

CASTLE PINES NORTH



METROPOLITAN DISTRICT

AGENDA

Board of Directors Meeting

Monday, April 18, 2022, at 6:00 p.m.

7404 Yorkshire Drive, Castle Pines, CO 80108

CPNMD residents are welcome to **Zoom** in or participate in person. To Zoom in, please sign up before 12:00 noon on the day of the board meeting and follow the step-by-step instructions at cpnmd.org/cpnmd-zoom-meeting-sign-up.

- I. Welcome. Call meeting to order. Pledge of Allegiance.
- II. Roll call. Determination of quorum. Disclosure of potential conflicts.
- III. Consider approving April 18, 2022 board meeting agenda.
- IV. Consider approving regular monthly board meeting minutes of March 21, 2022.
- V. Presentation from the City of Castle Pines regarding its new stormwater system responsibilities in The Canyons and Castle Valley developments and the City's desire to secure an intergovernmental agreement (IGA) with CPNMD to assume



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operations and maintenance responsibilities for the community's stormwater system and the associated billing.

VI. Status of eight action items PWSD claims are prerequisites for Inclusion of CPNMD's water and wastewater utilities. The following eight action items are from PWSD staff's Inclusion update at PWSD's December 9, 2021 board meeting — *six months **after** the voter-approved Inclusion and 25 days **before** the voter-approved Inclusion date of January 3, 2022.*

A. 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.

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

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.

C. 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.

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

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.

- E. Securing Chatfield Reservoir storage-fee waivers.

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.

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

Counsel has developed, and 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.**

- G. 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.**

H. PWSD's demand 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.

- VII. Status of due-diligence discussions with other (non-PWSD) water providers regarding potential Inclusion of CPNMD's water and wastewater utilities.
- VIII. First public comment period limited to specific agenda items in Roman Numerals V through VII above (three-minute maximum per person).
- IX. Parks, Trails & Open Space Manager's report.
- X. Water & Wastewater Operations Manager's report.
 - A. Resolution of odor in Forest Park & Castle Point neighborhoods.
- XI. Finance Director's report.
 - A. Consider approving financial report, payables, and claims for payment, including Check Nos. 26810 - 26861 (March 12, 2022 – April 8, 2022)

	Approve	Ratify	Totals
General Fund & Debt Service	—	\$ 62,926.93	\$ 62,626.93
Enterprise Funds	—	\$ 624,388.02	\$ 624,388.02
Electronic Payments (all funds)	—	\$ 72,852.00	\$ 72,852.00
Total Expenditures	—	—	\$ 760,166.95

- XII. Legal Counsel's report.
 - A. Working draft Intergovernmental Agreement (IGA) as the basis for CPNMD to convey its stormwater system responsibilities and funding to City of Castle Pines.
 - B. Resolution of City of Brighton's lawsuit against CPNMD and Aurora Water.
- XIII. District Manager's report.
 - A. Review Bid tabulation and consider authorizing Notice of Apparent Lowest Responsible Bidder, and Notice to Proceed upon receipt of a signed contract, insurance certificates and bonds.

XIV. Directors' matters.

A. **Monday Mornings with McEntire & Worley**

Bring a neighbor and join CPNMD President David McEntire and District Manager Jim Worley this Monday morning for our fifth get together. These weekly in-person gatherings constitute informal opportunities for homeowners and residents to learn more about our community's renewable water future.

Dates: Each Monday morning, April 18th through May 16th

Time: 7:30 a.m. to 9:00 a.m.

Location: Castle Pines North Community Center

Address: 7404 Yorkshire Drive, Castle Pines, 80108

RSVP: No need to register ahead of time. Just show up, sign in, introduce yourself, and engage.

(Light refreshments.)

XV. Second public comment period (three-minute maximum per person).

XVI. Adjourn.

CPNMD's next regular monthly meeting is scheduled for Monday, May 16, 2022.

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CASTLE PINES NORTH



METROPOLITAN DISTRICT™

April 7, 2022

Substantial victory for CPNMD customers

Two and a half months ahead of its scheduled court appearance, the City of Brighton agreed to resolve its lawsuit against the Castle Pines North Metro District (CPNMD) and Aurora Water. The net result is a win/win for all three jurisdictions and, most importantly, for CPNMD customers. Pending the approval of each governing body, the lawsuit resolution means CPNMD will sell roughly 585-acre feet of water located in northern Colorado to Aurora and Brighton for a total of \$18,195,000.00.

