

CASTLE ROCK WATER

**ORDINANCE AUTHORIZING THE ISSUANCE AND
SALE OF WATER AND SEWER ENTERPRISE
REVENUE BONDS, SERIES 2025 OR 2026**

JULY 15, 2025



REVENUE BOND ISSUANCE

BACKGROUND INFORMATION

- CRW’s 2024 rate model indicates the need for revenue bond issuance in 2025/2026 and 2027/2028
- 2025/2026 issuance targets \$56M
- 2024 rate model assumed 4.9% interest rate or lower to meet estimated future rate increase projection
- Funds targeted for Water Resources Projects
- Proposing “shelf registration” of bond ordinance to allow for CRW to issue at best time
- Shelf registration goes through August 2026
- Provides flexibility to work towards appropriate, hopefully favorable, interest rate

2026 – 2029 Rates and Fees	2026	2027	2028	2029
Rate Increases	4.72%	4.77%	4.83%	4.88%
System Development Fee Increases	8.6%	5.4%	5.6%	5.9%

Rate Projections from 2024 Rate Study

REVENUE BOND ORDINANCE

PROPOSED ORDINANCE PARAMETERS

- **Par Amount:** The bonds may be issued in an amount not to exceed \$56 million.
- **Maturity:** Bonds will mature no later than December 1, 2045, with maximum annual principal not exceeding \$7.7 million with total repayment costs not to exceed \$95 million.
- **Interest Rate:** Not to exceed a net effective rate of 4.75%.
- **Redemption Provisions:** The Bonds may be sold with a provision for optional redemption prior to maturity, at a price not to exceed 100%.
- **Sale:** The bonds will be sold via negotiated sale to Stifel, Nicolaus & Company, Incorporated.
- **Parity Lien:** The 2025 Bonds will share an equal lien on Net Pledged Revenues with existing Parity Bonds from 2015, 2016, and 2022.
- **Reserve Fund:** May be established, and if so, funded with bond proceeds or a Reserve Fund Insurance Policy.
- **Bond Proceeds Use:** Funds will be allocated to a Project Fund for Water and Water Resource capital improvements (see Discussion for further details), a Reserve Fund (if required), and to cover issuance costs.

REVENUE BOND ORDINANCE

PROPOSED PROJECTS FOR FUNDING

- Water Infrastructure Supply Efficiency (WISE) project for construction of a desalinization facility or alternate facilities to meet total dissolved solids concentration requirements by 2030
- Pipeline, pump station, well and treatment infrastructure associated with the Box Elder project
- Plum Creek Central Pipeline
- Plum Creek to Rueter Hess Reservoir Pipeline and Pump Station
- Capacity in the Rueter Hess Water Purification Facility
- Storage in the Chatfield Storage Reallocation Project
- The Plum Creek Diversion Project



REVENUE BOND ORDINANCE

CURRENT DEBT

Debt Obligations	Remaining Principal YE 2024	Interest Rate	Maturity Date
Water and Sewer Revenue Refunding Bonds, Series 2015	\$1,280,000	2.79%	2026
2016 Refunding of COP Bonds	\$31,930,000	2.51%	2034
2019 Stormwater Enterprise Revenue Loan	\$6,625,000	1.92%	2030
Water and Sewer Revenue Bonds, Series 2022	\$22,925,000	2.67%	2042
Total	\$62,760,000	2.51%	

REVENUE BOND ORDINANCE

SCHEDULE & RECOMMENDATIONS

Schedule

- 2nd Reading 8/19/2025
- Work to get best rate until 8/19/2026
- Issue Debt 2025/2026 or back to Council

Recommendations

- Castle Rock Water Commission (going to Commission July 23, 2025)
- Staff

Questions

BUSINESS OPERATIONS

Debt Ratio	Your Utility	COMBINED UTILITIES			
		75th Percentile	Median	25th Percentile	Count
Debt Ratio - COMBINED	0.10	0.27	0.37	0.52	94
Debt Ratio - WATER	0.12	0.24	0.35	0.50	59
Debt Ratio - WASTEWATER	0.01	0.24	0.41	0.55	58
Debt Ratio - STORMWATER	0.07	0.09	0.13	0.29	22

CRW Debt Ratio Relative to National Utilities



PROPOSED MOTION:

"I move to approve Ordinance 2025-029 on first reading as introduced by title."

ALTERNATE MOTIONS:

"I move to approve the Ordinance as introduced by title, with the following conditions: (list conditions)."

I move to continue this item to the Town Council meeting on ____ date to allow additional time to (list information needed)."
