

CASTLE PINES NORTH



METROPOLITAN DISTRICT

BOARD MEETING MINUTES

Tuesday, February 19, 2019 – 6:00 p.m.

HELD: Tuesday, February 19, 2019 at 6:00 p.m. at the Castle Pines North Community Center, 7404 Yorkshire Drive, Castle Pines, Colorado.

ATTENDEES: Directors David McEntire, Denise Crew, Robert Merritt, and Charles Lowen were present. Also present were District Manager, Jim Worley; legal counsel Kim J. Seter, Esq.; and City of Castle Pines Mayor Tera Radloff. Approximately five members of the public also attended.

CONFLICTS: None.

QUORUM: Present.

APPROVAL OF AGENDA: Director Lowen made a motion to approve the agenda as presented. The motion was seconded by Director Merritt and was approved 4-0.

APPROVE MINUTES OF REGULAR MEETING OF JANUARY 22, 2019: A motion was made by Director Merritt to approve the minutes as presented. The motion was seconded by Director Crew and was approved 4-0.

PUBLIC COMMENT: The City of Castle Pines Mayor Tera Radloff extended her thanks to the District Board for the newly formed connection between the Board and the City. She also thanked Director Crew for her work on the Park Authority Board.

OPEN SPACE MANAGER'S REPORT: District Open Space Manager, Craig Miller's, absence was excused. The Board discussed his report and accepted same.

LEGAL COUNSEL'S REPORT: Legal Counsel presented the legal status report. He noted that the final acceptances of certain Lagae Ranch development improvements remain in process and are not ready for Board approval. He noted that the Lagae Ranch Inclusion Agreement provides a one-year warranty on construction of the improvements from the date of final acceptance and conveyance of the improvements. He explained that, historically, the developer and District have understood that the one-year warranty began upon initial acceptance and terminated on conveyance. Counsel requested that the Board consider proceeding with the practices of the parties and modifying the documents to reflect the understanding of the parties. The Board took the matter under advisement to provide a position at the March meeting of the Board.

DISTRICT MANAGER'S REPORT: As a preface to the District Manager's report, President McEntire briefly explained that District Manager Jim Worley, and Chief Water Service Operator, Cory Williams, worked quickly, efficiently, and within budget over the last three weeks to overcome a computer malfunction at the water treatment plant that temporarily shut the plant down, with no water-service disruption for Metro District customers.

President McEntire commended the staff for demonstrating exemplary team work and problem-solving skill and acknowledged the Metro District's valuable partnership with Centennial Water & Sanitation District (that serves Highlands Ranch).

Expounding on President McEntire's preface, District Manager Jim Worley reported that the Metro District's 2019 budget originally contemplated replacing both the hardware and the software in the Supervisory Control and Data Acquisition (SCATA) system at the Metro District's water-treatment facility in two phases. He explained that the SCATA system communicates directly with the Metro District's various water wells, storage tanks, and lift stations. The malfunction prompted the Metro District to simultaneously replace the old proprietary SCATA system with a new, standard, off-the-shelf hardware and software in one phase. By purchasing readily available hardware and software, future professional repairs, servicing, and system updates will be far less costly than would otherwise have been the case for the old proprietary system that he inherited from the previous administration. District Manager Jim Worley thanked the Centennial Water & Sanitation District for supplying water directly to the Metro District's distribution system during the time that the Metro District's water-treatment system was undergoing its essential SCATA repair/upgrade.

Changing subjects, District Manager Jim Worley went on to share the recent historical context and rationale for his recommendation that the Metro District and the Parker Water and Sanitation District (PWSD) jointly study and thoroughly evaluate the possibility of merging, in some form or fashion, the Metro District's water and wastewater services with those of PWSD. The District Manager's remarks follow.

Good evening, Directors. Let me start my report by sharing with you some good news. Consistent with the Board's vision, beginning this month and continuing throughout the spring and possibly the summer, we are prepared to intensify a collaborative water and wastewater service-consolidation study with a potential water and wastewater service partner.

Before naming that potential service partner, please bear with me as I briefly recap what I believe to be the defining context within which the staff, consultant team, and I, per your direction, work every day to maximize efficiencies and economies of scale in all service areas.

These board meetings constitute an opportunity to reaffirm — and if necessary, refine — our understanding of the board's vision and our progress toward meeting that vision.

Directors, as I recap my understanding of the sequence of recent events and the historical context that defines where we are, how we got here, and the reason that I believe my announcement is consistent with your vision, please stop and correct me if I misstate or omit essential facts.

*In 2015, our District and its partners at Hawksley Consulting, completed work on, and subsequently published, this document called the **Strategic Renewable Water Implementation Plan**. This plan served as the basis for two consecutive ballot measures, both of which our voters overwhelmingly rejected.*

In reviewing this document, it is clear that neither the District, nor Hawksley Consulting, seriously evaluated what I believe were, and still are, among the most compelling, obvious, and relevant facts and associated renewable water alternatives. For example:

- 1) When built out, The Canyons development, located on the east side of I-25 and adjacent to Rueter-Hess Reservoir, will essentially double the size of the City of Castle Pines.*
- 2) The Castle Pines North Metro District owns 1,500-acre feet of raw-water storage in Rueter-Hess Reservoir.*
- 3) Our neighbors at the Parker Water and Sanitation District OWN and OPERATE Rueter-Hess Reservoir.*
- 4) The Parker Water and Sanitation District — not the Castle Pines North Metro District — is the water and wastewater service provider for what will soon be the new half of the City of Castle Pines.*

In my professional opinion, failure to acknowledge those facts — and failure to fully evaluate and integrate the renewable water alternatives associated with those facts into this 2015 Renewable Water Implementation Plan — are the primary reasons we are in the position of having to do so now.

