

The background of the slide features a close-up photograph of vibrant green leaves, some with water droplets, set against a blurred background of more foliage and water. The overall tone is natural and fresh.

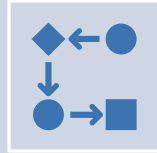
Castle Pines North Metropolitan District

2024 Water and Wastewater Rate Study

October 23, 2024



Presentation Overview



Rate Study Process



Water Financial Plan & Rates



Wastewater Financial Plan & Rates



Questions and Discussion

Overview

- Rates last increased in 2021
- Objective for this budget: begin to bring revenue back in line with costs
 - An increase now reduces the size of future increases
- Next year the District is planning to perform an asset management study and full cost of service rate study
 - Identify ongoing capital needs
 - Update rates to reflect the cost of service

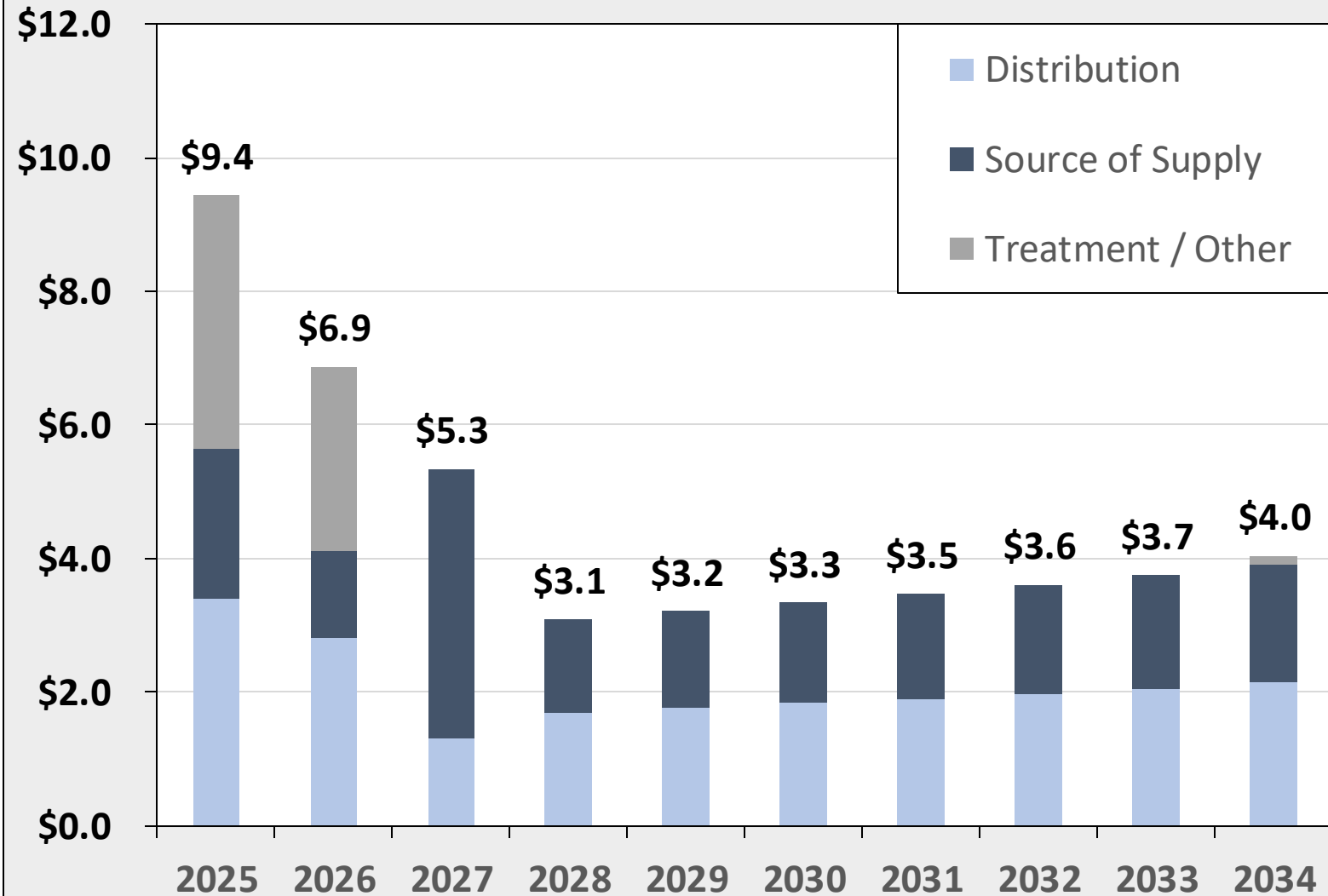
Water Enterprise



Water Capital Plan

- District planning to complete asset management plan next year
 - Plan will update projected ongoing capital spending
- Key Projects
 - WTP Filter Rehabilitation Program \$6m
 - Waterline replacement
 - Well rehab & redrills

