



Town of Orange Park

Water & Sewer Financial Master Plan

Final Draft Report

September 30, 2010

BURTON & ASSOCIATES

Utility Rates • Assessments • Financial Planning

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BURTON & ASSOCIATES

September 30, 2010

Ms. Sarah Campbell
Interim Town Manager
The Town of Orange Park
2042 Park Avenue
Orange Park, FL 32073

Re: FY 2010 Water and Sewer Financial Master Plan – Final Draft Report

Dear Ms. Campbell:

Burton & Associates is pleased to present this Final Draft Report of the FY 2010 Water and Sewer Financial Master Plan that we have performed for the Town's Water and Sewer Enterprise Fund.

We appreciate the fine assistance provided by you and all of the members of Town staff who participated in the analysis.

If you have any questions, please do not hesitate to call me at (904) 247-0787.

Sincerely,



Andrew J. Burnham
Senior Vice President

Enclosure

BURTON & ASSOCIATES

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EXECUTIVE SUMMARY

Burton & Associates is pleased to present this Executive Summary of the FY 2010 Water and Sewer Financial Master Plan (hereafter referred to as “the Study”) that we have completed for the Town. This Executive Summary presents a relatively brief overview of the analysis conducted as well as the results and recommendations of the Study.

ES.1 BACKGROUND

The Town of Orange Park (Town) owns and operates a water and sewer system that provides water and sewer service to approximately 2,800 customers (connections) within the Town. Burton & Associates was retained by the Town to conduct a Water and Sewer Financial Master Plan. This Executive Summary presents a summary of the analysis conducted, the results of the analysis, and the recommendations of the Study.

ES.2 SCOPE OF THE ANALYSIS

The scope of the Study included two primary work elements, 1) development of a multi-year financial management plan, and 2) development of specific rates and charges to recover the revenue requirements for FY 2011 which were determined in the financial management plan. These two primary work elements are described below.

1. Develop a multi-year financial management plan for the Town’s water and sewer utility that will generate sufficient annual revenue to:
 - a. Satisfy operating and capital cost requirements
 - b. Ensure compliance with the terms of existing indebtedness
 - c. Establish and maintain adequate operating reserves
 - d. Minimize rate impacts to customers to the greatest extent possible

2. Evaluate the Town’s current rate structure and develop recommended modifications, including specific rates and charges, based upon those modifications in order to achieve the following objectives:
 - a. Recover the required FY 2011 rate revenue
 - b. Apportion the revenue requirement fairly and equitably to the system’s water and sewer customers
 - c. Provide a pricing incentive for water conservation
 - d. Maintain affordability for low volume and average users
 - e. Provide a comparative rate survey of peer communities

ES.3 KEY ISSUES

Key issues identified during the Study that affected the need for rate increases over the ten (10) year projection period of the Study included:

1. Reduced Water Demand – Similar to water and sewer utilities all over the State, the Town has experienced a significant decline in water demand. Our analysis indicates that water demand in the Town has dropped approximately 23% since calendar year 2007. The reasons for the decline in water demand include:
 - a. Effects of the economic recession to include:
 - i. Foreclosures resulting in no continuing water usage,
 - ii. Vacancies resulting in no continuing water usage,
 - iii. Reduced usage per account in response to economic pressure on household discretionary income,
 - b. Increased rainfall resulting in less irrigation,
 - c. Response to the conservation message that has been published in print media and broadcast over local television and radio airwaves by the St. Johns River Water Management District and the JEA for a number of years resulting in less usage per account,

2. Increased Operating Costs - Even in the middle of the above described reduction in water demand, the Town's water and sewer utility has continued to experience increases in operating costs. This trend will continue throughout the projection period and a few of the costs that have experienced, and will continue to experience relatively large increases are as follows:
 - a. JEA rates will increase by 10% each year for FY 2011, 2012 and 2013,
 - b. Health insurance, fuel and chemicals are projected to increase from 5% to 12% per year throughout the projection period,
 - c. Other operating costs are projected to increase an average of from 2.5% to 3.0% per year throughout the projection period.

3. Advanced Wastewater Treatment Plant - Because of regulatory requirements to upgrade its wastewater treatment to advanced wastewater treatment, the Town has begun funding the design and construction of an Advanced Wastewater Treatment Facility (AWWT). The funding requirement in the projection period is estimated to be \$4.7 million and is spread over FY 2010 and FY 2011 as follows:
 - a. Phase I – FY 2010 - \$2.0 million; FY 2011 - \$500,000
 - b. Phase II - FY 2011 - \$2.2 million

4. Minimum Operating Reserve Fund Balances (Working Capital Reserves) - It is very important for a municipal utility to maintain adequate operating, or working capital reserve funds to provide for liquidity and to provide for funds that may be

needed for major system failures, such as large water main breaks. These operating reserves are also important for utilities in Florida because of the risk of hurricane damage that, if it did occur, would require an immediate response to ensure continuity of service. Based upon American Water Works Association guidelines and our experience over the past 22 years with utilities in Florida, we recommended maintaining an operating reserve fund balance in an amount equal to six (6) months of operations and maintenance expenses, which equates to 2.5 months of total expenditures

5. Implementation of a Water Conservation Rate Structure – The Town must implement a water conservation rate structure as a condition of the Town’s Consumptive Use Permit (CUP) with the St. Johns River Water Management District (SJRWMD). This is a requirement that is applicable, not only for utilities in the SJRWMD area, but also for utilities throughout the state.

ES.4 FINANCIAL MANAGEMENT PLAN RESULTS

During the first work element of the Study, we developed a financial management plan for the water and sewer enterprise fund. During this process, we used our Financial Analysis and Management System (FAMS-XL©) model and interactive decision support process to develop a ten (10) year financial management plan. FAMS-XL© is a proprietary model that simulated the financial dynamics (cash flow) of a utility enterprise fund for each year of a ten (10) year projection period.

We first adjusted FAMS-XL© as required to precisely replicate the policies and flow of funds specific to the Town’s operation. We then obtained financial and customer billing information and input the required information into the FAMS-XL© model. The preliminary output of the model was then reviewed with Town staff in two interactive work sessions. During these work sessions, all input data and assumptions were verified and the results were presented in terms of several key financial performance indicators, including (i) required annual percentage rate revenue adjustments, (ii) debt service coverage on existing indebtedness, (iii) working capital reserve levels compared to the above referenced target of six (6) months operating and maintenance expenses, and (iv) future borrowing requirements to fund anticipated capital projects.

The result of this work element is a financial management plan for the water and sewer utility that provides a “financial blueprint” to follow through the projection period. The financial management plan includes a number of outputs, which are discussed in detail in the body of the Final Draft Report, but the key results are presented below.

1. Annual Plan of Rate Revenue Increases - Based upon the analysis conducted during this work element of the Study, the water and sewer rate revenues will need to increase annually as shown in the following table. It is important to

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explain that although the annual rate revenue increase required for the combined water and sewer rate revenues is approximately 8.5% per year from FY 2011 – FY 2014, the annual increases to the water rate revenue are 12.5% and the annual increases to the sewer rate revenue are 5.5% during this time period. This difference is to achieve a proper allocation of revenues to expenses between the water and sewer rates by the end of this four year period. Thereafter (beginning in FY 2015), future rate revenue adjustments can be applied uniformly or equally.

Plan of Annual Rate Revenue Adjustments

	FY 2011(1)	FY 2012	FY 2013	FY 2014	FY 2015
Combined Water & Sewer	8.30%	8.40%	8.50%	8.60%	2.50%
Water	12.50%	12.50%	12.50%	12.50%	2.50%
Sewer	5.50%	5.50%	5.50%	5.50%	2.50%

(1) Recommended rate structure changes discussed in Section ES.5 of this Executive Summary will place less burden of the rate revenue adjustment in FY 2011 upon low volume users and more of the burden upon high volume users in order to achieve the conservation rate structure required as part of the Town’s CUP conditions.

This will mitigate the impact upon typical and low volume users and the result will be that a typical residential single-family customer using 4,000 gallons of water per month will see essentially no change in their monthly water bill. Single-family customer using less than 4,000 gallons per month will see slight decreases in their bill and customer using more than 4,000 gallons per month will see increases in their bill. Sections ES.5 and ES.6 present a detailed analysis of the recommended rate structure changes and the impact upon residential and commercial customers.

2. Working Capital Reserve Fund Balances - If the above referenced plan of rate revenue increases is adopted, the working capital reserve levels presented below will be achieved. The projected reserve levels (first line of the table) decrease almost to the target level (second line of the table) in FY 2013 because reserves are projected to be used during that time period to fund capital improvement program projects, including approximately \$4.7 million or the AWWT project.

End-of-Year Working Capital Reserve Balances
(Expressed in millions)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
End-of-Year Balance	\$4.35	\$1.83	\$1.22	\$1.25	\$1.19	\$1.46
Target	\$1.05	\$1.05	\$1.11	\$1.17	\$1.25	\$1.32

3. Debt Service Coverage - If the above referenced plan of rate revenue increases is adopted it is projected that debt service coverage will be adequate in each year of the projection period. The debt service coverage requirement is that net income expressed as a ratio of annual debt service (principal and interest on the debt) must be greater than 1.25 for senior lien debt and greater than 1.15 for State Revolving Fund (SRF) debt. The projected debt service coverage on senior lien debt is in excess of 3.0 and SRF debt service coverage is in excess of 2.0 in all years of the projection period.
4. Additional Borrowing – It is projected that no additional borrowing will be required to fund any portion of the capital improvement program.

ES.5 RATE DESIGN RESULTS

The second work element of the Study was to conduct a diagnostic evaluation of the current water and sewer rate structure, to 1) determine adjustments necessary to fairly apportion the costs of service to customers, and 2) comply with a condition of the Town's CUP with the SJRWMD that the Town has a water conservation rate structure.

1. Current Rate Structure - The Town's current rate structure for both water and sewer includes a fixed monthly charge and a uniform usage charge, meaning that the rate per 1,000 gallons does not change no matter how much water is used. Billings for sewer usage charges are capped at 12,000 gallons per month for single-family residential customers, in recognition that single-family residential water usage above 12,000 gallons per month is essentially all for irrigation and is not returned to the sewer system. The sewer usage charge is applied to all water usage for commercial customers because these customers are assumed to be using water in their business process and returning it to the Town's sewer system.
2. Recommended Rate Structure - The recommended rates for FY 2011 presented in this Executive Summary embody the following adjustments and concepts.
 - A reduction to the level or portion of revenue requirement recovered in the fixed monthly charges for water and sewer service from 65% to 50%. This provides for a greater allocation of revenue to the usage charges, thus benefitting low volume users and providing a larger price signal to high volume users, thus incenting water conservation.
 - Implementation of an inclining block water rate structure for single-family customers with the blocks of monthly usage being from 0 - 4,000, 4,001 - 8,000, 8,001 - 12,000, 12,001 - 20,000, and all use greater than 20,000 gallons per month. In addition, we recommend an inclining block rate

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structure for separate irrigation only meters with the blocks of monthly usage being from 0 - 12,000, 12,001 - 20,000, and all use greater than 20,000 gallons per month. We recommend that commercial and multi-unit customers continue to have a uniform water usage rate.

- No changes to the current sewer usage rate structure are recommended. As such, a uniform sewer usage rate will continue to be applied to all metered water use, with a cap of 12,000 gallons per month for single-family residential customers.

3. Recommended Rates - Based upon the required water and sewer rate revenue for FY 2011 and the recommended adjustments to the current water and sewer rate structure, we recommend adoption of the rates presented in Section ES.7 to be effective November 1, 2010.

ES.6 CUSTOMER IMPACT ANALYSIS

If the recommended rates for FY 2011 as presented in Section ES.7 are adopted, they will have the following impact upon customers' monthly water and sewer bills.

Single-Family Residential Water & Sewer Monthly Bill Comparison

User	Usage	% of Bills	Cumulative % of Bills (1)	Current	Proposed	\$ Change	% Change
Low Volume User	2	11.0%	22.7%	\$ 43.68	\$ 41.21	\$ (2.47)	-5.7%
Typical User	4	13.4%	49.0%	\$ 51.78	\$ 51.55	\$ (0.23)	-0.4%
Medium Volume User	7	6.4%	74.5%	\$ 63.93	\$ 68.20	\$ 4.27	6.7%
High Volume User	11	2.2%	87.6%	\$ 80.13	\$ 93.28	\$ 13.15	16.4%

(1) Represents the cumulative percent of bills issued with usage from zero to the usage on each row.

3/4" Commercial Water & Sewer Monthly Bill Comparison

User	Usage	% of Bills	Cumulative % of Bills (1)	Current	Proposed	\$ Change	% Change
Low Volume User	2	10.6%	58.3%	\$ 43.68	\$ 41.97	\$ (1.71)	-3.9%
Typical User	4	5.0%	69.9%	\$ 51.78	\$ 53.07	\$ 1.29	2.5%
Medium Volume User	7	2.6%	78.6%	\$ 63.93	\$ 69.72	\$ 5.79	9.1%
High Volume User	12	1.3%	87.0%	\$ 84.18	\$ 97.47	\$ 13.29	15.8%

(1) Represents the cumulative percent of bills issued with usage from zero to the usage on each row.

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1.5" Commercial Water & Sewer Monthly Bill Comparison

User	Usage	% of Bills	Cumulative % of Bills (1)	Current	Proposed	\$ Change	% Change
Low Volume User	5	1.8%	19.8%	\$ 144.62	\$ 135.80	\$ (8.82)	-6.1%
Typical User	11	4.3%	38.4%	\$ 168.92	\$ 169.10	\$ 0.18	0.1%
Medium Volume User	20	1.3%	60.1%	\$ 205.37	\$ 219.05	\$ 13.68	6.7%
High Volume User	40	6.3%	78.6%	\$ 286.37	\$ 330.05	\$ 43.68	15.3%

(1) Represents the cumulative percent of bills issued with usage from zero to the usage on each row.

2" Commercial Water & Sewer Monthly Bill Comparison

User	Usage	% of Bills	Cumulative % of Bills (1)	Current	Proposed	\$ Change	% Change
Low Volume User	5	2.2%	19.6%	\$ 197.86	\$ 182.10	\$ (15.76)	-8.0%
Typical User	16	5.4%	46.8%	\$ 242.41	\$ 243.15	\$ 0.74	0.3%
Medium Volume User	40	4.0%	74.5%	\$ 339.61	\$ 376.35	\$ 36.74	10.8%
High Volume User	60	2.4%	80.9%	\$ 420.61	\$ 487.35	\$ 66.74	15.9%

(1) Represents the cumulative percent of bills issued with usage from zero to the usage on each row.

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Monthly Water & Sewer Bill Cost Comparison Table						
Multi-Dwelling/Living Unit - 2 Units						
<u>Bill Type</u>	<u>Mo. Use (TGAL)</u>	<u>Use / Unit</u>	<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
Average	9	4.5	\$ 96.97	\$ 102.43	\$ 5.46	5.6%
Multi-Dwelling/Living Unit - 70 Units						
<u>Bill Type</u>	<u>Mo. Use (TGAL)</u>	<u>Use / Unit</u>	<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
Average	294	4.2	\$ 3,308.90	\$ 3,468.47	\$ 159.57	4.8%
Multi-Dwelling/Living Unit - 99 Units						
<u>Bill Type</u>	<u>Mo. Use (TGAL)</u>	<u>Use / Unit</u>	<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
Average	167	1.7	\$ 3,672.09	\$ 3,524.56	\$ (147.53)	-4.0%
Multi-Dwelling/Living Unit - 100 Units						
<u>Bill Type</u>	<u>Mo. Use (TGAL)</u>	<u>Use / Unit</u>	<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
Average	319	3.2	\$ 4,317.95	\$ 4,394.40	\$ 76.45	1.8%
Multi-Dwelling/Living Unit - 121 Units						
<u>Bill Type</u>	<u>Mo. Use (TGAL)</u>	<u>Use / Unit</u>	<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
Average	1079	8.9	\$ 8,031.41	\$ 9,163.43	\$ 1,132.02	14.1%
Multi-Dwelling/Living Unit - 134 Units						
<u>Bill Type</u>	<u>Mo. Use (TGAL)</u>	<u>Use / Unit</u>	<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
Average	216	1.6	\$ 4,929.64	\$ 4,714.89	\$ (214.75)	-4.4%
Multi-Dwelling/Living Unit - 202 Units						
<u>Bill Type</u>	<u>Mo. Use (TGAL)</u>	<u>Use / Unit</u>	<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
Average	485	2.4	\$ 8,076.77	\$ 7,992.13	\$ (84.64)	-1.0%
Multi-Dwelling/Living Unit - 284 Units						
<u>Bill Type</u>	<u>Mo. Use (TGAL)</u>	<u>Use / Unit</u>	<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
Average	1562	5.5	\$ 14,919.94	\$ 16,121.12	\$ 1,201.18	8.1%
General Service 3" Meter						
<u>User Type</u>	<u>Mo. Use (TGAL)</u>		<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
Low	20		\$ 410.92	\$ 419.70	\$ 8.78	2.1%
Typical	40		\$ 491.92	\$ 530.70	\$ 38.78	7.9%
High	80		\$ 653.92	\$ 752.70	\$ 98.78	15.1%
General Service 6" Meter						
<u>User Type</u>	<u>Mo. Use (TGAL)</u>		<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
Low	200		\$ 2,585.75	\$ 2,653.50	\$ 67.75	2.6%
Typical	400		\$ 3,395.75	\$ 3,763.50	\$ 367.75	10.8%
High	600		\$ 4,205.75	\$ 4,873.50	\$ 667.75	15.9%
SFR With Irrigation						
<u>User Type</u>	<u>Mo. Use (TGAL)</u>		<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
4 TGAL / 10 TGAL	14		\$ 78.34	\$ 92.48	\$ 14.14	18.0%
3/4" Commercial With Irrigation						
<u>User Type</u>	<u>Mo. Use (TGAL)</u>		<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
6 TGAL / 10 TGAL	16		\$ 86.44	\$ 105.10	\$ 18.66	21.6%

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ES.7 SUMMARY OF RECOMMENDATIONS

In summary, we recommend the following:

1. Adopt the recommended/proposed water and sewer rates presented in the table below to be effective November 1, 2010.

Note: Current rates are shown in the table for comparison only.

