



**Highlands
Ranch**
WATER

2026

**Proposed Budget
and Rates**

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Introduction to Highlands Ranch Water



History

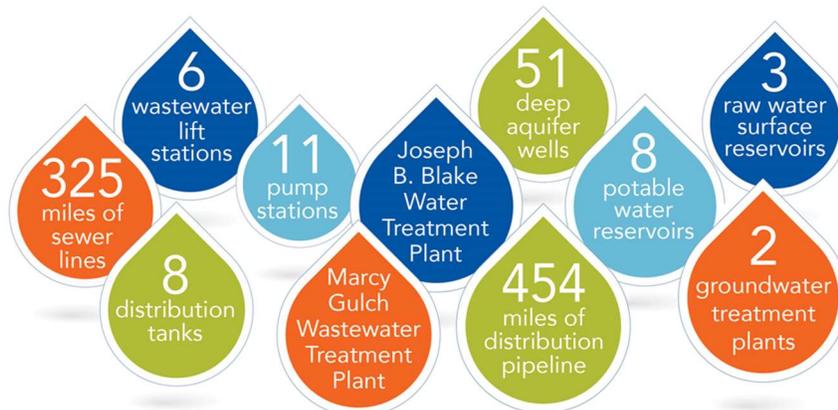
In 1980, through a vote of eligible electors, Highlands Ranch Water & Sanitation District (“Highlands Ranch Water”) was formed as a political subdivision of the State of Colorado and created as a quasi-municipal corporation to provide municipal water and wastewater services. In 2024, the Board of Directors approved changing Centennial Water & Sanitation District’s name to Highlands Ranch Water & Sanitation District which was effective beginning January 2nd, 2025.

Highlands Ranch Water is authorized to construct, own, operate, and maintain municipal water and wastewater facilities, including raw water storage and conveyance facilities, water treatment facilities, water pumping and transmission lines, water storage reservoirs, water supply wells and related equipment, metering facilities, trunk wastewater lines and manholes, lift stations, wastewater treatment facilities, and to provide water and wastewater service to residential and non-residential customers.

Authority is vested in the five-member Board of Directors (“Board”), with members being elected to serve as at-large representatives. In 2022, the Board began transitioning from a developer board to a resident board. Two residents were elected in 2022 with the other three elected in 2023. The Board, among other things, is responsible for passing resolutions, adopting the Annual Budget and Capital Improvement Plan, appointing committees, and hiring Highlands Ranch Water's general manager and legal counsel. Board members are elected to four-year staggered terms with either two or three Board members elected every two years.

Highlands Ranch Water currently provides municipal water and wastewater services in accordance with service agreements entered between the Highlands Ranch Metropolitan District (“Metro District”), Mirabelle Metropolitan District (“Mirabelle”), and Northern Douglas County Water and Sanitation District (“Northern Douglas”). Highlands Ranch Water also delivers treated water to two neighboring special districts— Castle Pines North Metropolitan District and Roxborough Water and Sanitation District— pursuant to “wheeling agreements”.

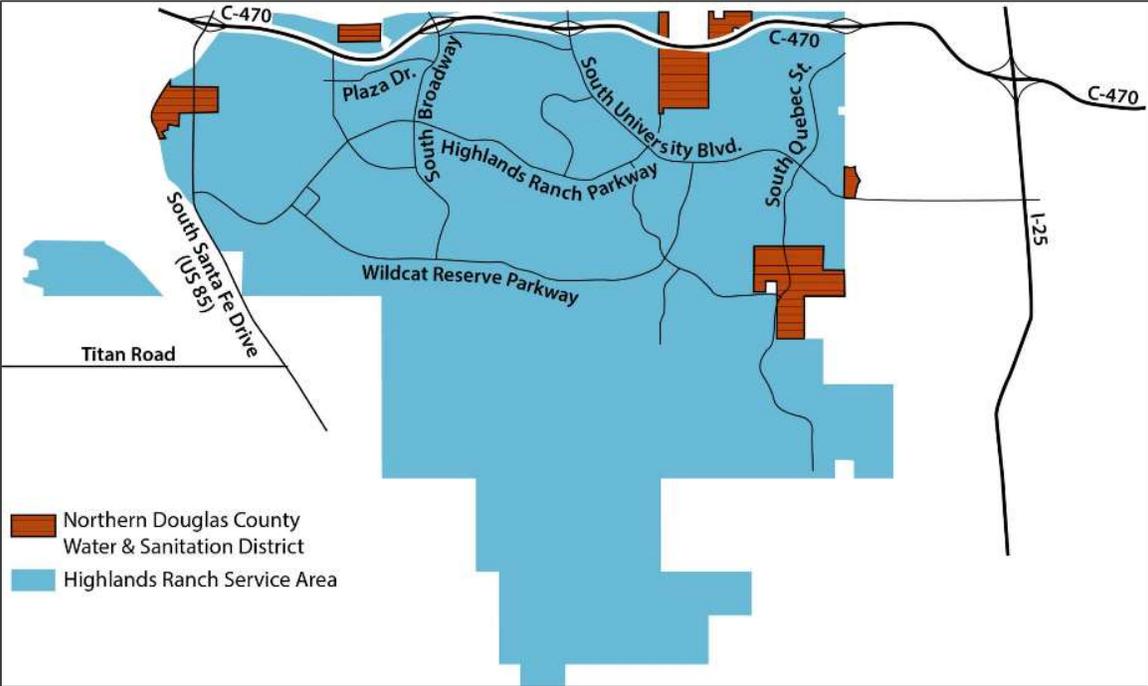
Our complex system includes the rivers, aquifers, reservoirs and canals that provide water; the plants that treat water and wastewater; the hundreds of miles of pipelines and thousands of separate pieces of infrastructure that deliver it all to our customers; and almost 100 employees who keep things running day in and day out, 24 hours a day, 365 days a year.



Service Area and Demographics

Highlands Ranch Water’s Service Area is located in the northwest portion of Douglas County, Colorado, approximately 12 miles south of downtown Denver. Highlands Ranch Water serves the communities of Highlands Ranch, Solstice, and Northern Douglas County.

The map below shows the entirety of our service area:



Over 94% of our customers live in Highlands Ranch. As one of the largest master planned communities, situated 12 miles south of Denver, Highlands Ranch offers its citizens the benefits of the Colorado outdoors and convenient access to the Denver Metro area’s strong job market and economy. Highlands Ranch Water serves approximately 110,000 residents.

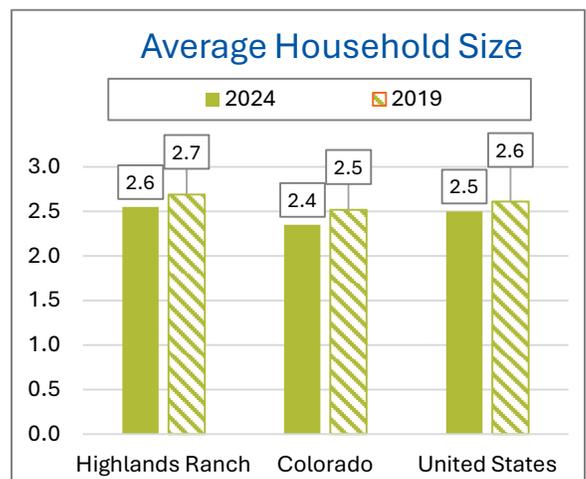
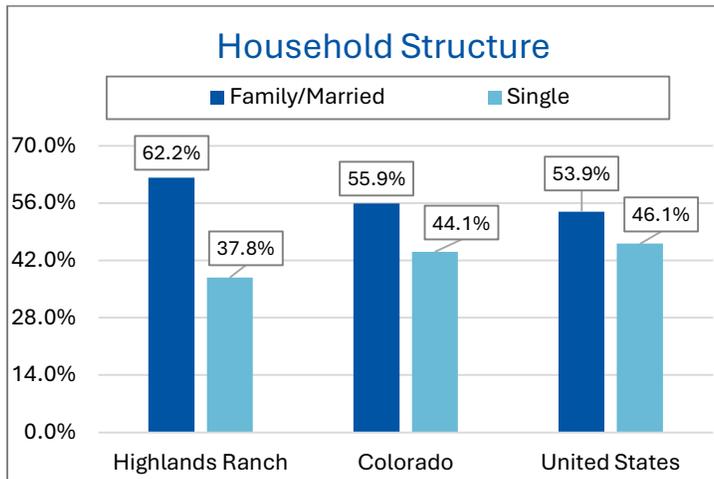


The demographic data presented in the following pages comes from the 2024 American Community Survey 1-Year Estimates. Highlands Ranch Water considers the following when preparing for the annual budget:

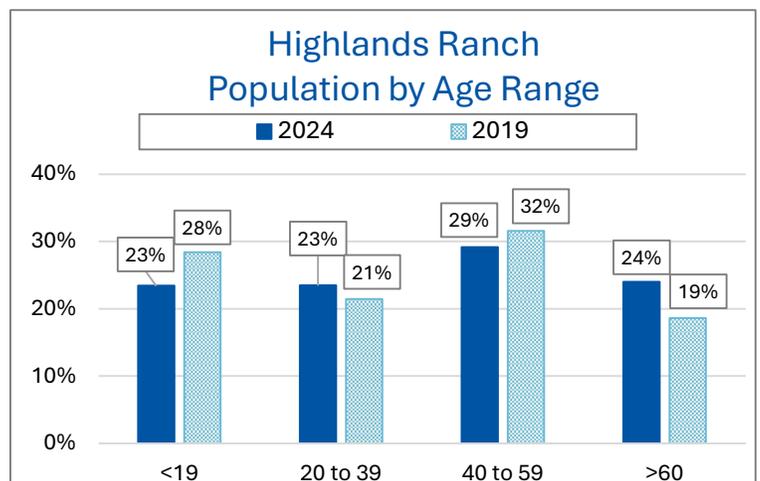
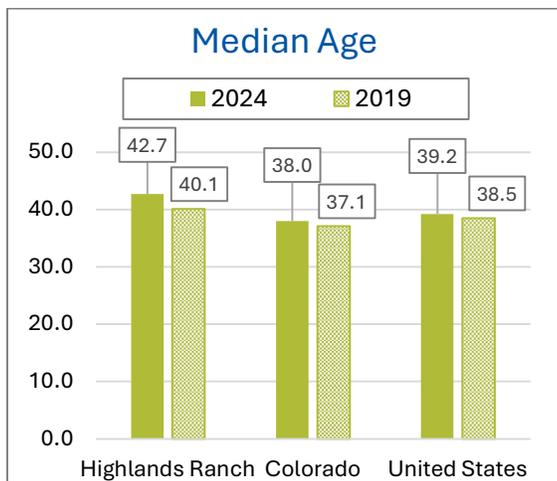
- Age ranges of service area population
- Household structure
- Home ownership rates and median household value
- Household income and unemployment

In considering population and household demographics, Highlands Ranch Water is better able to plan for and provide services effectively. As Highlands Ranch continues to mature, the percentage of the community that was once made up of family households has decreased by 7.4% compared to a reduction of 1.8% in Colorado and 0.7% in the United States.

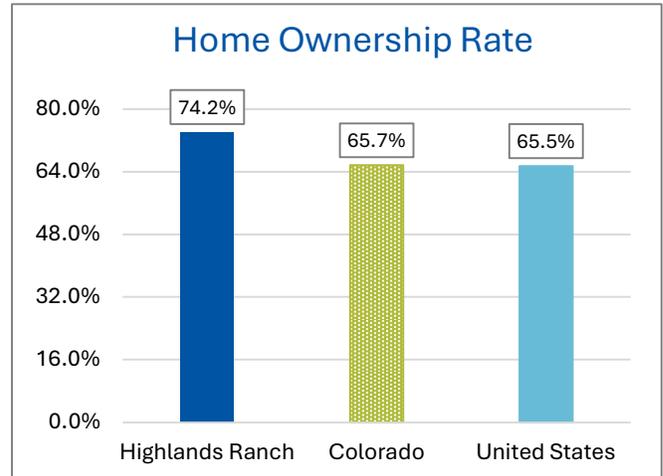
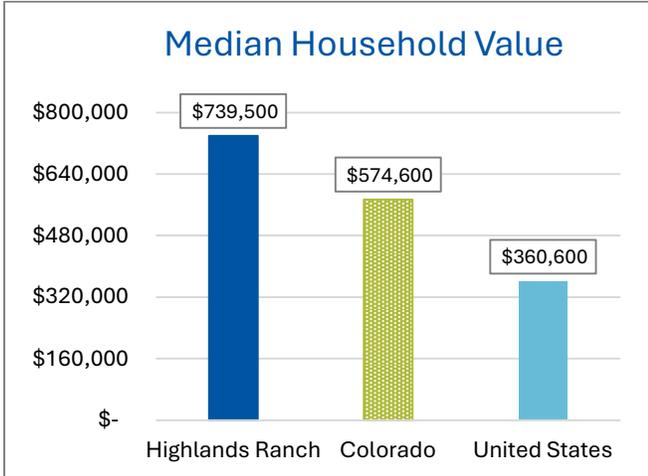
As 90% of Highlands Ranch Water’s funding comes from rates, reductions in household populations have a direct impact on the development of rates to support inflationary cost increases, resources to fund required capital projects and on-going major repair.



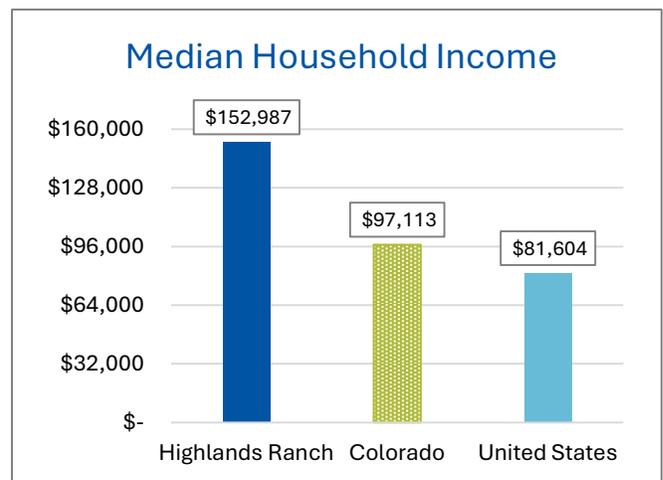
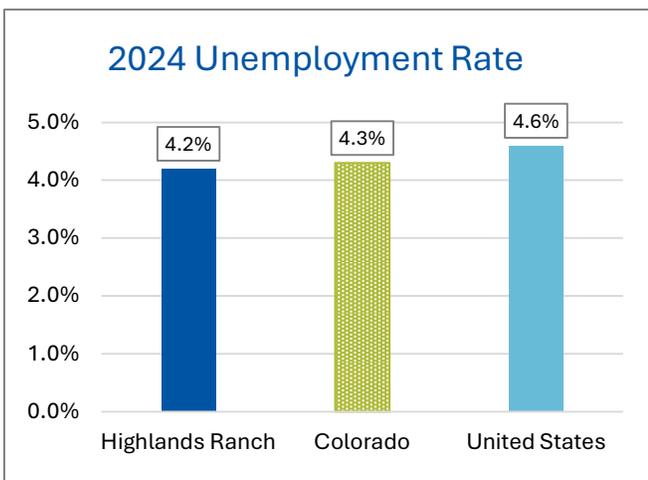
Highlands Ranch is also experiencing a higher increase in median age than Colorado and the United States; 6.5% increase versus 2.4% and 1.8%, respectively.



Homeownership rates and household value data helps Highlands Ranch Water understand the variability of rate collections due to housing turnover and housing values. Using this information, Highlands Ranch Water is better able to forecast revenues that aren't driven by unpredictable weather events. At the end of 2024, the vacancy rate in Highlands Ranch was 1.4%.

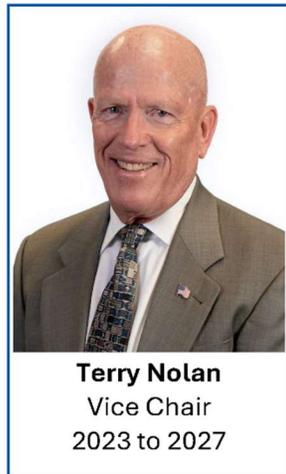


At the end of 2024, the unemployment rate in Highlands Ranch was 4.2%, compared to 4.3% in Colorado and 4.6% in the United States.



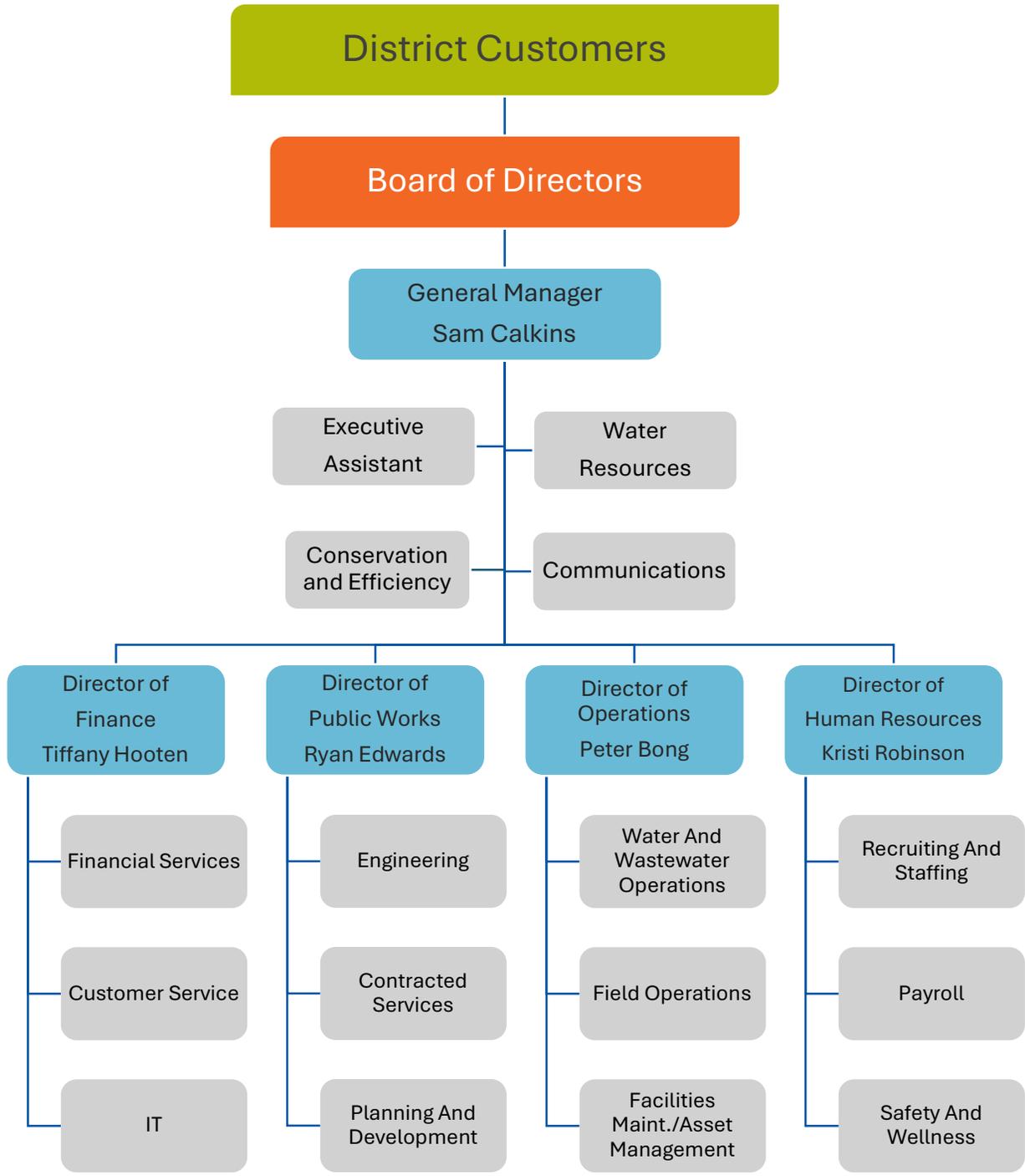
Board Of Directors

Highlands Ranch Water is governed by a board of directors, which, pursuant to state law, consists of five members. To be eligible for nomination to the board, prospective board members must be electors of Highlands Ranch Water as defined by state law. Directors are elected to staggered four-year terms of office at successive biennial elections.



Highlands Ranch Water board meetings begin at 6 p.m. on the last Monday of the month, and study sessions are held on the preceding Tuesday the morning beginning at 7:30 a.m. Both meetings are held at the Hendrick Office Building, 62 Plaza Drive. The public is invited to attend. Those who wish to attend virtually may do so via the Zoom platform. The meeting link will be posted on each agenda. Please Note: If you have a disability and need auxiliary aids or services, please notify us at 303-791-0430 at least 24 hours before the meeting.

Organizational Chart



Guiding Principals

Vision

To set the standard of excellence for community-based water and wastewater utility services through innovative practices in finance, operations, and resource management.

Mission

To provide safe, sustainable, and reliable water and wastewater services to our customers with superior quality and value.

Core Values

SAFETY

We work to ensure a safe living and working environment for our employees and our customers.

TEAMWORK

We collaborate with internal teams, customers, and regional partners to achieve our goals.

VISION

We remain forward looking and strive to provide leadership within the water and wastewater community.

EXCELLENCE IN SERVICE

We strive for excellence in all facets of our industry, including customer service, water quality and environmental stewardship.

INTEGRITY

We take pride in our work and demonstrate honest and ethical behavior. We respect the valuable resources we are entrusted with and protect them for future generations.

Our customers rely on us every day to deliver safe, clean, and reliable water and to ensure we provide efficient and environmentally compliant wastewater treatment. In turn, we rely on our customers to provide the resources we need to get that job done efficiently and responsibly.

We face many challenges, but we are prepared to meet them. Variable water supplies (from very dry to very wet years), aging infrastructure, increasingly stringent regulations, and rising costs all contribute to the complexity of providing exceptional service to our customers. We feel that our dedicated and experienced staff, along with our history of strategic planning, puts us in a strong position to take on challenges as they come.



Strategic Focus Areas

The Board of Directors and staff regularly evaluate the strategic focus areas that Highlands Ranch Water should prioritize for the benefit of our customers and the community as a whole. Below are certain focus areas that the Board and staff currently spotlight.

1. Water Supply Sustainability

Water resources are the cornerstone of our future. Without sufficient quantities of reliable water for current and future needs, we can't accomplish our mission.

Integrated Water Resources Planning

Our water resources staff continually evaluates the availability of water in Highlands Ranch Water's portfolio and compares that to anticipated needs. We look for opportunities to strengthen our existing portfolio, acquire additional resources and anticipate potential changes.

Water Resources Projects

The successful completion of the Chatfield Reservoir Reallocation Project allowed us to store an unprecedented quantity (almost 7,000 acre feet) of additional water in 2024. We hope to continue that success with innovative projects that will protect current resources, improve efficiency, and acquire additional resources when possible.

2. Human Health and Environmental Stewardship

Our primary requirements are to treat and deliver high quality water in sufficient quantity to meet our customers' needs, and to collect and treat wastewater to a standard that preserves and protects our natural environment.

Joe Blake Water Treatment Plant Improvements

Our 2018 water master plan recommended several projects to replace aging infrastructure and increase treatment capacity for renewable surface water. Phase 1A, completed in 2024, improved pre-treatment and boosted the plant from a capacity of 26 million gallons per day (MGD) to 30 MGD. We started construction of Phase 1B in 2024, with scheduled completion in 2026. This phase of the project is focused on improving chemical storage capacity and reliability. Finally, we are currently advancing the design of Phase 2 based on updated build-out demand forecasts and the EPA's recent PFAS drinking water regulation. We will complete design for this phase in 2026 and hope to begin construction in 2027. For more information on the phased projects at the water treatment plant, please see the Capital Improvement Plan beginning on page 71.

Marcy Gulch Wastewater Treatment Plant Improvements

Our 2016 wastewater master plan recommended several projects to replace aging infrastructure and improve the environmental quality of our wastewater effluent. Our current project, which started in 2019 and concluded in 2025, allows us to safely and efficiently process 8 MGD and meet stringent regulatory requirements for treatment. We anticipate that future phases will be necessary to further improve the treatment process in order to protect water resources to an even higher level.

Collection and Distribution System Improvements

Master planning to improve performance and maintain the reliability of our collection and distribution system will get underway in 2026. We will begin conducting a cathodic protection study for water transmission lines and continue our pipeline and valve replacement projects.

3. Financial Stability

Financial strength is a non-negotiable element of our success, and we are continuously working to ensure we have the resources available to uphold our commitment to provide the best possible – and completely reliable – water services to our customers for the next 40 years and beyond. We owe our customers great service at a fair price, but we can't afford to make shortsighted decisions in the near term that will leave excessive burdens for our future customers.

Capital Improvement Planning

As capital projects have a substantial impact on overall quality of our services but also the financial resources of Highlands Ranch Water, our capital improvement plan looks at major requirements for the next 10 years and prioritizes projects to maintain operations, regulatory requirements, and safety.

Customer Billing Software

We implemented a new and improved customer billing software system in 2025. This was the first major upgrade to this system in decades and is providing a more interactive and informative experience for our customers. We hope to use the new system to improve communication and education for all our stakeholders.

4. Employee Engagement

Our team is the key to our success. We focus on recruiting the right people, training them to perform their jobs successfully, and creating a positive culture that shows them we're committed to them, so they commit to us.

Employee Advisory Committee

In 2023, we improved and empowered our Employee Advisory Committee to facilitate communication and provide a venue for constructive suggestions and dialogue. The committee is composed of front-line staff who understand the challenges of day-to-day work and can communicate those to senior management with the goal of improving the culture of the entire organization.

Continuous Learning

We are committed to challenging our staff and providing them opportunities to grow as professionals, leaders, and people. Staff have the resources and opportunities to learn and advance through their careers by achieving a variety of qualifications that facilitate their career growth. They attend regional conferences on subjects including operations, regulations, community outreach, water conservation, and water utility best practices, among many others.

5. Stakeholder Partnerships

We are stronger when we create trusting relationships with our customers and other stakeholders. Highlands Ranch Water strives to be a leader in the communities we serve and in Colorado's larger water community.

Communications Planning

We started to focus more on community relations with our first full time digital communications specialist in 2024. As we grow our capabilities, we have had success in increased outreach – through an improved website, stories in local news, enhanced communication through email and social media, and an increasing number of community events.

Citizens Engagement Committee

We started working with our third class of volunteers to serve on our Citizens Engagement Committee in 2025. We envision this committee as a group of interested and engaged citizens who can learn more about our services, provide feedback from a community perspective, and be ambassadors for our larger customer base.

Board of Directors Elections

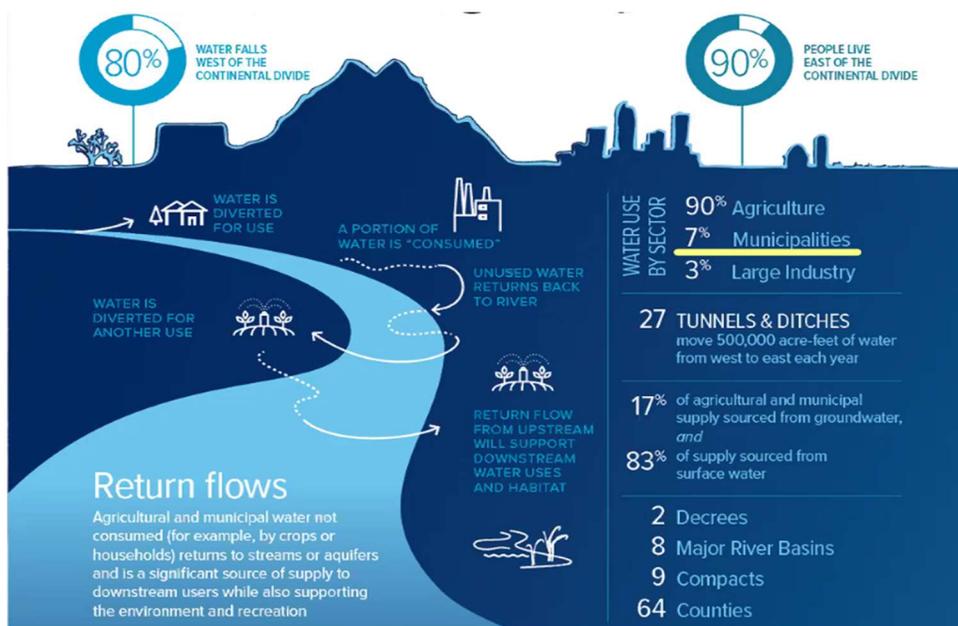
We held elections for two board seats in May 2025. Staff have already started the early stages of preparing for our next election in 2027, which will have three board seats up for election.

Regional Partnerships

Our staff and board serve on a wide variety of water industry groups and engage on topics as varied as water supply, best practices in operations, community outreach, water conservation, and shaping the regulatory environment.