During a special board meeting on Wednesday, April 6, 2022, CPNMD directors agreed, in principle, to use the proceeds from the sale to pay down CPNMD's debt.

"As a practical matter, I think this is the best of all possible outcomes," said an elated Director **Denise Crew**. *"In the next 30 days, Aurora and Brighton will assume ownership of CPNMD's water rights, and CPNMD will pay off, in full, its \$18,805,000.00 certificates-of-participation debt. As a result, we will be an even more attractive Inclusion partner for Parker Water and other larger potential Inclusion partners that offer better economies of scale and lower rates than Parker."*



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"This transaction puts CPNMD in the driver's seat and serves as a wake-up call for Parker Water," said CPNMD President **David McEntire**. *"As I've said before, if and when PWSD wishes to revisit the Inclusion, we stand ready and willing to work with them in good faith. Given the millions of dollars in water and wastewater infrastructure upgrades we've recently installed and will continue implementing — and recognizing CPNMD customers annually use less than fifty percent of the water we are legally decreed — eliminating debt enhances CPNMD's negotiating position. On multiple occasions, PWSD General Manager Ron Redd has said, he remains open to revisiting the Inclusion opportunity in the future. Ron, respectfully, the future is now."*

"The resolution of Brighton's lawsuit is a game-changer," said Director **Christopher Lewis**. *"We're going to continue working to secure our community's water future wisely and at less cost. Moving forward, all potential Inclusion partners in the market know we're open for business and eager to Include with a fair-minded partner. I'm excited to see how other potential Inclusion partners propose to sweeten the pot and make our residents a better offer than Parker's attempted \$11 million money grab."*

Background: CPNMD owns water rights in northern Colorado, which it is unable to access without spending tens of millions of ratepayer dollars to finance, design, build, operate, and maintain a water pipeline between Fort Lupton and Castle Pines. Last year, CPNMD sought bids for the sale of those water rights. The City of Aurora submitted a bid package hundreds of thousands of dollars greater than the City of Brighton's bid. The City of Aurora's high-bid package, combined with the fiduciary and stewardship responsibilities CPNMD has to its 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. The City of Brighton was unhappy with the outcome and filed a lawsuit contesting CPNMD's decision.

In short, the collegial resolution of Brighton's lawsuit eliminates the need for a trial in late June and positions us to retire CPNMD's certificates-of-participation debt, thereby **saving CPNMD ratepayers more than \$10.5 million in interest payments** over the life of the what would have otherwise been the remaining 22-year term, expiring in 2044.



CITY OF CASTLE PINES CASTLE PINES NORTH METRO DISTRICT STORMWATER IGA

April 18, 2022



MUNICIPAL SEPARATE STORM SEWER SYSTEM (MS4)

