

CASTLE PINES NORTH



METROPOLITAN DISTRICT

Water and Wastewater Rate Study

November 22, 2025



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

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TABLE OF CONTENTS

1	Executive Summary	1
1.1	Rate Study Objectives	1
1.2	Water Recommendations	1
1.3	Wastewater Recommendations.....	3
2	Background, Objectives, & Methodology	4
2.1	Background	4
2.2	Rate Study Objectives	6
2.3	Rate-Setting Methodology.....	6
3	Water Finances and Cash Flow Projections	7
3.1	Water Financial Overview	7
3.2	Water Financial Projections	7
3.3	Projected Water Cashflow with Rate Increases	8
4	Water Demand and Customer Characteristics	11
4.1	Projected Water Demand	11
4.2	Water Services and Equivalent Capacity	11
5	Water Cost of Service Analysis and Rate Derivation	13
5.1	Water Cost of Service Analysis.....	13
5.2	Water Rate Revenue Requirements.....	13
5.2.1	Cost Allocation	13
5.2.2	Functional Rate Components.....	14
5.2.3	Functional Allocation	14
5.3	Water Rate Derivation	15
5.3.1	Fixed Water Rates.....	15
5.3.2	Variable Water Rates	16
5.4	Proposed Water Rates	21
6	Water Summary and Recommendations.....	23
7	Wastewater Finances and Cash Flow Projections	24
7.1	Wastewater Financial Overview	24
7.2	Wastewater Financial Projections.....	24
7.3	Projected Wastewater Cashflow with Rate Increases.....	25
8	Wastewater Flows and Customer Characteristics	28
8.1	Projected Wastewater Flows	28
9	Wastewater Rate Derivation.....	29
9.1	Wastewater Cost of Service Rate Derivation Process	29
9.1	Wastewater Cost of Service Analysis	29
9.1.1	Cost Allocation	29
9.1.2	Functional Rate Components.....	30

9.1.3 Functional Allocation	31
9.2 Wastewater Rate Derivation.....	31
9.2.1 Functional Component Unit Costs	32
9.2.2 Wastewater Rates.....	32
9.2.3 Proposed Wastewater Rates.....	33
10 Wastewater Summary and Recommendations	34
APPENDIX A – Water and wastewater Rate Study Tables	35

LIST OF TABLES

Table ES – 1: Proposed Water Rates	ES - 2
Table ES – 2: Proposed Wastewater Rates	ES - 3
Table 1: Water Rate History.....	5
Table 2: Projected Water Revenues & Expenses.....	9
Table 3: Historic Water Demand.....	11
Table 4: Equivalent Demand Units	12
Table 5. Rate Revenue Requirements by Functional Components	15
Table 6. Fixed Water Unit Rates	15
Table 7. Monthly Fixed Water Rates	16
Table 8: Projected Water Demand	17
Table 9: Variable Unit Costs.....	17
Table 10: Variable Revenue Requirements by Customer Class.....	18
Table 11: Residential Variable Revenue Requirements	19
Table 12: Commercial and Townhouse Variable Revenue Requirements	20
Table 13: Commercial Variable Revenue Requirements	20
Table 14: Irrigation Variable Revenue Requirements	21
Table 15: Proposed Water Rates	22
Table 16: Projected Wastewater Revenues & Expenses	26
Table 17. Wastewater Flows.....	28
Table 18. Rate Revenue Requirements by Functional Components	31
Table 19. Fixed and Variable Wastewater Unit Rates	32
Table 20. Rate Derivation	33
Table 21. Proposed Wastewater Rates.....	34

LIST OF FIGURES

Figure 1: Cost of Service Rate-Setting Methodology.....	6
Figure 2: Projected Water Revenues & Expenses.....	10
Figure 3: Projected Wastewater Revenues & Expenses.....	27
Figure 4: Wastewater Cost of Service Analysis and Rate Derivation Process.....	29

1 EXECUTIVE SUMMARY

1.1 Rate Study Objectives

In 2025, the Castle Pines North Metropolitan District (District) retained Bartle Wells Associates (BWA) to develop a financial plan and cost of service rate study for the District's water and wastewater utilities.

Key goals and objectives of the study includes developing rates that:

- Recover the costs of providing service;
- Are fair and equitable to all customers;
- Are easy to understand and implement;
- Support the District's long-term operational and financial stability.

This report summarizes key findings and recommendations for the District's water and wastewater rates.

1.2 Water Recommendations

Updated financial projections for the District's water utility indicate the need for water revenue increases. With the recommended rate increases, the District will be able to pay for rising operating costs and improve the financial health of the utility. BWA worked closely with District staff to gather information and input, evaluate alternatives, and develop recommendations. The proposed water rates are designed to recover the cost of providing water services and maintain the financial stability of the water enterprise in future years.

Due to the cost-of-service analysis there will be some variation to the impacts to each customer class in the first year of the recommended rates. In future years, the District can re-evaluate its finances and revenue requirements and adjust rates as needed based on updated projections. To ensure future rates are based on the cost of service, BWA recommends the District prepare a comprehensive review of the water utility's revenue requirements and rate structures every five years.

The following table shows a schedule of proposed water rates effective January 1, 2026.



Table ES – 1: Proposed Water Rates

In-District Customer Class ¹	Tiers	2025	2026
	<i>% of Water Budget</i>	<i>Existing</i>	<i>Proposed</i>
Volumetric Rates (\$ per Kgal)			
Residential			
Tier 1	Up to 100%	\$5.32	\$5.60
Tier 2	Up to 120%	6.89	7.26
Tier 3	Up to 140%	9.83	10.37
Tier 4	Over 140%	18.67	19.61
Commercial Indoor/Townhouse	N/A	4.75	4.94
Commercial			
Tier 1	Up to 100%	4.49	4.69
Tier 2	Up to 120%	5.83	6.07
Tier 3	Up to 140%	8.32	8.68
Tier 4	Over 140%	15.86	16.41
Irrigation			
Tier 1	Up to 100%	6.26	6.55
Tier 2	Up to 120%	8.15	8.48
Tier 3	Up to 140%	11.58	12.11
Tier 4	Over 140%	22.09	22.91
Fixed Service Rates (\$ per meter per month)			
All Connections		\$12.58	\$12.94
Capital Maintenance Charges (\$ per meter per month)			
<i>Meter Size</i>			
3/4"		\$33.23	\$34.65
1"		66.45	69.28
1 1/2"		132.90	138.56
2"		265.79	277.12
3"		531.58	554.24

¹ Outside District customers are charged 1.25x Inside District rates.

² Kilogallon = 1,000 gallons.



1.3 Wastewater Recommendations

Updated financial projections for the District’s wastewater utility indicate the need for wastewater revenue increases. With the recommended rate increases, the District will be able to pay for rising operating costs and improve the financial health of the utility. BWA worked closely with District staff to gather information and input, evaluate alternatives, and develop recommendations. The proposed wastewater rates are designed to recover the cost of providing wastewater services and maintain the financial stability of the wastewater enterprise in future years.

Due to the cost-of-service analysis there will be some variation to the impacts to each customer class in the first year of the recommended rates. In future years, the District can re-evaluate its finances and revenue requirements and adjust rates as needed based on updated projections. To ensure future rates are based on the cost of service, BWA recommends the District prepare a comprehensive review of the wastewater utility’s revenue requirements and rate structures every five years.

The following table shows a schedule of proposed wastewater rates effective January 1, 2026.

Table ES – 2: Proposed Wastewater Rates

Wastewater Customer Class		2025	2026
		<i>Existing</i>	<i>Proposed</i>
Volumetric Rates (\$ per Kgal)			
Volumetric Basis			
In-District			
Residential	AWC*	\$7.48	\$8.06
Commercial Indoor / TH	Meter Water	7.48	8.06
Commercial	AWC	7.48	8.06
Non-District			
Residential	AWC	9.38	10.07
Fixed Service Rates (\$ per meter per month)			
In-District		15.39	16.31
Non-District		19.23	20.39

*AWC = average winter consumption.



2 BACKGROUND, OBJECTIVES, & METHODOLOGY

2.1 Background

The Castle Pines North Metropolitan District was established in 1984 and provides water and wastewater services to residential and commercial customers throughout its service area. The water and wastewater utilities are financially self-supporting enterprises that rely primarily on revenues from service charges to fund the costs of providing service. As such, the District's rates need to be set at levels adequate to a) fund the costs of operating and maintaining the water and wastewater systems, b) fund necessary capital improvements to keep the District's infrastructure in good operating condition, c) meet annual debt service funding requirements, and d) maintain sufficient reserve funds.

In 2025, the District engaged BWA to perform a rate study analyzing the capital and operating costs associated with the District's water and wastewater utilities and to determine recovery of costs for providing water and wastewater utility services.

Key goals and objectives of the rate study include developing water and wastewater rates that:

- Capture enough revenues to move forward with and complete capital projects that will provide District rate payers with clean and safe drinking water.
- Capture enough revenues to move forward with and complete capital projects and that will ensure reliable wastewater collection services for District wastewater rate payers.
- Recover the costs of providing utility services including operating costs, capital costs, and build prudent reserves to ensure the water and wastewater funds continue to operate as financially self-sustaining Enterprise Funds.
- Are fair and equitable to all customers.
- Are easy to understand and implement.
- Support the District's long-term operational and financial stability.

The following table shows the District's water rate history.



Table 1: Water Rate History

In-District Customer Class*	Tiers	2024 and Prior	2025
	% of Water Budget	Existing	Existing
Volumetric Rates (\$ per Kgal)			
Residential			
Tier 1	Up to 100%	\$4.97	\$5.32
Tier 2	Up to 120%	6.43	6.89
Tier 3	Up to 140%	9.18	9.83
Tier 4	Over 140%	17.44	18.67
Commercial Indoor/Townhouse	N/A	4.43	4.75
Commercial			
Tier 1	Up to 100%	4.19	4.49
Tier 2	Up to 120%	5.44	5.83
Tier 3	Up to 140%	7.77	8.32
Tier 4	Over 140%	14.82	15.86
Irrigation			
Tier 1	Up to 100%	5.85	6.26
Tier 2	Up to 120%	7.61	8.15
Tier 3	Up to 140%	10.82	11.58
Tier 4	Over 140%	20.64	22.09
Fixed Service Rates (\$ per meter per month)			
All Connections		\$11.75	\$12.58
Capital Maintenance Charges (\$ per meter per month)			
<i>Meter Size</i>			
3/4"		\$31.05	\$33.23
1"		62.10	66.45
1 1/2"		124.20	132.90
2"		248.40	265.79
3"		496.80	531.58

* Outside District customers are charged 1.25x Inside District rates.



2.2 Rate Study Objectives

In 2025, the District retained Bartle Wells Associates (BWA) to develop a financial plan and cost of service rate study for the District’s water and wastewater utilities. Key goals and objectives of the study include developing rates that:

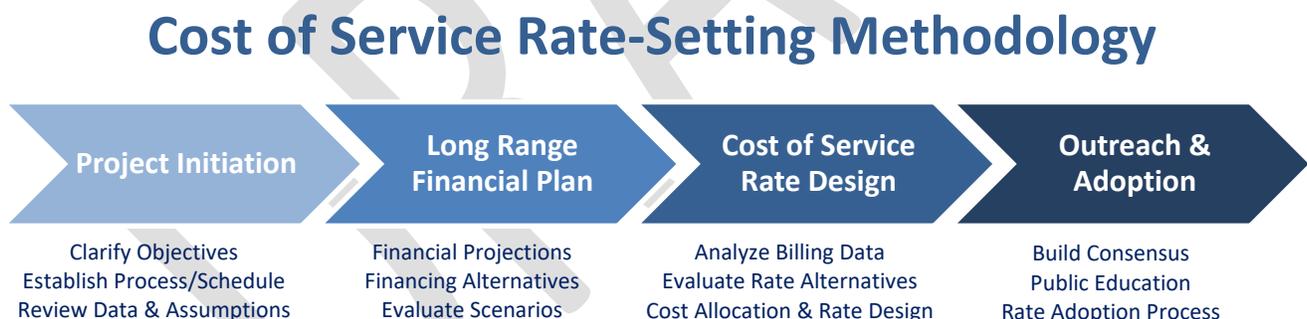
- Recover the costs of providing service, including operating, capital, and debt;
- Are fair and equitable to all customers;
- Are easy to understand and implement;
- Support the District’s long-term operational and financial stability.

2.3 Rate-Setting Methodology

While there is no single correct approach for cost allocation, BWA believes that costs should be allocated within a reasonable range that reflects both a) underlying cost causation, to the extent such causation can reasonably be determined or estimated, and b) the policy preferences of the agency in cases where a range of reasonable approaches can be justified.

The rates developed in this report use a straightforward methodology to establish an equitable system of charges that recover the cost of providing service and fairly apportion costs to each customer class. The general methodology used in this study is summarized in the following diagram.

Figure 1: Cost of Service Rate-Setting Methodology



3 WATER FINANCES AND CASH FLOW PROJECTIONS

3.1 Water Financial Overview

The District's water utility is a financially self-supporting enterprise fund that relies primarily on revenues from user charges to fund the cost of providing service. Bartle Wells Associates conducted an independent evaluation of the District's water finances.

Key observations include:

- The water enterprise will need rate increases to keep revenues in line with rising costs and fund needed capital improvements.
- In 2026, capital projects are estimated to cost \$8.7 million.
- The water enterprise needs to maintain prudent reserves to be prepared for water use fluctuations, remain able to operate during a disaster, and qualify for low-cost financing.

3.2 Water Financial Projections

BWA developed long-term cash flow projections to determine the District's projected annual revenue requirements and required water rate revenue increases. The financial projections incorporate the latest information available as well as several reasonable and slightly conservative assumptions.

Key information and assumptions include:

Reserves

- BWA recommends the District maintain prudent financial reserves. To support the continued reliability of the water utility, BWA recommends the District aim to meet or exceed one year of operating expenditures in financial reserves. This unrestricted reserve level target is recommended to ensure the financial stability of the water utility and provide a source of funding for unforeseen water emergencies.

Revenue Assumptions

- The water enterprise is projected to begin 2026 with \$41.6 million in reserves. This amount meets BWA's recommended level of operating reserves.
- BWA did not escalate revenues for miscellaneous non-rate water revenues in its projections. Recommended rates are the maximum rates the Board can adopt, which is why BWA uses conservative estimates when making revenue projections.
- As new construction can be unpredictable, BWA did not escalate revenues for growth or connection charges in its projections. Recommended rates are the maximum rates the Board can adopt, which is why BWA uses conservative estimates when making revenue projections.
- Interest income is estimated based on projected reserve levels. Actual interest amounts will vary based on reserves and future interest earnings rates.



- The rate revenue calculation reflects what the District would receive under full revenue collection and does not account for delinquent payments.
- Projected rate revenue reflects the proposed rate increase going into effect on January 1, 2026.

Expense Assumptions

- The District's water utility does not have any outstanding debt as of 2025.
- Operating and maintenance costs are based on the 2026 budget.
- General operating and capital cost inflation is projected to escalate at an annual rate of 4.0% in FY 2027 and at an annual rate of 4% thereafter. This is a conservative estimate to account for future cost inflation and is based on recent and historic inflation.
- The water enterprise will need to cash fund at least \$8.8 million in capital spending in 2026.

3.3 Projected Water Cashflow with Rate Increases

The rate projections shown on the table are designed to fund the District's cost of providing service and maintain prudent financial reserves for unforeseen emergencies.