<u>Recommended Water Rates</u>				<u>Recommended Sewer Rates</u>			
<u>Water Base Facility Charge (BFC)</u>				<u>Sewer Base Facility Charge (BFC)</u>			
		<u>Proposed</u>				<u>Proposed</u>	
<u>Residential Single Family</u>		BFC	Current BFC	<u>Residential Single Family</u>		BFC	Current BFC
BFC per Account		\$12.23	\$15.16	BFC per Account		\$18.64	\$20.42
<u>Master Metered Multi-Unit</u>				<u>Master Metered Multi-Unit</u>			
BFC per Unit		\$10.40	\$12.87	BFC per Unit		\$15.84	\$17.39
<u>Commercial and Irrigation</u>				<u>Commercial</u>			
<u>Meter Size</u>				<u>Meter Size</u>			
3/4"		\$12.23	\$15.16	3/4"		\$18.64	\$20.42
1"		\$27.52	\$34.07	1"		\$41.93	\$45.87
1.5"		\$42.81	\$52.99	1.5"		\$65.22	\$71.38
2"		\$61.15	\$75.63	2"		\$93.18	\$101.98
3"		\$122.30	\$150.74	3"		\$186.35	\$179.18
4"		\$305.75	\$378.14	4"		\$465.88	\$509.75
6"		\$611.50	\$756.29	6"		\$931.76	\$1,019.46
8"		\$978.40	\$1,210.03	8"		\$1,490.82	\$1,631.14
10"		\$1,406.45	\$1,739.41	10"		\$2,143.06	\$2,344.82
<hr/>				<hr/>			
<u>Water Usage Rates</u>				<u>Sewer Usage Rates</u>			
		<u>Proposed</u>	<u>Current</u>			<u>Proposed</u>	<u>Current</u>
	<u>Usage Range in</u>	<u>Rate/1,000</u>	<u>Rate/1,000</u>		<u>Usage Range in</u>	<u>Rate/1,000</u>	<u>Rate/1,000</u>
<u>Usage Block</u>	<u>Block</u>	<u>Gallons</u>	<u>Gallons</u>	<u>Usage Block</u>	<u>Block</u>	<u>Gallons</u>	<u>Gallons</u>
<u>Residential Single Family:</u>				<u>Residential Single Family:</u>			
1	0 - 4,000	\$1.53	\$1.14	1	0 - 12,000	\$3.64	\$2.91
2	4,001 - 8,000	\$1.91	\$1.14	2	Over 12,000	\$0.00	\$0.00
3	8,001 - 12,000	\$2.87	\$1.14				
4	12,001 - 20,000	\$4.01	\$1.14				
5	Over 20,000	\$5.22	\$1.14				
<u>Master Metered Multi-Unit:</u>				<u>Master Metered Multi-Unit:</u>			
1	All Usage	\$1.91	\$1.14	1	All Usage	\$3.64	\$2.91
<u>Commercial:</u>				<u>Commercial:</u>			
1	All Usage	\$1.91	\$1.14	1	All Usage	\$3.64	\$2.91
<u>Irrigation: (5/8 x 3/4" Meter)</u>							
1	0 - 12,000	\$2.87	\$1.14				
2	12,001 - 20,000	\$4.01	\$1.14				
3	Over 20,000	\$5.22	\$1.14				

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2. Adopt a plan of annual percentage rate adjustments, to be applied to all components of the water and sewer rates and to be effective on October 1 of each fiscal year from FY 2012 through FY 2015 as presented in the Table below

Recommended Plan of Annual Rate Revenue Adjustments

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Combined Water & Sewer	(1)	8.40%	8.50%	8.60%	2.50%
Water	(1)	12.50%	12.50%	12.50%	2.50%
Sewer	(1)	5.50%	5.50%	5.50%	2.50%

(1) The recommended rates for FY 2011 will result in the appropriate level of revenue for the water and sewer systems (12.50% increase for water, 5.5% increase for sewer resulting in a combined 8.3% increase in total water and sewer revenue). The percentage increase in FY 2012 would apply to the FY 2011 rates. The percentage increases in FY 2013 through FY 2015 would apply to the prior year rates respectively.

3. Update the financial management plan portion of this Study annually to ensure that the adopted plan of annual rate adjustments continues to be appropriate as conditions change from year to year.

SECTION 1. INTRODUCTION

Burton & Associates has conducted a comprehensive Water & Sewer Utility Financial Master Plan (hereafter referred to as “the Study”) for the Town of Orange Park’s Water & Sewer Utility System (Utility). This report describes in detail the assumptions, procedures, and results of the Study, including our conclusions and recommendations.

1.1 OBJECTIVES

Develop a Financial Management Plan – To ensure that the Utility’s water and sewer rates are providing adequate revenues over a multi-year projection period to meet its financial requirements, including 1) operations and maintenance costs, 2) capital improvement program costs (including renewal and replacement requirements), 3) debt service expenses and corresponding net income to debt service coverage ratios, and 4) adequate operating reserves.

Develop Water & Sewer Rate Structure Modifications – That satisfy the requirements of the Utility’s Consumptive Use Permit (CUP) as issued by the St. Johns River Water Management District (SJRWMD) and ensures that the Utility’s monthly rates conform to accepted industry practice, legal precedent, and cost allocation principles, while providing a price incentive to encourage water conservation and minimizing the financial burden to low volume users.

Conduct a Residential Rate Survey – That compares the Utility’s current FY 2010 and recommended FY 2011 monthly water and sewer bill for its residential users to those of other utility systems in the Town’s surrounding geographic area at various amounts of monthly water consumption.

SECTION 2. FINANCIAL MANAGEMENT PLAN

As part of the Study, Burton & Associates developed a financial management plan for the Utility that identifies the level of annual water and sewer revenue (and rate adjustments) required over a near-term planning period (FY 2011 – FY 2015) and long-term projection period (FY 2011 – FY 2020) to meet all of the Utility’s financial requirements¹. The following sub-sections present the procedures, assumptions, results, as well as the conclusions and recommendations of the financial management plan conducted during the Study.

2.1 DESCRIPTION

The analysis was performed using both historical and projected information. The historical audited financial information for the fiscal year ending September 30, 2009 as provided by staff was used to establish the beginning FY 2010 balances for each of the Utility’s various funds.

The revenue utilized in the analysis consists of retail rate revenue, interest earnings, impact fee revenue, and other minor revenue from miscellaneous service charges. The basis of future revenue projections for each of the various revenue types are as follows:

- Water and sewer rate revenue is based upon estimated FY 2010 amounts (based upon the extrapolation of 10 months of actual data), adjusted annually to reflect additional revenue from assumed rate increases and projected customer growth.
- Water and sewer impact fee revenues are calculated annually based upon the current fees, and 50% of the projected annual new connections to each system (in recognition of developer agreements, credits, redevelopment, etc.).

¹ The analysis begins with FY 2010 data, however, the majority of this information serves as base data upon which future year projections of revenues and expenses are based. As such, for purposes of this analysis, FY 2010 is not considered to be part of the projection period.

- Interest earnings are calculated in each year of the RSA based upon projected average fund balances and assumed interest rates².
- All other non-rate revenues are based upon actual FY 2010 budgeted amounts.

The FY 2010 revenue requirements reflect estimated expenditures (based upon the extrapolation of 10 months of actual data) and include all operating and maintenance expenses, debt service requirements, inter-fund transfers, and minor capital outlay requirements. The FY 2011 revenue requirements are based upon the FY 2011 Budget. After FY 2011, expenditures are projected based upon assumed cost escalation factors for individual expense categories. The capital improvement program costs utilized in the RSA were provided by staff and the Utility's consulting engineer and are presented in project-level detail by year in Appendix A.

2.2 ASSUMPTIONS

The following presents the assumptions, base data, and parameters utilized in the RSA:

2.2.1 Cost Escalation

Annual cost escalation factors for the various types of personal services and operations & maintenance expenses were discussed with staff and applied in each year of the projection period beginning in FY 2012. For example, the annual escalation rate for life and health insurance was assumed to increase at a rate of 12.00 % per year. The specific escalation factors assumed for each category of expense can be seen on Schedule 1 of Appendix A.

2.2.2 Connection & Sales Growth

New connection and water/sewer sales growth projections were based upon a review of multiple years of historical data and discussions with staff with regards to the anticipated number of new service connections to the Utility. We have assumed no new connections

² Interest earnings are calculated annually based upon interest rates of 0.50% in FY 2010, 0.75% in FY 2011, 1.00% in FY 2012, 1.50% in FY 2013, and 2.00% in FY 2014 and each year thereafter.

are added in FY 2011; in FY 2012, we have assumed that 25 water and sewer equivalent residential units will be added. Each year thereafter, we have assumed 50 new water and sewer equivalent residential units will be added to the Utility. This assumed growth schedule represents annual growth rates ranging from 0.00% - 0.95% and 0.00% - 1.00% for the water and sewer systems, respectively. In addition, these annual unit projections and corresponding growth rates are used in determining water and sewer sales or demand projections and projected water and sewer impact fee revenues.

2.2.3 Price Elasticity

This adjustment is incorporated into the analysis to reflect that as rates increase, discretionary water consumption (and therefore sewer sales to a certain degree) will likely decline. Therefore, in order to generate sufficient revenue, projected rate increases will have to be adjusted to reflect a smaller revenue base to which they will be applied, thus causing the projected rate increases to be larger. The price elasticity adjustment reduces consumption-based revenues by the product of the annual rate increase and the annual assumed elasticity coefficient. In each year of the projection period, the price elasticity coefficient assumed is 0.20, which means that for every 10% increase in price, the RSA reflects a 2% reduction in water and sewer consumption-based revenues.

2.2.4 Capital Projects Funding

The capital improvement program, through FY 2015, was provided by staff. Beginning in FY 2016, assumed water and sewer capital expenditures were estimated based upon each system's respective capital spending program for the preceding five year period. The capital improvement program from FY 2010 – FY 2020 totals approximately \$13.9 million. A detailed list of the specific projects and costs by year can be seen on Schedule 3 of Appendix A.

2.2.5 Borrowing Assumptions

The RSA does not identify the need for additional future borrowing as part of the financial management plan presented in this report. However, to the extent new debt is required in any year of the projection period, it is assumed to carry the following terms:

Long-Term Debt:

- Term: 20 Years
- Interest Rate: 5.50%
- Cost of Issuance: 2.00% of Par
- Debt Service Reserve: Equal to 1 year of annual debt service expense

2.2.6 Debt Service and Coverage

The Utility must maintain net revenues (gross revenues minus operating expenses) that are at least 1.25 times greater than the annual debt service expense (i.e. the annual principal and interest payments) on its outstanding senior-lien debt, as well as 1.15 times greater than the annual debt service expense on its outstanding State Revolving Fund (SRF) debt.

These coverage amounts are minimum requirements. To the extent the Utility is unable to meet these requirements, it could be found in technical default resulting in the Utility having its credit rating downgraded, which would affect the interest rate and terms of future financing initiatives. As a policy decision, utilities often measure revenue sufficiency and set rates based upon a higher coverage level so as to ensure compliance with these covenants in the event future projections of revenue and expenses do not occur as predicted. As such, the financial management plan developed during the Study provides net revenues that are at least 3.00 times greater than the annual debt service requirements on the Utility's senior lien debt and 2.00 times greater than the annual debt service requirements on the Utility's SRF debt.

2.2.7 Minimum Operating Reserve

The financial management plan for the Utility maintains a minimum operating reserve equal to 6 months of operating expenses (which equate to about 2.5 months of total expenditures). This level of operating reserve is within the typical industry range in Florida as well as the prudent range as identified by a recent analysis conducted by the Rates and Charges Sub-committee of the American Water Works Association (AWWA). Based upon our industry experience, water and sewer utilities will generally target a minimum operating reserve in the range of 2 – 6 months of operating expenses. This

range is consistent with the results of the recent analysis performed by the Rates and Charges Sub-committee of the AWWA, which concluded that adequate operating reserves for water and sewer utility systems should be between 2 – 6 months of operating expenses.

2.2.8 Service Availability Charges

The financial management plan reflects an estimated \$20,000 of additional revenue beginning in FY 2012 resulting from the implementation of monthly service availability charges to inactive or vacant accounts. These charges are common in the industry and are intended to recover a portion of the Utility's fixed costs that it has incurred to be ready and able to provide service to all customers.

2.3 RESULTS

The fundamental objective of the financial management plan analysis was to ensure sufficient revenue to cover annual operating, maintenance, and capital costs (including system renewal and replacement requirements), while maintaining adequate reserves and debt service coverage levels. Based upon the base data provided by staff and the assumptions described in Section 2.2, water and sewer rate revenues will need to increase annually as shown in the table on the following page in order to meet the Utility's projected cost requirements.

It is important to explain that although the annual rate revenue increase required for the combined water and sewer rate revenues is approximately 8.5% per year from FY 2011 – FY 2014, the annual increases to the water rate revenue are 12.5% and the annual increases to the sewer rate revenue are 5.5% during this time period. This difference is necessary to achieve a proper allocation of revenues to expenses between the water and sewer rates by the end of this four year period. Thereafter (beginning in FY 2015), future rate revenue adjustments can be applied uniformly or equally to water and sewer rates.

Plan of Annual Rate Revenue Adjustments

	FY 2011(1)	FY 2012	FY 2013	FY 2014	FY 2015
Combined Water & Sewer	8.30%	8.40%	8.50%	8.60%	2.50%
Water	12.50%	12.50%	12.50%	12.50%	2.50%
Sewer	5.50%	5.50%	5.50%	5.50%	2.50%

(1) Recommended rate structure changes discussed in Section 3 of this report will place less burden of the rate revenue adjustment in FY 2011 upon low volume users and more of the burden upon high volume users in order to achieve the conservation rate structure required as part of the Town’s CUP conditions. This will mitigate the impact upon typical and low volume users and the result will be that a typical residential single-family customer using 4,000 gallons of water per month will see essentially no change in their monthly water bill. Single-family customer using less than 4,000 gallons per month will see slight decreases in their bill and customer using more than 4,000 gallons per month will see increases in their bill. Section 3 and Appendix B present a detailed analysis of the recommended rate structure changes and the impact upon residential and commercial customers.

2.4 CONCLUSIONS & RECOMMENDATIONS

Based upon the analysis presented herein and the results presented in the prior subsection, we have reached the following conclusions and recommendations:

- The plan of identified annual water and sewer rate revenue adjustments from FY 2011 to FY 2015 will ensure sufficient revenue to meet the Utility’s operating expenditure requirements, to fund identified renewal and replacement requirements, and to maintain adequate reserves and debt service coverage levels during that time period.
- The Town should update this analysis. Doing so will allow for the incorporation of updated revenue and expense information as well as changes in economic conditions, water consumption (particularly in light of the change to an inclining block rate structure), regulatory requirements, and other factors so that any necessary adjustments can be made to the financial management plan presented herein. This will allow the Utility to meet its financial and operating requirements during the projection period and minimize rate impacts to customers from future events occurring differently than currently projected.

SECTION 3. RATE DESIGN ANALYSIS

As part of the Study, Burton & Associates was tasked with developing and recommending water and sewer rate structure modifications. The primary objective of the analysis was to develop a water conservation rate structure, or inclining block rate structure, for single-family and irrigation water accounts as required by the Utility's CUP, issued by the SJRWMD, to encourage water conservation. A secondary objective of the analysis was to recommend water and sewer rate structure modifications that would ensure that the Utility's monthly rates conform to accepted industry practice, legal precedent, and cost allocation principles, while minimizing impacts to low volume users.

3.1 BASIS OF PROPOSED RATE STRUCTURE

The rate structure modifications presented herein are intended to satisfy the requirements of the Utility's CUP relative to a conservation rate structure, while ensuring a fair and equitable distribution of costs, conformance with legal precedent and industry practice, and minimizing the financial burden to low volume users.

It is important to note that the recommended water and sewer rate structure modifications and rates presented herein for FY 2011 are designed to provide the additional 12.5% increase in water rate revenues and 5.5% increase in sewer rate revenues as identified in the financial management plan. However, to the extent that the demand reduction in response to the new conservation rate structure is greater than anticipated, and/or water demands differ significantly from the test year of the analysis due to economic conditions or other variables, the new rates may not achieve identified increases in revenue.