Castle Pines North Metro District
10-Year Water Capital Improvement Plan (\$ Millions)



Future \$ includes 4% inflation.

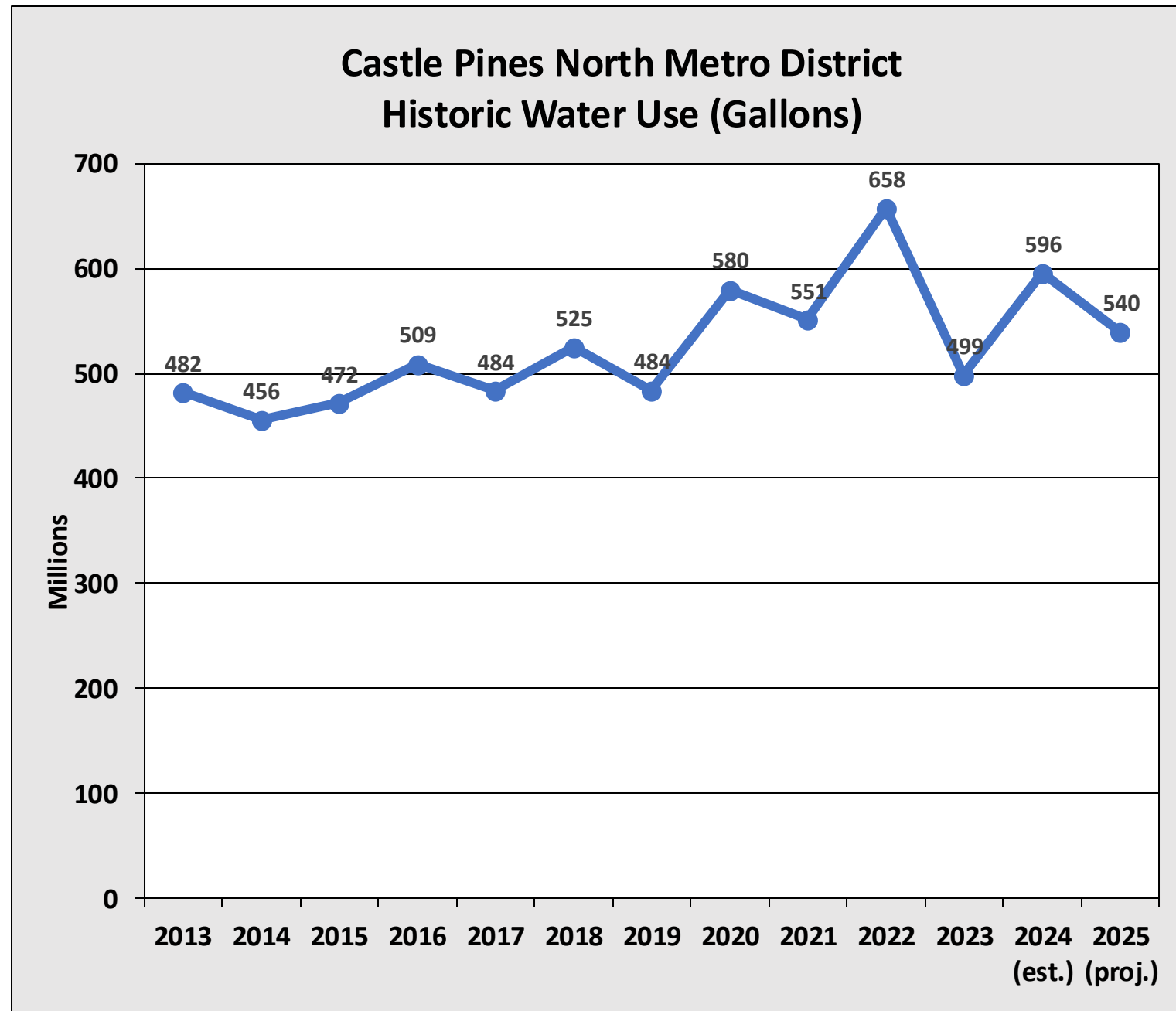
Water Financial Drivers



- BWA developed updated financial projections to identify funding needs & evaluate rate increases
- Aging infrastructure & capital improvement needs
 - Water system upgrades, repairs & replacements needed maintain safe & reliable operations
 - \$27.9 million over the next 5 years
 - Annual cash funding target: \$4.0 million
- Operating cost inflation
 - 21% inflation since last rate increase in 2021
 - 4.0% per year over next 5 years
