

**CASTLE PINES NORTH METROPOLITAN DISTRICT
STUDY SESSION MINUTES
January 23, 2025 – 5:30 p.m.**

HELD: Wednesday, January 23, 2025 at 5:30 p.m.

ATTENDEES: Directors Jason Blanckaert, Leah Enquist, James Mulvey, Jana Krell, and Tera Radloff were present. Nathan Travis, District Manager; Eric Harris, H2; Paul Polito, Seter, Vander Wall & Mielke were present.

CONFLICTS: None.

QUORUM: Present.

CALL MEETING TO ORDER: The Study Session was called to order at approximately 5:30 p.m.

LONG-TERM GOALS & STRATEGIES DISCUSSION (Director Enquist, Facilitator)

The Board commenced by identifying and discussing the District’s core priorities: ensuring safe and renewable water supplies, addressing staffing needs, maintaining District infrastructure (including lift stations), and preserving sound finances. The Directors emphasized the importance of reliability—“It just works”—highlighting the goal of avoiding negative news and continuing above-and-beyond testing and maintenance to ensure no regulatory violations.

Safe and Renewable Water: Directors stressed the need to maintain high-quality drinking water standards and to strengthen renewable water resources for long-term sustainability. They also noted the District’s desire to be proactive rather than reactive, with a focus on award-winning water quality and meeting or exceeding Colorado Department of Public Health and Environment (CDPHE) standards. The board strongly emphasized the desire to avoid CDPHE violations.

Staffing & Training: The Board discussed potential hiring and the importance of ongoing staff education. Ensuring that team members stay current with best practices and industry requirements was identified as a key priority.

Infrastructure & Maintenance: Considerable time was devoted to infrastructure upkeep, especially aging facilities, and to exploring options for lift station improvements. Directors highlighted the value of planning well in advance for major system components, with ongoing asset amortization.

Financial Position & Budget: Directors reinforced the District’s commitment to fiscal responsibility. They discussed the status of monthly reporting, the annual budget, and the

upcoming audit. Maintaining a proactive plan well in advance of budgetary deadlines was deemed crucial to avoid any financial disruptions.

District Reputation & Efficiency: Board members discussed strategies for strengthening the District's public image, with emphasis on clear communication, proactive planning, and "going above and beyond" in all aspects of District operations.

IDENTIFICATION OF OPTIONS & PROS/CONS EXERCISE

Building on the slides and a group discussion, the Board conducted an evaluation of possible strategies for achieving the District's long-term objectives. Below is a summary of the principal options, along with the pros and cons identified for each.

Option 1: Maintain the District

Pros

- Regional Water Partnerships: Preserves the District's ability to form or expand alliances aimed at enhancing renewable water capacity.
- Local Control: Allows the Board to dictate policies, cost structures, and future investments in infrastructure, preserving a higher level of accountability to residents.
- Renewable Water Focus: Enables the District to stay committed to securing a more sustainable water supply, potentially reducing reliance on non-renewable sources.
- Potential Wholesaling: Opens up the possibility of becoming a water wholesaler to other entities, diversifying revenue streams and expanding regional influence.

Cons

- Aging Infrastructure: Many system components are reaching the end of their useful life, necessitating continual and potentially expensive upgrades.
- Limited Economies of Scale: As a smaller entity, the District faces fixed costs that are spread over a comparatively small customer base, leading to higher per-capita expenses.
- Staffing Challenges: Attracting, training, and retaining qualified personnel can be difficult, especially if competing with larger utilities or municipalities.
- Fragmented Service Area: A portion of the city relies on a different provider, complicating long-term planning and unified service delivery.

Option 2: Wholesale Water Provider *(Considered a sub-option of maintaining the District, where the District would purchase bulk water from another supplier.)*

Pros

- Support for Renewable Goals: Purchasing bulk water, particularly from providers with renewable supplies, could help the District bolster water reliability and minimize resource depletion.
- Facility Maintenance: Maintains use of existing infrastructure, avoiding some of the costs associated with building entirely new systems.

Cons

- Reliance on Third-Party Suppliers: Long-term contracts might come with escalating costs or limited availability, creating vulnerability in supply and pricing.
- Contractual Obligations: The District will be beholden to contractual terms and must still operate and maintain existing facilities—meaning true cost savings could be minimal.
- Infrastructure Upgrades: Depending on the source, the District may need to invest in additional infrastructure (e.g., pumping or treatment equipment) to receive wholesale water.
- Limited Autonomy: Ceding partial control over water production and pricing could conflict with the District’s desire for cost containment and independence.

Option 3: Intergovernmental Agreement (IGA) with the City

Pros

- Resource-Sharing: Taps into the City’s established processes and purchasing guidelines, potentially filling gaps in the District’s current staffing or expertise.
- Experienced Oversight: May benefit from seasoned city management and staff.
- Economies of Scale: Larger-scale operations for areas like procurement, training, and maintenance can reduce per-unit costs.

Cons

- Water Not a Priority: The City Council is not elected solely for water issues; competing municipal priorities could delay or diminish District-specific initiatives.
- Quality & Oversight Concerns: The City’s approach to contractors or budget allocations may not align perfectly with the District’s standards.

- Mills: An IGA may expose District residents to increase millage rates.
- Potential Misalignment of Goals: The District's strategic interests (e.g., an aggressive push for renewable water) might not match the City's overall agenda.

Option 4: Merge with Another District

Pros

- Economies of Scale: Larger customer base and infrastructure footprint could drive down operational costs and enhance bargaining power for capital improvements.
- Expertise & Staffing: Gains the experience and depth of personnel from a combined entity, reducing staffing gaps.
- Renewable Water Coordination: A merged district might have more extensive resources to invest in renewable water projects, thereby improving long-term sustainability.
- Unified Service Delivery: Could bring all residents under a single provider, streamlining public communication and simplifying administrative processes.

Cons

- Capital Expenses: Merging systems may require substantial outlays to integrate infrastructure, policies, and technology.
- Willing Partners: Success depends on finding a district that not only has the capacity but also the motivation and political willingness to merge.
- Possible Higher Costs: Larger-scale operations do not always guarantee cost savings; the new entity's rate structures could increase overall expenses.
- Organizational & Operational Uncertainty: Transition periods often involve staff turnover or procedural confusion that could temporarily disrupt service quality.

CLOSING DISCUSSION

Exploration of Inclusion Partners: The Board expressed interest in gauging which entities might be viable partners for a future inclusion or merger. The District Manager acknowledged that the conclusion of a regional water study may provide further clarification on potential viable partners for consolidation or inclusion.

Upcoming Presentation: Directors discussed the anticipated presentation at the January 27 Board meeting by City Manager Michael Penny, which may offer insights into a potential IGA with the City of Castle Pines.

ADJOURN: The Study Session adjourned at approximately 7:30 p.m.