

**MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF THE
CASTLE PINES METROPOLITAN DISTRICT
ALL ATTENDEES PARTICIPATED VIA ZOOM TELECONFERENCE**

Held: Thursday, November 25, 2020, 9:30 a.m., at 5880 Country Club Dr., Castle Rock, Colorado

A special meeting of the Board of Directors of the Castle Pines Metropolitan District, Douglas County, Colorado, was called to review preliminary proposal and recommendations for a water conservation plan for the District and held as shown above and in accordance with the applicable statutes of the state of Colorado, with the following Directors, constituting a quorum, present, and acting:

Rick Huser
Mike Lanam
Dick Munday
Craig Sundquist
Tad Walden

Also present were: Burt Knight, Sue Mantz, Carolyn Frainier, LeAnna Gonzales, District Staff; Jack Reutzel, District Counsel, Fairfield and Woods, P.C.; Kim Dadlani, David King, Tom Miller, Lon Stuebinger, members of the Water Committee.

Potential Conflict of Interest Disclosures

District Counsel Reutzel stated that no conflicts were identified.

Approval of the Agenda

Director Sundquist made a motion to approve the agenda, seconded by Director Lanam. The Board unanimously approved the agenda, as presented.

Guest Introductions / Comments from the Community

There were no comments from the community.

Water Conservation Strategy

Director Huser made a motion to approve the Water Conservation Program proposed by the Long-Range Water Committee, subject to further refinement, seconded by Director Sundquist. Director Huser said he was approached by the Water Committee Co-Chairs, Director Munday, and Mr. Knight, to consider a plan for a water conservation program. Director Huser said this program is going to be a high priority for the Board. The Town of Castle Rock, Parker Water and Sanitation District, and Centennial Water and Sanitation District have highly developed water conservation programs. Mr. Dadlani and the committee have communicated

with these other entities. In 2009, the District developed a 140-page water conservation program, but it was not implemented. The Board is looking to pledge to the community that every month there will be a report on the water conservation program outlining the current water situation and plan successes, what progress has been made, and what is being planned for subsequent periods. The program is going to be a part of the Long-Range Water Master Plan.

Mr. Dadlani thanked Director Huser and Director Munday, and he gave a shout out to Ms. Sue Mantz, who helped him finalize the presentation. Mr. Dadlani appreciated Director Huser's excitement. The reason for this Special Meeting is because Director Huser urged the committee to act now and not wait for the December 10, 2020 Board Meeting.

Mr. Dadlani said that he and Mr. Tom Napolilli are Co-Chairs of the Water Committee. The committee members are Mr. David King, Mr. Tom Miller, and Mr. Lon Stuebinger. They met for the first time on July 21, 2020. A high priority for the Committee is to create and roll-out a Water Conservation Program by spring 2021. Included in this plan is developing mitigation strategies for unaccounted water and associated funding needs.

Mr. Dadlani presented data relative to the current state of water for The Village at Castle Pines. The District depends solely on groundwater and there will be more prolonged droughts in the future. It is not clear how much longer the District can rely solely on groundwater. The Committee recognizes it will be a challenge selling a conservation program to some residents. There are some rebates for investment in technology, but the District does not have a compliance program. Mr. Dadlani said this is not a scorecard about the past but how to look forward. The 2020 estimates show that District water consumption per citizen is 235 gallons per day and 80% of this is used for irrigation. The benchmark for other communities is in the range of 122 to 137 gallons per capita per day. Conservation is the most cost-effective solution for the short and long-term stabilization of our water demands and supply. The above metric including unaccounted water increases from 235 to 290 gallons per day per citizen.