 - Annual rate adjustments needed to keep rates in line with escalating costs (electricity, staffing, materials, insurance, etc.)
- Loan to sewer enterprise for lift station upgrades
 - \$8.4M, 30-year repayment with 2% interest beginning in FY 2028
- Maintain Prudent Reserves
 - Emergencies, demand fluctuation, cash funding capital, etc.

Projected Water Demand

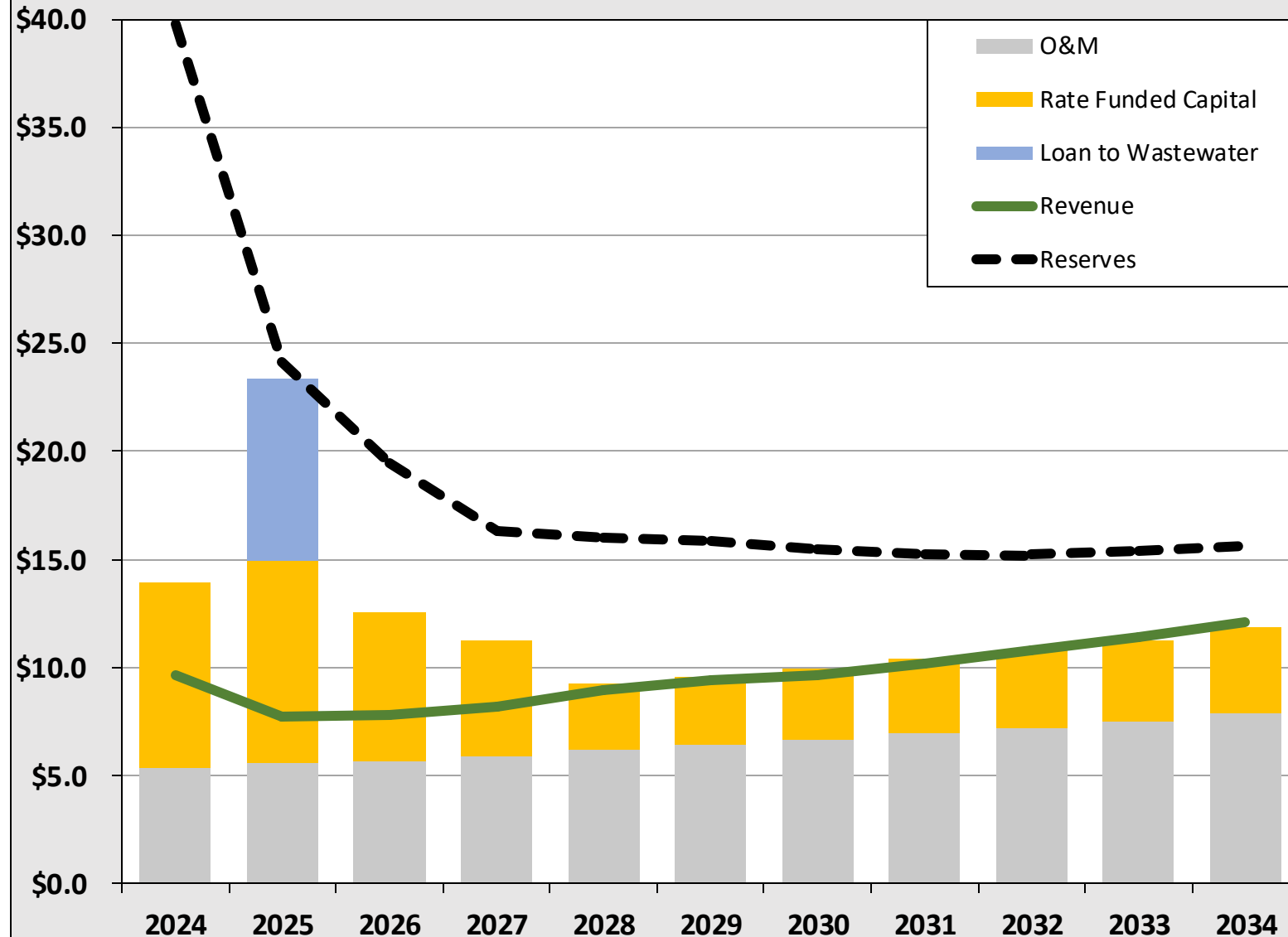
- Steady growth since 2013
- Highly variable, between low and high years (2022 v. 2023)
- Projected annual demand baseline
 - 540 million gallons
 - Conservative projection to hedge against demand fluctuations