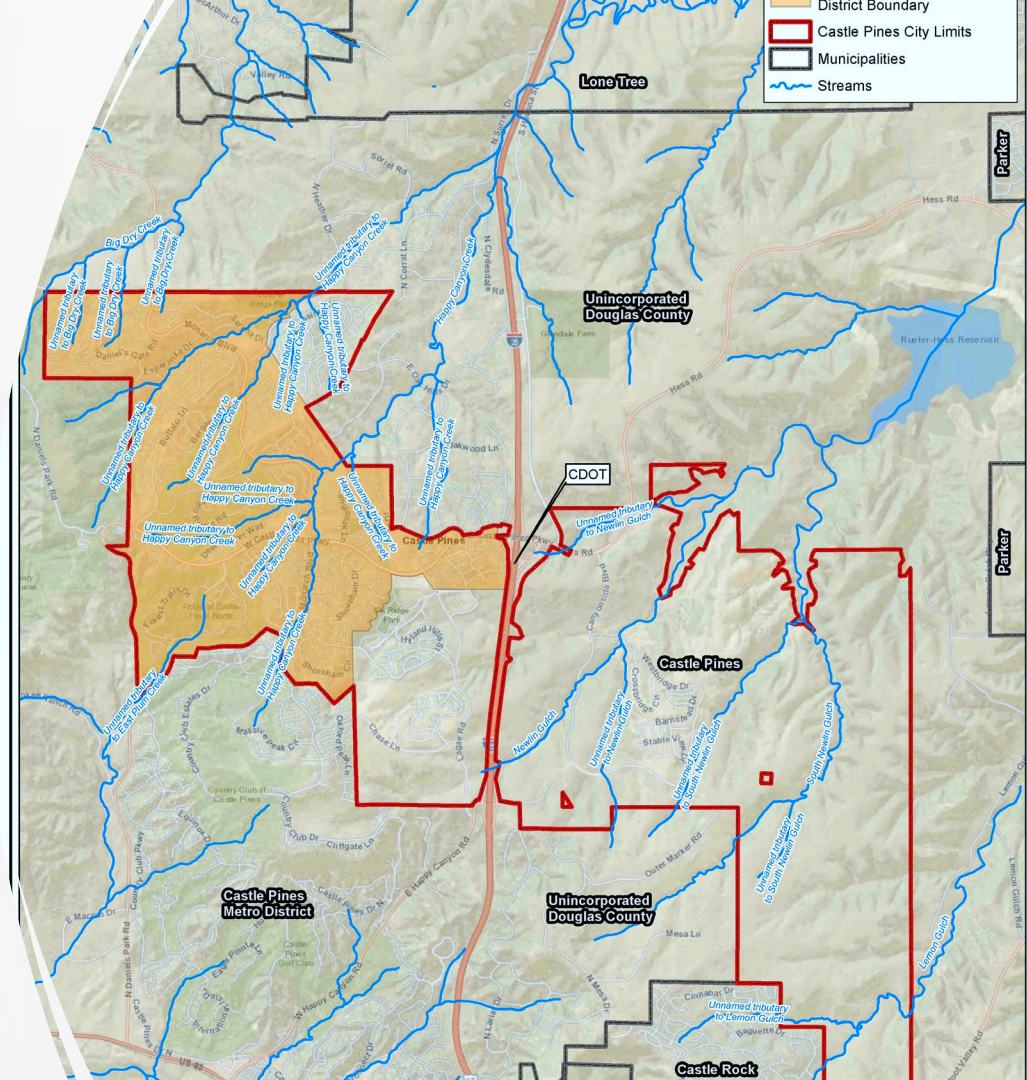
- Castle Pines - Standard Phase II permittee
- CPNMD - Non-standard permittee
 - New non-standard permit issued in 2021
 - Significant Increased requirements in programmatic elements and documentation