3.1.1 Water Fixed Monthly Charges

Current Rates - The current fixed monthly charge, or base facility charge, is \$15.16 per month for single-family, commercial, and separate irrigation accounts with a 5/8" x 3/4" meter, and is \$12.87 per living or dwelling unit for multi-unit accounts. This charge is intended to recover a portion of the fixed costs associated with average day usage and base operating and maintenance of the system. The fixed charge is applied on the basis

of meter size for single-family residential, commercial, and metered irrigation accounts and based upon the number of living/dwelling units for multi-unit accounts. Under the current structure, customers with larger meter sizes or a greater number of living/dwelling units pay a greater charge indicative of the higher demands these customers place on the system.

Recommendation – The current structure conforms to legal precedent and common industry practice, and is a fair and equitable method of recovering a portion of the fixed costs of the system. As such, we do not recommend revisions to the current fixed monthly fee structure. However, we do recommend a reduction to the level of the charge to place a greater portion of system cost recovery in variable charges to provide greater price incentives for conservation, which also reduces the financial burden to low-volume users. The recommended water fixed monthly charges for each customer type, to be implemented on 11/1/2010, are presented in Appendix B.

3.1.2 Water Usage Rates

Current Rates – Usage charges are intended to recover the portion of the operations and maintenance, debt service, and capital funding costs not recovered by the fixed monthly charges. The Utility currently has a uniform rate where each customer type (single-family residential, multi-unit, commercial, and metered irrigation service) is charged the same rate per thousand gallons of metered water consumption. The water usage rate is currently \$1.14 per thousand gallons.

Recommendation – The following modifications to the water usage rate structure are recommended for each customer type:

Single-Family Residential:

To encourage water conservation amongst single-family residential accounts, it is recommended that an inclining block rate structure be implemented. An inclining block rate structure, which is the most common conservation rate structure found in the state of Florida, results in lower rates for essential domestic use and reasonable amounts of discretionary use and higher rates for excessive discretionary use. Increasing the price

per thousand gallons of consumption sends a price signal to discretionary water users and, therefore, promotes water conservation.

It is recommended that the current uniform rate structure be modified and expanded to a 5-tier inclining block rate structure. The first tier would reflect an affordability rate that is applied to the lowest end of the consumption spectrum and is designed to shelter essential domestic water usage from higher rates that are designed to encourage water conservation. The affordability rate recommended herein is \$1.53 per thousand gallons of water consumption, up to 4,000 gallons per month. The second tier, which is designed to capture average monthly single-family residential water consumption, includes consumption between 4,001 and 8,000 gallons of consumption per month at a rate of \$1.91 per thousand gallons consumed. The remaining tiers of the inclining block rate structure are would apply to likely discretionary use, and therefore reflect higher rates. The third tier of the recommended structure includes consumption between 8,001 and 12,000 gallons of consumption per months at a rate of \$2.87 per thousand gallons consumed. The fourth tier includes consumption between 12,001 and 20,000 gallons of consumption per month at a rate of \$4.01 per thousand gallons consumed, and the fifth tier includes all consumption greater than 20,000 gallons of consumption per month at a rate of \$5.22 per thousand gallons consumed.

Commercial & Multi-Unit:

It is recommended for that the current uniform rate structure be maintained, but that the uniform rate be updated to reflect the recommend second tier rate of the single-family residential rate structure (\$1.91 per thousand gallons), which is the tier that captures average monthly water consumption for single-family residential customers.

Separate Irrigation Meters:

To encourage water conservation on separate irrigation meters, it is recommended that an inclining block rate structure be implemented that is consistent with that recommended for the single-family residential class. It is recommended that the current uniform rate structure be modified and expanded to a 3-tier inclining block rate structure that adjusts by meter size. The first tier rate is \$2.87 per thousand gallons of consumption up to

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RATE DESIGN ANALYSIS

12,000 gallons per month (consistent with the rate and amount of consumption for the third tier of the single-family residential rate structure). The second tier rate for this meter size is recommended to be \$4.01 per thousand gallons of consumption between 12,001 and 20,000 gallons per month (consistent with the rate and amount of consumption for the fourth tier of the single-family residential rate structure), and the third tier is \$5.22 per thousand gallons of consumption for all consumption greater than 20,000 gallons per month (consistent with the rate and amount of consumption for the fifth tier of the single-family residential rate structure).

It is important to note that the consumption in each tier is recommended to be adjusted by meter size based upon the same ratio within the fixed monthly charges. For example, the range of consumption in the first tier of a separate metered irrigation account with a 2” meter is based upon that of a 5/8” x 3/4” meter adjusted by a factor of 5, with the top end of the first tier equal to 60,000 gallons per month (12,000 gallons multiplied by the aforementioned factor of 5), the top end of the second tier equal to 100,000 gallons per month (20,000 gallons multiplied by the aforementioned factor of 5), and the third tier equal to all consumption greater than 100,000 gallons per month (20,000 gallons multiplied by the aforementioned factor of 5). The block ranges by meter size for separate irrigation meters are presented in the table below.

Irrigation Consumption Ranges By Meter Size						
Meter Size	3/4"	1"	1.5"	2"	3"	4"
1	0 - 12,000	0 - 27,000	0 - 42,000	0 - 60,000	0 - 120,000	0 - 300,000
2	12,001 - 20,000	27,001 - 45,000	42,001 - 70,000	60,001 - 100,000	120,001 - 200,000	300,001 - 500,000
3	Over 20,000	Over 45,000	Over 70,000	Over 100,000	Over 200,000	Over 500,000

All recommended water usage rates for each customer type and classification, to be implemented on 11/1/2010, are presented in Appendix B.

3.1.3 Sewer Fixed Monthly Charges

Current Rates – The current fixed monthly charge, or base facility charge, is \$20.42 per month for single-family, commercial, and separate irrigation accounts with a 5/8” x 3/4” meter, and is \$17.39 per living or dwelling unit for multi-unit accounts. This charge is intended to recover a portion of the fixed costs associated with average day usage and

base operating and maintenance of the system. The fixed charge is applied on the basis of meter size for single-family residential, commercial, and metered irrigation accounts and based upon the number of living/dwelling units for multi-unit accounts. Under the current structure, customers with larger meter sizes or a greater number of living/dwelling units pay a greater charge indicative of the higher demands these customers place on the system.

Recommendation – The current structure conforms to legal precedent and common industry practice, and is a fair and equitable method of recovering a portion of the fixed costs of the system. As such, we do not recommend revisions to the current fixed monthly fee structure. However, we do recommend a reduction to the level of the charge to place a greater portion of system cost recovery in variable charges to provide greater price incentives for conservation, which also reduces the financial burden to low-volume users. All recommended sewer fixed monthly charges, to be implemented on 11/1/2010, are presented in Appendix B.

3.1.4 Sewer Usage Rates

Current Rates – Usage charges are intended to recover the portion of the operations and maintenance, debt service, and capital funding costs not recovered by the fixed monthly charges. The Utility currently has a rate structure where each customer type (single-family residential, multi-unit, and commercial) is charged a single rate of \$2.91 per thousand gallons of metered water consumption. It is important to note that the sewer usage rate charged to single-family residential accounts is capped at a maximum of 12,000 gallons of metered water use per month.

Recommendation – The current structure conforms to legal precedent and industry practice; however, the level of the rate would need to increase to \$3.64 per thousand gallons in order to recover a greater portion of system costs in light of the recommended reduction to the level of fixed monthly charges. The recommended sewer usage rates, to be implemented on 11/1/2010, are presented in Appendix B.

3.2 PRICE ELASTICITY

As water and sewer rates increase, discretionary water and sewer usage will generally decline. Because changes in water use in response to price are a function of the increase in price and the level of discretionary water usage, the recommended modifications to the current rate structure are expected to have an impact on total water usage. Overall, the recommended rate structure is anticipated to produce an overall system-wide billed water use reduction of over 5%. That effect has been factored into the calculations of the recommended rates presented in this report.

3.3 SCHEDULE OF RECOMMENDED RATES

It is our recommendation that the adjustments discussed in Section 3.1 should be made to the current water and sewer rates to address conformance to accepted industry practice, water conservation, and affordability objectives. Based upon discussions with staff, it is our understanding that the Utility's customer billing system can accommodate these recommended changes in rate structure. Schedule 1 in Appendix B presents the specific recommended water and sewer rates for implementation on 11/1/2010.

3.4 CUSTOMER IMPACT ANALYSIS

In considering implementation of the recommended changes to the water and sewer rates, it is important to examine the impact that those adjustments will have upon the monthly water and sewer bill of the Utility's customers. Implementation of the recommended water and sewer rates will impact customers with different usage patterns differently.

Schedule 2 of Appendix B presents the combined monthly impacts upon single-family residential customers with 5/8" x 3/4" meters at varying consumption levels (in 1,000 gallon increments) up to 20,000 gallons per month. The schedule demonstrates that implementing the recommended rate structure modifications will result in almost 50% of single-family residential bills decreasing or staying the same, while providing strong price incentives for customers with higher levels of monthly water usage to conserve.

Schedule 3 of Appendix B presents the combined monthly impacts upon commercial customers with 5/8" x 3/4" meters at varying consumption levels (in 1,000 gallon increments) up to 20,000 gallons per month. The table demonstrates that implementing the recommended rate structure modifications will result in over 60% of the commercial bills with 5/8" x 3/4" meters decreasing or staying the same.

Schedules 4 & 5 of Appendix B presents the combined monthly impacts upon commercial customers with 1.5" and 2" meters, respectively, at varying consumption levels (in 1,000 gallon increments) up to 100,000 gallons per month. These schedules demonstrate that implementing the recommended rate structure modifications will result in about 40% of the bills for accounts with 1.5" meters and about 50% of the bills for accounts with 2" meters decreasing or staying the same.

Lastly, Schedule 6 of Appendix B presents the combined monthly impacts to various multi-unit accounts, larger commercial accounts, and customers with irrigation meters.

3.5 RATE SURVEY RESULTS

We performed a comparative survey of the single-family water and sewer rates of other utilities near Town of Orange Park. This survey included monthly single-family residential water and sewer bill calculations based upon the rates in effect for each community in FY 2010 and compared those to the Utility's current monthly water and sewer bill calculations. This comparison was also performed for FY 2011 using approved or projected rates for the same communities as well as the rates resulting from the recommended rate structure modifications presented in this report for the Utility. The results of the survey assuming 6,500 gallons per month of consumption (the Utility's average use for the single-family customer class) are presented in Appendix B of this report.

The results of the survey indicate that the Utility currently has and is projected to have a monthly bill that is very much in-line with the average of those surveyed at 6,500 gallons per month of consumption.

Appendix A – Schedules for the Financial Management Plan

Schedule 1 contains the assumptions of the financial management plan

Schedule 2 identifies the end of FY 2009 fund balances that serve as the FY 2010 beginning balances of the analysis

Schedule 3 provides a listing of the ten-year capital improvement program that was utilized in the financial management plan

Schedule 4 presents a detailed list of all projected cash inflows from FY 2010-2020

Schedule 5 presents a detailed list of all projected cash outflows from FY 2010-2020

Schedule 6 contains the FAMS-XL © Control Panel that presents a summary of the financial management plan, including annual rate increases, debt service coverage ratios, total CIP spending levels, customer impacts, and fund balances

Schedule 7 presents the projected annual net income, debt service coverage, and cash flow results

Schedule 8 shows the projected funding sources for the capital improvement program

Schedule 9 contains the calculation of projected annual long-term borrowing

Schedule 10 presents a fund-level cash flow reconciliation, providing the beginning balance in each year, the amount utilized for project funding or payment of debt service, interest calculations, and the end of year fund balance

FY 2010 UTILITY FINANCIAL MASTER PLAN
APPENDIX A

Schedule 1 - Assumptions

Assumptions

Schedule 1

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Annual Growth:											
Water Growth:											
Equivalent Residential Billing Units (ERUs)	5,262	5,262	5,287	5,337	5,387	5,437	5,487	5,537	5,587	5,637	5,687
Growth in ERU's	N/A	0	25	50	50	50	50	50	50	50	50
Percent increase in ERUs	N/A	0.00%	0.48%	0.95%	0.94%	0.93%	0.92%	0.91%	0.90%	0.89%	0.89%
% Increase in Water Use (75% of ERU Growth)	N/A	0.00%	0.36%	0.71%	0.70%	0.70%	0.69%	0.68%	0.68%	0.67%	0.67%
Sewer Growth:											
Equivalent Residential Billing Units (ERUs)	4,978	4,978	5,003	5,053	5,103	5,153	5,203	5,253	5,303	5,353	5,403
Growth in ERU's	N/A	0	25	50	50	50	50	50	50	50	50
Percent increase in ERUs	N/A	0.00%	0.50%	1.00%	0.99%	0.98%	0.97%	0.96%	0.95%	0.94%	0.93%
% Increase in Water Use (75% of ERU Growth)	N/A	0.00%	0.38%	0.75%	0.74%	0.73%	0.73%	0.72%	0.71%	0.71%	0.70%
Capital Spending:											
Annual Capital Budget	\$2,021,243	3,324,000	1,289,196	842,214	1,125,826	756,320	905,408	765,000	975,344	824,364	1,051,296
Impact Fees:											
Water	\$650	650	650	650	650	650	650	650	650	650	650
Sewer	\$1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Average Annual Interest Earnings Rate:											
Water & Sewer Enterprise Fund:	0.50%	0.75%	1.00%	1.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Effective Date Of Assumed Rate Increases:											
Date	N/A	11/1/2010	10/1/2011	10/1/2012	10/1/2013	10/1/2014	10/1/2015	10/1/2016	10/1/2017	10/1/2018	10/1/2019
Operating Expenses Cost Escalation:											
Salaries	N/A	N/A	3.00%	4.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Health Insurance	N/A	N/A	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
Utility Services (Electricity)	N/A	N/A	10.00%	10.00%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Gas/Diesel Fuel	N/A	N/A	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Chemicals	N/A	N/A	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Repairs & Maintenance	N/A	N/A	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Operating Supplies	N/A	N/A	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Administrative Charges	N/A	N/A	5.10%	5.95%	6.14%	5.75%	5.84%	5.86%	5.96%	5.98%	6.08%
Other Various Operating Expense Categories	N/A	N/A	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Weighted Average Cost Escalation	N/A	N/A	5.10%	5.95%	6.14%	5.75%	5.84%	5.86%	5.96%	5.98%	6.08%
Operating Reserve:											
Target (Number of Months of O&M Expenses)	6	6	6	6	6	6	6	6	6	6	6
Operating Budget Execution Percentage:											
Percent of Salary/Personal Service Expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percent of Operating & Maintenance Expenses	90.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percent of Capital Outlay Expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percent of Transfers	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

FY 2010 UTILITY FINANCIAL MASTER PLAN

Schedule 2 – Beginning Balances

APPENDIX A

Beginning Balances as of Sept. 30, 2009 **Schedule 2**

FUND BALANCES	9/30/2009
Water Impact Fees	\$ 54,746
Sewer Impact Fees	\$ 300,000
R&R/CIP Fund	\$ 25,000
Pollution Control	\$ 43,164
Revenue Fund	\$ 6,130,593
Restricted Reserves	\$ 344,478
TOTAL CONSOLIDATED FUND BALANCE	\$ 6,897,981
CURRENT UNRESTRICTED ASSETS	
Equity in pooled cash & investments	\$ 7,037,137
Restricted equity in pooled cash & investments	\$ 977,807
Accounts receivable, net	\$ 234,445
Due from other governments	\$ -
Inventories	\$ 31,080
Prepaid items	\$ -
TOTAL CURRENT UNRESTRICTED ASSETS	\$ 8,280,469
Less: Inventories	\$ (31,080)
Less: Restricted equity in pooled cash & investments	\$ -
Less: Accounts payable & accrued liabilities	\$ (429,287)
Less: Contracts payable	\$ (618,992)
Less: Compensated absences	\$ (56,510)
Less: Deposits	\$ (235,419)
Less: Interest payable (1)	\$ -
Less: Current portion of long-term debt (1)	\$ -
TOTAL: UNRESTRICTED WORKING CAPITAL	\$ 6,909,181
Plus/(Less): Pollution Control Balance	\$ (43,164)
Plus/(Less): R&R/CIP Fund Balance	\$ (25,000)
Less: Capital Project Encumbrances for Projects Not Included in CIP	\$ (11,200)
Plus/(Less): Debt Service Reserve	\$ (344,478)
Plus/(Less): Separate Impact Fee Balances	\$ (354,746)
NET: UNRESTRICTED WORKING CAPITAL	\$ 6,130,593
RESTRICTED ASSETS	
Debt Service Reserve	\$ 344,478
TOTAL RESTRICTED ASSETS	\$ 344,478
RESERVED OR RESTRICTED RESERVES AVAILABLE FOR CAPITAL FUNDING	
Water Impact Fees	\$ 54,746
Sewer Impact Fees	\$ 300,000
R&R/CIP Fund	\$ 25,000
Pollution Control	\$ 43,164
TOTAL RESTRICTED RESERVES AVAILABLE FOR CIP	\$ 422,910

FY 2010 UTILITY FINANCIAL MASTER PLAN
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Schedule 3 – Capital Improvement Plan