Water Financial Plan

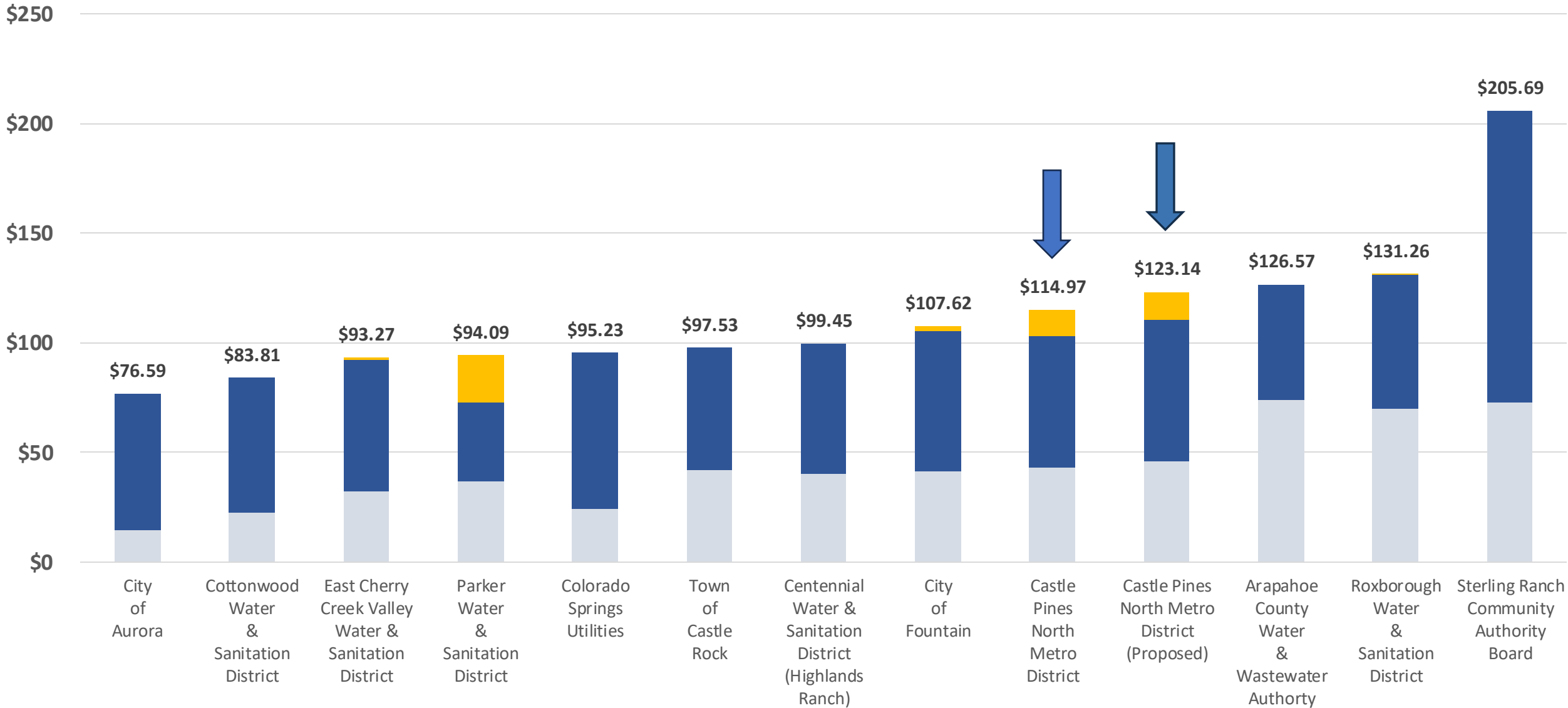
- Recommended annual rate revenue increases of 7%
- Key Assumptions
 - Rate revenue based on 540 million annual gallons demand baseline
 - 8 new connections per year
 - \$8.4M loan to sewer fund for lift station upgrades

