

# City of Key West

## Sewer Rate Study Update Presentation

July 27, 2010

# Project Highlights

- **Financial Forecast Drivers**
  - Inflation (CPI), capital needs, debt service coverage, and ending cash balances
  - GIS Conversion
  - Debt Service (includes FEMA repayment)
- **Capital Improvement Program**
- **The Utility fulfills debt service coverage requirements over the forecast period (FY 2011 through FY 2015).**
- **Maintaining the minimum ending cash balances**
  - 60 – Day Cash Balance (Acceptable)
  - 90 – Day Cash Balance (Target)

# Capital Improvement Program (“CIP”)

## *CIP Drivers:*

- *North Roosevelt Force Main Replacement D.O.T.*
- *Pump Station F & Force Main Capacity Expansion*
- *30” Force Main Extension & Headworks Capacity Expansion*

Line	Description	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
1	Lightning Protection Rehab	\$125,183	\$0	\$0	\$0	\$0
2	Misc Sewer System Repairs	200,000	210,000	220,000	230,000	240,350
3	Fleming Key Pipe Bridge Repair	799,000	0	0	0	0
4	N.Roosevelt Force Main Replacement D.O.T.	1,976,000	0	0	0	0
5	Pump Station F Force Main Capacity Exp.	1,456,311	0	0	0	0
6	30" Forcemain Extention	2,204,340	3,669,400	0	0	0
7	Wastewater Reuse (City-FKAA)	0	0	0	0	0
8	P.S. B Gravity Front to Green	0	0	0	250,000	2,993,500
9	CAT Generator Enclosure	509,000	0	0	0	0
10	<b>Total Capital Projects</b>	<b>\$7,269,834</b>	<b>\$3,879,400</b>	<b>\$220,000</b>	<b>\$480,000</b>	<b>\$3,233,850</b>

# Capital Improvement Program (“CIP”)

## *CIP Drivers:*

- *North Roosevelt Force Main Replacement D.O.T.*
- *Pump Station F & Force Main Capacity Expansion*
- *30” Force Main Extension & Headworks Capacity Expansion*

Line	Description	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
1	Lightning Protection Rehab	\$0	\$0	\$0	\$0	\$0
2	Misc Sewer System Repairs	877,000	250,000	261,250	273,006	285,291
3	Fleming Key Pipe Bridge Repair	0	0	0	0	0
4	N.Roosevelt Force Main Replacement D.O.T.	0	0	0	0	0
5	Pump Station F Force Main Capacity Expansion	0	0	0	0	0
6	30" Forcemain Extention	0	0	0	0	0
7	Wastewater Reuse (City-FKAA)	0	500,000	0	0	0
8	P.S. B Gravity Front to Green	0	0	0	0	0
9	CAT Generator Enclosure	0	0	0	0	0
10	<b>Total Capital Projects</b>	<b>\$877,000</b>	<b>\$750,000</b>	<b>\$261,250</b>	<b>\$273,006</b>	<b>\$285,291</b>

# Historical & Proposed BCUs (FY 2011)

<u>Line</u>	<u>Description</u>	<u>Calculated BCUs</u>
1	2003	3,625
2	2004	3,624
3	2005	3,619
4	2006	3,889
5	2007	3,626
6	2008	3,740
7	2009	3,467
8	2010	3,398
<b>Currently in Effect</b>		<b>3,700</b>
<b>Calculated per City Code:</b>		
9	- 3-Yr Rolling Average	3,535
10	- 5-Yr Rolling Average	3,624
11	- 7-Yr Rolling Average	3,623
12	<b>Proposed FY 2010</b>	<b>3,600</b>

# Financial Highlights

## Scenario 1:

- Hold Monthly BCU at 3,700

- Utilize a 0.3% annual customer growth rate

Line	Description	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	<b>Revenues:</b>					
1	Operating Revenues	\$ 12,151,155	\$ 12,469,528	\$ 12,820,389	\$ 13,243,259	\$ 13,675,442
2	Other Income	124,590	86,600	70,994	92,243	112,986
3	<b>Total Operating Revenues</b>	<b>\$ 12,275,746</b>	<b>\$ 12,556,128</b>	<b>\$ 12,891,383</b>	<b>\$ 13,335,502</b>	<b>\$ 13,788,428</b>
4	<b>Total Operating Expenditures</b>	<b>\$ 8,096,571</b>	<b>\$ 8,098,986</b>	<b>\$ 8,301,460</b>	<b>\$ 8,550,504</b>	<b>\$ 8,807,019</b>
5	<b>Operating Income</b>	<b>\$ 4,179,174</b>	<b>\$ 4,457,143</b>	<b>\$ 4,589,923</b>	<b>\$ 4,784,998</b>	<b>\$ 4,981,409</b>
6	Sewer Connection Fees	60,000	60,000	60,000	60,000	60,000
7	<b>Net Revenues</b>	<b>\$ 4,239,174</b>	<b>\$ 4,517,143</b>	<b>\$ 4,649,923</b>	<b>\$ 4,844,998</b>	<b>\$ 5,041,409</b>
8	Debt Service Requirements	2,908,443	2,906,513	2,907,063	2,904,833	2,910,283
9	<b>Income Avail. After Debt Service</b>	<b>\$ 1,330,732</b>	<b>\$ 1,610,630</b>	<b>\$ 1,742,861</b>	<b>\$ 1,940,166</b>	<b>\$ 2,131,127</b>
10	<b>Debt Service Coverage</b>	<b>1.46</b>	<b>1.55</b>	<b>1.60</b>	<b>1.67</b>	<b>1.73</b>

