



STAFF REPORT

To: Honorable Mayor and Members of Town Council

From: Mark Marlowe, P.E., Director of Castle Rock Water
Nichol Bussey, Business Solutions Manager
Paul Rementer, Enterprise Fund Analyst

Title: Ordinance Amending Chapters 3.16, 4.04, 13.12, 13.15 and 13.30 of the Castle Rock Municipal Code by Changing Stormwater Development Impact Fees, Renewable Water Resource Fees, Water and Wastewater System Development Fees, and Water, Water Resources, Wastewater and Stormwater Rates and Surcharges (First Reading)

Executive Summary

Castle Rock Water (CRW) seeks Town Council approval of an Ordinance (see **Attachment A**) approving the 2026 rates & fees on first reading. A primary goal of the annual rates and fees study is to evaluate the long-term financial plan for Castle Rock Water (CRW) to ensure that future rates and fees will cover future costs of service.

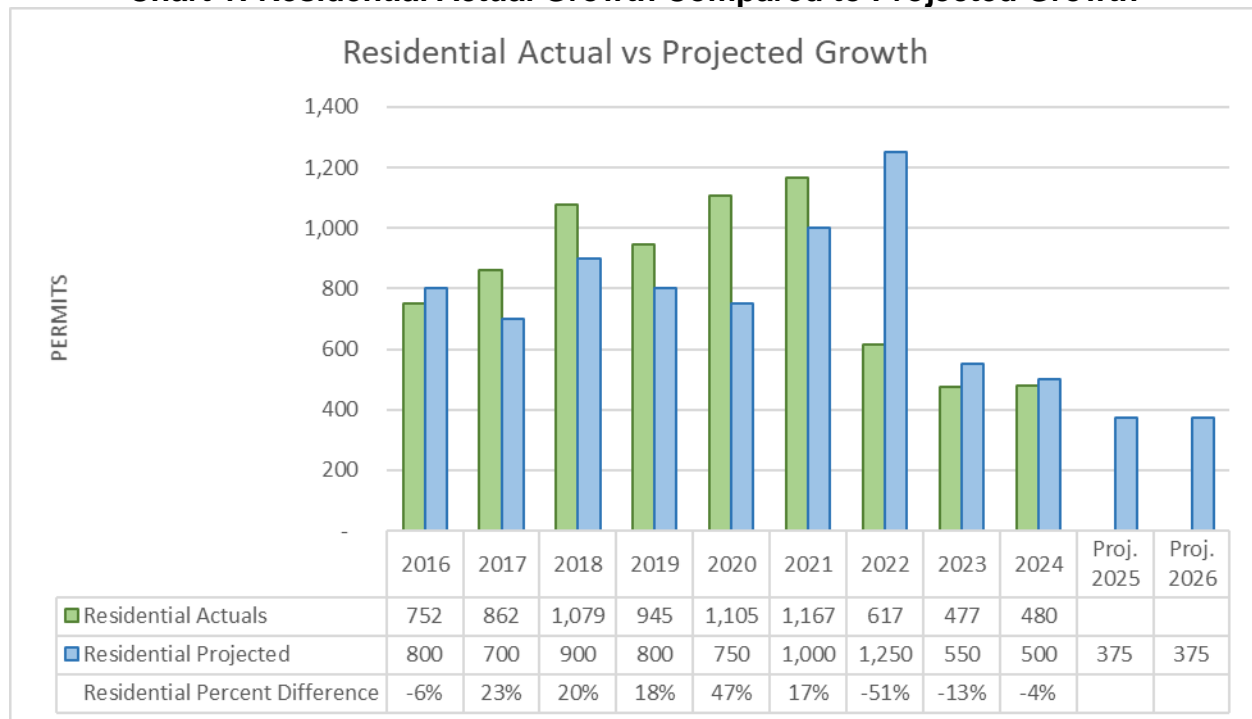
Table 1 summarizes the recommended 2026 residential rates from this year's study (2025 Study) compared to the 2025 adopted rates and projected 2026 rates from last year's study (2024 Study) for a typical single-family equivalent (SFE).

Table 1: Summary of Recommended Residential Rates

	2025 Adopted Rates	"2025 Study" Proposed 2026 Rates	\$ Change	% Change	"2024 Study" Proposed 2026 Rates
Water, Fixed	\$10.94	\$11.49	\$0.55	5.0%	\$11.49
Water, Tier 1, Volumetric	\$3.23	\$3.39	\$0.16	5.0%	\$3.39
Water, Tier 2, Volumetric	\$6.58	\$6.91	\$0.33	5.0%	\$6.91
Water, Tier 3, Volumetric	\$9.82	\$10.31	\$0.49	5.0%	\$10.31
Water, Surcharge, Volumetric	\$9.82	\$10.31	\$0.49	5.0%	\$10.31
Water Resources, Fixed	\$33.61	\$36.30	\$2.69	8.0%	\$36.30
Wastewater, Fixed	\$8.61	\$8.65	\$0.04	0.5%	\$8.65
Wastewater, Volumetric	\$6.10	\$6.13	\$0.03	0.5%	\$6.13
Stormwater, Fixed	\$8.37	\$8.79	\$0.42	5.0%	\$8.79

Key assumptions for growth projections, customer characteristics, capital improvement plans, fund balances, and revenue and expenditures forecasts were reviewed and updated by staff to determine the impact they each have on the recommended rates. The water supply and demand model was also evaluated considering the growth projections in Chart 1 below, to make sure that the capital plan was keeping pace with growth and that the timing of capital projects continues to be appropriately scheduled.

Chart 1: Residential Actual Growth Compared to Projected Growth



Note: Actual Annual Average 2016 to 2024: 832 Residential Permits

There were no major changes to customer characteristics affecting this year's recommendations. With respect to capital plans, there were some significant changes to the five-year capital plans, but there were also several major changes to the long term (>5 years out) capital plan which were made for this study year. Additional requirements for desalination related to Water Infrastructure Supply Efficiency (WISE) as well as increases in the Plum Creek Water Purification Facility (PCWPF) expansion were incorporated into the capital plan and account for a large increase in near-term spending. Participation in the Platte Valley Water Partnership (PVWP) accounted for a large increase in long-term spending. Long term planning was impacted by the changes to turf restrictions on new homes and non-residential development which will reduce the future capacity needs as consumption and peak demands in new development will be significantly less than in current areas of Town. Changes to the five-year capital plan by enterprise are summarized in Table 2 and key items are detailed below.

Table 2: 5 Year CIP and Long-Term CIP Differences

Fund	2025 Study CIP 2026-2030	2024 Study CIP 2025-2029	Variance	2025 Study CIP thru 2065	2024 Study CIP thru 2065	Variance
Water	\$29,382,499	\$65,646,305	\$(36,263,806)	\$454,389,499	\$448,356,305	\$6,033,194
Water Resources	\$86,011,082	\$148,616,478	\$(62,605,396)	\$870,555,881	\$503,017,538	\$367,538,342
Stormwater	\$6,285,574	\$15,765,795	\$(9,480,221)	\$141,036,433	\$146,256,588	(\$5,220,156)

Wastewater	\$34,088,749	\$36,035,404	\$(1,946,655)	\$153,990,825	\$200,852,438	(\$46,861,613)
Total All Funds	\$156,697,301	\$266,063,982	\$(109,366,681)	\$1,619,972,637	\$1,298,482,870	\$321,489,768

Water Fund:

- \$8.7 million for SCADA system improvements
- \$5.0 million for Young American Rehabilitation
- \$4.5 million for Tank 8B
- \$2.7 million for rehabilitating Paintbrush Pond for use in wildland fire fighting and for stream stabilization
- \$1.5 million for Advanced Metering Infrastructure (AMI)
- \$1.0 million for a pipeline from the South Well Field to Meadows Water Treatment Plant
- \$1.0 million for Meadows and Miller Water Treatment Plant filters

Water Resources Fund:

- \$59.6 million for WISE Desalination infrastructure
- \$12.2 million for PCWPF Expansion and PC Central Pipeline
- \$5.5 million for Chatfield Storage Reallocation Project
- \$4.3 million for SCADA system improvements
- \$2.4 million for the Platte Valley Water Partnership
- \$0.7 million for Advanced Metering Infrastructure (AMI)

Stormwater Fund:

- \$2.7 million for Paintbrush Pond / 6400 East Plum Creek Stream Stabilization
- \$1.7 million for Storm Sewer Rehabilitation
- \$0.8 million for additional infrastructure needs caused by development

Wastewater Fund:

- \$11.8 million for Highway 85 (ARPA funding, potential of additional funding from CRW up to \$4.8 million)
- \$5.0 for the Plum Creek Interceptor
- \$5.0 million for Lift Station Replacement
- \$4.3 million for SCADA system improvements
- \$4.0 million for PCWRA Replacements
- \$1.9 million for PCWRA Reuse Reservoir
- \$1.5 million for Young American Rehabilitation

The primary factors affecting revenue and expenditure forecasts in the rate models are as follows:

- 1) Included in the staffing plan for 2026 are four new full-time equivalents (FTEs) which are a Plant Maintenance Supervisor, an I&C Engineering Supervisor, a Water Quality Compliance Analyst and a Stormwater Infrastructure Inspector. The Stormwater Infrastructure Inspector will be funded fifty percent by Development Services. There are six total FTEs added through 2030. Also included in the labor costs for the five-year plan is an increase in salary costs for Supervisory Control and Data Acquisition staff to ensure competitiveness in the current market.