Capital Improvement Program

Schedule 3

Project Description	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<u>Water</u>											
Ash/Smith St. Water Plant Improvements & Equipment Upgrades	\$ -	30,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Upgrade Existing Water Mains	\$ -	40,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Replace Water Services Town wide	\$ -	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Plainfield Ave. Water Line & Valve Imp.	\$ -	-	165,000	165,000	165,000	-	-	-	-	-	-
Grove Park Wtr Improvements Phase I	\$ -	-	-	240,000	-	-	-	-	-	-	-
Kingsley/Gano Water Loop	\$ -	-	-	110,000	-	-	-	-	-	-	-
Phase II Village Way	\$ -	-	140,000	-	-	-	-	-	-	-	-
Automated Meter Reading	\$ -	-	40,000	40,000	40,000	40,000	-	-	-	-	-
Dolphin Ct. Water Line	\$ -	-	-	-	-	-	-	-	-	-	-
Replace Fire Hydrants Town Wide	\$ 15,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Elevated Water Tower	\$ -	-	-	-	450,000	-	-	-	-	-	-
Other Unspecified Future Projects	\$ -	-	-	-	-	200,000	200,000	200,000	200,000	200,000	200,000
<u>Sewer</u>											
AWWT Phase II	\$ -	2,200,000	-	-	-	-	-	-	-	-	-
St. Johns Effluent Line	\$ -	-	300,000	-	-	-	-	-	-	-	-
Rehab Moosehaven Lift Station	\$ -	140,000	-	-	-	-	-	-	-	-	-
Rehab Gano Lift Station	\$ -	140,000	-	-	-	-	-	-	-	-	-
Rehab Lift Stations (6)	\$ -	-	280,000	140,000	280,000	140,000	280,000	140,000	280,000	140,000	280,000
Replace Sewer Lines	\$ 6,243	12,000	-	-	-	-	-	-	-	-	-
Sewer Line Wells	\$ -	-	200,000	-	-	-	-	-	-	-	-
Ash Street Sewer Line	\$ -	200,000	-	-	-	-	-	-	-	-	-
Sludge Drying Bed Improvements	\$ -	-	15,000	15,000	-	-	-	-	-	-	-
Manhole Improvements	\$ -	-	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Purchase Emergency Generators for Town Lift Stations	\$ -	30,000	30,000	-	-	-	-	-	-	-	-
AWWT Phase I	\$ 2,000,000	500,000	-	-	-	-	-	-	-	-	-
Other Unspecified Future Projects	\$ -	-	-	-	-	200,000	200,000	200,000	200,000	200,000	200,000
Total CIP Budget (in FY 2010 dollars)	\$ 2,021,243	3,324,000	1,242,000	782,000	1,007,000	652,000	752,000	612,000	752,000	612,000	752,000
Cumulative Projected Cost Escalation	0.0%	0.0%	3.8%	7.7%	11.8%	16.0%	20.4%	25.0%	29.7%	34.7%	39.8%
Resulting CIP Funding Level	\$ 2,021,243	3,324,000	1,289,196	842,214	1,125,826	756,320	905,408	765,000	975,344	824,364	1,051,296
Annual CIP Execution Percentage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Final CIP Funding Level	\$ 2,021,243	3,324,000	1,289,196	842,214	1,125,826	756,320	905,408	765,000	975,344	824,364	1,051,296

FY 2010 UTILITY FINANCIAL MASTER PLAN
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Schedule 4 – Projection of Cash Inflows

Schedule 4

Projection of Cash Inflows

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
1 Rate Revenue Growth Assumptions											
2 Growth in Water ERUs	N/A	0.00%	0.48%	0.95%	0.94%	0.93%	0.92%	0.91%	0.90%	0.89%	0.89%
3 Growth in Water Usage	N/A	0.00%	0.36%	0.71%	0.70%	0.70%	0.69%	0.68%	0.68%	0.67%	0.67%
4 Growth in Sewer ERUs	N/A	0.00%	0.50%	1.00%	0.99%	0.98%	0.97%	0.96%	0.95%	0.94%	0.93%
5 Growth in Sewer Usage	N/A	0.00%	0.38%	0.75%	0.74%	0.73%	0.73%	0.72%	0.71%	0.71%	0.70%
6 Assumed Rate Revenue Increases											
7 Assumed Water Rate Increase	N/A	12.50%	12.50%	12.50%	12.50%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
8 Assumed Sewer Rate Increase	N/A	5.50%	5.50%	5.50%	5.50%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
9 Water & Sewer Rate Revenue											
10 Water Rate Revenue											
11 Base Facility Charges (1),(2)	\$ 938,320	760,687	879,280	998,545	1,133,888	1,170,161	1,207,493	1,245,913	1,285,450	1,326,135	1,368,000
12 Usage Charges (2)	\$ 418,159	760,687	845,534	934,023	1,031,705	1,057,482	1,083,834	1,110,773	1,138,312	1,166,463	1,195,240
13 Sewer Rate Revenue											
14 Base Facility Charges (1),(2)	\$1,194,720	1,098,065	1,180,005	1,257,347	1,339,627	1,383,189	1,428,034	1,474,197	1,521,714	1,570,623	1,620,963
15 Usage Charges (2)	\$ 864,551	1,098,065	1,155,202	1,214,367	1,276,468	1,308,863	1,341,985	1,375,851	1,410,474	1,445,873	1,482,062
16 Total Water & Sewer Rate Revenue	\$3,415,750	3,717,504	4,060,021	4,404,282	4,781,687	4,919,695	5,061,347	5,206,733	5,355,950	5,509,094	5,666,266
17 Other Operating Revenue											
18 Adm Svc. Chg.	\$ 46,606	10,000	10,048	10,143	10,238	10,333	10,428	10,523	10,618	10,713	10,808
19 Misc W&S Rev.	\$ -	-	-	-	-	-	-	-	-	-	-
20 Total Other Operating Revenue	\$ 46,606	10,000	10,048	10,143	10,238	10,333	10,428	10,523	10,618	10,713	10,808
21 Other Non-Operating Revenue											
22 Interest Earned on Unrestricted Funds	\$ 26,558	23,737	16,056	19,862	26,403	28,769	32,706	40,258	50,693	62,215	76,077
23 Interest Earned on Restricted Funds	\$ 1,722	2,584	3,445	5,167	6,890	6,890	6,890	6,890	6,890	6,890	6,890
24 Total Non-Operating Revenue	\$ 28,280	26,321	19,501	25,029	33,293	35,658	39,596	47,147	57,583	69,105	82,966
25 Revenue for Capital Improvements											
26 Water Impact Fees (Mtr Connection Chgs)	\$ 1,653	2,000	8,125	16,250	16,250	16,250	16,250	16,250	16,250	16,250	16,250
27 Sewer Impact Fees (Swr Connection Chgs)	\$ -	2,000	16,250	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500
28 Pollution Control Charges	\$ 8,133	2,000	6,250	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
29 Total Impact Fee Revenue	\$ 9,787	6,000	30,625	61,250	61,250	61,250	61,250	61,250	61,250	61,250	61,250
30 Total Revenue	\$3,500,423	3,759,825	4,120,195	4,500,703	4,886,467	5,026,936	5,172,620	5,325,653	5,485,400	5,650,161	5,821,289

(1) Base Facility Charges include estimated total of \$20,000 for water and sewer service availability charges starting in FY 2012.

(2) Allocation of revenues between fixed and usage charges reflects allocation per recommended rate design changes starting in FY 2011.

FY 2010 UTILITY FINANCIAL MASTER PLAN
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Schedule 5 – Projection of Cash Outflows

Schedule 5

Projection of Cash Outflows

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
1 Personal Services Execution Percentage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
2 O&M Expense Execution Percentage	90.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
3 Capital Outlay Execution Percentage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
4 Transfer Execution Percentage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
5 WATER SYSTEM											
6 <u>Personal Services</u>											
7 SALARIES	\$ 301,500	286,322	294,912	306,708	322,044	338,146	355,053	372,806	391,446	411,018	431,569
8 OVERTIME	\$ 8,500	6,000	6,180	6,427	6,749	7,086	7,440	7,812	8,203	8,613	9,044
9 PRT TM HLP	\$ 3,000	-	-	-	-	-	-	-	-	-	-
10 FICA TAX	\$ 24,726	22,400	23,072	23,995	25,195	26,454	27,777	29,166	30,624	32,155	33,763
11 RETIRE CON	\$ 68,600	66,100	68,083	70,806	74,347	78,064	81,967	86,066	90,369	94,887	99,632
12 LF/HEALT I	\$ 49,200	59,300	66,416	74,386	83,312	93,310	104,507	117,048	131,093	146,825	164,444
13 WORK COMP I	\$ 13,800	13,100	13,493	14,033	14,734	15,471	16,245	17,057	17,910	18,805	19,745
14 <u>O&M Expenses</u>											
15 LEGAL SERV	\$ 1,500	1,500	1,545	1,591	1,639	1,688	1,739	1,791	1,845	1,900	1,957
16 ENGINR SVC	\$ 2,800	2,800	2,884	2,971	3,060	3,151	3,246	3,343	3,444	3,547	3,653
17 COMPUT PRO	\$ 500	500	513	525	538	552	566	580	594	609	624
18 PHYSICALS	\$ 200	-	-	-	-	-	-	-	-	-	-
19 LAB ANALY	\$ 22,500	22,500	23,063	23,639	24,230	24,836	25,457	26,093	26,745	27,414	28,099
20 TRAVEL PDM	\$ 800	500	513	525	538	552	566	580	594	609	624
21 TELEPHONE	\$ 3,800	3,800	3,895	3,992	4,092	4,194	4,299	4,407	4,517	4,630	4,746
22 POSTAGE FR	\$ -	4,800	4,920	5,043	5,169	5,298	5,431	5,567	5,706	5,848	5,995
23 UTIL SERV	\$ 148,000	138,000	151,800	166,980	179,504	192,966	207,439	222,997	239,721	257,700	277,028
24 RENT LEASE	\$ 3,800	3,800	3,895	3,992	4,092	4,194	4,299	4,407	4,517	4,630	4,746
25 INS LIAB P	\$ 27,800	25,000	25,750	26,523	27,318	28,138	28,982	29,851	30,747	31,669	32,619
26 R&M AUTO	\$ 8,500	4,000	4,120	4,244	4,371	4,502	4,637	4,776	4,919	5,067	5,219
27 R&M BLD EQ	\$ 8,000	8,000	8,240	8,487	8,742	9,004	9,274	9,552	9,839	10,134	10,438
28 R&M OFF EQ	\$ 2,000	2,000	2,060	2,122	2,185	2,251	2,319	2,388	2,460	2,534	2,610
29 R&M WA TRP	\$ 16,200	16,000	16,480	16,974	17,484	18,008	18,548	19,105	19,678	20,268	20,876
30 R&M WAT DS	\$ 22,000	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095
31 PRINT BIND	\$ -	1,800	1,845	1,891	1,938	1,987	2,037	2,087	2,140	2,193	2,248
32 LEGAL ADS	\$ 600	-	-	-	-	-	-	-	-	-	-
33 OTHR CHGES	\$ -	1,000	1,025	1,051	1,077	1,104	1,131	1,160	1,189	1,218	1,249
34 CONV. FEE	\$ -	6,000	6,150	6,304	6,461	6,623	6,788	6,958	7,132	7,310	7,493
35 SAFETY PRO	\$ 300	300	308	315	323	331	339	348	357	366	375
36 MISCELLOUS	\$ 1,200	-	-	-	-	-	-	-	-	-	-
37 OFFICE SUP	\$ 1,400	1,200	1,230	1,261	1,292	1,325	1,358	1,392	1,426	1,462	1,499
38 OPER SUP	\$ 23,000	23,000	23,805	24,638	25,501	26,393	27,317	28,273	29,262	30,287	31,347
39 AUTO SUP	\$ 6,058	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524
40 GAS	\$ 11,000	12,500	13,750	15,125	16,638	18,301	20,131	22,145	24,359	26,795	29,474
41 DIESEL	\$ 6,456	3,500	3,850	4,235	4,659	5,124	5,637	6,200	6,821	7,503	8,253
42 UNIFORMS	\$ 2,000	2,000	2,050	2,101	2,154	2,208	2,263	2,319	2,377	2,437	2,498
43 CHLORINE W	\$ 14,000	12,000	12,600	13,230	13,892	14,586	15,315	16,081	16,885	17,729	18,616
44 WS LAB SUP	\$ 2,800	2,800	2,870	2,942	3,015	3,091	3,168	3,247	3,328	3,412	3,497
45 METER SUPP	\$ 6,000	6,000	6,150	6,304	6,461	6,623	6,788	6,958	7,132	7,310	7,493

FY 2010 UTILITY FINANCIAL MASTER PLAN
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Schedule 5 – Projection of Cash Outflows

Projection of Cash Outflows		Schedule 5										
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
46	METER REPL	\$ 7,000	5,000	5,125	5,253	5,384	5,519	5,657	5,798	5,943	6,092	6,244
47	BK SUB MEM	\$ 2,000	2,000	2,050	2,101	2,154	2,208	2,263	2,319	2,377	2,437	2,498
48	TRAINING	\$ -	-	-	-	-	-	-	-	-	-	-
49	LAB EQUIP	\$ 3,000	3,000	3,075	3,152	3,231	3,311	3,394	3,479	3,566	3,655	3,747
50	COMPUT EQP	\$ 1,100	1,000	1,025	1,051	1,077	1,104	1,131	1,160	1,189	1,218	1,249
51	OFF EQUIPT	\$ 950	950	974	998	1,023	1,049	1,075	1,102	1,129	1,157	1,186
52	ADMIS CHG	\$ 135,000	135,000	141,891	150,336	159,559	168,726	178,587	189,047	200,307	212,281	225,179
53	OTH/CONTIN	\$ 14,900	900	927	955	983	1,013	1,043	1,075	1,107	1,140	1,174
54	<u>Capital Outlay</u>											
55	BUILDINGS	\$ 600	-	-	-	-	-	-	-	-	-	-
56	IMPROVEMENTS	\$ 2,600	2,600	2,665	2,732	2,800	2,870	2,942	3,015	3,091	3,168	3,247
57	EQUIPT	\$ 4,500	4,000	4,100	4,203	4,308	4,415	4,526	4,639	4,755	4,874	4,995
58	<u>Transfers</u>											
59	TRAN GF001	\$ 156,500	156,500	152,137	172,481	193,257	216,559	222,764	229,133	235,669	242,376	249,260
60	<u>Incremental O&M Expenses - From CIP</u>											
61	Ash/Smith St. Water Plant Improvements & Equipment Upgrades	\$ -	-	500	1,030	1,593	2,184	2,812	3,477	4,184	4,934	5,734
62	Upgrade Existing Water Mains	\$ -	-	200	412	637	874	1,125	1,391	1,674	1,974	2,294
63	Replace Water Services Town wide	\$ -	-	100	206	319	437	562	695	837	987	1,147
64	Plainfield Ave. Water Line & Valve Imp.	\$ -	-	2,000	4,119	6,372	6,738	7,132	7,549	7,999	8,477	8,992
65	Grove Park Wtr Improvements Phase I	\$ -	-	-	1,250	1,327	1,403	1,485	1,572	1,665	1,765	1,872
66	Kingsley/Gano Water Loop	\$ -	-	-	800	849	898	950	1,006	1,066	1,130	1,198
67	Phase II Village Way	\$ -	-	1,500	1,589	1,687	1,784	1,888	1,999	2,118	2,244	2,380
68	Automated Meter Reading	\$ -	-	2,000	4,119	6,372	6,738	7,132	7,549	7,999	8,477	8,992
69	Dolphin Ct. Water Line	\$ -	-	-	2,000	2,123	2,245	2,376	2,515	2,665	2,824	2,996
70	Replace Fire Hydrants Town Wide	\$ -	-	200	412	637	874	1,125	1,391	1,674	1,974	2,294
71	Elevated Water Tower	\$ -	-	-	-	4,000	4,230	4,477	4,739	5,022	5,322	5,645
72	Other Unspecified Future Projects	\$ -	-	-	-	-	-	-	-	-	-	-
73	Total Water System Expense Projections	\$ 1,140,690	1,094,472	1,143,684	1,229,081	1,319,761	1,408,877	1,485,491	1,567,061	1,654,161	1,747,061	1,846,416
74	Est. Water Expenses Reflecting Execution Percentages on Lines 1-4	\$ 1,089,974	1,094,472	1,143,684	1,229,081	1,319,761	1,408,877	1,485,491	1,567,061	1,654,161	1,747,061	1,846,416
75	SEWER SYSTEM											
76	<u>Personal Services</u>											
77	SALARIES	\$ 412,012	362,000	372,860	387,774	407,163	427,521	448,897	471,342	494,909	519,655	545,638
78	OVERTIME	\$ 14,000	12,000	12,360	12,854	13,497	14,172	14,881	15,625	16,406	17,226	18,087
79	PRT TM HLP	\$ 3,500	-	-	-	-	-	-	-	-	-	-
80	OTH SALARY	\$ -	-	-	-	-	-	-	-	-	-	-
81	FICA TAX	\$ 33,523	28,700	29,561	30,743	32,281	33,895	35,589	37,369	39,237	41,199	43,259
82	RETIRE CON	\$ 95,700	114,100	117,523	122,224	128,335	134,752	141,489	148,564	155,992	163,792	171,981
83	LF/HEALT I	\$ 74,800	73,600	82,432	92,324	103,403	115,811	129,708	145,273	162,706	182,231	204,099
84	WORK COMP I	\$ 18,500	19,000	19,570	20,353	21,370	22,439	23,561	24,739	25,976	27,275	28,638
85	<u>O&M Expenses</u>											
86	LEGAL SERV	\$ 850	850	876	902	929	957	985	1,015	1,045	1,077	1,109
87	ENGINR SVC	\$ 9,500	9,500	9,785	10,079	10,381	10,692	11,013	11,343	11,684	12,034	12,395
88	COMPUT PRO	\$ 800	800	820	841	862	883	905	928	951	975	999
89	PHYSICALS	\$ 200	-	-	-	-	-	-	-	-	-	-
90	LAB ANALY	\$ 22,500	30,000	20,500	21,013	21,538	22,076	22,628	23,194	23,774	24,368	24,977

