

Questions from the July 27, 2011 Community Meeting

General

1) Why are people against putting it to a vote considering the numbers?

Originally all five of the Stonegate Village Metro District's (SVMD) Board felt the question of Inclusion (regionalization) was too big of a decision for a five-member Board and that the Inclusion should go to a vote of the people. While the majority of the Board still believes it should go to a vote of the people, there are a couple of Board members that feel the five member Board should get to decide for all of the residents of Stonegate Village.

2) Is Parker Water (PWSD) and the Town of Parker the same entity?

No, PWSD and the Town of Parker are two separate entities. There are actually three water providers in the Town of Parker and PWSD provides water and wastewater services well outside the town's boundaries.

3) How many other communities will be offered to share in the reservoir if Stonegate joins or doesn't join Parker (PWSD)?

There are 15 members of the South Metro Water Supply Authority that have the opportunity to invest in Rueter-Hess. You should know that Stonegate has already invested millions of dollars with PWSD to also be a partner in Rueter-Hess along with Castle Pines North and the Town of Castle Rock.

4) Why is Mulhern presenting rather than a board member?

Mulhern is the management company for Stonegate and gave the presentation on behalf of the Board. The Board members will be presenting at the August 23rd Community Meeting.

5) Who is "driving" this issue? Mulhern or the board?

The Board is driving the issue and had asked Mulhern (unanimously) to pursue the Inclusion and to give the presentation. It should be noted that Stonegate approached PWSD regarding the Inclusion.

6) Why isn't a rep from other options presenting tonight? Why just Parker Water (PWSD)?

The Board has considered a number of other options and these two options (Include with PWSD or continue going it alone as Stonegate) are the only possible and financially feasible options at this time.

7) How does the quality of water compare between each district?

Both districts meet the water quality standards set by the Colorado Department of Public Health and Environment.

8) Who writes the ballot verbiage?

Stonegate Village's legal counsel would write the ballot question.

9) How can we trust Parker Water (PWSD)?

Should the Inclusion be voted in by the people of Stonegate, there would be three (3) out of five (5) seats available on the PWSD Board (May 2012) that would be open for any property owner in Stonegate to run for a seat on the Board. We suggest that you visit the Parker Water and Sanitation District (PWSD) website, www.pwsd.org, talk to their customers and contact Douglas County commissioner Jack Hilbert.

10) What is going on with the water project at Chambers and Lincoln?

United Water and Arapahoe County Water and Wastewater are constructing a reservoir as part of their ACWWA Flow project for the purpose of providing renewable water to their current 3,000 customers. The cost of the project is \$153 million.

11) Why was there no presentation from a Stonegate board member discussing more cons to consolidation?

The Board will be making presentations at the August 23rd Community Meeting. While the majority of the Board is in favor of the Inclusion, there will be at least one Board member presenting what he believes are the cons to the Inclusion.

12) How many jobs will be lost or generated from a "yes" vote?

Stonegate Village does not have any employees. Services are provided by contracts. Those contracts will either be terminated or reduced in scope.

13) When will the Stonegate board meeting be?

The next regular Board meeting is scheduled for August 24, 2011.

14) When will the board have a vote?

The Board will need to vote on whether the Inclusion Agreement will go to a vote of the people on or before September 2nd. It should be noted that at this time, the Board is not voting on the Inclusion, but rather if it will go to a vote of the people. We will post the date and time on the website when finalized.

15) Will Stonegate residents be eligible to be board members along with Castle Pines North and Ridge Gate?

With Inclusion, Stonegate Village, Lincoln Park, Compark and E-470 residents, who are eligible to vote and own property, will have the opportunity to run for the Parker Water and Sanitation District board. Residents of Castle Pines North are not served by Parker Water (PWSD) and therefore, not eligible. Ridge Gate residents that get their water from PWSD will be eligible to vote, should the Stonegate Board elect to allow the people to vote on the inclusion.