Mr. Dadlani stated a case for change. Currently, the aquifers are declining over time and are not recharging. There are District infrastructure issues including well failures, the age of the wells, and higher maintenance needs. Because of these infrastructure issues well production is declining. There is unprecedented growth in the neighboring areas whereby other communities are drawing upon the same resource is also adding pressure on the resources. The Village is expected to be fully built out to roughly 2,000 homes within the next few years. The Village currently has approximately 1,750 homes. If the District goes down the same path as in the past, without a robust conservation plan, water from future groundwater wells, if achievable, will cost more, and maintenance costs will rise dramatically. If the District looks at buying additional surface water, the cost is projected at five times the cost of ground water. Another consideration is prolonged drought, as the weather is not our best friend. The record water demand by District residents in 2020 is not sustainable. There has been a decline in annual rainfall, which greatly impacts irrigation in the District.

Mr. Dadlani said the District's current Water Conservation Program is limited. The Village water consumption, as measured by Gallons per Capita per Day (GPCD), is two to three times that of nearby communities as reported by Black and Veatch. Based on current

development plans and usage data, The Village buildout is projected at 308 gallons of water production per resident a day. Mr. Dadlani said the data points are not the most current. The Committee will talk to Centennial on November 25th and the Town of Castle Rock on December 1st. Mr. Dadlani asked for questions. Director Walden said that he had thoroughly gone through the presentation and he was trying to fathom 290 gallons per day (gpd). Director Walden asked if that number included irrigation. Mr. Dadlani said it encompassed total production, including unaccounted for water and irrigation. Director Walden said that the Board needs to be able to communicate that number and make sure residents do not challenge that information when we roll this out to the community. Director Lanam pointed out that the lots in the District are much larger than other communities. When comparing The Village to other municipalities, is the area of the landscape taken into consideration? Mr. Dadlani said that is what the Committee will work on next to normalize the data to have a good comparison to the benchmark.

Mr. Dadlani explained what the District can take away from neighboring communities that have had effective water conservation plans for decades. The committee has reviewed the following programs: Castle Rock, Parker, Centennial, Castle Pines North, and Denver. These municipalities have accomplished their goals through incentives that include rebates, penalties, and tiered rate structures to promote conservation. They dictate no daytime watering and no more than three times weekly irrigation; some programs are mandatory with surcharges and some voluntary. Citizen compliance is critical to the success. All of our neighboring districts have strong educational initiatives. A key component of the proposed program for the District is hiring a dedicated conservation champion. Someone who can lead a robust compliance program that provides incentives, has a strong communication strategy, and gains full support from District leadership and residents.

Mr. Dadlani shared a water usage analysis graph year-to-date through October of 2020. Residents have used 318.4 million gallons for irrigation, and 78.4 million gallons for personal use. Total water production for Sub-Associations is 104.5 million gallons, individual custom homes have used 266 million gallons, commercial and common areas have used 26.3 million gallons and the unaccounted for water is at 96.2 million gallons. Mr. Dadlani said the District's benchmark should be between 55% - 60% for irrigation.

Through October, Sub-Association homes (excluding Village Lakes) have used 147,354 gallons on average per home. Village Lake is using 192,231 gallons on average per home. They are using 30% more than other Sub-Associations. Mr. Dadlani said the graphs are based on average per home consumption. He said, in early 2021, the Committee is proposing to focus on the Sub-Associations and Village Lake. The program will also look at the common areas and the master association. This will address one third of the village water consumption.

Director Munday said the conversation will be critical in making the change for conservation. He said the published information must be specific and easy to understand. Residents need to clearly understand where the numbers came from. Director Munday said that the District has a tremendous opportunity to save water. Director Walden said for the program to be successful, it has to be personalized so people will make the necessary adjustments. Director Walden stated that any conservation plan must include a target for all residents and not just some residents. Director Walden stated that everyone has a commitment and all residents need to help

achieve the goal and any communication plan must speak to all residents. Director Walden said that the Board and Committee need to make every effort to advance the plan and it should not take 5 years to achieve the goals. Mr. Dadlani agreed and said that he will work with the Communications Committee to get the conservation message out to the residents. However, they want to ensure success and compliance with the programs.