# Financial Highlights

## Scenario 1 (cont'd):

- Hold Monthly BCU at 3,700

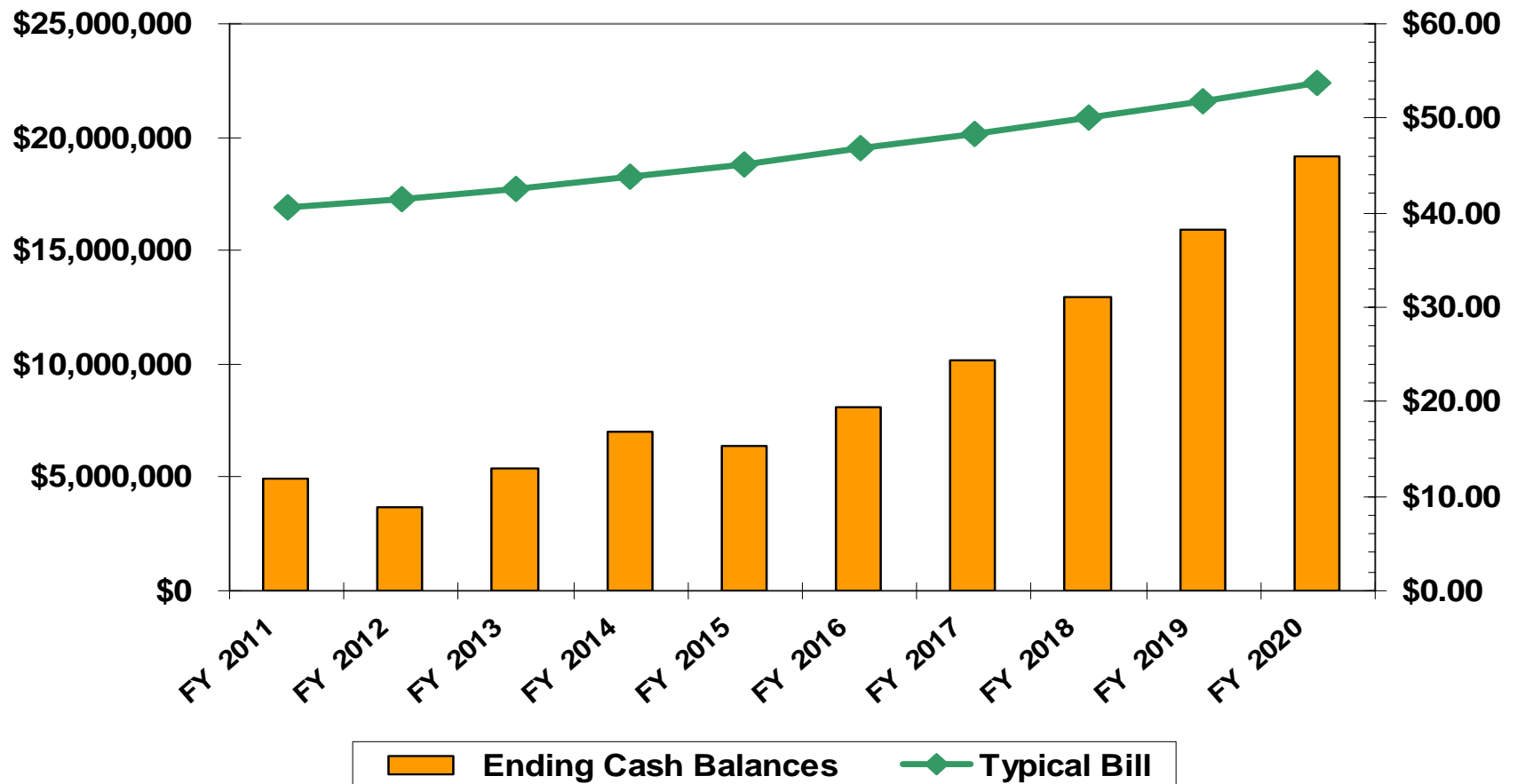
- Utilize a 0.3% annual customer growth rate