- 16) Will the Stonegate pools become open to non-Stonegate residents?**
This Inclusion issue has nothing to do with the pools. So no, this will not change and non-residents will still need to pay annual fee of \$1,500.
- 17) Are service contracts audited stating that the work was needed?**
The Board approves all contracts and expenditures. Audits of the District's financials are conducted annually.
- 18) Who is going to fund publishing materials that accurately reflect both sides of the issue if this inclusion item is added to November's ballot?**
While there are a majority of the Board members (3 out of 5) that believe this should come to a vote of the people, the District cannot take a position after it goes to vote. Since the Board members themselves are residents, they would need to fund any pro or con materials. It should be noted that all the documents to make a decision are currently on the Stonegate website and that the Board members will be providing their personal position statements to all of the customers at community meetings and they can be reached through contacting the District.
- 19) Who provided the math or assumptions that SAIC reviewed?**
The assumptions for the inclusion versus going it alone were developed and reviewed by multiple consultants and rate experts hired by the Stonegate Board. They are backed by input from the Board and multiple residents. (Learn more by visiting www.SVMD.org).
- 20) Was Jason Mumm ever part of PWSD or SVMD?**
Jason Mumm is a former Parker Water and Sanitation District Board member and a rate expert. Mumm's credentials are posted on the website.
- 21) Why do we keep expanding to other areas such as E-470, Compark, Lincoln Park? Why not keep Stonegate completely independent?**
The decision to provide service to E-470, Compark and Lincoln Park was made by previous Stonegate boards.
- 22) How far behind is PWSD in its revenue stream projections to its debt?**
PWSD is currently collecting revenue sufficient to meet its debt obligations.
- 23) Is PWSD over its acre-foot limit?**
No, both Parker Water and Stonegate are limited to the amount of water that is specified in their respective water rights decree.
- 24) Who gets to vote on the inclusion question?**
All registered voters that own property in Stonegate Village, Lincoln Park, Compark and E-470 Potomac.

25) What are the costs associated with delaying inclusion by 1 year?

Investments in WISE and the design of the wastewater treatment plan will need to be made within the next year if a decision can't be reached. The costs that will be incurred will depend on the requirements/decisions of Denver Water, Aurora, and the Colorado Department of Public Health and Environment.

26) How many acre-feet of water does SVMD use each year?

Currently, SVMD customers use 1,600 to 1,900 acre-feet per year. Usage depends on the annual precipitation.

27) How much is 8,000 acre-feet of water worth in market value today?

This amount of surface water is valued at about \$192 million.

28) How would Lincoln Park's property tax even out?

Please visit <http://www.svmd.org/inclusion> and view the documents under the Projected Rates & Property Tax Comparisons section.

29) What model/growth rate are you using?

PWSD uses a conservative growth model that is a portion of our 110-year Capital Improvement plan.

30) If it is voted to join (include water/wastewater services) with PWSD, what is the likelihood that Stonegate will be annexed?

It is important to know that the Town of Parker and PWSD are two completely separate entities. Since ONLY a town (not a water and sanitation district like PWSD) can annex other areas, any questions regarding annexation would have nothing to do with the inclusion before Stonegate.

31) What is the hurry? Do we have the opportunity to join later?

The state is actually dictating much of why now is the best time to decide on joining with other districts. That's because the Colorado Health and Environment Department is regulating that Stonegate will need to upgrade its wastewater treatment plant starting in 2012. That means Stonegate residents will need to start spending millions to upgrade its wastewater treatment plant as soon as January of 2012. The investment that Stonegate would need to make would only increase its debt and only be needed by the consolidated districts. Should Stonegate go it alone in 2012, it could add too much debt to no longer make the Inclusion good for any of the districts.

32) Would this decision impact the contract to run the Stonegate pools?

No, there would be no change in the parks and recreation. In fact, the Stonegate Village Metropolitan District would continue providing everything they do now, except water and wastewater services.

33) Why aren't other independent districts jumping at the chance to join PWSD?

It's important to know that Stonegate approached PWSD, so have other districts such as Castle Pines North.

34) Will changes in assumptions change results?

While future numbers are always based on assumptions, one thing seems to be a given and that is there is a lot of redundancy (management and administration costs) that would be reduced due to economy of scale that will help keep everyone's water and wastewater rates from rising too high, too fast.

35) Will the presentation be on the website?

Yes, you can find everything from the presentation made at the community meeting on July 27 to all the rate studies.

36) What role does Rueter-Hess play in this?

Rueter-Hess is needed for the storage of renewable water and Stonegate has already invested to store water in Rueter-Hess. The investment does not include any infrastructure or water to put into the reservoir. PWSD owns 8,000 acre-feet of surface water and the financing to treat the surface water. With the inclusion, Stonegate residents would own part of both.

37) Can the Stonegate board go against the wishes of the residents?

At this time, the only thing the Board is deciding is whether this goes to a vote of the people. If the Board decides to take this to a vote of the people, they will be putting the decision into the hands of the residents. Should the Inclusion not go onto the ballot, the Board will be making the decision for the residents not to include with PWSD. It is important that you provide comments to the Board members. They live and own homes in Stonegate, so their decisions impact them too.

38) Why did PWSD send out a recent letter to Stonegate residents requesting us to make a decision on exclusion for property tax purposes?

This was required under Colorado Election laws and should the Stonegate Board decide to put the Inclusion on the ballot for the residents to vote, the letter allows it to go to vote. Should the letter not have been sent, the inclusion would not be legally allowed to go to a vote.

39) What does the PWSD letter that we received mean?