FY 2010 UTILITY FINANCIAL MASTER PLAN
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Schedule 5 – Projection of Cash Outflows

Schedule 5

Projection of Cash Outflows

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
91 TRAVEL PDM	\$ 400	400	410	420	431	442	453	464	475	487	500
92 TELEPHONE	\$ 3,500	3,500	3,588	3,677	3,769	3,863	3,960	4,059	4,160	4,264	4,371
93 POSTAGE FR	\$ -	4,800	4,920	5,043	5,169	5,298	5,431	5,567	5,706	5,848	5,995
94 UTIL SERV	\$ 144,500	124,000	136,400	150,040	161,293	173,390	186,394	200,374	215,402	231,557	248,924
95 RENT LEASE	\$ 28,500	38,500	39,463	40,449	41,460	42,497	43,559	44,648	45,764	46,909	48,081
96 INS LIAB P	\$ 41,500	37,000	38,110	39,253	40,431	41,644	42,893	44,180	45,505	46,870	48,277
97 R&M AUTO	\$ 7,200	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524
98 R&M BLD EQ	\$ 6,200	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524
99 R&M OFF EQ	\$ 1,200	3,200	3,296	3,395	3,497	3,602	3,710	3,821	3,936	4,054	4,175
100 R&M SLUDGE	\$ 21,500	21,500	22,145	22,809	23,494	24,198	24,924	25,672	26,442	27,236	28,053
101 R&M SEW TP	\$ 16,000	16,000	16,480	16,974	17,484	18,008	18,548	19,105	19,678	20,268	20,876
102 R&M SEW CS	\$ 26,000	26,000	26,780	27,583	28,411	29,263	30,141	31,045	31,977	32,936	33,924
103 R&M LIFT S	\$ 26,500	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095
104 PRINT BIND	\$ -	1,800	1,845	1,891	1,938	1,987	2,037	2,087	2,140	2,193	2,248
105 LEGAL ADS	\$ 600	-	-	-	-	-	-	-	-	-	-
106 OTHR CHGES	\$ -	400	410	420	431	442	453	464	475	487	500
107 CONV. FEE	\$ -	6,000	6,150	6,304	6,461	6,623	6,788	6,958	7,132	7,310	7,493
108 SAFETY PRO	\$ 300	300	308	315	323	331	339	348	357	366	375
109 MISCELLIOUS	\$ 400	-	-	-	-	-	-	-	-	-	-
110 OFFICE SUP	\$ 900	600	615	630	646	662	679	696	713	731	749
111 OPER SUP	\$ 24,500	24,500	25,358	26,245	27,164	28,114	29,098	30,117	31,171	32,262	33,391
112 AUTO SUP	\$ 4,500	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914
113 GAS	\$ 9,650	8,500	9,350	10,285	11,314	12,445	13,689	15,058	16,564	18,221	20,043
114 DIESEL	\$ 6,000	10,000	11,000	12,100	13,310	14,641	16,105	17,716	19,487	21,436	23,579
115 UNIFORMS	\$ 3,200	2,500	2,563	2,627	2,692	2,760	2,829	2,899	2,972	3,046	3,122
116 CHLORINE W	\$ 12,700	12,000	12,600	13,230	13,892	14,586	15,315	16,081	16,885	17,729	18,616
117 WS LAB SUP	\$ 3,000	3,000	3,075	3,152	3,231	3,311	3,394	3,479	3,566	3,655	3,747
118 SULFUR DIO	\$ 7,800	17,000	17,850	18,743	19,680	20,664	21,697	22,782	23,921	25,117	26,373
119 BK SUB MEM	\$ 1,000	1,000	1,025	1,051	1,077	1,104	1,131	1,160	1,189	1,218	1,249
120 TRAINING	\$ -	-	-	-	-	-	-	-	-	-	-
121 LAB EQUIP	\$ 3,200	3,000	3,075	3,152	3,231	3,311	3,394	3,479	3,566	3,655	3,747
122 COMPUT EQP	\$ 2,500	1,000	1,025	1,051	1,077	1,104	1,131	1,160	1,189	1,218	1,249
123 OFF EQUIPT	\$ 2,500	1,000	1,025	1,051	1,077	1,104	1,131	1,160	1,189	1,218	1,249
124 ADMIS CHG	\$ 126,000	126,000	132,431	140,313	148,922	157,477	166,681	176,444	186,953	198,129	210,167
125 OTH/CONTIN	\$ 13,200	500	515	530	546	563	580	597	615	633	652
126 <u>Capital Outlay</u>											
127 BUILDINGS	\$ 1,000	-	-	-	-	-	-	-	-	-	-
128 IMPROVEMENTS	\$ 1,000	500	513	525	538	552	566	580	594	609	624
129 EQUIPT	\$ 9,200	7,000	7,175	7,354	7,538	7,727	7,920	8,118	8,321	8,529	8,742
130 <u>Transfers</u>											
131 TRAN GF001	\$ 172,700	172,700	219,613	233,521	247,171	261,609	269,205	277,002	285,005	293,219	301,650
132 <u>Incremental O&M Expenses - From CIP</u>											
133 AWWT Phase II	\$ -	-	-	-	-	-	-	-	-	-	-
134 St. Johns Effluent Line	\$ -	-	5,000	5,298	5,623	5,946	6,293	6,662	7,058	7,480	7,935
135 Rehab Moosehaven Lift Station	\$ -	-	-	-	-	-	-	-	-	-	-

FY 2010 UTILITY FINANCIAL MASTER PLAN
APPENDIX A

Schedule 5 – Projection of Cash Outflows

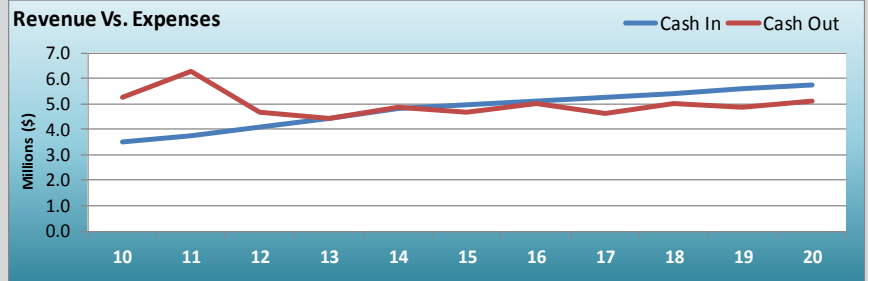
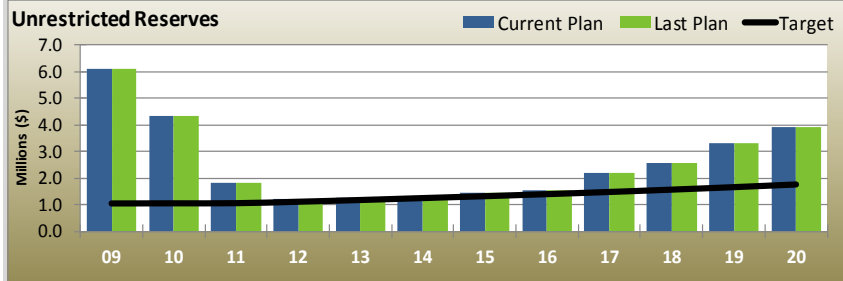
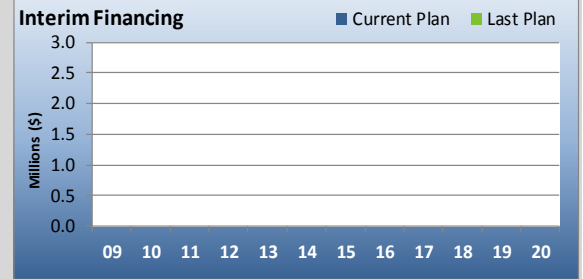
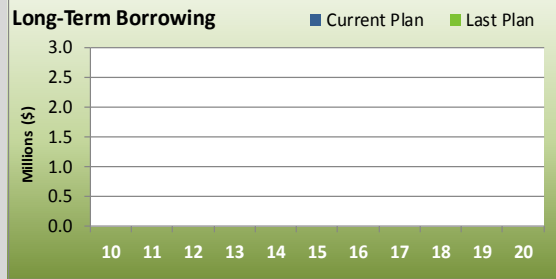
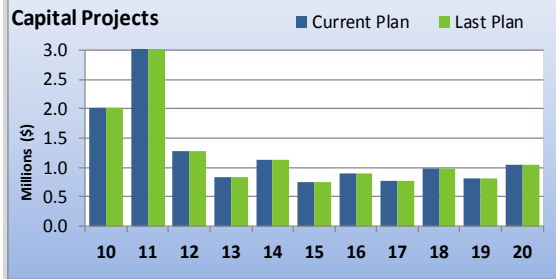
Schedule 5

Projection of Cash Outflows

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
136 Rehab Gano Lift Station	\$ -	-	-	-	-	-	-	-	-	-	-
137 Rehab Lift Stations (6)	\$ -	-	2,000	3,119	5,310	6,615	9,002	10,529	13,157	14,943	17,851
138 Replace Sewer Lines	\$ -	-	-	-	-	-	-	-	-	-	-
139 Sewer Line Wells	\$ -	-	2,000	2,119	2,249	2,378	2,517	2,665	2,823	2,992	3,174
140 Ash Street Sewer Line	\$ -	-	-	-	-	-	-	-	-	-	-
141 Sludge Drying Bed Improvements	\$ -	-	500	1,030	1,093	1,156	1,223	1,295	1,372	1,454	1,542
142 Manhole Improvements	\$ -	-	200	412	637	874	1,125	1,391	1,674	1,974	2,294
143 Purchase Emergency Generators for Town Lift Stations	\$ -	-	-	-	-	-	-	-	-	-	-
144 AWWT Phase I	\$ -	-	-	-	-	-	-	-	-	-	-
145 Other Unspecified Future Projects	\$ -	-	-	-	-	-	-	-	-	-	-
146 Total Sewer System Expense Projections	\$ 1,414,735	1,357,750	1,459,087	1,540,228	1,628,427	1,720,631	1,812,251	1,908,656	2,012,399	2,121,890	2,239,776
147 Est. Sewer Expenses Reflecting Execution Percentages on Lines 1-4	\$ 1,356,855	1,357,750	1,459,087	1,540,228	1,628,427	1,720,631	1,812,251	1,908,656	2,012,399	2,121,890	2,239,776
148 Capital Funding Transfer From Operations											
149 R&R / CIP Fund Transfer	\$ -	346,236	1,289,196	842,214	1,125,825	756,320	905,408	765,000	975,344	824,364	1,051,296
150 Total Capital Funding Transfer From Operations	\$ -	346,236	1,289,196	842,214	1,125,825	756,320	905,408	765,000	975,344	824,364	1,051,296
151 Debt Service											
152 2002 Revenue Bonds - Principal	\$ 300,000	310,000	325,000	340,000	360,000	380,000	395,000	-	-	-	-
153 2002 Revenue Bonds - Interest	\$ 111,320	98,420	84,780	70,155	54,515	37,595	19,355	-	-	-	-
154 DW SRF Loan (DW 1003010)	\$ 262,216	262,216	262,216	262,216	262,216	262,216	262,216	262,216	262,216	156,992	-
155 WW SRF Loan (C5120778120)	\$ 131,475	131,475	131,475	131,475	131,475	131,475	131,475	131,475	131,475	-	-
156 New Debt Service (Calculated)	\$ -	-	-	-	-	-	-	-	-	-	-
157 Total Debt Service	\$ 805,011	802,111	803,471	803,846	808,206	811,286	808,046	393,691	393,691	156,992	-
158 Total Base Cash OutFlows Projection	\$ 3,360,436	3,600,569	4,695,438	4,415,368	4,882,220	4,697,113	5,011,196	4,634,407	5,035,595	4,850,307	5,137,487
159 TOTAL EXECUTED CASH OUTFLOWS	\$ 3,251,840	3,600,569	4,695,438	4,415,368	4,882,220	4,697,113	5,011,196	4,634,407	5,035,595	4,850,307	5,137,487

FINANCIAL ANALYSIS AND MANAGEMENT SYSTEM (FAMS) SUMMARY

TOWN OF ORANGE PARK, FL												Check	\$	-	
												Cumulative Change			
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2015	FY 2020		
Override ▶		12.50%	12.50%	12.50%	12.50%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%				
Water Rate Increases	0.00%	12.50%	12.50%	12.50%	12.50%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	63.8%	83.1%		
<i>Last Plan</i>	0.00%	12.50%	12.50%	12.50%	12.50%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	63.8%	83.1%		
Override ▶		5.50%	5.50%	5.50%	5.50%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%				
Sewer Rate Increases	0.00%	5.50%	5.50%	5.50%	5.50%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	26.7%	41.6%		
<i>Last Plan</i>	0.00%	5.50%	5.50%	5.50%	5.50%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	26.7%	41.6%		
Rate Covenant	1.25	3.38	4.03	4.57	5.10	5.63	5.58	5.60				FY 11 Use Adj.	0.0%		
<i>Last Plan</i>	1.25	3.38	4.03	4.57	5.10	5.63	5.58	5.60				O&M FY11 ▶	100%		
SRF Coverage	1.15	2.23	2.88	3.46	4.01	4.61	4.59	4.58	5.87	5.83	14.48		AWWT LTb?	NO	
CIP Execution Percentage ▶	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		STF Reimb	\$0.00	
Water		\$19.72	22.19	24.96	28.08	31.59	32.30	33.03	33.77	34.53	35.30	36.10		STF Reimb Yrs.	20.0
Sewer		\$32.06	33.82	35.68	37.65	39.72	40.61	41.52	42.46	43.41	44.39	45.39		PILOT	10.0%
Average Bill (4,000 gals.)	\$51.78	56.01	60.64	65.72	71.30	72.91	74.55	76.23	77.94	79.70	81.49	Reserve Target			
<i>Last Plan</i>	\$51.78	56.01	60.64	65.72	71.30	72.91	74.55	76.23	77.94	79.70	81.49	6.00	Mos. O&M		