Table 2: Projected Water Revenues & Expenses

Water Cash Flow	2025	2026	2027	2028	2029	2030
	<i>Estimated</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
Revenue Escalation						
Rate Revenue Increase		4.00%	4.00%	4.00%	7.00%	7.00%
Revenues						
Water Service Revenue	\$3,284,000	\$3,284,000	\$3,415,360	\$3,551,974	\$3,694,053	\$3,952,637
<i>Additional Revenue</i>	0	131,360	136,614	142,079	258,584	276,685
Water Activity Charges	617,867	617,867	642,582	668,285	695,017	743,668
<i>Additional Revenue</i>	0	24,715	25,703	26,731	48,651	52,057
Capital Improvement Fee	1,949,889	1,954,332	2,032,505	2,113,805	2,198,357	2,352,242
<i>Additional Revenue</i>	0	78,173	81,300	84,552	153,885	164,657
Other Non-Rate Revenue	\$2,214,834	\$1,953,500	\$1,092,622	\$1,497,031	\$1,465,146	\$1,356,514
Total Revenues	\$8,066,590	\$8,043,947	\$7,426,687	\$8,084,458	\$8,513,693	\$8,898,460
Expenses						
Operating Expense	\$5,941,289	\$5,921,723	\$6,099,998	\$6,326,509	\$6,562,125	\$6,807,214
Loan to Sewer Funds ¹	0	4,800,000	4,200,000	0	0	0
Existing Debt Service	0	0	0	0	0	0
Proposed Debt Service	0	0	0	0	0	0
Rate Funded Capital	\$4,782,646	\$8,721,093	\$1,757,080	\$3,033,347	\$1,298,655	\$4,758,862
Total Expenses	\$10,723,935	\$19,442,816	\$12,057,078	\$9,359,856	\$7,860,780	\$11,566,076
Net Revenues	(\$2,657,345)	(\$11,398,869)	(\$4,630,391)	(\$1,275,398)	\$652,913	(\$2,667,616)
Reserves						
Beginning Reserve Balances²	\$44,300,000	\$41,642,655	\$30,243,786	\$25,613,395	\$24,337,997	\$24,990,910
Ending Reserve Balance	\$41,642,655	\$30,243,786	\$25,613,395	\$24,337,997	\$24,990,910	\$22,323,294
<i>Debt Coverage Ratio (Target 1.3)</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>

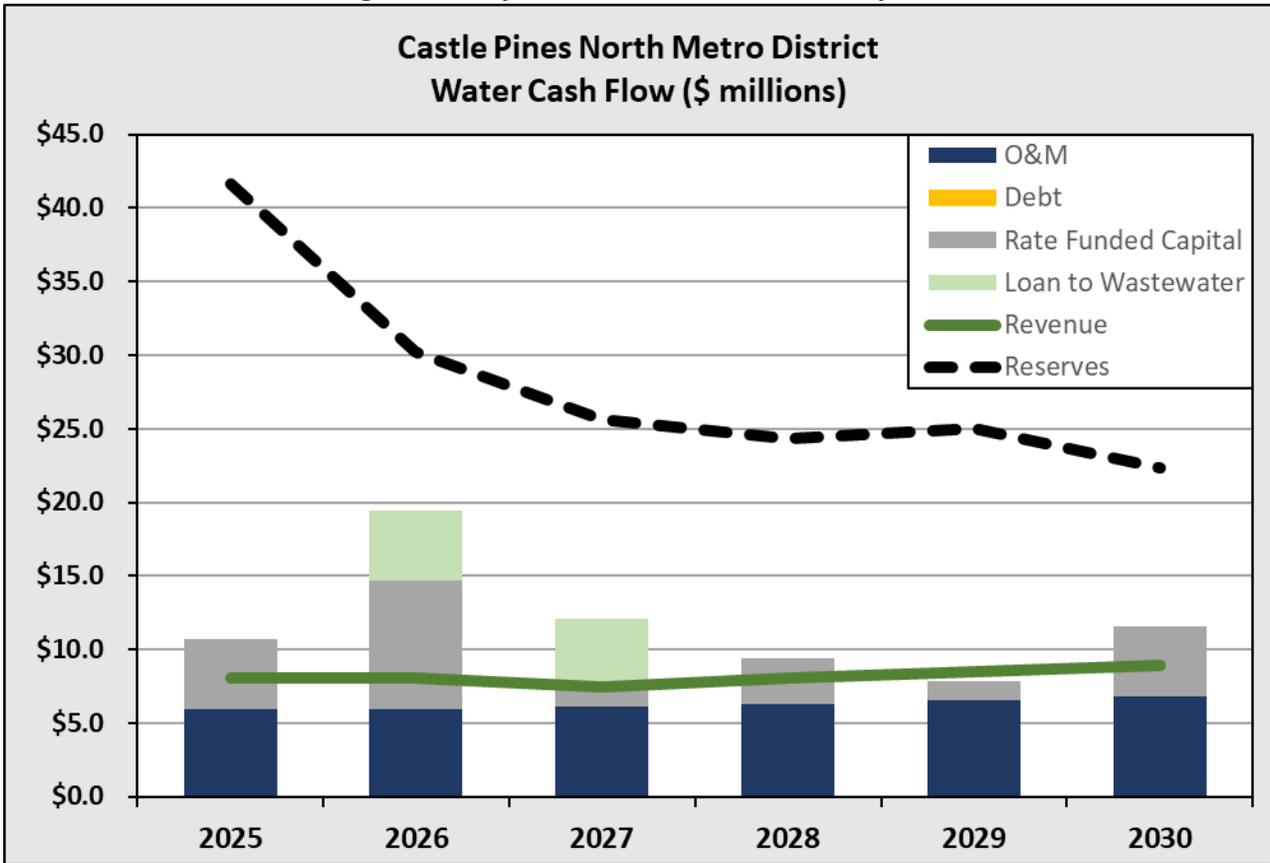
1, Advance to sewer for lift station project.

2, Includes restricted and unrestricted funds.

The following figure shows water cash flow projections incorporating the assumptions described above.



Figure 2: Projected Water Revenues & Expenses



4 WATER DEMAND AND CUSTOMER CHARACTERISTICS

4.1 Projected Water Demand

Water for the District comes primarily from groundwater and renewable water sources. Although the District is largely built-out, annual water demand remains highly variable. The following table shows historical water demand for the District.

Table 3: Historic Water Demand

Customer Class	Total
2022 Billed Water Usage	
Residential	444,749
Commercial	16,827
Commercial-Indoor/Townhouse	29,145
Irrigation	108,649
Total	599,370
2023 Billed Water Usage	
Residential	351,347
Commercial	16,533
Commercial-Indoor/Townhouse	30,918
Irrigation	68,843
Total	467,641
2024 Billed Water Usage	
Residential	433,255
Commercial	17,821
Commercial-Indoor/Townhouse	37,670
Irrigation	97,151
Total	585,897

4.2 Water Services and Equivalent Capacity

The size of a customer's meter reflects the portion they require of the water system's capacity. A significant percentage of the costs of any water system is related to its requirement to deliver water to any customer instantaneously at any time, up to the maximum safe flow capacity of a customer's meter. Simply put, as the size of a customer's water meter increases, the instantaneous demand it can place on the District's water system increases.

The relative capacity of a meter size is referred as an Equivalent Demand Unit (EDU). The number of equivalent demand units (EDUs) for rate setting purposes by customer class is determined by multiplying the number of existing water connections by their rate factor by service area and capacity factor by meter size. The following table shows the total EDUs for the District.

Table 4: Equivalent Demand Units

Meter Data	Number of Meters	Rate Differential Meters	Capacity Factor	Equivalent Demand Units (EDUs)	Rate Differential EDUs
In-District		Rate Factor		Rate Factor	
		1.00x		1.00x	
Meter Size					
3/4"	3,588	3,588.0	1.0	3,588.0	3,588.0
1"	84	84.0	2.0	168.0	168.0
1 1/2"	99	99.0	4.0	395.9	395.9
2"	44	44.0	8.0	351.9	351.9
3"	7	7.0	16.0	112.0	112.0
Total In-District Meters	3,822.0	3,822.0		4,615.8	4,615.8
Non-District¹		Rate Factor		Rate Factor	
		1.25x		1.25x	
Meter Size					
3/4"	214	267.5	1.0	214.0	267.5
1"	3	3.8	2.0	6.0	7.5
1 1/2"	0	0.0	4.0	0.0	0.0
2"	1	1.3	8.0	8.0	10.0
3"	0	0.0	10.0	0.0	0.0
Total Non-District Meters	218.0	272.5		228.0	285.0
Total Meters	4,040.0	4,094.5		4,843.8	4,900.8

1, Non-district customer cost factor x 1.25.



5 WATER COST OF SERVICE ANALYSIS AND RATE DERIVATION

5.1 Water Cost of Service Analysis

This section describes the steps BWA took to determine the rate revenue requirement needed from each customer class.

5.2 Water Rate Revenue Requirements

Cost allocation categories are groupings of the water enterprise's non-rate revenues and expenses that are then allocated to the utility's functional components (customer, capacity, base volume, peak volume, as described below).

5.2.1 Cost Allocation

To ensure the rates derived are proportional to the costs, the amounts in the cost allocation categories are based on an average of the projected revenues and expenses for the next five years. Related expenses were grouped into the following cost allocation categories before being allocated to each functional category:

- **Administration** – Expenses consist of costs related to providing service to each customer and are allocated 100% to Customer.
- **Source of Supply** – Expenses consist of water rights. These costs are allocated 25% to Capacity and 75% to Peak Volume because these costs are related to the overall capacity of the system which is driven both by the projected volume of water sold and the standing capacity in the system.
- **Distribution** – Expenses consist of costs incurred to maintain and operate the water system. These costs are allocated 10% to Base Volume and 90% to Peak Volume to reflect that these costs are incurred to meet the volumetric needs of the District
- **Treatment** – Expenses consist of the cost to treat water to potable standards. These costs are allocated 90% to Capacity and 10% to Base Volume because these costs are related to the overall capacity of the system which is driven both by the projected volume of water sold and the standing capacity in the system. The allocation represents that most of these costs are fixed but some of these costs are variable and caused by pumping and treatment.
- **Conservation** – Expenses consist of the cost incurred to promote water conservation. These costs are allocated 100% Peak Volume because these costs related primarily driven by the projected peak volume of water sold.
- **Capital** – Expenses consist of the capital costs incurred to maintain the system in safe operating condition. These costs are allocated 50% to Capacity and 50% to Peak Volume because these costs are related to the overall capacity of the system which is driven by both the projected volume of water sold and the standing capacity in the system.

5.2.2 Functional Rate Components

The purpose of the functional allocation is to determine the portion of rate revenues needed to support each function of the water system. A functional component reflects a grouping of the utility's expenses whose magnitude is driven by the quantity of a specific unit-of-measure. For example, costs allocated to the customer functional component are driven by the administration cost component.

Based on the District's system characteristics, the Fixed cost component was separated into two subcomponents: (1) Customer (accounts) and (2) Capacity (equivalent demand units). This bifurcation of the Fixed cost component is done to better identify and allocate costs that vary based on capacity needs (as defined by the size of a meter) from those that should be equally shared by each water customer.

The water utility's cost of serving a customer also depends not only on the total volume of water used, but also on peak-demand requirements. In line with the District's current rate structure, the rates presented in this study are developed using a base-extra capacity method. Base-Extra capacity was split into (1) Base Demands and (2) Peak Demands. These subcomponents are used to allocate the incremental costs of providing extra capacity in the system equitably to those users who benefit from the extra capacity and whose water use necessitates the extra capacity. This cost allocation method ensures that those users with more expensive demands cover the additional infrastructure, water supply, and other costs associated with their increased demands.

The four functional components used in this study are as follows:

- **Customer** – Costs recovered on a fixed basis, related to providing service to each customer were allocated to this functional component. These costs are recovered on a per customer account basis.
- **Capacity** – Costs recovered on a fixed basis, related to the overall capacity of the system. These costs are recovered on an equivalent meter size basis.
- **Base Volume** – Costs recovered on a volumetric basis, related to meeting average system demands were allocated to this functional component. These costs are recovered per unit of volume (Kgal).
- **Peak Volume** – Costs recovered on a volumetric basis, related to meeting peak system demands were allocated to this functional component. These costs are recovered per unit of volume (Kgal).

5.2.3 Functional Allocation

The proportional allocation of system costs is then applied to the rate revenue requirement so that the rates are proportional to the cost of service provided. Allocation of non-rate revenues are not shown because they are allocated proportionally to the results of the functional allocation. Non-rate revenues are driven by the overall activity of the utility and revenues do not impact the functional allocation.



The following table shows a breakdown of the water utility’s expenses and how they are allocated by function.

Table 5. Rate Revenue Requirements by Functional Components

Functional Allocation	Amount <i>5-YR Average</i>	Fixed		Variable	
		<i>Customer</i>	<i>Capacity</i>	<i>Base</i>	<i>Peak</i>
Operating Costs					
O&M	\$301,750	15%	10%	50%	25%
Administration	1,118,228	90%	10%	0%	0%
Source of Supply	3,029,737	0%	30%	0%	70%
Distribution	1,261,140	0%	0%	0%	100%
Treatment	361,598	0%	100%	0%	0%
Conservation	85,259	0%	0%	0%	100%
Capital	3,913,808	0%	50%	0%	50%
Functional Allocation \$	\$10,071,520	\$1,051,667	\$3,369,421	\$150,875	\$5,499,557
Functional Allocation %		10.44%	33.45%	1.50%	54.61%
Revenue Requirement	\$5,856,199	\$611,504	\$1,959,188	\$87,728	\$3,197,779

5.3 Water Rate Derivation

The allocated revenue requirements need to be recovered on a reasonable per unit basis to be proportional to the service provided. The proposed rates are developed based on a detailed cost allocation that reflects the District’s costs of providing service based on analysis of operations and input from District staff.

5.3.1 Fixed Water Rates

Fixed charges for each meter size are based on the capacity of a meter based on District input. This charge applies to all active services and recovers the combined customer functional component and capacity functional component revenue requirements on a per EDU basis. To determine fixed charges per fixed functional component, fixed revenue requirements by function are divided by the number of functional units. The following table shows the fixed unit rates derived for each of the fixed functional components of the water utility.

Table 6. Fixed Water Unit Rates

Unit Derivation	Customer	Capacity
<i>Annual Units</i>	<i>Customer</i>	<i>EDU</i>
Revenue Requirement	\$611,504	\$1,959,188
Allocation Units	49,134.0	58,809.9
Charge per Unit	\$12.45	\$33.31



Fixed monthly rates vary by meter size and service area. The customer service charge and capital maintenance charge applies to all active water services. The customer service charge is applied on a per account basis and the capital maintenance charge, which recovers the capacity functional component revenue requirement, is based on a per EDU basis. Fixed monthly rates are the sum of the customer service charge plus the capital maintenance charge for each customer by meter size. The following table shows the monthly fixed water rates for the District.

Table 7. Monthly Fixed Water Rates

Monthly Fixed Capital Maintenance Charge	Capacity Factor	2025 In-District Rates	2025 Non-District	2026 In-District Rates	2026 Non-District
<i>2026 Rate Revenue Increase</i>				<i>4.00%</i>	<i>4.00%</i>
Meter Size					
3/4"	1.00	\$33.31	\$41.64	\$34.65	\$43.31
1"	2.00	66.62	\$83.27	69.28	86.60
1 1/2"	4.00	133.24	\$166.54	138.56	173.21
2"	8.00	266.46	\$333.08	277.12	346.40
3"	16.00	532.92	\$666.15	554.24	692.80
Monthly Fixed Service Rates		2025 In-District Rates	2025 Non-District	2026 In-District Rates	2026 Non-District
<i>2026 Rate Revenue Increase</i>				<i>4.00%</i>	<i>4.00%</i>
All Connections		\$12.45	\$15.56	\$12.94	\$16.18

5.3.2 Variable Water Rates

Variable water rates recover the variable revenue requirements of the utility based on projected demand. Charges are applied to every unit of water sold to recover the base volume and peak volume functional component revenue requirements on a per unit (kilogallon, Kgal, 1,000-gallon) basis.

Projected water demand is based on historical metered demand and projected somewhat conservatively to reflect the historical fluctuation between high and low years. The peaking factor used to determine Peak Demand is calculated based on historical customer usage data provided by the District. In this study, Peak Demand reflects use greater than the monthly average demand.

The following table shows projected water demand for the District.



Table 8: Projected Water Demand

Allocation Units by Class	Base Units	Peaking Factor	Peak Units
<i>Annual Units</i>	<i>Kgal</i>		<i>Kgal</i>
Residential	370,000.0	2.0	740,000.0
Commercial	17,000.0	2.0	34,000.0
Commercial - Indoor	30,000.0	1.5	45,000.0
Irrigation	<u>76,500.0</u>	3.0	<u>229,500.0</u>
Total	493,500.0		1,048,500.0

Base and Peak functional allocation categories are used to allocate the incremental costs of providing the extra-capacity in the system needed to serve those customers whose use necessitates increased costs. This cost allocation method ensures that those users with more expensive demands cover the additional infrastructure, water supply and other costs associated with their increased demands and ensures that rates for users with average and below-average water usage do not include costs for capital investments and imported water supplies that are not required by their levels of use.

To determine unit costs, revenue requirements by function are divided by customer demand. The following table shows the variable unit rates derived for each variable functional component of the water utility.

Table 9: Variable Unit Costs

Allocation Units by Class	Base Units	Peaking Factor	Peak Units
Residential	370,000.0	2.0	740,000.0
Commercial	17,000.0	2.0	34,000.0
Commercial - Indoor	30,000.0	1.5	45,000.0
Irrigation	<u>76,500.0</u>	3.0	<u>229,500.0</u>
Total	493,500.0		1,048,500.0

Allocation Unit Cost	Base	Peak
Revenue Requirement	\$87,728	\$3,197,779
Allocation Units (Kgal)	<u>493,500.0</u>	<u>1,048,500.0</u>
Cost per Unit	\$0.18	\$3.05



To determine the revenue requirements for each customer class, the cost per unit is multiplied by the number of functional units for each class. The following table shows the variable revenue requirements for each customer class.

Table 10: Variable Revenue Requirements by Customer Class

Revenue Requirement by Class	Base	Peak	Total
Residential	\$65,774	\$2,256,897	\$2,322,671
Commercial	\$3,022	\$103,695	\$106,717
Commercial - Indoor	\$5,333	\$137,244	\$142,577
Irrigation	\$13,599	\$699,943	\$713,542

Historical consumption by class was used as a basis for determining the percentage of use across the Base-Extra Categories and projecting use in each tier. To determine unit rates by class, total revenue requirements by class are divided by the total tiered rate demand units in that class. The final step in deriving variable rates for each customer class is to multiply their unit rate by their tier differential. The following tables detail the volumetric rate derivation for each customer class.