MS4 REQUIREMENTS

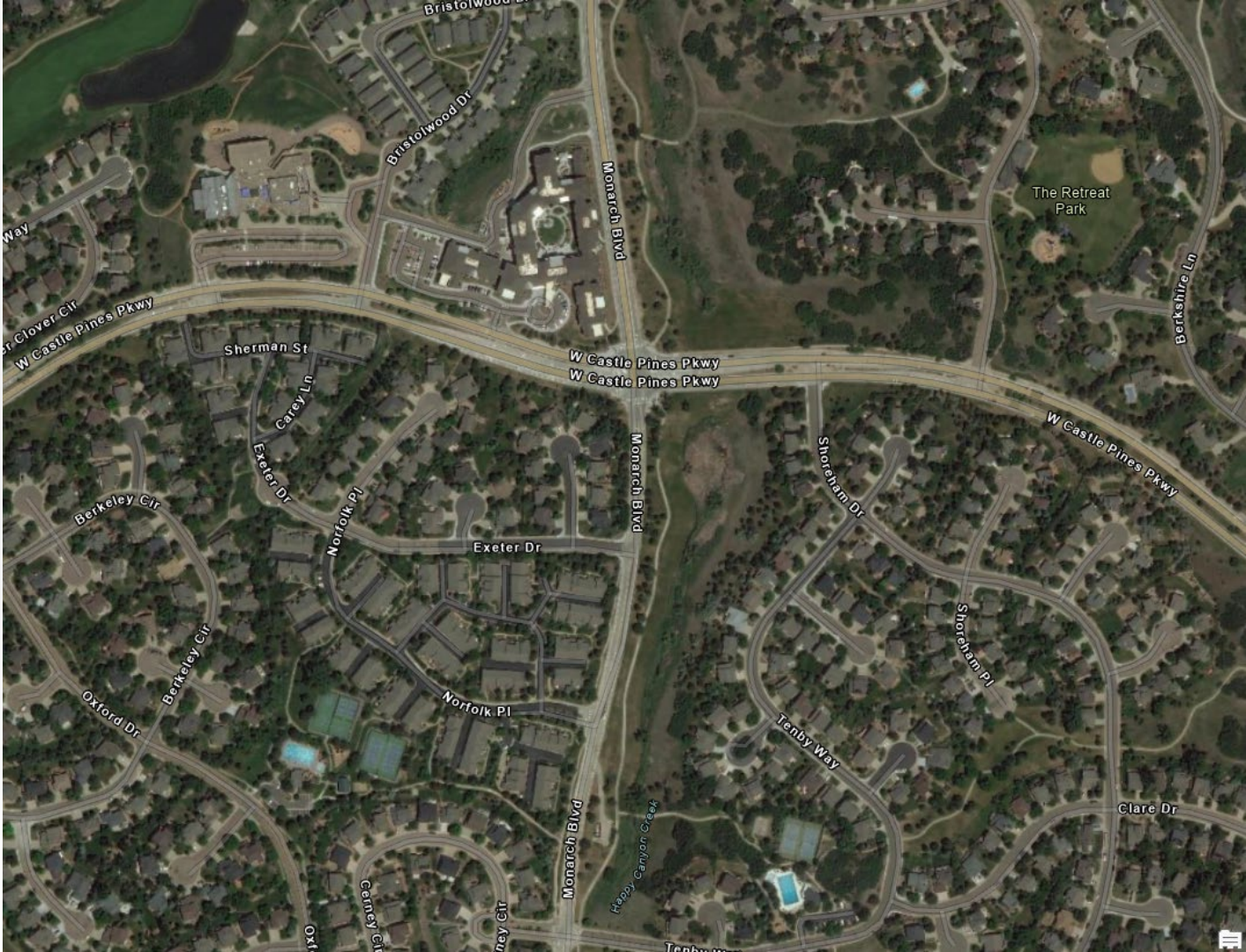
- Requirements include . . .
 - Education and Outreach
 - Illicit Discharge Detection and Elimination
 - Good Housekeeping and Pollution Prevention
 - Construction
 - Post Construction



