

The following **IMPORTANT** questions/answers (FAQs) are intended to help explain what the **Inclusion of water and wastewater services** would mean to the customers of the following five special districts:

**Compark Business Campus Metropolitan District (Compark)
E-470 Potomac Metropolitan District (E-470 Potomac)
Lincoln Park Metropolitan District (Lincoln Park)
Parker Water and Sanitation District (PWSD)
Stonegate Village Metropolitan District (Stonegate)**

Thank you for taking the time to learn more about this most important issue. You will have an opportunity to learn more about the possibility of combining our water and sanitation services in newsletters, your district's website, and community meetings being held in the coming months.

**General Questions and Answers About
Inclusion (Regionalization) for
Customers of all Five Districts**

1) Why would we want to combine our water/wastewater services with our neighboring water providers?

The primary reason for combining, or including (regionalizing), is to reduce everyone's cost of water/wastewater services by spreading them out over more customers. The idea behind the Inclusion is one water/wastewater service provider would reduce the duplication of effort in everything from administration to water treatment. In addition to the economy-of-scale benefits of the Inclusion, over 20,000 customers working collectively, would carry more negotiating and buying power in replacing our groundwater (where we all get our water) with renewable water sources.

2) With the Inclusion, will there be any increase in property taxes for any of the Districts' customers?

That depends. While PWSD's property taxes would come to Compark, E-470 Potomac, Lincoln Park, and Stonegate, each of these Districts has financial options to help absorb the difference. For example, Stonegate can pay off enough of their existing debt early to keep their customers' property taxes about the same. Furthermore, some water capital fees will be eliminated which are currently being paid by the customers of E-470 and Compark. Please be assured your Board members (customers of their respective Districts) are working diligently to offset PWSD's tax assessment in the event of Inclusion. The idea being to level out taxes, water usage rates, and wastewater service costs.

3) Will the Inclusion (regionalization) result in lower costs and water rates?

Yes. The economic modeling estimates, over the long-term, (defined in the model as the years 2012 to 2030), capital costs and water/wastewater rates to be lower when compared with continuing to remaining small and have 5 independently operated districts. Understand, this Inclusion won't reduce anyone's water or wastewater rates. The model estimates the Inclusion (over the long-term) will keep water/wastewater rates from rising as fast or as high.

4) Are the Districts only joining forces for water and wastewater services?

Yes. The proposed Inclusion is for water/wastewater services only and will not affect any other services that the four metro districts currently provide.

5) What does Inclusion (regionalization) mean?

In this case, Inclusion (regionalization) means sharing resources and costs over more households and businesses to help minimize the rising costs of water and wastewater services for everyone. It's how bigger water providers, such as Aurora Water and Denver Water, keep their rates comparably lower.

6) What company did the study for the Inclusion (regionalization)?

Stepwise Utility Advisors, LLC, did the actual study and the economic modeling for the Inclusion option. Stepwise also provides rate consulting services for Denver Water and the City of Aurora. A nationally recognized rate-study firm, they've done work for many other districts along the Front Range as well as water providers in New Mexico, Texas, Wyoming, and in the state of Washington. The economic model (regionalization model) provided by Stepwise was also reviewed by Stonegate's CPA firm – Simmons and Wheeler. As well, Stonegate Village Metro District Board has also hired SAIC Energy, Environment & Infrastructure, LLC, for the purpose of conducting an independent third party review of the work provided by Stepwise and Simmons and Wheeler. For further information on these entities please check out their bios.

7) If we receive our water and wastewater bills from Stonegate, does that mean we own property in the Stonegate Village Metropolitan District?

Not necessarily. While Stonegate provides the water/wastewater services for Compark, E-470 Potomac, Lincoln Park, and Stonegate, that doesn't mean you own property within Stonegate's District boundaries. You can find out which district you reside in by looking at your Douglas County property tax statement or by reviewing the map of districts at www.StonegateLife.org.

8) If we vote for an Inclusion, will any of the four Districts (Compark, E-470 Potomac, Lincoln Park, Stonegate) pay PWSD for the Inclusion?

No. The districts are not paying PWSD for the Inclusion.

9) How can I trust the five District Boards to be doing the right thing for our community?

DRAFT - June 17: Lincoln Park Metropolitan District

*It's important to know all five of the special district boards (Stonegate, Compark, E-470 Potomac, Lincoln Park, and PWSD) have come to a majority consensus to move forward toward Inclusion (regionalization). ONLY the people of Compark, E-470 Potomac, Lincoln Park and Stonegate can approve an Inclusion by a vote. And while the Board members that comprise the five (5) Boards are residents and/or customers of their respective districts, they cannot approve the Inclusion without voter approval. **The Inclusion question will be on the November 1, 2011 ballot.***

10) What will it take to approve this Inclusion (regionalization)?