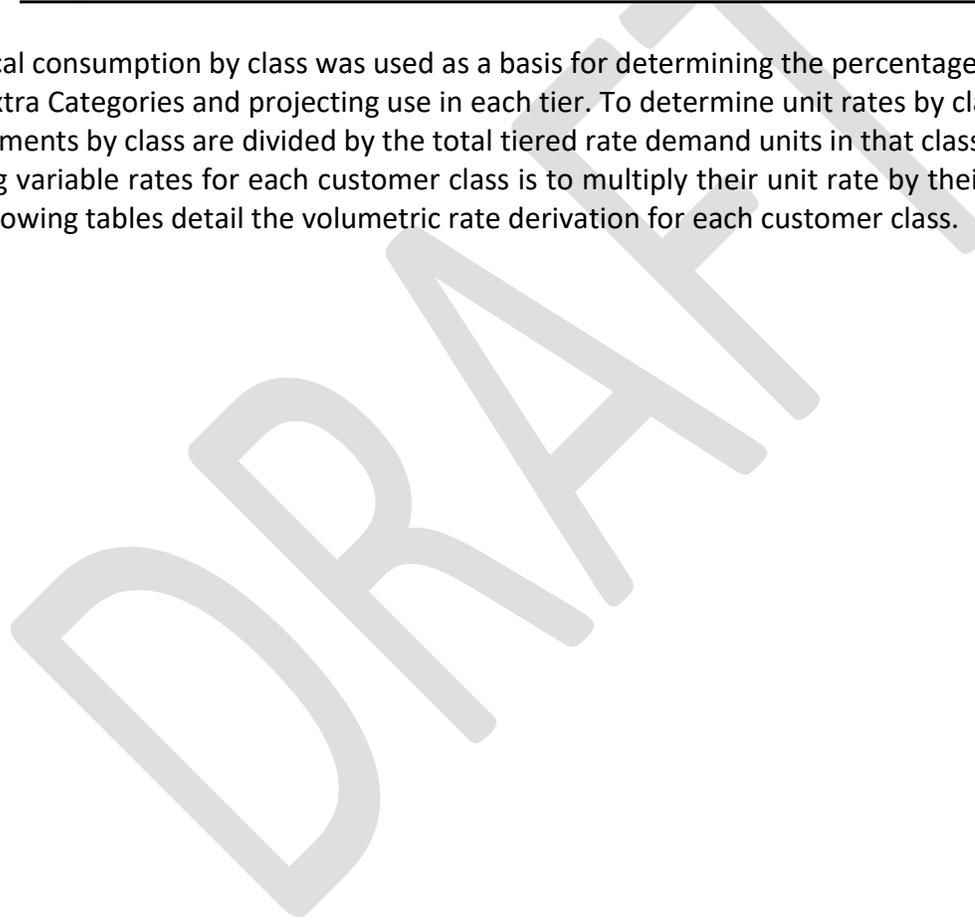


Table 11: Residential Variable Revenue Requirements

Projected Demand	Projected Demand (1,000 Gallons)	Rate Differential	Rate Demand Units
In-District	330,000	1.00	330,000
Non-District	40,000	1.25	50,000
Total Residential Demand	370,000		380,000

1, Based on billing records.

Projected Tier Demand	Projected Demand	Rate Demand Units	Rate Differential	Tiered Rate Demand Units
Tier 1	90.0%	342,000	1.00	342,000
Tier 2	3.0%	11,400	1.30	14,764
Tier 3	3.0%	11,400	1.85	21,090
Tier 4	4.0%	15,200	3.50	53,200
Total Tiered Rate Demand Units				431,054
Revenue Requirement				\$2,322,671
\$/Unit Rate				\$5.39

**Volumetric Rate
Derivation (2025
Revenue)**

	Unit Rate	Rate Differential	In-District Rates	Non-District
Tier 1	\$5.39	1.00	\$5.39	\$6.74
Tier 2	\$5.39	1.30	\$6.98	\$8.72
Tier 3	\$5.39	1.85	\$9.97	\$12.46
Tier 4	\$5.39	3.50	\$18.86	\$23.57

Volumetric Rate Derivation (2026 Revenue)

	In-District	Non-District
<i>2026 Rate Revenue Increase</i>	<i>4.00%</i>	<i>4.00%</i>
Tier 1	\$5.60	\$7.00
Tier 2	\$7.26	\$9.07
Tier 3	\$10.37	\$12.96
Tier 4	\$19.61	\$24.52



Table 12: Commercial and Townhouse Variable Revenue Requirements

Projected Demand	Projected Demand		Rate Demand Units
	(1,000 Gallons)	Rate Differential	
In-District	30,000	1.00	30,000
Non-District		1.25	0
Total Demand	30,000		30,000
Revenue Requirement			\$142,577
2025 \$/Unit Rate			\$4.75
<i>2026 Rate Revenue Increase</i>			<i>4.00%</i>
2026 \$/Unit Rate			\$4.94

Table 13: Commercial Variable Revenue Requirements

Projected Demand	Projected Demand		Rate Demand Units
	(1,000 Gallons)	Rate Differential	
In-District	17,000	1.00	17,000
Non-District		1.25	0
Total Demand	17,000		17,000

1, Based on billing records.

Projected Tier Demand	Projected Demand	Rate Demand		Tiered Rate Demand Units
		Units	Rate Differential	
Tier 1	70.0%	11,900	1.00	11,900
Tier 2	5.0%	850	1.30	1,101
Tier 3	15.0%	2,550	1.85	4,718
Tier 4	10.0%	1,700	3.50	5,950
Total Tiered Rate Demand Units				23,668
Total Variable Revenue Requirement				\$106,717
\$/Unit Rate				\$4.51

Volumetric Rate

Derivation (2025 Revenue)

	Unit Rate	Rate Differential	In-District Rates
Tier 1	\$4.51	1.00	\$4.51
Tier 2	\$4.51	1.30	\$5.84
Tier 3	\$4.51	1.85	\$8.34
Tier 4	\$4.51	3.50	\$15.78

Volumetric Rate Derivation (2026 Revenue)

	In-District Rates
2026 Rate Revenue Increase	<i>4.00%</i>
Tier 1	\$4.69
Tier 2	\$6.07
Tier 3	\$8.68
Tier 4	\$16.41



Table 14: Irrigation Variable Revenue Requirements

Projected Demand ¹	Projected Demand (1,000 Gallons)	Rate Differential	Rate Demand Units
In-District	75,000	1.00	75,000
Non-District	1,500	1.25	1,875
Total Demand	76,500		76,875

1, Based on billing records.

Projected Tier Demand	Projected Demand	Rate Demand Units	Rate Differential	Tiered Rate Demand Units
Tier 1	70%	53,813	1.00	53,813
Tier 2	5%	3,844	1.30	4,978
Tier 3	10%	7,688	1.85	14,222
Tier 4	15%	11,531	3.50	40,359
Total Tiered Rate Demand Units				113,372
Total Variable Revenue Requirement				\$713,542
\$/Unit Rate				\$6.29

**Volumetric Rate
Derivation (2025
Revenue)**

	Unit Rate	Rate Differential	In-District	Non-District
Tier 1	\$6.29	1.00	\$6.29	\$7.87
Tier 2	\$6.29	1.30	\$8.15	\$10.19
Tier 3	\$6.29	1.85	\$11.64	\$14.55
Tier 4	\$6.29	3.50	\$22.03	\$27.54

Volumetric Rate Derivation (2026 Revenue)

	Rates	Non-District
<i>2026 Rate Revenue Increase</i>	<i>4.00%</i>	<i>4.00%</i>
Tier 1	\$6.55	\$8.18
Tier 2	\$8.48	\$10.60
Tier 3	\$12.11	\$15.14
Tier 4	\$22.91	\$28.64

5.4 Proposed Water Rates

The following table shows the proposed water rates incorporating a) the overall level of required rate increases to fund District’s costs of providing water services, b) the proposed rate structure modifications, and c) the revenue recovery allocations that reasonably and fairly apportion costs to the District’s customers. Due to the cost-of-service analysis and structure adjustments, there will be some variation to the impacts to each customer class in the first year of the recommended rates, effective January 1, 2026.



Table 15: Proposed Water Rates

In-District Customer Class*	Tiers	2025	2026
	<i>% of Water Budget</i>	<i>Existing</i>	<i>Proposed</i>
Volumetric Rates (\$ per Kgal)			
Residential			
Tier 1	Up to 100%	\$5.32	\$5.60
Tier 2	Up to 120%	6.89	7.26
Tier 3	Up to 140%	9.83	10.37
Tier 4	Over 140%	18.67	19.61
Commercial Indoor/Townhouse	N/A	4.75	4.94
Commercial			
Tier 1	Up to 100%	4.49	4.69
Tier 2	Up to 120%	5.83	6.07
Tier 3	Up to 140%	8.32	8.68
Tier 4	Over 140%	15.86	16.41
Irrigation			
Tier 1	Up to 100%	6.26	6.55
Tier 2	Up to 120%	8.15	8.48
Tier 3	Up to 140%	11.58	12.11
Tier 4	Over 140%	22.09	22.91
Fixed Service Rates (\$ per meter per month)			
All Connections		\$12.58	\$12.94
Capital Maintenance Charges (\$ per meter per month)			
<i>Meter Size</i>			
3/4"		\$33.23	\$34.65
1"		66.45	69.28
1 1/2"		132.90	138.56
2"		265.79	277.12
3"		531.58	554.24

* Outside District customers are charged 1.25x Inside District rates.



6 WATER SUMMARY AND RECOMMENDATIONS

This report presents a comprehensive review of the District’s water revenue requirements and rate structures. The District will need regular annual rate increases to keep up with cost inflation and maintain prudent financial reserves. The proposed rates are based on the cost of service and are intended to fund operating costs and build financial reserves.

BWA recommends that the District adopt the rates shown in this report to fund its operations. In future years, the District can re-evaluate its finances and revenue requirements and adjust rates as needed based on updated projections. To ensure future rates are based on the cost of service, BWA recommends the District prepare a comprehensive review of the water utility’s revenue requirements and rate structures every five years.

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7 WASTEWATER FINANCES AND CASH FLOW PROJECTIONS

7.1 Wastewater Financial Overview

The District's wastewater utility is a financially self-supporting enterprise fund that relies primarily on revenues from user charges to fund the cost of providing service. Bartle Wells Associates conducted an independent evaluation of the District's wastewater finances.

Key observations include:

- The wastewater enterprise will need rate increases to keep revenues in line with rising costs and fund needed capital improvements.
- In 2026, capital projects are estimated to cost \$6.0 million.
- The wastewater enterprise needs to maintain prudent reserves to remain able to operate during a disaster and qualify for low-cost financing.

7.2 Wastewater Financial Projections

BWA developed long-term cash flow projections to determine the District's projected annual revenue requirements and required wastewater rate revenue increases. The financial projections incorporate the latest information available as well as several reasonable and slightly conservative assumptions.

Key information and assumptions include:

Reserves

- BWA recommends the District maintain prudent financial reserves. To support the continued reliability of the wastewater utility, BWA recommends the District aim to meet or exceed one year of operating expenditures in financial reserves. This reserve level target is recommended to ensure the financial stability of the wastewater utility and provide a source of funding for unforeseen wastewater emergencies.

Revenue Assumptions

- The wastewater enterprise is projected to begin 2026 with \$5.4 million in reserves. This amount meets BWA's recommended level of operating reserves.
- BWA did not escalate revenues for miscellaneous non-rate wastewater revenues in its projections. Recommended rates are the maximum rates the Board can adopt, which is why BWA uses conservative estimates when making revenue projections.
- As new construction can be unpredictable, BWA did not escalate revenues for growth or connection charges in its projections. Recommended rates are the maximum rates the Board can adopt, which is why BWA uses conservative estimates when making revenue projections.
- Interest income is estimated based on projected reserve levels. Actual interest amounts will vary based on reserves and future interest earnings rates.



- The rate revenue calculation reflects what the District would receive under full revenue collection and does not account for delinquent payments.
- Projected rate revenue reflects the proposed rate increase going into effect on January 1, 2026.

Expense Assumptions

- Operating and maintenance costs are based on the 2026 budget.
- General operating and capital cost inflation is projected to escalate at an annual rate of 4.0% in FY 2027 and at an annual rate of 4.0% thereafter. This is a conservative estimate to account for future cost inflation and is based on recent and historic inflation.
- The wastewater enterprise will need to cash fund at least \$1.2 million in capital spending in 2026.
- Debt service projections are based on outstanding debt schedules and projected issuances of new debt.

7.3 Projected Wastewater Cashflow with Rate Increases

The rate projections shown in the following figure and table are designed to fund the District's cost of providing service and maintain prudent financial reserves for unforeseen emergencies.



Table 16: Projected Wastewater Revenues & Expenses

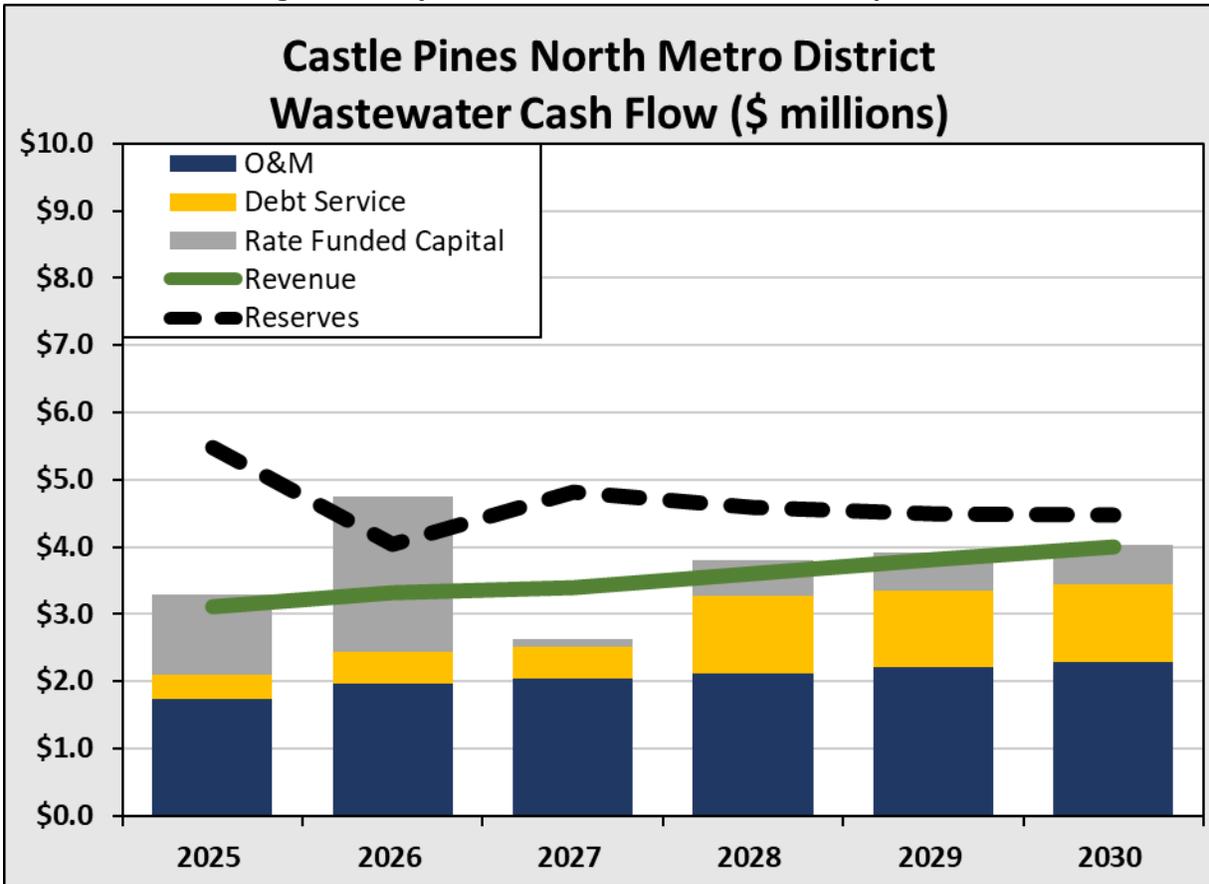
Wastewater Cash Flow	2025	2026	2027	2028	2029	2030
	<i>Estimated</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
Revenues						
Sewer Service Revenue Increase		6.0%	6.5%	6.5%	6.5%	6.5%
Sewer Service Revenue	\$1,969,880	\$1,969,880	\$2,088,073	\$2,223,798	\$2,368,344	\$2,522,287
<i>Additional Rate Revenue</i>		\$118,193	\$135,725	\$144,547	\$153,942	\$163,949
Sewer Customer Charge Revenue Increase		6.0%	6.5%	6.5%	6.5%	6.5%
Sewer Customer Charge Revenue	\$737,685	\$737,685	\$781,946	\$832,773	\$886,903	\$944,551
<i>Additional Rate Revenue</i>		\$44,261	\$50,826	\$54,130	\$57,649	\$61,396
Reuse Revenue Increase		40.7%	1.6%	1.7%	1.7%	1.8%
Reuse Revenue (Golf Course)	\$150,000	\$150,000	\$211,097	\$214,555	\$218,151	\$221,891
<i>Additional Revenue</i>		\$61,097	\$3,458	\$3,596	\$3,740	\$3,890
Other Non-Rate Revenue	\$252,152	\$231,110	\$122,315	\$121,151	\$115,885	\$90,788
Total Revenue	\$3,109,717	\$3,312,226	\$3,393,440	\$3,594,549	\$3,804,614	\$4,008,751
Expenses						
Operating Expense	\$1,743,132	\$1,960,586	\$2,039,009	\$2,120,569	\$2,205,392	\$2,293,608
Water Fund Loans ¹	0	77,309	77,309	748,696	748,696	748,696
Existing Debt Service	347,852	392,033	393,717	395,093	394,108	394,108
Rate Funded Capital	\$1,205,431	\$2,317,295	\$121,200	\$540,800	\$562,432	\$584,929
Total Expenses	\$3,296,415	\$4,747,223	\$2,631,235	\$3,805,158	\$3,910,628	\$4,021,341
Net Revenues	(\$186,698)	(\$1,434,997)	\$762,205	(\$210,609)	(\$106,014)	(\$12,590)
Reserves						
Beginning Reserve Balances	\$5,665,518	\$5,478,820	\$4,043,823	\$4,806,027	\$4,595,418	\$4,489,404
Ending Reserve Balance	\$5,478,820	\$4,043,823	\$4,806,027	\$4,595,418	\$4,489,404	\$4,476,814
<i>Debt Coverage Ratio (Target 1.3x)</i>						

1, Loans from the water enterprise

The following figure shows wastewater cash flow projections incorporating the assumptions described above.