Protecting Our Water Supply

Water conservation and efficiency have been a key focus of Highlands Ranch Water’s demand management plan since its inception in 1980. Highlands Ranch Water operates a conjunctive use water supply system that enables the use of surface water and/or groundwater sources to reliably provide water for our customers. The graphic below gives an overview of how water is used in Colorado:



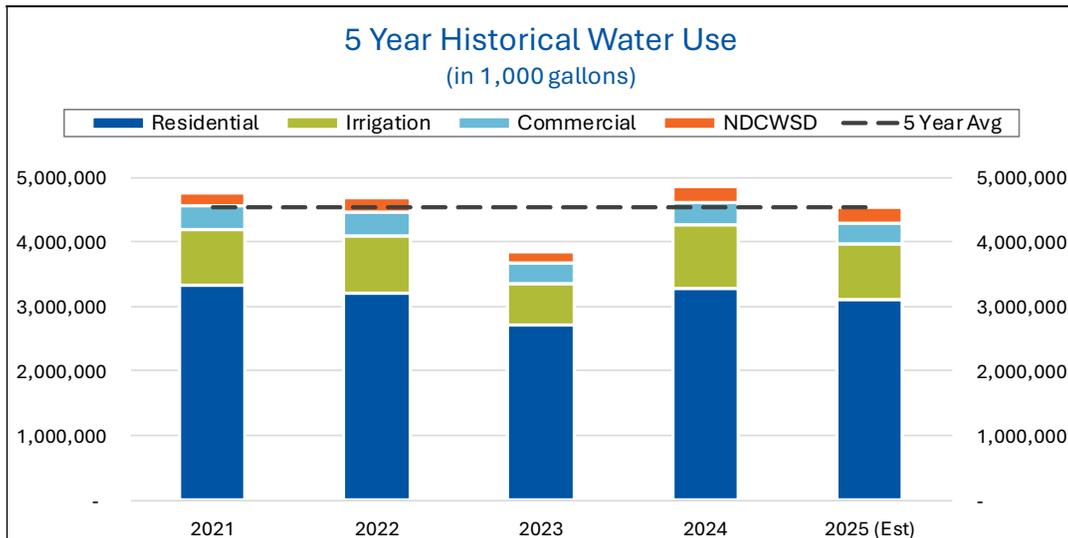
Customer Water Use

Highlands Ranch Water’s water-supply portfolio is comprised of renewable surface water from the South Platte River, including tributary alluvial groundwater, and non-tributary Denver Basin groundwater. The water supply for Highlands Ranch is predominantly renewable surface water from the South Platte River Basin. As needed, the surface water supply is supplemented with nonrenewable, reusable deep groundwater from three Denver Basin aquifers beneath Highlands Ranch. Over the past 30 plus years, surface water has comprised an average of 85 percent of Highlands Ranch Water’s water supply.

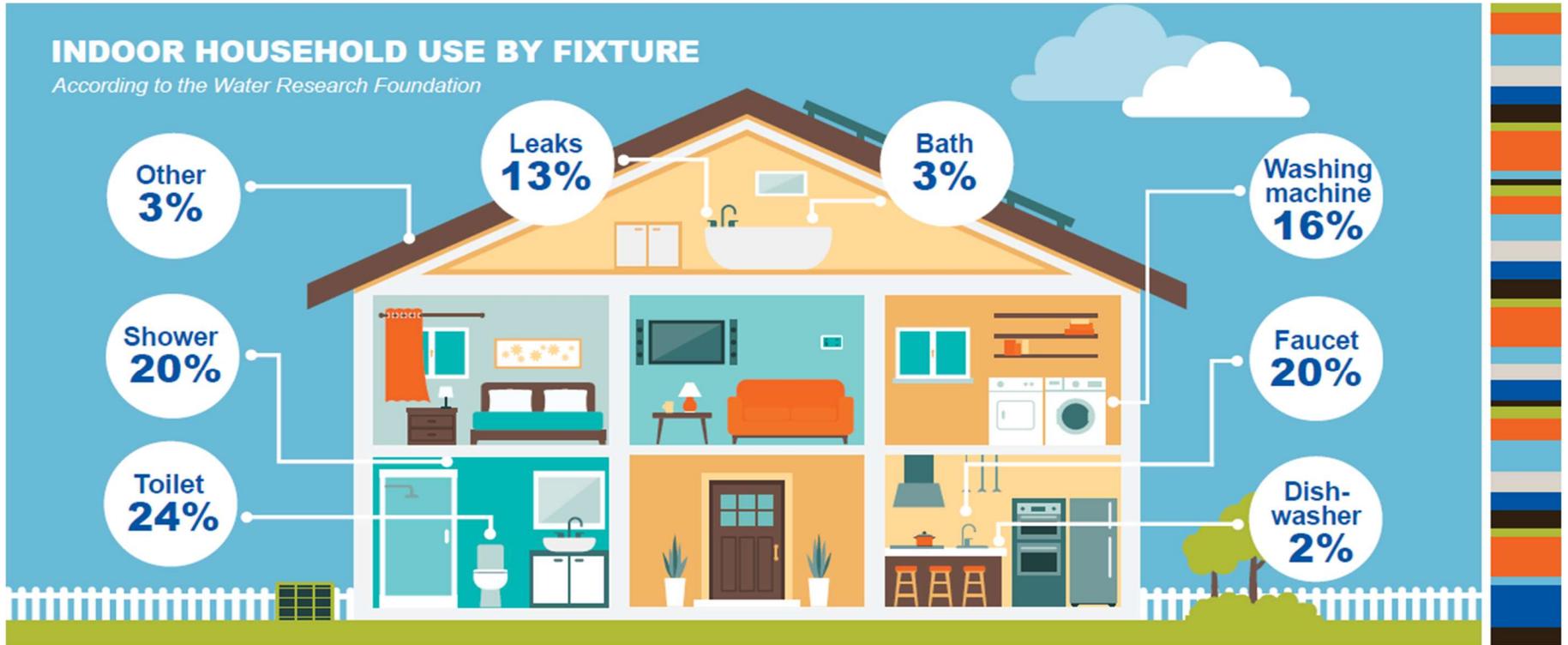


To encourage water conservation, in 2002 Highlands Ranch Water implemented an innovative water budgeting concept for water customers. The water budget for outdoor irrigation provides enough water for healthy landscapes, but not so much that our resources are wasted. This structure has helped slow demand increases to a rate less than that of population growth.

Single and multi-family residences are the largest customer group that Highlands Ranch Water serves, accounting for over half of the water demand in Highlands Ranch, as shown in the graph below:



Highlands Ranch Water has been adept at striking a balance to secure the future of our service area, environmentally and fiscally and District leaders are active on several regional and state committees to identify water supply projects that will benefit the community now and into the future.



INDOOR CONSERVATION TIPS

No one knows your water usage like you do. Inventory your water use habits around the home and identify ways you can save.



Limit showers to five minutes. Every minute you can cut off your shower time can save two gallons of water.



Install a high-efficiency shower head. This simple step can save you 2,900 gallons of water annually.



Check toilets for leaks. Place 10 drops of food coloring in the toilet tank. Do not flush. If any color shows up in the bowl after 10 minutes, you have a leak. Toilet dye tabs are available at our main office.



Get a WaterSense toilet. Older toilets use five to seven gallons of water per flush. The standard in Colorado is 1.28 gallons per flush for new homes.



Take a shower instead of a bath. Taking a shower uses about one-third of the amount of water compared to a bath.



Save water in the kitchen and laundry room. Run only full loads in the dishwasher and washing machine. Dishwashers use about 12 gallons of water per load and washing machines use 40 or more gallons of water each cycle.

Proposed Budget Summary



Budget Process

Highlands Ranch Water uses short and long-term planning when developing the annual budget to analyze the impacts against future years' operational, capital and major repair, and water acquisition needs. This process is vital to the creation of the budget so we can ensure that we balance our resources wisely to continue to provide the services and facilities as expected by our customers.

Each July, managers perform a comprehensive review of their mid-year budget versus actual spend and, through a process of budget revision, reassess needs and available financial resources for the remainder of the year. During the revision process, managers can move money from accounts that are underspent into those that might require additional resources, but unless major unforeseen circumstances have occurred, their direction is to work within the means appropriated in the adopted budget.

In August, managers look at both operational requirements for the next year and capital requirements for the next 10 years. This is the process of departmental budget preparation. When the departments' proposed budgets are complete, the Finance Department brings the data into the long-range forecast to decide if the proposed budgets are absorbable against budgeted revenues and future needs.

While the process is collaborative throughout, the finance team is charged with comparing requirements and resources and prioritizing projects when not all requirements are achievable. The Finance Department compiles the current year's revised budget and the next year's proposed budget and publishes them for public review on October 15. The public hearing occurs during the regularly scheduled board meeting in November.

In early November, staff hold a budget workshop with the Board so they may ask questions and provide direction. After this, staff refine calculations to finalize the budget and next year's rates which are approved in December and go into effect on January 1.

In summary, our board and staff engage in a year-long process that is detailed, focused, and transparent so we may continue to provide excellent service at reasonable rates, year after year. Oversight is provided by our Board and the public, which results in a financially strong district that accomplishes its vision and mission in a responsible way.



The illustration below shows the budget process throughout the year, including important dates:

January through July:

- Continuous monitoring of actual spend against appropriated budget
- Present to the Board quarterly financial updates



July and August:

- Project new development to plan for future year's water demand
- Estimate surface water availability for updated demand
- Develop operating and capital budgets



September:

- Finance compiles submitted data for proposed operating and capital budgets
- Finance performs a rate calculation for the next year based on submitted budgets
- Finance meets with the General Manager and Directors to review proposed budgets



October:

- Finalize the current budget year's revised and next year's proposed budgets
- Per State statute, make proposed budget available to the public by October 15th
- Proposed budget available on website at: highlandsranchwater.org



November and December:

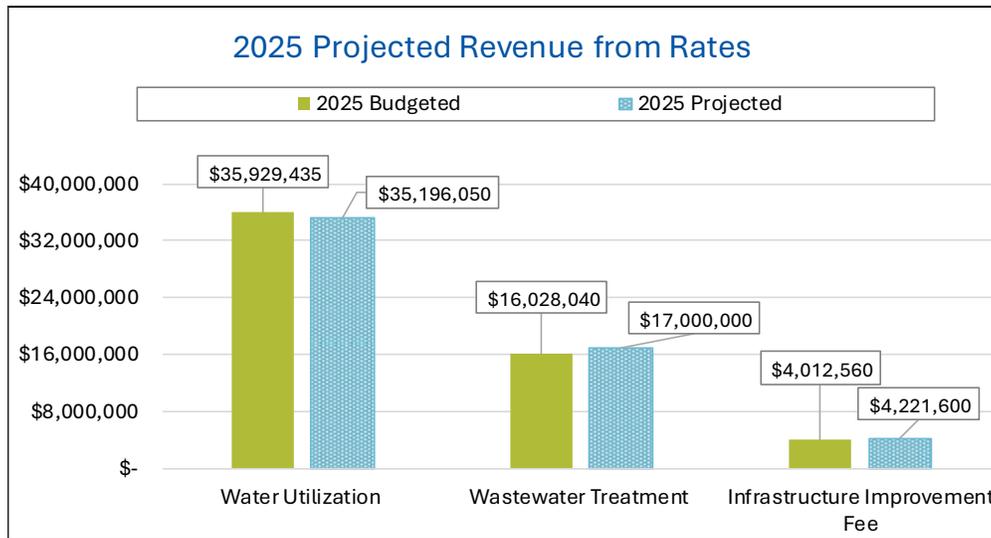
- Budget workshop with Board of Directors - November 12, 2025
- Public hearing - November 24, 2025
- Adoption of budget and rates - December 9, 2025

Budget-in-Brief – 2025 Revised Budget

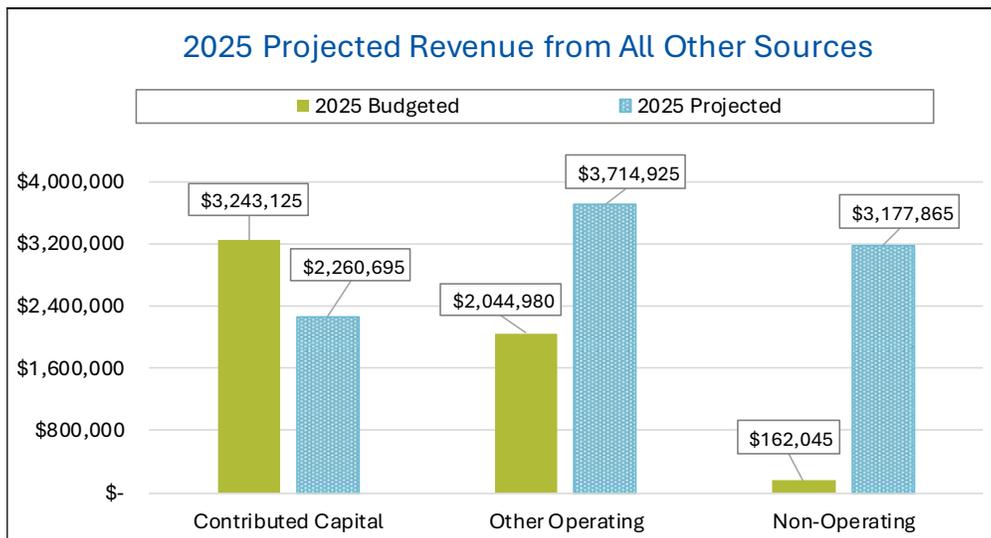
As part of the annual Budget Process, staff reviews the current year’s actual spend against the adopted budget. If any revisions need to be made, staff will work with leadership and the Board to determine the best re-allocation of resources.

2025 Projected Sources of Funds

The following revisions to the 2025 adopted sources of funds have been proposed as follows:



Water utilization rate revenue is currently projected to come in \$733,385 (-2.0%) less than budget, primarily driven by the amount of rain the area saw during the irrigation season. Wastewater treatment revenue is projected to come in \$971,960 (6.1%) more than budget. The increase in Infrastructure Improvement Fee revenue is primarily related to funding the necessary improvement at the water treatment plant, as discussed on page 73.

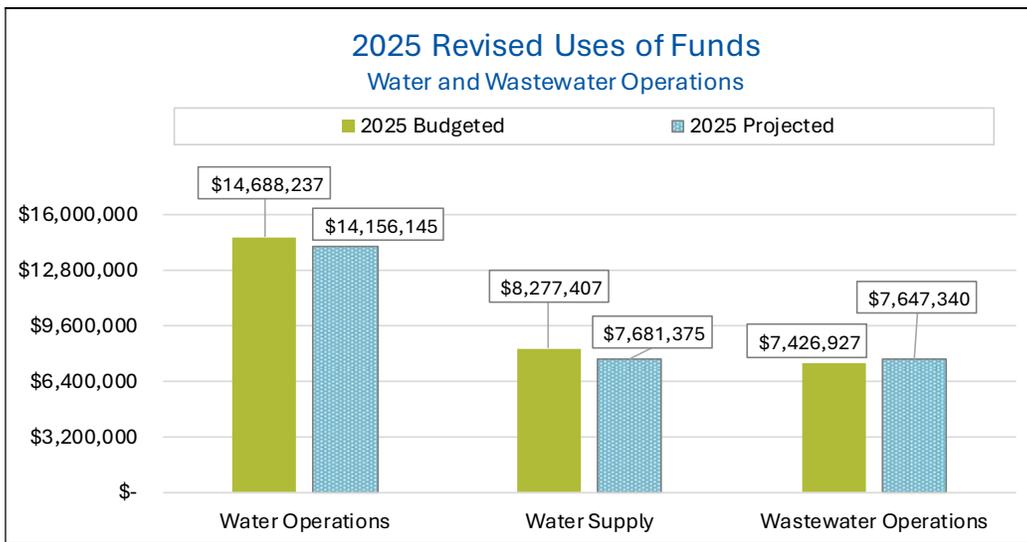


During the budget process, most of the contributed capital revenue budget is based on anticipated development in the upcoming year. The adjustment is due to actual development in 2025. Other operating income has a significant increase (81.7%) due to: (1) reclassifying \$234,845 in credit card fees from a reduction to revenue to an increase in expenses, and (2) updated net investment income calculations based on current market conditions.

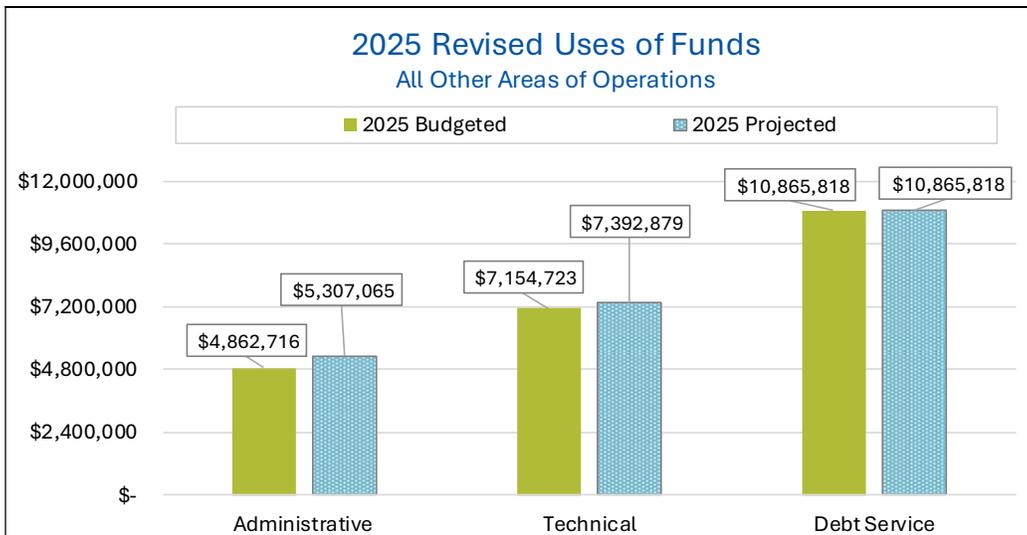
For non-operating income, Highlands Ranch Water entered into a settlement agreement as part of a class action lawsuit to support PFAS remediation and received \$2.9 million in 2025.

2025 Revised Uses of Funds for Operations

The 2025 revised uses of funds is decreasing to a total of \$183,896 (-0.5%). The following revisions to the 2025 appropriated uses of funds for operations have been proposed as follows:



Revised uses on funds for water operations is decreasing -3.7% primarily due to lower than budgeted costs for materials and supplies. Water supply costs are decreasing -6.2% due to lower than projected use of water from surface water leases. Wastewater operations are increasing for higher than expected costs for chemical treatment at lift stations.



Cost increases for administrative operations are primarily related to increases service contracts for IT and software used for accounting and billing. Technical cost increases are primarily related to services and supplies which support the SCADA system.

2025 Revised Uses of Funds for Capital

Capital projects are not appropriated with the budget but are instead presented to the Board and appropriated when the project is ready to begin. As such, the timing of project appropriation may have a significant impact on what is projected versus what was budgeted for each year.



Below are the changes between what is presented as anticipated project costs in the 2025 budget, versus the projected cash outflow for 2025:

Project Location	2025 Budgeted	2025 Projected	Increase/ (Decrease)
Rollforward from Prior Year	\$ -	\$ -	0.0%
Water Treatment Plant	8,000,000	27,195,925	239.9%
Wastewater Treatment Plant	3,500,000	1,540,580	-56.0%
Groundwater Treatment Plants and Well Redrills	800,000	169,000	-78.9%
Collection	100,000	150,000	50.0%
Water Storage and Distribution	4,850,000	1,144,560	-76.4%
Administrative Facilities	210,000	209,760	-0.1%
In-Tract Lines	1,100,000	220,000	-80.0%
Vehicles & Equipment	1,330,000	929,145	-30.1%
Water Acquisition	130,000	683,530	425.8%
Total	\$ 20,020,000	\$ 32,242,500	61.1%

Project funds are made available until the project is complete. The table below shows the remaining capital appropriations that are anticipated to continue into 2026:

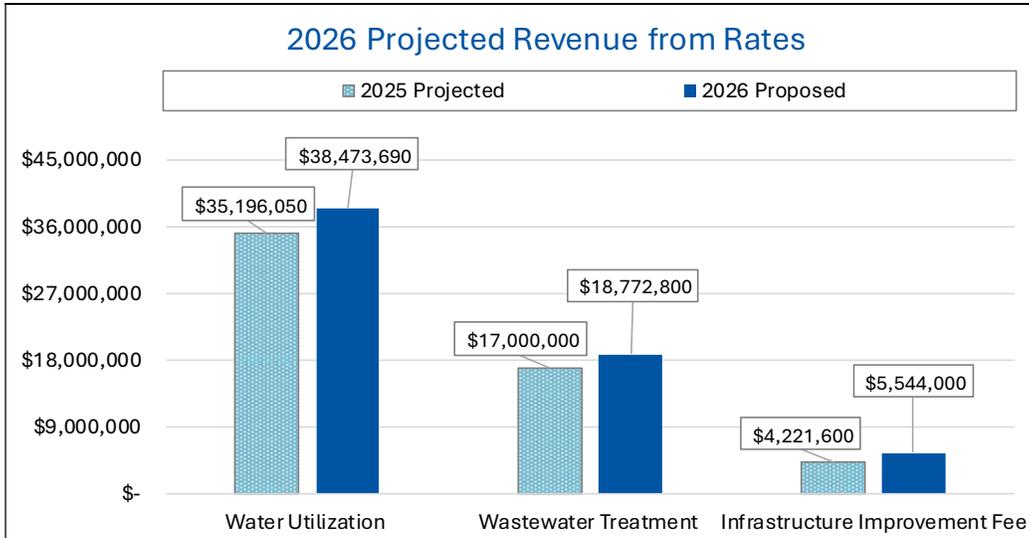
Appropriations carried forward from 2024	\$ 48,061,200
2025 appropriations	9,714,700
2025 projected cash outlay	(32,242,500)
2025 appropriations rescinded	(5,330,700)
Appropriations carried forward to 2026	20,202,700
2026 projected appropriations	36,163,510
2026 projected cash outlay	(51,441,125)
2026 projected rescissions	(4,187,690)
Appropriations remaining at 12/31/2026	\$ 737,395

Budget-in-Brief – 2026 Proposed Budget

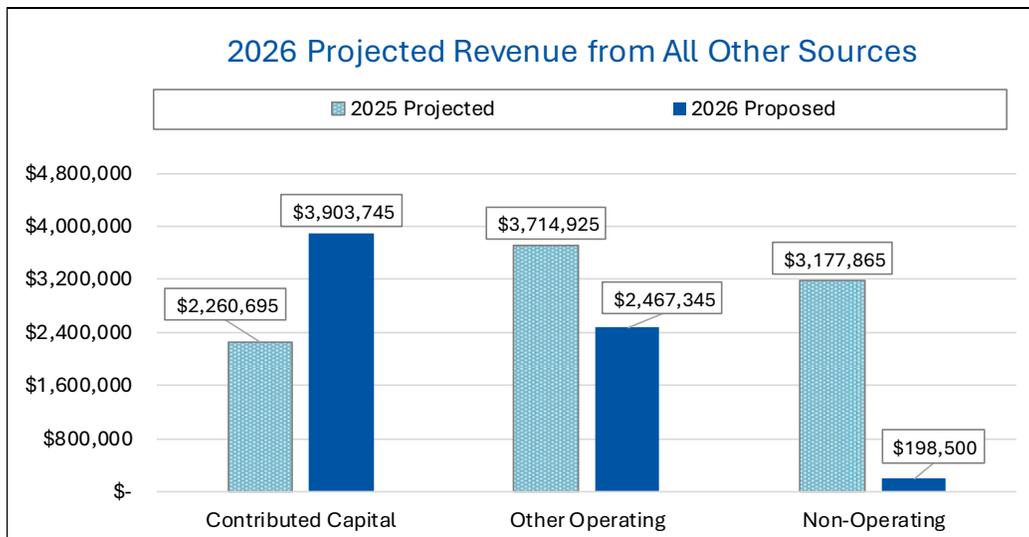
The sections below provide a brief summary of the 2026 proposed budget.

2026 Projected Sources of Funds

The following graph shows the changes between the proposed 2026 sources of funds as compared to the 2025 projected sources of funds:



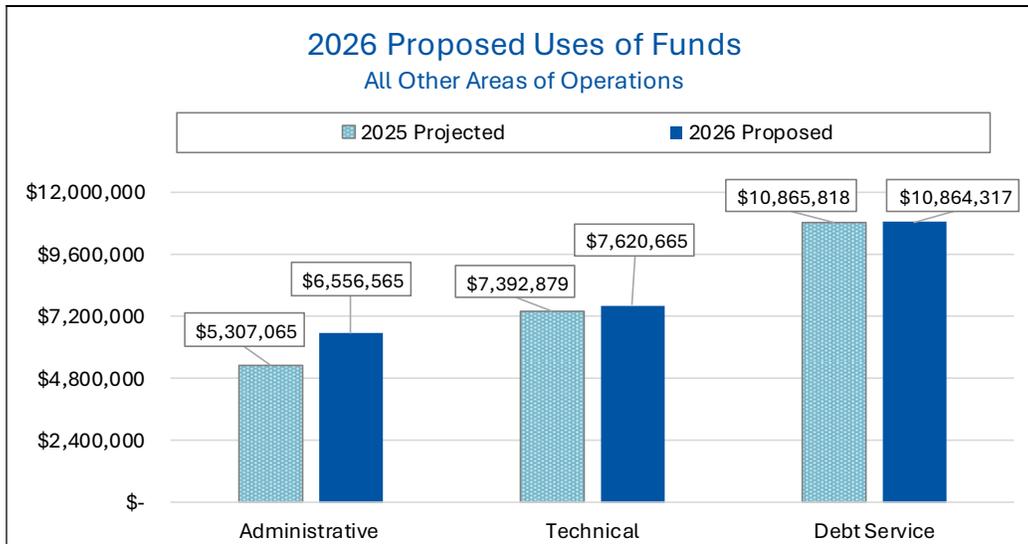
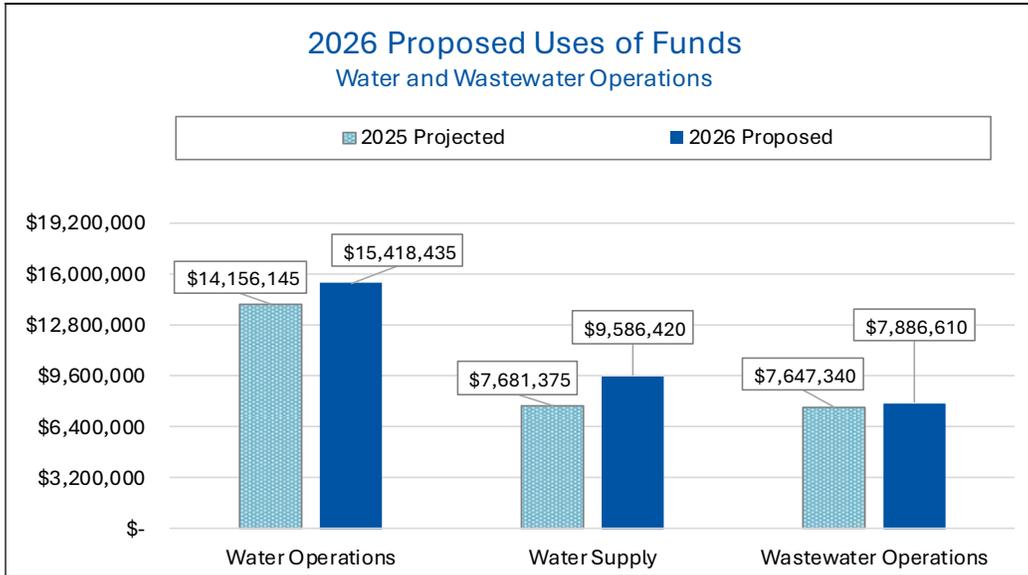
Revenue from rates is budgeted to be \$6.37 million (11.3%) greater than 2025 projected. This is due to the annual rate increases (discussed on page 29) and the updated average 5-year water usage (discussed on page 32).



The increase in contributed capital is related to anticipated development in 2026 (see page 36). The reductions in Other Operating and Non-Operating are primarily due to receiving one-time payments in 2025.

2026 Proposed Uses of Funds for Operations

The following graph shows the changes between the proposed 2026 uses of funds as compared to the 2025 revised uses of funds:



The proposed 2026 uses of funds are increasing by \$4.9 million (11.6%) over 2025 projected, primarily due to the following:

- A \$2.0 million (25.3%) increase in the cost of surface water leases
- A \$1.2 million (9.2%) increase in staffing costs
- A \$895,355 (15.4%) increase in water and wastewater treatment chemicals
- A \$815,000 (81.8%) increase in legal costs

2026 Proposed Uses of Funds for Capital

The 2026 proposed budget is anticipating \$51.5 million for capital projects: \$36.2 million in new projects and \$15.3 million in existing project appropriations being rolled forward from prior years, as follows:

Project Location	2026 Proposed
Rollforward from Prior Year	\$ 15,277,695
Water Treatment Plant	15,000,000
Wastewater Treatment Plant	6,000,000
Groundwater Treatment Plants and Well Redrills	631,000
Collection	600,000
Water Storage and Distribution	9,240,000
Administrative Facilities	550,000
In-Tract Lines	1,775,000
Vehicles & Equipment	1,193,000
Water Acquisition	1,174,510
Total	\$ 51,441,205



Budget Priorities

The primary factors that guided the creation of the proposed 2026 budget include:

- Budgeting expenditures which align with Highlands Ranch Water’s Vision and Mission under the conditions of rate collection variability and economic pressures such as inflation
- Funding major repair projects through on-going revenues and existing fund balance
- Managing the allocation of resources to provide staff with up-to-date supplies needed for effective operations
- Retaining employees through an average annual wage increase that accounts for inflation and is competitive within the market

These priorities are unchanged from 2025 as they have been identified as the on-going, principal components to the successful delivery of services.