- 2) Changed timing of many capital projects consistent with the water supply and demand model as well as availability of capital reserves.
- 3) Updated capital plan costs consistent with current capital project cost estimates and changes to the Engineering News Record Construction Cost Index.
- 4) Added new long term capital projects to meet needs of growth, achieve 100% renewable water supplies by 2065, provide for improvements to the system where necessary to meet upcoming regulatory changes, and make sure rehabilitation and replacement of existing infrastructure was covered.
- 5) Budgeted \$3.0 million in interfund loans from Wastewater to Water and \$1.2 million in interfund loans from Wastewater to Stormwater from 2026 to 2030 to support capital projects.
- 6) Two debt issuances (water and wastewater revenue bonds), \$56M in 2026 (was previously budgeted in 2025) and a minimum of at least \$15M in 2029.
- 7) Large increases in operational costs associated with accepting the full deliveries from the WISE project and multi-year rate impacts on electricity costs.

Table 3 provides context for the recommended rate action by providing the history of rate action over the last five years as well as a comparison to the Consumer Price Index (CPI) and the Engineering News Record (ENR) Construction Cost Index (CCI).

Table 3: 5 Year Rate Increase History, CPI and ENR CCI

Rate Increase History					
Fund	2021	2022	2023	2024	2025
Water	0%	0%	4.5%	4.5%	5.0%
Water Resources	0%	3.0%	7.5%	7.5%	8.0%
Stormwater	0%	2.5%	4.5%	4.5%	5.0%
Wastewater	0%	(5.0%)	0%	0%	0.5%
Consumer Price Index (CPI) History					
	2020	2021	2022	2023	2024
CPI	1.4%	7.0%	6.5%	3.4%	2.9%
Engineering News Record Construction Cost Index (ENR CCI) History					
	2020	2021	2022	2023	2024
ENR CCI	2.1%	7.4%	5.6%	2.6%	0.9%

Table 4 summarizes the proposed system development fees (SDFs) for 2026 per SFE.

Table 4: Summary of Recommended System Development Fees (SDFs)

	2025 Adopted SDFs	“2025 Study” Proposed 2026 SDFs	\$ Change	% Change	“2024 Study” Proposed 2026 SDFs
Water	\$8,276	\$9,931	\$1,655	20%	\$9,931
Water Resources	\$33,485	\$35,829	\$2,344	7%	\$35,829
Wastewater	\$5,729	\$6,130	\$401	7%	\$5,901
Stormwater, Plum Creek	\$2,704	\$2,839	\$135	5%	\$2,839
TOTAL Plum Creek	\$50,194	\$54,729	\$4,535	9%	\$54,500
Stormwater, Cherry Creek	\$1,265	\$1,265	\$0	0%	\$1,265
TOTAL Cherry Creek	\$48,755	\$53,155	\$4,400	9%	\$52,926

For SDFs related to new development, Castle Rock Water recommends an increase of \$ 4,535 per SFE in the Plum Creek Basin and an increase of \$4,400 per SFE in the Cherry Creek Basin, reflecting about a 9% increase for each basin. This recommendation is consistent with Town Council’s policy on SDFs that “growth pays for growth.” Castle Rock Water also recommends eliminating the SDF credit for home builders relating to the installation by the home builder of the front and back yard Coloradoscaping. Approximately 48% of home builders were taking advantage of this credit and paying about 75% of the total SDF on average. As part of the preparation of the SDFs this year, Castle Rock Water made a big change to the capacity requirements for future development taking the needs from 400 gallons per day to 265 gallons per day, reflective of more water efficient homes. This has the effect of lowering the SDF. If we maintain the credit for front and backyard Coloradoscape installation, Castle Rock Water would essentially be doubling up on the SDF reduction. Castle Rock Water did evaluate water use by homes that had front and backyard installed by the home builder and those that did not. The results indicated that there was not a significant difference between water use by the two types of homes, further supporting the need to eliminate the credit.

Several factors are driving the recommended increases in SDFs identified in the SDF model and financial model. First, Castle Rock continues to see growth in both residential and non-residential customers from existing entitlements in Town. While growth has continued to be slow in the current year (like the last 2 years) due to external economic factors; projections still indicate continued strong growth in the coming years. To keep pace with this population increase, additional projects have been added to the long-term plan over the last several years to get Castle Rock to 100% renewable water supplies by 2065, and the infrastructure and capital costs for these projects are now better defined. Additional infrastructure and the costs for that infrastructure have also been identified to meet the increased peak demands from a potentially larger customer base. A large portion of the change is reflected in the fully loaded capital costs for the Platte Valley Water Partnership. Castle Rock Water will be going to Water Court in 2026 to secure the water rights. Engineering costs for the infrastructure are now better defined in preparation for Water Court.

Project costs continue to rise year-over-year as shown in the ENR CCI. Another huge driver of the increased SDFs is that the cost and challenge of new renewable water projects has gone up significantly over the course of the last year in response to continued water scarcity across the western United States. The crisis in the Colorado River has driven increases in competition for limited renewable water supplies in Colorado. Changing weather patterns impacting the future of the Colorado River will impact these costs for many years to come. As a result, permitting and infrastructure associated with renewable water projects will also become more difficult and costly. Further, the State limited total volumetric withdrawals from nonrenewable wells for which Castle Rock has large investments in place. The State's action means that Castle Rock needs to get to 100% renewable water sooner than previously anticipated which further impacts the needs for financial resources. Nebraska has filed a claim against Colorado with the Supreme Court claiming that Colorado has not been meeting its Compact requirements. While the results of this claim will probably not be fully known for a decade, this action will impact renewable water costs in Colorado in the short and long term.

Finally, the details and needs of some of our longer-term projects are becoming more defined as implementation occurs and estimated costs are higher than previously estimated.

The proposed SDF changes keep Castle Rock competitive with other surrounding South Metro water providers who also need to fund investments in long-term renewable water supply as shown in Table 5 below although these changes do put Castle Rock toward the upper range of these costs:

Table 5: Comparison of System Development Fees (SDFs)

Community	2025 Adopted Fees w/CRW 2026 Proposed
Denver Water	\$9,350
Colorado Springs Utilities	\$11,811
City of Loveland	\$13,642
Inverness Water and Sanitation District	\$14,456
City of Fort Collins	\$20,741
City of Fort Lupton	\$21,864
City of Fountain	\$22,971
Centennial Water and Sanitation District (5 units/acre)	\$23,050
Centennial Water and Sanitation District (3 units/acre)	\$23,050
City of Greeley	\$24,594
Meridian Service Metropolitan District	\$24,915
East Larimer County Water District	\$26,749
Evans	\$28,289
Cottonwood Water and Sanitation District	\$30,615
Thornton Water	\$39,484
Aurora Water	\$41,964
Arapahoe County Water and Wastewater Authority	\$42,034
East Cherry Creek Valley Water and Sanitation District (West Toll Gate Creek Storm Drainage Basin)	\$43,056
East Cherry Creek Valley Water and Sanitation District (Piney Creek Storm Drainage Basin)	\$43,106
East Cherry Creek Valley Water and Sanitation District (No Name Creek Storm Drainage Basin)	\$43,406
Stonegate Village Metropolitan District	\$50,133
Parker Water and Sanitation District	\$50,160
Castle Pines North Metropolitan District	\$51,242

Sterling Ranch CAB	\$52,100
Castle Rock Water (Cherry Creek Basin Area)	\$53,155
Castle Rock Water (Plum Creek Basin Area)	\$54,729
Roxborough Water and Sanitation District	\$56,678
Pinery Water and Sanitation District	\$57,823
City of Brighton (Metro Wastewater Reclamation District area)	\$62,712

Staff recommends approving the proposed rates and fees on first reading and finalizing the “2025 Study” report and all the associated data ahead of second reading. Second Reading is currently scheduled for October 21, 2025. The proposed rates and fees have been incorporated into the proposed 2026 budget. Concurrent with the preparation of the proposed rates and fees for 2026, staff has updated the Financial Management Plan (FMP), to ensure the study is consistent with the goals of the FMP, which are:

