

Background and Facts

1. Claiming that it would save the people of Castle Pines hundreds of thousands of dollars, on February 5, 2010, the Castle Pines City Council filed an application in Douglas County District Court to dissolve Castle Pines North Metropolitan District (CPNMD) and assume control of the drinking water, renewable water, waste water, storm water, parks and open space services CPNMD has, since 1984, provided the people of our community.
2. The CPNMD Board of Directors questioned the City's unsubstantiated claim that dissolving CPNMD would save the people money.
3. City Council's legal action automatically triggered a State law that requires CPNMD to submit a fiscally responsible, timely Dissolution Plan to the Douglas County District Court.
4. The CPNMD Board of Directors engaged the experienced and highly regarded StepWise Utility Advisors (StepWise) to conduct rigorous, independent, fact-based and data-driven cost/benefit and comparative analyses of CPNMD's dissolution options for its DW and WW utilities, with the understanding that CPNMD intended to use analyses findings as the factual basis upon which to prepare and submit the single most fiscally responsible Dissolution Plan it possibly can to the Douglas County District Court Judge.
5. CPNMD must submit its proposed Dissolution Plan to Judge Paul King on, or before, Monday, June 20, 2011.
6. Judge Paul King may accept, reject or refine the Dissolution Plan before sending a Plan to CPNMD voters to approve or deny – as early as November 2011.
7. In the event CPNMD voters approve the Dissolution Plan, CPNMD will dissolve into one or more entities that will begin providing the community's drinking water, renewable water, waste water, storm water, parks and open space services.
8. In the event voters reject the Dissolution Plan, CPNMD will continue as your primary services provider, while continuing to evaluate and pursue integration and partnership opportunities with other existing fiscally responsible DW and WW providers to achieve greater economies of scale and cost savings.

Notes:

Castle Pines North Metropolitan District
Attention: Jim Worley, District Manager
7404 Yorkshire Drive
Castle Pines, CO 80108
www.cpnmd.org



Community Presentation & Public Comment

The Castle Pines North Metropolitan District (CPNMD) Board of Directors encourages you, your family and neighbors to review the enclosed information, talk among yourselves and join us at the next CPNMD Board meeting: →

The CPNMD Board of Directors committed itself 12 months ago to use rigorous independent, fact-based and data-driven cost/benefit and comparative analyses findings as the factual basis upon which CPNMD would draft and submit to the Douglas County District Court Judge, the single most fiscally responsible Dissolution Plan we possibly can.

Based on StepWise Utility Advisors (StepWise) rigorous, independent, fact-based and data-driven cost/benefit and comparative analyses of CPNMD dissolution plan options and scenarios, StepWise will present its **Phase 1**

Date:	Monday, May 16, 2011
Time:	7:00 PM
Location:	Castle Pines Community Center 7404 Yorkshire Drive Castle Pines, CO 80108
Re:	StepWise Utility Advisors' Phase 1 Findings of its cost/benefit and comparative analyses of CPNMD's Dissolution Plan options with the City of Castle Pines, with the Town of Castle Rock, and with Parker Water and Sanitation District.

Findings at this May 16th meeting. Immediately following the StepWise presentation, the Board will take public comment. Subsequently, the Board intends to execute Phase 2 and Phase 3 of its Dissolution Plan development process next month (June 2011).