Furthermore, page 12 of this Strategic Renewable Water Implementation Plan clearly states that third-party agreements were “very much undefined at the time of this study.”

Seeking to fund approximately 50% of the community’s renewable water needs, this 2015 document was the basis for the District’s May 2016 Ballot Issue A, which was a \$120-million plan to be financed through new property taxes and rate/fee hikes. By a 2-to-1 margin, Castle Pines voters rejected the District’s 2016 proposal.

Two years later, in 2018, again seeking to fund roughly 50% of the community’s renewable water needs, the District tweaked the 2016 plan and proposed a new Ballot Issue A. The 2018 version of Ballot Issue A was a \$103-million proposal funded through the imposition of 11.45 mills in new property taxes and annual, double-digit, water-rate increases. Again, by a margin of greater than 2-to-1, Castle Pines voters rejected the 2018 proposal and by similar margins elected a new board of directors.

*Though I was not the District Manager during that time, the message from Castle Pines voters echoed loudly throughout Castle Pines and Douglas County. That message was clear, strong, and unequivocal: **CHANGE DIRECTION NOW.***

Consequently — until and unless the board directs otherwise — I remain rigidly focused on meeting the District's four core 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.*

Consistent with the Board's vision and core objectives, I am pleased to announce that the Parker Water and Sanitation District has agreed to collaborate with this District to complete a water and wastewater service-consolidation study.

We anticipate the joint consolidation study will take several months — through the spring and possibly the summer. After jointly completing a thorough due-diligence assessment of our Metro District's water and wastewater infrastructure, assets, and service requirements, I plan to return to the board to report our findings and recommendations.

Except to seek your blessing tonight for the proposed collaborative study with the Parker Water and Sanitation District, please understand that we have made no commitments.

Mr. President, with your permission, I would like to take this opportunity to thank Parker Water and Sanitation District Manager Ron Redd, and Chief Financial Officer Steve Hellman, for being accessible and responsive. Both are consummate professionals, and I sincerely appreciate their willingness to work with us to identify and thoroughly evaluate potential efficiencies, economies of scale, and the possibility of water and wastewater service consolidation. They and their teams are prepared to work with us in good faith to flesh out under what terms and conditions our respective Boards of Directors might consider structuring water- and wastewater-service consolidation and the degree to which doing so may or may not make financial sense for the people of our respective communities.

Before continuing with the rest of my report, let me stop there and ask for your reactions and direction.

Pursuant to each Director's substantive comments, President McEntire offered a motion to jointly study the possibility of integrating the Metro District's water and wastewater services with those of PWSD. Director Merritt seconded the motion, which the board then approved by a vote of 4-0.

To close out District Manager Jim Worley's report, President McEntire noted that in its February 13, 2019 memo, the Metro District's engineering consultants at Kennedy Jenks referenced the status of multiple projects, including their proposed continuation of the Basin 8 Lift Station and their proposed waterline rehabilitation along Castle Pines Parkway. President McEntire encouraged the acquisition of a large-format aerial map that would visually highlight the location of Metro District piping and other infrastructure as a visual aide for the board, staff, and consultants.

ACTION ITEMS: In the excused absence of Finance Director Amanda Castle, President McEntire presented the District financial report for the period ending January 31, 2019. President McEntire presented checks numbered 24145-24196 for approval/ratification. Pursuant to discussion amongst the Board, a motion was made by Director Crew to approve/ratify the current payables for the month of January 2019 as presented and accept the financial report as presented. Director Merritt seconded the motion; approved 4-0.

President McEntire noted the publication requesting applications to fill the vacancy created by the resignation of former director Norman Froman. President McEntire reported that the appointee will serve until May of 2020 and stand for election at that time. The Directors discussed the possible appointment of Christopher P. Lewis due to his extensive resume and commitment to the objectives of the Board. Pursuant to discussion amongst the Board, a motion was made by Director Lowen to appoint resident Christopher P. Lewis to fill the vacant director position of Norman Froman. The motion was seconded by Director Merritt and was approved 4-0. President McEntire then administered the oath of office to Christopher P. Lewis.

DIRECTOR'S MATTERS: Director Crew provided an update regarding the Parks Authority. She reported that, in an effort to avoid unnecessary and expensive tax preparation and audit requirements, the Authority transferred funds from the Authority to the City. Director Crew also reported that, per the discussion at a previous board meeting, a water-heating apparatus prototype has been installed in her home. She reported that the prototype works, but that the engineer/manufacturer intends to install a new and improved prototype in the next few weeks, which they hope will supply hotter water faster and more efficiently.

PUBLIC COMMENTS: A resident of the District congratulated everyone on the Board and the District Manager for their work to consolidate water and wastewater services.

ADJOURN: With all other business to come before the Board having been addressed, Director Merritt moved that the meeting be adjourned at 7:35 p.m. The motion was seconded by Director Crew and was approved 4-0.