FY 2010 UTILITY FINANCIAL MASTER PLAN
APPENDIX A

Schedule 7 – Pro Forma

Forecast of Net Revenues and Debt Service Coverage

Schedule 7

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
1 Water Rate Revenue											
2 Revenue Generated From Fixed Monthly Charges											
3 Base Rate Revenue	\$ 938,320	938,320	760,687	879,280	998,545	1,133,888	1,170,161	1,207,493	1,245,913	1,285,450	1,326,135
4 Additional Rate Revenue From Partial PY Rate Increase (1)	\$ 0	0	7,247	0	0	0	0	0	0	0	0
5 Additional Rate Revenue From Growth	\$ 0	0	3,648	8,315	9,355	10,524	10,761	11,003	11,251	11,504	11,763
6 Other Revenue Adjustments (2),(3)	\$ 0	(255,712)	10,000	0	0	0	0	0	0	0	0
7 Subtotal: Base Revenue With Growth	\$ 938,320	682,608	781,583	887,596	1,007,900	1,144,412	1,180,922	1,218,496	1,257,163	1,296,953	1,337,898
8 Annual Water Rate Revenue Increase	0.00%	12.50%	12.50%	12.50%	12.50%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
9 Additional Rate Revenue From Rate Increase	\$ 0	78,079	97,698	110,949	125,988	25,749	26,571	27,416	28,286	29,181	30,103
10 Total Water Fixed Monthly Charge Rate Revenue	\$ 938,320	760,687	879,280	998,545	1,133,888	1,170,161	1,207,493	1,245,913	1,285,450	1,326,135	1,368,000
11 Water Rate Revenue											
12 Revenue Generated From Usage Rates											
13 Base Rate Revenue	\$ 418,159	418,159	760,687	845,534	934,023	1,031,705	1,057,482	1,083,834	1,110,773	1,138,312	1,166,463
14 Additional Rate Revenue From Partial PY Rate Increase (1)	\$ 0	0	7,433	0	0	0	0	0	0	0	0
15 Additional Rate Revenue From Growth	\$ 0	0	2,737	5,997	6,563	7,182	7,294	7,407	7,523	7,640	7,760
16 Other Revenue Adjustments (2)	\$ 0	281,952	0	0	0	0	0	0	0	0	0
17 Subtotal: Base Revenue With Growth	\$ 418,159	700,111	770,857	851,531	940,586	1,038,887	1,064,775	1,091,241	1,118,296	1,145,952	1,174,223
18 Annual Water Rate Revenue Increase	0.00%	12.50%	12.50%	12.50%	12.50%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
19 Additional Rate Revenue From Rate Increase	\$ 0	80,081	96,357	106,441	117,573	23,375	23,957	24,553	25,162	25,784	26,420
20 Price Elasticity Adjustment	\$ 0	(19,505)	(21,680)	(23,949)	(26,454)	(4,780)	(4,899)	(5,021)	(5,146)	(5,273)	(5,403)
21 Total Water Usage Rate Revenue	\$ 418,159	760,687	845,534	934,023	1,031,705	1,057,482	1,083,834	1,110,773	1,138,312	1,166,463	1,195,240
22 Sewer Rate Revenue											
23 Revenue Generated From Fixed Monthly Charges											
24 Base Rate Revenue	\$ 1,194,720	1,194,720	1,098,065	1,180,005	1,257,347	1,339,627	1,383,189	1,428,034	1,474,197	1,521,714	1,570,623
25 Additional Rate Revenue From Partial PY Rate Increase (1)	\$ 0	0	4,884	0	0	0	0	0	0	0	0
26 Additional Rate Revenue From Growth	\$ 0	0	5,539	11,793	12,442	13,126	13,421	13,723	14,032	14,348	14,670
27 Other Revenue Adjustments (2),(3)	\$ 0	(149,271)	10,000	0	0	0	0	0	0	0	0
28 Subtotal: Base Revenue With Growth	\$ 1,194,720	1,045,449	1,118,488	1,191,798	1,269,788	1,352,752	1,396,611	1,441,757	1,488,229	1,536,062	1,585,294
29 Annual Sewer Rate Revenue Increase	0.00%	5.50%	5.50%	5.50%	5.50%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
30 Additional Rate Revenue From Rate Increase	\$ 0	52,616	61,517	65,549	69,838	30,437	31,424	32,440	33,485	34,561	35,669
31 Total Sewer Fixed Monthly Charge Rate Revenue	\$ 1,194,720	1,098,065	1,180,005	1,257,347	1,339,627	1,383,189	1,428,034	1,474,197	1,521,714	1,570,623	1,620,963
32 Sewer Rate Revenue											
33 Revenue Generated From Usage Rates											
34 Base Rate Revenue	\$ 864,551	864,551	1,098,065	1,155,202	1,214,367	1,276,468	1,308,863	1,341,985	1,375,851	1,410,474	1,445,873
35 Additional Rate Revenue From Partial PY Rate Increase (1)	\$ 0	0	4,938	0	0	0	0	0	0	0	0
36 Additional Rate Revenue From Growth	\$ 0	0	4,155	8,659	9,012	9,380	9,525	9,672	9,822	9,974	10,129
37 Other Revenue Adjustments (2)	\$ 0	192,525	0	0	0	0	0	0	0	0	0
38 Subtotal: Base Revenue With Growth	\$ 864,551	1,057,077	1,107,157	1,163,861	1,223,379	1,285,848	1,318,388	1,351,658	1,385,673	1,420,448	1,456,002
39 Annual Sewer Rate Revenue Increase	0.00%	5.50%	5.50%	5.50%	5.50%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
40 Additional Rate Revenue From Rate Increase	\$ 0	53,201	60,894	64,012	67,286	28,932	29,664	30,412	31,178	31,960	32,760
41 Price Elasticity Adjustment	\$ 0	(12,213)	(12,849)	(13,507)	(14,197)	(5,917)	(6,066)	(6,219)	(6,376)	(6,536)	(6,699)
42 Total Sewer Usage Rate Revenue	\$ 864,551	1,098,065	1,155,202	1,214,367	1,276,468	1,308,863	1,341,985	1,375,851	1,410,474	1,445,873	1,482,062
43 Total Rate Revenue											
44 Water & Sewer Base Revenue	\$ 3,415,750	3,415,750	3,717,504	4,060,021	4,404,282	4,781,687	4,919,695	5,061,347	5,206,733	5,355,950	5,509,094
45 Additional Rate Revenue From Partial PY Rate Increase (1)	\$ 0	0	24,501	0	0	0	0	0	0	0	0
46 Additional Revenue From Growth	\$ 0	0	16,079	34,765	37,372	40,212	41,001	41,806	42,627	43,466	44,322
47 Other Revenue Adjustments (2),(3)	\$ 0	69,494	20,000	0	0	0	0	0	0	0	0
48 Subtotal: Base Revenue With Growth	\$ 3,415,750	3,485,245	3,778,085	4,094,786	4,441,653	4,821,899	4,960,696	5,103,152	5,249,360	5,399,416	5,553,416
49 Weighted Average Rate Increase	0.00%	8.26%	8.38%	8.47%	8.57%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
50 Additional Rate Revenue From Rate Increase	\$ 0	263,978	316,465	346,952	380,685	108,493	111,616	114,821	118,111	121,487	124,952
51 Price Elasticity Adjustment	\$ 0	(31,718)	(34,529)	(37,456)	(40,651)	(10,697)	(10,966)	(11,240)	(11,521)	(11,809)	(12,102)
52 Total Rate Revenue	\$ 3,415,750	3,717,504	4,060,021	4,404,282	4,781,687	4,919,695	5,061,347	5,206,733	5,355,950	5,509,094	5,666,266
53 Plus: Other Operating Revenue	\$ 46,606	10,000	10,048	10,143	10,238	10,333	10,428	10,523	10,618	10,713	10,808
54 Equals: Total Operating Revenue	\$ 3,462,356	3,727,504	4,070,069	4,414,424	4,791,925	4,930,028	5,071,774	5,217,256	5,366,567	5,519,807	5,677,073

Schedule 8 – Capital Projects Funding Sources

Capital Project Funding Summary

Schedule 8

FINAL CAPITAL PROJECTS FUNDING SOURCES	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
WATER IMPACT FEES	\$ -	-	-	-	-	-	-	-	-	-	-
SEWER IMPACT FEES	\$ -	303,500	-	-	-	-	-	-	-	-	-
R&R/CIP FUND	\$ -	346,236	1,289,196	842,214	1,125,826	756,320	905,408	765,000	975,344	824,364	1,051,296
POLLUTION CONTROL	\$ -	-	-	-	-	-	-	-	-	-	-
REVENUE FUND	\$ 2,021,243	2,674,264	-	-	-	-	-	-	-	-	-
SRF PROCEEDS	\$ -	-	-	-	-	-	-	-	-	-	-
DEBT PROCEEDS	\$ -	-	-	-	0	-	-	-	-	-	-
TOTAL PROJECTS PAID	\$ 2,021,243	3,324,000	1,289,196	842,214	1,125,826	756,320	905,408	765,000	975,344	824,364	1,051,296
TOTAL CIP INPUT	\$ 2,021,243	3,324,000	1,289,196	842,214	1,125,826	756,320	905,408	765,000	975,344	824,364	1,051,296
VARIANCE	\$ -	-	-	-	-	-	-	-	-	-	-

Schedule 9 – Projection of Long-Term Borrowing

Long-Term Borrowing Projections

Schedule 9

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Term (Years)		20	20	20	20	20	20	20	20	20	20	20
Interest Rate		5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Sources of Funds												
Par Amount		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Uses of Funds												
Proceeds		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Issuance	2.00% of Par	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Underwriter's Discount	\$0.00 per \$1,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bond Insurance	0 times total Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capitalized Interest	0 Years Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service Surety	0% of Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service Reserve	1 Years of Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Costs		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Uses		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1 Year Interest		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Annual Debt Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cumulative New Annual Debt Service (1)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(1) In first year of bond issuance, analysis assumes interest only payment. Each subsequent year reflects full principal and interest amounts as part of annual debt service requirements.

Schedule 10 – Funding Summary by Fund

Funding Summary by Fund											Schedule 10
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
WATER IMPACT FEES											
BALANCE AT BEGINNING OF FISCAL YEAR	\$ 54,746	56,677	59,110	67,866	85,256	103,374	121,854	140,704	159,930	179,541	199,545
ADDITIONAL ANNUAL REVENUES	\$ 1,653	2,000	8,125	16,250	16,250	16,250	16,250	16,250	16,250	16,250	16,250
LESS: PAYMENT OF DEBT SERVICE	\$ -	-	-	-	-	-	-	-	-	-	-
SUBTOTAL	\$ 56,399	58,677	67,235	84,116	101,506	119,624	138,104	156,954	176,180	195,791	215,795
LESS: RESTRICTED FUNDS	\$ -	-	-	-	-	-	-	-	-	-	-
TOTAL AMOUNT AVAILABLE FOR PROJECTS	\$ 56,399	58,677	67,235	84,116	101,506	119,624	138,104	156,954	176,180	195,791	215,795
AMOUNT PAID FOR PROJECTS	\$ -	-	-	-	-	-	-	-	-	-	-
SUBTOTAL	\$ 56,399	58,677	67,235	84,116	101,506	119,624	138,104	156,954	176,180	195,791	215,795
ADD BACK: RESTRICTED FUNDS	\$ -	-	-	-	-	-	-	-	-	-	-
PLUS: INTEREST EARNINGS	\$ 278	433	632	1,140	1,868	2,230	2,600	2,977	3,361	3,753	4,153
LESS: INTEREST ALLOCATED TO CASH FLOW	\$ -	-	-	-	-	-	-	-	-	-	-
BALANCE AT END OF FISCAL YEAR	\$ 56,677	59,110	67,866	85,256	103,374	121,854	140,704	159,930	179,541	199,545	219,948
SEWER IMPACT FEES											
BALANCE AT BEGINNING OF FISCAL YEAR	\$ 300,000	301,500	1,131	17,473	50,479	84,314	118,825	154,026	189,932	226,556	263,912
ADDITIONAL ANNUAL REVENUES	\$ -	2,000	16,250	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500
LESS: PAYMENT OF DEBT SERVICE	\$ -	-	-	-	-	-	-	-	-	-	-
SUBTOTAL	\$ 300,000	303,500	17,381	49,973	82,979	116,814	151,325	186,526	222,432	259,056	296,412
LESS: RESTRICTED FUNDS	\$ -	-	-	-	-	-	-	-	-	-	-
TOTAL AMOUNT AVAILABLE FOR PROJECTS	\$ 300,000	303,500	17,381	49,973	82,979	116,814	151,325	186,526	222,432	259,056	296,412
AMOUNT PAID FOR PROJECTS	\$ -	(303,500)	-	-	-	-	-	-	-	-	-
SUBTOTAL	\$ 300,000	-	17,381	49,973	82,979	116,814	151,325	186,526	222,432	259,056	296,412
ADD BACK: RESTRICTED FUNDS	\$ -	-	-	-	-	-	-	-	-	-	-
PLUS: INTEREST EARNINGS	\$ 1,500	1,131	93	506	1,335	2,011	2,701	3,406	4,124	4,856	5,603
LESS: INTEREST ALLOCATED TO CASH FLOW	\$ -	-	-	-	-	-	-	-	-	-	-
BALANCE AT END OF FISCAL YEAR	\$ 301,500	1,131	17,473	50,479	84,314	118,825	154,026	189,932	226,556	263,912	302,015
R&R/CIP FUND											
BALANCE AT BEGINNING OF FISCAL YEAR	\$ 25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
ADDITIONAL ANNUAL REVENUES	\$ -	346,236	1,289,196	842,214	1,125,825	756,320	905,408	765,000	975,344	824,364	1,051,296
LESS: PAYMENT OF DEBT SERVICE	\$ -	-	-	-	-	-	-	-	-	-	-
SUBTOTAL	\$ 25,000	371,236	1,314,196	867,214	1,150,826	781,320	930,408	790,000	1,000,344	849,364	1,076,296
LESS: RESTRICTED FUNDS	\$ (25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
TOTAL AMOUNT AVAILABLE FOR PROJECTS	\$ -	346,236	1,289,196	842,214	1,125,826	756,320	905,408	765,000	975,344	824,364	1,051,296
AMOUNT PAID FOR PROJECTS	\$ -	(346,236)	(1,289,196)	(842,214)	(1,125,826)	(756,320)	(905,408)	(765,000)	(975,344)	(824,364)	(1,051,296)
SUBTOTAL	\$ -	-	0	0	-	-	-	-	-	-	-
ADD BACK: RESTRICTED FUNDS	\$ 25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
PLUS: INTEREST EARNINGS	\$ 125	188	250	375	500	500	500	500	500	500	500
LESS: INTEREST ALLOCATED TO CASH FLOW	\$ (125)	(188)	(250)	(375)	(500)	(500)	(500)	(500)	(500)	(500)	(500)
BALANCE AT END OF FISCAL YEAR	\$ 25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000

FY 2010 UTILITY FINANCIAL MASTER PLAN
APPENDIX A

Schedule 10 – Funding Summary by Fund

Funding Summary by Fund

Schedule 10

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
POLLUTION CONTROL											
BALANCE AT BEGINNING OF FISCAL YEAR	\$ 43,164	51,297	53,297	59,547	72,047	84,547	97,047	109,547	122,047	134,547	147,047
ADDITIONAL ANNUAL REVENUES	\$ 8,133	2,000	6,250	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
LESS: PAYMENT OF DEBT SERVICE	\$ -	-	-	-	-	-	-	-	-	-	-
SUBTOTAL	\$ 51,297	53,297	59,547	72,047	84,547	97,047	109,547	122,047	134,547	147,047	159,547
LESS: RESTRICTED FUNDS	\$ -	-	-	-	-	-	-	-	-	-	-
TOTAL AMOUNT AVAILABLE FOR PROJECTS	\$ 51,297	53,297	59,547	72,047	84,547	97,047	109,547	122,047	134,547	147,047	159,547
AMOUNT PAID FOR PROJECTS	\$ -	-	-	-	-	-	-	-	-	-	-
SUBTOTAL	\$ 51,297	53,297	59,547	72,047	84,547	97,047	109,547	122,047	134,547	147,047	159,547
ADD BACK: RESTRICTED FUNDS	\$ -	-	-	-	-	-	-	-	-	-	-
PLUS: INTEREST EARNINGS	\$ 236	392	564	987	1,566	1,816	2,066	2,316	2,566	2,816	3,066
LESS: INTEREST ALLOCATED TO CASH FLOW	\$ (236)	(392)	(564)	(987)	(1,566)	(1,816)	(2,066)	(2,316)	(2,566)	(2,816)	(3,066)
BALANCE AT END OF FISCAL YEAR	\$ 51,297	53,297	59,547	72,047	84,547	97,047	109,547	122,047	134,547	147,047	159,547
REVENUE FUND											
BALANCE AT BEGINNING OF FISCAL YEAR	\$ 6,130,593	4,348,147	1,827,139	1,221,270	1,245,355	1,188,352	1,456,925	1,557,099	2,187,095	2,575,650	3,314,254
ADDITIONAL ANNUAL REVENUES	\$ 238,797	153,256	(605,869)	24,085	(57,003)	268,573	100,174	629,996	388,555	738,604	622,552
LESS: PAYMENT OF DEBT SERVICE	\$ -	-	-	-	-	-	-	-	-	-	-
SUBTOTAL	\$ 6,369,390	4,501,403	1,221,270	1,245,355	1,188,352	1,456,925	1,557,099	2,187,095	2,575,650	3,314,254	3,936,806
LESS: RESTRICTED FUNDS	\$ (1,049,364)	(1,054,461)	(1,108,284)	(1,174,246)	(1,188,352)	(1,317,887)	(1,394,910)	(1,476,615)	(1,564,563)	(1,658,088)	(1,758,836)
TOTAL AMOUNT AVAILABLE FOR PROJECTS	\$ 5,320,025	3,446,942	112,986	71,108	-	139,038	162,189	710,480	1,011,087	1,656,166	2,177,970
AMOUNT PAID FOR PROJECTS	\$ (2,021,243)	(2,674,264)	-	-	-	-	-	-	-	-	-
SUBTOTAL	\$ 3,298,782	772,678	112,986	71,108	-	139,038	162,189	710,480	1,011,087	1,656,166	2,177,970
ADD BACK: RESTRICTED FUNDS	\$ 1,049,364	1,054,461	1,108,284	1,174,246	1,188,352	1,317,887	1,394,910	1,476,615	1,564,563	1,658,088	1,758,836
PLUS: INTEREST EARNINGS	\$ 26,197	23,157	15,242	18,500	24,337	26,453	30,140	37,442	47,627	58,899	72,511
LESS: INTEREST ALLOCATED TO CASH FLOW	\$ (26,197)	(23,157)	(15,242)	(18,500)	(24,337)	(26,453)	(30,140)	(37,442)	(47,627)	(58,899)	(72,511)
BALANCE AT END OF FISCAL YEAR	\$ 4,348,147	1,827,139	1,221,270	1,245,355	1,188,352	1,456,925	1,557,099	2,187,095	2,575,650	3,314,254	3,936,806
RESTRICTED RESERVES											
BALANCE AT BEGINNING OF FISCAL YEAR	\$ 344,478	344,478	344,478	344,478	344,478	344,478	344,478	344,478	344,478	344,478	344,478
ADDITIONAL FUNDS:											
DEBT SERVICE RESERVE ON NEW DEBT	\$ -	-	-	-	-	-	-	-	-	-	-
OTHER ADDITIONAL FUNDS	\$ -	-	-	-	-	-	-	-	-	-	-
SUBTOTAL	\$ 344,478	344,478	344,478	344,478	344,478	344,478	344,478	344,478	344,478	344,478	344,478
PLUS: INTEREST EARNINGS	\$ 1,722	2,584	3,445	5,167	6,890	6,890	6,890	6,890	6,890	6,890	6,890
LESS: INTEREST ALLOCATED TO CASH FLOW	\$ (1,722)	(2,584)	(3,445)	(5,167)	(6,890)	(6,890)	(6,890)	(6,890)	(6,890)	(6,890)	(6,890)
BALANCE AT END OF FISCAL YEAR	\$ 344,478	344,478	344,478	344,478	344,478	344,478	344,478	344,478	344,478	344,478	344,478