Figure 3: Projected Wastewater Revenues & Expenses



8 WASTEWATER FLOWS AND CUSTOMER CHARACTERISTICS

8.1 Projected Wastewater Flows

Estimated flows are based on analysis of recent annual water consumption data by fiscal year.

- Commercial Indoor and Townhouse flows are estimated based on projected water use; and
- Flows for all other customer classes are based on the average winter water use per customer account. Average winter water use is used to estimate wastewater flows because there is almost no irrigation in the winter so the use that occurs likely flows into the wastewater system.

The resulting flow projections for all wastewater customer classes are shown on the following tables. These projections provide the basis for allocating costs and deriving equitable wastewater rates for the District's service area.

Table 17. Wastewater Flows

Customer Type	Customers	Flow	Rate Differential ¹	Customer Rate Units	Flow Rate Units
	#	1,000 Gallons			
In-District	3,727	246,800	1.00	3,727	246,800
Non District	214	13,200	1.25	268	16,500
Totals²	3,941	260,000		3,995	263,300

1, Based on billing records.

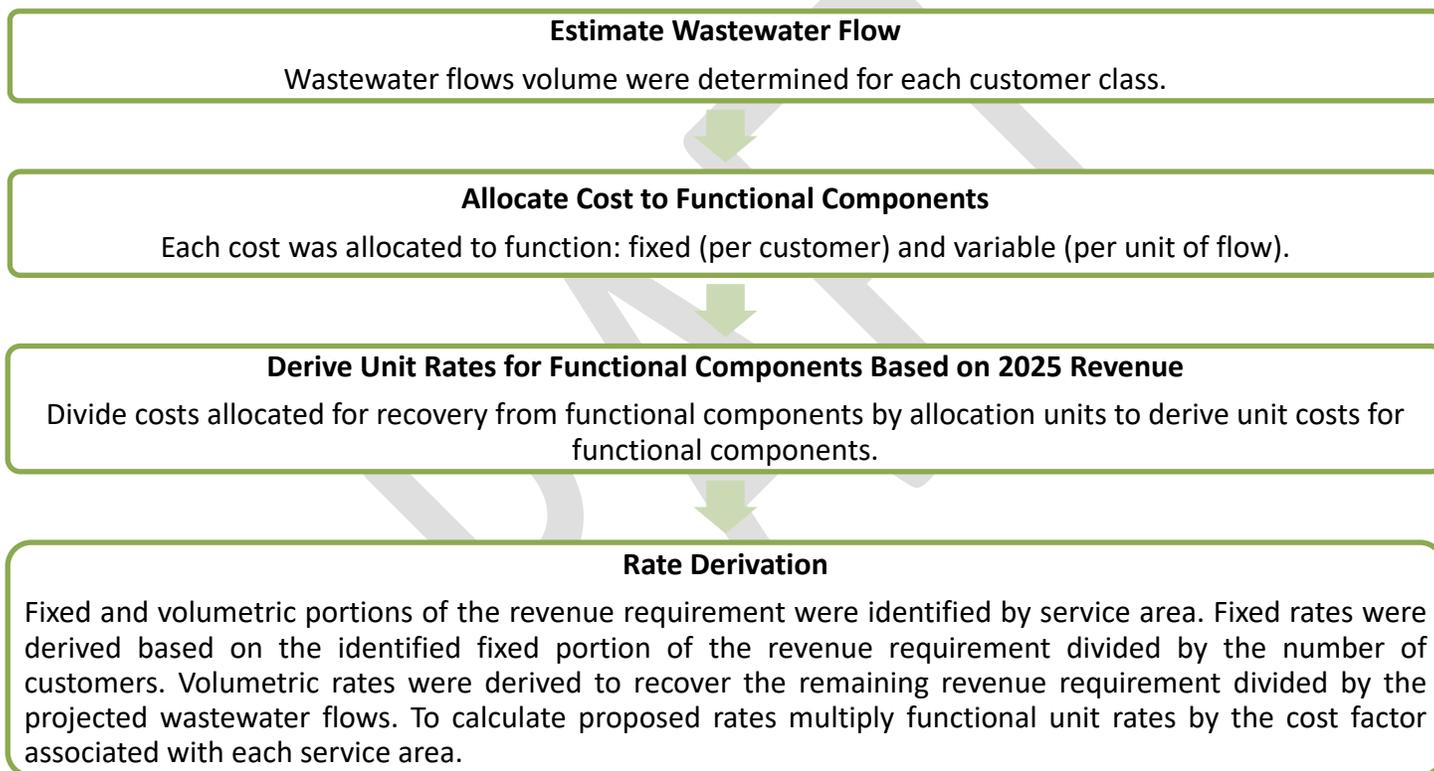
2, Outside District customers are charged 1.25x the Inside District rate.

9 WASTEWATER RATE DERIVATION

9.1 Wastewater Cost of Service Rate Derivation Process

BWA derived updated wastewater rates that account for both a) the overall rate increases identified in the financial projections, and b) proposed rate structure modifications. The proposed rates are designed to equitably apportion and recover costs from the District's customer base. The basic methodology used to develop new rates includes the steps summarized in the figure below.

Figure 4: Wastewater Cost of Service Analysis and Rate Derivation Process



9.1 Wastewater Cost of Service Analysis

This section describes the steps BWA took to determine the rate revenue requirement need from each customer class.

9.1.1 Cost Allocation

Cost allocation categories are groupings of the wastewater enterprise's non-rate revenues and expenses that are then allocated to the utility's functional components (Fixed and Flow, as described below).

To ensure the rates derived for the next five years are proportional to the costs, the amounts in the allocation categories are based on an average of the projected revenues and expenses for the next five years.

Related expenses were grouped into the following cost allocation categories before being allocated to each functional category:

- **Treatment** – Expenses in this category are related to wastewater treatment. These costs are largely driven by the volume of wastewater flows and also impacted by the number of connections to the system. Expenses in this category are allocated to the fixed (customer) and flow functional components.
- **Collection** – Expenses in this category are related to the wastewater collection system. These costs are largely driven by the volume of wastewater flows and also impacted by the number of connections to the system. Expenses in this category are allocated to the customer and flow functional components.
- **Utilities** – Expenses in this category are related to wastewater collection. These costs are driven by the volume of wastewater flows. Expenses in this category are allocated to the flow functional component.
- **Administration** – Expenses in this category are related to internal administration services provided to the wastewater utility. These costs are driven by the by the number of connections to the system. Expenses in this category are allocated to the customer functional component.
- **O&M** – Expenses in this category are related to routine operations and maintenance costs of the system. These costs are largely driven by the volume of wastewater flows and also impacted by the number of connections to the system. Expenses in this category are allocated to the customer and flow functional components.
- **Capital** – Expenses in this category reflect costs for capital projects. These costs are largely driven by the volume of wastewater flow and also impacted by the number of connections to the system. Expenses in this category are allocated to the fixed and flow functional components based on the blend of capital collection and treatment projects.
- **Debt Service** – Expenses in this category reflect annual debt service payments. Expenses in this category are allocated to the flow and strength functional components based on the blend of capital collection and treatment projects.

9.1.2 Functional Rate Components

The purpose of the functional allocation is to determine the portion of rate revenues needed to support each function of the wastewater system. A functional component reflects a grouping of the utility's expenses whose magnitude is driven by the quantity of a specific unit-of-measure. For example, costs allocated to the flow functional component are driven by the volume of wastewater flows.

The functional components used in this study are as follows:

- **Fixed** – Costs related to providing service to each customer were allocated to this functional component. These costs are related to the number of customers served by the District.



- **Flow** – Costs related to system flows were allocated to this functional component. These costs are related to the volume of wastewater flows.

9.1.3 Functional Allocation

The proportional allocation of system costs is then applied to the rate revenue requirement so that the rates are proportional to the cost of service provided. Allocation of non-rate revenues are not shown because they are allocated proportionally to the results of the functional allocation. Non-rate revenues are driven by the overall activity of the utility and revenues do not impact the functional allocation.

The following table shows a breakdown of the wastewater utility’s expenses and how they are allocated by function.

Table 18. Rate Revenue Requirements by Functional Components

Functional Allocation	Amount	Fixed	Flow
<i>Base</i>	<i>5-YR Average</i>	<i>Customers</i>	<i>Kgal</i>
Operating Costs			
Treatment	\$840,393	30.0%	70.0%
Collection	587,906	10.0%	90.0%
Utilities	104,886	0.0%	100.0%
Administration	290,317	100.0%	0.0%
O&M	170,995	20.0%	80.0%
Non-Operating Costs			
Capital	825,331	25.0%	75.0%
Sewer Debt	1,017,856	20.0%	80.0%
Functional Allocation \$	\$3,837,685	\$1,045,329	\$2,792,356
Functional Allocation %		27.24%	72.76%
Revenue Requirement	\$2,707,565	\$737,501	\$1,970,064

Approximately \$1.0 million of the wastewater utility’s costs are fixed expenses that do not vary with changes in customer flows.

9.2 Wastewater Rate Derivation

The allocated revenue requirements need to be recovered on a reasonable per unit basis to be proportional to the service provided. The proposed rates are developed based on a detailed cost allocation that reflects the District’s costs of providing service based on analysis of operations and input from District staff.



9.2.1 Functional Component Unit Costs

The table below calculates the unit rates for each cost component by function. The wastewater rate revenue requirements from the prior table for each functional component are divided by the annual units related to each function.

Table 19. Fixed and Variable Wastewater Unit Rates

Allocation Component	Sewer Customer	Sewer Volume
<i>Annual Units</i>	<i>Customer</i>	<i>Kgal</i>
2025 Revenue Requirement	\$737,501	\$1,970,064
Demand Allocation Units	3,994.5	260,000.0
Charge per Unit¹	\$15.39	\$7.58

9.2.2 Wastewater Rates

Fixed charges apply to all active services. It recovers the rate revenue requirement on a per customer account basis. Volumetric charges apply based on estimated indoor use for each class. Customers on indoor use only meters such as commercial indoor and townhouse customers pay for each unit of water use. For all other customers, the District adjusts for potential irrigation by establishing a monthly sewer cap for each customer based on water consumption during the winter months (December-February), the period when customers typically do not have high outdoor water use. The amount a customer is billed for each month during the following 12-month period, the period when outdoor water use is likely, is based on their calculated average winter monthly consumption (AWC). Essentially, the AWC adjusts for irrigation use by setting the maximum units of use that a customer will be charged during the period when outdoor water use is likely.

The following table shows the fixed and volumetric wastewater rates for the District.

Table 20. Rate Derivation

Cost of Service Rates at 2025 Rate Revenue	Fixed	Volumetric
<i>Billing Units</i>	<i>Monthly</i>	<i>Kgal</i>
In-District	\$15.39	\$7.58
Non District	\$19.23	\$9.47

1, Non-district customer cost factor x 1.25.

Cost of Service Rate at 2026 Rate Revenue	Fixed	Volumetric
<i>Billing Units</i>	<i>Monthly</i>	<i>Kgal</i>
2026 Rate Revenue Increase	6.0%	6.0%
In-District	\$16.31	\$8.03
Non District	\$20.39	\$10.04

1, Non-district customer cost factor x 1.25.

9.2.3 Proposed Wastewater Rates

The following table shows the proposed wastewater rates incorporating a) the overall level of required rate increases to fund the District’s costs of providing wastewater services, b) the proposed rate structure modifications, and c) the revenue recovery allocations that reasonably and fairly apportion costs to the District’s customers. Due to the cost-of-service analysis there will be some variation to the impacts to each customer class in the first year of the recommended rates, effective January 1, 2026.



Table 21. Proposed Wastewater Rates

Wastewater Customer Class		2025	2026
		<i>Existing</i>	<i>Proposed</i>
Volumetric Rates (\$ per Kgal)		Volumetric Basis	
In-District			
Residential	AWC ^{1,2}	\$7.48	\$8.03
Commercial Indoor/Townhouse	Meter Water ³	7.48	8.03
Commercial	AWC ^{1,4}	7.48	8.03
Non District			
Residential	AWC ^{1,2}	9.38	10.04
Fixed Service Rates (\$ per meter per month)			
In-District		15.39	16.31
Non-District		19.23	20.39

1, Average Winter Monthly Consumption (AWC) shall be computed for each account by dividing the total potable water consumption billed to the account for the months of December, January, and February by three.

2, For accounts with zero water consumption during December, January, and February, the account will be assigned a minimum usage of 2,000 gallons.

3, All metered water use due to these being indoor only meters.

4, For accounts with zero water consumption during December, January, and February, the account will be assigned the average AWC calculated for its revenue class or the previous years AWC, whichever is less.

10 WASTEWATER SUMMARY AND RECOMMENDATIONS

This report presents a comprehensive review of the District’s water revenue requirements and rate structures. The District will need regular annual rate increases to keep up with cost inflation and maintain prudent financial reserves. The proposed rates are based on the cost of service and are intended to fund operating costs and build financial reserves.

BWA recommends that the District adopt the rates shown in this report to fund its operations and capital investment needs. In future years, the District can re-evaluate its finances and revenue requirements and adjust rates as needed based on updated projections. To ensure future rates are based on the cost of service, BWA recommends the District prepare a comprehensive review of the water utility’s revenue requirements and rate structures every five years.