- To minimize debt carrying costs at or below industry standards. *CRW continues to stay in the top 25% in the industry with the lowest debt. This is positive, but the current financial models do indicate that we will need to take out significant additional debt towards the end of this decade to keep pace with our needs for renewable water supplies and infrastructure. This debt could move us into the median category.*
- To minimize risk by keeping fixed versus variable revenues and expenses equal to or matching where possible. *CRW focuses on keeping these matched to the extent possible while still sending a conservation-oriented message with a variable rate. CRW’s success with balancing the revenues and expenses for fixed and variable components is shown in Chart 7 below.*
- To keep costs at or under budget for capital and operational budgets each year by fund and to continuously strive towards more efficient operations. *As shown in Table 6 below, CRW is keeping costs under budget.*
- To keep our rates and fees competitive with surrounding communities. *CRW rates and fees compare somewhere in the middle of the benchmarking as seen in the rates comparisons in Charts 2-3. For the system development fees CRW has moved into the upper range as shown in Chart 5.*
- To keep adequate reserves and maintain fund balances between minimums and maximums. *CRW continues to maintain adequate reserve balances in all funds for operating, catastrophic event, rate revenue stabilization and capital reserve.*
- To keep rates and fees affordable within various national affordability indices. *Last year CRW had Stantec’s help in looking at two affordability methods created by Teodoro. The first of these shown below in Figure 1 is the Affordability at the 20th Income Percentile (AR20). This method measures the affordability of the average water and wastewater bill to the 20th percentile income. This indicates, that of the monthly disposable income for this group, 3.68% is spent on essential water and wastewater usage for CRW assuming the recommended 2026 rates are approved. The average for large cities is 12.4%, which puts CRW well below average, a positive result.*

The second method, shown in Figure 2 below is the Basic Household Water and Sewer Cost Expressed in Terms of Hours of Labor at Minimum Wage (HM). This metric shows the number of hours required for one to work at minimum wage to pay the monthly water bill. For CRW, the proposed 2026 rates result in an HM value of 7.39 hours. The average for large cities is at 10.1, which puts CRW slightly below average, again a positive result.

Figure 1: Affordability at the 20th Income Percentile (AR₂₀)

Affordability At The 20th Income Percentile (AR ₂₀)			
			Source
People Per Household	4		Journal AWWA January 2018 (values from Teodoro article)
Essential Water Volume*	50		Journal AWWA January 2018 (values from Teodoro article)
Typical Monthly Household Essential Volume	6,000		
Water Monthly Consumption			
Tier 1	4,000		
Tier 2	2,000		
Water 3/4" Residential Base Charge	\$ 10.94		
Wastewater Monthly Consumption			
Tier 1	4,000		
Wastewater 3/4" Residential Base Charge	\$ 8.61		
Monthly Household Cost Of Essential Water Services	\$ 37.02		FY 2025 CRW Water Rates
Monthly Household Cost Of Essential Wastewater Services**	\$ 33.01		FY 2025 CRW Wastewater Rates
Monthly Household Cost Of Essential Renewable Water Services	\$ 33.61		FY 2025 CRW Renewal Water Rates
Monthly Household Cost Of Essential Stormwater Services	\$ 8.37		FY 2025 CRW Stormwater Rates
Total Cost of Essential Water and Sewer Services	\$ 112.01		
Annual Household Income (20th Percentile)***	\$ 68,713		B19080: Household Income Quintile Upper Limits
Annual Essential Household Expenses****	\$ 32,234		Consumer Expenditure Survey - Table 3134 West Region
Annual Disposable Income	\$ 36,479		
Monthly Disposable Income	\$ 3,040		
	AR₂₀	3.68%	Teodoro Study average of 12.4% for 25 largest US cities.

* Essential water volume in gallons per capita per day based upon *Water and Sewer Affordability in the United States*, M.P. Teodoro, 2019.

** Wastewater services charged based on average winter monthly consumption of 4,000 gallons.

*** "This focus on the 20th percentile household aligns the analysis of water and sewer affordability with mainstream assessments of welfare economics, which typically identify the 20th percentile as the lower boundary of the middle class." - Teodoro

**** Does not include water and sewer services. Reflects expenses at an income level between \$50,000 and \$69,999 in the western region.

Figure 2: Basic Household Water and Sewer Cost Expressed in Terms of Hours of Labor at Minimum Wage (HM)

Basic Household Water And Sewer Cost Expressed In Terms Of Hours Of Labor At Minimum Wage (HM)			
			Source
People Per Household	4		Journal AWWA January 2018 (values from Teodoro article)
Essential Water Volume*	50		Journal AWWA January 2018 (values from Teodoro article)
Typical Monthly Household Essential Volume	6,000		
Monthly Household Cost Of Essential Water Services	\$ 37.02		FY 2025 CRW Water Rates
Monthly Household Cost Of Essential Wastewater Services**	\$ 33.01		FY 2025 CRW Wastewater Rates
Monthly Household Cost Of Essential Renewable Water Services	\$ 33.61		FY 2025 CRW Renewal Water Rates
Monthly Household Cost Of Essential Stormwater Services	\$ 8.37		FY 2025 CRW Stormwater Rates
Total Cost of Essential Water and Sewer Services	\$ 112.01		
Minimum Wage	\$ 15.16		Labor Standards and Statistics Department of Labor & Employment
	HM	7.39	Teodoro Study average of 10.1 for 25 largest US cities.

* Essential water volume in gallons per capita per day based upon *Water and Sewer Affordability in the United States*, M.P. Teodoro, 2019.

** Wastewater services charged based on average winter monthly consumption of 4,000 gallons.

- To develop regional partnerships to provide economies of scale to reduce total costs of infrastructure to our customers. CRW has formed many partnerships with individual water providers like Dominion and Parker and regional organizations such as South Metro Water Supply Authority, WISE Authority, Plum Creek Water Reclamation Authority (PCWRA), and Cherry Creek Project Water Authority, just to name a few. The latest example of this occurred recently where Castle Rock Water joined the Platte Valley Water Partnership, a long-term project focused on developing unappropriated water in the Lower South Platte River.

- To be an industry leader in the application of financial management benchmarking ourselves against others locally and nationally. *Castle Rock Water has thirty different key performance objectives and indicators (KPIs) with measurable outcomes. Many of which are benchmarked against other water providers nationally, regionally and locally. More information and results for these KPIs are available in our strategic plan.*

History of Past Town Council, Boards & Commissions, or Other Discussions

Castle Rock Water (CRW) Commission reviewed at least one aspect or component of the annual rates and fees study process and the 2025 rates and fees studies at each of their meetings from October 2024 to August 2025 to provide staff with input. For a complete list of topics, please see the CRW Commission agendas.

On May 28, 2025, CRW Commission reviewed the Customer Characteristics Analysis for the 2025 rates and fees study with staff.

On September 24, 2025, the results of the 2025 annual rates and fees study were presented to CRW Commission by staff. CRW Commission voted 6-0 to recommend Council approval of the proposed rates and fees.

Notification and Outreach Efforts

The proposed SDFs have been sent to the Economic Development Council (EDC) for distribution to the home builders, developers and other interested parties among the development community. Castle Rock Water has held two EDC Water Subcommittee meetings where we have reviewed the proposed SDFs with the development community. Anticipated SDFs were also provided at the Developers Roundtable on August 20, 2025. CRW reached out to the Colorado Home Builders Association as well to offer to discuss proposed SDFs.

Discussion

For common understanding, “rates” refers to the collective monthly fixed charges and volumetric rates billed to existing customers. “System Development Fees” is a general term used for Water, Water Resources and Wastewater System Development Fees (SDFs) and Stormwater Development Impact Fees (DIFs). Water, Water Resources and Wastewater SDFs are calculated and assessed at the time of permitting for the right to access existing system capacity and for payment of a proportionate share of the capital cost required for new capacity to meet the potential demand the new customer is expected to place on the system. SDFs ensure that growth pays for the cost of growth. Also paid at the time of permitting, Stormwater DIFs are a proportionate share of the cost to add stormwater capital facilities to manage the runoff created by the impervious surfaces of new construction in the Plum Creek or Cherry Creek Basin.

For the ninth year in a row, Castle Rock Water has engaged Stantec Consulting Services, Inc., to assist with preparation of the Study. To reduce costs, Castle Rock Water staff continued to prepare the Customer Characteristics Analysis in-house for the 2025 Study. However, Stantec prepared the System Development Fees Models, Financial Rate Models, and the Cost-of-Service Models for the 2025 Study.

The “2025 Study”

The steps for completing this year’s study, as in previous studies, are grounded in industry standards for cost-of-service ratemaking as summarized in the American Water Works Association’s AWWA Manual M1. As in prior years, work products include the following:

1. Growth Forecast
2. Customer Characteristics Analysis
3. Capital Improvement Projects Forecast Updates
4. Revenue and Expenditures Forecast Updates (in conjunction with budgeting)
5. Rates & Fees Modeling
6. Cost of Service Modeling
7. Community Engagement

Growth Forecast

The growth forecast for customers in Town continues to be developed in conjunction with Development Services based on both historical performance, discussions with developers and home builders, and anticipated changes to economic conditions in the coming year. Customers that may be served through extraterritorial agreements are evaluated by Castle Rock Water and added to the totals within the Town boundaries as appropriate. Growth forecasts include all customer classes converted to single family equivalents. For the 2025 rates and fees study, the growth forecast for the next five years was estimated as follows:

2026	417 single family equivalents
2027	542 single family equivalents
2028	547 single family equivalents
2029	541 single family equivalents
2030	541 single family equivalents

For years beyond the five-year window, Castle Rock Water used an average value of 725 single family equivalents for future growth of the customer base in the financial models. Based on these growth projections build-out in the community and service to extraterritorial areas could occur by 2044, assuming current maximum estimated build-out of 150,000 people is reached.

