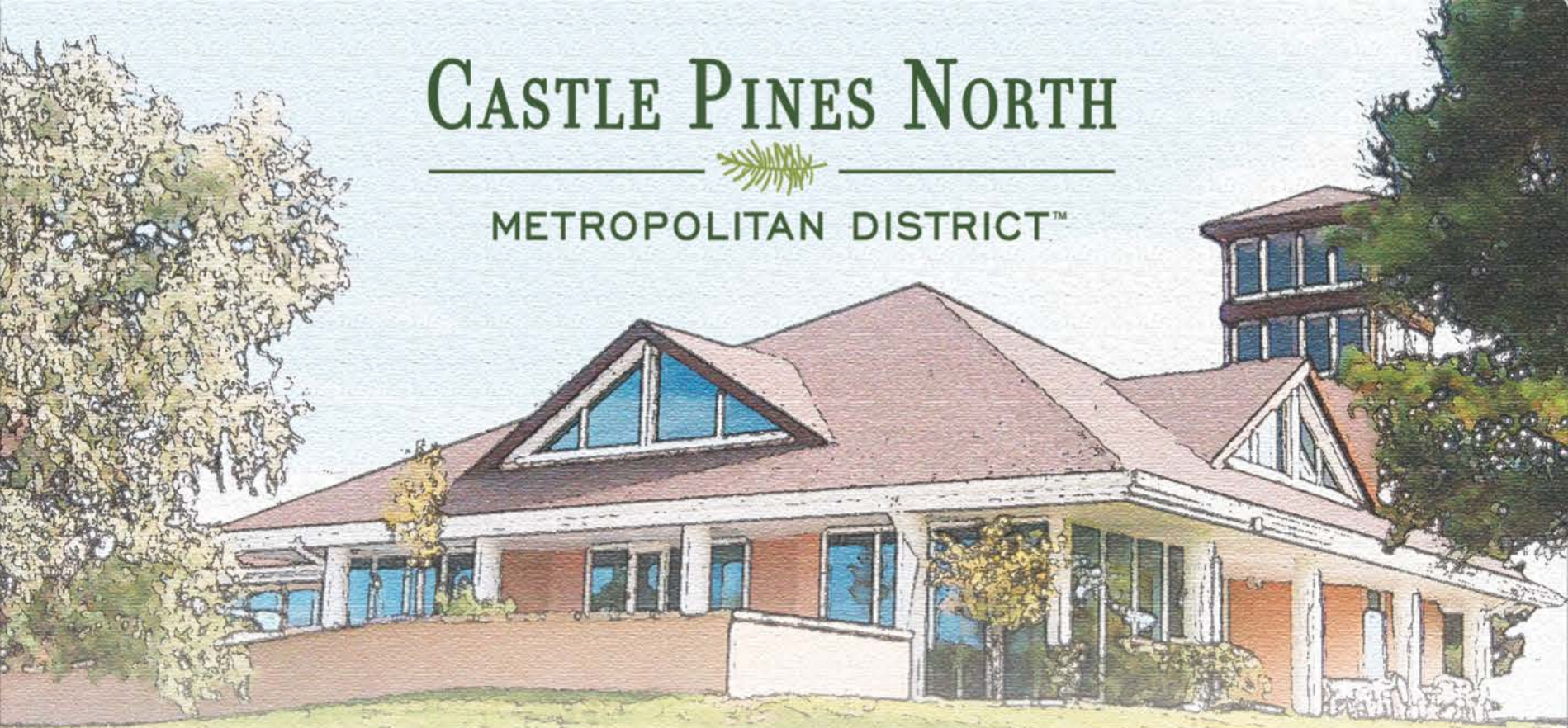


CASTLE PINES NORTH



METROPOLITAN DISTRICT™



A letter from **Nathan Travis**

District Manager
Castle Pines North Metro



It has certainly been a tumultuous time for CPNMD these past couple of years. With a tremendous amount of gratitude to CPNMD staff, our board, our new operations team, and host of incredible relationships we have spent the year since the failed Parker inclusion heading in a positive direction, and picking up steam. There is hardly an aspect of our system that hasn't been significantly improved over this past year.