At this time it means nothing. Should, however, the Stonegate Board decide to take the inclusion to a vote of the residents, it would mean the state of Colorado would allow it to be on the ballot. All property owners within the proposed inclusion area will be receiving the attached notice. This notice is **required by Colorado law should** the Stonegate Village Metropolitan District, Lincoln Park Metropolitan District, Compark Business Park Metropolitan District, and E-470 Potomac Metropolitan District boards decide to execute the required

documents for the purpose of holding an election on the potential inclusion of our water/wastewater services into the Parker Water and Sanitation District.

Please know that the approval by ALL of the District boards is REQUIRED for the potential inclusion to be added to the November 1, 2011 ballot. Thus, the public notice is simply for the purpose of complying with Colorado law should the District boards choose to move forward with placing the issue on the ballot. Rest assured, the notice was generated by legal counsel on behalf of the all the Districts and does NOT place the question of inclusion on a November ballot. It just leaves us that option.

40) What is the SHEA property's position compared to ours?

Developers own all the undeveloped property in Lincoln Park and Compark. Shea Homes is not a major owner of property within the inclusion area being debated. Other areas where Shea ownership within the current PWSD boundaries can be found on the Douglas County Assessor's website.

41) Why are commercial water rates on average 117% higher than Denver Water?

Denver Water was formed in 1918 and serves about 1.3 million customers. Denver Water is able to keep its rates lower than Stonegate and PWSD primarily due to its size.

42) Do businesses get to vote?

No.

43) What if the resolution voted on by the board that failed 3-2 would have passed? What would that mean?

If the resolution had passed, there would have been an official position from the Board urging the voters to vote for the inclusion.

44) How should Stonegate residents respond to Parker Water and Sanitation on 8/11/11?

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45) Will side-by-side comparison costs and services for both options be available?

The projected water and wastewater bills are posted on the Stonegate website – www.stonegatelife.org.

46) How is long-term defined?

In this case, the financial model covers the period from 2012 through 2030.

47) What is the status of the draft of the Real Property Inclusion Agreement?

The Inclusion Agreement continues to be refined and will be finalized in the next couple of weeks.

48) Why does it seem that the Draft Inclusion Agreement does not align with the 2008 water supply master plan?

The draft Inclusion Agreement sets forth the responsibilities of Stonegate and PWSD following the election, if passed. The Inclusion Agreement and the 2008 Water Supply Master Plan are not intended to align.

49) Are independent studies, specifically the SAIC Energy Study, shared with the Stonegate residents?

Yes, the SAIC study is posted on the website – www.stonegatelife.org.

50) Is the ballot issue determined by popular vote?

Yes, a simple majority.

Parker Debt

51) Has the current debt of the PWSD been included in the estimated property taxes and/or estimated water and wastewater costs?

Yes all the of the taxes are figured into the inclusion numbers.

52) Why isn't there a maximum mill levy that may be imposed?

Once the voters authorize the debt, the mill levy will change with a change in the assessed value. In other words, the mill levy decreases with an increase in the assessed value and increases with a decrease in assessed value. It is important to understand that the same amount of money is collected regardless of the mill levy.

53) With a debt load of \$200 million, how soon do you anticipate being able to 'purchase' future renewable water beyond PWSD's current supply?

PWSD's debt load per household is actually less than Stonegate's. It's also important to know that PWSD already owns about the same amount of surface water as they need to provide water to the households they serve. Stonegate has water storage rights in Rueter-Hess, but

does not own any surface water, a way to treat surface water, or a way to get the surface water to Rueter-Hess.

54) Do all figures include Parker's debt?

Yes, the Parker Water Alone and Consolidated cases include the debt. Stonegate Alone does not include Parker Water debt or any future Stonegate debt.

55) What is Parker (PWSD) going to do to make up the lost tap fees, which were supposed to fund the reservoir?

The customers of PWSD voted to raise the mill levy to offset the loss in tap fees by over 70% majority of voters.

56) What is the interest rate on Parker vs. Stonegate debt?

PWSD and Stonegate have different types of loans and the interest rates are hard to compare.

57) How much mill levy will continue to support the other items that will not go to Parker Water, pool, roads, etc.?

Please visit <http://www.svmd.org/inclusion> and view the documents under the Projected Rates & Property Tax Comparisons section.

58) What is the timeframe for PWSD wastewater upgrades and costs associated?

Our Capital Improvement plan indicates that we would need to construct additional wastewater treatment capacity starting in 2015. Slower growth could move the start time to a later date.

59) Can we include purchase of renewable water and storage without taking their debt?

No.

60) What is Parker's mill levy?

The current mill levy is 14.952.

61) Who owns and/or controls Parker Water?

Parker Water (like Stonegate Village Metro District) is a quasi-governmental entity. More specifically it is a political subdivision of the state of Colorado.

62) Does the owner/controller owe their allegiance to stockholders or to the Parker residents and the Town of Parker?

The PWSD Board members are elected by the eligible voters of the District and take an oath of office to serve the residents.

63) What is the main source of PWSD debt that pushes the debt to value ratio to 43%?