Managing Challenges

When developing the budget, staff look at challenges that may impact operations and the financial resources needed to mitigate those challenges.

Water Supply

Water is a precious resource in the arid west, and water supply management is a vital component of the operations of Highlands Ranch Water and a significant driver in the development of the budget. Highlands Ranch Water projects annual customer demand using a five-year rolling average of production plus the impact of anticipated new development. An estimate for available surface water is developed based on projected snowpack, reservoir storage levels, existing lease agreements and anticipated spot sales.

Short and long-term planning for demand is impacted by the costs of acquisition, storage, and availability. While Highlands Ranch Water has ample groundwater to support the community's indoor water demand, over the past 39 years Highlands Ranch Water has utilized renewable surface water to protect the finite supply of aquifer water. Since 1982, surface water has accounted for 85 percent of Highlands Ranch Water's water supply.

Highlands Ranch Water holds short and long-term surface water leases in its portfolio to provide water to the community in a cost-effective manner. The 2026 proposed budget assumes total water demand of 8,535 acre-feet of water supplied by water leases, water rights, and WISE.

Highlands Ranch Water offers several efficiency rebates and incentives, including turf replacement, irrigation equipment retrofits, and partnerships with fellow conservation minded organizations.

Our commitment to the community remains the life blood of Highlands Ranch Water's conservation program. Highlands Ranch Water has been adept at striking a balance to secure the future of Highlands Ranch, environmentally and fiscally.



Regulatory

Federal and state regulations can have significant impact on District operations. In recent years, pressure has been placed on elected bodies to amend how water is treated and delivered. As these topics are evolving, it is uncertain what the financial impact of any legislative action will be. There are some emerging requirements that are relatively easy to plan for but still costly to implement. Highlands Ranch Water will continue to be diligent in balancing the use of financial resources necessary to address current

infrastructure needs while at the same time managing funds so that financial resources are available for unanticipated or unforeseen costs. Compliance with current regulations include, but are not limited to, the following:

- Managing an industrial pretreatment program where annual inspections at commercial facilities in our service area are conducted and documented. This program regulates and prevents hazardous chemicals or waste from being discharged into the sewer system or passing through the wastewater treatment plant without remediation.
- As part of national homeland security efforts, Highlands Ranch Water has developed an Emergency Response Plan to document procedures that will be taken to protect our customer’s water sources and distribution system from accidental or intentional contamination. State-of-the-art monitoring equipment provides information to ensure that the facilities are safe and secure.
- Maintaining a backup system to provide drinking water to customers in the event of accidental or intentional contamination.
- Overseeing the Oil Spill Prevention Control and Counter-Measure Plan for all facilities, providing guidelines and procedures to control and contain fuel or oil spills from storage or treatment facilities.

Capital Project Funding

Highlands Ranch Water has the responsibility of safeguarding the community’s water resources and the quality of that water. The largest cost component of the 10-year Capital Improvement Plan (see pages 71-81) is related to necessary upgrades to the Joseph. B. Blake Water Treatment Plant (JBWTP) which are designed to meet maximum demand.

Staff and the Board are committed to responsibly fund these necessary upgrades in a fiscally prudent manner, making funds available while ensuring the reliable continuity of District operations. In 2024 Highlands Ranch Water issued \$70 million in revenue bonds to assist in funding a portion of the JBWTP improvements. As Highlands Ranch Water currently holds a AAA rating from S&P and a AAA rating from Fitch, the bond terms are very favorable and allowed Highlands Ranch Water to “spread out” the cost of these upgrades over 30 years through debt payments versus dramatic increases in rates.

In 2023, staff evaluated current and projected financial resources available to support the entirety of the 10-year Capital Improvement Plan. As a response, the Board implemented a \$7.50 (per ¾-inch tap equivalent, per month) “Infrastructure Improvement Fee” which will be used solely for capital and major repair project funding. This fee is projected to generate approximately \$5.5 million in 2026.



Capital project foresight of the overall system is paramount to District operations. Therefore, Highlands Ranch Water closely scrutinizes the CIP against the known availability of financial resources and identifies areas where further financial support may be required.

Technology

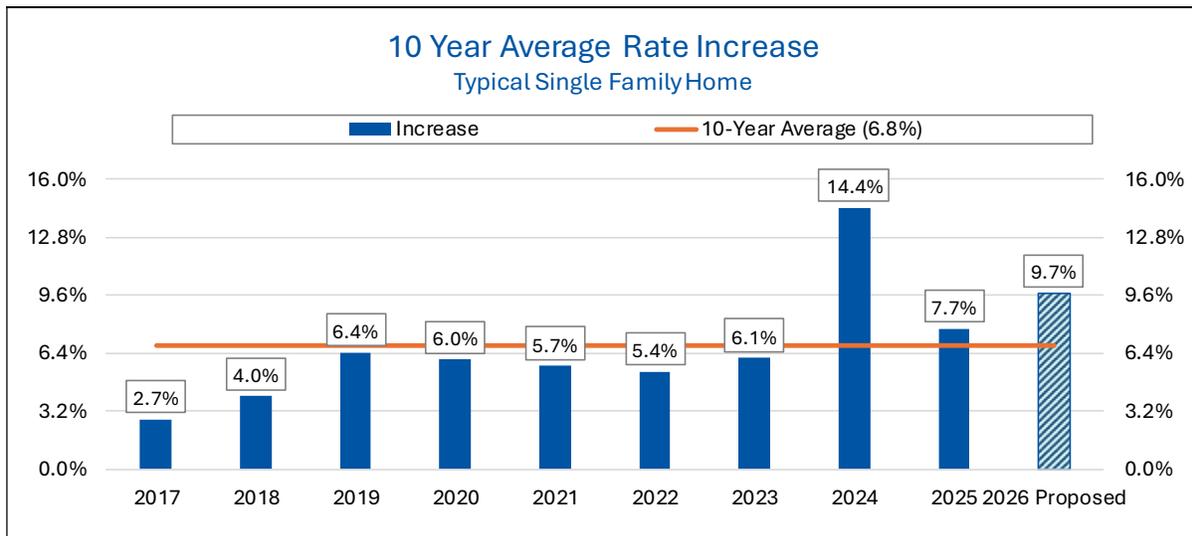
Technology changes continue to impact almost every aspect of operations. Highlands Ranch Water began implementation of Advanced Metering Infrastructure (AMI) in 2020. AMI completely automates the water meter data collection process, which can benefit Highlands Ranch Water by providing enhanced information for identification of leaks in the system which negatively impact water supply and on demand data for customers to use in their water budget decision making.

Changes to Service Levels and Rates

During the budget process, finance staff and leadership will review the necessary costs in the upcoming 10-year period to provide water and wastewater services as well as state or federal regulations that require investment in our capital assets. After this information is analyzed in the financial model, a rate increase is calculated to make sure all these priorities and requirements are met.

2026 Proposed Changes to Rates

The graph below shows Highlands Ranch Water’s average rate increase for water and wastewater services for a typical single-family home for the past 10 years:

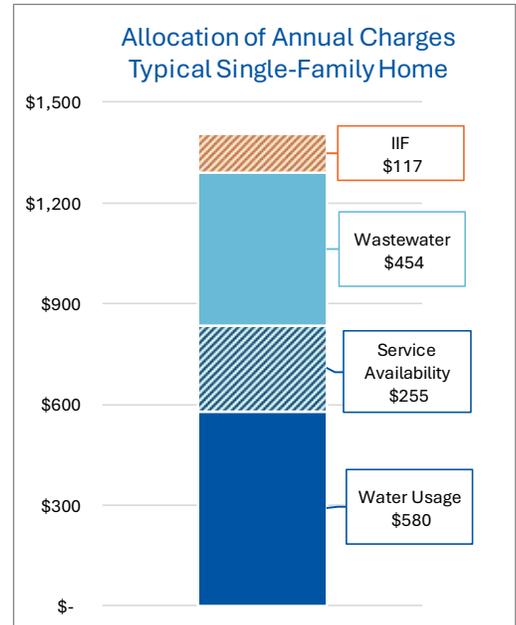


*The increase in 2024 is due to the implementation of the Infrastructure Improvement Fee. Excluding this fee in 2025 and 2026, the increase was 5.8% and 7.5% respectively.

For 2026, staff proposes a 7.5% average increase in water and wastewater rates for a typical single-family home along with a \$2.25 monthly increase in the infrastructure improvement fee. This is an overall increase of 9.7%.

Below is a summarized version of the proposed increases to rates, the detailed schedule can be found in Appendix 7.

Metered Water	2025 Rate	2026 Rate	% Change
Single Family	\$ 5.32	\$ 5.75	8%
Non-residential & Multi-Family			
Indoor	\$ 4.61	\$ 4.98	8%
Irrigation	\$ 5.44	\$ 6.04	11%
Water Service Availability	2025 Rate	2026 Rate	% Change
Single Family	\$ 19.17	\$ 21.28	11%
Multi-Family	\$ 11.88	\$ 13.19	11%
Non-Residential (per 3/4" equivalent)	\$ 19.17	\$ 21.28	11%
Wastewater Fixed	2025 Rate	2026 Rate	% Change
Single Family	\$ 14.96	\$ 16.61	11%
Multi-Family	\$ 14.96	\$ 16.61	11%
Non-Residential (per 3/4" equivalent)	\$ 14.96	\$ 16.61	11%
Wastewater Usage	2025 Rate	2026 Rate	% Change
Single Family	\$ 4.75	\$ 5.13	8%
Multi-Family	\$ 4.75	\$ 5.13	8%
Non-Residential	\$ 4.75	\$ 5.13	8%
Infrastructure Improvement (per 3/4" equivalent)	2025 Rate	2026 Rate	% Change
Single Family	\$ 7.50	\$ 9.75	30%
Multi-Family	\$ 7.50	\$ 9.75	30%
Non-Residential	\$ 7.50	\$ 9.75	30%



Projected Changes to Service Levels

Our service area is nearing build-out and, as such, the number of new SFEs served will decline each year. The table below shows the actual, projected, and anticipated SFEs served through 2026:

Service Area	Prior to 2024	Added in 2024	Projected for 2025	Anticipated for 2026
Highlands Ranch	40,006	193	48	134
Solstice	690	158	103	100
Northern Douglas County	2,007	-	-	-
Total	42,703	351	151	234

Sources of Funding



Summary

Highlands Ranch Water has four primary sources of funding:

1. Water rates
2. Wastewater rates
3. Infrastructure Improvement Fee
4. Contributed capital

Other sources of funding include intergovernmental agreements, investment income, other operating revenue, and non-operating revenues.

The figure below reflects the type of expenditure and the funding source that supports the expenditure:



Operations

- Water and Wastewater Rates
- Other water related charges
- Intergovernmental agreements
- Non-operating revenue
- Investment income



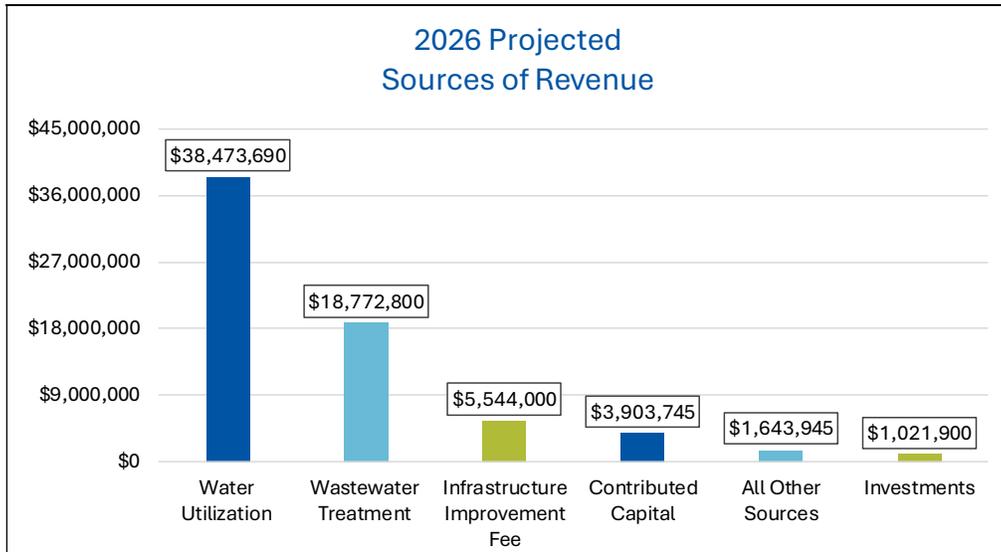
Capital, Major Repair, and Debt Service

- Water and Wastewater Rates
- Contributed Capital
- Infrastructure Improvement Fee
- Investment income

The table below shows all sources of District funding for 2024 actual, 2025 budgeted, 2025 projected, and 2026 proposed:

	2024 Actual	2025 Budgeted	2025 Projected	2026 Proposed	Variance to	
					2024 Actual	2025 Projected
Sources of Funds						
Water Utilization	\$ 35,187,089	\$ 35,929,435	\$ 35,196,050	\$ 38,473,690	9.3%	9.3%
Wastewater Treatment	16,558,296	16,028,040	17,000,000	18,772,800	13.4%	10.4%
Infrastructure Improvement Fee	3,832,546	4,012,560	4,221,600	5,544,000	44.7%	31.3%
Intergovernmental	821,334	934,570	729,975	958,595	16.7%	31.3%
Other Operating	541,103	246,305	486,850	486,850	-10.0%	0.0%
Non-Operating	372,729	162,045	3,177,865	198,500	-46.7%	-93.8%
Net Investment Income	7,021,253	864,105	2,498,100	1,021,900	-85.4%	-59.1%
Contributed Capital	3,578,830	3,243,125	2,260,695	3,903,745	9.1%	72.7%
Revenue Bond Proceeds	78,881,534	-	-	-	-100.0%	0.0%
Total Sources of Funds	\$ 146,794,715	\$ 61,420,185	\$ 65,571,135	\$ 69,360,080	-52.8%	5.8%

The graph below shows the break-out of Highlands Ranch Water’s projected sources of revenue for the proposed 2026 budget:

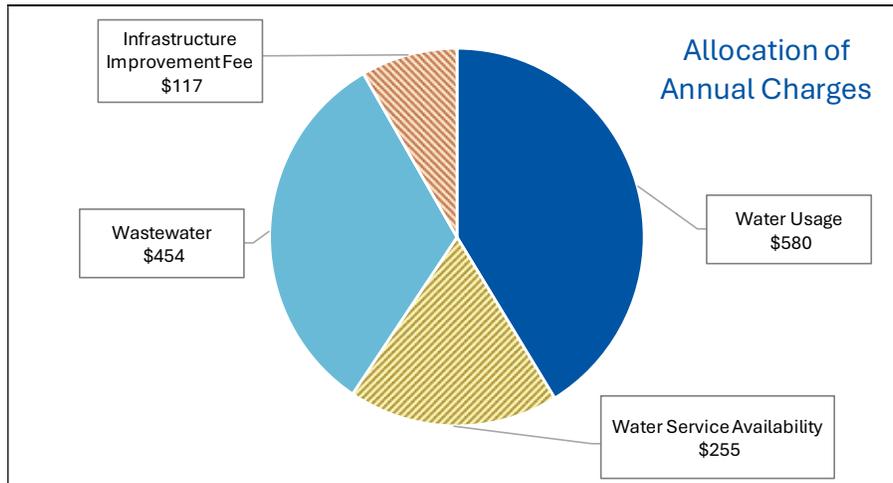


2026 Water and Wastewater Rates

Highlands Ranch Water does not impose a mill levy and, as the service area is near full build-out, setting rates is a balance between respecting our customers’ financial resources while maintaining current and future service levels. For 2026, staff proposed a 7.5% average increase in water and wastewater rates for a typical single-family home along with a \$2.25 monthly increase in the Infrastructure Improvement Fee, for an average increase of 9.7% as broken out below.

	2025 Adopted	2026 Proposed
Water Usage	\$ 537	\$ 580
Water Service Availability	230	255
Wastewater	425	454
Infrastructure Improvement Fee	90	117
Typical Single Family Annual Charges	\$ 1,282	\$ 1,406

The graph below shows the allocation of the annual charges:



The proposed budget includes rate increases to cover rising operational costs, and key capital projects including an upgrade to the district’s Joseph B. Blake Water Treatment Plant. Upgrades to the water treatment plant will increase production capacity, improve redundancy, replace aging infrastructure and allow Highlands Ranch Water to meet new water quality regulations.

Water Budgets

To encourage water conservation, Highlands Ranch Water implemented an innovative water budgeting concept for water customers in 2002. The water budget for outdoor irrigation provides enough water for healthy landscapes, but not so much that our resources are wasted. Progressively higher tiered rates over the allotted budget serve to encourage conservation. However, customers will only be billed for actual water consumed, regardless of their water budget amount.

- Residential bi-monthly water bills are calculated based on an indoor and outdoor allocation. The indoor component is based upon average wintertime usage and may be adjusted for household size. Single-family residential customers in Highlands Ranch receive 12,000 gallons of water per bimonthly billing period for indoor use and multi-family residents are allocated 6,000 gallons monthly. Solstice residents are allocated 6,000 gallons monthly.

The outdoor irrigation component allows residents an amount tailored to their lot size. Residential customers are allocated 27 inches of water over the irrigation season (April through October), per square foot of irrigable sod, which is considered to be 45% of the property. After October 15 when outdoor water budgets end, customers are allocated 1,000 gallons of water per billing cycle (or 500 gallons per month) for supplemental watering during dry periods.

- The indoor non-residential budget is based on meter size. For irrigation customers, the outdoor budget is calculated on the actual irrigated area served by the meter with a base budget of 27”.

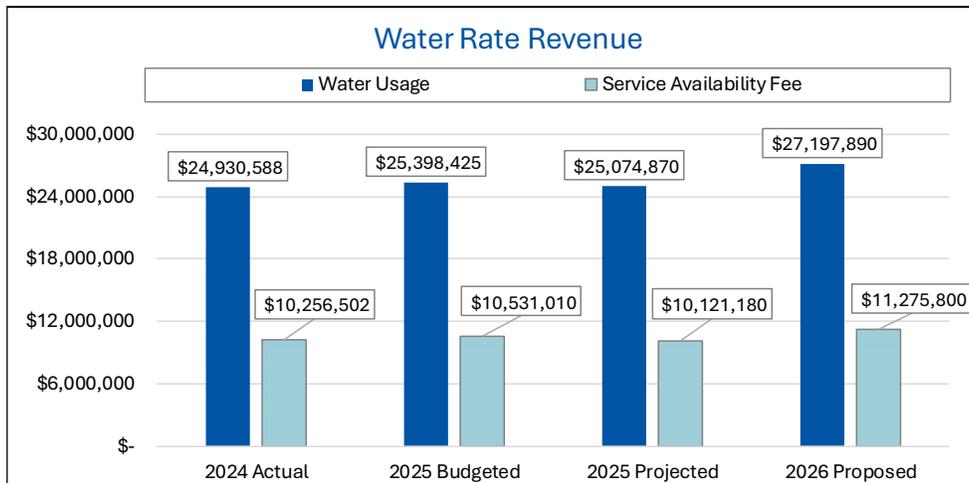


Water Rates

Highlands Ranch Water charges three separate rates for water. They are:

1. Base Rate - Recovers the operating costs of providing water services to customers. The rate charged varies by customer type: residential; multi-family; non-residential; and irrigation.
2. Service Availability Fee - Based off meter size and is set to recover the costs for debt service, billing, meter replacement, and capital and major repair.
3. Drought rates - There are identified rates for Stage 1 and Stage 2 drought conditions. If drought conditions occur, the Board could declare a drought stage that would cause these rates to go into effect. Adopted drought rates are subject to change due to overall water supply conditions.

The graph below shows the water rate revenue for actual 2024, 2025 budgeted, 2025 projected, and 2026 proposed:

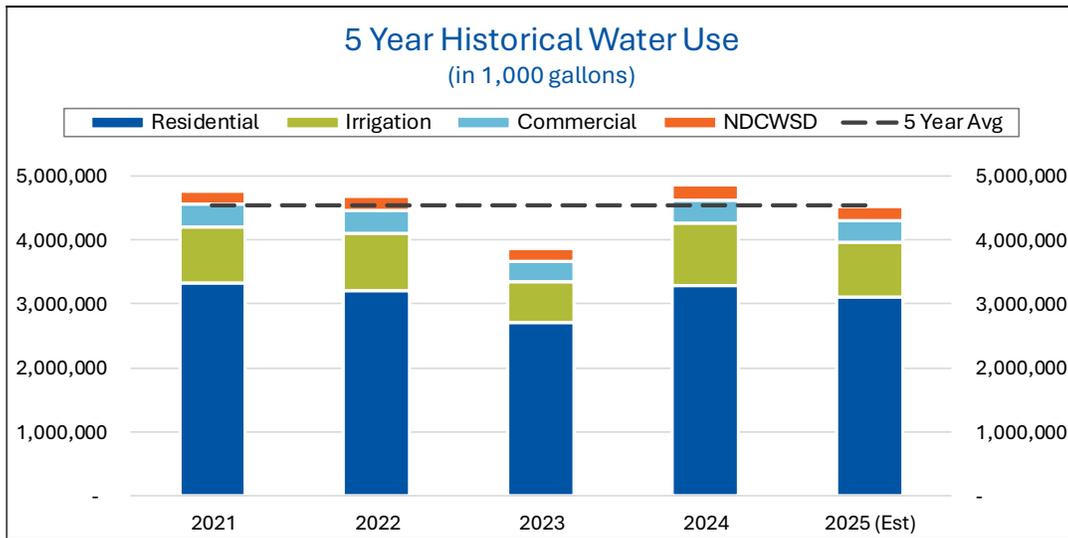


The proposed 2026 budget anticipates collections of \$38.5 million, a \$3.3 million (9.3%) increase over 2024 actual and a \$3.3 million (9.3%) increase over 2025 projected. This is due to the 8% year-over-year increase in metered water rates for residential and nonresidential customers and the 11% increase for irrigation customers. There is also an 11% increase to the Service Availability Fee.

Budgeting For Water Rate Revenue

As weather conditions can significantly impact customer billings, a 5-year historical average of actual water use as the basis for calculating water usage revenues. Using a five-year lookback on water use is a critical part of budgeting for water use revenue. For example, in a “wet” year as seen in 2023, the revenues Highlands Ranch Water received were \$3.9 million (8.9%) less than what was budgeted for.

The 5-year historical water use average used in budget development is as follows:



The table below details the water use as presented in the graph above by customer:

Customer	2021	2022	2023	2024	2025 (Est)	5-Year Average
Residential	3,318,160	3,207,710	2,711,800	3,285,350	3,112,650	3,127,130
Irrigation	878,990	890,970	632,270	980,340	843,380	845,190
Commercial	369,920	353,110	319,810	344,620	341,630	345,820
NDCWSD	195,590	229,430	193,040	239,540	230,080	217,540
Total	4,762,660	4,681,220	3,856,920	4,849,850	4,527,740	4,535,680



As approximately 40 percent of Highlands Ranch Water’s rate revenue comes from water usage, staff closely monitor how much water customers are using and regularly updates the Board on actual usage.

If water usage revenues are expected to come in less than the adopted budget, during the revised budget process the finance staff considers the following:

1. Are there operating costs that can be reduced throughout the remainder of the year?
2. Are there major repair project costs that can be deferred to later years to lessen the burden of annual transfers from the Operating Fund to the Capital and Major Repair Fund?
3. Should we start anticipating a transfer from the Financial Assurance Fund, which was created specifically to manage unpredictable events that reduce this revenue source?

Thankfully Highlands Ranch Water has been able to successfully manage this risk by following the processes outlined above.

To project how much water usage revenues Highlands Ranch Water will receive in the budgeted year, staff perform the following calculation:



Budgeting for Service Availability Fee Revenue

To project how much in Service Availability Fee revenues Highlands Ranch Water will receive in the budgeted year, staff perform the following calculation:



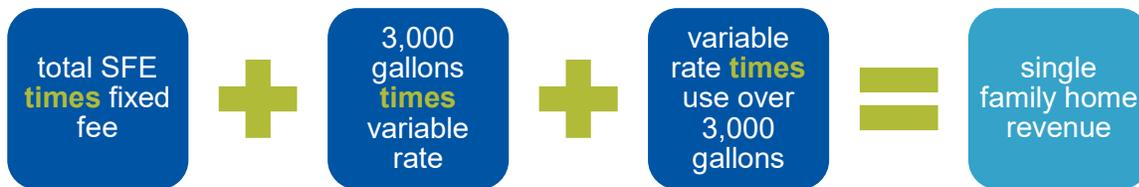
Wastewater Rates

Highlands Ranch Water bills both a variable rate and a fixed rate for wastewater treatment. Like the base water rate, the variable rate is structured to recover operating costs associated with wastewater services and the fixed rate is set to recover the cost of debt service, major repair and billing services.

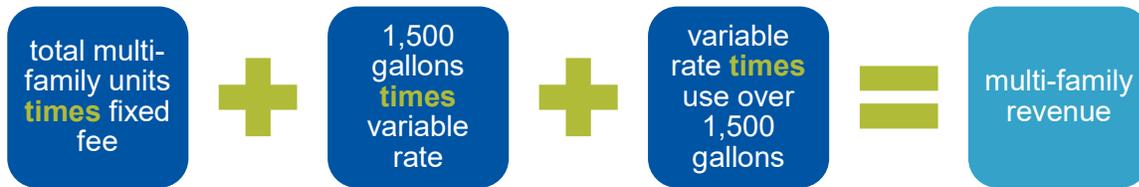
Budgeting For Wastewater Revenue

There are three calculations that are performed to budget wastewater revenue based on the customer type: single family, multi-family, and non- residential.

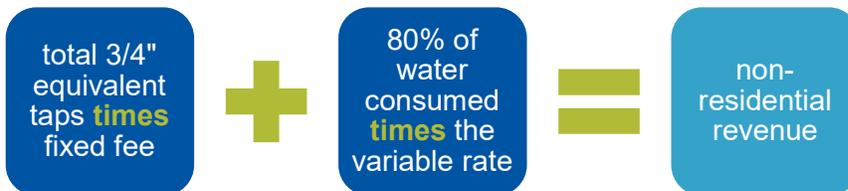
1. Single family household revenue is calculated as follows:



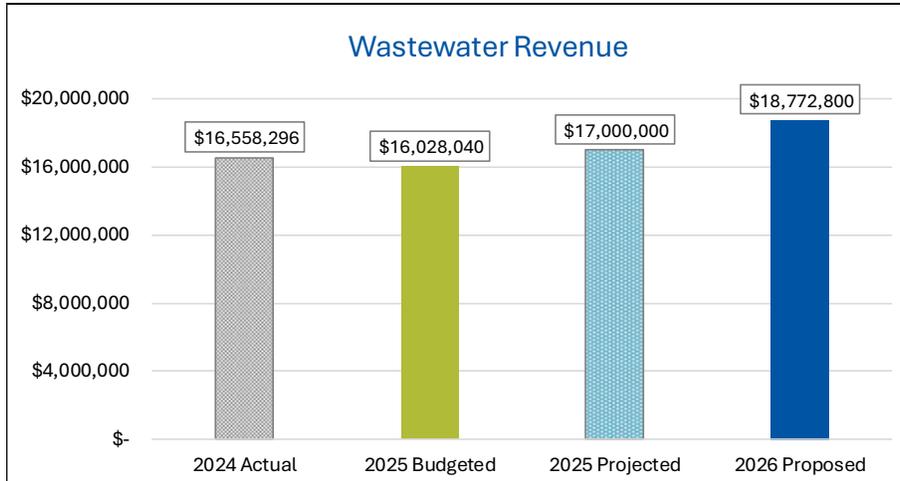
2. Multi-family household revenue is calculated as follows:



3. Non-residential customer revenue is calculated as follows:



The proposed 2026 budget anticipates a \$2.2 million (13.4%) increase in wastewater fee collections over 2024 actual and \$1.8 million (10.4%) over 2025 projected collections. The increases are due to the 11% increase to the wastewater fix fee and the 8% increase to the wastewater usage fee. The graph below shows wastewater rate revenues for 2024 actual, 2025 budgeted, 2025 projected, and 2026 proposed:

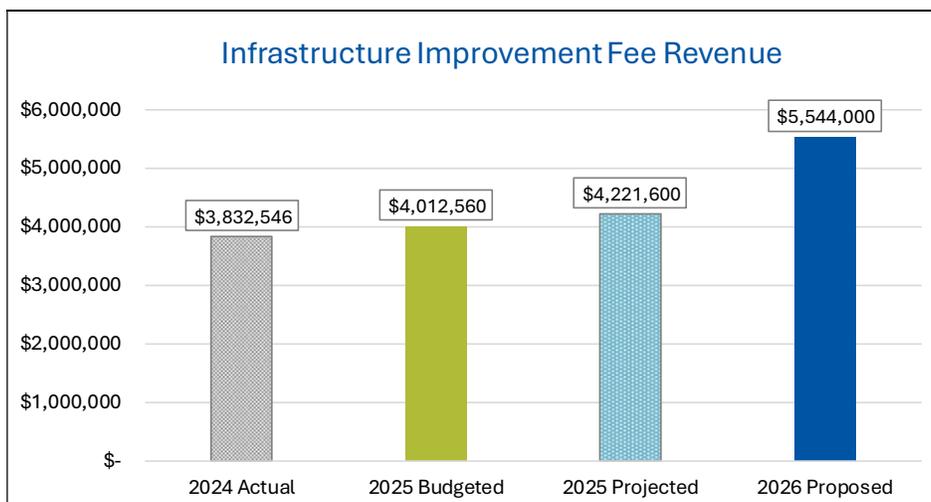


Infrastructure Improvement Fee

Highlands Ranch Water’s operating and capital and major repair expenses are almost solely supported by rates; proposed at 97% for 2026. As Highlands Ranch Water’s water and wastewater infrastructure ages and new federal and state regulations are put in place, dedicated funding is needed to ensure the reliable continuity of operations and compliance with imposed regulations.