Mr. Dadlani highlighted the water conservation savings target of 30% by 2025. The Committee will target an annual reduction in irrigation for over five years. The proposed focus will be on Sub-Associations and common areas in early part of 2021. Another goal is to reduce addressable unaccounted water by 50% within five years. Our current unaccountable is 20%. Mr. Knight said the national benchmark is around 10%. The goal is to self-fund the investment needs in the annual budget process. The proposed conservation plan will push out capital spending for new wells and the need for the development of a surface water solution (5x what we are charging customers). The District can leverage smart irrigation technology, which has proven to deliver 20% - 30% annual savings without impacting the aesthetics and health of the landscape. Smart controllers have already been installed in certain areas within the District and are achieving the anticipated savings. The expectation is to reduce gallons per day per citizen from 260 to 200. Mr. Dadlani said that the team feels very strongly that they can accomplish these goals in three years versus the proposals five-year plan with aggressive irrigation technology rebates and robust compliance program. Mr. Dadlani pointed to specific residents spearheading the program in their Sub-Associations: Mr. Dadlani in Chateau Ridge and Mr. Napolilli in Starbuck and similar champions will be identified in each Sub-Associations. Mr. Knight will lead the efforts in the common space and the Master Homes Association. Director Walden said it was important to give each individual a goal for water conservation. He again said that there needs to be one plan, all encompassing, and ask each resident to play a part. Mr. Dadlani said the group proposes starting with the ten Sub-Associations, common areas and master HOA in early part of 2021 and build momentum from there. Mr. Dadlani said the program launch would be communicated to the full community but has to be executed in realistic chunks to ensure we have appropriate resources and playbook for success. This also allows us to quickly launch the program with a targeted focus towards addressing over one third of the water consumption in the village. Direct Walden said that any program must speak to 100% of the residents for it to be successful and that it is critical to advance this program and reduce the 5-year target to three years or less. Mr. Dadlani confirmed that the program launch would be to the full community but focus towards building early momentum and score card success.

Mr. Dadlani said this is the perfect opportunity to roll out a conservation program because water consumption at the current levels is not sustainable. The District has been able to mask inefficiencies with growth in tax revenues. The Village is very close to being fully built-out, and there will be minimal tax revenue growth in the future. The current well production continues to decline. The Board and Committee continued to discuss the importance of the best ways to get the community invested in this project.

Mr. Dadlani addressed the financial impact of the program. The committee is requesting approximately \$300K per year for the next five years. He said the first year of the project is about adaptation and change.

The next steps include engaging the Communications Committee. It is critical to develop a change management strategy and develop a timely communication plan for the residents. The District must hire a conservation program champion. This individual will be responsible for the following:

- Developing a user-friendly conservation program
- Working with the Communications Committee to market the program on our new website
- Creating a Resident Playbook, a list of preferred technologies and implementation vendors
- Developing training and education for the community, spearheading a Water Conservation Program symposium
- Form a Resident Water Conservation Committee – Resident champions from HOA's and custom homes
- Provide monthly board updates, performance metrics, scorecards

Director Munday said that this program requires real commitment. The first step is to agree as a Board that we are going to identify and hire a conservation champion. The Water Committee has agreed to work with this person and put an action plan in place. Director Munday said the Board owes the Water Committee a full-time employee to deliver and execute the water conservation program. The Board members agreed. Director Walden asked why wait until December 10th, why not get a kick start and approve the position at this meeting. Director Huser reminded the Board of his initial motion to approve the water conservation program, subject to further refinement.

A vote was called and it passed unanimously.


The Board continued to discuss the ideas regarding the water conservation position. Mr. Knight said he will have a Job Description for the Board by December 14th.

The Board congratulated and thanked the Water Committee for their tremendous work.

Adjourn

There being no further business to come before the Board, and upon motion duly made, seconded, and unanimously carried, the Board recessed the regular meeting at 11:19 a.m.

The Board of Directors approved the foregoing minutes on the 14th of December 2020. The preceding constitutes a true and correct copy of the minutes of the above-referenced meeting.


Secretary