PWSD's debt is due to the cost of Rueter-Hess Reservoir and their soon to be constructed water treatment plant. Should Stonegate go it alone, they will need to purchase surface water (PWSD already has 8,000 acre-feet of water), build a water treatment plant to treat any surface water, and pay for infrastructure to take the water to and from the reservoir (PWSD already has the piping to distribute its surface water). Note that PWSD's financial rating (Dunn and Bradstreet) and debt per customer is as good or better than Stonegate's.

64) How will the outstanding debt be handled after the inclusion? What will be the cumulative affect on utility bills and taxes?

The net tax affect to Stonegate residents will be about the same. The future rising costs (2012) of water and wastewater services are projected to be minimized due to economy of scale should the inclusion happen. Comparisons of the projected bills and property taxes are posted on the website – www.stonegatelife.org

Other Options

65) Can we work with the other 15 districts to find and purchase renewable water?

Yes, Stonegate and Parker Water have been working with the other 15 districts as members of the South Metro Water Supply Authority (SMWSA). As a result of those efforts, the SMWSA has identified the Water Infrastructure and Supply Efficiency (WISE) as the most viable project to import water from the lower South Platte.

66) Could SVMMD simply outsource some wastewater requirements to Parker?

Yes, but SVMMD would be required to pay for the costs to construct a lift station, pipeline and treatment capacity in Parker Water's wastewater treatment plant.

67) Why can't an additional study be undertaken to look at all options rather than just the 'go it alone' option and the 'inclusion' option?

We have entered into a contract with SAIC to review the current assumptions and help the Board determine if there are any options which may be less costly than the "go it alone" or "inclusion".

68) Is there another party to explain the other side?

There are two options and the Board is split on these two options. The Board members will discuss their positions over the course of the next couple of weeks, including the August 23rd Community Meeting.

69) Why are other options not presented?

The Board has reviewed many options over the last three years and there are only two options that are financially feasible or available.

70) Can you list all the options?

- A) Purchase water rights on the lower South Platte and build the infrastructure to convey the water to Stonegate with or without partners.
- B) Purchase water rights on the Arkansas River and build the infrastructure to convey the water to Stonegate with or without partners.
- C) Purchase water rights on the Western Slope and build the infrastructure to convey the water to Stonegate with or without partners.
- D) File for a junior water right on Cherry Creek and pump water (if and when it is available) to Stonegate.
- E) Do nothing on renewable water and continue to rely on the deep wells.
- F) Do not allow any new development.
- G) Share costs, facilities and management with other districts or towns, i.e., Town of Castle Rock, City of Castle Pines, Castle Pines North, Centennial Water and Sanitation District, The Pinery, or Arapahoe County Water and Wastewater Authority.
- H) Inclusion with Parker Water and Sanitation District
- I) Continue as Stonegate i.e., Go it Alone
 - 1. Participate in Denver and Aurora's WISE project or another renewable water project.
 - 2. Invest in upgrades to the Wastewater Treatment Plant.

71) Is this a now or never option or could it be looked at in the future years?

According to the numbers, now works best for all the districts involved because of Stonegate being at a crossroads. So at this time it is unknown whether future agreements may be better or worse.

72) Who made the decision to utilize StepWise as a consultant?

The Stonegate Village Metropolitan District Board of Directors unanimously voted to hire StepWise as well as the peer reviews.

73) What is happening with the LSP/ECCV option?

The WISE project is a hybrid of the Lower South Platte (LSP)/East Cherry Creek Valley (ECCV) option. The LSP/ECCV option included purchase of water rights on the lower South Platte and conveying the water thru ECCV pipelines and water treatment. WISE accomplishes the same thing except we will be purchasing the water from Denver and Aurora. A comparison of the costs for the LSP/ECCV option WISE, appears that WISE is cheaper. However, we will only receive water, on average, 8 years out of 10.

74) How can we get a third party study?

There have been three studies and the numbers keep showing about the same thing. Currently SAIC has been hired to review the options and assumptions.

75) Why does consolidation have to be with Parker rather than other districts?

There are several reasons, but the major reason is that the benefits PWSD offers to Stonegate are comparatively better than any other option. For example, a consolidation with Centennial Water and Sanitation District requires that Stonegate purchase a renewable water supply

sufficient to serve its customers. That's not the case with PWSD because the infrastructure is already in place. Also, PWSD does not require additional money for tap fees or paying additional fee requirements for water. Denver Water and the City of Aurora aren't interested at any price.

76) Can we take another 6 months to evaluate our options?

Yes, but money will need to be spent on renewable water, the wastewater treatment plant and the residents will lose the opportunity to have a seat on the PWSD Board for at least 2 years.

77) Are other districts considering inclusion with Parker?

Yes, Castle Pines North as part of their dissolution process because the numbers project that going with PWSD would save their customers from the cost of water and wastewater services going too high and too fast.