In 2024, the board adopted a fixed charge of \$7.50 per ¾” single-family equivalent per month. For the 2026 proposed budget, this fee has been increased to \$9.75 per month.

The graph below shows infrastructure improvement fee collections for 2024 actual, 2025 budgeted, 2025 projected, and 2026 proposed:



Contributed Capital

Highlands Ranch Water collects various development fees that assist in funding infrastructure and water acquisition. Due to their nature, these revenue sources are highly variable and, as both the Highlands Ranch and Solstice communities are nearing build-out, Highlands Ranch Water will see a decrease in this revenue over time.

A detailed breakout of contributed capital revenue for 2024 actual, 2025 budgeted, 2025 projected, and 2026 proposed is as follows:

	2024 Actual	2025 Budgeted	2025 Projected	2026 Proposed	Variance to	
					2024 Actual	2025 Projected
Contributed Capital						
Metro District Reserved Capacity	\$ 533,750	\$ 387,025	\$ 387,025	\$ 450,260	-15.6%	16.3%
MMD Tap Fees	2,016,080	1,276,000	1,314,280	1,276,000	-36.7%	-2.9%
MMD Options Payments	160,170	103,740	85,785	57,285	-64.2%	-33.2%
Water Acquisition Surcharge	735,560	343,360	71,040	355,200	-51.7%	400.0%
Channel Stabilization Surcharge	84,750	33,000	12,000	60,000	-29.2%	400.0%
In-Tract Lines	-	1,100,000	220,000	1,705,000	100.0%	675.0%
Roxborough Water Tap Fees	48,520	-	170,565	-	-100.0%	-100.0%
Total Contributed Capital	\$ 3,578,830	\$ 3,243,125	\$ 2,260,695	\$ 3,903,745	9.1%	72.7%

Contributed capital payments are volatile year-over-year as they are specific to projects and development. To budget for these revenues, the finance group reviews upcoming development for the next budget year as well as projects that will be reimbursed by the Highlands Ranch Metro District.



Reserved Capacity

Highlands Ranch Water and the Highlands Ranch Metro District (“Metro District”) entered into the Highlands Ranch Water and Wastewater Agreement on December 18, 1990, wherein Highlands Ranch Water agrees to supply water and wastewater services to the Highlands Ranch community in exchange for a reserved capacity payment from the Metro District. This payment is structured to recover the initial cost of capital for water and wastewater infrastructure and facilities construction.

The fee is calculated based upon the zoning of land in Highlands Ranch and adjusted for any re-zoning of prior inclusions, actual plat or re-plat of land, and changes in the amount of prior years’ calculation of the fee due. A breakout of the calculation of the 2026 capacity cost due from the Metro District as set forth in Exhibit B to the Water & Wastewater Service Agreement can be found in Appendix 6.

As this fee is recalculated annually based on actual development, revenues received tend to be volatile year-over year. The calculated 2026 fee of \$450,260 is a \$83,490 (-15.6%) decrease from 2024 actual and an increase of \$63,235 (16.3%) over 2025 projected.

Once Highlands Ranch is fully developed, Highlands Ranch Water will no longer receive capital contributions from the Metro District, except for reimbursement for in-tract line replacement projects. This revenue source will continue to decline over time until no more payments are received, currently estimated to end in 2030.

Mirabelle Metro District (MMD) Tap Fees and Options Payments

Highlands Ranch Water also collects two capital fees from the developer of the Solstice community, Mirabelle Metro District (“Mirabelle”) to recover the costs of infrastructure built for the sole benefit of Solstice. Solstice was zoned for 1,100 single-family equivalent taps and, at the end of 2024, 464 taps remained outstanding.

- The first fee is a tap fee which is charged at a rate of \$12,760 per ¾” tap equivalent and is collected at the time the new tap is requested. As this fee is charged based on actual development, collections tend to be volatile year-over-year. The proposed 2026 budget anticipates collections of \$1,276,000 in tap fees, a \$740,080 (-36.7%) decrease from 2024 actual and \$38,280 (-2.9%) decrease from 2025 projected.
- The second fee is a year-end options payment charge equal to \$250 per ¾” equivalent tap that has yet to be placed in service. As this fee is charged based on actual development, collections tend to be volatile year-over-year. The proposed 2026 budget anticipates collections of \$57,285 in options payments, a \$102,885 (-64.2%) decrease from 2024 actual and a \$28,500 (-33.2%) decrease from 2025 projected.

Once the Solstice community is fully developed, Highlands Ranch Water will no longer receive capital contributions from Mirabelle. This revenue source will continue to decline over time until no more payments are received, currently estimated to end in 2027.



Water Acquisition and Channel Stabilization Surcharges

Highlands Ranch Water charges a fee to the Metro District, Mirabelle, and Northern Douglas County Water & Sanitation District to recover the costs of acquiring and managing water supply.

- The water acquisition fee is charged at \$1,480 per ¾” tap equivalent. As this fee is charged based on actual development, collections tend to be volatile year-over-year. The 2026 proposed budget anticipates collections of \$355,200, a \$380,360 (-51.7%) decrease from 2024 actual and \$284,160 (400.0%) increase over 2025 projected.
- The Metro District collects a one-time \$250 channel stabilization surcharge per ¾” tap equivalent at the time a new tap is requested which they then remit to Highlands Ranch Water. As this fee is charged based on actual development, collections tend to be volatile year-over-year. The 2026

proposed budget anticipates collections of \$60,000, a \$24,750 (29.2%) decrease from 2024 actual and \$48,000 (400.0%) increase from 2025 projected.

Roxborough Water Tap Fees

Highlands Ranch Water has an interconnection agreement with Roxborough Water and Sanitation District either on a temporary (emergency) or permanent basis. When permanent water service is requested, Highlands Ranch Water charges a tap fee per ¾” equivalent. The fee charged is based on many factors including, but not limited to, if the connection is residential or commercial, if the tap exceeds the terms in the water transfer agreement, and if the tap was installed during the initial development of the area.

As this fee is charged based on actual development, collections tend to be volatile year-over-year. The proposed budget anticipated no tap fee collections in 2026, compared to \$48,520 in 2024 and \$170,565 projected for 2025.

In-Tract Lines

The Metro District contracts with Highlands Ranch Water for major repairs to water and sewer lines located in Highlands Ranch neighborhoods. These costs are funded by the Metro District who then remits the reimbursement at project completion. As these revenues are project specific, they are volatile year-over-year as some years may have no projects, and other years may have multiple projects. The proposed 2026 budget anticipates collections of \$1.7 million, which is 100% over 2024 and 684.1% over 2025 projected.

Intergovernmental

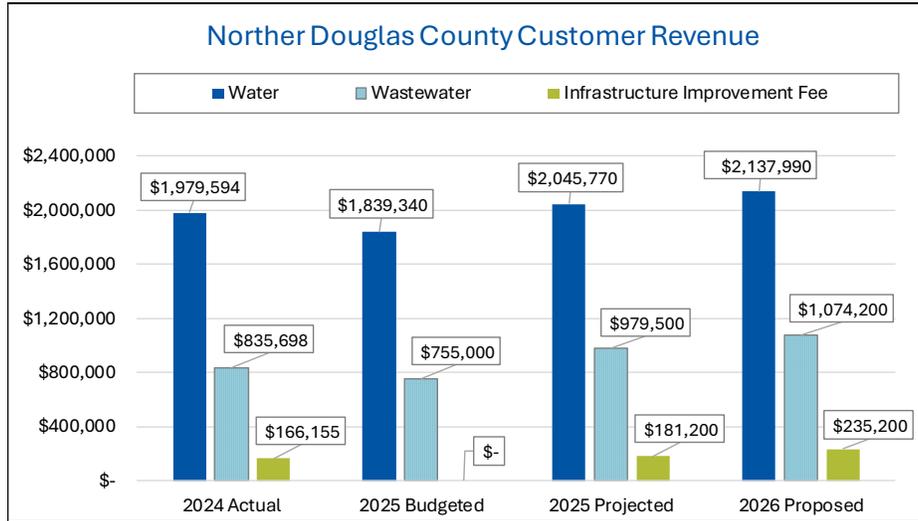
Northern Douglas County Water & Sanitation District

Northern Douglas County Water and Sanitation District (“Northern Douglas”) and Highlands Ranch Water entered into an Extended Service Area Water and Wastewater Agreement on August 1, 1994, where Highlands Ranch Water agreed to provide water and wastewater services to properties in Northern Douglas County.

The service agreement allows for a rate of up to 200% of the base rates charged to customers within Highlands Ranch Water’s service area. The 2026 proposed rates for NDC include a surcharge of \$1.00 per 1,000 gallons which results in rates less than the maximum 200%. These surcharges are designed to partially offset the increased cost for the acquisition of water from WISE, the need for which is largely attributable to providing service outside of the Highlands Ranch Water service area. The following are rates charged to NDC:

Service Type	2024	2025	2026	% Change From 2025
	Actual	Actual	Proposed	
Water Service Availability Charge (bi-monthly)	\$ 36.50	\$ 38.70	\$ 42.98	11%
Single Family Water Rate up to 100% of Budget per 1,000 Gallons	\$ 5.79	\$ 6.32	\$ 6.75	7%
Indoor Commercial Water Rate up to 100% of Budget per 1,000 Gallons	\$ 5.43	\$ 5.61	\$ 5.98	7%
Irrigation Water Rate up to 100% of Budget per 1,000 Gallons	\$ 5.90	\$ 6.44	\$ 7.04	9%
Minimum Wastewater Charge (bi-monthly)	\$ 43.48	\$ 44.17	\$ 48.60	10%
Wastewater per 1,000 Gallons over 3,000	\$ 4.52	\$ 4.75	\$ 5.13	8%
Infrastructure Improvement Fee (bi-monthly)	\$ 15.00	\$ 15.00	\$ 19.50	30%

The graph below shows revenues received for the agreement with NDC for 2024 actual, 2025 budgeted, 2025 projected, and 2026 proposed:



The proposed 2026 budget anticipates collections of \$3.4 million for all rates charged, a \$465,943 (15.6%) increase from 2024 actual and \$240,920 (7.5%) increase over 2025 projected. These increases are the result of the 2026 proposed rate increase and updates to the 5-year average water use. Note that revenues from Northern Douglas are merged into the total water and wastewater revenues.



Cost Sharing Agreement with the Highlands Ranch Metro District

In 1987, Highlands Ranch Water entered into a cost sharing agreement with the Metro District where each party pays a portion of the cost for shared staffing and related operational equipment and supplies. Highlands Ranch Water currently shares staff in the Finance, Public Works, and Human Resources departments. The 2026 proposed budget is anticipating receiving \$958,595, a \$137,261 (16.7%) increase from 2024 actual and a \$228,620 (31.3%) increase over 2024 projected.

These increases are primarily related to the average annual cost of wages, increases in health insurance benefits, and increases in IT service contracts. Highlands Ranch Water is also budgeted to reimburse the Metro District \$729,285 for their related costs. Total 2025 net revenue to Highlands Ranch Water is \$229,310.

All Other Sources

Other Operating Revenues

Includes fees for disconnects, the sale of meters, water and backflow inspection fees, and penalty income. These revenues are reduced by the service charges imposed on Highlands Ranch Water by credit card companies. These revenues are variable year-over-year, and a 3-year historical analysis is used to budget for the upcoming year.

The proposed 2026 budget anticipates collections of \$486,850, a \$54,253 (-10.0%) decrease from 2024 actual and the same as 2025 projected.

Net Investment Income

Investment income is earned on revenues that are invested until they are needed. Due to government accounting standards, at the end of the year Highlands Ranch Water must mark their investments to market. If economic conditions are sub-par, net investment income revenue may be recorded as a negative balance even if there is no actual loss of revenue. Due to this, net investment income varies year-to-year and will usually see a more than +/-5% change.

For the proposed 2026 budget, Finance staff used a conservative 2.0% return on investments, totaling approximately \$1.0 million across all funds. For 2025 projected, Highlands Ranch Water used market conditions at September 30, 2025. Due to the positive economic conditions seen in 2025, Highlands Ranch Water is projecting a mark-to-market of approximately \$2.5 million across all funds.

Non-Operating Income

- Lease income which is budgeted based off lease agreements with HRMD and cellular service providers who used our land for communications towers
- Non-recurring receipts such as property insurance reimbursements and gains from the sale of assets at auction, which are budgeted at \$0
- Non-recurring miscellaneous income which is budgeted based on a 3-year historical average

The proposed 2026 budget anticipates collections of \$198,500 with 82.0% of that amount coming from lease proceeds. This represents a \$174,229 (-46.7%) decrease from 2024 actual and a \$3.0 million (-93.8%) decrease from 2024 projected. The decrease in each year is due to Highlands Ranch Water receiving insurance reimbursements of other one-time payments.

Proposed Budget by Fund



Budgetary Fund Structure

Highlands Ranch Water budgets for five distinct funds. Each fund accounts for the uses of financial resources that are identified to support specific operations of Highlands Ranch Water. For a more detailed look at each fund, see below.

- 

Operating Fund

 - Regularly occurring costs necessary to provide services
- 

Capital and Major Repair Fund

 - Projects and capital purchases as identified in the Capital Improvement Plan
- 

Water Acquisition Fund

 - Operating and capital costs for the acquisition of water
- 

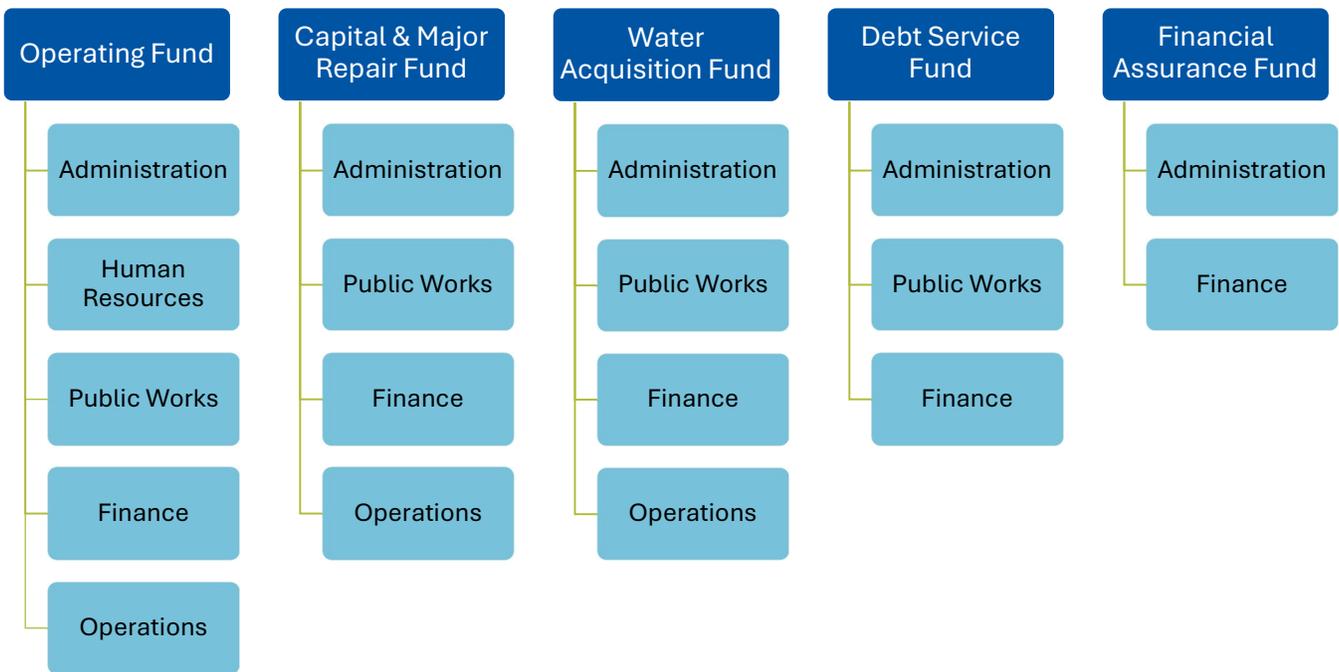
Debt Service Fund

 - Accounts for the annual payment of debt obligations
- 

Financial Assurance Fund

 - Reserve fund to support unanticipated costs

Not all departments have a stake in each budgetary fund. The chart below shows the relationship between each department and the budgeted funds:



Basis Of Budgeting

For financial reporting purposes, Highlands Ranch Water is considered an Enterprise Fund which accounts for the acquisition and operations of government facilities and services that are primarily supported by user charges. Highlands Ranch Water reports revenues when they are earned and expenses when they are incurred.

For budgeting purposes, Highlands Ranch Water uses fund accounting. A fund is a self-balancing, segregated sum of money (or other resources) for the purpose of carrying out a specific activity or to obtain a specific objective. Each fund is managed by identifiable objectives, regulations, and/or restrictions.

The basis for budgeting for each fund is as follows:

- Full accrual basis - revenues are recognized when earned and expenses are recognized when incurred:
 - Operating Fund
 - Water Acquisition Fund's operating costs
- Capital and major repair costs – 2024 actual and 2025 projected are reported and budgeted on a cash basis, (i.e., expenditures are recognized when the outflow of cash occurs). For the budget year, the fund balance is reduced by the cost of projects that begin in the budgeted year regardless of whether they are single or multi-year projects. This practice is necessary because Highlands Ranch Water cannot enter a contract if funds have yet to be assigned to that project.
 - Capital and Major Repair Fund
 - Water Acquisition Fund's capital costs
- Debt Service Fund – revenues are recognized when earned and expenditures are recognized when the outflow of cash occurs.
- Financial Assurance Fund - increased by transfers from the Operating Fund and is reduced by transfers to other funds.

Budgetary Control

Once the budget is approved by the Board, staff implement and manage operations in accordance with the approved budget. Each budget owner is accountable for their budget performance, which is also monitored by finance staff. Periodic reports produced by finance staff are provided to the Board to update on Highlands Ranch Water's use of funds.

Once the budget is adopted, budget owners are expected to stay within the constraints of their approved budget. Specific line items can be modified during the revised budget process, however the total budget cannot be exceeded without Board approval.

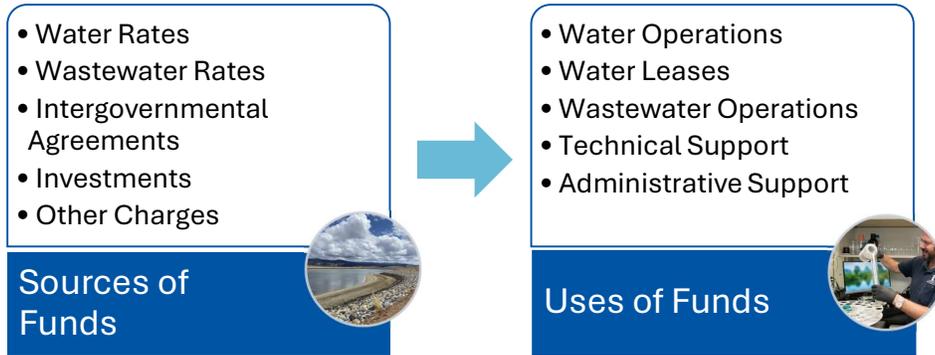
Highlands Ranch Water's Purchasing Policy sets forth the policies and procedures for the acquisition of supplies and services necessary for operations. More details on this policy can be found in the Purchasing Policy section of Appendix 2.

2026 Proposed Budget - All Funds

	2024 Actual	2025 Budget	2025 Projected	2026					
				Operating	Water Acquisition	Capital Major Repair	Debt Related	Financial Assurance	Total Proposed
Sources of Funds									
Water Utilization	\$ 35,187,089	\$ 35,929,435	\$ 35,196,050	\$ 33,997,290	\$ 4,476,400	\$ -	\$ -	\$ -	\$ 38,473,690
Wastewater Treatment	16,558,296	16,028,040	17,000,000	18,772,800	-	-	-	-	18,772,800
Infrastructure Improvement Fee	3,832,546	4,012,560	4,221,600	5,544,000	-	-	-	-	5,544,000
Intergovernmental	821,334	934,570	729,975	958,595	-	-	-	-	958,595
Other Operating	541,103	246,305	486,850	486,850	-	-	-	-	486,850
Non-Operating	372,729	162,045	3,177,865	198,500	-	-	-	-	198,500
Net Investment Income	7,021,253	864,105	2,498,100	172,800	-	634,700	214,400	-	1,021,900
Contributed Capital	3,578,830	3,243,125	2,260,695	-	415,200	3,431,260	57,285	-	3,903,745
Revenue Bond Proceeds	78,881,534	-	-	-	-	-	-	-	-
Total Sources of Funds	146,794,714	61,420,185	65,571,135	60,130,835	4,891,600	4,065,960	271,685	-	69,360,080
Uses of Funds									
Water Operations	12,724,542	14,682,837	14,156,145	15,232,935	185,500	-	-	-	15,418,435
Water Leases	8,014,446	8,277,407	7,681,375	5,351,065	4,235,355	-	-	-	9,586,420
Wastewater Operations	7,180,768	7,426,927	7,647,340	7,886,610	-	-	-	-	7,886,610
Technical	6,530,653	7,154,723	7,392,879	7,620,665	-	-	-	-	7,620,665
Administrative	4,799,336	4,862,716	5,307,065	6,556,565	-	-	-	-	6,556,565
Capital/Major Repair	33,962,242	15,220,000	32,242,500	-	2,440,000	49,001,205	-	-	51,441,205
Debt Related	12,977,310	10,865,818	10,865,818	-	-	-	10,864,317	-	10,864,317
Total Uses of Funds	86,189,296	68,490,428	85,293,122	42,647,840	6,860,855	49,001,205	10,864,317	-	109,374,217
Other Sources/(Uses)									
Fund Transfers (See Detail)	-	-	-	(16,025,000)	-	500,000	15,525,000	-	-
Total Other Sources/(Uses)	-	-	-	(16,025,000)	-	500,000	15,525,000	-	-
Net Change in Fund Balance	60,605,418	(7,070,243)	(19,721,987)	1,457,995	(1,969,255)	(44,435,245)	4,932,368	-	(40,014,137)
Fund Balance - Beginning	91,908,780	144,984,014	152,514,198	17,283,984	9,879,454	63,476,302	21,444,505	20,707,967	132,792,212
Fund Balance - Ending	\$ 152,514,198	\$ 137,913,771	\$ 132,792,211	\$ 18,741,979	\$ 7,910,199	\$ 19,041,057	\$ 26,376,873	\$ 20,707,967	\$ 92,778,075

Operating Fund

This fund accounts for the regularly occurring operating costs necessary to deliver water and wastewater services.



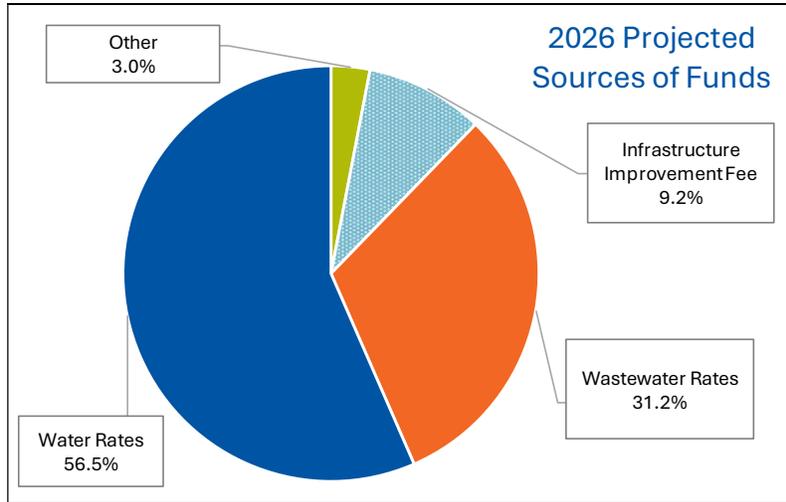
Sources Of Funds

Highlands Ranch Water’s Operating Fund is heavily reliant on water and wastewater rates. As such, each year when budget owners submit their requests for next year’s funding, the Finance Department must evaluate which requests are absorbable within the parameters of a rate increase, as directed by the Board.

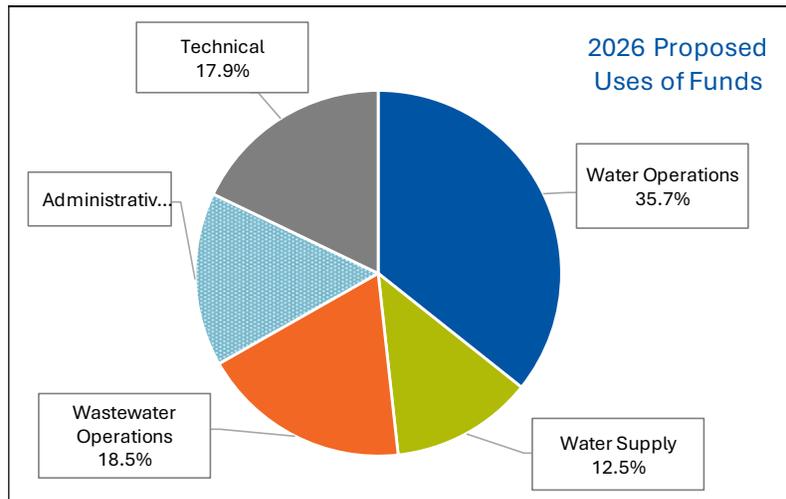
The table below shows the Operating Fund’s sources of revenue for 2024 actual, 2025 budgeted, 2025 projected, and 2026 proposed:

Sources of Funds	2024 Actual	2025 Budgeted	2025 Projected	2026 Proposed	Variance to	
					2024 Actual	2025 Projected
Source of Funds from Rates						
Water Utilization	\$ 30,700,147	\$ 31,468,375	\$ 30,694,650	\$ 33,997,290	10.7%	10.8%
Wastewater Treatment	16,558,296	16,028,040	17,000,000	18,772,800	13.4%	10.4%
Infrastructure Improvement Fee	3,832,546	4,012,560	4,221,600	5,544,000	44.7%	31.3%
All Other Sources						
Intergovernmental	821,334	934,570	729,975	958,595	16.7%	31.3%
Other Operating	541,103	246,305	486,850	486,850	-10.0%	0.0%
Non-Operating	372,729	162,045	3,177,865	198,500	-46.7%	-93.8%
Net Investment Income	3,403,754	158,800	401,700	172,800	-94.9%	-57.0%
Total Sources of Funds	\$ 56,229,909	\$ 53,010,695	\$ 56,712,640	\$ 60,130,835	6.9%	6.0%
% From Rates	91%	97%	92%	97%		
% From All Other Sources	9%	3%	8%	3%		

The breakout of the Operating Fund’s revenues from rates, which account for 97% of the Operating Fund’s financial resources for the proposed 2026 budget, are as follows:



The graph below shows the breakout of revenues from all other financial sources projected for 2026:



The increase in rate revenues are discussed on page 25. The reduction in non-operating income is due to a one-time payment in 2025 and the increase in intergovernmental revenue is discussed on page 38.

The Operating Fund has certain requirements it must meet before the requested expense budgets are approved. They are:

1. Ending fund balance must be at least 50% of next year’s estimated operating costs. If requests exceed these limitations, the Finance Department will work with the individual departments and leadership to determine which operating costs can either be scaled back or deferred to the next budget year.

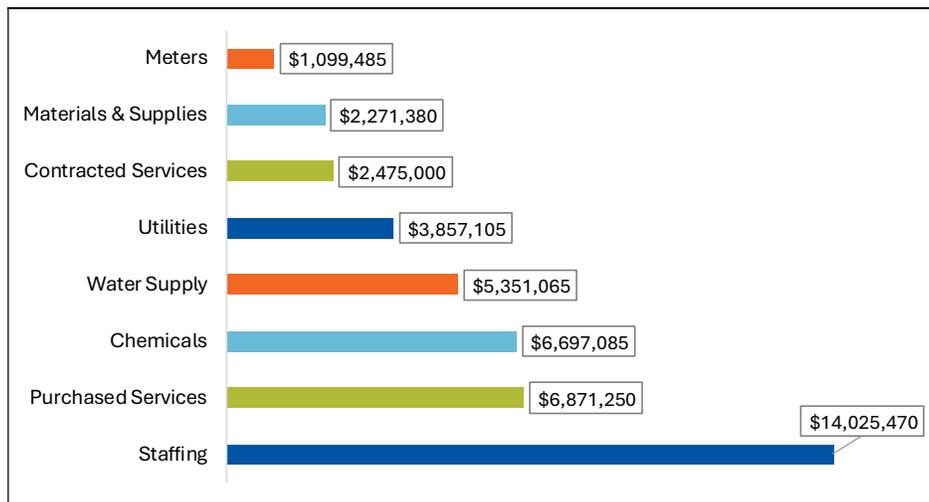
- Revenues must not only recover the total cost of operations, they must also meet the required debt service coverage ratios as required by Highlands Ranch Water’s debt covenants and allow for annual transfers to the debt service fund.

Any funds in excess of these requirements can be transferred to the Capital and Major Repair Fund, the Water Acquisition Fund, or the Financial Assurance Fund. These transfers are prioritized by the fund balance needs of these funds.