New customers provide revenues through SDFs to fund growth-related capital projects and the monthly revenues to fund the remaining costs as an existing rate customer. Actual growth slowed significantly in the second half of 2022 and continued to remain lower than in recent years through 2024. Through August 2025, there have been 201 single family permits issued, which is down 22% to the 257 permits issued through August 2024. Budgets have been adjusted to reflect a lower growth figure, however, if growth falls short of this forecast, revenues are at risk with the severity and service delivery impacts dependent upon the depth of the shortfall. Growth in 2026 and beyond is difficult to predict. As a result, Castle Rock Water uses a conservative approach to estimating future growth. If growth falls short of current forecasts, revenues in 2026 and beyond could fall short of requirements for the current capital plans requiring a delay on some of these projects. Similarly, if growth significantly exceeds current forecasts, capital projects will need to be moved forward. Castle Rock Water uses our water

supply and demand model to evaluate the pace of growth as it relates to our capital improvement plans to ensure that we can react to changes in actual growth relative to the projected growth.

Customer Characteristics Analysis

The Customer Characteristics Analysis was reviewed with the CRW Commission in May of this year. The topics discussed included growth projections and how they are considered in long-range planning, residential consumption trends, and the various ways that CRW is continuing to promote conservation in the Town. In general, we have seen some favorable trends in regard to average residential consumption in recent years and will likely see additional improvements as the changes to Castle Rock's landscape and irrigation criteria manual (i.e. new limits on turf grass for new development) continue to be implemented. A complete copy of the report is available from Castle Rock Water. There were no major changes to customer characteristics affecting this year's rates and fees recommendations as noted in the Executive Summary.

Capital Improvement Projects Forecast Updates

A complete discussion of the capital improvement project forecast updates was provided in the Executive Summary. As noted in this summary, significant additions were made to the long-term capital plan. Costs for renewal and rehabilitation of existing infrastructure, improvements to existing infrastructure to meet upcoming regulatory requirements, infrastructure additions driven by the renewable water program, capital investment adjustments and revenue forecast changes based on the proposed changes to Castle Rock's landscape and irrigation criteria manual (i.e. new limits on turf grass for new development), and an updated growth forecast are incorporated into the study. Capital costs are escalated by 3.00% per year in future years consistent with the latest ENRCCI in the financial model.

Revenues and Expenditures Forecast Updates

As in previous years, complete revenue and expenditure forecast updates were prepared along with the budgeting process. Table 6 outlines the comparison of the 2025 Budget and 2025 YE Estimates to the 2026 Proposed Budget.

Table 6: 2025-2026 Budget Comparison

Account Type	Category	2025 Budget	2025 YE Estimates	2026 Budget	2025 YE Estimates to 2026 Budget % Change
Revenues	Charges for Service	\$54,046,279	\$54,023,413	\$57,328,582	6.1%
	Contributions & Donations	\$31,825	\$31,825	\$31,825	0.0%
	Fines & Forfeitures	\$508,335	\$508,335	\$472,802	(7.0%)
	Intergovernmental Revenue	\$7,000,700	\$6,915,245	\$7,150,700	3.4%
	Investment Earnings	\$2,244,350	\$2,247,665	\$1,110,889	(50.6%)
	Licenses & Permits	\$5,000	\$5,000	\$3,200	(36.0%)
	Other Revenue	\$58,222,456	\$58,379,426	\$5,040,260	(91.4%)
	System Development Fees	\$23,636,176	\$23,636,176	\$24,667,737	4.4%
	Transfers In	\$1,436,912	\$1,397,126	\$5,650,654	304.4%
	Total Revenues	\$147,132,033	\$147,144,211	\$101,456,649	(31.0%)
Expenses	Capital	\$161,894,706	\$156,389,612	\$43,159,555	(72.4%)
	Debt & Financing	\$9,564,250	\$11,849,525	\$12,175,116	2.7%
	Personnel	\$14,916,359	\$14,376,895	\$16,614,390	15.6%

	Services & Other	\$27,490,664	\$27,766,242	\$34,772,759	25.2%
	Supplies	\$3,627,522	\$3,395,948	\$3,601,810	6.1%
	Transfers Out	\$2,678,131	\$2,398,828	\$6,438,139	168.4%
Total Expenses		\$220,171,632	\$216,177,050	\$116,761,769	(46.0%)

Assuming the recommended rates are approved, the combined 2026 revenue budget for the department is \$101 million and represents a 31% decrease to both the 2025 amended budget and the 2025 year-end estimates. These variances are largely driven by the budgeted \$55 million revenue bond in Water Resources in 2025. When comparing 2026 to 2025 without this revenue, the 2026 budget is up 10% to both the 2025 amended budget and the 2025 year-end estimates.

The combined 2026 expenditure budget associated with the major functions for the various Castle Rock Water enterprises is approximately \$117 million, which is a decrease of 47% to the 2025 amended budget and a decrease of 46% to the 2025 year-end estimate. These changes are primarily due to proposed timing of capital projects. Capital budgeting is variable based on long-term project planning and opportunity.

With respect to the operational budgets, the total combined budget for 2026 is approximately \$55 million. This is a 20% increase to the 2025 Amended Budget and a 21% increase to the 2025 year-end estimate. The operational budget accounts for the costs of personnel, services and supplies. The increase in the operational budget over the year-end estimate is largely driven by increases in WISE water and deliveries from Parker Water and Sanitation District. Personnel costs are projected to be 16% higher than the year-end estimate driven by merit increases and an adjustment to salary levels for Operational Technology staff to maintain competitiveness as well as the requested addition of four additional FTEs including Plant Maintenance Supervisor, SCADA Supervisor, Water Quality Analyst and Stormwater Infrastructure Inspector.

The 2026 capital budget across the Castle Rock Water Enterprises is approximately \$43 million, a 73% decrease over the 2025 Amended Budget and a 72% increase over the 2025 year-end estimates. Revenue and expense forecasts were completed through 2030 and then escalated in the models for years past 2030.

Fund Balances

Based on the revenue and expense forecasts, fund balances are reviewed through 2030 closely and more generally through the entire modeling period out to 2065. Savings in actual costs and the timing of spending on capital costs versus budgets each year have helped to keep fund balances stable throughout the years and projections through 2030 continue this trend except that in 2025 a significant debt issuance is predicted in the Water Resources Enterprise to keep fund balances above minimum levels. Fund balances need to be built up with capital reserves ahead of large capital projects to ensure the money is available to proceed on the projects when the projects are needed to meet growth and other service goals. Fund balances are then drawn down significantly as capital reserves are spent on these projects. Keeping close tabs on the fund balances ensures that there are no negative impacts on the long-term financial plan when large projects must be funded.

Fund balance for the Water Fund is projected to average \$13.4 million through 2030. In the Water Resources Fund, fund balance is projected to average \$16.7 million through 2030, largely driven by the budgeted \$55 million bond issuance in 2025 and the anticipated \$15 million bond issuance in 2029 needed to provide funding for critical near-term projects. By 2030, ending fund balance will be around \$6.9 million.

Stormwater Fund balance is projected to be \$3.0 million at the beginning of 2026 and is anticipated to be around \$5.2 million at the end of 2030. Wastewater Fund balance is projected to be \$22.1 million at the beginning of 2026 and will decrease to about \$10.9 million at the end of 2030.

Rate Revenue

While fixed revenues in the four enterprise fund models are set to generally trend up with the projected growth, variable revenues can be difficult to predict. These variable revenues are subject to two primary drivers, 1) weather and 2) national, state and local pressure to conserve water or at least use it more efficiently. For the 5-year planning period, CRW is forecasting annual increases of about 4-5% per year, in aggregate through 2030. For new houses and new development, rate revenue is projected to be less than previous estimates due to the changes to landscape and irrigation criteria implemented in 2023 and the ultra-high efficiency toilet requirement implemented in 2025. As always, Castle Rock Water is aware of the need to be cautious when projecting rate revenues due to the unpredictability of weather, conservation efforts and sustainable growth.

Castle Rock Water also received revenue from service agreements with other regional water providers. Dominion Water and Sanitation District is billed for both direct water service and wheeling service. Roxborough Water and Sanitation District pays for up to 220 acre-feet annually, with additional deliveries, if available. The Consolidated Bell Mountain Ranch Metropolitan District is provided service at a 10% extra-territorial charge. Revenues are also derived from agreements with Macanta, which incorporate Town Council-approved rate adjustments. These intergovernmental agreements provide a consistent supplemental revenue stream and strengthen regional water supply partnerships.