Consolidation

78) What is the interest rate on Parker vs Stonegate debt?

Stonegate's debt has coupon rates ranging from 3.50% to 5.00% depending on the maturity of the bond. The average rate is 4.80%. Parker has several debt issues with coupon rates ranging from 3.62% to 5.65%.

79) How long would it take to shut down the Stonegate Wastewater Treatment Plant?

That will be up to PWSD and will depend on factors such as growth and the ability of the existing plant to meet the limits of the discharge permit.

80) Who pays for the pipeline for water?

You should know that PWSD already is connected to Stonegate's water/wastewater pipelines and that they have three connector valves that allow them to provide water to the entire Stonegate area. Note that there have been times when Stonegate had no water and PWSD seamlessly provided the water to the area.

81) Why is Parker's sewer rate higher than SVMD?

Currently, Stonegate is not collecting enough revenue to offset the cost of treating wastewater and must consider raising its rates 26 percent per year for the next three years, starting in 2012.

82) Does Parker get 5,000 acre-feet on Cherry Creek if there is no overflow?

PWSD's right to the 5,000 acre-feet of water from Cherry Creek is based on a priority system on an annual basis. As long as there is enough water in Cherry Creek to satisfy the needs of other Districts and individuals with high priorities, PWSD can divert this "excess" to Rueter-

Hess. They also have 3,000 acre-feet of renewable surface water that they own on an annual basis for a total of 8,000 acre-feet of renewable water.

83) Will there be an additional assessment to Stonegate Village to be included in the PWSD?

No, the residents will pay the same rates, fees and taxes as the current PWSD customers.

84) How much will it cost and when will Parker (PWSD) need to increase their water and wastewater treatment plant?

As part of their plan, the PWSD water treatment plant (needed to treat surface water) will be under construction in May of 2012. Note that when Stonegate purchases surface water (should they go it alone without PWSD), they will need to build a water treatment plant as they do not currently have such a facility. With the inclusion the Stonegate wastewater treatment plant will need to be updated in 2012. The PWSD wastewater plant capacity improvements are currently scheduled to begin in 2015.

85) Will SVMD members have to pay to future growth of Parker?

No. The Town of Parker and PWSD are two separate entities.

86) How will Mulhern benefit by consolidating?

Mulhern will not benefit from a consolidation. In fact, Mulhern's duties and responsibilities will be significantly reduced along with the amount of the contract for these services. This is identical to the impact on legal and accounting services.

87) Stonegate is essentially done growing, so doesn't inclusion imply that our individual district tax and mill levy will be funding growth in other parts of Parker?

No. The Town of Parker and PWSD are two separate entities. Also note there is still growth within the areas served by Stonegate.

88) Can Parker increase Stonegate property taxes if inclusion occurs?

Stonegate property owners will be subject to PWSD mill levy but it will be spread out over more customers. The Stonegate residents will also get the benefit of the commercial tax base within PWSD. Having commercial tax base tends to lower the taxes on residential taxpayers and the net affect on Stonegate residents is the overall taxes are expected to remain the same.

89) What will the new mill levy be?

Please visit <http://www.svmd.org/inclusion> and view the documents under the Projected Rates & Property Tax Comparisons section.

90) Who pays for system lines and lift stations and how much do they cost?

The estimated cost of the lift station and pipeline to connect Stonegate to PWSD is \$1.5 million. This cost will be paid by PWSD.

91) Will we be paying two taxes for Rueter-Hess? Is this legal?

You will not be paying twice. In exchange for investment that Stonegate made in Rueter-Hess, PWSD will provide 6,242 acre-feet of water for the purpose of irrigating the parks and open space so there is no double taxation. In the case of Inclusion, Stonegate would have all the storage of both PWSD and Stonegate plus the added benefit of 8,000 acre-feet of surface water that PWSD currently owns to put into the Reservoir.

92) What are all known costs for inclusion? What costs are projected?

Please visit <http://www.svmd.org/inclusion> and view the documents under the SAIC and StepWise Reports section.

93) What are the projected maintenance costs?

Projected maintenance costs are included in the financial models. The results of that effort result in a projection of the monthly bills paid by the customers. The estimated bills can be found at the following link <http://www.svmd.org/inclusion>. Click on 'Billing Projections' under the Projected Rates & Property Tax Comparisons section. . It should be noted that all the overall maintenance costs will go down because of reduced duplication of administration and maintenance.

94) Why were Parker's future costs not factored into the expenses?

We have used our best effort to include all the future costs in the model. The new terms presented by WISE have not been included in either the Stonegate or PWSD models.

95) When is Parker (PWSD) planning to purchase additional renewable water?

It's important to know that PWSD already owns over 8,000 acre-feet of surface water and they only need a little more than that today to completely replace their dependency on groundwater. Stonegate, on the other hand, does not own any surface water rights. With the inclusion, Stonegate would own their fair share of PWSD's existing surface water rights.