Line	Description	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	<b>Other Needs &amp; Transfers:</b>					
11	Renewal and Replacement	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
12	Grant Funding - ACOE	(1,594,127)	0	0	0	0
13	Inter-Fund Loan	0	0	0	0	0
14	Inter-Fund Loan Repayment	(158,312)	(158,312)	(158,312)	(158,312)	(158,312)
15	<b>Total Other Needs &amp; Trans.</b>	<b>\$ (252,439)</b>	<b>\$ 1,341,688</b>	<b>\$ 1,341,688</b>	<b>\$ 1,341,688</b>	<b>\$ 1,341,688</b>
16	<b>Operating Balance</b>	<b>\$ 1,583,171</b>	<b>\$ 268,942</b>	<b>\$ 401,173</b>	<b>\$ 598,478</b>	<b>\$ 789,439</b>
	<b>Beginning Cash Balance:</b>					
17	Revenue Surplus/Deficit	\$ 7,967,541	\$ 4,928,208	\$ 3,679,675	\$ 5,379,666	\$ 7,039,202
18	Operating Balance	1,583,171	268,942	401,173	598,478	789,439
19	Renewal and Replacement Fund	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
19	Capital Funded from Rate Rev.	(6,122,504)	(3,017,475)	(201,182)	(438,942)	(2,957,234)
20	<b>Ending Cash Balance</b>	<b>\$ 4,928,208</b>	<b>\$ 3,679,675</b>	<b>\$ 5,379,666</b>	<b>\$ 7,039,202</b>	<b>\$ 6,371,406</b>
21	<b>Required Cash Balance</b>	<b>\$ 2,024,143</b>	<b>\$ 2,024,746</b>	<b>\$ 2,075,365</b>	<b>\$ 2,137,626</b>	<b>\$ 2,201,755</b>
22	<b>Surplus/Deficit Cash Balance</b>	<b>\$ 2,904,065</b>	<b>\$ 1,654,929</b>	<b>\$ 3,304,301</b>	<b>\$ 4,901,576</b>	<b>\$ 4,169,651</b>

# Financial Highlights

## Scenario 1 (cont'd):

Projected Ending Balances and  
Monthly Bills for FY 2011 through FY 2020



# Financial Highlights

## Scenario 2:

- Adjust Monthly BCU to 3,600

- Assume a 0.0% annual customer growth rate

Line	Description	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	<b>Revenues:</b>					
1	Operating Revenues	\$ 12,214,094	\$ 12,499,927	\$ 12,816,556	\$ 13,203,188	\$ 13,596,948
2	Other Income	124,590	87,387	72,171	93,386	113,643
3	<b>Total Operating Revenues</b>	<b>\$ 12,338,684</b>	<b>\$ 12,587,314</b>	<b>\$ 12,888,727</b>	<b>\$ 13,296,574</b>	<b>\$ 13,710,591</b>
4	<b>Total Operating Expenditures</b>	<b>\$ 8,096,571</b>	<b>\$ 8,098,986</b>	<b>\$ 8,301,460</b>	<b>\$ 8,550,504</b>	<b>\$ 8,807,019</b>
5	<b>Operating Income</b>	<b>\$ 4,242,113</b>	<b>\$ 4,488,329</b>	<b>\$ 4,587,267</b>	<b>\$ 4,746,070</b>	<b>\$ 4,903,572</b>
6	Sewer Connection Fees	60,000	60,000	60,000	60,000	60,000
7	<b>Net Revenues</b>	<b>\$ 4,302,113</b>	<b>\$ 4,548,329</b>	<b>\$ 4,647,267</b>	<b>\$ 4,806,070</b>	<b>\$ 4,963,572</b>
8	Debt Service Requirements	2,908,443	2,906,513	2,907,063	2,904,833	2,910,283
9	<b>Income Avail. After Debt Service</b>	<b>\$ 1,393,671</b>	<b>\$ 1,641,816</b>	<b>\$ 1,740,204</b>	<b>\$ 1,901,238</b>	<b>\$ 2,053,289</b>
10	<b>Debt Service Coverage</b>	<b>1.48</b>	<b>1.56</b>	<b>1.60</b>	<b>1.65</b>	<b>1.71</b>