Understanding future infrastructure needs and debt service requirements, staff will be presenting a resolution to the Board of Directors in late 2025 to support a change in the minimum fund balance from 50% of next year’s estimated operating costs to 40% of next year’s estimated operating costs. The 2025 projected budget and the 2026 proposed budget are presented assuming a reduction of the minimum fund balance requirement of 50% to 40% of the next year’s estimated operating costs.

Uses of Funds by Expense Type

The graph below shows the Operating Fund’s proposed uses of funds for 2026 by expense type:



**For a detailed breakout, please see Appendix 5*

Staffing

The largest cost in the Operating Fund is for staffing, representing 32.9% of the 2026 proposed budget. While this is a significant amount, Highlands Ranch Water’s commitment to providing quality water and wastewater services is backed by the priority of recruiting and, most importantly, retaining talented staff. Keeping staff turnover low is how we ensure that there are limited to no disruptions to services.

Purchased Services

The largest costs in the Purchased Services category are for professional services including water sampling, IT services, and invoice processing (24.3%), repair services (21.9%), and other miscellaneous services such as manhole rehabilitation, lagoon cleaning, and equipment installation (19.6%).

Chemicals

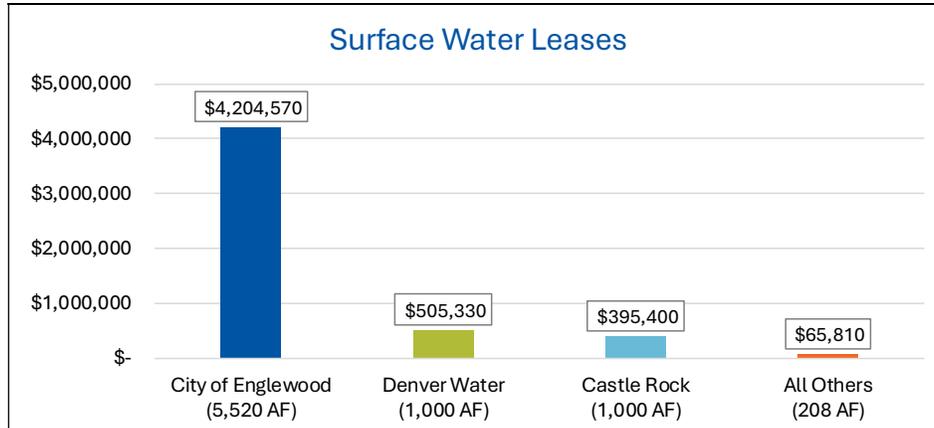
Water and wastewater treatment chemicals are vital to the operations of our water and wastewater plants and continue to remain a large operating cost in our annual budget.

Contracted Services

Contracted services include legal support (73.5%), liability insurance (24.3%), and the annual financial audit (1.8%). Also included here are costs for director elections (0.4%).

Water Supply

Water supply costs that are charged to the Operating Fund are related to Highlands Ranch Water's surface water lease portfolio, broken out as follows:



Utilities

Pumping water requires a significant amount of electricity, which makes up 95.1% of utility costs.

Materials and Supplies

A priority of any annual budget is to preserve Highlands Ranch Water's existing assets and staff work diligently to do just that. Repair parts account for 49.8% of the costs of materials and supplies with all other categories making up the remaining 50.2%.

Meters

Each year, Highlands Ranch Water systematically replaces outdated customer meters with AMI technology. This cost also includes the data necessary to transfer water meter data to staff so they may track water use and backflow testing fees.



Year Over Year Changes

Below is a table showing the 2024 actual, 2025 budgeted, 2025 projected, and the proposed 2026 uses of funds by expense type:

Expense Type	2024 Actual	2025 Budgeted	2025 Projected	2026 Proposed	Variance to	
					2024 Actual	2025 Projected
Staffing	\$ 12,080,995	\$ 12,869,958	\$ 12,839,203	\$ 14,025,470	16.1%	9.2%
Purchased Services	6,175,814	6,440,306	6,745,851	6,871,250	11.3%	1.9%
Chemicals	5,142,419	5,535,498	5,801,730	6,697,085	30.2%	15.4%
Water Supply	6,299,536	5,171,097	4,866,375	5,351,065	-15.1%	10.0%
Utilities	3,637,464	4,589,986	3,784,000	3,857,105	6.0%	1.9%
Contracted Services	1,100,231	1,375,000	1,625,170	2,475,000	125.0%	52.3%
Materials & Supplies	2,272,969	2,170,255	2,573,075	2,271,380	-0.1%	-11.7%
Meters	694,142	1,036,100	1,018,900	1,099,485	58.4%	7.9%
Total	\$ 37,403,570	\$ 39,188,200	\$ 39,254,304	\$ 42,647,840	14.0%	8.6%

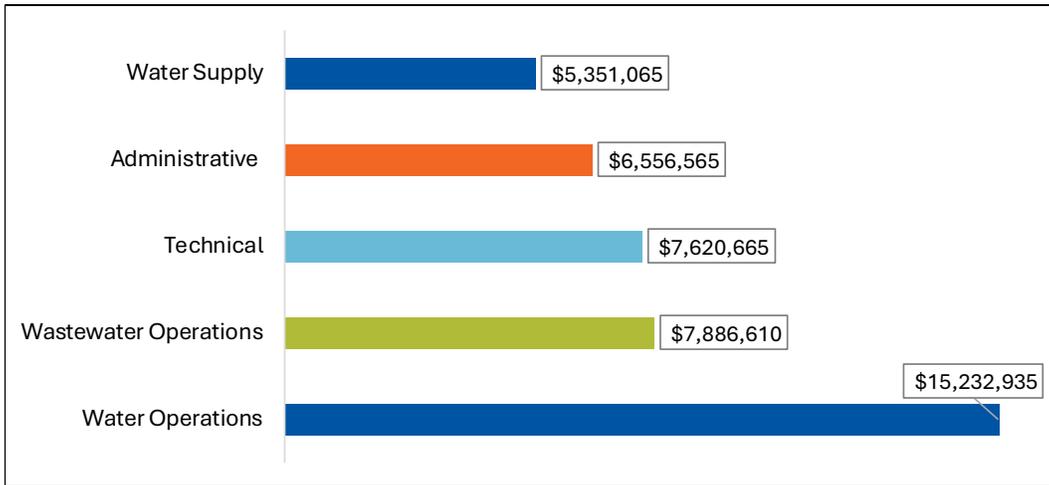
As seen in the table above, there are notable variances to several line items. The primary reasons for these variances are attributed to the following:

- Wages & Benefits increases are directly related to increases in health insurance benefits (11.0%) and the average annual wage increase (6.21%). This increase includes a cost-of-living adjustment of 4.21% with the remaining being variable based on performance. This line also includes the cost of retirement plan contributions and federal payroll costs.
- Since 2023, the cost of treatment chemicals has increased significantly. Additionally, Highlands Ranch Water will begin purchasing chemicals that, while they are more expensive, help with the overall treatment process.
- Water supply costs are related to projected water demand in the upcoming year that we will need to acquire through our surface water leases.
- Contracted service costs are increasing due to higher than normal legal costs projected for 2026.
- Water meter replacements are normally purchased on a two-year cycle. To continue the meter replacement program, a large purchase will be made in 2026. This includes increased software costs related to data necessary to read customer meters.



Uses of Funds by Activity

The graph below is a visualization of the Operating Fund’s proposed costs for 2026 by activity:



**For a detailed breakout, please see Appendix 4*

Water Operations (35.7%)

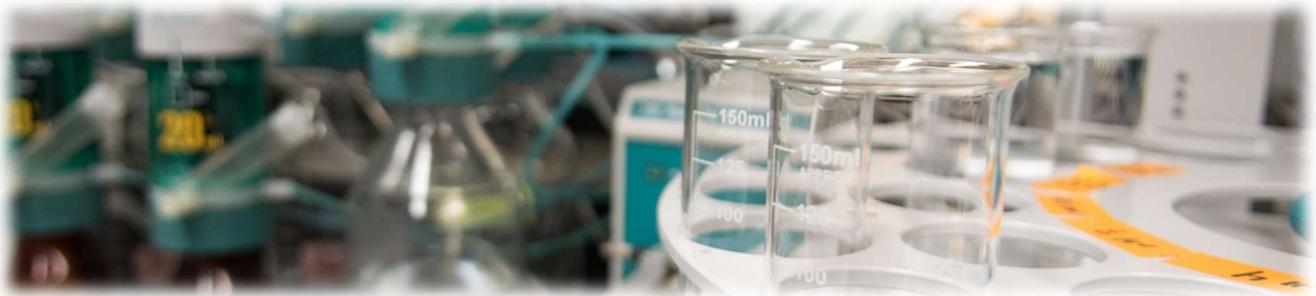
All costs associated with the operations of the water plants, pumping and groundwater facilities, and water meter installations.

Wastewater Operations (18.5%)

All costs associated with the operations of the wastewater treatment plant and the collection system.

Technical (17.9%)

These costs are associated with managing our water resources (including conservation), water and wastewater sampling, SCADA, GIS, engineering, and fleet.



Administrative (15.4%)

Governance, human resources, finance, IT, customer service, and administrative building operations costs are captured here.

Water Supply (12.5%)

Highlands Ranch Water has entered into multiple water lease agreements which support the water supply available to customers. Note that the Water Acquisition Fund also carries costs for water leases.

Year Over Year Changes

The table below shows 2024 actual, 2025 budgeted, 2025 projected, and 2026 proposed uses of funds by activity:

Activity	2024 Actual	2025 Budgeted	2025 Projected	2026 Proposed	Variance to	
					2024 Actual	2025 Projected
Water Operations	\$ 12,593,276	\$ 14,572,737	\$ 14,040,645	\$ 15,232,935	21.0%	8.5%
Administrative	4,799,336	4,862,716	5,307,065	6,556,565	36.6%	23.5%
Wastewater Operations	7,180,768	7,426,927	7,647,340	7,886,610	9.8%	3.1%
Technical	6,530,653	7,154,723	7,392,879	7,620,665	16.7%	3.1%
Water Supply	6,299,536	5,171,097	4,866,375	5,351,065	-15.1%	10.0%
Total	\$ 37,403,570	\$ 39,188,200	\$ 39,254,304	\$ 42,647,840	14.0%	8.6%

The increase to Water Operations is primarily the result of the increased costs for treatment chemicals while the increase in administrative costs is primarily the result of increased legal and IT contract costs.



Net Change in Fund Balance

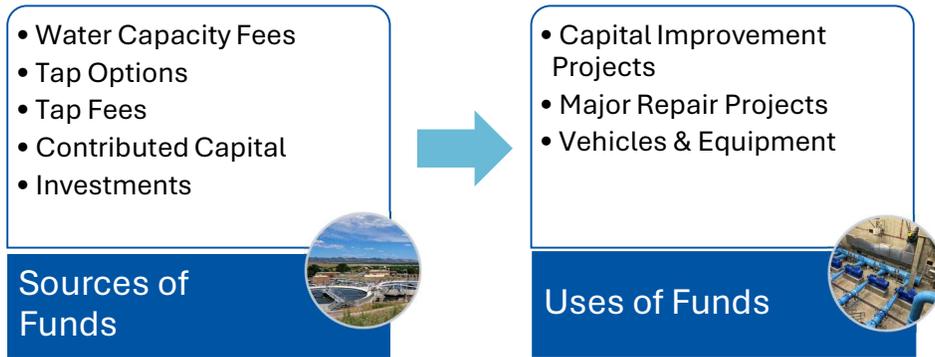
The net change in fund balance for the Operating Fund for 2024 actual, 2025 budgeted, 2025 projected, and 2026 proposed are as follows:

	2024 Actual	2025 Budget	2025 Projected	2026 Proposed	Variance to	
					2024 Actual	2025 Projected
Sources of Funding	\$ 56,229,909	\$ 53,010,695	\$ 56,712,640	\$ 60,130,835	6.9%	6.0%
Uses of Funding	(37,403,570)	(39,438,200)	(39,254,304)	(42,647,840)	14.0%	8.6%
Net	18,826,339	13,572,495	17,458,336	17,482,995	-7.1%	0.1%
Net Fund Transfers	(16,000,000)	(11,512,560)	(20,263,300)	(16,025,000)	0.2%	-20.9%
Accumulation (Use) of Fund Balance	2,826,339	2,059,935	(2,804,964)	1,457,995	-48.4%	152.0%
Fund Balance - Beginning	17,262,609	20,426,624	20,088,948	17,283,984	0.1%	-14.0%
Fund Balance - Ending	\$ 20,088,948	\$ 22,486,559	\$ 17,283,984	\$ 18,741,979	-6.7%	8.4%

The increase in fund balance over 2025 projected is directly attributed to the increase in rates and managing amounts transferred into other funds. The ending 2025 and 2026 fund balances are presented at 40% of the next year's operating costs, pending final approval by the Board of Directors prior to December 31, 2025.

Capital And Major Repair Fund

This fund accounts for the financial resources needed for the construction of capital improvement projects or major repair projects identified in Highlands Ranch Water’s Capital Improvement Plan. Projects that are considered for capital or major repair classification are to acquire or construct an asset generally with a value exceeding \$25,000 and an expected life of ten years or more. Project appropriations continue in effect for the duration of the project period as these projects may span more than one year due to the scope of work. The major repair or replacement of equipment, vehicles, smaller renovations of facilities, and the purchase of miscellaneous new equipment are accounted for in this fund as well.

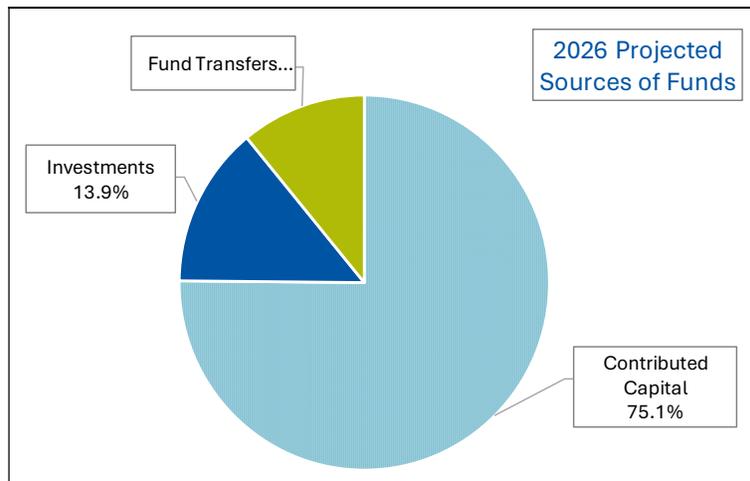


Sources Of Funds

The table below presents revenues for capital and major repair for 2024 actual, 2025 budgeted, 2025 projected, and 2026 proposed:

Sources of Funds	2024 Actual	2025 Budgeted	2025 Projected	2026 Proposed	Variance to	
					2024 Actual	2025 Projected
Contributed Capital	\$ 2,598,350	\$ 2,763,025	\$ 2,091,870	\$ 3,431,260	32.1%	64.0%
Net Investment Income	3,303,365	702,400	1,822,400	634,700	-80.8%	-65.2%
Fund Transfers	-	4,012,560	-	500,000	100.0%	100.0%
Total Sources of Funds	\$ 5,901,715	\$ 7,477,985	\$ 3,914,270	\$ 4,565,960	-22.6%	17%

The graph below shows the breakout of funding sources projected for 2026:



Uses Of Funds

Capital and major repair projects have a substantial impact not only on the overall quality of water and wastewater service delivery but also to Highlands Ranch Water’s financial resources. As such, the uses of revenues in this fund are governed by Highlands Ranch Water’s 10-Year Capital Improvement Plan which can be found on pages 71-81.

The table below shows the 2024 actual cash outflows, the 2025 budgeted projects, 2025 projected cash outflows, and 2026 proposed projects:

Project Area	2024 Actual	2025 Budgeted	2025 Projected	2026 Proposed	Variance to	
					2024 Actual	2025 Projected
Water System	\$ 25,360,142	\$ 13,650,000	\$ 28,509,485	\$ 24,871,000	-1.9%	-12.8%
Wastewater System	7,679,843	3,600,000	1,690,580	6,600,000	-14.1%	290.4%
In-Tract Lines	-	1,100,000	220,000	1,775,000	100.0%	706.8%
Other Projects	-	610,000	209,760	550,000	100.0%	162.2%
Vehicles & Equipment	405,500	930,000	929,145	1,193,000	194.2%	28.4%
Prior Year Rollforward	-	-	-	14,012,205		
Total	\$ 33,445,485	\$ 19,890,000	\$ 31,558,970	\$ 49,001,205	46.5%	55.3%

The increase for 2025 projected versus 2025 budgeted is due to the timing of costs for improvements at the water treatment plant.

Budgeting For Uses of Funds

Actual and projected costs are presented as cash outflows while budgeted costs are represented as anticipated total project appropriations. This is because budgeted costs must equal the total cost of the capital or major repair project, regardless of whether it’s a multi-year project or not, so that fund balance is set aside for Highlands Ranch Water to enter into project specific contracts in the budget year.

At the end of each year, Finance will reach out to project managers to verify which projects have been completed. Any unspent project funds will be rescinded, and the fund balance will increase by those unspent funds.

The table below is utilized by finance to track how much in previously appropriated project funds are outstanding. This helps manage fund balance and anticipated cash needs. The table below shows the roll forward of appropriated funds used in developing the 2026 proposed budget:

Appropriations carried forward from 2024	\$ 44,985,830
2025 appropriations	9,714,685
2025 projected cash outlay	(31,559,000)
2025 appropriations rescinded	(4,941,620)
Appropriations carried forward to 2026	18,199,895
2026 projected appropriations	34,989,000
2026 projected cash outlay	(49,001,205)
2026 projected rescissions	(4,187,690)
Appropriations remaining at 12/31/2026	\$ -

Net Change in Fund Balance

The net change in fund balance for the Capital and Major Repair Fund for 2024 actual, 2025 budgeted, 2025 projected, and 2026 proposed are as follows:

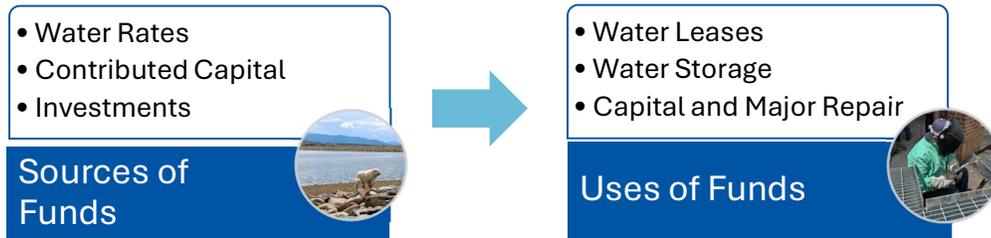
	2024 Actual	2025 Budget	2025 Projected	2026 Proposed	Variance to	
					2024 Actual	2025 Projected
Sources of Funding	\$ 84,783,249	\$ 3,465,425	\$ 3,914,270	\$ 4,065,960	-95.2%	3.9%
Uses of Funding	(33,445,486)	(15,190,000)	(31,559,000)	(49,001,205)	46.5%	55.3%
Net	51,337,763	(11,724,575)	(27,644,730)	(44,935,245)	187.5%	62.5%
Net Fund Transfers	-	4,012,560	-	500,000	100.0%	100.0%
Accumulation (Use) of Fund Balance	51,337,763	(7,712,015)	(27,644,730)	(44,435,245)	186.6%	60.7%
Fund Balance - Beginning	39,783,269	91,974,046	91,121,032	63,476,302	59.6%	-30.3%
Fund Balance - Ending	\$ 91,121,032	\$ 84,262,031	\$ 63,476,302	\$ 19,041,057	-79.1%	-70.0%

The significant change to ending fund balance is primarily due to spending down the Series 2024A revenue bond proceeds for the Water Treatment Plant Phase 1B project.



Water Acquisition Fund

This fund accounts for the operating and capital costs related to WISE water delivery and the costs of storage at Chatfield Reservoir. It also absorbs some of the capital costs related to the acquisition of surface water and construction of facilities to capture, store and deliver surface water.



Sources Of Funds

This fund is primarily supported by a portion of the base water rate, transferred from the Operating Fund on a monthly basis. The 2026 proposed budget assumes a transfer of \$1.00 per thousand gallons. This fund also receives fees charged to recover the costs of acquiring and managing water supply. The water acquisition fee is charged at \$1,480 per ¾” tap equivalent and the channel stabilization surcharge is a one-time \$250 per ¾” tap equivalent at the time a new tap is requested.

The table below presents sources of funds for water acquisition for 2024 actual, 2025 budgeted, 2025 projected, and 2026 proposed:

Sources of Funds	2024 Actual	2025 Budgeted	2025 Projected	2026 Proposed	Variance to	
					2024 Actual	2025 Projected
Water Utilization	\$ 4,486,943	\$ 4,461,060	\$ 4,501,400	\$ 4,476,400	-0.2%	-0.6%
Contributed Capital	820,310	376,360	83,040	415,200	-49.4%	400.0%
Net Investment Income	-	50	-	-	0.0%	0.0%
Total Sources of Funds	\$ 5,307,253	\$ 4,837,470	\$ 4,584,440	\$ 4,891,600	-7.8%	6.7%

Contributed capital revenues are charged on actual development therefore collections tend to be volatile year-over-year.

Uses Of Funds - Operating

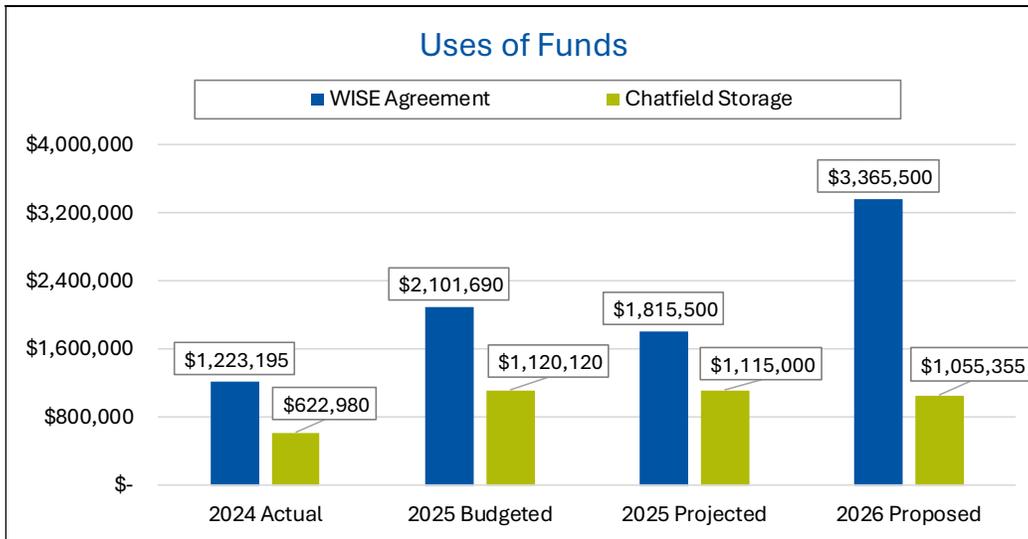
Water Infrastructure Supply Efficiency (WISE) Water

The WISE partnership is a regional project between Denver Water, Aurora Water and 10 members of the South Metro Water Supply Authority; Highlands Ranch Water joined the group in 2013. The WISE partnership works by recapturing water used by Denver Water and Aurora Water customers which is re-treated and shared, when available, with members. WISE has committed to provide members 100,000 acre-feet of water every decade, with 10% of total supply dedicated to us. The large increase in costs for WISE in 2026 is related to the anticipated increase in WISE water delivered to Highlands Ranch Water.

Chatfield Water Storage

Chatfield operating costs projected for 2026 are increasing due to the continuation of an assessment of maintenance that needs to be performed at the reservoir that was primarily caused by the large amount of rain the area saw in 2023. The increase is also attributed to the cost of \$152 per acre-foot of storage space.

The graph below presents the uses of funds for water acquisition operating costs 2024 actual, 2025 budgeted, 2025 projected, and 2026 proposed:



Uses Of Funds - Capital

The table below shows the uses of funds for capital projects for 2024 actual, 2025 budgeted, 2025 projected, and 2026 proposed:

Project	2024 Actual	2025 Budgeted	2025 Projected	2026 Proposed	Variance to	
					2024 Actual	2025 Projected
WISE	\$ -	\$ 80,000	\$ 500,000	\$ 2,430,000	100.0%	386.0%
Wells	496,601	50,000	176,470	-	-100.0%	-100.0%
Other Projects	20,155	-	7,060	10,000	-50.4%	41.6%
Total	\$ 516,756	\$ 130,000	\$ 683,530	\$ 2,440,000	372.2%	257.0%

Capital costs anticipated for 2026 are higher due to preliminary charges for a WISE water line connection, which is cost-shared between all WISE members. The 2025 projected costs are higher than 2025 budget due to a payment to the South Metro WISE Authority. This payment was made from capital project funds appropriated prior to 2025.



Net Change in Fund Balance

The net change in fund balance in the Water Acquisition Fund for 2024 actual, 2025 budgeted, 2025 projected, and 2026 proposed are as follows:

	2024 Actual	2025 Budget	2025 Projected	2026 Proposed	Variance to	
					2024 Actual	2025 Projected
Sources of Funding	\$ 5,307,253	\$ 4,837,470	\$ 4,584,440	\$ 4,891,600	-7.8%	6.7%
Uses of Funding	(2,362,931)	(3,351,810)	(3,614,000)	(6,860,855)	190.4%	89.8%
Net	2,944,322	1,485,660	970,440	(1,969,255)	-166.9%	-302.9%
Net Fund Transfers	(2,728,830)	(2,378,830)	-	-	-100.0%	0.0%
Accumulation (Use) of Fund Balance	215,492	(893,170)	970,440	(1,969,255)	1013.8%	302.9%
Fund Balance - Beginning	8,693,522	8,742,223	8,909,014	9,879,454	13.6%	10.9%
Fund Balance - Ending	\$ 8,909,014	\$ 7,849,053	\$ 9,879,454	\$ 7,910,199	-11.2%	-19.9%

The significant change in fund balance is due to the previously mentioned increase in operating costs as well as the capital commitment for WISE.

Debt Service Fund

This fund is used to account for the accumulation of resources for the payment of debt obligations.

- Fund Transfers
- Contributed Capital
- Investments

Sources of Funds



- Capital Improvement Revenue Bonds
- Water Storage Loans

Uses of Funds

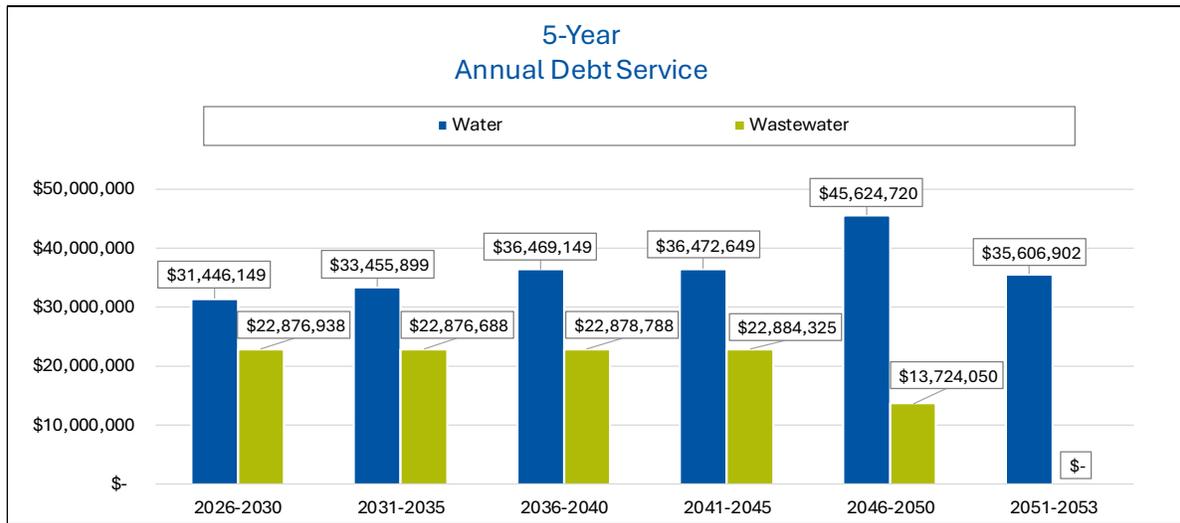


Sources Of Funds

This fund is primarily supported by transfers from other funds; fund transfers must be sufficient so that the ending fund balance has capacity for the next year's annual debt service payments. Other sources of revenue include: (1) an annual option payment in an amount equal to 2% of the tap fee for all taps reserved for Mirabelle Metro District that have yet to be placed in service; 301 taps estimated to be outstanding at the end of 2025, and (2) Interest income from existing fund balance. The table below presents sources of funds for debt service for 2024 actual, 2025 budgeted, 2025 projected, and 2026 proposed:

Sources of Funds	2024 Actual	2025 Budgeted	2025 Projected	2026 Proposed	Variance to	
					2024 Actual	2025 Projected
Contributed Capital	160,170	103,740	85,785	57,285	-64.2%	-33.2%
Net Investment Income	314,134	2,855	274,000	214,400	-31.7%	-21.8%
Fund Transfers	18,728,830	10,228,830	18,250,000	15,525,000	-17.1%	-14.9%
Total Sources of Funds	\$ 19,203,134	\$ 10,335,425	\$ 18,609,785	\$ 15,796,685	-17.7%	-15.1%

Outstanding Debt



Water Related

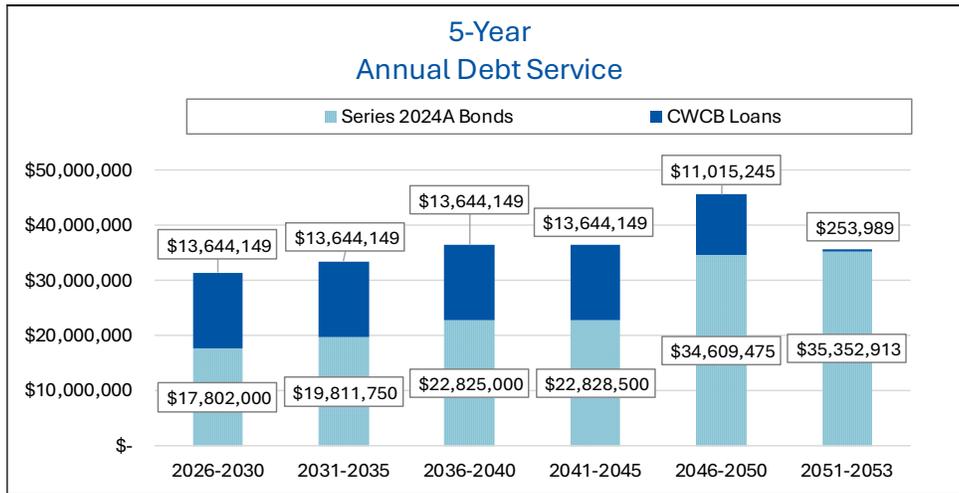
On October 15, 2015, Highlands Ranch Water entered into three loan agreements with the Colorado Water Conservation Board (CWCB) to fund the Chatfield Reallocation Project. The loans were approved in the aggregate amount of \$44,400,000 and required Highlands Ranch Water to contribute at least 10 percent of the project cost, bringing the total loan approval to \$48,888,000. To cover the increased cost of construction, in 2018 the Board authorized an increase of \$9,046,267 to the loans for a maximum aggregate amount of \$53,446,267. The final loan maturity is on November 1, 2051.