Non-Rate Revenues

Non-rate revenues are generated through charges and fees for miscellaneous or ancillary services not accessed or used by the broader customer base. These special charges should recover the actual cost of service delivery consistent with cost-of-service principles and Town financial policies. Recovering costs directly from customers that access those services also enhances equity. These charges can also help manage demand for those services as well as address customer behavior patterns. In these cases, Castle Rock Water may set a special charge above the cost of service. Two examples of this include the Residential Landscape and Irrigation Inspection Fee and Meter Set Inspection Fees. Castle Rock Water had issues with home builders failing these inspections multiple times which created resource issues for the department. As such, these fees were set to escalate after each failed inspection starting in 2022. Other special charges include late charges, disconnection charges, service transfer charges and related administrative fees, just to name a few. The full list of proposed special charges for 2026 are shown in Table 7 below.

Table 7: Special Charges/Fees

Special Charge (Fee)	Cost of Service	Adopted 2025 Fee Amounts	Proposed 2026 Fee Amounts	Benchmark Range	Benchmark Average
Delinquency Letter Charge	\$3.26	\$15.00	\$15.00	\$5.00-\$75.00	\$21.43
Disconnection Notice Charge (for cross-connection noncompliance)	\$3.26	\$15.00	\$15.00	Not Available	Not Available

Returned Payment Charge	\$25.96	\$30.00	\$26.00	\$15.00-\$75.00	\$28.57
Water Service Transfer Fee	\$36.28	\$41.00	\$36.00	\$5.00-\$100.00	\$40.33
Administrative Lien & Recording Fee	\$72.53	\$73.00	\$73.00	\$2.00-\$100.00	\$48.40
Bulk Water Read Fee – Via Phone	\$15.20	\$14.00	\$15.00	\$50.00	\$50.00
Bulk Water Read Fee – Via On Site	\$76.51	\$77.00	\$77.00	\$25.00-\$250.00	\$106.25
Bulk Hydrant Meter & Backflow Inspection	\$92.81	\$94.00	\$93.00	\$25.00-\$95.00	\$54.33
Bulk Hydrant Inspection No Show Trip Charge	\$58.35	\$54.00	\$58.00	Not Available	Not Available
Bulk Hydrant Meter Calibration	\$263.96	\$150.00	\$150.00	\$75.00-\$350.00	\$173.33
Customer Requested Meter Bench Test (Passing Meter)	\$162.10	\$50.00	\$50.00	\$25.00-\$350.00	\$108.33
Delinquency Disconnection/Reconnection	\$38.07	\$48.00	\$38.00	\$15.00-\$350.00	\$83.33
Customer Requested Service Disconnection/Reconnection	\$90.59	\$92.00	\$91.00	\$20.00-\$100.00	\$60.44
Canyons South Meter Lockout	\$105.53	\$102.00	\$106.00	Not Available	Not Available
Meter Set Re-inspection (1 st inspection included in meter set fees) ⁽¹⁾	\$58.99	\$53.00	\$59.00	\$0-\$1,500.00	\$210.27
Irrigation Permit	\$714.16	\$676.00	\$604.00	Not Available	Not Available
Landscape Contractor Registration	\$80.58	\$82.00	\$81.00	Not Available	Not Available
Residential Landscape & Irrigation Inspection ⁽²⁾	\$44.72	\$46.00	\$45.00	Not Available	Not Available
Irrigation Permit Re-inspection	\$108.26	\$114.00	\$108.00	Not Available	Not Available
Irrigation Disconnection/Reconnection (due to non-compliance)	\$97.67	\$92.00	\$98.00	Not Available	Not Available
Disconnection/Reconnection (due to cross-connection non-compliance)	\$97.67	NA	\$98.00	Not Available	Not Available
Temporary Irrigation Exemption	\$11.02	\$11.00	\$11.00	Not Available	Not Available

⁽¹⁾ The proposed fee doubles after each failed inspection for the reinspection, e.g. after the second failed inspection, the reinspection fee will go to \$118, after the third it will go to \$236, and so on.

⁽²⁾ The proposed fee doubles after each failed inspection for the reinspection, e.g. the second inspection will cost \$90, the third inspection \$180, and so on.

Personnel

The 2026 budget includes four new full-time equivalents (FTEs), a Water Plant Maintenance Supervisor, an I&C Engineering Supervisor, a Water Quality Compliance Analyst, and a Stormwater Infrastructure Inspector. The Stormwater Infrastructure Inspector position will be partially funded by the Development Services Enterprise (50% of cost). From 2027 to 2030, Castle Rock Water is projecting to add two FTEs, a Wastewater Distribution Operator and an AMI Coordinator and a Water Quality Technician in 2027. The personnel budget also includes increases associated with market-driven pay adjustments in SCADA. The Study reflects updated personnel cost allocations across the four enterprises to capture cost-of-service impacts on personnel resources, as well as Town-wide changes to the pay and benefits plans. After 2030,

costs for personnel are escalated by 1.55% which is consistent with the long-term historical average CPI.

Electricity

The third largest operating cost, electricity, reflects full operation of the Plum Creek Water Purification Facility and other treatment plants, alluvial and groundwater well operations and pumping associated with water and wastewater service. Castle Rock Water has implemented an energy management and system optimization plan to maximize the efficiency of electrical usage. Electricity costs have been budgeted at an 8% annual increase in 2026 and 2027 and a 4% annual increase in 2028 based on information from CORE. For each remaining year of the five-year period, a 3% annual increase is assumed. After 2030, electricity costs are escalated by 1.55% consistent with the long-term historical average CPI.

Operations & Maintenance

Cost projections include operating and maintenance costs for CRW. Items impacting operating costs during the five-year planning period include:

- Meter costs under supplies are going up significantly as we transition to advanced metering infrastructure
- Operating costs for WISE will continue to increase as the full quota of Castle Rock's WISE water is delivered with that occurring in 2026
- Personnel costs have risen significantly in response to staffing shortages and competition for labor across the region. Castle Rock Water has included salary adjustments in the 2026 budget to remain competitive for SCADA staffing.
- The addition of four new positions during the planning period as well as the anticipated market-driven pay adjustments for SCADA mentioned above.

This results in increases of 46% over the five-year period. To ensure that only costs needed are included in the budget, line-item details are reviewed. After 2030, operations and maintenance costs in the model are increased by 1.55% consistent with the long-term historical average CPI.

Rates and Fees and Cost of Service Modeling

Once the first four steps are completed, the capital plan is put into the system development fee models along with the projected new single-family equivalents that this capital will support. Proposed system development fees from these models are then put into time based financial models otherwise known as the rates and fees models, one for each enterprise. These models look at financial data through 2065. Castle Rock Water then works to ensure that over the modeling period (out to 2065):

- There are no large rate increases forecasted (greater than 8%) to be needed
- Fund balances are maintained within reasonable limits according to upcoming capital needs through 2065
- Minimum reserves are maintained for all enterprises throughout the study period
- Debt needed is reasonable with respect to Castle Rock Water's borrowing capacity

If these conditions are not met, adjustments are made to the capital plan and operating expenses where changes can be made without impacting levels of service to balance these items. Revenue requirements for each enterprise are then determined from the models based on the change in revenue needs for each enterprise according to the forecast capital and operational expenses. Once the total revenue requirements are identified in each enterprise, cost of service models are used to spread those revenue requirements over the different customer classes. The end results are the rates and fees recommendations.

Proposed Rates and Fees for 2026 through 2030

Based on impacts of the revised capital plan and projected system growth by fund as well as the other key changes, the “2025 Study” has resulted in projected required rate revenue increases as shown in Table 8 below.

Table 8: Rate Required Revenue Increases by Enterprise – “2025 Study”

	2026	2027	2028	2029	2030
Water Fund	5%	5%	5%	5%	5%
Water Resources	8%	8%	8%	8%	8%
Stormwater	5%	5%	5%	5%	5%
Wastewater	0.5%	0.5%	0.5%	0.5%	0.5%

After careful planning and review of operating costs and capital plans in this year’s study, the overall impact will be a 5.0% increase in Water, an 8.0% increase in Water Resources, a 5.0% increase in Stormwater, and a 0.5% increase in Wastewater.

For the “2025 Study”, there is an increase in the average annual bill for the typical residential customer due to the rate changes being recommended in 2025. Other customer classes will also see varying increases to their annual bill depending on customer usage patterns. Table 9 summarizes these impacts to a typical annual utility bill for various customer classes.