# Financial Highlights

## Scenario 2 (cont'd):

- Adjust Monthly BCU to 3,600

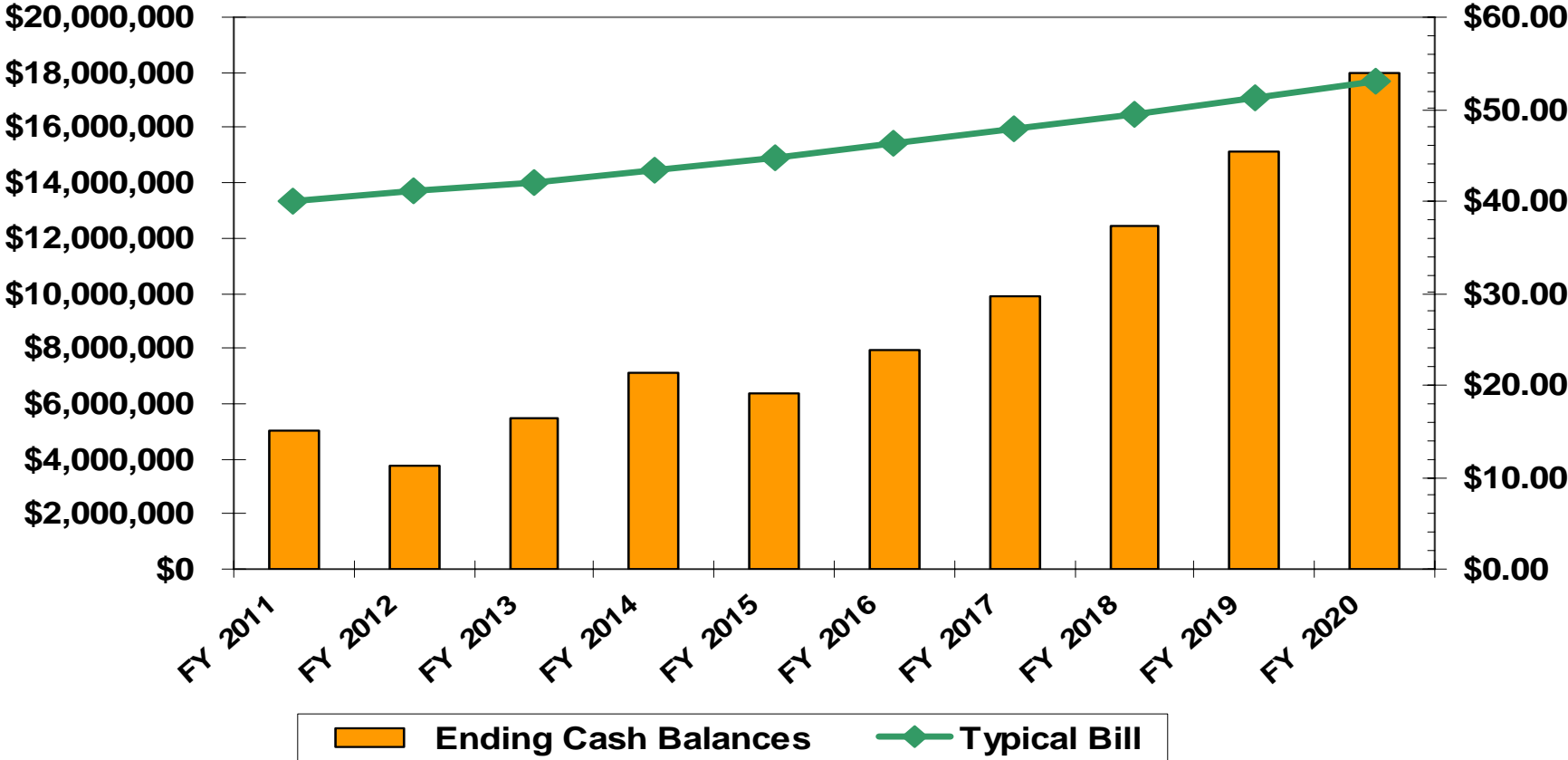
- Assume a 0.0% annual customer growth rate

Line	Description	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>Other Needs &amp; Transfers:</b>						
11	Renewal and Replacement	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
12	Grant Funding - ACOE	(1,594,127)	0	0	0	0
13	Inter-Fund Loan	0	0	0	0	0
14	Inter-Fund Loan Repayment	(158,312)	(158,312)	(158,312)	(158,312)	(158,312)
15	<b>Total Other Needs &amp; Trans.</b>	<b>\$ (252,439)</b>	<b>\$ 1,341,688</b>	<b>\$ 1,341,688</b>	<b>\$ 1,341,688</b>	<b>\$ 1,341,688</b>
16	<b>Operating Balance</b>	<b>\$ 1,646,110</b>	<b>\$ 300,128</b>	<b>\$ 398,516</b>	<b>\$ 559,550</b>	<b>\$ 711,601</b>
<b>Beginning Cash Balance:</b>						
17	Revenue Surplus/Deficit	\$ 7,967,541	\$ 4,991,146	\$ 3,773,800	\$ 5,471,134	\$ 7,091,742
18	Operating Balance	1,646,110	300,128	398,516	559,550	711,601
19	Renewal and Replacement Fund	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
19	Capital Funded from Rate Rev.	(6,122,504)	(3,017,475)	(201,182)	(438,942)	(2,957,234)
20	<b>Ending Cash Balance</b>	<b>\$ 4,991,146</b>	<b>\$ 3,773,800</b>	<b>\$ 5,471,134</b>	<b>\$ 7,091,742</b>	<b>\$ 6,346,110</b>
21	<b>Required Cash Balance</b>	<b>\$ 2,024,143</b>	<b>\$ 2,024,746</b>	<b>\$ 2,075,365</b>	<b>\$ 2,137,626</b>	<b>\$ 2,201,755</b>
22	<b>Surplus/Deficit Cash Balance</b>	<b>\$ 2,967,003</b>	<b>\$ 1,749,054</b>	<b>\$ 3,395,769</b>	<b>\$ 4,954,116</b>	<b>\$ 4,144,355</b>