We have already made significant strides in upgrading our water treatment plant, drastically improving functionality and efficiency, as well as reliability, security and even aesthetically. We still have three major capital projects planned to be completed this year. We are re-vamping one of our chemical storage and injection rooms, doing rehabilitation of all of our process tanks, and re-designing and replacing our six filters. This will make a significant impact on our iron removal, and we are even hopeful that we will be able to increase our allowed production capacity, currently at five million gallons per day.

We have gotten on track with our well maintenance schedule, have made significant site upgrades and are currently working on rehabilitating the valve and control vaults for every well site giving them some much needed TLC.

All of that said, perhaps the most important development is the progress being made on the work that needs to be completed regarding seven of the district's eight lift stations. It's no secret that these facilities are long overdue for significant upgrades, and in some cases, full replacement – resulting in the district being put under a State Compliance Advisory. We have completed our initial design review and the board has given direction to staff and Kennedy Jenks, the district engineering firm, to move forward into final design. We are hopeful that we may even be able to fully eliminate two of the stations, currently sitting in the middle of our beautiful parks and open space. Though cost projections are tricky in today's environment, we are looking at a range of \$6-9 million in projected costs, and a completion date as early as 2025. While that is clearly a substantial sum, PWSD had estimated the total cost of that project to be north of \$12 million. We are consistently able to complete projects for less than the projections from the inclusion-related condition assessments. A savings of \$3-6 million dollars is a massive win, especially for a community of our size. The completion of this project will lift the compliance advisory, which is something that needs to be lifted to potentially move forward with an inclusion partner.

This puts us in position to potentially re-engage on the inclusion front in 2025-2026, and while that may seem far down the road, we need that time to continue to gather information and complete capital projects. We are in early discussions with neighboring water districts, including The Village of Castle Pines to complete a ground water study. It is vital we get as complete an understanding of our current primary resource as possible, and this study is a huge step in that direction. We also have water pipeline distribution assessments to complete. We are also working with the City of Castle Pines to capture a mutual savings by replacing water lines in conjunction with City paving projects, a model that worked beautifully during the Castle Pines Parkway Project last year.

In the immediate near-term a comprehensive rate study is needed, as rates haven't been adjusted for the past few years. Additionally, our water conservation plan is in need of an overhaul. Following a challenging transition in district leadership that coincided with a change in our financial services contractor, we have been furiously working to get caught up with completion of our audit for 2021 (a task that is nearly complete), before we immediately begin work on our 2022 audit.

Three directors are approaching the end of their time with CPNMD, and they are going out with a bang. We anticipate the signing of an IGA that will effectively and immediately move our Parks Trails and Open-space to the City of Castle Pines, initially through a maintenance agreement of sorts, and ultimately with the goal of the City collecting their own mill-levy and permanently combining the services under the City's roof. This will sharpen the direction of CPNMD, provide a cost savings and increase of service to our residents, and is an all around huge win for our community. It is important to note that this will NOT in any way increase cost or property taxes to our residents. We will fund the city for this service through our existing mill levy until the City can get their own approved, and then permanently reduce the mills collected by CPNMD to offset the mill levy collected by the City in it's entirety. This is currently scheduled for both district and city approval at the end of March. The transition will begin immediately, and we have already been taking operational steps in that direction in anticipation of this monumentally exciting move.

Our current board has been steady and resilient during my admittedly short time as district manager. Our new board will need to keep that same community-first direction as they work to steer the ship toward our mission to provide high-quality, clean, safe, reliable, on-demand drinking and wastewater services to our residents at the lowest possible cost. There are certainly challenges and big decisions to be made ahead, and I have every confidence that our community will use their voice to put the best people in place to do exactly that.