Steven Labossiere
President
slabossiere@cpnmd.org



Dwight Zemp
Vice President
dzemp@cpnmd.org



Keith Dodd
Treasurer
kdodd@cpnmd.org



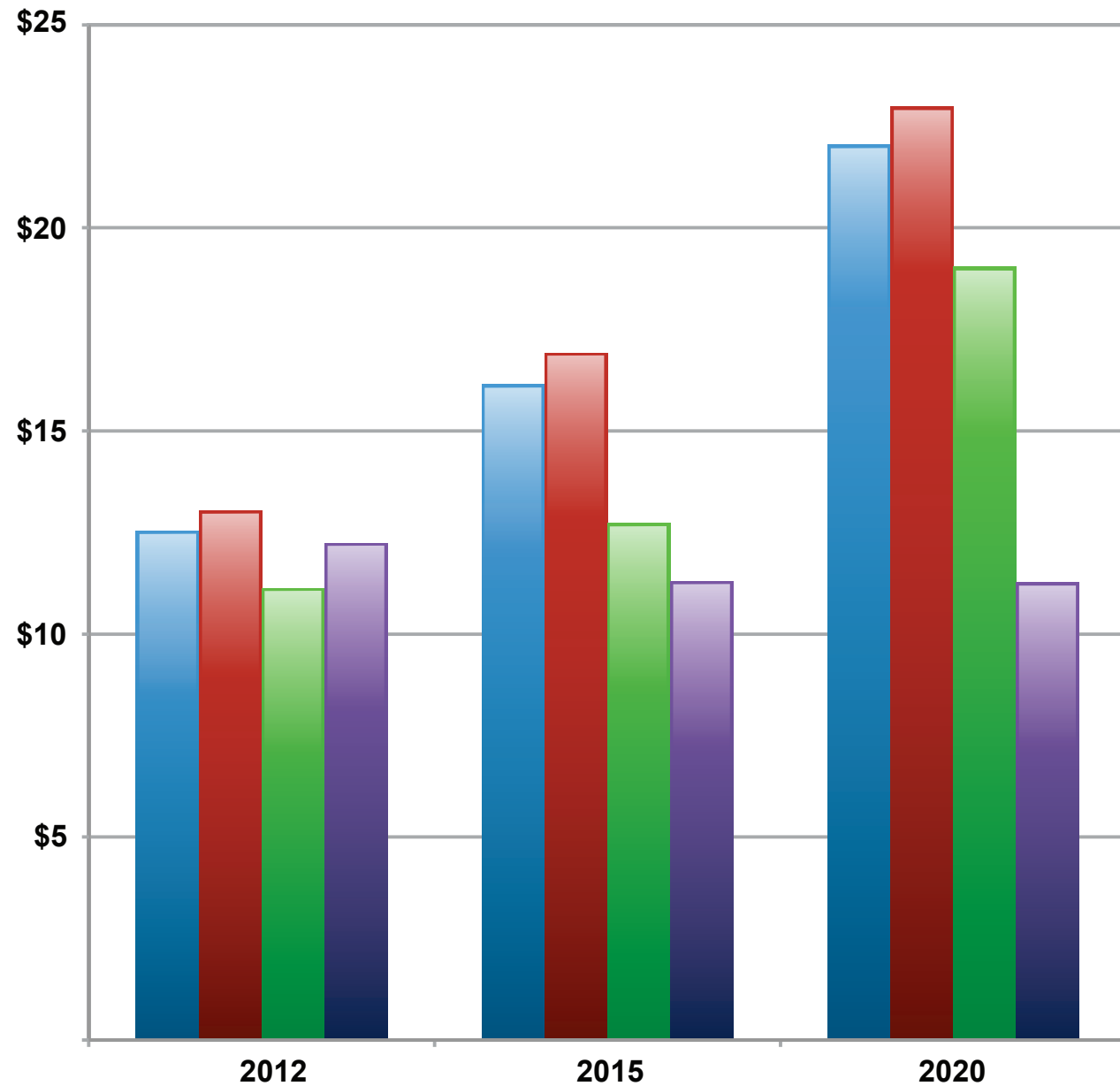
Bill Santos
Director
bsantos@cpnmd.org



Andy Rhodes
Director
arhodes@cpnmd.org

After comprehensively analyzing data, which the City of Castle Pines, the Town of Castle Rock, and the Parker Water and Sanitation District separately and willingly provided,

StepWise's Phase 1 findings suggest the following possible CPNMD dissolution plan scenarios:



■ Status Quo Scenario #1

CPNMD voters oppose proposed CPNMD dissolution. (Includes our community's current Renewable Water Plan implementation costs.)

■ CPNMD Dissolution Scenario #2

CPNMD voters approve dissolving CPNMD's DW & WW services into the City of Castle Pines. (Includes our community's current Renewable Water Plan implementation costs.)

■ CPNMD Dissolution Scenario #3

CPNMD voters approve dissolving CPNMD's DW & WW services into the Town of Castle Rock. (Includes consolidated Renewable Water Plan implementation costs.)

■ CPNMD Dissolution Scenario #4

CPNMD voters approve dissolving CPNMD's DW & WW services into the Parker Water and Sanitation District. (Includes consolidated Renewable Water Plan implementation costs.)

Phase 1 Summary Findings: Economies of Scale Matter!

Serving approximately 3,200 residential and commercial customers, CPNMD is a relatively small drinking water (DW) and waste water (WW) services provider. Although CPNMD provides DW and WW services at a sharply competitive cost, in the mid- to long-term, neither CPNMD nor the City of Castle Pines possess the customer base and associated economies of scale sufficient to provide the people of our community with competitively priced rates. StepWise's analyses reveal what many people know intuitively – that economies of scale drive cost and therefore drive cost savings. The most fiscally responsible way for the CPNMD Board – and ultimately for the people and families of our community – to control water-related service costs *may be to regionalize the DW and WW utility systems, or otherwise partner with one or more existing*

DW and WW service providers/districts in Douglas County.

StepWise's Phase 1 Findings suggest that dissolving CPNMD into the City of Castle Pines would provide no additional economies of scale, whereas dissolving into either the Town of Castle Rock or Parker Water and Sanitation District would increase economies of scale and the potential for significant cost savings.

PLEASE BE ADVISED: First, the CPNMD Board of Directors intends to make final Dissolution Plan submission decisions only after completing Phase 2 analyses. Second, the governing bodies of CPNMD's potential dissolution partners have neither officially reviewed nor approved this chart.

This chart reflects the costs of providing a total of 1,000 gallons of drinking water (DW) and wastewater (WW) services to the people of CPNMD under the status quo (blue) versus each of three possible CPNMD dissolution scenarios: the City of Castle Pines (red); the Town of Castle Rock (green); and the Parker Water and Sanitation District (purple). This chart includes all costs of providing DW and WW services to the people of each community, regardless of whether those costs are paid through DW and WW rates or property taxes.

Phases of Dissolution Process

- Phase 1** Cost/Benefit and Comparative Analyses: What does the math reveal?
- Phase 2** Governance and Renewable Water Planning Issues: How will they work?
- Phase 3** CPNMD Board will select the best potential dissolution partner; negotiate with, and secure necessary approvals from, the appropriate governing body; assemble a Dissolution Plan; and submit that Plan to the Douglas County District Court Judge.
- Phase 4** The Judge will review, reject and/or refine the Dissolution Plan before sending it to CPNMD voters – as early as November 2011.
- Phase 5** CPNMD voters will either approve or deny the Dissolution Plan.