APPENDIX A – WATER AND WASTEWATER RATE STUDY TABLES

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CASTLE PINES NORTH



METROPOLITAN DISTRICT™

Water Rate Study Tables



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BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

**Table A, Proposed Water Rates
Castle Pines North Metro District
Water Rate Study -**

Customer Class	Tiers	2020	2021	2022	2023	2024	2025
		<i>% of Water Budget</i>	<i>Historical</i>	<i>Historical</i>	<i>Historical</i>	<i>Historical</i>	<i>Existing</i>
Volumetric Rates (\$ per 1,000 gallons)							
In-District							
Residential¹							
Tier 1 ²	Up to 100%	\$4.97	\$4.97	\$4.97	\$4.97	\$4.97	\$5.32
Tier 2	Up to 120%	6.43	6.43	6.43	6.43	6.43	6.89
Tier 3	Up to 140%	9.18	9.18	9.18	9.18	9.18	9.83
Tier 4	Over 140.01%	17.44	17.44	17.44	17.44	17.44	18.67
Commercial Indoor/Townhouse	N/A ³	4.43	4.43	4.43	4.43	4.43	4.75
Commercial⁴							
Tier 1 ⁵	Up to 100%	4.19	4.19	4.19	4.19	4.19	4.49
Tier 2	Up to 120%	5.44	5.44	5.44	5.44	5.44	5.83
Tier 3	Up to 140%	7.77	7.77	7.77	7.77	7.77	8.32
Tier 4	Over 140.01%	14.82	14.82	14.82	14.82	14.82	15.86
Irrigation⁶							
Tier 1	Up to 100%	5.85	5.85	5.85	5.85	5.85	6.26
Tier 2	Up to 120%	7.61	7.61	7.61	7.61	7.61	8.15
Tier 3	Up to 140%	10.82	10.82	10.82	10.82	10.82	11.58
Tier 4	Over 140.01%	20.64	20.64	20.64	20.64	20.64	22.09
Non-District							
Residential⁷							
Tier 1 ⁷	Up to 100%	6.21	6.21	6.21	6.21	6.21	6.65
Tier 2	Up to 120%	8.04	8.04	8.04	8.04	8.04	8.61
Tier 3	Up to 140%	11.47	11.47	11.47	11.47	11.47	12.28
Tier 4	Over 140.01%	21.79	21.79	21.79	21.79	21.79	23.32
Irrigation⁸							
Tier 1	Up to 100%	7.31	7.31	7.31	7.31	7.31	7.83
Tier 2	Up to 120%	9.51	9.51	9.51	9.51	9.51	10.18
Tier 3	Up to 140%	13.54	13.54	13.54	13.54	13.54	14.49
Tier 4	Over 140.01%	25.80	25.80	25.80	25.80	25.80	27.61
Fixed Service Rates (\$ per meter per month)							
All Connections							
In-District		11.75	11.75	11.75	11.75	11.75	12.58
Non-District		14.68	14.68	14.68	14.68	14.68	15.71
Capital Maintenance Charges (\$ per meter per month)							
In-District							
Meter Size⁹							
3/4"		31.05	31.05	31.05	31.05	31.05	33.23
1"		62.10	62.10	62.10	62.10	62.10	66.45
1 1/2"		124.20	124.20	124.20	124.20	124.20	132.90
2"		248.40	248.40	248.40	248.40	248.40	265.79
3"		496.80	496.80	496.80	496.80	496.80	531.58
Non-District							
Meter Size¹⁰							
3/4"		38.81	38.81	38.81	38.81	38.81	41.53
1"		77.62	77.62	77.62	77.62	77.62	83.06
1 1/2"		155.24	155.24	155.24	155.24	155.24	166.11
2"		310.48	310.48	310.48	310.48	310.48	332.22
3"		620.96	620.96	620.96	620.96	620.96	664.43

1, Irrigation season budget calculations vary by lot size.

2, Tier 1 winter budget = 5,000 gallons for all meter sizes.

3, No tier structure, all usage will be billed at the same rate for all meter sizes.

4, Irrigation season budget based on 85% of total lot size

5, Tier 1 winter budget varies by meter size.

6, These rates apply for usage during the period April – October. Usage in November – March will be billed at Tier 1 Rates. Irrigation season budget calculations based on 85 % of total irrigation area.

7, Irrigation season budget calculations vary by lot size.

8, Tier 1 winter budget = 5,000 gallons for all meter sizes.

9, These rates apply for usage during the period April – October. Usage in November – March will be billed at Tier 1 Rates. Irrigation season budget calculations based on 85 % of total irrigation area.

10, Applies to all meters sizes, including irrigation meters.

**Table 1, Projected Non-Rate Revenue
Castle Pines North Metro District
Water Rate Study -**

Escalation	Allocation Category	Inflation	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
General Inflation Factor		General			0.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
No Escalation		None			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Interest (% of Reserves)		Interest			4.20%	3.00%	2.50%	2.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Customer Growth		Customer			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Other Non-Rate Revenue

			Actual	Estimated	Budgeted	Projected								
Interest	Other Revenues	Interest	\$2,398,408	\$1,911,771	\$1,748,992	\$907,314	\$640,335	\$608,450	\$499,818	\$446,466	\$405,110	\$341,504	\$345,787	\$315,591
Miscellaneous	Other Revenues	None	11,867	17,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
Renewable Water Investment Revenue ¹	Other Revenues	None	667,700	80,933	0	0	0	0	0	0	0	0	0	0
Transfers from General Fund	Other Revenues	None	856,539	0	0	0	0	0	0	0	0	0	0	0
Water Connect Fee ¹	Other Revenues	Calculated	1,260,600	152,800	0	0	0	0	0	0	0	0	0	0
Late Fees - Water Activity	Other Revenues	None	30,600	34,730	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Inspection Fee ¹	Other Revenues	Calculated	28,600	2,600	0	0	0	0	0	0	0	0	0	0
Cross Connection Control Program	Other Revenues	None	0	0	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Reimbursable Costs	Other Revenues	None	11,927	15,000	31,200	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Transfers from Wastewater Fund ²	Other Revenues	None	\$0	\$0	\$77,309	\$77,309	\$748,696	\$748,696	\$748,696	\$748,696	\$748,696	\$748,696	\$748,696	\$748,696
Total Non-Rate Revenue			\$5,266,241	\$2,214,834	\$1,953,500	\$1,092,622	\$1,497,031	\$1,465,146	\$1,356,514	\$1,303,162	\$1,261,806	\$1,198,200	\$1,202,483	\$1,172,287

¹ Projected revenues based on estimated number of customers by meter size.

² From wastewater and reuse loan repayments

**Table 2, Projected Operating Expenses
Castle Pines North Metro District
Water Rate Study -**

Escalation	Allocation Category	Inflation	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
General Inflation Factor		General				4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
No Escalation		None				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Assessments		Assessments				5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Salary		Salary				4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

Expenses			Actual	Estimated	Budgeted	Projected	Projected							
Centennial Capacity Readiness	Source of Supply	None	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Ditch Operating Assessments	Source of Supply	Assessments	44,442	47,946	50,343	52,860	55,503	58,278	61,192	64,252	67,464	70,838	74,380	78,099
Reuter-Hess Maintenance Obligations	Source of Supply	Assessments	9,348	7,217	7,578	7,957	8,355	8,772	9,211	9,672	10,155	10,663	11,196	11,756
South Metro Water Supply Authority Dues	Source of Supply	Assessments	0	16,667	17,500	18,375	19,294	20,258	21,271	22,335	23,452	24,624	25,855	27,148
Centennial Delivery Charges	Source of Supply	General	299,120	150,000	350,000	364,000	378,560	393,702	409,450	425,829	442,862	460,576	478,999	498,159
Chemicals	Treatment	General	6,073	102,733	106,842	111,116	115,560	120,183	124,990	129,990	135,189	140,597	146,221	152,069
Ditch/Land Rights Operating Expenses	Source of Supply	General	16,508	16,393	17,049	17,731	18,440	19,178	19,945	20,743	21,572	22,435	23,333	24,266
Leak Detection	Conservation	General	0	60,000	62,400	64,896	67,492	70,192	72,999	75,919	78,956	82,114	85,399	88,815
Operations Staffing Contract	O&M	General	259,774	267,842	278,556	289,698	301,286	313,338	325,871	338,906	352,462	366,561	381,223	396,472
SCADA	Administration	General	0	30,755	31,985	33,264	34,595	35,979	37,418	38,915	40,471	42,090	43,774	45,525
Vehicle Fuel Expense	Administration	General	0	800	0	0	0	0	0	0	0	0	0	0
Vehicle Repairs and Maintenance	Administration	General	0	400	0	0	0	0	0	0	0	0	0	0
Water Meters	Administration	General	44,475	35,546	180,000	187,200	194,688	202,476	210,575	218,998	227,757	236,868	246,342	256,196
Water Quality Testing	Administration	General	0	6,443	6,701	6,969	7,248	7,538	7,839	8,153	8,479	8,818	9,171	9,538
Water Rebates	Conservation	General	20,529	15,679	16,306	16,958	17,637	18,342	19,076	19,839	20,632	21,458	22,316	23,209
Engineering	Capital	General	73,964	66,684	69,351	72,125	75,010	78,010	81,131	84,376	87,751	91,261	94,912	98,708
Engineering Services Reimbursable	Capital	General	13,498	11,384	11,839	12,313	12,805	13,317	13,850	14,404	14,980	15,579	16,202	16,851
Professional Services - Backflow Program	Distribution	General	128,800	108,000	150,000	156,000	162,240	168,730	175,479	182,498	189,798	197,390	205,285	213,497
Professional Services - Water Rights	Source of Supply	General	74,515	78,177	81,304	84,556	87,938	91,456	95,114	98,919	102,875	106,991	111,270	115,721
Professional Services - Water Rights Hamre	Source of Supply	General	5,003	10,718	11,147	11,593	12,057	12,539	13,040	13,562	14,105	14,669	15,255	15,866
Water Resource Study	Source of Supply	General	0	11,442	50,000	52,000	54,080	56,243	58,493	60,833	63,266	65,797	68,428	71,166
Grounds Maintenance	Administration	General	0	0	30,000	31,200	32,448	33,746	35,096	36,500	37,960	39,478	41,057	42,699
Valve, Hydrant and PRV Maintenance	Distribution	General	0	178,048	185,170	192,577	200,280	208,291	216,623	225,288	234,299	243,671	253,418	263,555
Water Distribution Repairs	Distribution	General	512,921	894,938	750,000	780,000	811,200	843,648	877,394	912,490	948,989	986,949	1,026,427	1,067,484
Water Treatment Plant Repairs	Treatment	General	239,553	50,179	75,000	78,000	81,120	84,365	87,739	91,249	94,899	98,695	102,643	106,748
Wells Expenditures	Source of Supply	General	225,798	987,565	500,000	520,000	540,800	562,432	584,929	608,326	632,660	657,966	684,285	711,656
Salaries - Hourly	Capital	General	0	35,420	57,410	59,706	62,095	64,578	67,162	69,848	72,642	75,548	78,570	81,712
Salaries - OT/ Employee Bonuses	Capital	General	0	1,600	2,296	2,388	2,483	2,583	2,686	2,793	2,905	3,021	3,142	3,268
PERA Employer Contribution	Capital	General	0	3,117	9,071	9,434	9,811	10,204	10,612	11,036	11,478	11,937	12,414	12,911
Unemployment Insurance Taxes	Capital	General	0	34	34	35	37	38	40	41	43	45	47	48
Employer Contributions Health Insurance	Capital	General	0	0	18,132	18,857	19,612	20,396	21,212	22,060	22,943	23,860	24,815	25,807
Employer Contributions Medicare	Capital	General	0	0	1,665	1,732	1,801	1,873	1,948	2,026	2,107	2,191	2,279	2,370
PERA Matchmaker Contribution	Capital	General	0	0	1,722	1,791	1,863	1,937	2,014	2,095	2,179	2,266	2,357	2,451
Electricity for Booster Pump Station	Distribution	General	21,080	33,648	34,994	36,394	37,850	39,363	40,938	42,576	44,279	46,050	47,892	49,807
Electricity for IPP Pumping Costs	Distribution	General	65,776	42,345	44,039	45,801	47,633	49,538	51,519	53,580	55,723	57,952	60,270	62,681
Electricity for Water Treatment Plant	Treatment	General	100,427	146,117	151,962	158,040	164,362	170,937	177,774	184,885	192,280	199,972	207,970	216,289
Electricity for Well Pumping	Source of Supply	General	783,795	1,289,578	1,341,161	1,394,807	1,450,600	1,508,624	1,568,969	1,631,727	1,696,997	1,764,876	1,835,471	1,908,890
Telephone/Alarms - Water Specific	Administration	General	49,548	12,918	13,435	13,972	14,531	15,113	15,717	16,346	17,000	17,680	18,387	19,122
Overhead Allocation	Administration	General	\$1,049,496	\$820,956	\$806,731	\$795,652	\$825,197	\$855,929	\$887,897	\$921,151	\$955,741	\$991,723	\$1,029,151	\$1,068,084

**Table 2, Projected Operating Expenses
 Castle Pines North Metro District
 Water Rate Study -**

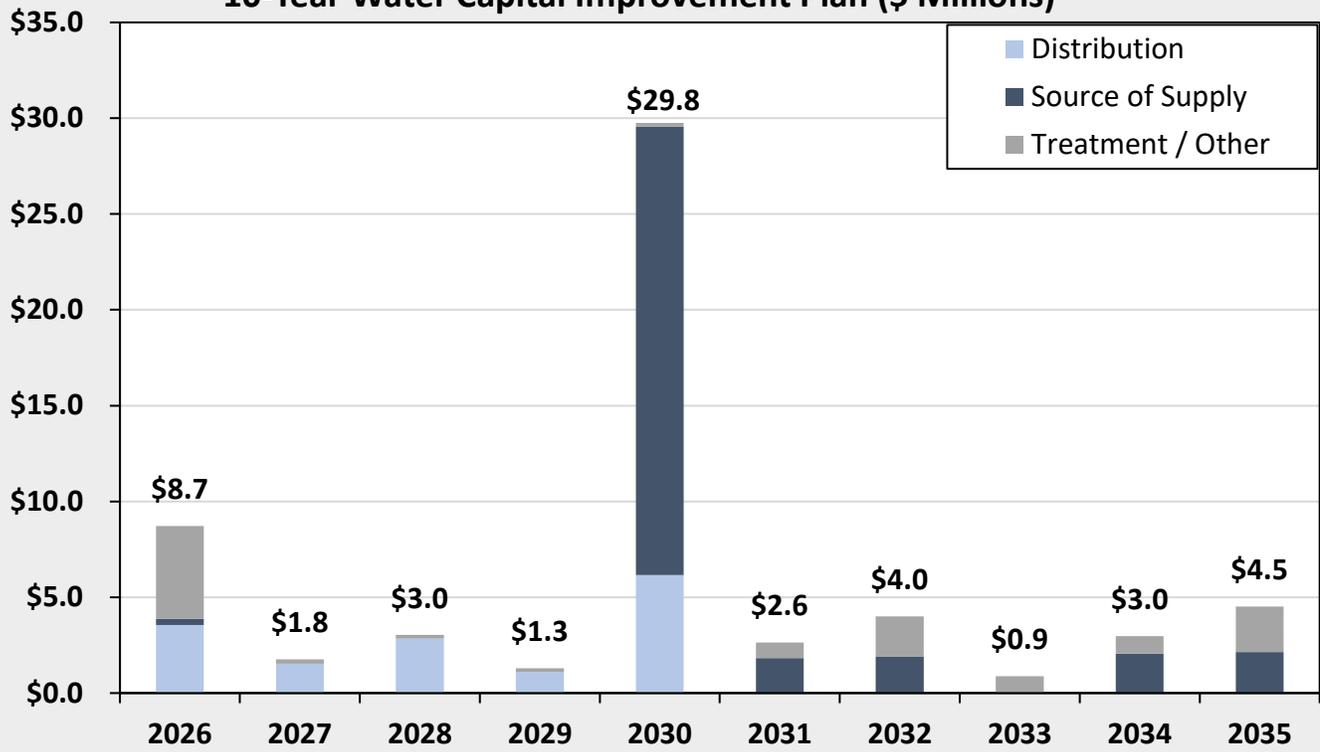
Escalation	Allocation Category	Inflation	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
General Inflation Factor		General				4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
No Escalation		None				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Assessments		Assessments				5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Salary		Salary				4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

Expenses														
	Actual	Estimated	Budgeted	Projected	Projected	Projected								
Total Operating Expenses	\$4,444,443	\$5,941,289	\$5,921,723	\$6,099,998	\$6,326,509	\$6,562,125	\$6,807,214	\$7,062,157	\$7,327,350	\$7,603,207	\$7,890,155	\$8,188,643		

**Table 3, Capital Improvement Costs
Castle Pines North Metro District
Water Rate Study -**

Project Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	<i>Estimated</i>	<i>Estimated</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
CIP (Current Dollars)												
Castle Pines Parkway Replacement - Phase 2	\$0	\$0	\$1,800,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Water Tank Project - Tank 1 & 2	0	0	0	350,000	1,500,000	700,000	0	0	0	0	0	0
Water Tank Project - Tank 3	0	0	0	100,000	500,000	0	5,000,000	0	0	0	0	0
Flume - Daniels Gate	0	0	0	300,000	0	0	0	0	0	0	0	0
Chatfield Res. Mitigation Co.	90,540	161,966	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000	168,000
WTP Site Plan / O&M Manual Development	147,048	79,897	183,093	0	0	0	0	0	0	0	0	0
IPS Surge Modifications	0	0	0	0	0	0	0	0	0	0	0	0
25 Sampling Stations	0	0	200,000	175,000	175,000	0	0	0	0	0	0	0
Distribution System Condition Assessment	0	0	140,000	0	0	0	0	0	0	0	0	0
Booster Pump Station	0	0	20,000	30,000	175,000	0	0	0	0	0	0	0
Water Tank Project - Rehabilitation	0	0	450,000	0	0	0	0	0	0	0	0	0
Well Electrical Equipment Replacement	0	0	75,000	0	0	0	0	0	0	0	0	0
Interconnect Pump Station - Surge Protection System	0	0	135,000	0	0	0	0	0	0	0	0	0
Arapahoe Well A-2 Re-Drill / LDA-2 Abandonment	0	0	250,000	10,000	0	0	0	0	0	0	0	0
Meter Replacements (1000 Units)	0	0	0	135,000	135,000	135,000	135,000	0	0	0	0	0
Meter Radio Equipment (1000 Units)	0	0	0	135,000	135,000	135,000	135,000	0	0	0	0	0
Monarch Waterline Replacement	3,717,621	2,000,000	800,000	0	0	0	0	0	0	0	0	0
Arapahoe Wells - Well Integrity Program	0	0	0	0	0	0	0	0	1,500,000	0	0	1,500,000
Denver Wells Repair/Rehab	0	0	0	0	0	0	0	1,500,000	0	0	1,500,000	0
Fixed Base Meter Reading	0	0	0	250,000	0	0	0	0	0	0	0	0
Utility Billing System Conversion	0	0	0	20,000	0	0	0	0	0	0	0	0
Efficiency Upgrades to FE NXT	0	0	0	16,500	16,500	16,500	0	0	0	0	0	0
WTP Filter Rehabilitation Program	468,047	2,000,000	4,500,000	0	0	0	0	0	0	0	0	0
WTP Capacity Expansion (Highlands Ranch Participation)	0	0	0	0	0	0	20,000,000	0	0	0	0	0
Asset Replacement Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$500,000	\$1,500,000	\$500,000	\$500,000	\$1,500,000
Total CIP (Current Dollars)	\$7,279,845	\$4,782,646	\$8,721,093	\$1,689,500	\$2,804,500	\$1,154,500	\$25,438,000	\$2,168,000	\$3,168,000	\$668,000	\$2,168,000	\$3,168,000
CIP (Inflated Dollars)												
<i>Annual Inflation Rate</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>4.0%</i>
Total CIP (Inflated Dollars)	\$7,279,845	\$4,782,646	\$8,721,093	\$1,757,080	\$3,033,347	\$1,298,655	\$29,758,862	\$2,637,703	\$4,008,531	\$879,042	\$2,967,058	\$4,509,052

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



Source: 2026 District CIP; future \$ includes 4% inflation.