Appendix B – Schedules for the Rate Design Analysis

Schedule 1 presents the recommended water and sewer rates effective 11/1/2010

Schedule 2 presents the single-family residential customer Bill Distribution and Impact Table, per the recommended rates effective 11/1/2010

Schedule 3 presents the 3/4” meter size commercial customer Bill Distribution and Impact Table, per the recommended rates effective 11/1/2010

Schedule 4 presents the 1.5” meter size commercial customer Bill Distribution and Impact Table, per the recommended rates effective 11/1/2010

Schedule 5 presents the 2” meter size commercial customer Bill Distribution and Impact Table, per the recommended rates effective 11/1/2010

Schedule 6 presents a table of the impact of the recommended rates on various multi-unit, larger commercial, and irrigation accounts per the recommended rates effective 4/1/2010

Schedule 7 presents a graphical representation of the monthly combined water and sewer bills in neighboring communities for a single-family residential customer assuming 6,500 gallons per month of consumption in FY 2010

Schedule 8 presents a graphical representation of the projected monthly combined water and sewer bills in neighboring communities for a single-family residential customer assuming 6,500 gallons per month of consumption in FY 2011

Schedule 1 – Recommended Water & Sewer Rates

<u>Recommended Water Rates</u>				<u>Recommended Sewer Rates</u>			
<u>Water Base Facility Charge (BFC)</u>				<u>Sewer Base Facility Charge (BFC)</u>			
		<u>Proposed</u>			<u>Proposed</u>		
<u>Residential Single Family</u>		BFC	Current BFC	<u>Residential Single Family</u>	BFC	Current BFC	
BFC per Account		\$12.23	\$15.16	BFC per Account	\$18.64	\$20.42	
<u>Master Metered Multi-Unit</u>				<u>Master Metered Multi-Unit</u>			
BFC per Unit		\$10.40	\$12.87	BFC per Unit	\$15.84	\$17.39	
<u>Commercial and Irrigation</u>				<u>Commercial</u>			
<u>Meter Size</u>				<u>Meter Size</u>			
3/4"		\$12.23	\$15.16	3/4"	\$18.64	\$20.42	
1"		\$27.52	\$34.07	1"	\$41.93	\$45.87	
1.5"		\$42.81	\$52.99	1.5"	\$65.22	\$71.38	
2"		\$61.15	\$75.63	2"	\$93.18	\$101.98	
3"		\$122.30	\$150.74	3"	\$186.35	\$179.18	
4"		\$305.75	\$378.14	4"	\$465.88	\$509.75	
6"		\$611.50	\$756.29	6"	\$931.76	\$1,019.46	
8"		\$978.40	\$1,210.03	8"	\$1,490.82	\$1,631.14	
10"		\$1,406.45	\$1,739.41	10"	\$2,143.06	\$2,344.82	
<u>Water Usage Rates</u>				<u>Sewer Usage Rates</u>			
		<u>Proposed</u>	<u>Current</u>		<u>Proposed</u>	<u>Current</u>	
<u>Usage Block</u>	<u>Usage Range in Block</u>	<u>Rate/1,000 Gallons</u>	<u>Rate/1,000 Gallons</u>	<u>Usage Block</u>	<u>Usage Range in Block</u>	<u>Rate/1,000 Gallons</u>	<u>Rate/1,000 Gallons</u>
<u>Residential Single Family:</u>				<u>Residential Single Family:</u>			
1	0 - 4,000	\$1.53	\$1.14	1	0 - 12,000	\$3.64	\$2.91
2	4,001 - 8,000	\$1.91	\$1.14	2	Over 12,000	\$0.00	\$0.00
3	8,001 - 12,000	\$2.87	\$1.14				
4	12,001 - 20,000	\$4.01	\$1.14				
5	Over 20,000	\$5.22	\$1.14				
<u>Master Metered Multi-Unit:</u>				<u>Master Metered Multi-Unit:</u>			
1	All Usage	\$1.91	\$1.14	1	All Usage	\$3.64	\$2.91
<u>Commercial:</u>				<u>Commercial:</u>			
1	All Usage	\$1.91	\$1.14	1	All Usage	\$3.64	\$2.91
<u>Irrigation: (5/8 x 3/4" Meter)</u>							
1	0 - 12,000	\$2.87	\$1.14				
2	12,001 - 20,000	\$4.01	\$1.14				
3	Over 20,000	\$5.22	\$1.14				

Single-Family Residential Water & Sewer Monthly Bill Comparison									
% of Bills	Cumulative %	Use (TGAL)	Current	Rate Structure Change			No Rate Structure Change		
				Proposed	\$ Chg.	% Chg.	Proposed	\$ Chg.	% Chg.
4.5%	4.5%	0	\$ 35.58	\$ 30.87	\$ (4.71)	-13.2%	\$ 38.60	\$ 3.02	8.5%
7.2%	11.7%	1	\$ 39.63	\$ 36.04	\$ (3.59)	-9.1%	\$ 42.95	\$ 3.32	8.4%
11.0%	22.7%	2	\$ 43.68	\$ 41.21	\$ (2.47)	-5.7%	\$ 47.30	\$ 3.62	8.3%
12.9%	35.6%	3	\$ 47.73	\$ 46.38	\$ (1.35)	-2.8%	\$ 51.66	\$ 3.93	8.2%
13.4%	49.0%	4	\$ 51.78	\$ 51.55	\$ (0.23)	-0.4%	\$ 56.01	\$ 4.23	8.2%
11.1%	60.1%	5	\$ 55.83	\$ 57.10	\$ 1.27	2.3%	\$ 60.36	\$ 4.53	8.1%
8.1%	68.2%	6	\$ 59.88	\$ 62.65	\$ 2.77	4.6%	\$ 64.71	\$ 4.83	8.1%
6.4%	74.5%	7	\$ 63.93	\$ 68.20	\$ 4.27	6.7%	\$ 69.07	\$ 5.14	8.0%
4.7%	79.2%	8	\$ 67.98	\$ 73.75	\$ 5.77	8.5%	\$ 73.42	\$ 5.44	8.0%
3.5%	82.7%	9	\$ 72.03	\$ 80.26	\$ 8.23	11.4%	\$ 77.77	\$ 5.74	8.0%
2.7%	85.4%	10	\$ 76.08	\$ 86.77	\$ 10.69	14.1%	\$ 82.12	\$ 6.04	7.9%
2.2%	87.6%	11	\$ 80.13	\$ 93.28	\$ 13.15	16.4%	\$ 86.48	\$ 6.35	7.9%
1.6%	89.2%	12	\$ 84.18	\$ 99.79	\$ 15.61	18.5%	\$ 90.83	\$ 6.65	7.9%
1.3%	90.5%	13	\$ 85.32	\$ 103.80	\$ 18.48	21.7%	\$ 92.11	\$ 6.79	8.0%
1.2%	91.6%	14	\$ 86.46	\$ 107.81	\$ 21.35	24.7%	\$ 93.39	\$ 6.93	8.0%
1.0%	92.6%	15	\$ 87.60	\$ 111.82	\$ 24.22	27.6%	\$ 94.68	\$ 7.08	8.1%
0.8%	93.4%	16	\$ 88.74	\$ 115.83	\$ 27.09	30.5%	\$ 95.96	\$ 7.22	8.1%
0.7%	94.1%	17	\$ 89.88	\$ 119.84	\$ 29.96	33.3%	\$ 97.24	\$ 7.36	8.2%
0.6%	94.6%	18	\$ 91.02	\$ 123.85	\$ 32.83	36.1%	\$ 98.52	\$ 7.50	8.2%
0.5%	95.1%	19	\$ 92.16	\$ 127.86	\$ 35.70	38.7%	\$ 99.81	\$ 7.65	8.3%
0.4%	95.6%	20	\$ 93.30	\$ 131.87	\$ 38.57	41.3%	\$ 101.09	\$ 7.79	8.3%

Note: All proposed bills reflect a 12.5% revenue increase for water and a 5.5% increase for sewer.

3/4" Commercial Water & Sewer Monthly Bill Comparison									
% of Bills	Cumulative %	Use (TGAL)	Current	Rate Structure Change			No Rate Structure Change		
				Proposed	\$ Chg.	% Chg.	Proposed	\$ Chg.	% Chg.
20.9%	20.9%	0	\$ 35.58	\$ 30.87	\$ (4.71)	-13.2%	\$ 38.60	\$ 3.02	8.5%
26.8%	47.7%	1	\$ 39.63	\$ 36.42	\$ (3.21)	-8.1%	\$ 42.95	\$ 3.32	8.4%
10.6%	58.3%	2	\$ 43.68	\$ 41.97	\$ (1.71)	-3.9%	\$ 47.30	\$ 3.62	8.3%
6.6%	64.9%	3	\$ 47.73	\$ 47.52	\$ (0.21)	-0.4%	\$ 51.66	\$ 3.93	8.2%
5.0%	69.9%	4	\$ 51.78	\$ 53.07	\$ 1.29	2.5%	\$ 56.01	\$ 4.23	8.2%
3.4%	73.3%	5	\$ 55.83	\$ 58.62	\$ 2.79	5.0%	\$ 60.36	\$ 4.53	8.1%
2.6%	76.0%	6	\$ 59.88	\$ 64.17	\$ 4.29	7.2%	\$ 64.71	\$ 4.83	8.1%
2.6%	78.6%	7	\$ 63.93	\$ 69.72	\$ 5.79	9.1%	\$ 69.07	\$ 5.14	8.0%
2.2%	80.8%	8	\$ 67.98	\$ 75.27	\$ 7.29	10.7%	\$ 73.42	\$ 5.44	8.0%
1.8%	82.6%	9	\$ 72.03	\$ 80.82	\$ 8.79	12.2%	\$ 77.77	\$ 5.74	8.0%
1.5%	84.2%	10	\$ 76.08	\$ 86.37	\$ 10.29	13.5%	\$ 82.12	\$ 6.04	7.9%
1.5%	85.7%	11	\$ 80.13	\$ 91.92	\$ 11.79	14.7%	\$ 86.48	\$ 6.35	7.9%
1.3%	87.0%	12	\$ 84.18	\$ 97.47	\$ 13.29	15.8%	\$ 90.83	\$ 6.65	7.9%
1.4%	88.4%	13	\$ 88.23	\$ 103.02	\$ 14.79	16.8%	\$ 95.18	\$ 6.95	7.9%
0.9%	89.3%	14	\$ 92.28	\$ 108.57	\$ 16.29	17.7%	\$ 99.53	\$ 7.25	7.9%
1.0%	90.3%	15	\$ 96.33	\$ 114.12	\$ 17.79	18.5%	\$ 103.89	\$ 7.56	7.8%
1.1%	91.4%	16	\$ 100.38	\$ 119.67	\$ 19.29	19.2%	\$ 108.24	\$ 7.86	7.8%
0.5%	91.9%	17	\$ 104.43	\$ 125.22	\$ 20.79	19.9%	\$ 112.59	\$ 8.16	7.8%
0.6%	92.5%	18	\$ 108.48	\$ 130.77	\$ 22.29	20.5%	\$ 116.94	\$ 8.46	7.8%
0.7%	93.2%	19	\$ 112.53	\$ 136.32	\$ 23.79	21.1%	\$ 121.30	\$ 8.77	7.8%
0.4%	93.6%	20	\$ 116.58	\$ 141.87	\$ 25.29	21.7%	\$ 125.65	\$ 9.07	7.8%

Note: All proposed bills reflect a 12.5% revenue increase for water and a 5.5% increase for sewer.

1.5" Commercial Water & Sewer Monthly Bill Comparison									
% of Bills	Cumulative %	Use (TGAL)	Current	Rate Structure Change			No Rate Structure Change		
				Proposed	\$ Chg.	% Chg.	Proposed	\$ Chg.	% Chg.
4.3%	4.3%	0	\$ 124.37	\$ 108.05	\$ (16.33)	-13.1%	\$ 134.92	\$ 10.55	8.5%
5.5%	9.8%	1	\$ 128.42	\$ 113.60	\$ (14.82)	-11.5%	\$ 139.27	\$ 10.85	8.5%
4.0%	13.8%	2	\$ 132.47	\$ 119.15	\$ (13.32)	-10.1%	\$ 143.62	\$ 11.15	8.4%
1.5%	15.3%	3	\$ 136.52	\$ 124.70	\$ (11.82)	-8.7%	\$ 147.98	\$ 11.46	8.4%
2.8%	18.1%	4	\$ 140.57	\$ 130.25	\$ (10.32)	-7.3%	\$ 152.33	\$ 11.76	8.4%
1.8%	19.8%	5	\$ 144.62	\$ 135.80	\$ (8.82)	-6.1%	\$ 156.68	\$ 12.06	8.3%
3.3%	23.1%	6	\$ 148.67	\$ 141.35	\$ (7.32)	-4.9%	\$ 161.03	\$ 12.36	8.3%
2.8%	25.9%	7	\$ 152.72	\$ 146.90	\$ (5.82)	-3.8%	\$ 165.39	\$ 12.67	8.3%
2.8%	28.6%	8	\$ 156.77	\$ 152.45	\$ (4.32)	-2.8%	\$ 169.74	\$ 12.97	8.3%
2.8%	31.4%	9	\$ 160.82	\$ 158.00	\$ (2.82)	-1.8%	\$ 174.09	\$ 13.27	8.3%
2.8%	34.2%	10	\$ 164.87	\$ 163.55	\$ (1.32)	-0.8%	\$ 178.45	\$ 13.58	8.2%
4.3%	38.4%	11	\$ 168.92	\$ 169.10	\$ 0.18	0.1%	\$ 182.80	\$ 13.88	8.2%
3.0%	41.5%	12	\$ 172.97	\$ 174.65	\$ 1.68	1.0%	\$ 187.15	\$ 14.18	8.2%
4.3%	45.7%	13	\$ 177.02	\$ 180.20	\$ 3.18	1.8%	\$ 191.50	\$ 14.48	8.2%
3.0%	48.7%	14	\$ 181.07	\$ 185.75	\$ 4.68	2.6%	\$ 195.86	\$ 14.79	8.2%
1.3%	50.0%	15	\$ 185.12	\$ 191.30	\$ 6.18	3.3%	\$ 200.21	\$ 15.09	8.2%
2.8%	52.8%	16	\$ 189.17	\$ 196.85	\$ 7.68	4.1%	\$ 204.56	\$ 15.39	8.1%
2.8%	55.5%	17	\$ 193.22	\$ 202.40	\$ 9.18	4.7%	\$ 208.91	\$ 15.69	8.1%
2.0%	57.5%	18	\$ 197.27	\$ 207.95	\$ 10.68	5.4%	\$ 213.27	\$ 16.00	8.1%
1.3%	58.8%	19	\$ 201.32	\$ 213.50	\$ 12.18	6.0%	\$ 217.62	\$ 16.30	8.1%
1.3%	60.1%	20	\$ 205.37	\$ 219.05	\$ 13.68	6.7%	\$ 221.97	\$ 16.60	8.1%
12.3%	72.4%	30	\$ 245.87	\$ 274.55	\$ 28.68	11.7%	\$ 265.50	\$ 19.63	8.0%
6.3%	78.6%	40	\$ 286.37	\$ 330.05	\$ 43.68	15.3%	\$ 309.02	\$ 22.65	7.9%
2.0%	80.7%	50	\$ 326.87	\$ 385.55	\$ 58.68	18.0%	\$ 352.55	\$ 25.68	7.9%
1.5%	82.2%	60	\$ 367.37	\$ 441.05	\$ 73.68	20.1%	\$ 396.07	\$ 28.70	7.8%
1.8%	83.9%	70	\$ 407.87	\$ 496.55	\$ 88.68	21.7%	\$ 439.60	\$ 31.73	7.8%
1.8%	85.7%	80	\$ 448.37	\$ 552.05	\$ 103.68	23.1%	\$ 483.12	\$ 34.75	7.8%
4.0%	89.7%	90	\$ 488.87	\$ 607.55	\$ 118.68	24.3%	\$ 526.65	\$ 37.78	7.7%
1.3%	91.0%	100	\$ 529.37	\$ 663.05	\$ 133.68	25.3%	\$ 570.17	\$ 40.80	7.7%

Note: All proposed bills reflect a 12.5% revenue increase for water and a 5.5% increase for sewer.