In order for the Inclusion (regionalization) to take place, it will require a majority vote among Stonegate, Compark, E-470 Potomac, and Lincoln Park Districts' electors (registered voters) who vote, collectively, to determine whether or not the four districts, as a whole, include into and regionalize with the Parker Water and Sanitation District.

11) What is a Metro (Special) District?

A metropolitan district (or Metro District) is a quasi-municipal corporation and political subdivision of the state of Colorado. It is one form of special district. Metro Districts are established under Title 32 of the Colorado Revised Statutes. Metro Districts are a limited power government; that is, they only have the powers granted to them by their service plan. The Metro districts are governed by five-member boards comprised of elected property owners (customers) of the District.

12) What is a Water and Sanitation District?

PWSD is a water and sanitation District. It is very similar to a Metro District but only has the power to provide water and sanitation services.

13) What does a Special District do with the mills (property tax) it collects?

A Special District is only permitted to collect property taxes that have been voter approved. The revenues from any authorized mill levy for operations are spent on operations. The revenues from any authorized mill levy for debt repayment can ONLY be spent on debt repayment.

14) How many people are eligible from each of the four districts (Stonegate, Compark, Lincoln Park, E-470 Potomac) to vote?

There are almost 7,000 eligible voters (property owners, residents, and customers of the four districts) that would get to vote on the regionalization in November.

15) Do people get more than one vote if they own more water taps or land than others?

DRAFT - June 17: Lincoln Park Metropolitan District

No. Just like other Douglas County (State of Colorado) elections, this election falls under the same laws: One person – One vote. You can vote if you live in or own property in Compark, E-470 Potomac, Lincoln Park, or Stonegate and are registered to vote in the State of Colorado.

16) If voter approved, when would this Inclusion (regionalization) take place?

Should a majority of the eligible registered voters who vote in the election approve the Inclusion at the November election, the Inclusion would happen at the beginning of 2012.

17) How much construction or change will need to take place with this Inclusion (regionalization)?

Very little construction is needed for the Inclusion. As a matter of fact, there are already three water connections that allow PWSD to provide water to the four districts and we've actually used these connections. Also, a water storage tank for PWSD and the one for Stonegate are nestled together in the Parker area. The Stonegate wastewater treatment plant (proposed to be retired in the case of Inclusion) and the PWSD wastewater treatment plant sit less than a mile from each other. At most, there would need to be a pump station and some pipe to connect them.

18) What is PWSD's financial state and where can I see its financials?

PWSD is in very strong financial shape according to Standard and Poor's. Their bonds have a Standard and Poor's rating of AA-/Stable and their Debt to Assessed Value is about the same as Stonegate Village Metropolitan District. You can review the financials for PWSD at www.ParkerWater.org.

19) What is Stonegate's financial state and where can I see its financials?

Stonegate Village Metropolitan District is in very strong financial shape according to Standard and Poor's. Their bonds have a Standard and Poor's rating of A-/Stable and their Debt to Assessed Value is about the same as Parker Water and Sanitation District. You can review the financials for Stonegate at www.StonegateLife.org.

20) Do special districts have an unlimited ability to raise our property taxes (mill levy)?

No. There are several constitutional provisions and state laws limiting how and when a Special District can impose property tax increases. The Taxpayer Bill of Rights requires all taxes to be approved by the voters and there are limits to how much revenue existing property taxes can generate.

22) Why is PWSD involved in the election process?

The State of Colorado's statutes provide two basic ways to include (regionalize) property into a District: with an election or without an election. Because this Inclusion will be the subject of an election, the district into which the other areas are including, is required to call the election.

DRAFT - June 17: Lincoln Park Metropolitan District

Interestingly enough, this election is planned to take place on November 1, 2011, in which case, Douglas County will actually run the election, prepare the ballots, and count the ballots.

23) Why don't the property owners in the Parker Water and Sanitation District (PWSD) get to vote?

According to Colorado Law in this case of Inclusion, the property owners in Parker Water and Sanitation District don't get to vote because the District isn't taking on any debt. Stonegate, Compark, Lincoln Park, and E-470 Potomac will be subject to property tax assessments by PWSD. The mill levy (property tax) will cover a portion of the operation and maintenance costs and debt associated with the facilities that will then serve all five districts should the Inclusion be approved.

**Important Questions and Answers About
Inclusion (Regionalization) of
Five Districts' Water and Wastewater Services**

**What it would mean to
Lincoln Park Metropolitan District Customers**

1) Why would I want Lincoln Park to be included (regionalize) with Parker Water and Sanitation District?