**Table 4, Capital Funding
Castle Pines North Metro District
Water Rate Study -**

Capital Funding	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
Total Capital Expenditures	\$8,721,093	\$1,757,080	\$3,033,347	\$1,298,655	\$29,758,862	\$2,637,703	\$4,008,531	\$879,042	\$2,967,058	\$4,509,052
Capital Funding Sources										
Use of Debt Proceeds	\$0	\$0	\$0	\$0	\$25,000,000	\$0	\$0	\$0	\$0	\$0
Cash Funded Capital	\$8,721,093	\$1,757,080	\$3,033,347	\$1,298,655	\$4,758,862	\$2,637,703	\$4,008,531	\$879,042	\$2,967,058	\$4,509,052
Total Capital Funding	\$8,721,093	\$1,757,080	\$3,033,347	\$1,298,655	\$29,758,862	\$2,637,703	\$4,008,531	\$879,042	\$2,967,058	\$4,509,052

Proposed Borrowing

Net Proceeds Needed	\$25,000,000
Repayment Term (yrs)	30
Rate	5.5%
Month of Issue	1
Issuance Cost	\$300,000
Debt Service Reserve	0
Total Debt Issue Size	\$25,300,000
Prorated Debt Service Payment - Current Yr. Only	\$0
Annual Debt Service Payment (rounded)	\$1,741,000
Total Annual Water Debt Service	\$0 \$1,741,000 \$1,741,000 \$1,741,000 \$1,741,000 \$1,741,000

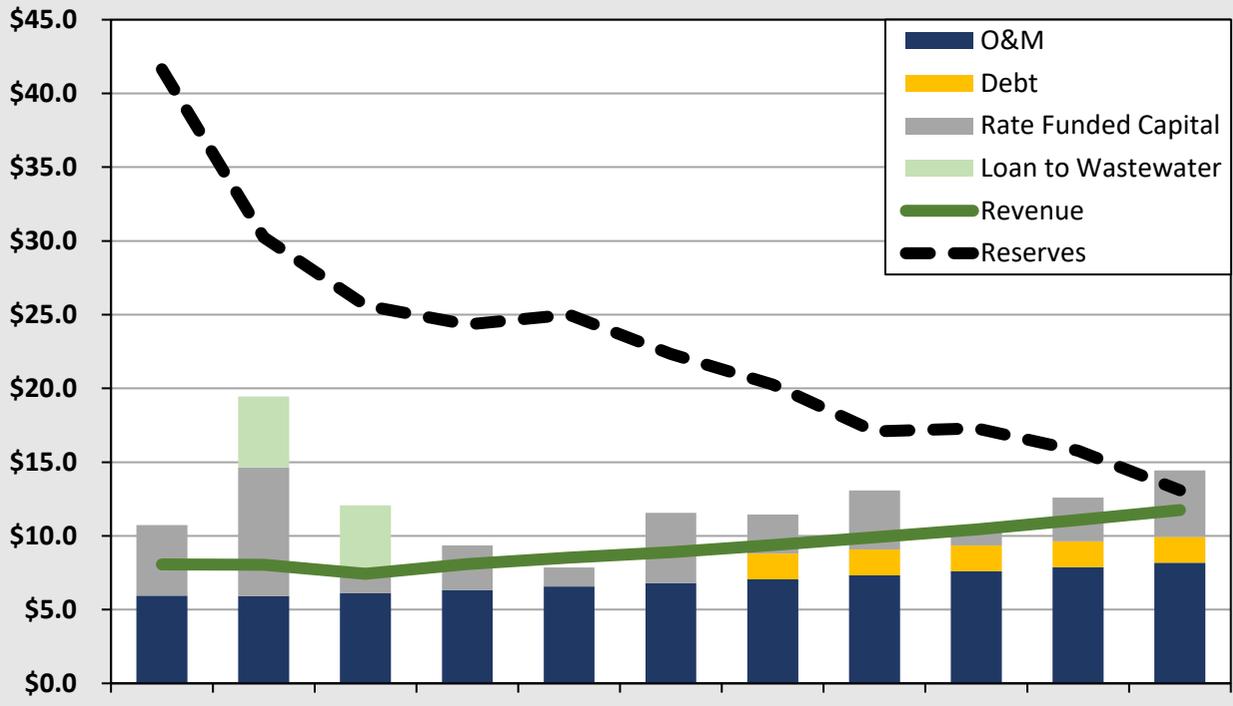
**Table 5, Cash Flow Projection
Castle Pines North Metro District
Water Rate Study -**

Water Cash Flow	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	<i>Estimated</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
Revenue Escalation											
Rate Revenue Increase		4.00%	4.00%	4.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Revenues											
Water Service Revenue	\$3,284,000	\$3,284,000	\$3,415,360	\$3,551,974	\$3,694,053	\$3,952,637	\$4,229,322	\$4,525,374	\$4,842,150	\$5,181,101	\$5,543,778
<i>Additional Revenue</i>	0	131,360	136,614	142,079	258,584	276,685	296,053	316,776	338,951	362,677	388,064
Water Activity Charges	617,867	617,867	642,582	668,285	695,017	743,668	795,725	851,425	911,025	974,797	1,043,033
<i>Additional Revenue</i>	0	24,715	25,703	26,731	48,651	52,057	55,701	59,600	63,772	68,236	73,012
Capital Improvement Fee	1,949,889	1,954,332	2,032,505	2,113,805	2,198,357	2,352,242	2,516,899	2,693,082	2,881,598	3,083,310	3,299,142
<i>Additional Revenue</i>	0	78,173	81,300	84,552	153,885	164,657	176,183	188,516	201,712	215,832	230,940
Other Non-Rate Revenue	\$2,214,834	\$1,953,500	\$1,092,622	\$1,497,031	\$1,465,146	\$1,356,514	\$1,303,162	\$1,261,806	\$1,198,200	\$1,202,483	\$1,172,287
Total Revenues	\$8,066,590	\$8,043,947	\$7,426,687	\$8,084,458	\$8,513,693	\$8,898,460	\$9,373,044	\$9,896,580	\$10,437,408	\$11,088,435	\$11,750,256
Expenses											
Operating Expense	\$5,941,289	\$5,921,723	\$6,099,998	\$6,326,509	\$6,562,125	\$6,807,214	\$7,062,157	\$7,327,350	\$7,603,207	\$7,890,155	\$8,188,643
Loan to Sewer Funds ¹	0	4,800,000	4,200,000	0	0	0	0	0	0	0	0
Existing Debt Service	0	0	0	0	0	0	0	0	0	0	0
Proposed Debt Service	0	0	0	0	0	0	1,741,000	1,741,000	1,741,000	1,741,000	1,741,000
Rate Funded Capital	\$4,782,646	\$8,721,093	\$1,757,080	\$3,033,347	\$1,298,655	\$4,758,862	\$2,637,703	\$4,008,531	\$879,042	\$2,967,058	\$4,509,052
Total Expenses	\$10,723,935	\$19,442,816	\$12,057,078	\$9,359,856	\$7,860,780	\$11,566,076	\$11,440,860	\$13,076,881	\$10,223,249	\$12,598,213	\$14,438,695
Net Revenues	(\$2,657,345)	(\$11,398,869)	(\$4,630,391)	(\$1,275,398)	\$652,913	(\$2,667,616)	(\$2,067,817)	(\$3,180,301)	\$214,158	(\$1,509,777)	(\$2,688,439)
Reserves											
Beginning Reserve Balances²	\$44,300,000	\$41,642,655	\$30,243,786	\$25,613,395	\$24,337,997	\$24,990,910	\$22,323,294	\$20,255,477	\$17,075,176	\$17,289,335	\$15,779,557
Ending Reserve Balance	\$41,642,655	\$30,243,786	\$25,613,395	\$24,337,997	\$24,990,910	\$22,323,294	\$20,255,477	\$17,075,176	\$17,289,335	\$15,779,557	\$13,091,118
<i>Debt Coverage Ratio (Target 1.3)</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>1.33</i>	<i>1.48</i>	<i>1.63</i>	<i>1.84</i>

1, Advance to sewer for lift station project.

2, Includes restricted and unrestricted funds.

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



**Table 6, Functional Allocation
 Castle Pines North Metro District
 Water Rate Study -**

Functional Allocation	Amount <i>5-YR Average</i>	Fixed		Variable	
		<i>Customer</i>	<i>Capacity</i>	<i>Base</i>	<i>Peak</i>
Operating Costs					
O&M	\$301,750	15%	10%	50%	25%
Administration	1,118,228	90%	10%	0%	0%
Source of Supply	3,029,737	0%	30%	0%	70%
Distribution	1,261,140	0%	0%	0%	100%
Treatment	361,598	0%	100%	0%	0%
Conservation	85,259	0%	0%	0%	100%
Non-Operating Costs					
Capital	3,913,808	0%	50%	0%	50%
Functional Allocation \$	\$10,071,520	\$1,051,667	\$3,369,421	\$150,875	\$5,499,557
Functional Allocation %		10.44%	33.45%	1.50%	54.61%
Revenue Requirement	\$5,856,199	\$611,504	\$1,959,188	\$87,728	\$3,197,779

Table 7, Customer Data
Castle Pines North Metro District
Water Rate Study -

Meter Data	Number of Meters	Rate Differential Meters	Capacity Factor	Equivalent Demand Units (EDUs)	Rate Differential EDUs
In-District	Rate Factor 1.00x			Rate Factor 1.00x	
Meter Size					
3/4"	3,588	3,588.0	1.0	3,588.0	3,588.0
1"	84	84.0	2.0	168.0	168.0
1 1/2"	99	99.0	4.0	395.9	395.9
2"	44	44.0	8.0	351.9	351.9
3"	7	7.0	16.0	112.0	112.0
Total In-District Meters	3,822.0	3,822.0		4,615.8	4,615.8
Non-District¹	Rate Factor 1.25x			Rate Factor 1.25x	
Meter Size					
3/4"	214	267.5	1.0	214.0	267.5
1"	3	3.8	2.0	6.0	7.5
1 1/2"	0	0.0	4.0	0.0	0.0
2"	1	1.3	8.0	8.0	10.0
Total Non-District Meters	218.0	272.5		228.0	285.0
Total Meters	4,040.0	4,094.5		4,843.8	4,900.8

1, Non-district customer cost factor x 1.25.

**Table 8, Monthly Water Use History
Castle Pines North Metro District
Water Rate Study -**

Customer Class	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Average Annual	Peak Month	Peaking Factors
2022 Billed Water Usage (1,000 gallons)																
Residential	16,772	13,841	14,434	20,083	51,453	66,511	72,268	58,358	56,400	31,932	16,414	26,283	444,749	37,062	72,268	1.95
Commercial	789	741	803	794	1,382	1,638	1,886	2,237	1,949	1,307	2,305	996	16,827	1,402	2,305	1.64
Com-Indoor/TH	2,485	2,247	2,512	2,236	2,484	2,275	2,963	2,575	2,425	1,989	2,549	2,405	29,145	2,429	2,963	1.22
Irrigation	0	0	0	512	7,859	40,712	17,794	13,783	12,583	6,946	8,460	0	108,649	9,054	40,712	4.50
Total	20,046	16,829	17,749	23,625	63,178	111,136	94,911	76,953	73,357	42,174	29,728	29,684	599,370	49,948	118,248	2.37
2023 Billed Water Usage (1,000 gallons)																
Residential	22,705	13,740	14,493	17,627	28,799	34,947	55,592	52,299	46,755	34,734	15,843	13,839	351,373	29,281	55,592	1.90
Commercial	1,123	1,408	1,070	1,125	1,686	1,544	1,740	1,852	1,681	1,234	1,261	809	16,533	1,378	1,852	1.34
Com-Indoor/TH	2,612	2,186	2,217	2,420	2,204	2,676	2,997	2,793	2,675	3,097	2,656	2,385	30,918	2,577	3,097	1.20
Irrigation	0	0	0	146	2,575	4,854	16,281	15,252	12,925	16,727	0	83	68,843	5,737	16,727	2.92
Total	26,440	17,334	17,780	21,318	35,264	44,021	76,610	72,196	64,036	55,792	19,760	17,116	467,667	38,972	77,268	1.98
2024 Billed Water Usage (1,000 gallons)																
Residential	16,404	13,463	14,024	17,964	31,908	65,495	72,020	59,989	60,437	47,950	17,473	16,128	433,255	36,105	72,020	1.99
Commercial	948	904	919	1,149	1,501	2,040	2,115	2,112	2,171	1,765	1,114	1,083	17,821	1,485	2,171	1.46
Com-Indoor/TH	2,867	2,481	2,801	3,221	2,960	2,816	3,377	3,716	3,335	3,128	3,609	3,359	37,670	3,139	3,716	1.18
Irrigation	0	0	0	429	4,121	22,631	22,124	17,564	18,437	11,845	0	0	97,151	8,096	22,631	2.80
Total	20,219	16,848	17,744	22,763	40,490	92,982	99,636	83,381	84,380	64,688	22,196	20,570	585,897	48,825	100,538	2.06

**Table 9, Water Use by Tier History
 Castle Pines North Metro District
 Water Rate Study -**

Customer Class	Tier 1	Tier 2	Tier 3	Tier 4	Total	Tier 1	Tier 2	Tier 3	Tier 4
	<i>1,000 Gal</i>	<i>1,000 Gal</i>	<i>1,000 Gal</i>	<i>1,000 Gal</i>		%	%	%	%
2022 Billed Water Usage									
Residential	376,166	20,386	18,928	29,269	444,749	84.6%	4.6%	4.3%	6.6%
Commercial	8,622	951	1,757	5,497	16,827	51.2%	5.7%	10.4%	32.7%
Commercial-Indoor/Townhouse	29,145				29,145	100.0%	0.0%	0.0%	0.0%
Irrigation	51,360	4,644	6,805	45,839	108,649	47.3%	4.3%	6.3%	42.2%
Total	465,293	25,981	27,490	80,606	599,370	77.6%	4.3%	4.6%	13.4%
2023 Billed Water Usage									
Residential	320,727	9,948	8,893	11,779	351,347	91.3%	2.8%	2.5%	3.4%
Commercial	8,481	789	1,584	5,679	16,533	51.3%	4.8%	9.6%	34.4%
Commercial-Indoor/Townhouse	30,918				30,918	100.0%	0.0%	0.0%	0.0%
Irrigation	46,656	2,882	4,783	14,522	68,843	67.8%	4.2%	6.9%	21.1%
Total	406,782	13,619	15,260	31,980	467,641	87.0%	2.9%	3.3%	6.8%
2024 Billed Water Usage									
Residential	387,196	19,790	17,776	8,493	433,255	89.4%	4.6%	4.1%	2.0%
Commercial	10,504	988	1,860	4,469	17,821	58.9%	5.5%	10.4%	25.1%
Commercial-Indoor/Townhouse	37,670				37,670	100.0%	0.0%	0.0%	0.0%
Irrigation	67,259	5,089	7,469	17,334	97,151	69.2%	5.2%	7.7%	
Total	502,629	25,867	27,105	30,296	585,897	85.8%	4.4%	4.6%	

**Table 10, Class Revenue Requirements
 Castle Pines North Metro District
 Water Rate Study -**

Allocation Units by Class	Base Units	Peaking Factor	Peak Units
Residential	370,000.0	2.0	740,000.0
Commercial	17,000.0	2.0	34,000.0
Commercial - Indoor	30,000.0	1.5	45,000.0
Irrigation	<u>76,500.0</u>	3.0	<u>229,500.0</u>
Total	493,500.0		1,048,500.0

Allocation Unit Cost	Base	Peak
Revenue Requirement	\$87,728	\$3,197,779
Allocation Units (Kgal)	<u>493,500.0</u>	<u>1,048,500.0</u>
Cost per Unit	\$0.18	\$3.05

Revenue Requirement by Class	Base	Peak	Total
Residential	\$65,774	\$2,256,897	\$2,322,671
Commercial	\$3,022	\$103,695	\$106,717
Commercial - Indoor	\$5,333	\$137,244	\$142,577
Irrigation	\$13,599	\$699,943	\$713,542

**Table 11, Proposed Volumetric Rates - Residential
Castle Pines North Metro District
Water Rate Study -**

Projected Demand	Projected Demand (1,000 Gallons)	Rate Differential	Rate Demand Units
In-District	330,000	1.00	330,000
Non-District	40,000	1.25	50,000
Total Residential Demand	370,000		380,000

1, Based on billing records.