Highlands Ranch Water issued its Series 2024A Water and Wastewater Revenue Bonds dated February 1, 2024 in the par amount of \$70,000,000 for the purpose of financing the capital improvements to the Joseph B. Blake Water Treatment Plant. The bonds fully mature on December 1, 2053.

The table below shows the total outstanding debt service for the CWCB Loans and the Series 2024A Water and Wastewater Revenue Bonds:

Water Related Annual Debt Service 2026-2053			
Year	Principal	Interest	Total Debt Service
2026	\$ 1,337,505	\$ 4,951,725	\$ 6,289,230
2027	1,377,630	4,911,600	6,289,230
2028	1,418,959	4,870,271	6,289,230
2029	1,461,527	4,827,702	6,289,230
2030	1,505,373	4,783,856	6,289,230
2031-2035	10,291,998	23,163,900	33,455,899
2036-2040	15,663,142	20,806,007	36,469,149
2041-2045	18,878,117	17,594,531	36,472,649
2046-2050	32,191,660	13,433,061	45,624,720
2051-2053	32,251,591	3,355,311	35,606,902
Total	\$ 116,377,502	\$ 102,697,965	\$ 219,075,467

The graph below shows the 5-year payment schedule, broken down by debt source:



Wastewater Related

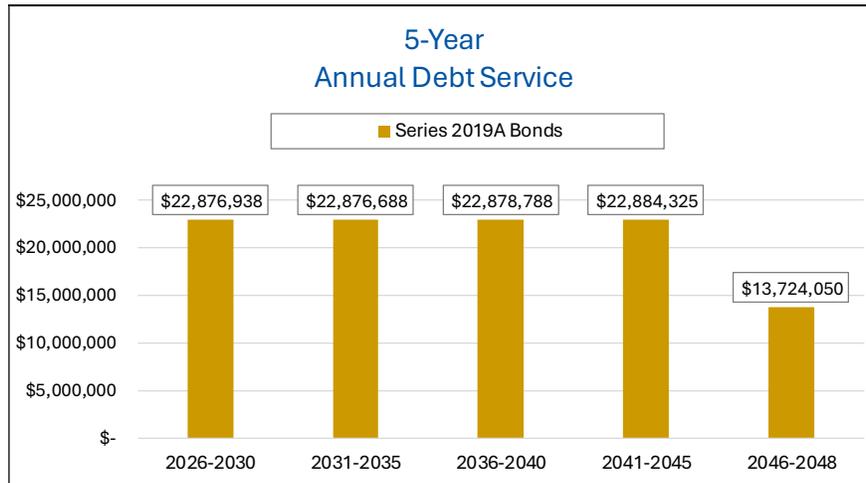
Highlands Ranch Water issued its Series 2019A Water and Wastewater Revenue Bonds dated January 17, 2019 in the par amount of \$64,355,000 for the purpose of financing the engineering, design, and construction of the Phase 2 upgrades to the Marcy Gulch Wastewater Treatment Plant. These improvements are time sensitive modifications which enable Highlands Ranch Water to comply with regulatory discharge requirements. The bonds fully mature on December 1, 2048.



The table below shows the total debt service for the Series 2019A Water and Wastewater Revenue Bonds:

Wastewater Related Annual Debt Service 2026-2053			
Year	Principal	Interest	Total Debt Service
2026	\$ 1,500,000	\$ 3,075,088	\$ 4,575,088
2027	1,575,000	3,000,088	4,575,088
2028	1,655,000	2,921,338	4,576,338
2029	1,735,000	2,838,588	4,573,588
2030	1,825,000	2,751,838	4,576,838
2031-2035	10,580,000	12,296,688	22,876,688
2036-2040	13,370,000	9,508,788	22,878,788
2041-2045	16,925,000	5,959,325	22,884,325
2046-2050	12,400,000	1,324,050	13,724,050
2051-2053	-	-	-
Total	\$ 61,565,000	\$ 43,675,788	\$ 105,240,788

The graph below shows the 5-year payment schedule for the bonds:



Debt Limits

1. Recurring revenues need to be sufficient to pay annual operating expenses and 100% of annual debt service:

Year	Annual Debt Service	1x Annual Debt Service Coverage					
		Operating Revenue	Net Investment Income/(Loss)	Recurring Revenue	Operating Expenses	Net Recurring Revenue	Debt Service Coverage
2024	\$12,692,183	\$ 56,940,369	\$ 7,021,253	\$63,961,622	\$(39,249,746)	\$ 24,711,876	1.95
2025	10,865,817	57,634,475	2,498,100	60,132,575	(42,184,804)	17,947,771	1.65
2026	10,864,317	64,235,935	1,021,900	65,257,835	(47,068,695)	18,189,140	1.67

2. Net revenues plus capital contributions then must be sufficient to pay annual operating expenses and 125% of annual debt service:

Year	Annual Debt Service	1.25x Annual Debt Service Coverage			
		Net Recurring Revenue	Plus Capital Contributions	Total Net Revenue	Debt Service Coverage
2024	\$12,692,183	\$ 24,711,876	\$ 3,530,310	\$28,242,186	2.23
2025	10,865,817	17,947,771	2,260,695	20,208,466	1.86
2026	10,864,317	18,189,140	3,903,745	22,092,885	2.03

3. An allowance of 25% of annual debt service may be applied toward the Financial Assurance or Debt Service funds to provide 0.25x of additional coverage:

Year	Annual Debt Service	Additional Coverage Allowed			Debt Service Coverage
		Total Net Revenue	Rate Stabilization Account Balance	25% Allowance	
2024	\$12,692,183	\$ 28,242,186	\$ 18,694,664	\$ 3,173,046	2.48
2025	10,865,817	20,208,466	20,707,967	2,716,454	2.11
2026	10,864,317	22,092,885	20,707,967	2,716,079	2.28

Net Change in Fund Balance

The net change in fund balance for the Debt Service Fund for 2024 actual, 2025 budgeted, 2025 amended, and 2026 proposed are as follows:

	2024 Actual	2025 Budget	2025 Projected	2026 Proposed	2024 Actual	2025 Projected
Sources of Funding	\$ 474,304	\$ 106,595	\$ 359,785	\$ 271,685	-42.7%	-24.5%
Uses of Funding	(12,977,310)	(10,865,817)	(10,865,817)	(10,864,317)	-16.3%	0.0%
Net	(12,503,006)	(10,759,222)	(10,506,032)	(10,592,632)	15.3%	-0.8%
Other Sources/(Uses)	18,728,830	10,228,830	18,250,000	15,525,000	-17.1%	-14.9%
Accumulation (Use) of Fund Balance	6,225,824	(530,392)	7,743,968	4,932,368	-20.8%	-36.3%
Fund Balance - Beginning	7,474,713	5,146,455	13,700,537	21,444,505	186.9%	56.5%
Fund Balance - Ending	\$ 13,700,537	\$ 4,616,063	\$ 21,444,505	\$ 26,376,873	92.5%	23.0%



Financial Assurance Fund

This fund is set aside to support unanticipated shortages in revenue or unplanned costs. Use of the Financial Assurance Fund allows Highlands Ranch Water to manage annual increases in rates that may otherwise be negatively impacted by economic conditions, new regulations, or other unforeseen events.

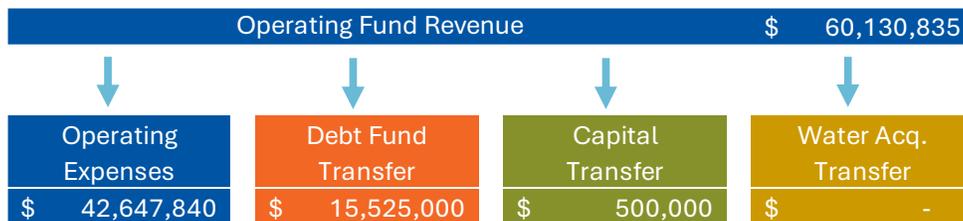
A fund transfer is contemplated if revenues received exceed that year's operating costs, or it may be decreased to support shortfalls in any of the other funds. The 2026 proposed budget plans for a transfer of \$2,013,300, increasing the fund balance from \$18,694,667 to \$20,707,967.

Fund Transfers

Prior to the 2026 proposed budget, the Operating Fund had an ending fund balance requirement of 50% of next year’s projected operating expenditures. Beginning in 2025, staff propose lowering this requirement to 40%.

Operating revenues are first used for operating expenses and a transfer to the Debt Service Fund to, at a minimum, maintain enough fund balance to satisfy next year’s debt payments. If after satisfying these requirements excess fund balance exists, the Operating Fund may make transfers to the other funds which are prioritized by each fund’s need for additional financial resources.

The following chart details the Operating Fund’s flow of financial resources proposed for 2026:



The schedule of transfers between funds for 2024 actual, 2025 budgeted, 2025 projected and 2026 proposed are as follows:

Transfer	2024 Actual	2025 Budget	2025 Projected	2026 Proposed
Operating Fund				
From (to) Debt Service Fund	\$ (16,000,000)	\$ (7,500,000)	\$ (18,250,000)	\$ (15,525,000)
From (to) Capital/Major Repair Fund	-	(4,012,560)	-	(500,000)
From (to) Financial Assurance Fund	-	-	(2,013,300)	-
Net Transfers	(16,000,000)	(11,512,560)	(20,263,300)	(16,025,000)
Capital and Major Repair Fund				
From (to) Operating Fund	-	4,012,560	-	500,000
Net Transfers	-	4,012,560	-	500,000
Water Acquisition Fund				
From (to) Debt Service Fund	(2,728,830)	(2,728,830)	-	-
Net Transfers	(2,728,830)	(2,728,830)	-	-
Debt Service Fund				
From (to) Operating Fund	16,000,000	7,500,000	18,250,000	15,525,000
From (to) Water Acquisition Fund	2,728,830	2,728,830	-	-
Net Transfers	18,728,830	10,228,830	18,250,000	15,525,000
Financial Assurance Fund				
From (to) Operating Fund	-	-	2,013,300	-
Net Transfers	-	-	2,013,300	-

Department Summaries



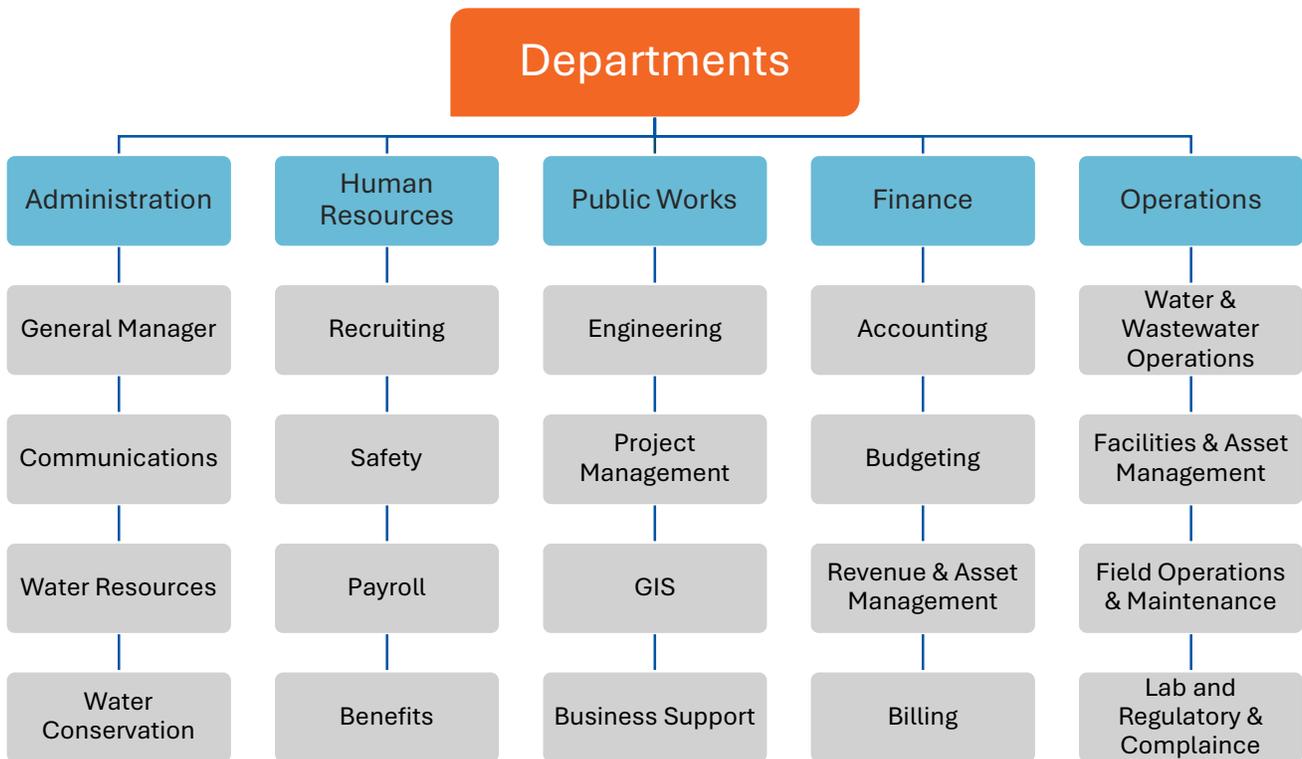
Summary

Highlands Ranch Water is managed by five departments with each having specifically identified functions to achieve successful District operations and customer accountability.

Primary Goals And Objectives

Department performance is measured on an annual basis and success is measured by the following:

- Administration – ensure Highlands Ranch Water is following and meeting the Vision, Mission, and Strategic Goals as mandated by the Board
- Human Resources – sustain staffing levels through successful recruitment and training, and continuously monitor District culture for staff retention
- Public Works – ensure District facilities are in compliance with all applicable regulations through the effective management of capital and major repair projects
- Finance – safeguard Highlands Ranch Water’s financial resources by accurately managing the short and long-term operating and capital objectives of Highlands Ranch Water
- Operations – reliably deliver safe drinking water to the community and manage the successful treatment of wastewater



Administration

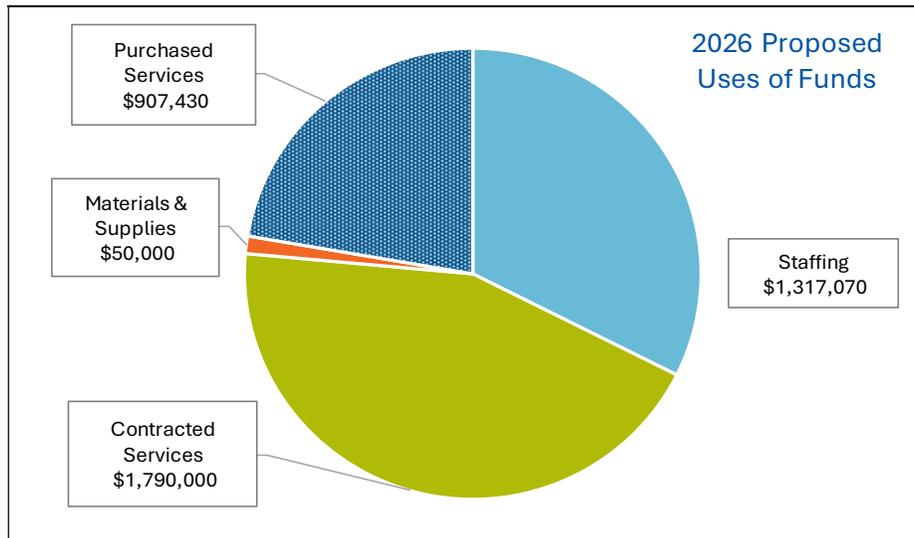
The Administration Department is led by the General Manager. Leadership and staff in this department are primarily responsible for the following:

- General leadership and management and implementation of policies set by the Board
- Responsible management of Highlands Ranch Water’s water supply and plan for future water needs
- Development of programs and services for the responsible use and conservation of water
- Creation and distribution of public information materials for citizen engagement

The table below shows the operating expenses for the Administration Department for 2024 actual, 2025 budgeted, 2025 projected, and 2026 proposed:

Expense Type	2024 Actual	2025 Budgeted	2025 Projected	2026 Proposed	Variance to	
					2024 Actual	2025 Projected
Staffing	\$ 1,155,063	\$ 1,225,485	\$ 1,245,825	\$ 1,317,070	14.0%	5.7%
Contracted Services	661,593	1,000,000	1,060,000	1,790,000	170.6%	68.9%
Materials & Supplies	50,470	46,800	45,900	50,000	-0.9%	8.9%
Purchased Services	701,510	867,115	878,430	907,430	29.4%	3.3%
Total	\$ 2,568,636	\$ 3,139,400	\$ 3,230,155	\$ 4,064,500	58.2%	25.8%

The graph below shows the allocation of operating expenses for the Administration Department for the 2026 proposed budget:



The increase in contracted services is directly related to higher than normal legal costs projected for 2026.

Human Resources

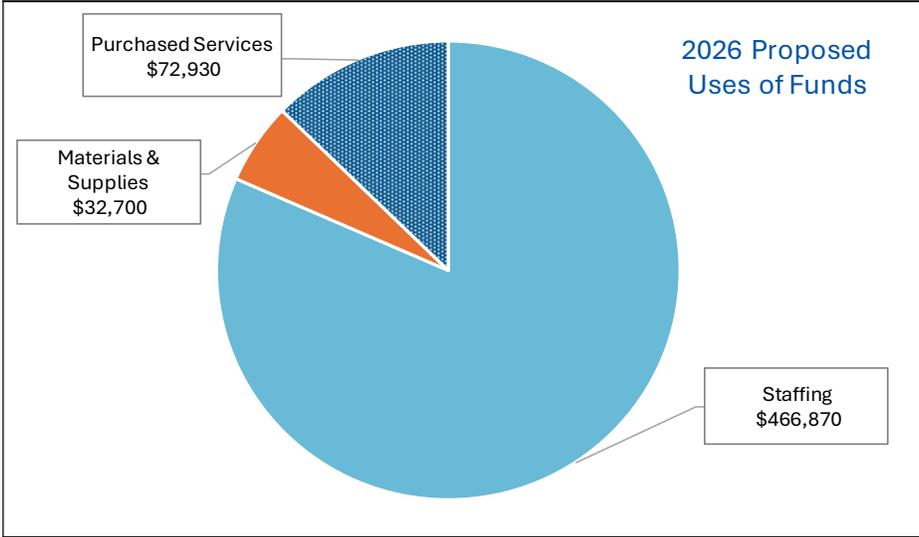
The Human Resources Department is lead by the Director of Human Resources and is shared with the Highlands Ranch Metro District, however there are certain costs incurred by the Department that are specific to Highlands Ranch Water. Leadership and staff in this department are primarily responsible for the following:

- Centralized recruitment of staff, coordination of the benefit programs, and payroll
- Coordination of in-house training and organizational development
- Management of safety procedures and safety education

The table below shows the operating expenses for the Human Resources Department for 2024 actual, 2025 budgeted, 2025 projected, and 2026 proposed:

Expense Type	2024 Actual	2025 Budgeted	2025 Projected	2026 Proposed	Variance to	
					2024 Actual	2025 Projected
Staffing	\$ 223,632	\$ 246,460	\$ 414,419	\$ 466,870	108.8%	12.7%
Materials & Supplies	25,282	7,000	29,500	32,700	29.3%	10.8%
Purchased Services	32,310	34,930	27,406	72,930	125.7%	166.1%
Total	\$ 281,224	\$ 288,390	\$ 471,325	\$ 572,500	103.6%	21.5%

The graph below shows the allocation of operating expenses for the Human Resources Department for the 2026 proposed budget:



The increase in staffing is primarily a result of payroll related expenditures being reclassified to the Human Resources Department from the Finance Department to align with responsibilities of the respective departments. The increase in wages and benefits is a result of the average annual increase in wages and the increase in benefit costs, and the addition of an FTE in 2024.

Public Works

The Public Works Department is led by the Director of Public Works and certain staff are shared with the Highlands Ranch Metro District, however there are certain costs incurred by shared staff that are specific to Highlands Ranch Water. All costs incurred by non-shared staff are specific to Highlands Ranch Water.

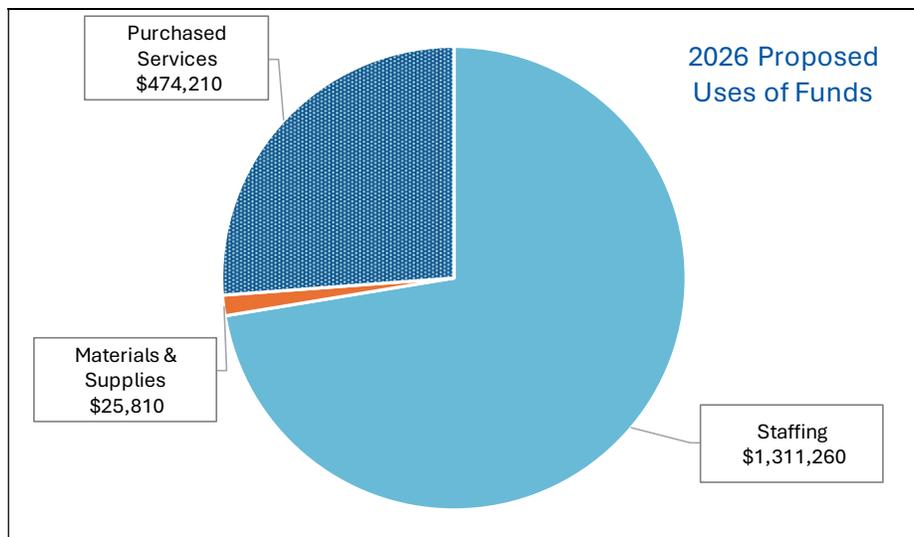
Leadership and staff in this department are primarily responsible for the following:

- Central direction, coordination, and supervision of engineering and contract administration
- Maintenance of accurate and complete geospatial data, enabling the Board and managers to make decisions impacting the future of Highlands Ranch Water in an informed and logical manner
- Facilitation of design and construction of capital and major repair projects

The table below shows the operating expenses for the Public Works Department for 2024 actual, 2025 budgeted, 2025 projected, and 2026 proposed:

Expense Type	2024 Actual	2025 Budgeted	2025 Projected	2026 Proposed	Variance to	
					2024 Actual	2025 Projected
Staffing	\$ 1,088,068	\$ 1,404,293	\$ 1,182,315	\$ 1,311,260	20.5%	10.9%
Materials & Supplies	19,525	24,120	30,620	25,810	32.2%	-15.7%
Purchased Services	278,826	326,111	367,987	474,210	70.1%	28.9%
Total	\$ 1,386,419	\$ 1,754,524	\$ 1,580,923	\$ 1,811,280	30.6%	14.6%

The graph below shows the allocation of operating expenses for the Public Works Department for the proposed 2026 budget:



The increase in wages and benefits is a result of the average annual increase in wages and the increase in benefit costs. In 2024, the department had vacancy savings.

Finance

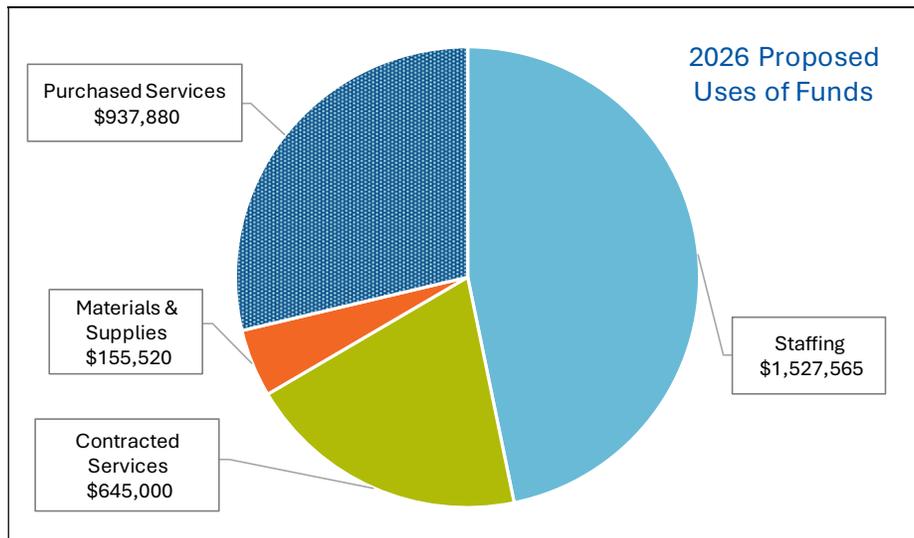
The Finance Department is lead by the Director of Finance and is shared with the Highlands Ranch Metro District, however there are certain costs incurred by the Department that are specific to Highlands Ranch Water. Leadership and staff in this department are primarily responsible for the following:

- Preparation of financial reports and coordination of the independent audit
- Direction of the third-party investment portfolio and management of debt activities
- Financial planning, preparation of long-range financial forecasts, and preparing the annual budget
- Management and coordination of IT systems and customer service

The table below shows the operating expenses for the Finance Department for 2024 actual, 2025 budgeted, 2025 projected, and 2026 proposed:

Expense Type	2024 Actual	2025 Budgeted	2025 Projected	2026 Proposed	Variance to	
					2024 Actual	2025 Projected
Staffing	\$ 1,426,480	\$ 1,633,015	\$ 1,266,738	\$ 1,527,565	7.1%	20.6%
Contracted Services	410,960	335,000	545,170	645,000	56.9%	18.3%
Materials & Supplies	104,069	164,410	175,530	155,520	49.4%	-11.4%
Purchased Services	1,083,233	708,550	1,018,658	937,880	-13.4%	-7.9%
Total	\$ 3,024,741	\$ 2,840,975	\$ 3,006,096	\$ 3,265,965	8.0%	8.6%

The graph below shows the allocation of operating expenses for the Finance Department for proposed 2026 budget:



The increase in wages and benefits is a result of the average annual increase in wages and the increase in benefit costs and vacancy savings in 2024 and 2025. The increase in contracted services is related to IT administration services.