Table 9: 2026 Rate Adjustment Recommendations and Total Typical Annual Utility Bills

Customer Class	2025 Actual Typical Annual Bill	"2025 Study" Proposed 2026 Typical Annual Bill	\$ Change	% Change	"2024 Study" Proposed 2026 Typical Annual Bill
Residential ¾" Meter	\$1,502.07	\$1,571.45	\$69.38	4.6%	\$1,571.45
Commercial Indoor ¾" Meter	\$2,681.27	\$2,796.43	\$115.16	4.3%	\$2,796.43
Commercial Indoor 1½ " Meter	\$10,260.93	\$10,738.01	\$477.08	4.6%	\$10,738.01
Commercial w/Irrigation ¾" Meter	\$2,191.89	\$2,285.87	\$93.98	4.3%	\$2,285.87
Commercial w/Irrigation 2" Meter	\$21,358.45	\$22,338.60	\$980.15	4.6%	\$22,338.60
Multi-family Indoor ¾" Meter	\$1,011.81	\$1,063.26	\$51.45	5.1%	\$1,063.26
Multi-family w/Irrigation 1½" Meter	\$10,851.98	\$11,332.27	\$480.29	4.4%	\$11,332.27
Irrigation ¾" Meter	\$3,670.09	\$3,865.69	\$195.60	5.3%	\$3,865.69
Irrigation 2" Meter	\$20,709.78	\$21,890.37	\$1,180.59	5.7%	\$21,890.37

As a part of the presentation of the proposed rates and fees for 2026, Castle Rock Water compared the 2026 proposed rates and fees with other similar water providers in the South Metro area. Many of the water providers do not provide stormwater services, so we show these separately for accurate comparison purposes. The benchmarking comparisons include all fees related to water, water resources, and wastewater services. These fees have different names across the various water providers including water and sewer service fixed and volumetric fees, water resource fees, renewable water fees, capital improvement fees, sewer system replacement fund fees, and groundwater protection fees.

Staff compared rates to other South Metro water providers for a typical winter usage of 5,000 gallons and a typical summer usage of 15,000 gallons. While we have compared the proposed rates and fees to other providers in Colorado, these comparisons are less relevant due to the local challenges faced by South Metro water providers. In summary, the South Metro water providers are generally currently operating on deep groundwater wells and are building renewable surface water systems. A number of the systems have implemented monthly fees like Castle Rock's water resources fee including Castle Pines Metro, Meridian, Pinery, Stonegate, East Cherry Creek and Roxborough. Others have incorporated these fees into their standard water rates or utilized tax mill levies.

The results of the comparison to other South Metro water providers are shown in Charts 2 and 3 below. As indicated above, it is important to note that several of the South Metro water providers have their revenues supplemented by tax mill levies to help with renewable water investments. The charts below show the approximate impact this has on the cost of service for a typical residential customer based on the average median price of a home in Douglas County of \$743,000

<http://www.douglas.co.us/documents/douglas-county-demographics-summary.pdf>). This mill levy was distributed across twelve equal payments for comparison's sake even though this will typically be paid in fewer installments. The results of this comparison of proposed 2026 rates and fees for Castle Rock to 2025 current rates and fees for other providers indicate that Castle Rock's rates and fees are comparable to other area providers even before those providers make changes for 2026. Once 2026 rates and fees are available for the other area providers, CRW will update these charts and ensure they are available on our website.

Chart 2: Typical Monthly Winter Bill (per 5,000 gallons)

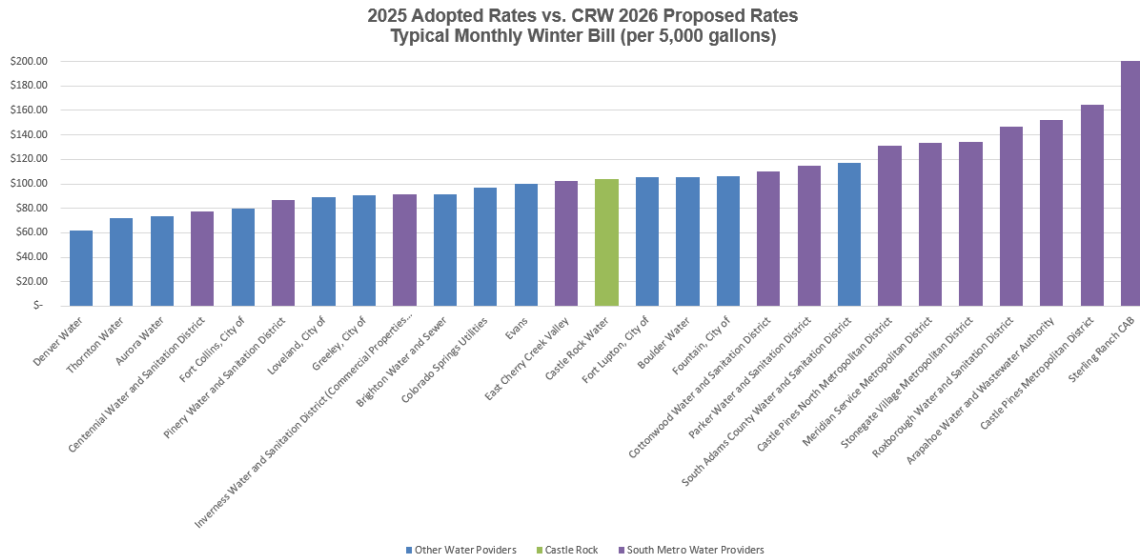
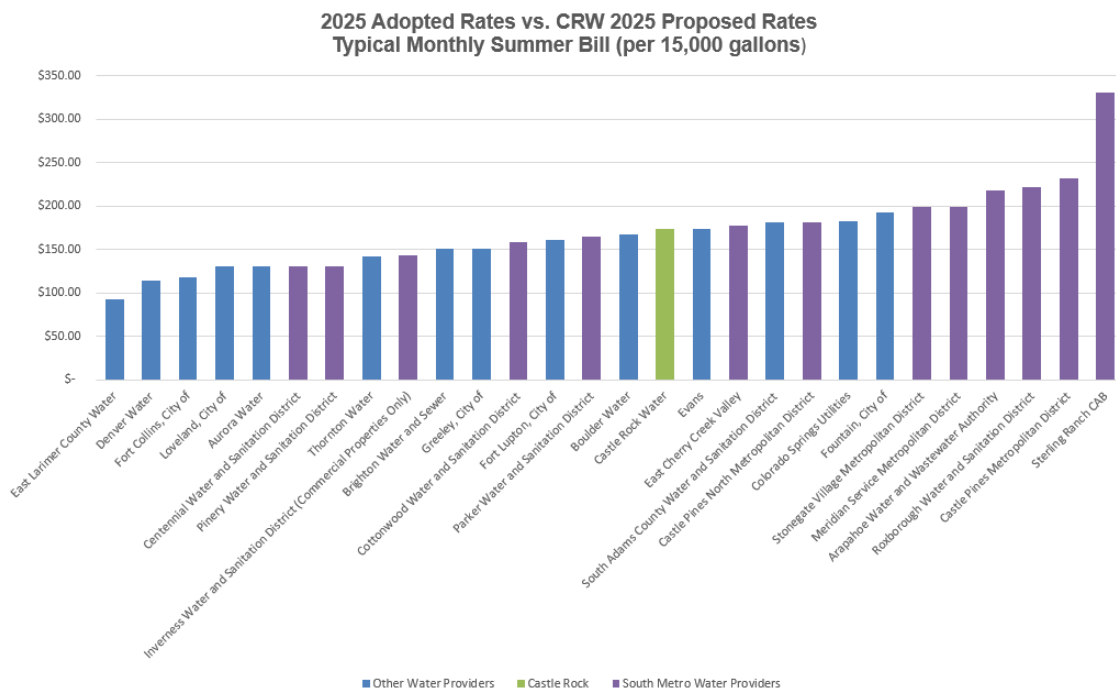
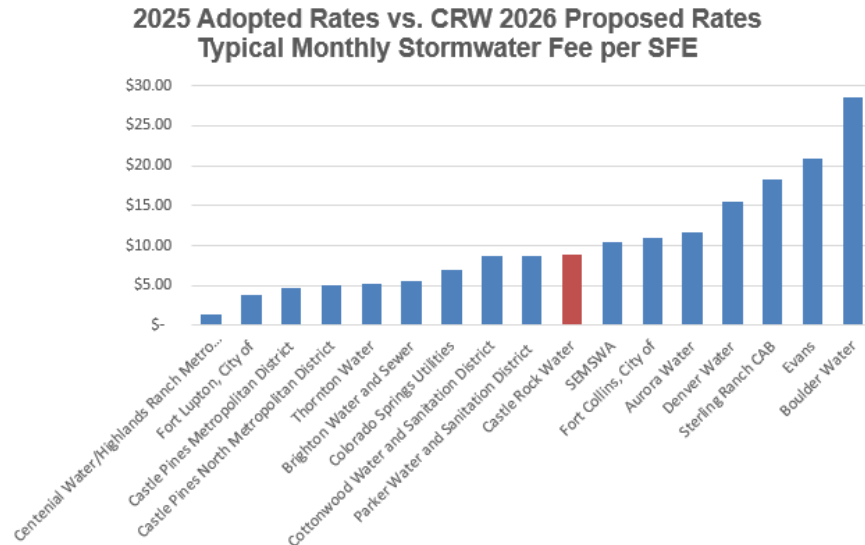


Chart 3: Typical Monthly Summer Bill (15,000 gallons)



Similar comparisons for stormwater fees are in Chart 4 below. While this is not a comprehensive list of all providers, it shows some of the key stormwater providers in our area. The data indicates that Castle Rock's proposed fees are consistent with many of the other local providers. It is important to note that some jurisdictions handle stormwater through general taxes instead of having a stormwater utility. The results of the comparisons are as follows:

Chart 4: Typical Monthly Stormwater Fee per Single Family Equivalent



Note: SEMSWA, stands for Southeast Metro Stormwater Authority and includes East Cherry Creek Valley Water and Sanitation District, Arapahoe County Water and Wastewater Authority, and Inverness. The rate shown for Parker Water and Sanitation District is through the Town of Parker and has not changed since 2023.