# Financial Highlights

Scenario 2 (cont'd):

### Projected Ending Balances and Monthly Bills for FY 2011 through FY 2020



# Customer Bill Impacts – Residential (Scenario 1)

	Metered Water Use (gallons)	Est. Sewer Volume (gallons)	<u>Bill Under Prior Year Rates</u>			<u>Bill Under Current Year Rates</u>			Percent Charge
			Base Charge	Commodity Charge	Total Charge	Base Charge	Commodity Charge	Total Charge	
FY 2011	2,500	2,000	\$22.91	\$9.08	<b>\$31.99</b>	\$23.37	\$9.26	<b>\$32.63</b>	<b>2.00%</b>
	4,625	3,700	\$22.91	\$16.80	<b>\$39.71</b>	\$23.37	\$17.13	<b>\$40.50</b>	<b>2.00%</b>
	5,000	4,000	\$22.91	\$18.16	<b>\$41.07</b>	\$23.37	\$18.52	<b>\$41.89</b>	<b>2.00%</b>
	6,250	5,000	\$22.91	\$22.70	<b>\$45.61</b>	\$23.37	\$23.15	<b>\$46.52</b>	<b>2.00%</b>
FY 2012	2,500	2,000	\$23.37	\$9.26	<b>\$32.63</b>	\$23.95	\$9.50	<b>\$33.45</b>	<b>2.51%</b>
	4,625	3,700	\$23.37	\$9.26	<b>\$32.63</b>	\$23.95	\$9.50	<b>\$33.45</b>	<b>2.51%</b>
	5,000	4,000	\$23.37	\$17.13	<b>\$40.50</b>	\$23.95	\$17.58	<b>\$41.53</b>	<b>2.53%</b>
	6,250	5,000	\$23.37	\$18.52	<b>\$41.89</b>	\$23.95	\$19.00	<b>\$42.95</b>	<b>2.53%</b>
FY 2013	2,500	2,000	\$23.95	\$9.50	<b>\$33.45</b>	\$24.55	\$9.74	<b>\$34.29</b>	<b>2.51%</b>
	4,625	3,700	\$23.95	\$17.58	<b>\$41.53</b>	\$24.55	\$18.02	<b>\$42.57</b>	<b>2.51%</b>
	5,000	4,000	\$23.95	\$19.00	<b>\$42.95</b>	\$24.55	\$19.48	<b>\$44.03</b>	<b>2.51%</b>
	6,250	5,000	\$23.95	\$23.75	<b>\$47.70</b>	\$24.55	\$24.35	<b>\$48.90</b>	<b>2.52%</b>
FY 2014	2,500	2,000	\$24.55	\$9.74	<b>\$34.29</b>	\$25.29	\$10.04	<b>\$35.33</b>	<b>3.03%</b>
	4,625	3,700	\$24.55	\$18.02	<b>\$42.57</b>	\$25.29	\$18.57	<b>\$43.86</b>	<b>3.04%</b>
	5,000	4,000	\$24.55	\$19.48	<b>\$44.03</b>	\$25.29	\$20.08	<b>\$45.37</b>	<b>3.04%</b>
	6,250	5,000	\$24.55	\$24.35	<b>\$48.90</b>	\$25.29	\$25.10	<b>\$50.39</b>	<b>3.05%</b>
FY 2015	2,500	2,000	\$25.29	\$10.04	<b>\$35.33</b>	\$26.05	\$10.34	<b>\$36.39</b>	<b>3.00%</b>
	4,625	3,700	\$25.29	\$18.57	<b>\$43.86</b>	\$26.05	\$19.13	<b>\$45.18</b>	<b>3.00%</b>
	5,000	4,000	\$25.29	\$20.08	<b>\$45.37</b>	\$26.05	\$20.68	<b>\$46.73</b>	<b>3.00%</b>
	6,250	5,000	\$25.29	\$25.10	<b>\$50.39</b>	\$26.05	\$25.85	<b>\$51.90</b>	<b>3.00%</b>
FY 2016	2,500	2,000	\$26.05	\$10.34	<b>\$36.39</b>	\$26.96	\$10.70	<b>\$37.66</b>	<b>3.49%</b>
	4,625	3,700	\$26.05	\$19.13	<b>\$45.18</b>	\$26.96	\$19.80	<b>\$46.76</b>	<b>3.49%</b>
	5,000	4,000	\$26.05	\$20.68	<b>\$46.73</b>	\$26.96	\$21.40	<b>\$48.36</b>	<b>3.49%</b>
	6,250	5,000	\$26.05	\$25.85	<b>\$51.90</b>	\$26.96	\$26.75	<b>\$53.71</b>	<b>3.49%</b>