Projected Tier Demand	Projected Demand	Rate Demand Units	Rate Differential	Tiered Rate Demand Units
Tier 1	90.0%	342,000	1.00	342,000
Tier 2	3.0%	11,400	1.30	14,764
Tier 3	3.0%	11,400	1.85	21,090
Tier 4	4.0%	15,200	3.50	53,200
Total Tiered Rate Demand Units				431,054
Revenue Requirement				\$2,322,671
\$/Unit Rate				\$5.39

**Volumetric Rate
Derivation (2025
Revenue)**

	Unit Rate	Rate Differential	In-District Rates	Non-District
Tier 1	\$5.39	1.00	\$5.39	\$6.74
Tier 2	\$5.39	1.30	\$6.98	\$8.72
Tier 3	\$5.39	1.85	\$9.97	\$12.46
Tier 4	\$5.39	3.50	\$18.86	\$23.57

Volumetric Rate Derivation (2026 Revenue)

	In-District Rates	Non-District
<i>2026 Rate Revenue Increase</i>	<i>4.00%</i>	<i>4.00%</i>
Tier 1	\$5.60	\$7.00
Tier 2	\$7.26	\$9.07
Tier 3	\$10.37	\$12.96
Tier 4	\$19.61	\$24.52

**Table 12, Proposed Volumetric Rates - Commercial Indoor / Townhouse
 Castle Pines North Metro District
 Water Rate Study -**

Projected Demand	Projected Demand (1,000 Gallons)	Rate Differential	Rate Demand Units
In-District	30,000	1.00	30,000
Non-District		1.25	0
Total Demand	30,000		30,000
Revenue Requirement			<u>\$142,577</u>
2025 \$/Unit Rate			\$4.75
<i>2026 Rate Revenue Increase</i>			<i>4.00%</i>
2026 \$/Unit Rate			\$4.94

**Table 13, Proposed Volumetric Rates - Commercial
Castle Pines North Metro District
Water Rate Study -**

Projected Demand	Projected Demand (1,000 Gallons)	Rate Differential	Rate Demand Units
In-District	17,000	1.00	17,000
Non-District		1.25	0
Total Demand	17,000		17,000

1, Based on billing records.

Projected Tier Demand	Projected Demand	Rate Demand Units	Rate Differential	Tiered Rate Demand Units
Tier 1	70.0%	11,900	1.00	11,900
Tier 2	5.0%	850	1.30	1,101
Tier 3	15.0%	2,550	1.85	4,718
Tier 4	10.0%	1,700	3.50	5,950
Total Tiered Rate Demand Units				23,668
Total Variable Revenue Requirement				\$106,717
\$/Unit Rate				\$4.51

**Volumetric Rate
Derivation (2025
Revenue)**

	Unit Rate	Rate Differential	In-District Rates
Tier 1	\$4.51	1.00	\$4.51
Tier 2	\$4.51	1.30	\$5.84
Tier 3	\$4.51	1.85	\$8.34
Tier 4	\$4.51	3.50	\$15.78

Volumetric Rate Derivation (2026 Revenue)

	In-District Rates
2026 Rate Revenue Increase	4.00%
Tier 1	\$4.69
Tier 2	\$6.07
Tier 3	\$8.68
Tier 4	\$16.41

**Table 14, Proposed Volumetric Rates - Irrigation
Castle Pines North Metro District
Water Rate Study -**

Projected Demand ¹	Projected Demand (1,000 Gallons)	Rate Differential	Rate Demand Units
In-District	75,000	1.00	75,000
Non-District	1,500	1.25	1,875
Total Demand	76,500		76,875

1, Based on billing records.

Projected Tier Demand	Projected Demand	Rate Demand Units	Rate Differential	Tiered Rate Demand Units
Tier 1	70%	53,813	1.00	53,813
Tier 2	5%	3,844	1.30	4,978
Tier 3	10%	7,688	1.85	14,222
Tier 4	15%	11,531	3.50	40,359
Total Tiered Rate Demand Units				113,372
Total Variable Revenue Requirement				\$713,542
\$/Unit Rate				\$6.29

**Volumetric Rate
Derivation (2025
Revenue)**

	Unit Rate	Rate Differential	In-District	Non-District
Tier 1	\$6.29	1.00	\$6.29	\$7.87
Tier 2	\$6.29	1.30	\$8.15	\$10.19
Tier 3	\$6.29	1.85	\$11.64	\$14.55
Tier 4	\$6.29	3.50	\$22.03	\$27.54

Volumetric Rate Derivation (2026 Revenue)

	In-District Rates	Non-District
<i>2026 Rate Revenue Increase</i>	<i>4.00%</i>	<i>4.00%</i>
Tier 1	\$6.55	\$8.18
Tier 2	\$8.48	\$10.60
Tier 3	\$12.11	\$15.14
Tier 4	\$22.91	\$28.64

**Table 15, Proposed Monthly Fixed Rates
 Castle Pines North Metro District
 Water Rate Study -**

Unit Derivation	Customer	Capacity
<i>Annual Units</i>	<i>Customer</i>	<i>EDU</i>
Revenue Requirement	\$611,504	\$1,959,188
Allocation Units	49,134.0	58,809.9
Charge per Unit	\$12.45	\$33.31

Monthly Fixed Capital Maintenance Charge	Capacity Factor	2025 In-District Rates	2025 Non-District	2026 In-District Rates	2026 Non-District
<i>2026 Rate Revenue Increase</i>				<i>4.00%</i>	<i>4.00%</i>
Meter Size					
3/4"	1.00	\$33.31	\$41.64	\$34.65	\$43.31
1"	2.00	66.62	\$83.27	69.28	86.60
1 1/2"	4.00	133.24	\$166.54	138.56	173.21
2"	8.00	266.46	\$333.08	277.12	346.40
3"	16.00	532.92	\$666.15	554.24	692.80

Monthly Fixed Service Rates	2025 In-District Rates	2025 Non-District	2026 In-District Rates	2026 Non-District
<i>2026 Rate Revenue Increase</i>			<i>4.00%</i>	<i>4.00%</i>
All Connections	\$12.45	\$15.56	\$12.94	\$16.18

**Table 16, Proposed Water Rates
Castle Pines North Metro District
Water Rate Study -**

Customer Class	Tiers	2025	2026
		Existing	Proposed
Volumetric Rates (\$ per Kgal)			
In-District			
Residential¹			
Tier 1 ²	Up to 100%	\$5.32	\$5.60
Tier 2	Up to 120%	6.89	7.26
Tier 3	Up to 140%	9.83	10.37
Tier 4	Over 140%	18.67	19.61
Commercial Indoor/Townhouse	N/A ³	4.75	4.94
Commercial⁴			
Tier 1 ⁵	Up to 100%	4.49	4.69
Tier 2	Up to 120%	5.83	6.07
Tier 3	Up to 140%	8.32	8.68
Tier 4	Over 140%	15.86	16.41
Irrigation⁶			
Tier 1	Up to 100%	6.26	6.55
Tier 2	Up to 120%	8.15	8.48
Tier 3	Up to 140%	11.58	12.11
Tier 4	Over 140%	22.09	22.91
Non-District			
Residential⁷			
Tier 1 ⁷	Up to 100%	\$6.65	\$7.00
Tier 2	Up to 120%	8.61	9.07
Tier 3	Up to 140%	12.28	12.96
Tier 4	Over 140%	23.32	24.52
Irrigation⁸			
Tier 1	Up to 100%	7.83	8.18
Tier 2	Up to 120%	10.18	10.60
Tier 3	Up to 140%	14.49	15.14
Tier 4	Over 140%	27.61	28.64
Fixed Service Rates (\$ per meter per month)			
All Connections			
In-District		\$12.58	\$12.94
Non-District		15.71	16.18
Capital Maintenance Charges (\$ per meter per month)			
In-District			
<i>Meter Size⁹</i>			
3/4"		\$33.23	\$34.65
1"		66.45	69.28
1 1/2"		132.90	138.56
2"		265.79	277.12
3"		531.58	554.24
Non-District			
<i>Meter Size¹⁰</i>			
3/4"		\$41.53	\$43.31
1"		83.06	86.60
1 1/2"		166.11	173.21
2"		332.22	346.40
3"		664.43	692.80

1, Irrigation season budget calculations vary by lot size.

2, Tier 1 winter budget = 5,000 gallons for all meter sizes.

3, No tier structure, all usage will be billed at the same rate for all meter sizes.

4, Irrigation season budget based on 85% of total lot size

5, Tier 1 winter budget varies by meter size.

6, These rates apply for usage during the period April – October. Usage in November – March will be billed at Tier 1 Rates. Irrigation season budget calculations based on 85 % of total irrigation area.

7, Irrigation season budget calculations vary by lot size.

8, Tier 1 winter budget = 5,000 gallons for all meter sizes.

9, These rates apply for usage during the period April – October. Usage in November – March will be billed at Tier 1 Rates. Irrigation season budget calculations based on 85 % of total irrigation area.

10, Applies to all meters sizes, including irrigation meters.

CASTLE PINES NORTH



METROPOLITAN DISTRICT™

Wastewater Rate Study Tables



11/22/25



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

**Table 1, Historical Wastewater Rates
Castle Pines North Metro District
Wastewater Rate Study -**

Customer Class		2021	2022	2023	2024	2025
						Existing
Volumetric Rates (\$ per Kgal)	Volumetric Basis					
In-District						
Residential	AWC ^{1,2}	\$6.92	\$6.92	\$6.92	\$6.92	\$7.48
Commercial Indoor/Townhouse	N/A ³	6.92	6.92	6.92	6.92	7.48
Commercial	AWC ^{1,4}	6.92	6.92	6.92	6.92	7.48
Non District						
Residential	AWC ^{1,2}	8.65	8.65	8.65	8.65	9.38
Fixed Service Rates (\$ per meter per month)						
In-District						
All Connections		14.25	14.25	14.25	14.25	15.39
Non District						
Residential		17.80	17.80	17.80	17.80	19.23

1, Average Winter Monthly Consumption (AWC) shall be computed for each account by dividing the total potable water consumption billed to the account for the months of December, January, and February by three.

2, For accounts with zero water consumption during December, January, and February, the account will be assigned a minimum usage of 2,000 gallons.

3, Not applicable, indoor only meters.

4, For accounts with zero water consumption during December, January, and February, the account will be assigned the average AWC calculated for its revenue class or the previous years AWC, whichever is less.

**Table 2, Projected Non Rate Revenue
Castle Pines North Metro District
Wastewater Rate Study -**

Escalation	Inflation	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
General Inflation Factor	General			0.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
No Escalation	None			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest (% of Reserves)	Interest			4.2%	3.0%	2.5%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Other Non-Rate Revenues

		Actual	Estimated	Budgeted	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Miscellaneous	None	\$1,482	\$381	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Interest	Interest	303,110	222,103	230,110	121,315	120,151	114,885	89,788	89,536	85,774	84,494	79,397	77,063
Transfer from General Fund	None	461,214	0	0	0	0	0	0	0	0	0	0	0
Wastewater Connect Fee ¹	None	\$326,348	\$29,668	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Non-Rate Revenue		\$1,092,154	\$252,152	\$231,110	\$122,315	\$121,151	\$115,885	\$90,788	\$90,536	\$86,774	\$85,494	\$80,397	\$78,063

1, Projected revenues based on estimated number of customers by meter size.

**Table 3, Projected Operating Expenses
Castle Pines North Metro District
Wastewater Rate Study -**

Expenses	Allocation Category	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<i>General Inflation Factor</i>					4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Expenses													
		<i>Actual</i>	<i>Estimated</i>	<i>Budgeted</i>	<i>Projected</i>								
PCWRA Sewer Fees	Treatment	\$728,348	\$725,000	\$775,797	\$806,829	\$839,102	\$872,666	\$907,573	\$943,876	\$981,631	\$1,020,896	\$1,061,732	\$1,104,201
Collection - Chemical Treatment	Collection	6,724	8,856	9,210	9,578	9,962	10,360	10,774	11,205	11,654	12,120	12,605	13,109
Collection - Main Inspection and Cleaning	Collection	130,423	231,259	240,509	250,129	260,135	270,540	281,362	292,616	304,321	316,493	329,153	342,319
Collection - Wet Well Cleaning	Collection	36,020	29,414	30,591	31,815	33,087	34,411	35,787	37,219	38,707	40,256	41,866	43,541
Operations Staffing Contract	O&M	131,139	127,742	132,852	138,166	143,693	149,440	155,418	161,635	168,100	174,824	181,817	189,090
Vehicle Fuel Expense	O&M	0	200	0	0	0	0	0	0	0	0	0	0
Vehicle Repairs and Maintenance	O&M	0	100	0	0	0	0	0	0	0	0	0	0
Engineering Services	Capital	40,174	10,381	10,796	11,228	11,677	12,144	12,630	13,135	13,660	14,207	14,775	15,366
Professional Services - S.S.M.H. Condition Assess	Capital	92,525	0	0	0	0	0	0	0	0	0	0	0
Collection - Emergency Response	Collection	144,629	52,431	54,528	56,709	58,977	61,337	63,790	66,342	68,995	71,755	74,625	77,610
Collection - Repairs and Maintenance	Collection	308,988	199,884	207,879	216,194	224,842	233,836	243,189	252,917	263,033	273,555	284,497	295,877
Grounds Maintenance	Administration	0	0	20,000	20,800	21,632	22,497	23,397	24,333	25,306	26,319	27,371	28,466
Lift Station - Generator Repairs and Maintenance	O&M	21,490	26,792	25,000	26,000	27,040	28,122	29,246	30,416	31,633	32,898	34,214	35,583
Salaries - Hourly	Capital	0	8,855	14,353	14,927	15,524	16,145	16,791	17,463	18,161	18,888	19,643	20,429
Salaries - OT/ Employee Bonuses	Capital	0	400	144	150	156	162	168	175	182	189	197	205
PERA Employer Contribution	Capital	0	779	2,268	2,359	2,453	2,551	2,653	2,759	2,870	2,985	3,104	3,228
Unemployment Insurance Taxes	Capital	0	34	8	8	9	9	9	10	10	11	11	11
Employer Contributions Health Insurance	Capital	0	0	4,533	4,714	4,903	5,099	5,303	5,515	5,736	5,965	6,204	6,452
Employer Contributions Medicare	Capital	0	0	416	433	450	468	487	506	526	547	569	592
PERA Matchmaker Contribution	Capital	0	0	431	448	466	485	504	524	545	567	590	613
Electricity for Wastewater Pumping	Utilities	95,262	88,453	91,991	95,671	99,497	103,477	107,616	111,921	116,398	121,054	125,896	130,932
Natural Gas for Lift Stations	Utilities	4,751	4,647	4,833	5,026	5,227	5,436	5,654	5,880	6,115	6,360	6,614	6,879
Telephone/Alarms - Wastewater Specific	Administration	26,680	540	562	584	608	632	657	684	711	740	769	800
Reuse Pumping	Reuse	0	0	78,156	81,282	84,534	87,915	91,431	95,089	98,892	102,848	106,962	111,240
Overhead Allocation	Administration	\$572,224	\$227,365	\$255,729	\$265,958	\$276,596	\$287,660	\$299,166	\$311,133	\$323,578	\$336,521	\$349,982	\$363,981
Total Operating Expenses		\$2,339,377	\$1,743,132	\$1,960,586	\$2,039,009	\$2,120,569	\$2,205,392	\$2,293,608	\$2,385,352	\$2,480,766	\$2,579,997	\$2,683,197	\$2,790,524