Castle Pines North Metro District
Water Cash Flow (\$ millions)



Regional Comparison: Single-Family Residential Monthly Water Bills

Fixed Charge Variable Charge Property Tax

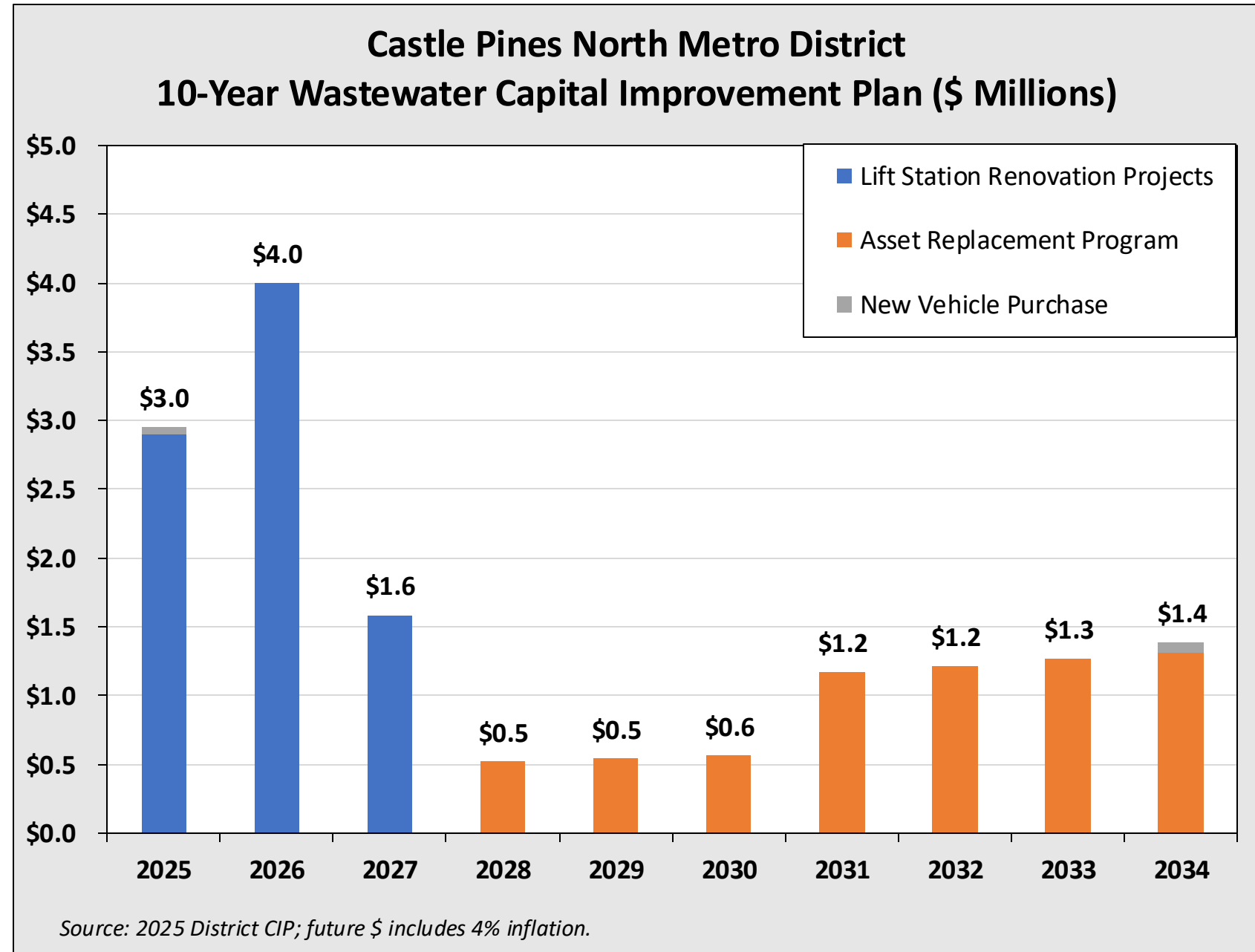


Wastewater Enterprise



Sewer Capital Plan

- Key Projects
 - Lift Station Upgrades
 - Compliance advisory
 - Asset Replacement Program