Table 10 summarizes proposed fixed charges for 2026 from this year's study.

Table 10: Single Family Residential Fixed Charges

	2025 Actual Typical Bill	"2025 Study" Proposed 2026 Typical Bill	\$ Change	% Change	"2024 Study" Proposed 2026 Typical Bill
Water	\$10.94	\$11.49	\$0.55	5.0%	\$11.49
Water Resources	\$33.61	\$36.30	\$2.69	8.0%	\$36.30
Wastewater	\$8.61	\$8.65	\$0.04	0.5%	\$8.65
Stormwater	\$8.37	\$8.79	\$0.42	5.0%	\$8.79
TOTAL	\$61.53	\$65.23	\$3.70	6.0%	\$65.23

System Development Fees

System development fees (SDFs) are a function of year-end 2024 fixed assets, 2025 year-end estimates of capital improvement project costs, 2026 through 2065 capital improvement project plans, and system capacity for water, water resources, and wastewater and developable acres for stormwater.

Growth forecasts and increases to the capital plans in the "2025 Study" indicate that total SDFs for a typical SFE will need to increase from the 2025 adopted fees. The "2025 Study" indicates fees will need to increase in 2026. The recommended increase this year is approximately 9%, as shown in Table 11.

Table 11: Single Family Equivalent System Development Fee Comparison**PLUM CREEK BASIN**

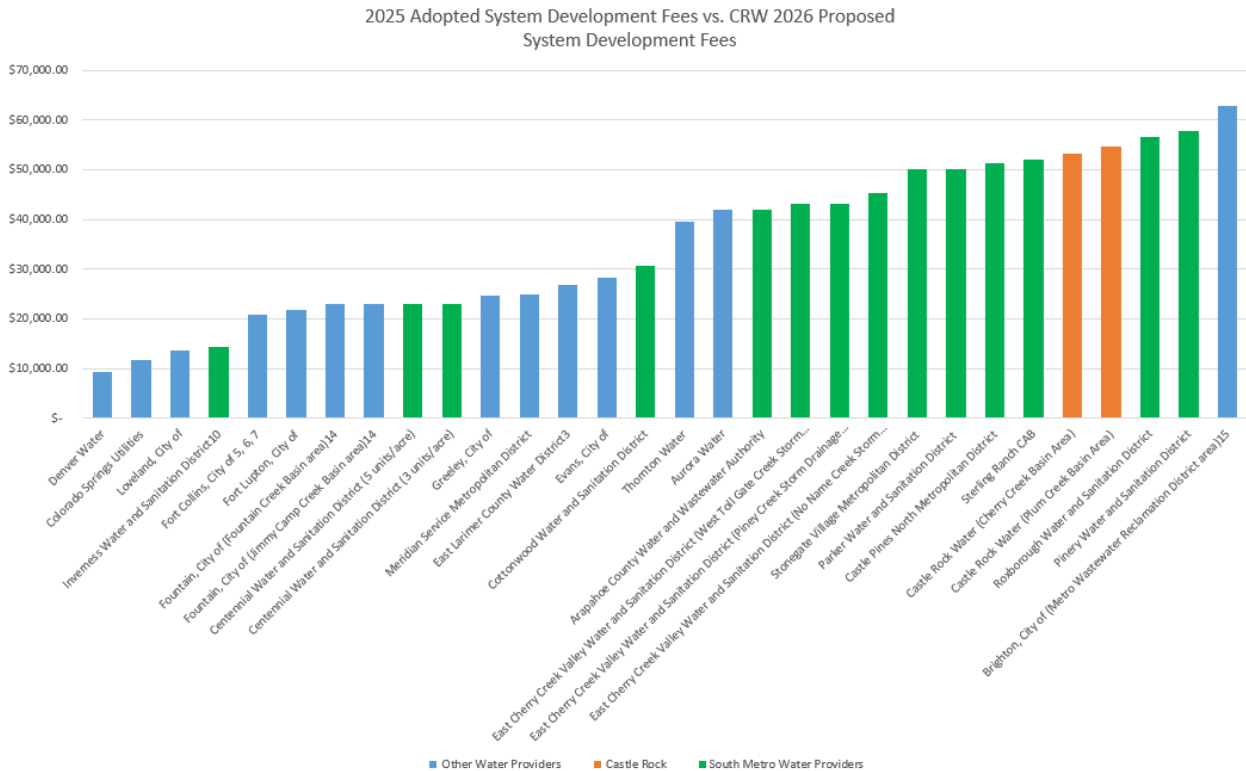
	2025 Actual Fees	“2025 Study” Proposed 2026 Fees	\$ Increase (Decrease)	% Change	“2024 Study” Proposed 2026 Fees
Water	\$8,276	\$9,931	\$1,655	20%	\$9,931
Water Resources	\$33,485	\$35,829	\$2,344	7%	\$35,829
Wastewater	\$5,729	\$6,130	\$401	7%	\$5,901
Stormwater	\$2,704	\$2,839	\$135	5%	\$2,839
TOTAL	\$50,194	\$54,729	\$4,535	9.0%	\$54,500

CHERRY CREEK BASIN

	2025 Actual Fees	“2025 Study” Proposed 2026 Fees	\$ Increase (Decrease)	% Change	“2024 Study” Proposed 2026 Fees
Water	\$8,276	\$9,931	\$1,655	20%	\$9,931
Water Resources	\$33,485	\$35,829	\$2,344	7%	\$35,829
Wastewater	\$5,729	\$6,130	\$401	7%	\$5,901
Stormwater	\$1,265	\$1,265	\$0	0%	\$1,265
TOTAL	\$48,755	\$53,155	\$4,400	9%	\$52,926

As part of the review of proposed fees, Castle Rock Water reviewed system development fees compared to other providers in our area and Colorado. Stormwater development impact fees were not included in the evaluation since many providers do not provide this service. System development fees include water and sewer tap fees, water development fees, outfall development fees (for reservoirs), metro sewer charges, construction water charges, renewable water fees, and water resource fees. See results of the benchmarking comparisons for SDFs in the following chart.

Chart 5: SDF Rate Comparison with Surrounding Communities **2025 Adopted System Development Fees w/ Castle Rock 2026 Proposed Fees**

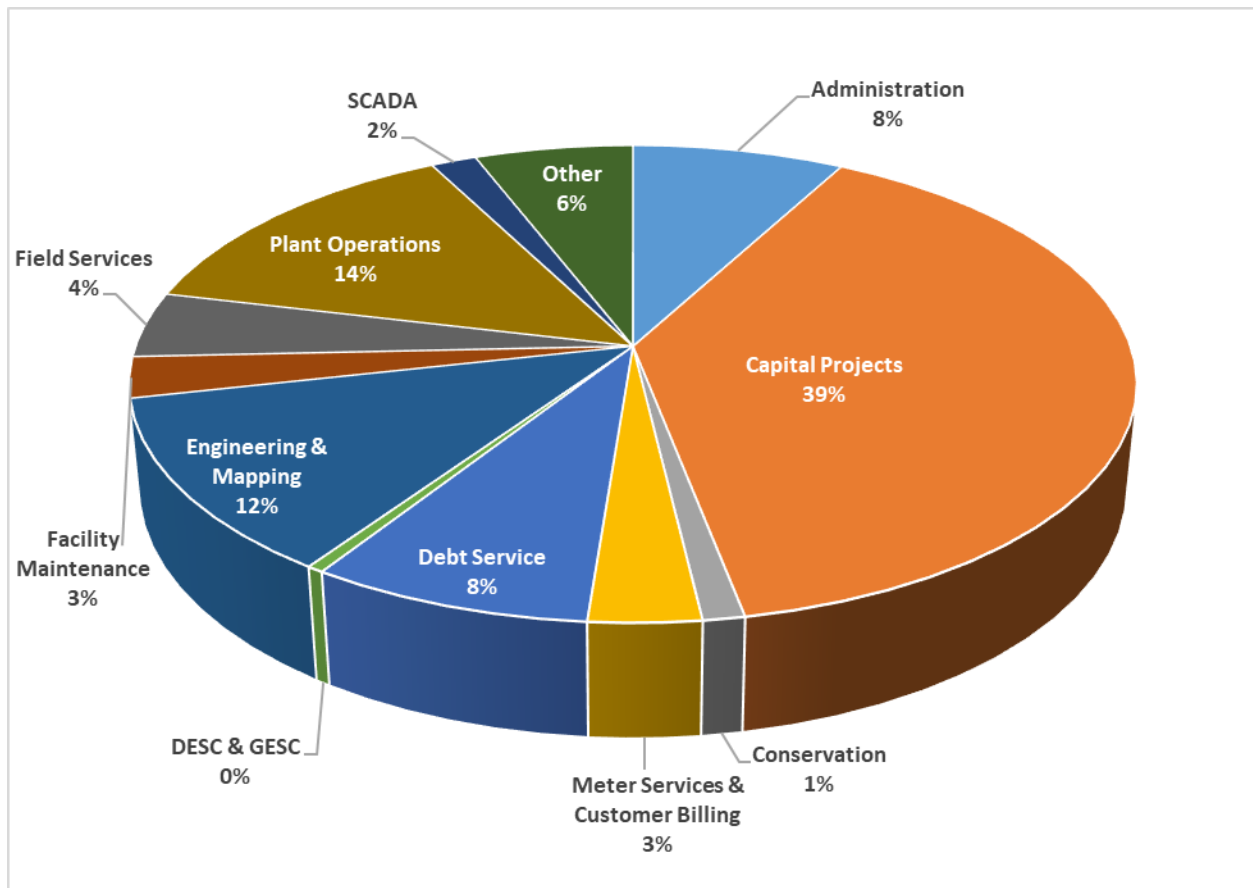


**The Parker Water SDF includes a \$5,000 Water Resource's Toll, for a ¾" meter, in the above calculation, which may not apply to all customers.*

