.00	SL 10	42,023.30	276,653.39	143,580	
Water	MACHINERY & EQUIPMENT	1990	2,022,564.56	SL 25		2,022,564.56	-	
Water	Arapahoe Well A-7 Pump and Motor	2001	343,463.00	SL 10	-	343,463.00	-	
Water	Denver Well A-7 Pump & Motor	2001	228,623.30	SL 10	-	228,623.30	-	
Water	WTP Filter Expansion 2002	2002	283,024.00	SL 25	11,320.96	198,116.80	84,907	
Water	Well A-6 Pump & Motor	2003	327,017.00	SL 10		327,017.00	-	
Water	Well DE-6 Pump & Motor	2003	256,533.66	SL 10		256,533.66	-	
Water	MACHINERY & EQUIP	1994	139,194.68	SL25	1,022.16	139,194.68	-	
Water	Dawson Well Pump & Motor(2002 \$6,223)	None Given	98,231.88	SL 10	-	98,231.88	-	
Water	Arapahoe Well A-2 Pump & Motor	None Given	148,420.35	SL 10	-	148,420.35	-	
Water	NEW WELL DENVER	None Given	12,637.00	SL 10	-	12,637.00	-	
Water	IRRIGATION WELL BUILDING	None Given	4,765.00	SL 10	-	4,765.00	-	
Water	Communications Equipment	2004	45,052.00	SL 5	-	45,052.00	-	
Water	WELL A-1 Pump & Motor	2006	339,565.81	SL 10	-	339,565.81	-	
Water	WTP Pump Control Valve	2006	7,313.20	SL 10	-	7,313.20	-	
Water	Lower Dawson Well 1 Pump & Motor	2006	129,943.99	SL 10	-	129,943.99	-	
Water	Radio and Meter Equipment	2007	66,440.00	SL 5	-	66,440.00	-	
Water	Half of Security Equipment	2007	12,581.75	SL 5	-	12,581.75	-	
Water	WELL A-2 Pump & Motor	2007	426,239.06	SL 10	-	426,239.06	-	
Water	Well AD-5 - pump and motor	2007	454,896.13	SL 10	-	454,896.13	-	
Water	WELL A-4 pump, motor and rehab	2008	556,359.07	SL 10		556,359.07	-	
Water	Pressure reducing station	2008	78,786.48	SL 10		78,786.48	-	
Water	Well A-6, new pump and motor	2009	333,052.00	SL 10	16,652.60	333,052.00	-	
Water	Well DE-6, new pump	2009	129,814.00	SL 10	6,490.70	129,814.00	-	
Water	Well A-5, pump, motor and rehab	2009	300,205.50	SL 10	15,010.28	300,205.51	(0)	
Water	Well A-3, pump, motor and rehab	2009	503,450.00	SL 10	25,172.50	503,450.00	-	
Water	WTP Chloramine Conversion	2009	427,943.75	SL 10	21,397.16	427,943.72	0	
Water	Rebuild Pump 1	2010	12,083.80	SL 10	1,208.38	11,479.61	604	
Water	Well A-5, replace starter	2011	70,675.00	SL 10	7,067.50	60,073.75	10,601	
Water	VXU Meter	2013	25,298.00	SL 10	2,529.80	15,178.80	10,119	
Water	Valve Replacement	2014	41,987.73	SL 10	3,149.08	18,894.48	23,093	

**FIRST AMENDMENT
TO
INCLUSION AGREEMENT**

This First Amendment to Inclusion Agreement entered into between **Castle Pines North Metropolitan District** and Castle Pines North Metropolitan District acting by and through its **Water Activity Enterprise** and its **Wastewater Activity Enterprise** ("CPN") and **Parker Water & Sanitation District** ("PWSD").

RECITALS

- A. CPN is a quasi-municipal corporation and political subdivision of the State of Colorado that provides water, sewer, park and recreation facilities and services within its boundaries.
- B. PWSD is a quasi-municipal corporation and political subdivision of the State of Colorado providing water and sanitary sewer services.
- C. The PWSD and CPN Boards of Directors determined there are benefits to their residents and taxpayers to include the CPN Boundary within the PWSD boundaries and to also provide water and sanitary sewer services to CPN's Extraterritorial Service Area.
- D. The residents, taxpayers and voters of CPN approved inclusion into PWSD at the May 4, 2021 election.
- E. Accordingly, the Parties entered into an Inclusion Agreement effective February 11, 2021 (the "**Inclusion Agreement**"). All capitalized terms herein are defined in the Inclusion Agreement.
- F. Section I. A. of the Inclusion Agreement stated the desire of the parties to complete the inclusion on January 3, 2022 upon satisfaction of the conditions contained in paragraphs I.A.1 through 6 (the "**Conditions**").
- G. Some of the Conditions are unlikely to be satisfied by January 3, 2022 and new concerns have arisen in preparation for the consummation of the closing including, but not limited to:
1. Several violations of CPN's CDPHE permit and rules and regulations have occurred and PWSD requires the entry of a consent decree against CPN in order to avoid any future liability for the occurrences (the "**Consent Decree**"); and,
 2. Several CPN water wells and its treatment plant are in process of annual repairs and upgrades which have been slowed by supply chain issues and the COVID-19 pandemic (the "**Well Concerns**"); and,
 3. Contingencies on the right to assign the Water Provider Agreement for use of water storage in the Chatfield Reservoir have been satisfied but, there is concern over a fee required to be paid to other Members of the project for which waivers have not yet been obtained (the "**Chatfield Fee**").