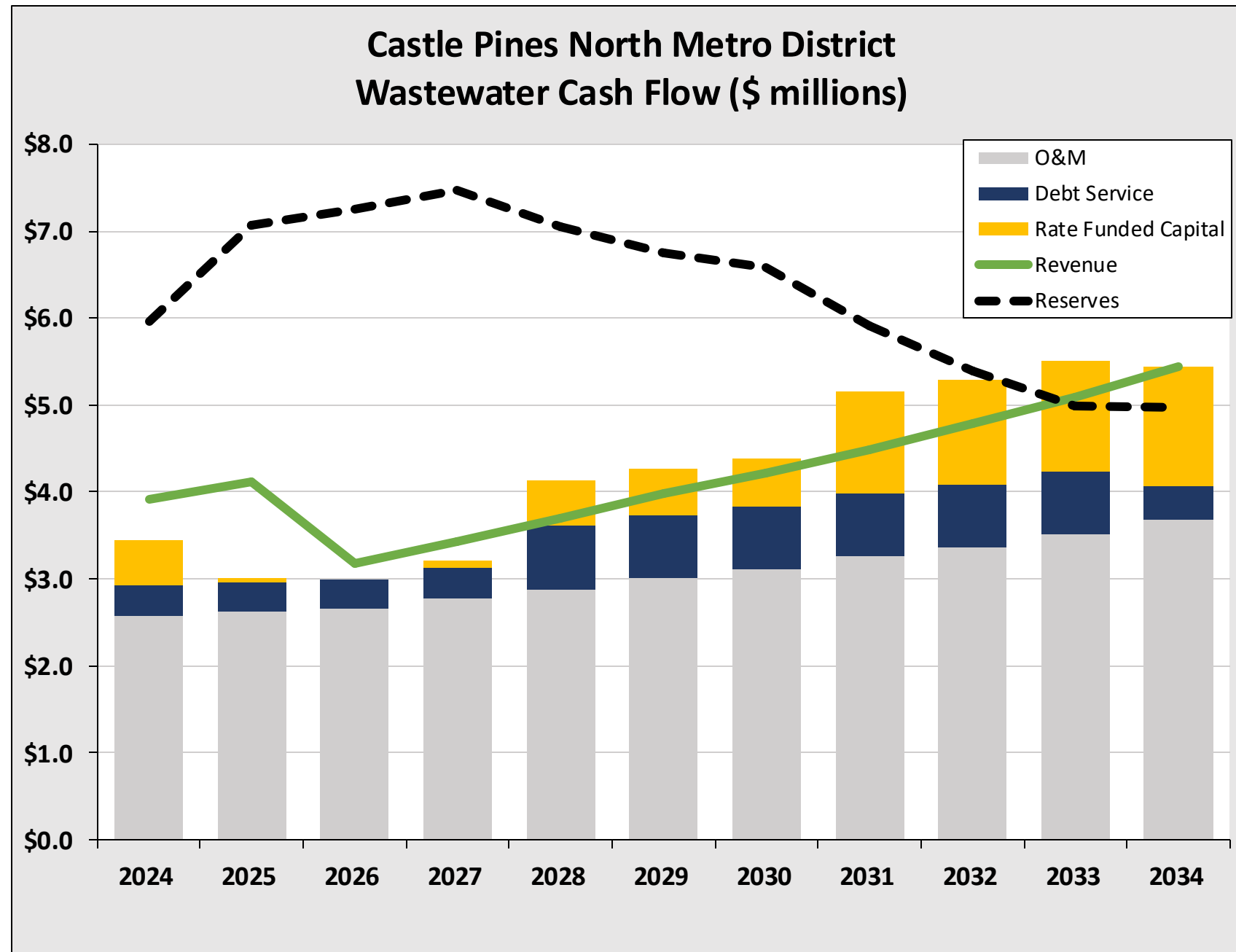
Wastewater Financial Drivers



- BWA developed updated financial projections to identify funding needs & evaluate rate increases
- Aging infrastructure & capital improvement needs
 - Sewer system upgrades, repairs & replacements needed maintain safe & reliable operations
 - \$9.6 million over the next 5 years
 - Loan from water fund for lift station upgrades
- Operating cost inflation
 - 21% inflation since last rate increase in 2020
 - 4.0% per year over next 5 years