96) How do you expect to increase users onto the system without increasing facilities?

PWSD will add capacity to its wastewater treatment plant to accept Stonegate's wastewater flows. PWSD water treatment plant will be sized to meet the needs of Stonegate. These costs are included in the models. The bottom line is that there will be no redundancy in administrative and maintenance costs.

97) How are rates determined?

The rates are determined by a cost of service model. See the rates studies at <http://www.svmd.org/inclusion>.

98) How are commercial users factored into residential costs?

Commercial users pay a higher percentage (29 percent versus 7.96 percent) for property taxes. Both Parker and Stonegate have tiered rate structures, which in effect, charges higher rates for higher use. Commercial customers typically use more than a residential customer.

99) Will SVMD rates for parks and recreation services go up due to the inclusion?

The inclusion does not affect the parks and recreation services – it is only for water and wastewater services. So, there shouldn't be any increases in the Parks and Open Space fees due to the inclusion.

100) What are the expected monthly charges on my water bill if the districts include?

Estimates of monthly bills for water and wastewater charges are provided at the following link <http://www.svmd.org/inclusion>. Click on 'Billing Projections' under the Projected Rates & Property Tax Comparisons section.

101) If SVMD becomes part of PWSD, what happens to all of the SVMD escrowed improvement funds?

Stonegate will pay down a portion of its existing debt, pay for replacement of District fences, and pay for conversion to low water use landscape, maintenance and any other items the Board decides will benefit the residents.

PWSD and SVMD Alone

102) Why is my Stonegate (SVMD) water bill \$75 before I use a drop of water?

Your water bill has fixed fees of \$21.44 for water and \$21.44 for sewer. The fixed fees are needed to pay the operations and maintenance cost to provide the services to your home and be ready to supply water and collect wastewater at any time. The two fees when added together equal \$42.88. The other fixed fee, \$32, is for parks and open space. In other words, you pay \$42.88 for your water and wastewater service and \$32 for parks and open space or a total of \$74.88. The parks and open space fee is billed with the water simply to reduce costs to you.

103) What are the plans for growth and maintenance of Parker between 2015 and 2030?

Although current economic conditions are not conducive for growth, the longer term plans for both PWSD and Stonegate do provide for some expectation of growth. The PWSD service area includes two largely undeveloped parcels in the Canyons and in Ridge Gate. These areas are expected to develop upon improved economic conditions.

Normal renewal and replacement of assets is an expected recurring cost for PWSD. Normal asset replacement expenditures are estimated at approximately 3% of the total value of the assets managed.

104) How many new taps were there in Parker in 2010?

There were 138 Single Family Equivalents (SFE) new taps in the PWSD service area.

105) What revenue was generated in 2010 from the new taps?

PWSD generated approximately \$930,000 from new taps in 2010. SVMMD did not generate any revenue from new taps in 2010.

106) Will SVMMD residents have to pay for upgrades regardless of inclusion?

Yes, if SVMMD residents choose not to include with PWSD, SVMMD will have to pay for upgrades to the wastewater treatment plant.

107) How much are Stonegate Reserves and what percentage likelihood is it that the mill levies would decrease if our reserves were given to Parker?

None of the reserves will be transferred to PWSD. As of December 31, 2010, Stonegate had the following balances by fund:

General Fund	\$1,029,097
Debt Service	\$448,911
Capital Project	\$3,485,421
Supplemental	\$2,169,404
Water	\$7,583,190
Sewer	\$56,394
Total	\$14,772,417

If we include, none of the above funds are going to be transferred to Parker. It is anticipated that Stonegate will use \$6,885,000 of the above funds to reduce the Stonegate bonds, thus creating the ability to decrease the Stonegate mill levy.

108) If our mill levy is 27.4, how much is for our water? What is the distribution?

The Stonegate Debt Service Fund mill levy of 27.402 mills represents payments on bonds issued for water, sewer, streets, and park and recreation improvements. Approximately 49% of the bond proceeds were spent on the water system. This would equate to 13.430 mills.

109) What are the PWSD customer satisfaction rates?

An independent survey of PWSD customers (Fall of 2010) revealed that the majority of PWSD customers are very satisfied with PWSD.

110) Will we need to borrow more money in the future upgrades to continue on as Stonegate?

Yes, as long as there are needed projects, there will be the need to raise funds through increased fees and borrowing.

111) What was the cost of Rueter-Hess?

The loan amount was \$105 million. Total costs for the entire project will be around \$170M.

112) What happens if voters vote against the proposed inclusion?

The 3,300 customers of Stonegate will need to pay the cost of the renewable water, construct a water treatment plant that can treat surface water, build the distribution piping to bring the water to and from Rueter-Hess for storage, and pay the estimated \$10 million for upgrades to the wastewater treatment plant that are required by the State of Colorado beginning in 2012.