Utilization of Rates and Fees

Chart 6 summarizes how revenues are used by Castle Rock Water.

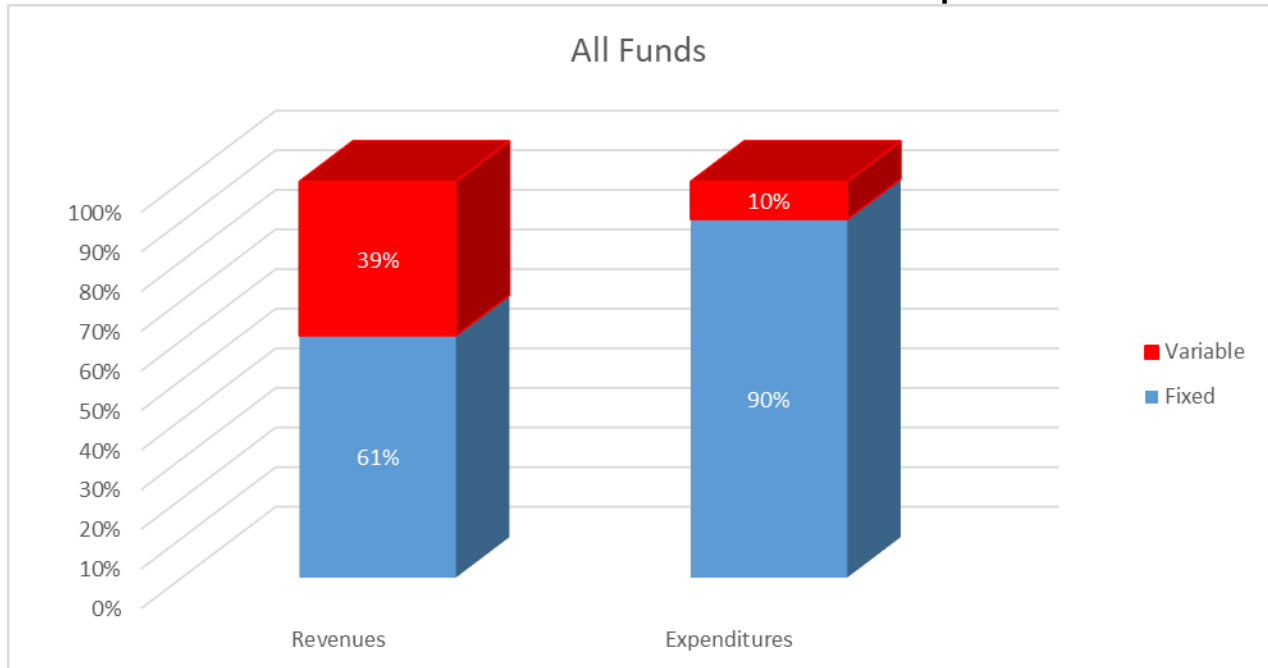
Chart 6: 2024 Costs by Function



From this chart, it is clear that the Capital Project Plan is a very significant portion of the rates and fees needed for operation of the funds. The infrastructure intensive nature of the business results in significant fixed costs. Castle Rock Water wants to continue to implement a strategy, to the extent possible within our cost-of-service model, which matches fixed revenues with fixed costs to ensure revenue stability thereby minimizing the potential for future rate shocks. This strategy also considers the need to incentivize water conservation and efficiency through variable rates for water use.

Chart 7 shows the breakdown between fixed and variable revenues and expenses for the fiscal year ending 2024. Variable revenues account for 39% of total revenue, with metered water sales being the largest component. The majority of expenditures for CRW are fixed in nature with the largest operational cost being personnel costs.

Chart 7: 2024 Fixed Versus Variable Revenues & Expenditures



Bulk Water Program

Castle Rock Water provides customers with two options for bulk water. These customers include not only typical customers that live within Castle Rock Water's service area, but also customers from Douglas County. For the larger users typically (5,000+ gallons a day) a bulk water hydrant meter and permit are an option. These are typically development projects needing bulk water for dust control, grading, etc. The second option is access to the bulk water station. This is for the smaller users, typically less than 5,000 gallons a day, however there is not a minimum requirement.

Monthly consumption averages for bulk hydrant customers put a similar demand and usage on the system as a 1.5-inch meter. Therefore, the monthly service charges for water and water resources are the same for this customer class as other 1.5-inch meter customers. Table 12 shows changes to the bulk hydrant rates for 2026 that are in line with increases applicable to all customers.

Table 12: Bulk Hydrant Meter Rate Comparison

	Adopted 2025 Rates	Proposed 2026 Rates	\$ Change	Benchmark Range	Benchmark Average
Monthly Water Fixed Service Charge	\$21.54	\$22.62	\$1.08	Not Available	Not Available
Water Volumetric Rate (per 1,000 gallons)	\$9.01	\$9.46	\$0.45	\$5.20-\$18.58	\$10.65
Monthly Renewable Water Fixed Service Charge	\$241.03	\$260.31	\$19.28	Not Available	Not Available
Monthly Permit Fee	\$300.00	\$300.00	\$0	\$2.08-\$450.00	\$163.26
Refundable Deposit-Hydrant Meters	\$5,000.00	\$5,120.00	\$120.00	\$750-\$6,000	\$2,268.56

Monthly consumption averages for bulk station customers put a similar demand and usage on the system as a ¾” meter. Therefore, the monthly service charges for water and water resources are the same for this customer class as other ¾” customers. Even though bulk station applicants are asked where the water will be used, there is no guarantee that they will not take the water out of Castle Rock and the basin. To account for this, bulk station customers are charged 125% of the maximum outdoor Tier 2 irrigation rate. The 125% is in line with what CRW is allowed to charge for extraterritorial agreements according to municipal code.

Table 13: Bulk Station Rate Comparison

	Adopted 2025 Rates	Proposed 2026 Rates	\$ Change	Benchmark Range	Benchmark Average
Monthly Water Fixed Service Charge	\$10.94	\$11.49	\$0.55	\$10.00-\$42.61	\$26.31
Water Volumetric Rate (per 1,000 gallons)	\$11.26	\$11.82	\$0.56	\$4.61-\$17.37	\$10.29
Monthly Renewable Water Fixed Service Charge	\$33.61	\$36.30	\$2.69	Not Available	Not Available
Bulk Station Refundable Deposit	\$255.00	\$234.00	\$(21.00)	Not Available	Not Available

Schedule

The current schedule for the 2025 Rates and Fees Study targets the following milestones.

- Town Council 1st Reading 10/7/2025
- Town Council 2nd Reading 10/21/2025
- Implementation 1/01/2026

Staff Recommendation

Based on the “2025 Study” staff recommends the following changes to the 2026 rates and system development fees for a single-family equivalent (SFE).

Water Fund

1. Fixed Monthly Charge – 5% Increase
2. Volumetric Rates – 5% Increase
3. System Development Fee – 20% Increase

Water Resources Fund

1. Fixed Monthly Charge – 8% Increase
2. System Development Fee – 7% Increase

Stormwater Fund

1. Fixed Monthly Charge – 5% Increase
2. Development Impact Fee – 5% Increase Plum Creek Basin and 0 % Increase Cherry Creek Basin

Wastewater Fund

1. Fixed Monthly Charge – 0.5% Increase
2. Volumetric Rate – 0.5% Increase
3. System Development Fee – 7% Increase

Staff recommends moving forward with these recommended rates and fees, finalizing the “2025 Study” report and all the associated data, and bringing the appropriate ordinances to Town Council for approval in accordance with the proposed schedule.

Proposed Motion

“I move to approve the Ordinance as introduced by title.”

Alternative Motions

“I move to approve the resolution 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).”

Attachments

Attachment A:	Ordinance
Attachment B:	Volume 1
Attachment C:	Volume 2