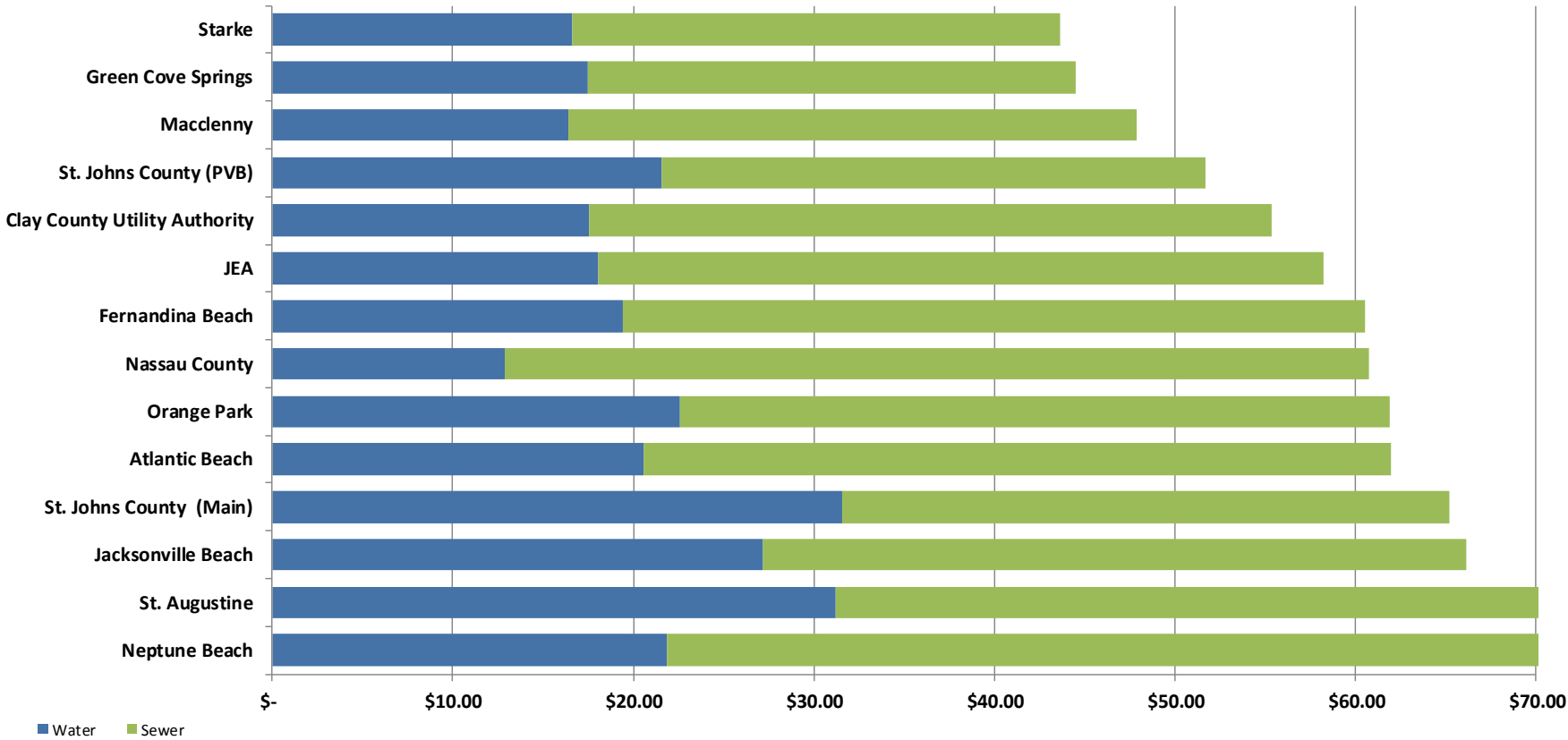
2" Commercial Water & Sewer Monthly Bill Comparison									
% of Bills	Cumulative %	Use (TGAL)	Current	Rate Structure Change			No Rate Structure Change		
				Proposed	\$ Chg.	% Chg.	Proposed	\$ Chg.	% Chg.
3.8%	3.8%	0	\$ 177.61	\$ 154.35	\$ (23.26)	-13.1%	\$ 192.67	\$ 15.06	8.5%
4.0%	7.8%	1	\$ 181.66	\$ 159.90	\$ (21.76)	-12.0%	\$ 197.03	\$ 15.37	8.5%
3.8%	11.6%	2	\$ 185.71	\$ 165.45	\$ (20.26)	-10.9%	\$ 201.38	\$ 15.67	8.4%
4.3%	15.9%	3	\$ 189.76	\$ 171.00	\$ (18.76)	-9.9%	\$ 205.73	\$ 15.97	8.4%
1.6%	17.5%	4	\$ 193.81	\$ 176.55	\$ (17.26)	-8.9%	\$ 210.08	\$ 16.27	8.4%
2.2%	19.6%	5	\$ 197.86	\$ 182.10	\$ (15.76)	-8.0%	\$ 214.44	\$ 16.58	8.4%
1.6%	21.2%	6	\$ 201.91	\$ 187.65	\$ (14.26)	-7.1%	\$ 218.79	\$ 16.88	8.4%
2.4%	23.7%	7	\$ 205.96	\$ 193.20	\$ (12.76)	-6.2%	\$ 223.14	\$ 17.18	8.3%
1.6%	25.3%	8	\$ 210.01	\$ 198.75	\$ (11.26)	-5.4%	\$ 227.49	\$ 17.48	8.3%
1.3%	26.6%	9	\$ 214.06	\$ 204.30	\$ (9.76)	-4.6%	\$ 231.85	\$ 17.79	8.3%
1.9%	28.5%	10	\$ 218.11	\$ 209.85	\$ (8.26)	-3.8%	\$ 236.20	\$ 18.09	8.3%
2.7%	31.2%	11	\$ 222.16	\$ 215.40	\$ (6.76)	-3.0%	\$ 240.55	\$ 18.39	8.3%
0.5%	31.7%	12	\$ 226.21	\$ 220.95	\$ (5.26)	-2.3%	\$ 244.90	\$ 18.69	8.3%
3.5%	35.2%	13	\$ 230.26	\$ 226.50	\$ (3.76)	-1.6%	\$ 249.26	\$ 19.00	8.2%
2.7%	37.9%	14	\$ 234.31	\$ 232.05	\$ (2.26)	-1.0%	\$ 253.61	\$ 19.30	8.2%
3.5%	41.4%	15	\$ 238.36	\$ 237.60	\$ (0.76)	-0.3%	\$ 257.96	\$ 19.60	8.2%
5.4%	46.8%	16	\$ 242.41	\$ 243.15	\$ 0.74	0.3%	\$ 262.31	\$ 19.90	8.2%
2.7%	49.5%	17	\$ 246.46	\$ 248.70	\$ 2.24	0.9%	\$ 266.67	\$ 20.21	8.2%
4.6%	54.0%	18	\$ 250.51	\$ 254.25	\$ 3.74	1.5%	\$ 271.02	\$ 20.51	8.2%
4.3%	58.3%	19	\$ 254.56	\$ 259.80	\$ 5.24	2.1%	\$ 275.37	\$ 20.81	8.2%
1.6%	59.9%	20	\$ 258.61	\$ 265.35	\$ 6.74	2.6%	\$ 279.72	\$ 21.11	8.2%
10.5%	70.4%	30	\$ 299.11	\$ 320.85	\$ 21.74	7.3%	\$ 323.25	\$ 24.14	8.1%
4.0%	74.5%	40	\$ 339.61	\$ 376.35	\$ 36.74	10.8%	\$ 366.77	\$ 27.16	8.0%
4.0%	78.5%	50	\$ 380.11	\$ 431.85	\$ 51.74	13.6%	\$ 410.30	\$ 30.19	7.9%
2.4%	80.9%	60	\$ 420.61	\$ 487.35	\$ 66.74	15.9%	\$ 453.83	\$ 33.22	7.9%
1.1%	82.0%	70	\$ 461.11	\$ 542.85	\$ 81.74	17.7%	\$ 497.35	\$ 36.24	7.9%
2.7%	84.7%	80	\$ 501.61	\$ 598.35	\$ 96.74	19.3%	\$ 540.88	\$ 39.27	7.8%
1.9%	86.6%	90	\$ 542.11	\$ 653.85	\$ 111.74	20.6%	\$ 584.40	\$ 42.29	7.8%
2.4%	89.0%	100	\$ 582.61	\$ 709.35	\$ 126.74	21.8%	\$ 627.93	\$ 45.32	7.8%

Note: All proposed bills reflect a 12.5% revenue increase for water and a 5.5% increase for sewer.

Schedule 6 – Various Customer Impact Table

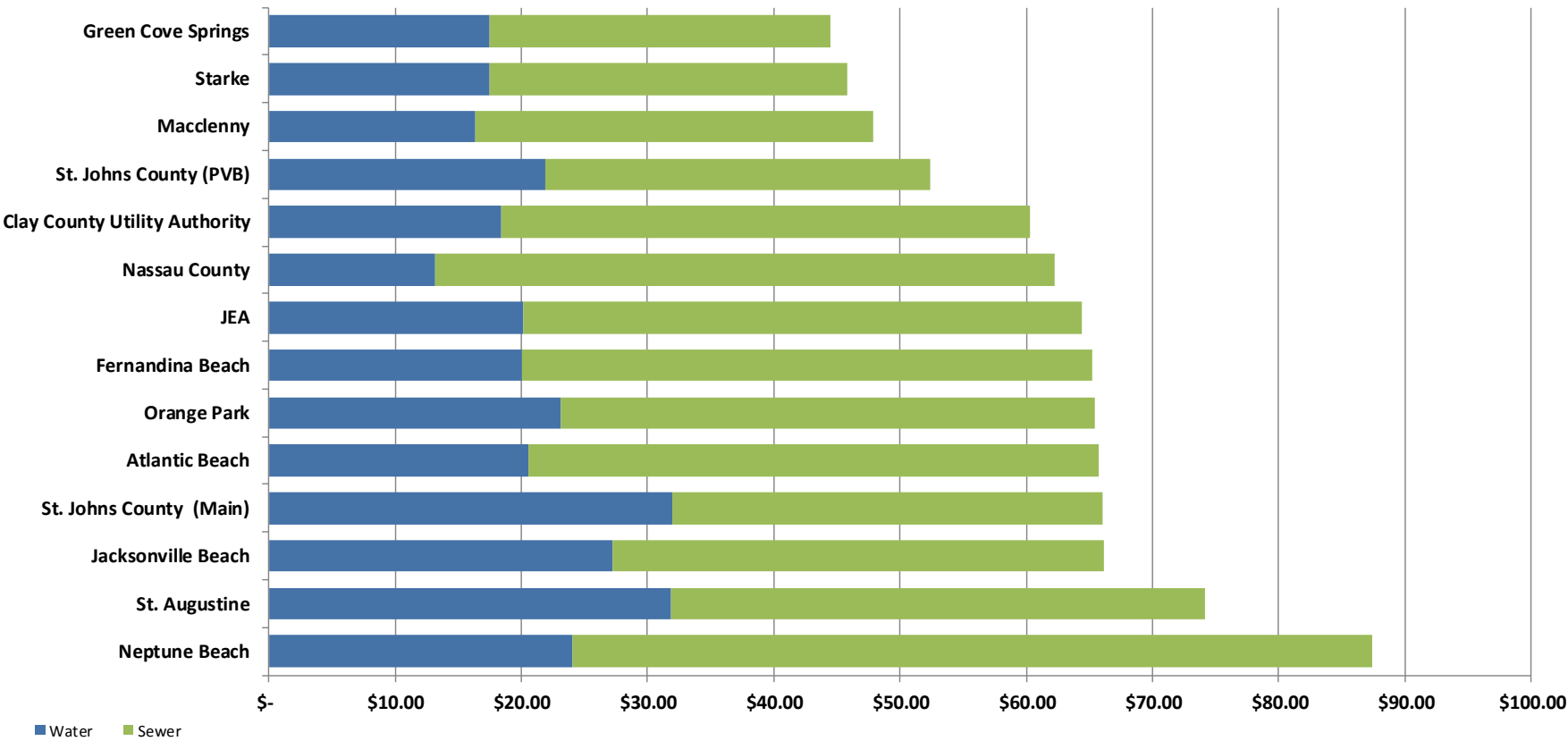
Monthly Water & Sewer Bill Cost Comparison Table						
Multi-Dwelling/Living Unit - 2 Units						
<u>Bill Type</u>	<u>Mo. Use (TGAL)</u>	<u>Use / Unit</u>	<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
Average	9	4.5	\$ 96.97	\$ 102.43	\$ 5.46	5.6%
Multi-Dwelling/Living Unit - 70 Units						
<u>Bill Type</u>	<u>Mo. Use (TGAL)</u>	<u>Use / Unit</u>	<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
Average	294	4.2	\$ 3,308.90	\$ 3,468.47	\$ 159.57	4.8%
Multi-Dwelling/Living Unit - 99 Units						
<u>Bill Type</u>	<u>Mo. Use (TGAL)</u>	<u>Use / Unit</u>	<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
Average	167	1.7	\$ 3,672.09	\$ 3,524.56	\$ (147.53)	-4.0%
Multi-Dwelling/Living Unit - 100 Units						
<u>Bill Type</u>	<u>Mo. Use (TGAL)</u>	<u>Use / Unit</u>	<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
Average	319	3.2	\$ 4,317.95	\$ 4,394.40	\$ 76.45	1.8%
Multi-Dwelling/Living Unit - 121 Units						
<u>Bill Type</u>	<u>Mo. Use (TGAL)</u>	<u>Use / Unit</u>	<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
Average	1079	8.9	\$ 8,031.41	\$ 9,163.43	\$ 1,132.02	14.1%
Multi-Dwelling/Living Unit - 134 Units						
<u>Bill Type</u>	<u>Mo. Use (TGAL)</u>	<u>Use / Unit</u>	<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
Average	216	1.6	\$ 4,929.64	\$ 4,714.89	\$ (214.75)	-4.4%
Multi-Dwelling/Living Unit - 202 Units						
<u>Bill Type</u>	<u>Mo. Use (TGAL)</u>	<u>Use / Unit</u>	<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
Average	485	2.4	\$ 8,076.77	\$ 7,992.13	\$ (84.64)	-1.0%
Multi-Dwelling/Living Unit - 284 Units						
<u>Bill Type</u>	<u>Mo. Use (TGAL)</u>	<u>Use / Unit</u>	<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
Average	1562	5.5	\$ 14,919.94	\$ 16,121.12	\$ 1,201.18	8.1%
General Service 3" Meter						
<u>User Type</u>	<u>Mo. Use (TGAL)</u>		<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
Low	20		\$ 410.92	\$ 419.70	\$ 8.78	2.1%
Typical	40		\$ 491.92	\$ 530.70	\$ 38.78	7.9%
High	80		\$ 653.92	\$ 752.70	\$ 98.78	15.1%
General Service 6" Meter						
<u>User Type</u>	<u>Mo. Use (TGAL)</u>		<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
Low	200		\$ 2,585.75	\$ 2,653.50	\$ 67.75	2.6%
Typical	400		\$ 3,395.75	\$ 3,763.50	\$ 367.75	10.8%
High	600		\$ 4,205.75	\$ 4,873.50	\$ 667.75	15.9%
SFR With Irrigation						
<u>User Type</u>	<u>Mo. Use (TGAL)</u>		<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
4 TGAL / 10 TGAL	14		\$ 78.34	\$ 92.48	\$ 14.14	18.0%
3/4" Commercial With Irrigation						
<u>User Type</u>	<u>Mo. Use (TGAL)</u>		<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
6 TGAL / 10 TGAL	16		\$ 86.44	\$ 105.10	\$ 18.66	21.6%

Combined Water & Sewer Bill Survey at 6,500 Gallons per Month



	Neptune Beach	St. Augustine	Jacksonville Beach	St. Johns County (Main)	Atlantic Beach	Orange Park	Nassau County	Fernandina Beach	JEA	County Utility Authority	St. Johns County (PVB)	Macclenny	Green Cove Springs	Starke
Water	\$ 21.90	\$ 31.19	\$ 27.21	\$ 31.58	\$ 20.57	\$ 22.57	\$ 12.90	\$ 19.44	\$ 18.04	\$ 17.57	\$ 21.57	\$ 16.39	\$ 17.45	\$ 16.64
Sewer	\$ 59.19	\$ 41.32	\$ 38.89	\$ 33.65	\$ 41.41	\$ 39.34	\$ 47.82	\$ 41.12	\$ 40.23	\$ 37.81	\$ 30.12	\$ 31.51	\$ 27.05	\$ 26.98
Total	\$ 81.09	\$ 72.50	\$ 66.10	\$ 65.23	\$ 61.98	\$ 61.91	\$ 60.72	\$ 60.56	\$ 58.26	\$ 55.38	\$ 51.69	\$ 47.90	\$ 44.50	\$ 43.62

Combined Water & Sewer Bill Survey at 6,500 Gallons per Month



	Neptune Beach	St. Augustine	Jacksonville Beach	St. Johns County (Main)	Atlantic Beach	Orange Park	Fernandina Beach	JEA	Nassau County	County Utility Authority	St. Johns County (PVB)	Macclenny	Starke	Green Cove Springs
Water	\$ 24.09	\$ 31.90	\$ 27.21	\$ 31.99	\$ 20.57	\$ 23.13	\$ 20.02	\$ 20.18	\$ 13.22	\$ 18.45	\$ 21.85	\$ 16.39	\$ 17.47	\$ 17.45
Sewer	\$ 63.33	\$ 42.27	\$ 38.89	\$ 34.09	\$ 45.14	\$ 42.30	\$ 45.24	\$ 44.20	\$ 49.02	\$ 41.88	\$ 30.51	\$ 31.51	\$ 28.33	\$ 27.05
Total	\$ 87.42	\$ 74.17	\$ 66.10	\$ 66.07	\$ 65.71	\$ 65.43	\$ 65.26	\$ 64.38	\$ 62.23	\$ 60.33	\$ 52.36	\$ 47.90	\$ 45.80	\$ 44.50