4. The City of Brighton has filed suit against CPN claiming that Brighton was the high bidder for certain water rights which were awarded to the City of Aurora. The lawsuit will delay receipt of funds into 2022 that were going to be used, in part, to pay the Inclusion Fee on January 3 (the "**Brighton Suit**").
5. There are numerous property rights held by CPN, including fee simple ownerships and easements that have not been fully determined and are not ready for conveyance to PWSD as part of the sanitary sewer system (the "**Property Interests**").

(the "**Additional Concerns**").

H. The parties have pledged their commitment to work together to resolve the Conditions and Additional Concerns and to complete the inclusion and transfer of water and wastewater responsibilities as quickly as possible; but recognize that additional time is needed.

WHEREFORE, the Parties have entered into this First Amendment to Inclusion Agreement.

AMENDMENT

The Parties hereby amend the Inclusion Agreement as follows.

I. Paragraph I. A. - Agreement to Include/Election is stricken and replaced with the following:

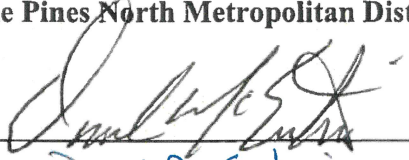
A. *Agreement to Include. The voters approved inclusion of CPN into the boundaries of PWSD for the purposes stated herein at the May 4, 2021 election. PWSD will include the CPN Boundary within the PWSD Boundary effective on or before 45 days after satisfaction of the following conditions (the "**Inclusion Date**"):*

II. In the event any provision of the Inclusion Agreement is contrary to or in derogation of this First Amendment, the language of this First Amendment shall prevail and guide interpretation of the language of the Inclusion Agreement.

III. This First Amendment is not intended to delete or otherwise amend any other provision of the Inclusion Agreement.

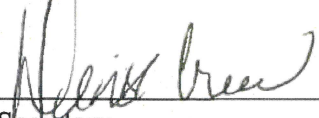
IV. This First Amendment is effective upon execution by both Parties on or before January 3, 2022.

Castle Pines North Metropolitan District




President David McEntree
Date: December 13, 2021

Attest:



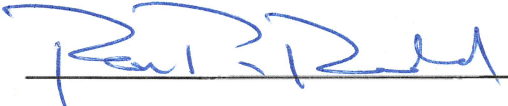
Secretary
Date of Board Approval: December 13, 2021

Approved as to Form:



Kim J. Seter, Co Atty No. 14294
Attorney for the District

Parker Water and Sanitation District



Ron R. Redd, P.E., District Manager

Attest:



Date of Board Approval: _____

Unanticipated Items	Item Description	Cost Estimate	Reductions
Well Repair and Maintenance	Hazen 2021 condition assessment, assets which received a 3 or higher requiring replacement in the near future.	\$ 493,918.00	
Well Redrill	Redrill and outfit of A4 and A5 (Lytle, 2021)	\$ 4,000,000.00	
Well Property	Based on analysis (Lytle, 2021) of existing well sites and limitations for well redrills, three 3 acre sites (9 acres total) are requested in addition to 1 well site (5 acres) to replace the C-1 Legae Ranch tract formerly offered as part of the agreement terms. This tract does not meet the requirements for new drills.	\$ 2,250,000.00	
Lift Station	Based on analysis (Hazen, 2021) CPNMD lift stations do not meet regulatory standards or industry best practices for the necessary emergency storage. Upgrades to pumping and redundancy were also noted for Lift Station 2 and Lift Station 5.	\$ 12,736,000.00	
Daniels Park Interceptor	Based on analysis (Hazen, 2021) the Daniel's Park Interceptor is undersized and approximately 3,400 LF of 18" PVC is recommended to parallel the existing line in order to eliminate the surging and flow capacity issues of this line.	\$ 3,788,000.00	
WTP Generator	The generator at the WTP is not sized to accommodate the electrical loads necessary for water treatment.	\$ 1,500,000.00	
Chatfield Allocation	Chatfield Participation Fee	\$ 814,860.00	
Misc. Items	Items still under analysis include: Structural evaluation of the WTP wet well and backwash tank, Ozone system, and efficiency of wells/well equipment (step tests).	Unknown	
Total Requested Funds		\$ 25,582,778.00	
Reductions from above	Eliminate WTP Generator for entire plant (\$1,300,000), Well Property (\$2,250,000) and one (1) Well Redrill (\$2,000,000)	\$ (5,550,000.00)	Take out upsizing cost of generator; CPNMD to work with PWSD to identify additional well sites; only require one well re-drill now
5 year depreciation	Recovery of Expected Depreciation Years 2022-2026 plus unanticipated Capital	\$ (6,500,000.00)	
Estimated CPNMD Water Main cost	Savings of replacing part of Castle Pines Parkway water main	\$ (1,500,000.00)	
Estimated 2021 CPNMD repairs	Work done in 2021 to repair/rehabilitate CPNMD system assets	\$ (1,000,000.00)	
Reduced Requested Funds		\$ 11,032,778.00	