



5 August 2026

Holly Hills Water and Sanitation District
7555 East Hampden Avenue, Suite 501
Denver, Colorado 80231

Dear Board of Directors:

W2 Engineers, LLC (W2E) reviewed and updated the previous capital improvements plan (CIP) dated 24 March 2021 and re-evaluated potential repairs and improvements necessary through 2060 (an additional 10 years). The CIP prioritizes necessary improvements and assigns preliminary cost opinions so that the District can prepare financially for these improvements via adjustments of the Facilities Renovation Fee (FRF). This memorandum summarizes the CIP items identified and organized them into four time periods: 2026 – 2030, 2031 – 2040, 2041 – 2050, and 2051 – 2060. Improvements for each time period are described and discussed in further detail below.

2026 – 2030

This 5-year period focuses on the South Holly Street sanitary sewer replacement project. The project combined several items from the previous CIP and covers all of the sanitary sewer lines in South Holly Street from Yale Avenue north to Leyden Street, including the initial laterals to side streets. The project is separated into two phases. The first phase covers from MH 87 to MH 164 (no laterals in these sections) so that this work can be completed prior to intersection improvements by Arapahoe County at Yale Avenue and South Holly Street. The second phase cover the remainder of the sanitary sewer in South Holly Street from MH 164 to MH 185 (including laterals). In addition to the above larger projects, an annual repair allowance of \$50,000 is included to address any issues that are discovered during annual video inspections (1/3 of the collection system is videoed each year on a rotating basis).

2031 – 2040

The plan for this 10-year period is to replace the remaining three drop manholes and replace half of the clay pipe (4300 feet) in the collection system. It is envisioned that these projects would be spread out over the 10 years in several smaller projects. Again, an annual repair allowance of \$50,000 is included to address any issues that are discovered during the annual video inspections.

2041 – 2050

The plan for this 10-year period is to replace the other half of the clay pipe (4300 feet) in the collection system. It is envisioned that these replacements would be spread out over the 10 years in several smaller projects. Again, an annual repair allowance of \$50,000 is included to address any issues that are discovered during the annual video inspections.

2051 – 2060

The plan for this 10-year period is to replace all the concrete pipe (2500 feet) in the collection system. It is envisioned that these replacements would be spread out over the 10 years in several smaller projects. Again, an annual repair allowance of \$50,000 is included to address any issues that are discovered during the annual video inspections.

A preliminary cost opinion (see attached table) was developed based on the above recommended improvements and presented in current dollars without a present value analysis. The cost opinion includes permitting and design (10% of construction), construction (including contingency), and construction administration (10% of construction). The total cost opinion for the next 35 years is approximately \$10M.

The FRF is currently \$100 per year per single family residential equivalent (SFRE). A cash flow analysis was completed to ensure the FRF revenue is enough to cover the CIP projected costs including repayment of anticipated loans (based on 3.5% interest and 30 year term). W2E recommends that the FRF remain at \$100 per year through 2030. In 2031, the recommendation is to increase the FRF to \$150 per year to ensure sufficient revenue, primarily for loan repayments. In 2041, it is recommended that the FRF be increased to \$200 per year, again, primarily for loan repayments. With the completion of the CIP projects, it is likely that the FRF can be reduced in 2061 to \$100 per year to maintain a reserve for future projects. These recommended adjustments should be considered and voted on by the board based on current financial projections and collection system conditions.

This CIP offers one approach to planning for future repairs and improvements based on the current condition of the collection system. The CIP can be used as a planning tool to guide project selection, funding needs, and budgeting, however, it does not bind the District's future decisions. The District should continue to monitor the collection system and revise the CIP accordingly every 5-10 years.

Sincerely,



William A. Raatz, P.E., CWP
Principal

**Capital Improvements Plan
Cost Opinions (Budgetary)**

Holly Hills Water and Sanitation District
Denver and Arapahoe Counties, Colorado

Items for 2026-2030	Design	Construction	Administration	Subtotals
South Holly Street Project				
- MH 87 to MH 164	\$ 115,000	\$ 474,000	\$ 75,000	\$ 664,000
South Holly Street Project				
- MH 164 to MH 185 (including laterals)	\$ -	\$ 2,376,000	\$ 237,600	\$ 2,613,600
Annual Repairs (2026-2030)	\$ 25,000	\$ 250,000	\$ 25,000	\$ 300,000
<i>Subtotals</i>	<i>\$ 140,000</i>	<i>\$ 3,100,000</i>	<i>\$ 337,600</i>	<i>\$ 3,577,600</i>
Items for 2031-2040	Design	Construction	Administration	Subtotals
Clay Pipe Replacement (4300 feet)	\$ 129,000	\$ 1,290,000	\$ 129,000	\$ 1,548,000
MH155 Drop Manhole Replacement (110 feet)				
- Yale Avenue near I-25	\$ 20,000	\$ 200,000	\$ 20,000	\$ 240,000
MH55 Drop Manhole Replacement (285 feet)				
- Monaco Street	\$ 30,000	\$ 300,000	\$ 30,000	\$ 360,000
MH210 Drop Manhole Replacement (255 feet)				
- Krameria Street	\$ 15,000	\$ 150,000	\$ 15,000	\$ 180,000
Annual Repairs (2031-2040)	\$ 50,000	\$ 500,000	\$ 50,000	\$ 600,000
<i>Subtotals</i>	<i>\$ 244,000</i>	<i>\$ 2,440,000</i>	<i>\$ 244,000</i>	<i>\$ 2,928,000</i>
Items for 2041-2050	Design	Construction	Administration	Subtotals
Clay Pipe Replacement (4300 feet)	\$ 129,000	\$ 1,290,000	\$ 129,000	\$ 1,548,000
Annual Repairs (2041-2050)	\$ 50,000	\$ 500,000	\$ 50,000	\$ 600,000
<i>Subtotals</i>	<i>\$ 179,000</i>	<i>\$ 1,790,000</i>	<i>\$ 179,000</i>	<i>\$ 2,148,000</i>
Items for 2051-2060	Design	Construction	Administration	Subtotals
Concrete Pipe Replacement (2500 feet)	\$ 75,000	\$ 750,000	\$ 75,000	\$ 900,000
Annual Repairs (2041-2050)	\$ 50,000	\$ 500,000	\$ 50,000	\$ 600,000
<i>Subtotals</i>	<i>\$ 125,000</i>	<i>\$ 1,250,000</i>	<i>\$ 125,000</i>	<i>\$ 1,500,000</i>
Totals	\$ 688,000	\$ 8,580,000	\$ 885,600	\$ 10,153,600