Operations

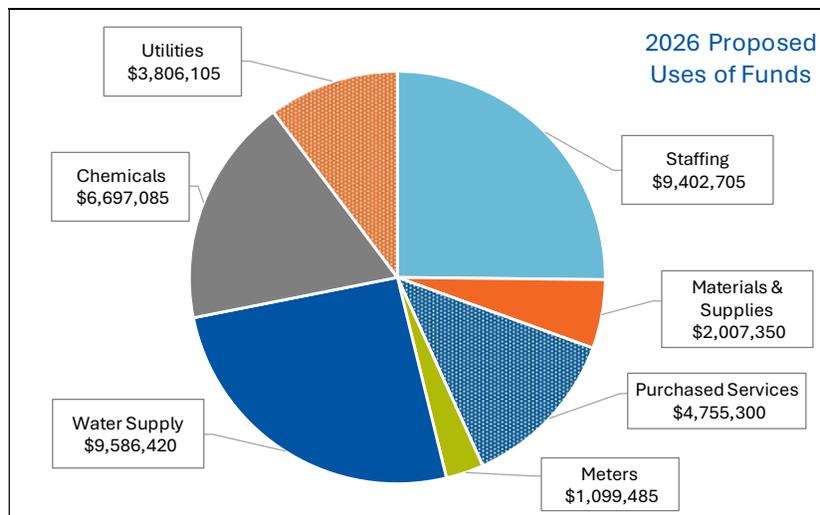
The Operations Department is led by the Director of Operations. Leadership and staff in this department are primarily responsible for the following:

- Operation and maintenance associated with the transport of water through the distribution system and treatment of surface water sources to comply with the Safe Drinking Water Act
- Operation and maintenance of Highlands Ranch Water’s wastewater collection system including cleaning and emergency repairs to sewage transport facilities
- Preventative maintenance associated with capital equipment and facilities

The table below shows the operating expenses for the Operations Department for 2024 actual, 2025 budgeted, 2025 projected, and 2026 proposed:

Expense Type	2024 Actual	2025 Budgeted	2025 Projected	2026 Proposed	Variance to	
					2024 Actual	2025 Projected
Staffing	\$ 8,187,752	\$ 8,360,705	\$ 8,729,905	\$ 9,402,705	14.8%	7.7%
Materials & Supplies	2,073,623	1,927,925	2,291,525	2,007,350	-3.2%	-12.4%
Purchased Services	4,274,997	4,707,600	4,637,370	4,755,300	11.2%	2.5%
Meters	694,142	1,036,100	1,018,900	1,099,485	58.4%	7.9%
Water Supply	8,014,446	8,277,407	7,681,375	9,586,420	19.6%	24.8%
Chemicals	5,142,419	5,535,498	5,801,730	6,697,085	30.2%	15.4%
Utilities	3,601,346	4,541,486	3,735,500	3,806,105	5.7%	1.9%
Total	\$ 31,988,726	\$ 34,386,721	\$ 33,896,305	\$ 37,354,450	16.8%	10.2%

The graph below shows the allocation of operating expenses for the Operations Department for the proposed 2026 budget:



The increase in wages and benefits is a result of the average annual increase in wages and the increase in benefit costs. Increases in water supply is for use of surface water lease allowances. Chemical costs are increasing primarily due to the construction of the chemical building at the Water Treatment Plant.

Capital Improvement Plan



Summary

Capital, major repair, and water acquisition projects (referred together as “capital”) have a substantial impact to not only the overall quality of water and wastewater service delivery but also to Highlands Ranch Water’s financial resources. This Capital Improvement Plan (the “CIP”) provides a framework to comprehensively understand the overall infrastructure of the system and aids in prioritizing the projects needed to maintain the system to a high standard of safety, integrity, and excellence in service.

This CIP presents a 10-year capital plan across the various activities of the Highlands Ranch Water, identifying and defining the capital projects that have a noteworthy impact on financial resources and operations. Projects for inclusion in the CIP come from a variety of sources including department requests, long-range strategic plans, the long-term capital replacement program, and regulatory requirements. As capital costs in the aggregate customarily exceed regularly recurring revenue, Highlands Ranch Water uses the CIP to plan for future financial needs such as increased fund transfers from the Operating Fund or other financial mechanisms such as debt or grants.

Project Prioritization

Due to changes in operational needs, regulations, and any other impactful event, projects identified in this document may be removed or deferred to future years. While the staff acknowledge there are inherent risks in deferring projects, Highlands Ranch Water is operationally and fiscally responsible when prioritizing projects. The Capital Improvement Plan is updated annually to capture any year-over-year financial or other significant changes that may impact project timelines.

During the annual budget process, the General Manager and staff meet to re-evaluate the CIP. Together they analyze the previous year’s identified projects to determine if any changes need to be made. To make these determinations they review:

1. Changes in financial resources available for capital projects
2. Changes in project costs due to inflation and/or change in scope
3. Events that occurred during the year that warrant a new (or accelerated) project
4. Any regulatory changes requiring accelerated capital improvements
5. Any change to water supply needs

During this process, the group will also review changes to financial resources by inputting the updated CIP costs into a forecast model. The model shows if financial resources can absorb all project costs within a water and wastewater rate increase that is justifiable to customers and the Board. If more financial resources are needed, there are two options:

1. Re-prioritize projects in the CIP
2. Identify ways the financial resources can be augmented

Staff present the final CIP schedule and forecast model to the Board during their November budget workshop where, utilizing staff feedback, the board can review the CIP schedule and provide direction regarding project prioritization.

Major Capital Projects

The sections below provide a narrative detail on notable capital and major repair projects. For a full list of projects, see pages 80-82.

Joseph B. Blake Water Treatment Plant (JBWTP)

The JBWTP was constructed in 1986 and then expanded and upgraded in 1999. The Plant is a conventional surface water treatment facility and is located at the northwest corner of Highlands Ranch just south of C-470 on the south side of Plaza Drive.

Primary raw-water sources come from the South Platte River (including some local South Platte alluvial groundwater) and groundwater from the Laramie-Fox Hills aquifer well located near the forebay of the Plant. Highlands Ranch Water uses the Chatfield Reservoir water storage facility (permanent storage space granted by the US Army Corps of Engineers), the South Platte Reservoir (owned by the Highlands Ranch Water) and McLellan Reservoir (leased through the City of Englewood) to store raw water.

Upon completion of several projects currently identified in the 10-year CIP, the JBWTP will meet the maximum day demand (MDD) required after the service boundaries are at 100 percent buildout. This will maximize flexibility of available water resources by allowing MDD to be met wholly from surface water sources. Other water resources, such as WISE water or groundwater, are available to meet the community's needs during severe drought or during winter months if the JBWTP needs to be taken off-line to accommodate maintenance, repairs, and/or construction projects.

JBWTP Capital Projects Overview

Staff have established the ultimate goal of achieving a reliable maximum treatment capacity of 40 million gallons per day (MGD). In 2018, Highlands Ranch Water commissioned a Water Treatment Utility Plan (WTUP) for the purpose of evaluating the condition of existing equipment and the effectiveness of each treatment process, providing design recommendations, and developing conceptual cost estimates for improvements that would enable Highlands Ranch Water to achieve its core values.

The WTUP outlined five (5) sequential design and construction phases intended to achieve capacity goals while maintaining compliance with anticipated regulatory requirements. After an evaluation of project financing, it was determined that Phase 1 would be more financially viable if it was split into two phases: 1A and 1B. Additionally, Phase 5 of the WTUP improvement project is currently deemed unnecessary under existing regulatory requirements, however staff evaluates this annually.

Phase 1A

This Phase focuses on the modification of existing pre-treatment processes, providing a system that meets the minimum Colorado Department of Public Health and Environment (CDPHE) flocculation hydraulic retention time requirements and improves settled water turbidity (a measure of the clarity of a liquid) by replacing existing tube settlers with plate settlers. Additionally, this project includes the in-kind

replacement of raw water piping and flow control. These upgrades will allow JBWTP to produce 30 MGD of potable water reliably.

In March 2020, Carollo Engineers, Inc. was selected for engineering design. In January 2021, construction was awarded to Garney Companies, Inc. The project was completed in the 2nd quarter of 2024 at a cost of \$22.2 million.

Phase 1B

This phase consists of constructing a new chemical building (and related feed lines), which will allow Highlands Ranch Water to reliably store chemicals for up to 30 days. Additionally, the power system will be upgraded with a replacement backup generator and power feed due to aging infrastructure concerns. Improvements to HVAC in the pre-treatment facility and SCADA network modernization are also included in the project. These upgrades will allow the JBWTP to continue to reliably produce 32 MGD of potable water.

The design work on this project began in the fall of 2023, and the “Construction Manager at Risk” (CMAR) contract was awarded to Garney Companies, Inc. in February 2024. Construction time is estimated to bring improvements online at the beginning of the 2026 water season. The project is currently budgeted in the CIP at a cost of \$56.5 million.



Phase 2

Initially, Phase 2 and Phase 3 were broken out into two separate projects. Identifying the ability to save on costs and time by combining the phases, the 2026 CIP has now combined these projects as one. The components of the project consist of the following:

- Upgrading the filtration system, which will allow the Plant to produce 40 MGD of potable water reliably:
 - Converting to a deep-bed configuration with larger diameter media, allowing filters to operate at a higher hydraulic loading rate (HLR) of 8 gallons per minute per square foot, or greater
 - Modifying the Filter Effluent Structure to increase the available head through the filters
 - Improving the backwash system to allow the filters to be adequately cleaned following a filter backwash
- Improvements to the chlorine contact basin CCB, which include modifications to accommodate a backwash water supply, a new Backwash Supply Pump Station, and an improved baffling factor for the

basin so that it can be rated for the Plant's full capacity of 40 MGD. The CCB Upgrades include the following components:

- Inner-basins walls will be partially demolished to convert into a single basin at all operating water levels within the tank
- Construction of concrete walls at the first row of support columns to create a separate and independent backwash supply volume while keeping an unchlorinated water volume for the backwash supply
- Construction of perpendicular baffling walls to create an approximate 44:1 length to width flow path, and with baffled inlets and outlets to the CT (concentration * contact time) volume, to receive a rated baffling factor of 0.6
- Addition of chlorine and ammonium sulfate feeds directly into the CCB in lieu of the finished water pumping headers
- Upgrades to Zone 1 (constructed in 2001) and Zone 2 (constructed in 1987) pump stations, allowing for 40 MGD of reliable potable water delivery to the distribution system. Additionally, the backup power system for these pump stations will be upgraded through the replacement of diesel driven backup pumps by backup generators.
 - Pump Stations - the nature of the project is conducive to phased upgrades to the pump stations and isolating individual parts of the project for completion, such as addition of the Zone 1 surge tank and replacement of the damaged discharge header. The JBWTP can be offline for approximately five months during the winter shut down period and, during this time, operations rely on available groundwater resources. Initial portions of the Zone 1 and Zone 2 Pump Stations improvements can only be completed while the pump station is offline, which in turn means the Plant cannot supply water to the distribution system.
 - Backup Power - involves the replacement of the existing site backup power consisting of a single 420 kW generator and four diesel driven pumps with power systems of adequate capacity to run the pump stations. Multiple configurations were evaluated for the backup power system and it was determined that a single generator system is infeasible due to the required size of the resulting generator.

Project design began in 2025 and will use the Construction Manager at Risk delivery method. We will combine Phases 2 and 3 into one project, with the project bidding anticipated in 2027 for a 2030 completion date. The project is currently projected to cost \$110 million.

Marcy Gulch Wastewater Treatment Plant (MGWWTP)

The MGWWTP is located southeast of Highway 85 and the C-470 intersection. The plant was constructed in 1984 and underwent major facility upgrades in 2000, 2002, and 2014. The plant discharges to Marcy Gulch, which then flows northwest into the South Platte River just upstream of the C-470 bridge crossing the river. In addition to flows from its service area, the MGWWTP receives treatment residuals from the JBWTP via the collection system.

Phase II

The MGWWTP Phase II Improvements consist of complex and time sensitive modifications to the existing treatment facility that will enable the plant to comply with new regulatory discharge requirements. Award

of Construction for Phase II was approved in January 2019 and the project will be completed in 2025 at an estimated cost of \$86.5 million.

Key elements of the Phase II project include:

- Construction of a new Blower Building and conversion of existing Blower Building to a new Chemical Feed building
- Construction of a UV building and a Biosolids Hopper building
- Rehabilitation of the Digester Control building, the Headworks, and the Dewatering building
- Construction of two Activated Sludge Basins and renovation of the four existing basins
- Construction of a RAS Fermenter and renovation of the RAS/WAS Pump Station
- Additional construction includes a Cascade Aerator, Gas Holder, Primary Effluent Flow Split Structure, and Mixed Liquor Flow Split Structure
- Rehabilitation of the existing Secondary Clarifiers and East and West Anaerobic Digesters
- Installation of new sitewide electrical and SCADA control systems

Phase 3

In 2012, the CDPHE Water Quality Control Division (“WQCD”) adopted a new standard for nitrogen and phosphorus levels in certain lakes and reservoirs. If adopted as written, the standard would have applied to Highlands Ranch Water’s required protection of Barr Lake’s water quality. However, in April 2023, the Colorado Water Quality Control Commission held a rulemaking hearing to consider the final adoption of this regulation and elected to defer the requirement until 2027. WQCD has signaled that they will work with us to develop a site-specific standard as opposed to requiring infrastructure for reverse osmosis treatment, which was initially anticipated to be the obligation. As the standard is still imminent, staff will have to continue to plan for this capital cost, most likely sometime after 2033.

Headworks Equipment

In addition to the Phase II improvements, necessary improvements to the Headworks building were identified as part of its 2016 Wastewater Utility Plan. These improvements were not included in the Phase II project because they are not related to permit compliance. There are several parts of the building that need rehabilitation and various pieces of equipment approaching the end of serviceable life, including the Grit Removal Centrifuge and the Thickened Waste Activated Sludge System. Design for this project started in 2025 and construction is scheduled for completion in 2026. The projected is budgeted at \$475,00 in 2025 and \$5.5 million in 2026.

Groundwater Treatment Plants and Wells

The Groundwater System is designed to meet two main goals: (1) supply indoor demand during the winter season while the JBWTP is offline in the event of required maintenance, repair, and/or construction projects, and (2) provide drought protection during times of limited surface water availability.

Highlands Ranch Water currently utilizes 33 potable and 5 alluvial wells to serve the community in its daily operations. Well redrills allow for the use of adjudicated groundwater when existing infrastructure is at the end of its useful life. They can improve well performance and will help create additional water yield. There are four planned redrills in the 10-year plan at an estimated cost of \$11.5 million.

Distribution System

The Distribution System is designed to deliver the required flow, storage, and minimum pressures as required for average daily demand, MDD, peak hourly demand, and fire flows for build-out conditions. The transmission and distribution system is designed as a looped system for maximum system reliability.

The ultimate goal is to have two distribution tanks per zone, however only two zones currently meet this goal. The pump stations are designed with an N+1 philosophy (i.e. there are sufficient pumps to meet MMD plus one additional pump for redundancy) to ensure reliability of the system. Currently 14 pump stations and eight distribution tanks are utilized, which are spread throughout the service area. The CIP currently identifies multiple capital projects, the most notable ones being:

McLellan B Pump Station Renovation

McLellan B Pump Station was constructed in 1999 and is one of two stations that move raw water to the JBWTP. Without this station, Highlands Ranch Water is unable to blend water from different sources that feed McLellan Reservoir prior to pumping it to the treatment plant. The station currently has a capacity of 22 MGD from two electric pumps, and a backup capacity of 22 MGD from two diesel pumps. This project will replace the two diesel pumps and other aging infrastructure. Project elements include: (1) replacement of two diesel pumps with electric pumps, (2) addition of a backup generator, (3) replacement/repair of aging electrical, mechanical, and structural elements. The project has budget of \$350,000 million in 2025 and \$3.5 million in 2026.



Zone 4A Pump Station

Zone 4A Pump Station was constructed in the early 1980s and is one of the two main stations that provide potable water to Zone 4. Without this station, Highlands Ranch Water is unable to distribute enough water to Zone 4, 5, and 6 to meet system demand from the JBWTP. Project elements include the replacement of: (1) the existing power feed, (2) the motor control center, (3) the backup generator, (4) suction and discharge valves, and (5) pumps. Additionally, upgrades are further necessary to meet current design criteria. This is budgeted at \$4 million in 2032.

Collection System

The collection system is primarily made up of lift stations which are strategically located within the wastewater conveyance system. Lift stations, typically located in low points, receive flows conveyed from the gravity sewer collection system. The lift station then collects and pumps the wastewater flows uphill, through a pressurized force main, to a discharge point where the flows transition back to a gravity

conveyance transmission main. Highlands Ranch Water currently has six lift stations in operation throughout the service area. There are currently two major capital projects identified in the CIP. They are:

Big Dry Lift Station Upgrade

Constructed in the mid-1980s, the lift station needs an upgrade to be able to meet current design criteria and to replace aging infrastructure. Project elements include:

- Upgrade of the existing power feed and the motor control center
- Replacement of the backup generator
- Additional process equipment is needed to minimize wet-well cleaning and grease buildup
- An emergency storage system to meet current CDPHE design criteria

The current estimated cost is \$10 million to begin in 2034.



Willow Creek Lift Station Upgrade

Constructed in the mid-1980s, the lift station needs an upgrade to be able to meet current design criteria and to replace aging infrastructure. Project elements include:

- Upgrade of the existing power feed and the motor control center
- Replacement of the backup generator
- Replacement of control building
- To combat odor, potential replacement of the chemical feed system
- Additional process equipment is needed to minimize wet-well cleaning and grease buildup
- An emergency storage system to meet current CDPHE design criteria

The project is estimated to begin in 2034 at an estimated cost of \$7.5 million.

Water Acquisition

Highlands Ranch Water depends on a combination of surface water and groundwater to provide reliable service to our customers which, in most years, is more than sufficient to meet annual demand. Internal planning has been conducted to provide a framework for water use to meet long-term reliability and sustainability goals, keeping in mind the financial resources available to support the Water Acquisition CIP. Through analyzing 40 years of water delivery to customers, staff found that surface water vulnerabilities include, but are not limited to:

- the reliance on leased water
- the lack of ownership and/or control over 3rd party providers' water facilities
- financial resources available for capital acquisition
- regulatory requirements for reservoir water quality treatment

Water Infrastructure and Supply Efficiency (WISE)

The driving forces for the participation in WISE are summarized as:

- To obtain additional surface water supplies at up to 1,000AF per year
- To further diversify water sources thus reducing water acquisition costs
- To obtain an additional avenue where treated water can be delivered to the system for redundancy

As of September 30, 2025, Highlands Ranch Water has contributed \$11 million in shared capital costs, \$1.6 million in operational dues, and \$6.5 million in water costs. Additionally, \$587,000 of direct capital costs was contributed for the construction of the WISE interconnect.

Each year, Highlands Ranch Water must continue providing resources for on-going capital costs to the system as well as the operation of the system. In the next 10 years, there will be a financial obligation for the construction of the DIA connection and other Salinity Management capital projects.

Additional Water Infrastructure

Highlands Ranch Water has gradually developed a proven conjunctive use approach to providing reliable water service to its customers over the past 40 years. The system has strengths and vulnerabilities, but this approach has met the obligation of providing safe and reliable water supply. Looking into the future, the Board and staff are mindful that the requirement to find additional water supply avenues is very likely. As such, staff are always looking ahead for opportunities that may exist to ensure water supply requirements are reliability available.



South Platte Wellfield

Highlands Ranch Water currently operates a wellfield on the South Platte River north of C470 and west of Santa Fe Drive (SP Wellfield #2). Highlands Ranch Water is authorized by the Colorado Department of Water Resources to construct a second wellfield south of C470 near the base of Chatfield Dam (SP Wellfield #1). Construction of this facility would provide a second option for recovering reuseable return flows from wastewater treatment plant effluent. Staff continues to investigate the necessity and potential benefits of the project and has budgeted \$5 million for construction after 2030.

Additional Projects

Supervisory Control and Data Acquisition (SCADA) System

The SCADA system provides information and controls for the entirety of the system. SCADA is comprised of instruments, transmitters, Programmable Logic Controllers, radios, network devices, servers, and other components needed to automate and monitor all aspects of the water and wastewater system. The SCADA system is critical to Highlands Ranch Water's mission and must function continuously to provide reliable water and wastewater service to the community. The current system is aging, and critical components are no longer supported by most manufacturers. A SCADA Master Plan is needed to determine an overarching philosophy for how the system will function into the future.

The CIP has identified \$900,000 for this plan which will detail, 1) level of service goals and uptime requirements, 2) standardization, 3) mode and media communication type per site, 4) telemetry structure, and 5) bandwidth requirements.

Facilities Improvements

Staff have identified several office and work space areas that need to be updated, including the Wastewater Treatment Plant operations facility, the Lab Facility, and the Collections and Distribution office and maintenance areas. These facilities were constructed in the 1980s and require upgrades to improve efficiency and quality of life for staff. The projects have a budget of \$150,000 for planning and design of upgrades in 2026 and \$2 million for renovation and construction in 2027.

In-Tract Lines

Initially, developers installed and donated in-tract water and sewer lines to the Metro District. In 2018, the Metro District amended the Water & Wastewater Agreement for Highlands Ranch Water to manage the replacement program of these lines. Each year, Highlands Ranch Water must produce a memo to the Metro District outlining the in-tract lines that have been identified for replacement including the timeline and projected project costs. Once the work is complete, the Metro District reimburses Highlands Ranch Water for all project costs.

10 Year Capital Improvement Plan

	2025	2026	2027	2028	2029	2030 - 2034	Total
Vehicles & Equipment							
Vehicles	\$ 160,000	\$ 283,000	\$ 275,000	\$ 275,000	\$ 275,000	\$ 1,400,000	\$ 2,668,000
WTP Equipment	-	-	100,000	100,000	100,000	500,000	800,000
WWTP Equipment	-	-	50,000	50,000	50,000	250,000	400,000
Field Equipment	-	-	100,000	100,000	100,000	500,000	800,000
Well Equipment	600,000	600,000	600,000	600,000	600,000	3,000,000	6,000,000
Curb Box Maintenance Trailer	90,000	-	-	-	-	-	90,000
Submersible Maintenance Pump	79,145	-	-	-	-	-	79,145
Dump Truck	-	310,000	-	-	-	-	310,000
Lab- Gas Chromatograph	-	-	-	250,000	-	-	250,000
Future Years New Equip	-	-	-	425,000	425,000	2,125,000	2,975,000
Total Vehicles & Equipment	929,145	1,193,000	1,125,000	1,800,000	1,550,000	7,775,000	14,372,145
Water Treatment Plant							
Phase 1A	25,465	-	-	-	-	-	25,465
Phase 1B	26,605,460	7,712,285	-	-	-	-	34,317,745
Phase 2	565,000	20,992,930	92,000,000	-	-	-	113,557,930
Total Water Treatment Plant	27,195,925	28,705,215	92,000,000	-	-	-	147,901,140
Wastewater Treatment Plant							
Phase II	1,095,580	-	-	-	-	-	1,095,580
Headworks Equipment	445,000	5,500,000	-	-	-	-	5,945,000
Lower Marcy Gulch Stabilization	-	250,000	-	-	-	-	250,000
Marcy Gulch Site Improvements	-	250,000	2,500,000	-	-	-	2,750,000
Total Wastewater Treatment Plant	1,540,580	6,000,000	2,500,000	-	-	-	10,040,580
Groundwater Treatment Plants/ Well Redrills							
Monitoring Wells	169,000	687,065	-	-	-	-	856,065
GWTP #1 Filter Valve Replacement	-	-	800,000	-	-	-	800,000
Well Connection Project	-	-	250,000	-	-	-	250,000
Well Redrill Arapahoe Field	-	-	-	2,500,000	-	3,000,000	5,500,000
Well Redrill Denver Field	-	-	-	-	-	6,000,000	6,000,000
GWTP #2 Media Replacement	-	-	-	-	-	300,000	300,000
Total GWTP/Wells	169,000	687,065	1,050,000	2,500,000	-	9,300,000	13,706,065

Highlands Ranch Water & Sanitation District
2026 Proposed Budget

	2025	2026	2027	2028	2029	2030 - 2034	Total
Distribution System							
Cline Headgate Facility	354,560	-	-	-	-	-	354,560
McLellan B Pump Station	650,000	8,035,115	-	-	-	-	8,685,115
Distribution Tank Vent	140,000	140,000	-	-	-	-	280,000
Cathodic Protection Assessment	-	650,000	-	-	-	-	650,000
SPPS Valve Replacement	-	200,000	-	-	-	-	200,000
Zone 5 Sustain Valve	-	150,000	-	-	-	-	150,000
Dad Clark Return Flows Metering	-	300,000	-	-	-	-	300,000
Distribution System Master Plan	-	-	400,000	-	-	-	400,000
Cline Delayed Return Flow Facility	-	-	-	200,000	-	1,500,000	1,700,000
McLellan A Pump Station	-	-	-	-	-	2,000,000	2,000,000
Fairview Ditch Gate Replacement	-	-	-	-	-	100,000	100,000
South Platte De-strat Compressor	-	-	-	-	-	100,000	100,000
Zone 4A pump station	-	-	-	-	-	4,000,000	4,000,000
Zone 6 Surge Anticipator Valve	-	-	-	-	-	100,000	100,000
Total Distribution System	1,144,560	9,475,115	400,000	200,000	-	7,800,000	19,019,675
Collection System							
Marcy Gulch Lift Station	150,000	-	-	-	-	-	150,000
Marina Lift Station	-	100,000	-	-	-	-	100,000
Willow Creek Lift Station	-	500,000	-	-	-	7,500,000	8,000,000
Collections System Master Plan	-	-	500,000	-	-	-	500,000
Big Dry Lift Station Upgrades	-	-	1,500,000	-	-	10,000,000	11,500,000
Total Collection System	150,000	600,000	2,000,000	-	-	17,500,000	20,250,000
Other Projects							
SCADA	-	400,000	300,000	200,000	-	-	900,000
Administrative Buildings	209,760	150,000	2,000,000	-	-	-	2,359,760
Total Other Projects	209,760	550,000	2,300,000	200,000	-	-	3,259,760
In-Tract Lines							
Silver Maple	65,000	750,000	-	-	-	-	815,000
Gleneagles Valley; Heatherglenn	155,000	765,810	-	-	-	-	920,810
Shadow Mountain Drive	-	75,000	1,000,000	-	-	-	1,075,000
ADD Valve Replacement	-	200,000	200,000	-	-	-	400,000
Future Water Line Replacement	-	-	-	1,250,000	-	1,250,000	2,500,000
Total In-Tract Lines	220,000	1,790,810	1,200,000	1,250,000	-	1,250,000	5,710,810
Water Acquisition							
Chatfield Reallocation	7,060	10,000	10,000	10,000	10,000	50,000	97,060
WISE - SM Pilot Study	500,000	120,000	-	-	-	-	620,000
WISE - SM Land Acquisition	-	650,000	-	-	-	-	650,000
WISE - SM Design and Construction	-	1,660,000	10,695,000	10,695,000	-	-	23,050,000
SP-14 Monitoring Well	176,470	-	-	-	-	-	176,470
South Platte Wellfield #1	-	-	-	-	-	5,000,000	5,000,000
Total Water Acquisition	683,530	2,440,000	10,705,000	10,705,000	10,000	5,050,000	29,593,530
Total Capital Improvement Plan	\$ 32,242,500	\$ 51,441,205	\$113,280,000	\$ 16,655,000	\$ 1,560,000	\$ 48,675,000	\$ 263,853,705

Appendix



Appendix 1

Glossary

Adopted Budget

The budget adopted by the Board of Directors by December 15th. The adopted budget becomes effective annually as of January 1st and appropriations lapse at year end.

Appropriation

Money set aside for a specific purpose.

Assets

Economic resources owned by a government.

Balanced Budget

Planned expenditures are equal to estimated net revenues and appropriated fund balances.

Budget

A financial plan, which includes an estimate of expenditures for a given period or purpose and proposed means of financing the estimated expenditures.

Capital Expenditures

A capital expenditure is any physical resource that benefits a department for more than three years and has a unit cost in excess of \$25,000 for improvements. Capital expenditures include funds expended for land, water rights, building and improvements, improvements other than buildings, and equipment.

Capital Outlay

A capital expenditure either adds a fixed asset unit or increases the value of an existing fixed asset.

Capital Projects

Expenditures that are non-operating in nature and are generally a major improvement or acquisition of equipment or property. These projects may or may not meet the capitalization policy of the District.

Department

A major division of the District, which indicates overall management responsibility for a component of the organization.

Equipment

Equipment includes tangible property which is not permanently built into a building, does not lose its identity through incorporation into a more complex unit, has a unit cost in excess of \$15,000 and an estimated useful life of three or more years. Equipment includes machinery, office furniture, computers, vehicles and miscellaneous fixtures.

Expenditure

This term refers to the outflow of funds paid or to be paid for an asset or goods and services obtained regardless of when the expense is actually paid.

Fund

An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

Fund Balance

The excess of a governmental fund's assets and revenues over its liabilities, reserves, and expenditures at the close of the fiscal year.

Operating Expenditures/Expenses

An expense incurred in transacting normal operations.

Operating Revenue

Revenue from any regular source.

Political Subdivision

A county, city, town, or other municipal corporation, a public authority, and generally any publicly owned entity that is an instrumentality of a state or of a municipal corporation.

Proposed Budget

The budget document submitted to the Board of Directors for review before it is approved and adopted.

Restricted Fund Balance

Fund balance that is restricted when there are limitations imposed on its use either through the enabling policy adopted by the District or through external restrictions imposed by creditors, grantors, or regulation of the other governments.

SFE

Acronym for single-family equivalent, which represent a $\frac{3}{4}$ " tap.

Target Fund Balances

A minimum level fund balance established by the Board with the primary objective of a fund balance that maintains adequate resources to cope with contingencies.

Appendix 2

Financial Policies

In addition to the numerous financial policies adopted internally by management, the Board of Directors has established financial policies for budget procedures, fund balances, transfers, investments, purchasing, and compensation.

Budget Procedures

Highlands Ranch Water's budget procedures shall comply with Local Government Budget Law of Colorado as outlined in Colorado Revised Statutes (C.R.S.) Title 29 Article 1 Part 1 Budget Services Part 1, for the preparation, consideration, adoption execution and audit of the annual budget. The budget shall be balanced by fund. The budget will be considered balanced if:

1. Estimated revenues and resources for each fund will equal or exceed recommended appropriations
2. Fund balances meet or exceed the targeted ending fund balances established by the Board

Fund Balances

Targeted ending fund balances for the Operating Fund will continue to maintain a fund balance (effectively working capital) equal to at least fifty percent of the next year's estimated operating expenses.

Ending fund balance in the Debt Service Fund is equal or greater to the next year's debt service payments.