 - Annual rate adjustments needed to keep rates in line with escalating costs (electricity, staffing, materials, insurance, etc.)
- Maintain Prudent Reserves
 - Emergencies, demand fluctuation, cash funding capital, etc.

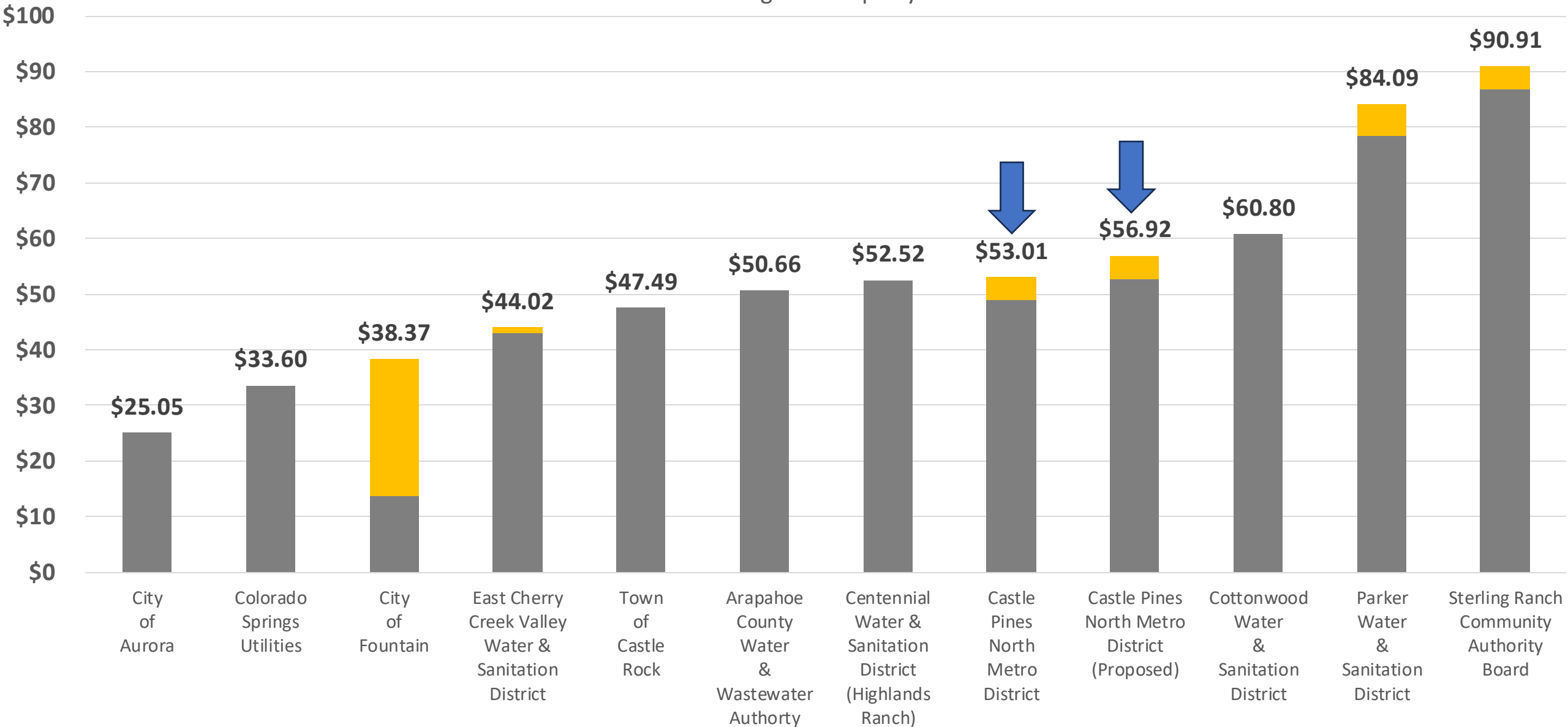
Sewer Financial Plan

- Recommended annual rate revenue increases of 8%
- Key assumptions
 - Steady increases to property taxes, within TABOR and Mill limitations
 - \$8.4M loan to from water fund for lift station upgrades



