

CASTLE ROCK WATER

**ORDINANCE AUTHORIZING AN EMERGENCY
ADOPTION FOR THE SALE OF WATER AND SEWER
ENTERPRISE REVENUE BONDS, SERIES 2022, IN AN
AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED
\$30,000,000, SECOND READING**

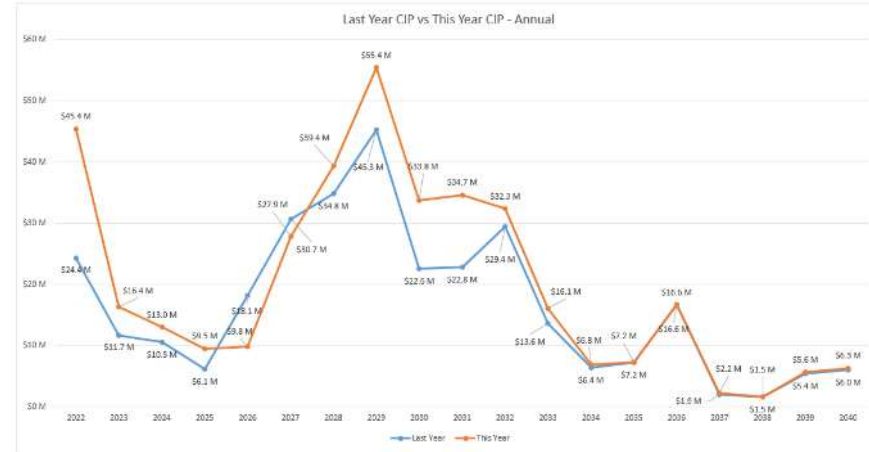
JANUARY 18, 2022



\$30M REVENUE BOND ORDINANCE

BACKGROUND

- Future Capital Needs
 - 2021 Rates & Fees Study investments of \$523M vs. \$477M projected in 2020
 - Long term capital plan calls for increases of \$32M by 2025 and \$65M by 2040
 - Rate model indicated need for large rate increases beginning in 2029
- Current Borrowing Market
 - Hilltop Securities confirmed that current interest rates are low
 - Advantageous for Castle Rock Water (CRW) to issue new debt sooner than later
 - Interest rate estimated to be at or below 2.5%
 - Comments week of Jan 10th from Fed Chair indicate rate hikes as soon as March along with asset sales to reduce the Fed's balance sheet



\$30M REVENUE BOND ORDINANCE

REVENUE BOND DETAILS

- Bond Details
 - Negotiated sale
 - \$30M Project Fund
 - Estimated to be 2.5% interest or less
 - 20 year term
 - \$325K borrowing cost
 - \$1.8M annual debt service payments
- CRW Ratings
 - CRW Moody's rating = Aa2
 - CRW S&P rating = AA+
- Revenue bonds do not require the issuance going to vote

\$30M REVENUE BOND ORDINANCE

PROJECTS ANTICIPATED TO BE FUNDED WITH DEBT

- Parker Midsection Pipeline
 - Support additional conveyance capacity we receive from WISE project
 - \$13M estimated cost
- Castle Rock Reservoir 2 Reservoir Project
 - 822 acre foot reservoir on property in Sedalia
 - \$11.5M estimated cost
- Newlin Gulch Pipeline and Pump Station
 - New pipeline and pump station to move raw water from the PC Basin to RH Reservoir for storage
 - \$10M estimated cost

PROJECTS ANTICIPATED TO BE FUNDED WITH DEBT



\$30M REVENUE BOND ORDINANCE

BUDGET, SCHEDULE, RECOMMENDATIONS

- **Timeline**

- **Town Council First Reading** – completed on January 4, 2022
- **Rating Call** – completed on January 10, 2022 with S&P
- **Second Reading on Emergency Adoption** – January 18, 2022
- **Rating Received** – January 20, 2022
- **Post Offering Statement** – January 25, 2022
- **Bond Sale** – February 1, 2022
- **Closing** – February 10, 2022
- **Final Maturity** – December 1, 2042

- **First Quarter Budget Amendment**

- **Recommendations**

- Staff
- Water Commission

- **Questions?**

\$30M REVENUE BOND ORDINANCE

MOTION OPTIONS

PROPOSED MOTION:

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

ALTERNATIVE 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).”*