Investment Policy

Colorado State Statutes specify investment instruments used by local governments must meet defined risk criteria. The District has adopted an investment policy that is more restrictive than the State Statutes and is limited to:

1. U.S. Treasury Obligations: Treasury Bills, Treasury Notes, and Treasury Bonds with a final maturity not exceeding five years from the date of purchase and U.S. Treasury STRIPS with maturities not exceeding five years from the date of purchase.
2. Federal Instrumentality Securities: Debentures, discount notes, and callable securities with a final maturity not exceeding five years from the date of purchase issued by the following: Federal National Mortgage Association (FNMA), Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), and Student Loan Marketing Association (SLMA).
3. Repurchase Agreements, executed subject to an approved Master Purchase Agreement, with a termination date of 90 days or less collateralized by U.S. Treasury Securities listed above with maturities not exceeding ten years.
4. Corporate Debt: debt issued by any corporation or bank organized and operating within the United States with a maturity not exceeding three years from the date of trade settlement. The debt must be rated at least AA- or the equivalent at the time of purchase by at least two NRSROs and rated not less than AA- by any Nationally Recognized Statistical Rating Organization (NRSRO) that rates it. District shall limit investments in Corporate Debt to no more than 25 percent of the total portfolio and 5 percent per issuer.

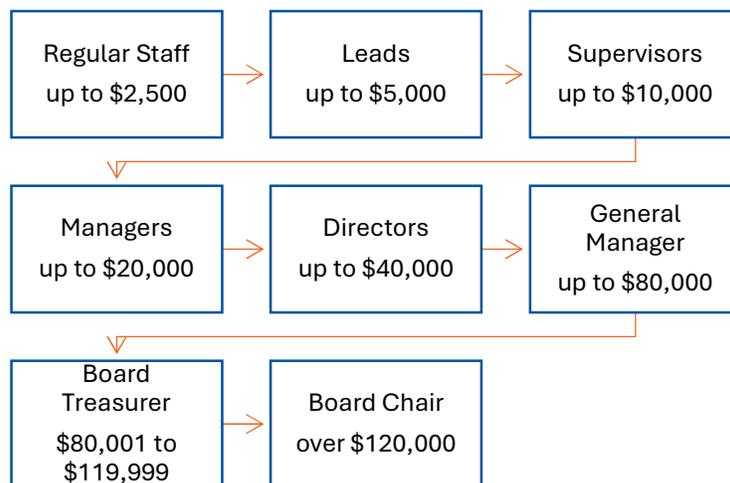
5. Prime Commercial Paper with an original maturity of 180 days or less which is rated at least A-1 by Standard & Poors or P-1 by Moody's at the time of purchase by each service which rates the commercial paper.
6. Eligible Bankers Acceptances with original maturities not exceeding 180 days, issued on domestic banks whose senior long-term debt is similar to 4 above; that have a combined capital and surplus of at least \$250,000,000; and have deposits insured by the FDIC.
7. Local Government Investment Pools authorized under CRS 24-75-701 and 702.
8. Money Market Mutual funds which have a rating of AAA by Standard and Poors or AAAM by Moody's.

Purchasing Guidelines

Purchasing Guidelines are intended to ensure that purchases are made in accordance with good business practices while streamlining necessary administration. The Purchasing Guidelines were first implemented in the early 1980's and were most recently revised on July 25, 2023.

The Purchasing Guidelines set the structure for delegated authority, levels for obtaining bids, and allowable purchases. In all circumstances, approvals cannot take place unless sufficient funds have been appropriated for the project by the Board of Directors. Any adjustment to the appropriations must also be presented to the Board of Directors for approval.

The Purchasing Guidelines also set forth the amount of delegated authority staff members have for individual transactions. The flow of approvals is as follows:



Compensation Plan

The Board has established guidelines for determining wage compensation, utilizing a matrix formula to calculate average wage increases. The Board's objective is to administer salary changes fairly and consistently for all types of increases. To meet this objective the Board has provided staff with the following guidelines:

- Produce a compensation plan, which is consistent with the budget expectations found in the annual budget
- Attract and retain quality employees

- Ensure market competitiveness by targeting the level of compensation to be at or slightly above market, accomplished by assigning ranges so that our midpoint falls within a range of 100% to 105% of the surveyed midpoint
- Ensure consistency by establishing a list of organizations for benchmark market comparison that will be used consistently over time for each category
- Within budget constraints, treat employees fairly
- Treat exempt and non-exempt employees comparably

The District benefit package offers benefits that are comparable with that offered by other local governments. There are no changes to benefit levels in the 2025 budget. The budget increase reflects the anticipated increase in premium costs.

To provide cost effective benefits, the Board has authorized the following:

1. Participation with Centennial Water and Sanitation District in a defined contribution retirement plan which is in lieu of participation in social security and the contribution is the same 6.2% as would be contributed to social security.
2. A 457 plan that allows for matching of employee contributions of up to 6% by the District depending on the employee's contribution level. In 2023, the matching structure increased to 100% on the first 3% of employee contributions and 50% on the next 6% for a maximum 6% match on an employee's 9% contribution.
3. Medical, dental and vision plans offered in conjunction with the Special District Association via the Colorado Educational Benefit Trust. These plans have historically provided premium increases less than the market. The medical plans that are offered are fully compliant with the Affordable Care Act.

Appendix 3

Schedule of Full-Time Equivalents

	2025 Budget	2025 Actual	Variance	2026 Proposed	Adjust for Shared Staff
Operations and Maintenance Management					
Director, Water/Wastewater Operations	1.00	1.00	-	1.00	1.00
Superintendent, Field Operations and Maintenance	1.00	1.00	-	1.00	1.00
Superintendent, Water and Wastewater	1.00	1.00	-	1.00	1.00
Superintendent, Facilities Maintenance & Asset Mgmt.	1.00	1.00	-	1.00	1.00
Business Support	4.00	4.00	-	4.00	4.00
Regulatory Compliance Coordinator	1.00	1.00	-	1.00	1.00
Water and Wastewater Operations					
SCADA Supervisor	1.00	1.00	-	1.00	1.00
SCADA Lead Technician	1.00	1.00	-	1.00	1.00
SCADA Technicians	3.00	3.00	-	3.00	3.00
Lead Operators	2.00	2.00	-	2.00	2.00
WTP Plant Operators	5.00	5.00	-	5.00	5.00
WWTP Operators	6.00	5.00	(1.00)	5.00	5.00
Process Control Operator	-	1.00	1.00	1.00	1.00
Facilities Maintenance and Asset Management					
Lead Maintenance Mechanic	2.00	2.00	-	2.00	2.00
Maintenance Mechanic	5.00	5.00	-	5.00	5.00
Maintenance Worker	1.00	1.00	-	2.00	2.00
Field Operations Lead	1.00	1.00	-	1.00	1.00
Field Operators	5.00	5.00	-	5.00	5.00
Field Instrument Technician	1.00	1.00	-	1.00	1.00
Field Operations and Maintenance					
Lead Collections & Distribution	1.00	1.00	-	1.00	1.00
Collections & Distribution Mechanics	10.00	10.00	-	10.00	10.00
Lead Meter Technician	1.00	1.00	-	1.00	1.00
Meter Technicians	8.00	8.00	-	8.00	8.00
Lead Meter Reader	1.00	1.00	-	1.00	1.00
Meter Readers	1.00	1.00	-	1.00	1.00
Laboratory					
Laboratory Supervisor	1.00	1.00	-	1.00	1.00
Water Quality Analysts	4.00	4.00	-	4.00	4.00
Water Resources					
Water Resource Manager	1.00	1.00	-	1.00	1.00
Water Rights Administrator	1.00	1.00	-	1.00	1.00
Water Resources Analyst	1.00	1.00	-	1.00	1.00
Water Facility Caretaker	0.20	0.20	-	0.20	0.20
Water Efficiency Coordinator	1.00	1.00	-	1.00	1.00

Highlands Ranch Water & Sanitation District
2026 Proposed Budget

	2025 Budget	2025 Actual	Variance	2026 Proposed	Adjust for Shared Staff
Public Works					
Director - Public Works	*	*	-	*	0.50
Project Manager	1.00	-	(1.00)	0.00	1.00
Project Engineer	2.00	2.00	-	2.00	2.00
Utility Inspector	1.00	1.00	-	1.00	1.00
GIS Supervisor	1.00	1.00	-	1.00	1.00
GIS Program Analyst	1.00	1.00	-	1.00	1.00
Office Management and Business Support	**	**	-	**	1.00
Office Management and Business Support	*	*	-	*	1.00
Building Maintenance	1.00	1.00	-	1.00	1.00
Contract Administrator	*	*	-	*	0.50
General Management					
General Manager	1.00	1.00	-	1.00	1.00
Executive Assistant	1.00	1.00	-	1.00	1.00
Community Relations Manager	1.00	1.00	-	1.00	1.00
Digital Communications Specialist	1.00	1.00	-	1.00	1.00
Director of Human Resources	*	*	-	*	0.50
Human Resources Coordinators	*	*	-	*	1.50
Payroll	**	**	-	**	0.90
Finance					
Director of Finance & Administration	*	*	-	*	0.50
Revenue and Asset Manager	**	**	-	**	0.75
Accounting Manager	**	**	-	**	0.50
Accountant I	**	**	-	**	-
Financial and Budgeting Analysis Manager	**	**	-	**	0.50
Accounts Payable	**	**	-	**	1.00
Accounting Assistant	1.00	1.00	-	1.00	1.00
Customer Service					
Utility Billing Supervisor	1.00	1.00	-	1.00	1.00
Utility Billing	3.00	3.00	-	3.00	3.00
Total Regular Employees	89.200	88.200	(1.000)	89.200	99.35

*Employee cost is partially allocated **FROM** Metro District pursuant to sharing agreement

Employee cost is partially allocated **TO Metro District pursuant to sharing contract

Appendix 4

Operating Costs - By Activity

	2024 Actual	2025 Budget	2025 Projected	2026 Base	Budget Requests			2026 Proposed	Variance to	
					One-Time	On-Going	Offset		2024 Actual	2025 Projected
Water Operations										
600 Surface Water	\$ 6,417,345	\$ 5,414,502	\$ 5,079,175	\$ 5,574,795	\$ -	\$ -	\$ -	\$ 5,574,795	-13.1%	9.8%
602 Wells	1,624,933	1,974,200	1,437,000	1,559,755	-	-	-	1,559,755	-4.0%	8.5%
610 Groundwater	268,626	314,000	249,500	256,000	-	-	-	256,000	-4.7%	2.6%
620 Pumps	1,903,168	2,602,908	2,426,000	2,270,850	-	-	-	2,270,850	19.3%	-6.4%
630 Distribution	76,558	86,500	58,500	83,500	-	-	-	83,500	9.1%	42.7%
640 JBWTP Ops	4,215,435	4,487,869	4,610,745	5,661,035	-	-	-	5,661,035	34.3%	22.8%
650 JBWTP Maint.	1,410,098	1,396,680	1,476,070	1,428,070	-	-	-	1,428,070	1.3%	-3.3%
664 Water Meters	694,142	1,036,100	1,018,900	1,099,485	-	-	-	1,099,485	58.4%	7.9%
671 Transmission	2,282,507	2,431,075	2,551,130	2,650,510	-	-	-	2,650,510	16.1%	3.9%
Total Water Operations	18,892,813	19,743,834	18,907,020	20,584,000	-	-	-	20,584,000	9.0%	8.9%
Wastewater Operations										
711 Collections	1,106,908	992,900	905,310	1,012,430	-	-	-	1,012,430	-8.5%	11.8%
720 MGWWTP Ops	4,306,578	4,389,527	4,481,190	4,640,320	-	-	-	4,640,320	7.7%	3.6%
730 MGWWTP Maint.	1,580,075	1,737,000	1,841,340	1,906,860	-	-	-	1,906,860	20.7%	3.6%
740 Lift Stations	187,207	307,500	419,500	327,000	-	-	-	327,000	74.7%	-22.1%
Total Wastewater Operations	7,180,768	7,426,927	7,647,340	7,886,610	-	-	-	7,886,610	9.8%	3.1%

Highlands Ranch Water & Sanitation District
2026 Proposed Budget

	2024 Actual	2025 Budget	2025 Projected	2026 Base	Budget Requests			2026 Proposed	Variance to	
					One-Time	On-Going	Offset		2024 Actual	2025 Projected
Technical										
805 Water Resrouces	1,276,320	1,530,915	1,533,625	1,600,865	-	-	-	1,600,865	25.4%	4.4%
810 Conservation	179,280	258,630	268,430	221,230	-	-	-	221,230	23.4%	-17.6%
840 O&M Admin.	1,276,500	1,300,340	1,329,235	1,360,145	-	-	-	1,360,145	6.6%	2.3%
850 GIS	275,936	287,535	292,315	301,840	-	-	-	301,840	9.4%	3.3%
860 Lab	1,073,845	1,186,900	1,213,750	1,282,410	-	-	-	1,282,410	19.4%	5.7%
870 SCADA	1,398,898	1,256,710	1,568,260	1,550,230	-	-	-	1,550,230	10.8%	-1.1%
880 Engineering	730,146	1,083,493	887,064	1,033,745	-	-	-	1,033,745	41.6%	16.5%
893 Fleet	319,727	250,200	300,200	270,200	-	-	-	270,200	-15.5%	-10.0%
Total Technical	6,530,653	7,154,723	7,392,879	7,620,665	-	-	-	7,620,665	16.7%	3.1%
Administrative										
900 Directors	414,890	637,750	698,300	1,427,600	-	-	-	1,427,600	244.1%	104.4%
905 Communications	301,700	330,915	325,440	394,505	-	-	-	394,505	30.8%	21.2%
910 General Manager	396,445	381,190	404,360	420,300	-	-	-	420,300	6.0%	3.9%
920 Human Resources	281,224	288,390	471,325	572,500	-	-	-	572,500	103.6%	21.5%
930 Finance	1,480,431	1,297,020	1,185,468	1,140,210	-	-	-	1,140,210	-23.0%	-3.8%
950 IT	503,378	564,500	551,458	520,140	-	-	-	520,140	3.3%	-5.7%
960 Customer Service	695,647	694,455	763,170	1,005,615	-	-	-	1,005,615	44.6%	31.8%
970 Office Services	132,150	83,696	99,624	83,300	-	-	-	83,300	-37.0%	-16.4%
975 Admin. Building	248,186	299,800	301,920	329,895	62,500	-	-	392,395	58.1%	30.0%
980 Insurance	345,285	285,000	506,000	600,000	-	-	-	600,000	73.8%	18.6%
Total Administrative	4,799,336	4,862,716	5,307,065	6,494,065	62,500	-	-	6,556,565	36.6%	23.5%
Miscellaneous Capital	-	250,000	-	-	-	-	-	-	0.0%	0.0%
Total Costs by Activity	\$ 37,403,570	\$ 39,438,200	\$ 39,254,304	\$ 42,585,340	\$ 62,500	\$ -	\$ -	\$ 42,647,840	14.0%	8.6%

Appendix 5

Operating Costs - By Expenditure Type

	2024 Actual	2025 Budget	2025 Projected	2026 Base	Budget Requests			2026 Proposed	Variance to	
					One-Time	On-Going	Offset		2024 Actual	2025 Projected
Staffing										
6111 Regular Wages	\$ 8,174,829	\$ 8,801,510	\$ 8,686,975	\$ 9,440,725	\$ -	\$ -	\$ -	\$ 9,440,725	15.5%	8.7%
6113 Temporary Wages	58,378	90,000	65,000	86,000	-	-	-	86,000	47.3%	32.3%
612* Overtime Wages	434,556	322,600	397,200	405,500	-	-	-	405,500	-6.7%	2.1%
613* Staffing Expense	2,726,043	2,915,585	2,959,605	3,340,280	-	-	-	3,340,280	22.5%	12.9%
6182 Training	54,537	95,900	99,770	103,750	-	-	-	103,750	90.2%	4.0%
6184 Uniforms	87,366	47,400	63,105	50,495	-	-	-	50,495	-42.2%	-20.0%
6191 Director Fees	9,200	9,600	9,600	9,600	-	-	-	9,600	4.3%	0.0%
6195 Shared Staffing	536,086	587,363	557,948	589,120	-	-	-	589,120	9.9%	5.6%
Total Staffing	12,080,995	12,869,958	12,839,203	14,025,470	-	-	-	14,025,470	16.1%	9.2%
Contracted Services										
6352 Legal	689,723	970,000	1,005,000	1,820,000	-	-	-	1,820,000	163.9%	81.1%
6354 Audit	65,675	50,000	39,170	45,000	-	-	-	45,000	-31.5%	14.9%
6370 Elections	-	70,000	75,000	10,000	-	-	-	10,000	100.0%	-86.7%
6368 Insurance	345,285	285,000	506,000	600,000	-	-	-	600,000	73.8%	18.6%
6550 Water Leases	6,299,536	5,171,097	4,866,375	5,351,065	-	-	-	5,351,065	-15.1%	10.0%
Total Contracted Services	7,400,218	6,546,097	6,491,545	7,826,065	-	-	-	7,826,065	5.8%	20.6%
Materials & Supplies										
6222 Employee Relations	16,646	16,260	16,640	19,980	-	-	-	19,980	20.0%	20.1%
6223 Recruitment	3,341	5,500	5,500	5,500	-	-	-	5,500	64.6%	0.0%
6226 Safety	70,099	47,075	107,075	75,700	-	-	-	75,700	8.0%	-29.3%
6229 Operating	579,589	460,020	558,470	500,890	-	-	-	500,890	-13.6%	-10.3%
6230 IT	90,445	141,500	166,190	133,110	-	-	-	133,110	47.2%	-19.9%
6240 SCADA	258,265	267,500	492,000	295,000	-	-	-	295,000	14.2%	-40.0%
6244 Repair	1,038,734	1,056,200	1,012,200	1,061,200	-	-	-	1,061,200	2.2%	4.8%
6245 Meters	694,142	1,036,100	1,018,900	1,099,485	-	-	-	1,099,485	58.4%	7.9%
6246 Fleet	31,188	40,000	30,000	40,000	-	-	-	40,000	28.3%	33.3%
Total Materials & Supplies	2,782,449	3,070,155	3,406,975	3,230,865	-	-	-	3,230,865	16.1%	-5.2%

Highlands Ranch Water & Sanitation District
2026 Proposed Budget

	2024 Actual	2025 Budget	2025 Projected	2026 Base	Budget Requests			2026 Proposed	Variance to	
					One-Time	On-Going	Offset		2024 Actual	2025 Projected
Purchased Services										
6301 Bank Fees	288,491	76,000	310,800	83,610	-	-	-	83,610	-71.0%	-73.1%
6311 Postage	118,474	62,700	53,400	38,400	-	-	-	38,400	-67.6%	-28.1%
6319 Communication	225,316	236,510	277,775	206,775	-	-	-	206,775	-8.2%	-25.6%
6329 Printing	54,386	104,800	88,200	65,000	-	-	-	65,000	19.5%	-26.3%
6331 Memberships	88,903	101,490	107,090	113,765	-	-	-	113,765	28.0%	6.2%
6340 SCADA	267,741	156,500	197,840	191,500	-	-	-	191,500	-28.5%	-3.2%
6343 Equipment Rental	147,462	118,500	146,000	81,500	-	-	-	81,500	-44.7%	-44.2%
6344 Repair	1,172,058	1,441,000	1,555,000	1,471,500	35,000	-	-	1,506,500	28.5%	-3.1%
6347 Cleaning	65,699	71,320	71,320	73,200	-	-	-	73,200	11.4%	2.6%
6348 Maintenance	113,120	236,500	154,000	225,000	-	-	-	225,000	98.9%	46.1%
6349 Landfill	121,705	125,640	130,040	135,200	-	-	-	135,200	11.1%	4.0%
6363 Lab	254,652	269,000	290,000	279,000	-	-	-	279,000	9.6%	-3.8%
6367 Biosolids Disposal	569,805	600,680	441,100	575,000	-	-	-	575,000	0.9%	30.4%
6355 Professional	1,252,078	1,302,340	1,503,065	1,672,375	-	-	-	1,672,375	33.6%	11.3%
6369 Miscellaneous	1,237,281	1,311,005	1,204,805	1,318,835	27,500	-	-	1,346,335	8.8%	11.7%
6372 Conferences	22,766	48,500	40,080	54,400	-	-	-	54,400	139.0%	35.7%
6380 Conservation	61,357	101,500	126,500	111,500	-	-	-	111,500	81.7%	-11.9%
6389 Shared Overhead	114,068	80,021	48,836	112,190	-	-	-	112,190	-1.6%	129.7%
Total Purchased Services	6,175,363	6,444,006	6,745,851	6,808,750	62,500	-	-	6,871,250	11.3%	1.9%
Chemicals & Fuel		(144,100)								
6271 Fuel	184,662	130,000	185,000	140,000	-	-	-	140,000	-24.2%	-24.3%
6281 Chemicals	5,142,419	5,537,998	5,801,730	6,697,085	-	-	-	6,697,085	30.2%	15.4%
Total Chemicals & Fuel	5,327,081	5,667,998	5,986,730	6,837,085	-	-	-	6,837,085	28.3%	14.2%
Utilities										
6391 Electricity	3,520,514	4,455,608	3,625,500	3,669,105	-	-	-	3,669,105	4.2%	1.2%
6392 Water/Sewer	48,166	36,000	36,000	37,000	-	-	-	37,000	-23.2%	2.8%
6394 Natural Gas	68,784	98,378	122,500	151,000	-	-	-	151,000	119.5%	23.3%
Total Utilities	3,637,464	4,589,986	3,784,000	3,857,105	-	-	-	3,857,105	6.0%	1.9%
Total Uses of Funds by Type	\$ 37,403,570	\$ 39,438,200	\$ 39,254,304	\$ 42,585,340	\$ 62,500	\$ -	\$ -	\$ 42,647,840	14.0%	8.6%

Appendix 6

Water And Wastewater Services Agreement Exhibit B

Reserved Capacity Cost for Nondeveloped Non-Residential	
Total Number of Acres Platted	1,173.208
Total Number of Acres Service Not Requested	(126.258)
Less total acres placed in service	<u>(1,024.096)</u>
Total remaining acres with requested service	<u>22.854</u>
No. of taps at two 3/4" per undeveloped acre	46
Capacity Fee per Nonresidential 3/4" tap	\$ 9,650
Estimated Reserved Capacity Cost Undeveloped Remaining	\$ 443,900
Reserved Capacity Cost for Undeveloped Single Family Residential	
Total Number of Dwelling Units Platted	29,305
Total Number of Dwelling Units - Service not requested	0
Less Total Number of dwelling units placed in service	<u>(29,305)</u>
No. of remaining Single Family Residential taps	0
Capacity Fee per Single Family Residential 3/4" tap	\$ 5,960
Estimated Reserved Capacity Cost Undeveloped Remaining	\$ -
Reserved Capacity Cost for Undeveloped Multi-Family Residential	
Total Number of Dwelling Units Platted	8,964
Total Number of Dwelling Units - Service not requested	0
Less Total Number of dwelling units placed in service	<u>(8,723)</u>
No. of remaining Multi-Family Residential taps	241
Capacity Fee per Multi-Family Residential 3/4" tap	\$ 3,780
Estimated Reserved Capacity Cost Undeveloped Remaining	\$ 910,980

Calculation of Reserved Capacity Payments Due

Remaining	
Nonresidential	\$ 443,900
Single Family	-
Multi Family	910,980
Total remaining payments due	1,354,880
Collected thru 9/30/2025	
Metro 1	36,056,396
Metro 2	42,377,431
Metro 3	40,661,354
Metro 4	41,791,224
Consolidated	43,550,008
Total payments collected	204,436,413
Total reserved capacity costs	\$ 205,791,293

Reserved Capacity Payments Made to Date

As of 12/31/25 per CWSD general ledger	\$ (204,174,953)
Present value discount on 1992 Metro 1 payment	(353,665)
4/01/2025 Payment	(387,025)
Total reserved capacity payments made to date	\$ (204,915,643)

Total Due

Total reserved capacity cost	205,791,293
Less payments made to date	(204,915,643)
Total Due	\$ 875,650

Payment Due	Collected in Excess of	40% of Total Due	Total Minimum + 40% of Excess	Cumulative
April 1,	Amount Paid	Minimum	+ Excess	
2026	\$ -	\$ 100,000	\$ 350,260	\$ 450,260
2027		\$ 100,000	\$ 170,156	\$ 720,416
2028		\$ 100,000	\$ 62,094	\$ 882,510
2029		\$ 100,000	\$ (2,744)	\$ 979,766
2030		\$ 100,000	\$ (41,646)	\$ 1,038,119
2031		\$ 100,000	\$ (64,988)	\$ 1,073,132
2032		\$ 100,000	\$ (78,993)	\$ 1,094,139

Appendix 7 2026 Proposed Water and Wastewater Rates

Water Budget	2025					2026				
	Metered Water Consumption (per 1,000 Gallons)					Metered Water Consumption (per 1,000 Gallons)				
	Residential		Non-Residential & Multi-Family			Residential		Non-Residential & Multi-Family		
	Summer	Winter (non-irrigation)	Indoor Only	Irrigation Only	Summer	Winter (non-irrigation)	Indoor Only	Irrigation Only		
up to 100%	\$ 5.32	\$ 5.32	\$ 4.61	\$ 5.44	\$ 5.75	\$ 5.75	\$ 4.98	\$ 6.04		
101% to 120%	\$ 7.16	\$ 7.16	\$ 6.23	\$ 7.38	\$ 7.73	\$ 7.73	\$ 6.73	\$ 8.19		
121% to 140%	\$ 10.87	\$ 7.16	\$ 6.23	\$ 12.82	\$ 11.74	\$ 7.73	\$ 6.73	\$ 14.23		
140% and over	\$ 16.44	\$ 11.84	\$ 10.83	\$ 21.76	\$ 17.76	\$ 12.79	\$ 11.70	\$ 24.15		
	Drought Rates - Stage 1**					Drought Rates - Stage 1**				
up to 100%	\$ 5.32	N/A	N/A	\$ 5.44	\$ 5.75	N/A	N/A	\$ 6.04		
101% to 120%	\$ 8.95	N/A	N/A	\$ 9.23	\$ 9.67	N/A	N/A	\$ 10.24		
121% to 140%	\$ 13.59	N/A	N/A	\$ 16.03	\$ 14.67	N/A	N/A	\$ 17.79		
140% and over	\$ 16.44	N/A	N/A	\$ 21.76	\$ 17.76	N/A	N/A	\$ 24.15		
	Drought Rates - Stage 2**					Drought Rates - Stage 2**				
up to 100%	\$ 5.32	N/A	N/A	\$ 5.44	\$ 5.75	N/A	N/A	\$ 6.04		
101% to 120%	\$ 10.74	N/A	N/A	\$ 11.07	\$ 11.60	N/A	N/A	\$ 12.29		
121% to 140%	\$ 16.31	N/A	N/A	\$ 19.23	\$ 17.61	N/A	N/A	\$ 21.35		
140% and over	\$ 16.44	N/A	N/A	\$ 21.76	\$ 17.76	N/A	N/A	\$ 24.15		
	2025					2026				
	Water Service Availability Fee					Water Service Availability Fee				
	Residential - Single Family (bi-monthly)		\$ 38.33		Residential - Single Family (bi-monthly)		\$ 42.56			
	Residential - Multi Family (monthly)		\$ 11.88		Residential - Multi Family (monthly)		\$ 13.19			
	Nonresidential per 3/4" equivalent (monthly)		\$ 19.17		Nonresidential per 3/4" equivalent (monthly)		\$ 21.28			
	2025					2026				
	Wastewater Fees					Wastewater Fees				
	Residential - Single Family***					Residential - Single Family***				
	Fixed fee (bi-monthly)		\$ 29.92		Fixed fee (bi-monthly)		\$ 33.21			
	Minimum charge -Fixed fee plus 3,000 gallons Use		\$ 44.17		Minimum charge -Fixed fee plus 3,000 gallons Use		\$ 48.60			
	Use - winter time average (per 1,000 gallons)		\$ 4.75		Use - winter time average (per 1,000 gallons)		\$ 5.13			
	Residential - Multi Family (per unit)***					Residential - Multi Family (per unit)***				
	Fixed fee (monthly)		\$ 14.96		Fixed fee (monthly)		\$ 16.61			
	Minimum charge -Fixed fee plus 1,500 gallons use		\$ 22.09		Minimum charge -Fixed fee plus 1,500 gallons use		\$ 24.30			
	Use - winter time average (per 1,000 gallons)		\$ 4.75		Use - winter time average (per 1,000 gallons)		\$ 5.13			
	Nonresidential					Nonresidential				
	Fixed fee per 3/4" equiv. tap size (monthly)		\$ 14.96		Fixed fee per 3/4" equiv. tap size (monthly)		\$ 16.61			
	Rate * 80% water consumed (per 1,000 gallons)		\$ 4.75		Rate * 80% water consumed (per 1,000 gallons)		\$ 5.13			
	2025					2026				
	Infrastructure Improvement Fee					Infrastructure Improvement Fee				
	Residential - Single Family (bi-monthly)		\$ 15.00		Residential - Single Family (bi-monthly)		\$ 19.50			
	Residential - Multi Family (monthly)		\$ 7.50		Residential - Multi Family (monthly)		\$ 9.75			
	Irrigation - Per Tap		\$ 7.50		Irrigation - Per Tap		\$ 9.75			
	Nonresidential per 3/4" equivalent (monthly)		\$ 7.50		Nonresidential per 3/4" equivalent (monthly)		\$ 9.75			