113) How much will it cost to fund additional water delivery system?

The current estimate is approximately \$50 million for the infrastructure (piping, pumps, additional wells and water treatment). This does not include the cost of water (dollars per 1,000 gallons) nor the additional infrastructure (piping and water treatment) that will be charged by Denver Water and Aurora.

114) What are PWSD's current water rates?

PWSD current water rates are posted on their website – www.PWSD.org. We have provided a comparison of future bills and taxes on the Stonegate website – www.stonegatelife.org.

115) What is the PWSD estimated debt per resident as compared to the \$16,000/resident in SVMMD?

The estimated debt per resident within the inclusion area, if inclusion were to be approved, is \$11,600/resident. The current debt per resident in PWSD is \$13,000/resident.

116) How much will it cost to construct the infrastructure needed to transfer water from Rueter-Hess?

The current estimate is approximately \$50 million for the infrastructure (piping, pumps, additional wells and water treatment). This does not include the cost of water (dollars per 1,000 gallons) nor the additional infrastructure (piping and water treatment) that will be charged by Denver Water and Aurora to deliver water to Stonegate and the other members of South Metro Water Supply Authority.

117) When you say that Stonegate could begin to pay down debt if we combine, what debt are you referring to?

Stonegate currently has approximately \$30.8 million in debt. The money was borrowed to pay for water and wastewater facilities, roads, parks, pools and community center.

118) Is it true that PWSD tried to pass on a 30% raise to its customers recently?

No, that's not true. Any rate increase must be approved by the five-member Board which is made up of elected residents. Any debt increase must be passed by a majority of the voters. PWSD Board proposed to increase rates approximately 28% after about four years of no rate increases. The proposal and customer concerns resulted in a study by Red Oak. Red Oak confirmed that rates should be raised 28% but based on recommendations from a citizens group, the PWSD chose to limit the increase in 2009 to 14%. So the rate increases that have

occurred were on a committee of residents, experts in rate studies, and confirmed by the Board.

119) How does Parker wastewater cost remain constant?

Through consolidation we recognize economies of scale. It's all a matter of number of households that share in the costs.

120) How much does the election cost? How much has been spent? How many wells does PWSD get?

The SVMMD has budgeted \$30,000 for the inclusion ballot election. We have spent about \$5,000 thus far for mailings, which are required by Colorado law.

SVMMD has 13 wells, which if the voters approve inclusion, will be combined with PWSD wells to serve about 20,000 customers (3,300 SVMMD plus 16,000 PWSD).

121) What is the cost of renewing the wastewater treatment plant?

The cost to upgrade Stonegate's wastewater treatment plant is \$10 million.

122) How can 2020 consolidated rates be lower than both SVMMD and PWSD alone?

The theory is the same as this simple example. Your costs to commute by yourself, in your car, and paying for gas are higher for you compared to sharing a ride and paying for half the costs. The upside is you get to the same place at half the cost, the downside is you might have to compromise on the schedule.

123) How much has Stonegate banked?

Stonegate has banked approximately \$16 million. In the case of Inclusion, Stonegate will immediately own their share of PWSD's current 8,000 acre-feet of surface water as well as all their groundwater.

124) How do you justify saying that economically everyone is fine and rates will be kept low yet I estimate my rates will increase 115%?

The cost of water and wastewater services will be going up for Stonegate residents. Should the residents vote to include with PWSD, their rates will stabilize due to economy of scale. PWSD already owns surface water (8,000 acre-feet annually) and has already incurred the debt to build. Water and Sewer rates are going to rise, we are providing you the choice on how much.

Water Supply

125) How/where are you finding renewable water?

Should the inclusion not happen, Stonegate will likely need to continue as a member of the South Metro Water Supply Authority. The WISE project currently will not completely meet the

water supply needs of all the members, including Stonegate. Potential areas of interest include the Lower South Platte, Arkansas River, and Flaming Gorge.

126) What is the cost projection to move and treat water from the South Platte?

Getting water from the South Platte requires water rights. Every drop of water in the South Platte is owned either privately or through water providers. If someone were to sell their water rights, it is estimated to be as high as \$750 million. Note that that doesn't include the cost of the piping, distribution, treatment, or maintenance.

127) What is the cost to move water to and from Rueter-Hess?

The current estimate is approximately \$50 million for the infrastructure (piping, pumps, additional wells and water treatment). This does not include the cost of water (dollars per 1,000 gallons) nor the additional infrastructure (piping and water treatment) that will be charged by Denver Water and Aurora to deliver water to Stonegate and the other members of South Metro Water Supply Authority.

128) Can we drill more wells?

Yes. Today's cost is about \$1.25 million/well. Note that wells are not always productive and can be drilled into areas with poor water return or no water at all. The problem is that the water table is dropping and the water is encased within rock. That means that the water isn't replenishing.