# Customer Bill Impacts – Residential (Scenario 2)

	Metered Water Use (gallons)	Est. Sewer Volume (gallons)	Bill Under Prior Year Rates			Bill Under Current Year Rates			Percent Charge
			Base Charge	Commodity Charge	Total Charge	Base Charge	Commodity Charge	Total Charge	
FY 2011	2,500	2,000	\$22.91	\$9.08	<b>\$31.99</b>	\$23.37	\$9.26	<b>\$32.63</b>	<b>2.00%</b>
	4,500	3,600	\$22.91	\$16.34	<b>\$39.25</b>	\$23.37	\$16.67	<b>\$40.04</b>	<b>2.00%</b>
	5,000	4,000	\$22.91	\$18.16	<b>\$41.07</b>	\$23.37	\$18.52	<b>\$41.89</b>	<b>2.00%</b>
	6,250	5,000	\$22.91	\$22.70	<b>\$45.61</b>	\$23.37	\$23.15	<b>\$46.52</b>	<b>2.00%</b>
FY 2012	2,500	2,000	\$23.37	\$9.26	<b>\$32.63</b>	\$23.95	\$9.50	<b>\$33.45</b>	<b>2.51%</b>
	4,500	3,600	\$23.37	\$9.26	<b>\$32.63</b>	\$23.95	\$9.50	<b>\$33.45</b>	<b>2.51%</b>
	5,000	4,000	\$23.37	\$16.67	<b>\$40.04</b>	\$23.95	\$17.10	<b>\$41.05</b>	<b>2.53%</b>
	6,250	5,000	\$23.37	\$18.52	<b>\$41.89</b>	\$23.95	\$19.00	<b>\$42.95</b>	<b>2.53%</b>
FY 2013	2,500	2,000	\$23.95	\$9.50	<b>\$33.45</b>	\$24.55	\$9.74	<b>\$34.29</b>	<b>2.51%</b>
	4,500	3,600	\$23.95	\$17.10	<b>\$41.05</b>	\$24.55	\$17.53	<b>\$42.08</b>	<b>2.51%</b>
	5,000	4,000	\$23.95	\$19.00	<b>\$42.95</b>	\$24.55	\$19.48	<b>\$44.03</b>	<b>2.51%</b>
	6,250	5,000	\$23.95	\$23.75	<b>\$47.70</b>	\$24.55	\$24.35	<b>\$48.90</b>	<b>2.52%</b>
FY 2014	2,500	2,000	\$24.55	\$9.74	<b>\$34.29</b>	\$25.29	\$10.04	<b>\$35.33</b>	<b>3.03%</b>
	4,500	3,600	\$24.55	\$17.53	<b>\$42.08</b>	\$25.29	\$18.07	<b>\$43.36</b>	<b>3.04%</b>
	5,000	4,000	\$24.55	\$19.48	<b>\$44.03</b>	\$25.29	\$20.08	<b>\$45.37</b>	<b>3.04%</b>
	6,250	5,000	\$24.55	\$24.35	<b>\$48.90</b>	\$25.29	\$25.10	<b>\$50.39</b>	<b>3.05%</b>
FY 2015	2,500	2,000	\$25.29	\$10.04	<b>\$35.33</b>	\$26.05	\$10.34	<b>\$36.39</b>	<b>3.00%</b>
	4,500	3,600	\$25.29	\$18.07	<b>\$43.36</b>	\$26.05	\$18.61	<b>\$44.66</b>	<b>3.00%</b>
	5,000	4,000	\$25.29	\$20.08	<b>\$45.37</b>	\$26.05	\$20.68	<b>\$46.73</b>	<b>3.00%</b>
	6,250	5,000	\$25.29	\$25.10	<b>\$50.39</b>	\$26.05	\$25.85	<b>\$51.90</b>	<b>3.00%</b>
FY 2016	2,500	2,000	\$26.05	\$10.34	<b>\$36.39</b>	\$26.96	\$10.70	<b>\$37.66</b>	<b>3.49%</b>
	4,500	3,600	\$26.05	\$18.61	<b>\$44.66</b>	\$26.96	\$19.26	<b>\$46.22</b>	<b>3.49%</b>
	5,000	4,000	\$26.05	\$20.68	<b>\$46.73</b>	\$26.96	\$21.40	<b>\$48.36</b>	<b>3.49%</b>
	6,250	5,000	\$26.05	\$25.85	<b>\$51.90</b>	\$26.96	\$26.75	<b>\$53.71</b>	<b>3.49%</b>