CASTLE PINES AND CASTLE PINES NORTH METRO DISTRICT MS4 BOUNDARIES

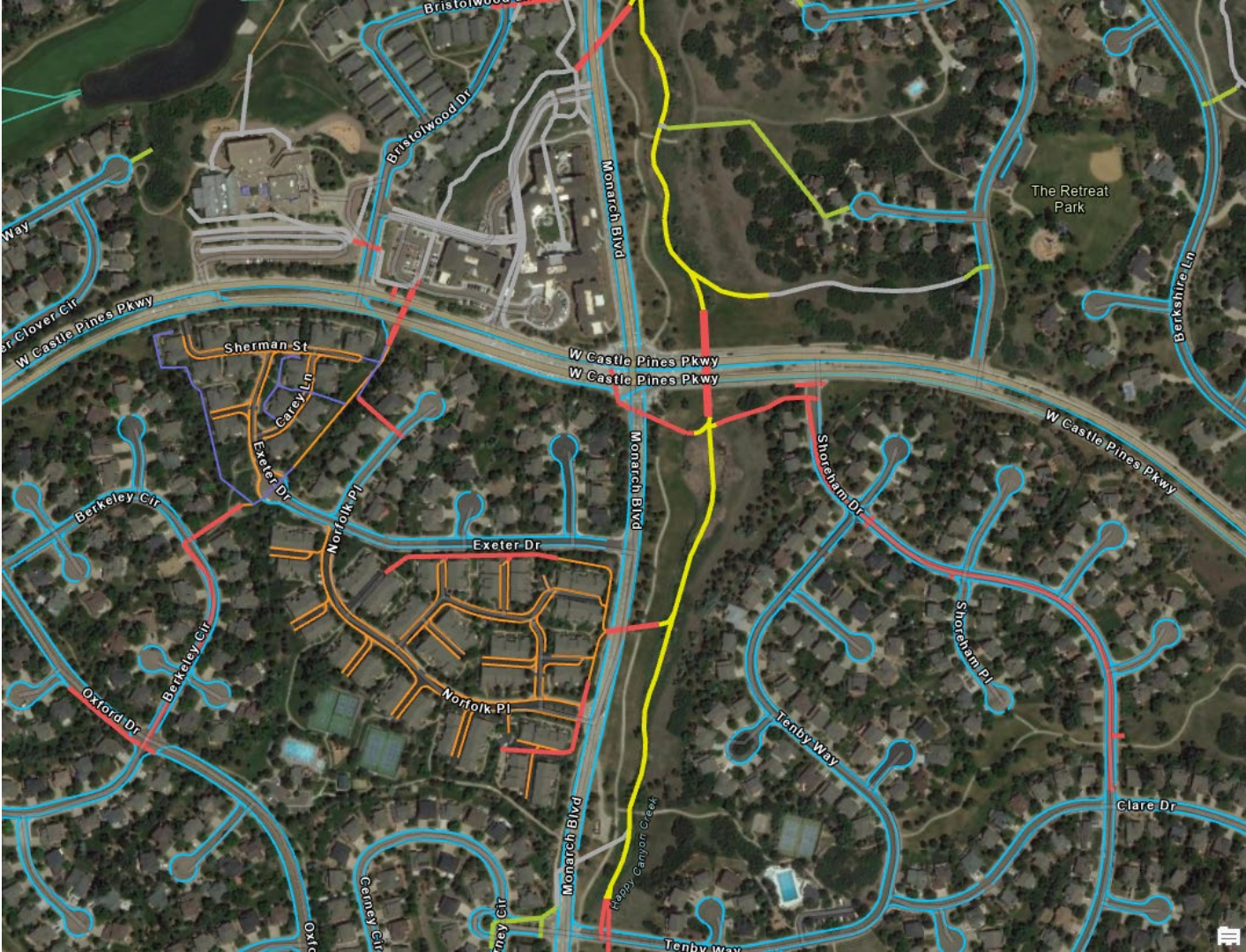


MIXED STORM SEWER SYSTEM WITHIN CASTLE PINES- CPNMD BOUNDARY



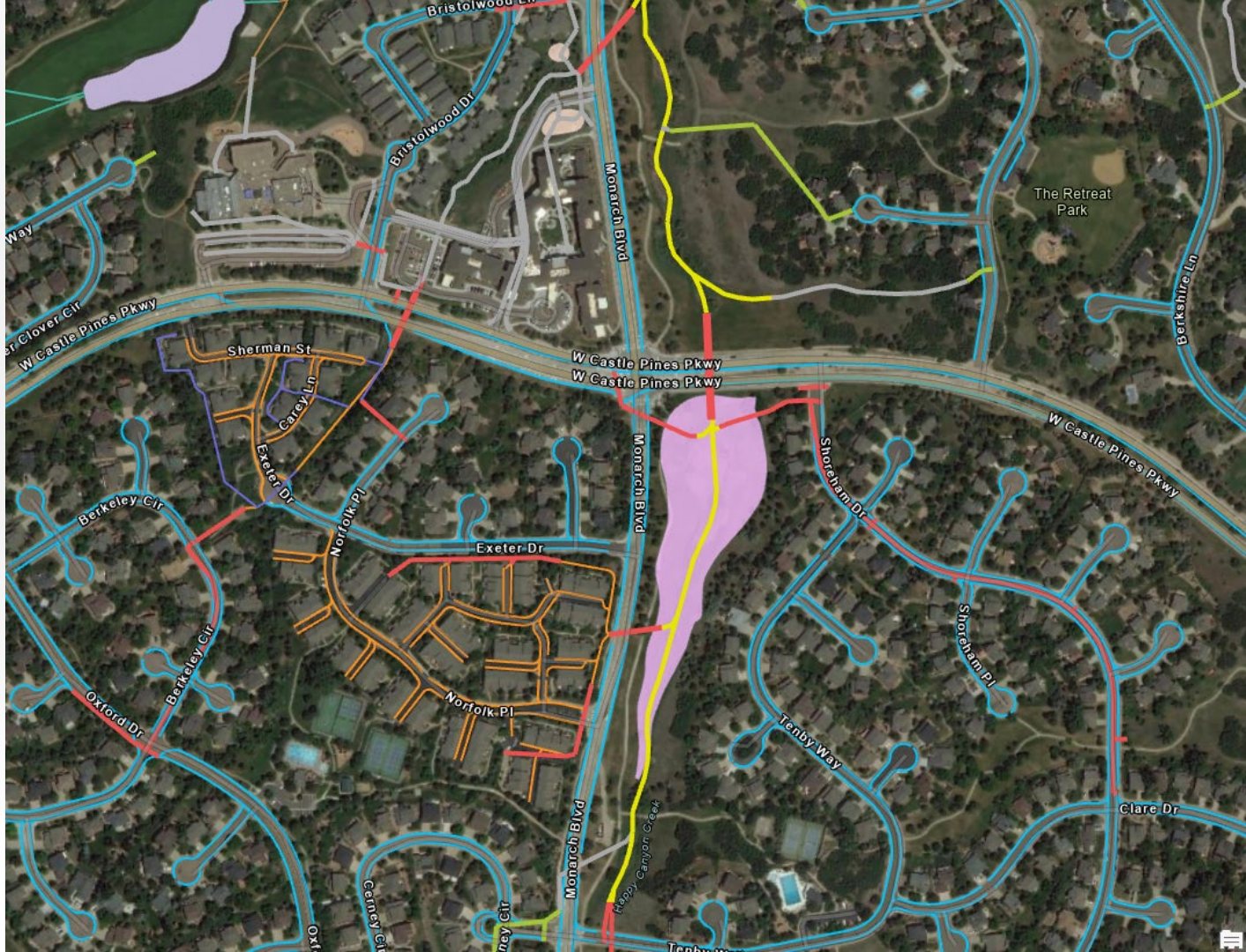
MIXED STORM SEWER SYSTEM WITHIN CASTLE PINES- CPNMD BOUNDARY

- Conduits/Pipes
- Open Channel/Streams



MIXED STORM SEWER SYSTEM WITHIN CASTLE PINES- CPNMD BOUNDARY

- Conduits/Pipes
- Open Channel/Streams
- Ponds



2018 STORMWATER FEASIBILITY STUDY

City of Castle Pines
Stormwater Funding Feasibility Assessment



Prepared by
Wright Water Engineers, Inc.
Water Resources Associates, Inc.

November 2018

- Stormwater management services are widely dispersed among numerous governmental and non-governmental agencies rather than within a single entity.
- Projected changes in the City's stormwater functions due to MS4 responsibilities include increased maintenance and operations and increased area.
- Benefits for a consistent storm system maintained by one entity and a funding source to maintain the municipal storm sewer system and illicit discharges throughout the community.
- Lack of updated storm sewer information from either CPNMD or the City since 2013.

NON-STANDARD MS4 PERMIT REQUIREMENTS



- Must have programs to prohibit, trace, and track discharges of pollutants to storm sewer systems
- Provide extensive public education on multiple topics that may reduce the threat to water quality
- Provide current mapping for stormwater outfalls, interconnections, and receiving waters
- Develop runoff control measures and training for permittee-owned facilities
- Train staff, contractors, and developers on construction, post-construction requirements, and illicit discharges
- Provide construction and post-construction oversight and perform design reviews meeting extensive requirements
- Maintain extensive program documentation



CDPS GENERAL PERMIT C0070000
STORMWATER DISCHARGES ASSOCIATED WITH