129) How do you predict the population 10 years from now?

We use estimates provided by governmental entities formed specifically for this purpose. In those cases where we believe the estimates may be too optimistic or unrealistic, based on local experience, a best judgment approach is utilized.

130) How much water did Parker Water pull from the aquifer in 2005 and 2010? How much will it pull out in 2015?

Between 2005 and 2010 we averaged around 8,000 acre-feet per year. By 2015, we project our annual withdrawals could be as low as 500 acre-feet per year.

131) Do you see any water shortages compared to water rights and water needs for Stonegate?

The South Metro Water Supply Study, 2003, addressed this issue. Please visit <http://www.svmd.org/inlcusion> and click on 'SMWSA Study – December 2003' under the South Metro Water Supply Authority section.

132) How do you expect to sell Rueter-Hess to other communities when you have no water rights to fill it?

PWSD has approximately 8,000 acre-feet of renewable water available today to store in the reservoir once it is complete. Other communities are considering the WISE project, and if they choose to participate in the project, they will need a place to store their water. All entities

that have purchased storage space in Rueter-Hess receive just that storage space. Each entity is required to bring their own water for storage and use.

133) Would water quality improve with the necessary upgrades to the system or if Stonegate included with Parker?

With either option, the water delivered to you homes will meet all drinking water standards.

134) Is it true that we (Colorado) sold all its water rights to outside consumers and other states so that we can't get back any of our own water?

Not true. The State of Colorado did not sell any water rights. The State is however, part of an Interstate Compact that governs how much water must be released to downstream States.

135) Does Stonegate currently get its water from the Denver Aquifer?

Yes, Stonegate pumps water from the Denver, Dawson, Arapahoe and Laramie Foxhills aquifers of the Denver Basin.

136) What are all the water supply sources?

There are two types of water supply. One is called groundwater and it is non-renewable and comes from deep wells. The other is surface water that comes from rainfall, lakes, rivers, snowfall, and recaptured (reuse) water.

137) Why can't we use our money reserves to buy overflow or rights on Cherry Creek and pay to deal with moving and storing it?

Unfortunately that isn't the way it works in Colorado. Water rights are based on a priority system. Stonegate has the right to file a water right on Cherry Creek but it would have a very low priority to withdraw water. Stonegate has not filed a water right on Cherry Creek for this purpose; however, if Stonegate decided on this course, PWSD's (already having water rights of 5,000 acre-feet on Cherry Creek) would have the right to withdraw water before Stonegate. With the Inclusion, Stonegate would own the same water rights and have their share of the 5,000 acre-feet of water that PWSD already can receive and store on an annual basis.

138) What water rights and assets does SVM D have? Are there current partnerships?

Stonegate has Denver Basin ground water, a right to reuse that ground water and 1,200 acre-feet of storage in Rueter-Hess. Stonegate is a member of the South Metro Water Supply Authority, which is considering the WISE project, a partnership between Denver, Aurora and South Metro. Stonegate does not own any surface water rights.

139) What are the best estimates for SVM D running out of non-renewable water?

The most comprehensive study completed to date is the South Metro Water Supply report completed in 2003. This report is available at www.stonegatelife.org.

140) Do all five board members agree with the data produced by the current analysis?

The majority of the Board members do agree with the data produced and that the inclusion is financially the best option for the residents of Stonegate.

141) What will happen to the Stonegate wells?

The wells will be used to serve the Stonegate customers and will be operated by PWSD. Please remember that if an inclusion passes, you will still own the wells and water rights as a customer of PWSD. You will also own a share of PWSD's 8,000 annual acre-feet of surface water and their wells.

142) How can we extend non-potable water supply to irrigate residential lawns? Can't we tap common area supply?

Non-potable irrigation of residential lawns is not allowed by the Colorado Department of Public Health and Environment.

143) Are there any differences in water quality between the two districts?

Both Districts are providing water from the same groundwater sources and future sources of supply are more than likely going to be about the same. Given that the sources are the same, the water quality should be approximately the same. Please remember that both Districts are required to meet drinking water standards set by the EPA and the Colorado Department of Public Health and Environment. It should be noted that PWSD was recently awarded the "Outstanding Water Quality Laboratory" by the American Water Works Association (AWWA). This isn't awarded annually as it is only given out when a water laboratory does exceptional work within the tri-state region.

144) What is the county doing to ensure water for its citizens?

It's important to know that Douglas County is not a water provider. They do, however, support the efforts to bring renewable water supplies the residents of the County. They have also provided funding to the districts for the preparation of water conservation plans. These water conservation plans are essential in the districts efforts to obtain low interest loans from State of Colorado and the Federal Government.

145) How long is it estimated that the deep water wells will last based on current consumption levels?

The most comprehensive study completed to date is the South Metro Water Supply report completed in 2003. This report is available at www.stonegatelife.org.