# Customer Bill Impacts – Commercial (Scenario 1)

Line	Description	Large Hotel	Medium Hotel	Small Hotel	Guest House
<b><u>PRIOR YEAR</u></b>					
1	Actual Wastewater Usage (gal/mo.)	1,301,640	686,634	28,914	16,100
2	BCUs	336	174	8	4
3	BCU Charge	\$7,697.76	\$3,986.34	\$183.28	\$91.64
4	Commodity Charge	\$5,909.45	\$3,117.32	\$131.27	\$73.09
5	Typical Monthly Bill	\$13,607	\$7,104	\$315	\$165
<b><u>PROPOSED YEAR</u></b>					
6	Actual Wastewater Usage (gal/mo.)	1,301,640	686,634	28,914	16,100
7	BCU	336	174	8	4
8	BCU Charge	\$7,852.32	\$4,066.38	\$186.96	\$93.48
9	Commodity Charge	\$6,026.59	\$3,179.11	\$133.87	\$74.54
10	Typical Monthly Bill	\$13,878.91	\$7,245.49	\$320.83	\$168.02
11	Percent Change	2.00%	2.00%	2.00%	2.00%

# Customer Bill Impacts – Commercial (Scenario 1)

Line	Description	Restaurant	Grocery	Downtown Shop	Laundry
<b><u>PRIOR YEAR</u></b>					
1	Actual Wastewater Usage (gal/mo.)	81,506	60,940	1,786	54,934
2	BCUs	24	19	1	16
3	BCU Charge	\$549.84	\$435.29	\$22.91	\$366.56
4	Commodity Charge	\$370.04	\$276.67	\$8.11	\$249.40
5	Typical Monthly Bill	\$919.88	\$711.96	\$31.02	\$615.96
<b><u>PROPOSED YEAR</u></b>					
6	Actual Wastewater Usage (gal/mo.)	81,506	60,940	1,786	54,934
7	BCU	24	19	1	16
8	BCU Charge	\$560.88	\$444.03	\$23.37	\$373.92
9	Commodity Charge	\$377.37	\$282.15	\$8.27	\$254.34
10	Typical Monthly Bill	\$938.25	\$726.18	\$31.64	\$628.26
11	Percent Change	2.00%	2.00%	2.00%	2.00%

# Customer Bill Impacts – Commercial (Scenario 2)

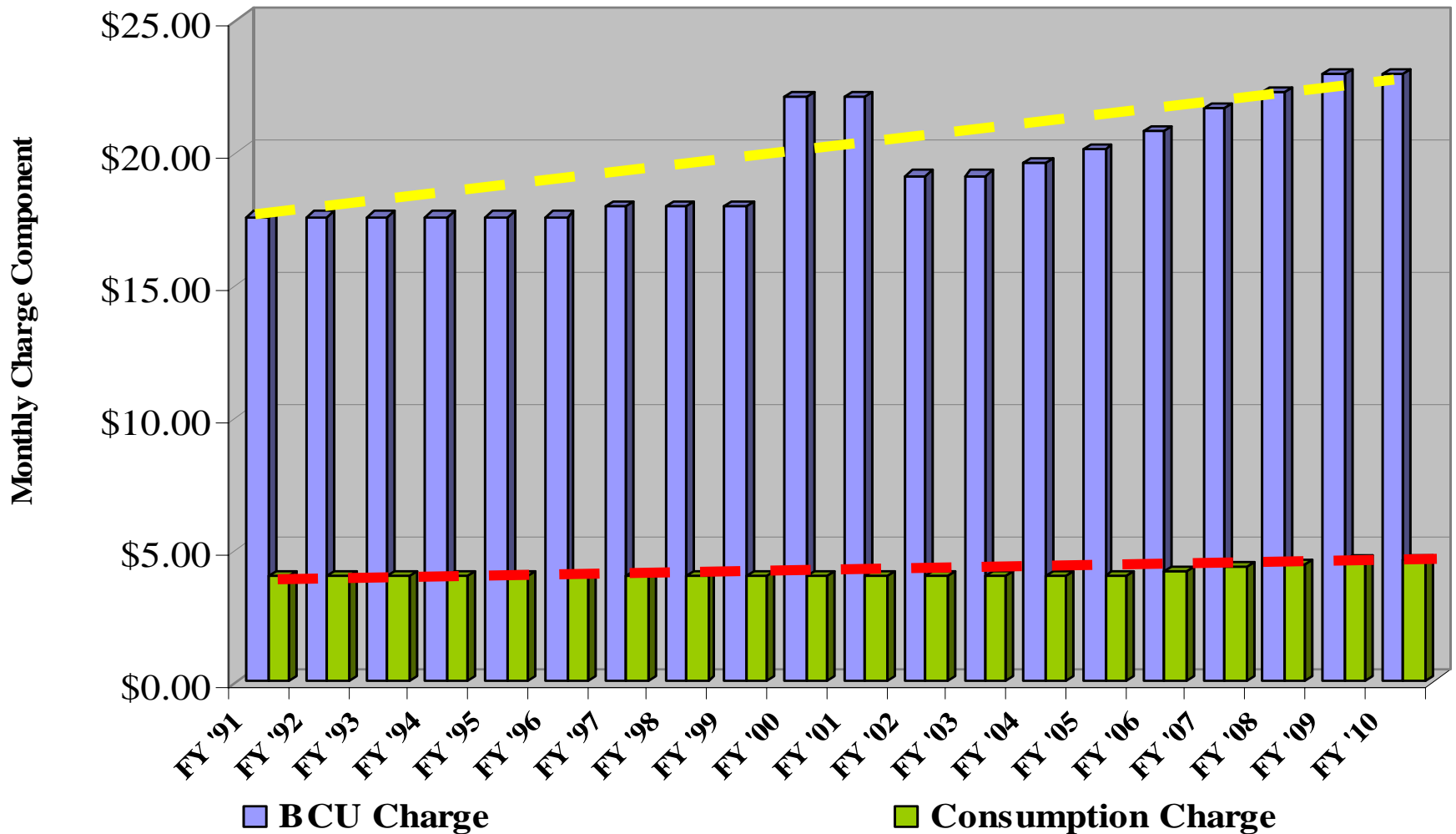
Line	Description	Large Hotel	Medium Hotel	Small Hotel	Guest House
<b><u>PRIOR YEAR</u></b>					
1	Actual Wastewater Usage (gal/mo.	1,301,640	686,634	28,914	16,100
2	BCUs	336	174	8	4
3	BCU Charge	\$7,697.76	\$3,986.34	\$183.28	\$91.64
4	Commodity Charge	\$5,909.45	\$3,117.32	\$131.27	\$73.09
5	Typical Monthly Bill	\$13,607	\$7,104	\$315	\$165
<b><u>PROPOSED YEAR</u></b>					
6	Actual Wastewater Usage (gal/mo.	1,301,640	686,634	28,914	16,100
7	BCU	363	191	8	4
8	BCU Charge	\$8,483.31	\$4,463.67	\$186.96	\$93.48
9	Commodity Charge	\$6,026.59	\$3,179.11	\$133.87	\$74.54
10	Typical Monthly Bill	\$14,509.90	\$7,642.78	\$320.83	\$168.02
11	Percent Change	6.63%	7.59%	2.00%	2.00%