NON-STANDARD MUNICIPAL SEPARATE STORM SEWER SYSTEMS (MS4s)
AUTHORIZATION TO DISCHARGE UNDER THE
COLORADO DISCHARGE PERMIT SYSTEM

In compliance with the provisions of the Colorado Water Quality Control Act, (25-8-101 et seq., CRS, 1973 as amended) and the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq., "the Act"), this permit authorizes all discharges from municipal separate storm sewer systems certified under this permit, from those locations specified throughout the state of Colorado to specified waters of the state. Such discharges shall be in accordance with the conditions of this permit.

This permit specifically authorizes the entity listed in the certification to discharge as of the effective dates stated on the certification, in accordance with pollutant restrictions, prohibitions, and reduction requirements and monitoring requirements and other conditions set forth in Parts I, II and III hereof. All discharges authorized herein shall be consistent with the terms and conditions of this permit.

The applicant may demand an adjudicatory hearing within 30 days of the date of issuance of the final permit determination, per the Colorado Discharge Permit System Regulations, 61.7(1). Should the applicant choose to contest any of the pollutant restrictions, prohibitions, and reduction requirements monitoring requirements or other conditions contained herein, the applicant must comply with Section 24-4-104 CRS and the Colorado Discharge Permit System Regulations. Failure to contest any such pollutant restriction, prohibition, and reduction requirement, monitoring requirement, or other condition, constitutes consent to the permit condition and related permit certification condition(s) by the Applicant.

This permit and the authorization to discharge shall expire at midnight on October 31, 2026.

Issued and Signed this 30th day of September, 2021, Effective November 1, 2021.

COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

Meg Parish
Meg Parish
Section Manager
Water Quality Control Division

PERMIT ACTION SUMMARY:

Modification 1 issued September 30, 2021, effective November 1, 2021

Originally Issued and Signed April 30, 2021, effective November 1, 2021





BENEFITS OF THE IGA

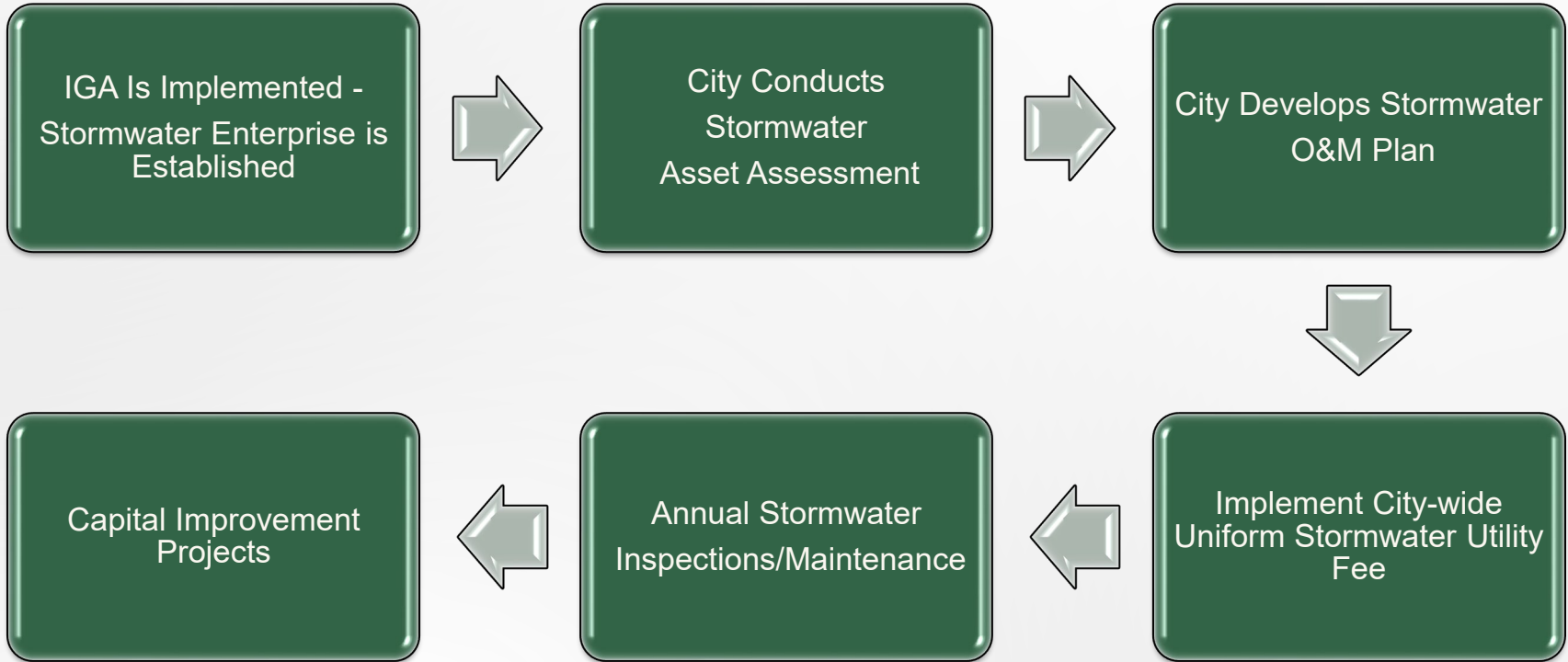
- Castle Pines has a Standard MS4 permit and has land use authority within the City (CPNMD would no longer need a non-standard permit)
- City of Castle Pines would take on CPNMD's permit responsibilities and accept stormwater system in "as is" condition
- Community benefits with one entity responsible for storm sewer systems and responding to illicit discharges and other permit requirements
- Consistent maintenance and operation of storm sewer system
- City has the resources to properly manage the stormwater program with dedicated stormwater staff
- Uniform stormwater fee structure throughout the City via a Stormwater Enterprise

STORMWATER ENTERPRISE UTILITY FEE

- Driven by . . .
 - Stormwater system assessment
 - O&M needs
 - Stormwater related capital improvement projects
- Other area municipalities (residential per month)
 - Castle Rock (\$7.30), Parker (\$8.08), Lone Tree (\$7.15)



IGA IMPLEMENTATION TIMELINE



Questions?