Regionalizing will enable Lincoln Park Metropolitan District to more cost-effectively provide your family with high-quality water and wastewater services at the lowest possible cost. That's because there would be less redundancy, administrative costs, and together one district providing water/wastewater services would carry more negotiating power. The environment would benefit too because ultimately one of two wastewater treatment plants would be eliminated.

2) If I live in the Lincoln Park Metropolitan District area, what will the Inclusion (regionalization) do to my property taxes?

Since you live in Lincoln Park, your taxes are expected to go up. Coming June 2011, go to our website, www.lincolnparkmd.org, and enter your water, wastewater, and mill levy information to see how the Inclusion will affect your bill.

3) If I live in the Lincoln Park Metropolitan District area, what will the Inclusion with PWSD do to my wastewater (sanitary sewer) service rates?

WITHOUT Inclusion (Regionalization): *The Lincoln Park Metro District's wastewater rates are expected to increase significantly. That's because of the Stonegate Wastewater Treatment Plant's need for infrastructure upgrades and to eliminate the deficit caused by costs that exceed the amount of fees charged.*

WITH Inclusion (Regionalization): *the average monthly wastewater bill for a Lincoln Park resident would become what they are now at PWSD.*

With Inclusion (regionalization), it's important to know that PWSD's current wastewater rates are higher than Lincoln Park's wastewater rates. There is, however, a reason for that. PWSD's rates are set at what it actually costs to meet the State's health and environmental standards. Also, unlike Lincoln Park, PWSD's Wastewater Treatment Plant is new and not subsidized by its water rates. PWSD charges customers for what it actually costs to treat wastewater and is based on actual usage. In other words, the other four Districts (including Lincoln Park) will be forced to increase their current wastewater service rates starting as early as January of 2012. It should also be noted, that while Stonegate's wastewater treatment plant is in compliance, it will require significant infrastructure upgrades to stay that way. It is estimated that the Stonegate wastewater treatment plant will require millions of dollars to stay in compliance.

4) If I live in the Lincoln Park Metropolitan District area, what will the Inclusion with PWSD do to my water usage rates?

***WITHOUT Inclusion (Regionalization):** Your (Lincoln Park alone) water rates will go up much faster and higher than if five districts join together to have one water/wastewater provider serving over 20,000 other customers.*

***WITH Inclusion (Regionalization):** It is estimated that with the Inclusion, water/wastewater rates won't be going up as high or as fast.*

5) Do we get an opportunity to have representation on the Parker Water and Sanitation Board?

Yes. It will be up to the voters to choose, but everyone in all four districts get to vote on who serves on a board when an Inclusion like this takes place. It should be noted that the Inclusion into PWSD wouldn't take place until January 2012 and in May of 2012 there would be three (3) Board positions up for election on the Parker Water and Sanitation District Board. All eligible voters in the entire PWSD service area (including the four Metro Districts) will have the right to run for a seat on the Parker Water and Sanitation District Board.

6) Is there any financial gain for any of the current District Managers?

No, there is no financial gain to district management. The facts of rising water costs and aging infrastructure can no longer be ignored and are driving this decision. Therefore, the primary advantage of the Inclusion is the economy of scale that spreads the costs over more households and reduces the financial impacts on the individual customer. Stonegate Village Metropolitan District will be in a position to significantly reduce the District Manager's role as well as the District's attorney and financial advisor, thereby reducing costs even more.

7) Do the District Board members gain anything financially?

No, nothing. Every board member commits to many long hours every year. They must carefully study the pros and cons of many complex issues related to every aspect of water purchases, treatment, rate setting and ancillary services; they participate in public hearings (held outside of normal business hours); they meet with various water-related experts; and help to determine which course of action is in the best interest of the District's customers. By Colorado State law, Board members are minimally compensated for their time which cannot exceed \$1600 total per year or \$100 per meeting - regardless of District issues.

8) Why would we (Lincoln Park) want to include (regionalize) with Parker Water in 2012?

To avoid costs and save money. This year puts Lincoln Park at a crossroads for Inclusion or continuing to "go it alone." That's because come January 1, 2012, the Stonegate Wastewater Treatment Plant (where Lincoln Park gets its wastewater treated) will need upgraded to stay in compliance with the State health and environmental laws.

9) What's in this for Parker Water and Sanitation District's residents?

Like all of the Districts looking at being included in the regionalization of water/wastewater services, PWSD's customers would also avoid a lot of the rising costs of water/wastewater services, and save money. Also, the PWSD customers' property taxes are estimated to decrease a few mills. Their current mills (property taxes) for PWSD are estimated to drop - should the Inclusion occur. That's because there would be more residential/commercial customers sharing in the costs of our water/wastewater services.