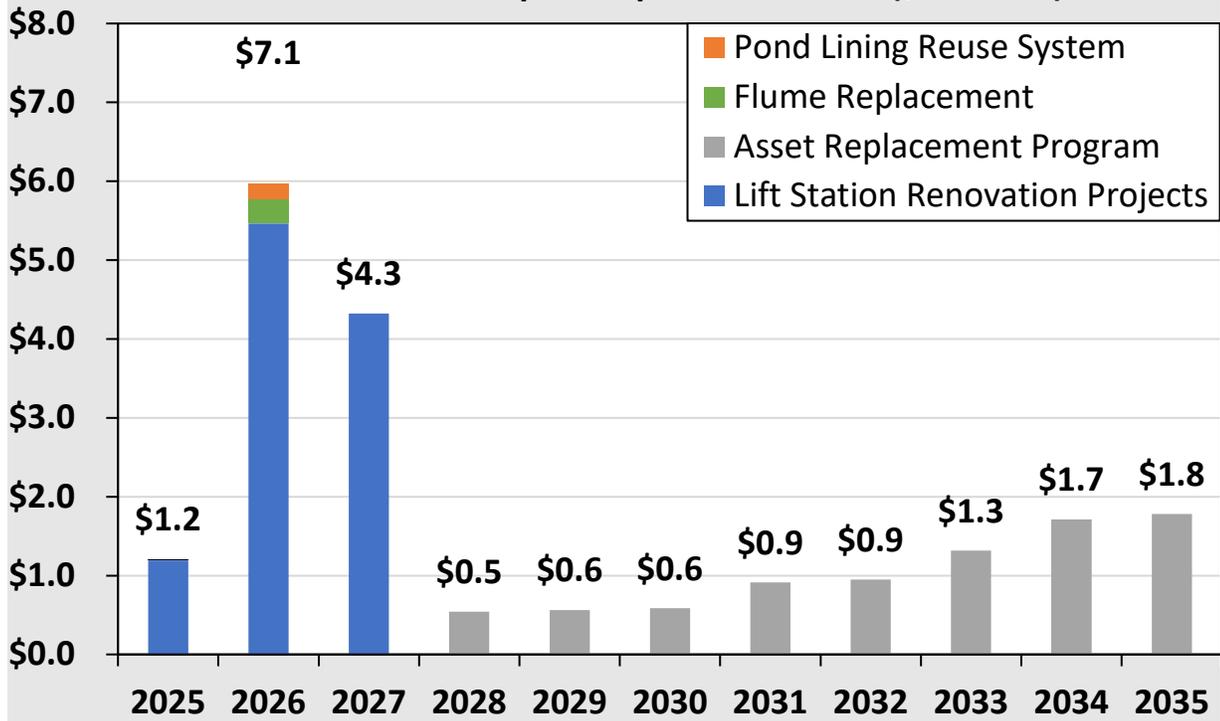
**Table 4, Capital Improvement Costs
Castle Pines North Metro District
Wastewater Rate Study -**

Project Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	<i>Actual</i>	<i>Estimated</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
CIP (Current Dollars)												
New Vehicle Purchase	\$10,143	\$15,431	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lift Station Renovation Projects	642,606	1,190,000	5,465,000	4,155,000	0	0	0	0	0	0	0	0
PCWRA Reuse	0	0	1,152,295	0	0	0	0	0	0	0	0	0
Pond Lining Reuse System	0	0	200,000	0	0	0	0	0	0	0	0	0
Flume Replacement - Daniels Gate	0	0	300,000	0	0	0	0	0	0	0	0	0
Asset Replacement Program	\$0	\$0	\$0	\$0	\$500,000	\$500,000	\$500,000	\$750,000	\$750,000	\$1,000,000	\$1,250,000	\$1,250,000
Total CIP (Current Dollars)	\$652,749	\$1,205,431	\$7,117,295	\$4,155,000	\$500,000	\$500,000	\$500,000	\$750,000	\$750,000	\$1,000,000	\$1,250,000	\$1,250,000
CIP (Inflated Dollars)												
<i>Projected Annual Inflation Rate</i>	<i>0.0%</i>	<i>0.0%</i>		<i>4.0%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>4.0%</i>
New Vehicle Purchase	\$10,143	\$15,431	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lift Station Renovation Projects	\$642,606	\$1,190,000	5,465,000	4,321,200	0	0	0	0	0	0	0	0
PCWRA Reuse	\$0	\$0	1,152,295	0	0	0	0	0	0	0	0	0
Pond Lining Reuse System	\$0	\$0	200,000	0	0	0	0	0	0	0	0	0
Flume Replacement - Daniels Gate	0	0	300,000	0	0	0	0	0	0	0	0	0
Asset Replacement Program	\$0	\$0	\$0	\$0	\$540,800	\$562,432	\$584,929	\$912,490	\$948,989	\$1,315,932	\$1,710,711	\$1,779,140
Total CIP (Inflated Dollars)	\$652,749	\$1,205,431	\$7,117,295	\$4,321,200	\$540,800	\$562,432	\$584,929	\$912,490	\$948,989	\$1,315,932	\$1,710,711	\$1,779,140

**Table 5, Capital Funding
 Castle Pines North Metro District
 Wastewater Rate Study -**

Capital Funding	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	<i>Estimated</i>	<i>Estimated</i>	<i>Budgeted</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
Total Capital Expenditures	\$652,749	\$1,205,431	\$7,117,295	\$4,321,200	\$540,800	\$562,432	\$584,929	\$912,490	\$948,989	\$1,315,932	\$1,710,711	\$1,779,140
Capital Funding Sources												
Loan from Water Fund	\$0	\$0	\$4,800,000	\$4,200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Funded Capital	\$652,749	\$1,205,431	\$2,317,295	\$121,200	\$540,800	\$562,432	\$584,929	\$912,490	\$948,989	\$1,315,932	\$1,710,711	\$1,779,140
Total Capital Funding	\$652,749	\$1,205,431	\$7,117,295	\$4,321,200	\$540,800	\$562,432	\$584,929	\$912,490	\$948,989	\$1,315,932	\$1,710,711	\$1,779,140

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



Source: 2026 District CIP; future \$ includes 4% inflation.

Table 6, Debt
Castle Pines North Metro District
Wastewater Rate Study -

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	<i>Estimated</i>	<i>Budgeted</i>	<i>Projected</i>								
Existing Debt											
JP Morgan Chase	\$347,852	\$344,690	\$346,374	\$347,750	\$346,764	\$346,764	\$346,764	\$346,764	\$346,764	\$0	\$0
PCWRA Phase I	\$0	\$47,343	\$47,343	\$47,343	\$47,343	\$47,343	\$47,343	\$47,343	\$47,343	\$47,343	\$47,343
Total Current Debt Service	\$347,852	\$392,033	\$393,717	\$395,093	\$394,108	\$394,108	\$394,108	\$394,108	\$394,108	\$47,343	\$47,343
New Debt											
PCWRA Phase II ¹		\$65,875	\$65,875	\$65,875	\$65,875	\$65,875	\$65,875	\$65,875	\$65,875	\$65,875	\$65,875
Water Fund Loan - Pond Lining Reuse System ²		\$11,434	\$11,434	\$11,434	\$11,434	\$11,434	\$11,434	\$11,434	\$11,434	\$11,434	\$11,434
Water Fund Loan- Lift Stations ³				\$671,387	\$671,387	\$671,387	\$671,387	\$671,387	\$671,387	\$671,387	\$671,387

1, 30-year repayment for PCWRA reuse project based on Colorado Trust interest rate estimated to be 4.25%

2, 30-year repayment for Pond lining reuse capital based on Colorado Trust interest rate estimated to be 4.25%

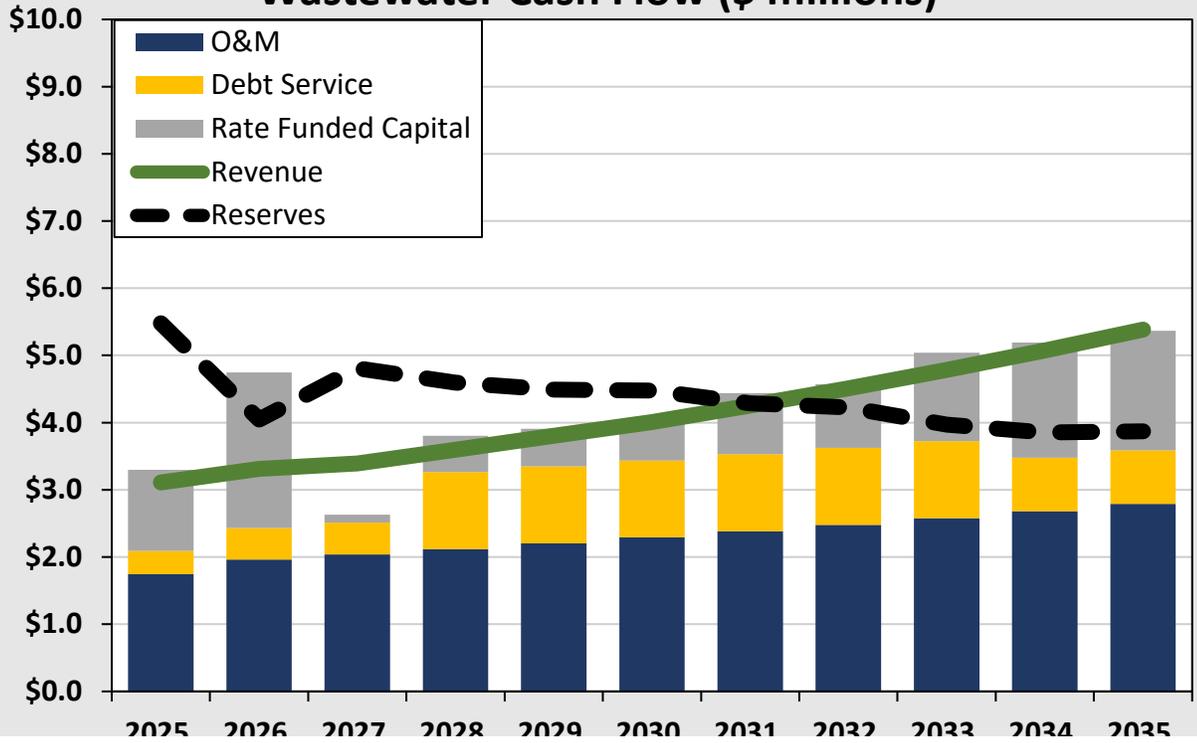
3, 15-year repayment to water fund for wastewater projects (\$7.64m)based on Colorado Trust interest rate estimated to be 4.25%

**Table 7, Cash Flow Projection
Castle Pines North Metro District
Wastewater Rate Study -**

Wastewater Cash Flow	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	<i>Estimated</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
Revenues										
Sewer Service Revenue Increase		6.0%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Sewer Service Revenue	\$1,969,880	\$1,969,880	\$2,088,073	\$2,223,798	\$2,368,344	\$2,522,287	\$2,686,235	\$2,860,841	\$3,046,795	\$3,244,837
<i>Additional Rate Revenue</i>		\$118,193	\$135,725	\$144,547	\$153,942	\$163,949	\$174,605	\$185,955	\$198,042	\$210,914
Sewer Customer Charge Revenue Increase		6.0%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Sewer Customer Charge Revenue	\$737,685	\$737,685	\$781,946	\$832,773	\$886,903	\$944,551	\$1,005,947	\$1,071,334	\$1,140,971	\$1,215,134
<i>Additional Rate Revenue</i>		\$44,261	\$50,826	\$54,130	\$57,649	\$61,396	\$65,387	\$69,637	\$74,163	\$78,984
Reuse Revenue Increase		40.7%	1.6%	1.7%	1.7%	1.8%	1.8%	1.8%	1.9%	1.9%
Reuse Revenue (Golf Course)	\$150,000	\$150,000	\$211,097	\$214,555	\$218,151	\$221,891	\$225,780	\$229,825	\$234,032	\$238,408
<i>Additional Revenue</i>		\$61,097	\$3,458	\$3,596	\$3,740	\$3,890	\$4,045	\$4,207	\$4,375	\$4,550
Other Non-Rate Revenue	\$252,152	\$231,110	\$122,315	\$121,151	\$115,885	\$90,788	\$90,536	\$86,774	\$85,494	\$80,397
Total Revenue	\$3,109,717	\$3,312,226	\$3,393,440	\$3,594,549	\$3,804,614	\$4,008,751	\$4,252,536	\$4,508,572	\$4,783,872	\$5,073,224
Expenses										
Operating Expense	\$1,743,132	\$1,960,586	\$2,039,009	\$2,120,569	\$2,205,392	\$2,293,608	\$2,385,352	\$2,480,766	\$2,579,997	\$2,683,197
Water Fund Loans ¹	0	77,309	77,309	748,696	748,696	748,696	748,696	748,696	748,696	748,696
Existing Debt Service	347,852	392,033	393,717	395,093	394,108	394,108	394,108	394,108	394,108	47,343
Rate Funded Capital	\$1,205,431	\$2,317,295	\$121,200	\$540,800	\$562,432	\$584,929	\$912,490	\$948,989	\$1,315,932	\$1,710,711
Total Expenses	\$3,296,415	\$4,747,223	\$2,631,235	\$3,805,158	\$3,910,628	\$4,021,341	\$4,440,645	\$4,572,559	\$5,038,733	\$5,189,948
Net Revenues	(\$186,698)	(\$1,434,997)	\$762,205	(\$210,609)	(\$106,014)	(\$12,590)	(\$188,109)	(\$63,987)	(\$254,860)	(\$116,724)
Reserves										
Beginning Reserve Balances	\$5,665,518	\$5,478,820	\$4,043,823	\$4,806,027	\$4,595,418	\$4,489,404	\$4,476,814	\$4,288,704	\$4,224,718	\$3,969,857
Ending Reserve Balance	\$5,478,820	\$4,043,823	\$4,806,027	\$4,595,418	\$4,489,404	\$4,476,814	\$4,288,704	\$4,224,718	\$3,969,857	\$3,853,133
<i>Debt Coverage Ratio (Target 1.3x)</i>										

1, Loans from the water enterprise

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



**Table 8, Functional Allocation
 Castle Pines North Metro District
 Wastewater Rate Study -**

Functional Allocation	Amount	Sewer Customer	Sewer Volume
	<i>5-YR Average</i>		
Operating Costs			
Treatment	\$840,393	30.0%	70.0%
Collection	587,906	10.0%	90.0%
Utilities	104,886	0.0%	100.0%
Administration	290,317	100.0%	0.0%
O&M	170,995	20.0%	80.0%
Non-Operating Costs			
Capital	825,331	25.0%	75.0%
Sewer Debt*	1,017,856	20.0%	80.0%
Functional Allocation \$	\$3,837,685	\$1,045,329	\$2,792,356
Functional Allocation %		27.24%	72.76%
Revenue Requirement	\$2,707,565	\$737,501	\$1,970,064

**Table 9, Wastewater Customer Data
 Castle Pines North Metro District
 Wastewater Rate Study -**

Customer Type	Customers	Flow	Rate Differential ¹	Customer Rate Units	Flow Rate Units
	#	1,000 Gallons			
In-District	3,727	246,800	1.00	3,727	246,800
Non District	214	13,200	1.25	268	16,500
Totals²	3,941	260,000		3,995	263,300

1, Based on billing records.

2, Outside District customers are charged 1.25x the Inside District rate.

**Table 10, Cost of Service Rates
 Castle Pines North Metro District
 Wastewater Rate Study -**

Allocation Component	Sewer Customer	Sewer Volume
<i>Annual Units</i>	<i>Customer</i>	<i>Kgal</i>
2025 Revenue Requirement	\$737,501	\$1,970,064
Demand Allocation Units	3,994.5	260,000.0
Charge per Unit¹	\$15.39	\$7.58

Cost of Service Rates at 2025 Rate Revenue	Fixed	Volumetric
<i>Billing Units</i>	<i>Monthly</i>	<i>Kgal</i>
In-District	\$15.39	\$7.58
Non District	\$19.23	\$9.47

1, Non-district customer cost factor x 1.25.

Cost of Service Rate at 2026 Rate Revenue	Fixed	Volumetric
<i>Billing Units</i>	<i>Monthly</i>	<i>Kgal</i>
2026 Rate Revenue Increase	6.0%	6.0%
In-District	\$16.31	\$8.03
Non District	\$20.39	\$10.04

1, Non-district customer cost factor x 1.25.

**Table 11, Proposed Wastewater Rates
Castle Pines North Metro District
Wastewater Rate Study -**

Wastewater Customer Class		2025	2026
		<i>Existing</i>	<i>Proposed</i>
Volumetric Rates (\$ per Kgal)			
Volumetric Basis			
In-District			
Residential	AWC ^{1,2}	\$7.48	\$8.03
Commercial Indoor/Townhouse	Meter Water ³	7.48	8.03
Commercial	AWC ^{1,4}	7.48	8.03
Non District			
Residential	AWC ^{1,2}	9.38	10.04
Fixed Service Rates (\$ per meter per month)			
In-District		15.39	16.31
Non-District		19.23	20.39

1, Average Winter Monthly Consumption (AWC) shall be computed for each account by dividing the total potable water consumption billed to the account for the months of December, January, and February by three.

2, For accounts with zero water consumption during December, January, and February, the account will be assigned a minimum usage of 2,000 gallons.

3, All metered water use due to these being indoor only meters.

4, For accounts with zero water consumption during December, January, and February, the account will be assigned the average AWC calculated for its revenue class or the previous years AWC, whichever is less.