# Customer Bill Impacts – Commercial (Scenario 2)

Line	Description	Downtown			
		Restaurant	Grocery	Shop	Laundry
<b><u>PRIOR YEAR</u></b>					
1	Actual Wastewater Usage (gal/mo.)	81,506	60,940	1,786	54,934
2	BCUs	24	19	1	16
3	BCU Charge	\$549.84	\$435.29	\$22.91	\$366.56
4	Commodity Charge	\$370.04	\$276.67	\$8.11	\$249.40
5	Typical Monthly Bill	\$919.88	\$711.96	\$31.02	\$615.96
<b><u>PROPOSED YEAR</u></b>					
6	Actual Wastewater Usage (gal/mo.)	81,506	60,940	1,786	54,934
7	BCU	24	19	1	16
8	BCU Charge	\$560.88	\$444.03	\$23.37	\$373.92
9	Commodity Charge	\$377.37	\$282.15	\$8.27	\$254.34
10	Typical Monthly Bill	\$938.25	\$726.18	\$31.64	\$628.26
11	Percent Change	2.00%	2.00%	2.00%	2.00%

# Historical Month Sewer Bill (Residential)

## Summary of Historical Monthly Sewer Charges



# Points of Uncertainty

- **Recently, the south Florida region experienced a severe drought**
  - Reduced drought restrictions does not equal increased revenues
  - Forecasting future water usage patterns may be difficult
  - Understanding the post drought customer usage patterns may be difficult.
- **The impact of the tourism economy cannot be quantified based on the information provided to the City.**
  - Low occupancy rates of vacation facilities will reduce water usage
- **The impact of the real estate market (foreclosures) is not be tracked within the City.**

# Recommendations

- **Recommend adjusting both the BCU and Commodity Charge equal to 100% of the inflationary factor of 2.0%. Results in an increase in a typical monthly bill increase of 2.0% (or \$0.78) from FY 2010 to FY 2011.**
- **Recommend 100% of CPI on both the Base & Commodity components.**
- **Recommend adjusting the Monthly BCU to 3,600 from 3,700 as illustrated in the Scenario 2 Financial Forecast.**
- **Formulate a monitoring program to track the economic and environmental characteristics of the City as it relates to the Sewer System in an effort to identify environmental, water usage, and customer attrition impacts on the Sewer System.**
  - **Reduced Water Usage**
  - **Tourism Sector**

# Questions?