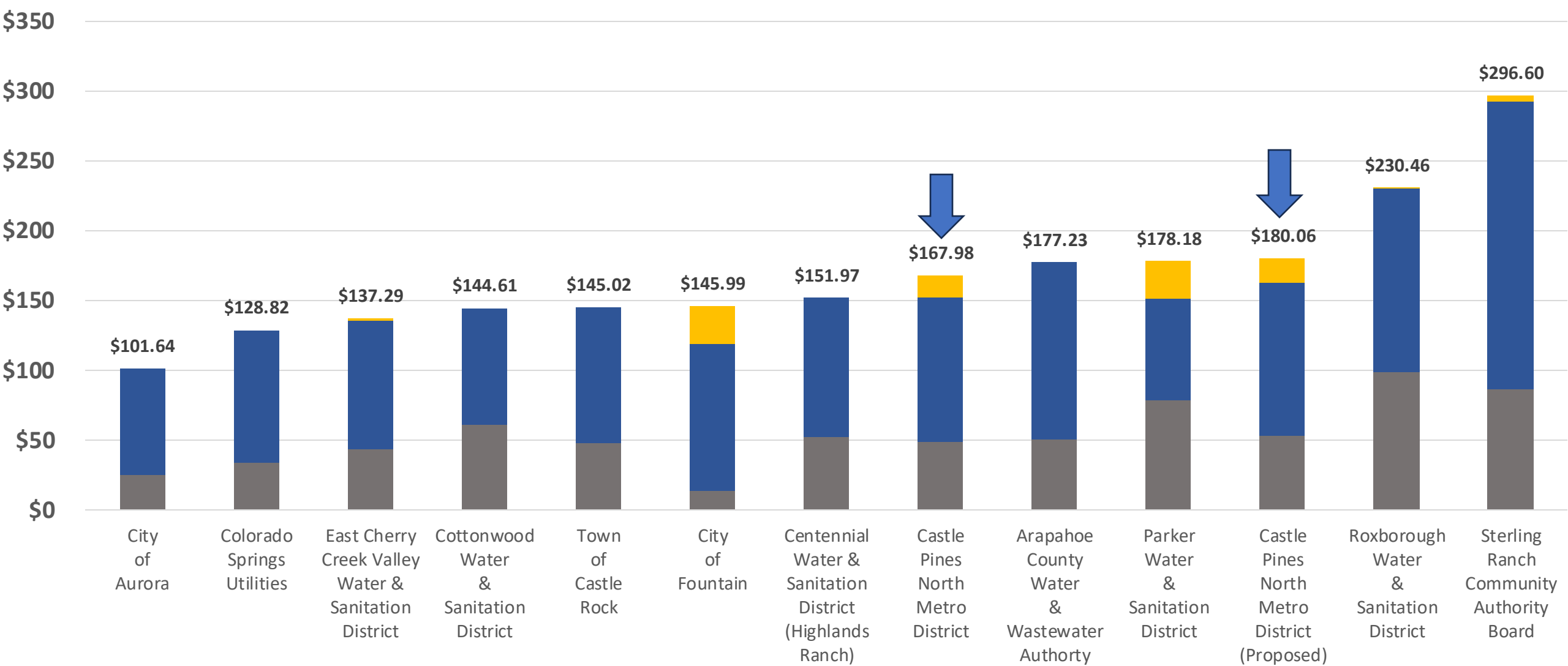
Regional Comparison: Single-Family Residential Monthly Sewer Bills

■ Sewer Charges ■ Property Tax



Regional Comparison: Single-Family Residential Monthly Combined Water & Sewer Bills

■ Sewer Charge ■ Water Charge ■ Property Tax





BARTLE WELLS
ASSOCIATES