

1. Requested Motion:

Meeting Date: April 15, 2013

Direct staff to prepare necessary documents to implement the rate study.

Why the action is necessary:

Authorizes staff to prepare the required documents.

What the action accomplishes:

2. Agenda:

Consent
 Administrative

3. Requirement/Purpose:

Resolution
 Ordinance
 Other

4. Submitter of Information:

Council
 Town Staff
 Town Attorney

5. Background:

In September, 2012 the Town Council retained GAI Consultants, Inc. of Orlando to review and evaluate the historical and existing data regarding the customers of the water system and the financial and accounting information. At the March 4th, 2013 work session GAI presented a number of scenarios for Council discussion.

Attachments:

- GAI Briefing Document
- GAI Workshop presentation

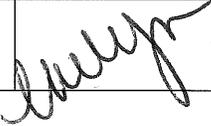
6. Alternative Action:

Request additional information

7. Management Recommendations:

Review the rate options and direct staff to prepare the documents for approval.

8. Recommended Approval:

Town Manager	Town Attorney	Finance Director	Public Works Director	Community Development Director	Parks & Recreation Director	Town Clerk
						

9. Council Action:

Approved Denied Deferred Other



Water Utility Rate Study Workshop

Town of Fort Myers Beach

April 15, 2013

Presented by:

GAI Consultants, Inc.



gai consultants

Purpose of Rate Study

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- + Provide For Revenue Sufficiency
- + Continue to Promote Resource Conservation
- + Provide for Just and Equitable Rates
- + Provide for the Proposed Capital Improvement Plan
- + Minimize Rate Shock
- + Retain Administrative Compatibility
- + Public Understandability



Purpose of Presentation

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- + Provide updated alternative water user rate structures with corresponding rates based on March 4, 2013 Workshop.
- + **Assist** the Town in the selection of a **fiscally prudent** rate structure which is **equitable** to all classes of existing and future customers.



Elements of Rate Making

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- + Fiscal Requirements
- + Rate Revenues
- + Other Sources of Income
- + Customer Characteristics
- + Future Needs (CIP)
- + Community Standards
- + Compliance with Florida Statutes



What was Done?

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- + Customer Billing Frequency Analysis
- + Fiscal Requirements/Operating Analysis
 - Operating and Maintenance (O&M) Expenses
 - Debt Service
 - Renewal & Replacement, Reserve Funds, and Transfers
 - Pay-as-you-go Capital
- + Capital Improvement Plan Analysis and Timing (5-Year vs. 7-Year)
- + Other Fiscal Needs and Revenue Analysis
- + Interactive Computer Model



Capital Improvement Plan Analysis

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- + Town's Current 5-Year Capital Improvement Plan is approximately \$20 million for FY 2013 through FY 2017.
- + GAI with Town staff reviewed the current CIP and developed a potential 7-Year Implementation Schedule.
 - Help Minimize Rate Shock
 - Provide Opportunity to Identify and Pursue Alternative Sources of Funding including State Revolving Fund Loans, Grants, etc.
 - Help Minimize the Impact of the Construction on the Island Residents
- + 5-Year vs. 7-Year Implementation:

<u>5-Year - Current</u>	<u>7-Year - Potential</u>
– FY 2013 – \$2.9 million	– FY 2013 – \$2.9 million (Unchanged)
– FY 2014 – \$4.12 million	– FY 2014 – \$2.82 million
– FY 2015 – \$2.0 million	– FY 2015 – \$2.8 million
– FY 2016 – \$6.5 million	– FY 2016 – \$2.5 million
– FY 2017 – \$4.5 million	– FY 2017 – \$3.0 million
	– FY 2018 – \$3.0 million
	– FY 2019 – \$3.0 million



Rate Structure Modifications

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- + Adjustments to the dwelling unit equivalencies for Multi-Family customers (**Rate Equity**).
- + Adjustments to the meter equivalency factors for Commercial/Irrigation/Non-residential customers (**Rate Equity**).
- + Adjustments to the gallonage allowances per block as well as the differential in the rate per block (**Rate Equity and Water Conservation**).
- + Adjustments to the amount of net fiscal requirements to be recovered through the base charge, administrative charge, and gallonage charges (**Rate Stability**).



Base Charge Equivalencies

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Single Family
Multi-Family
 Commercial,
 Irrigation,
Non-residential

	Existing	Proposed
	Per Unit	Per Unit
	Per Unit	0.8 Per Unit
5/8"	1.36	1.00
3/4"	1.86	1.50
1"	2.86	2.50
1.5"	5.40	5.00
2"	8.36	8.00
3"	16.35	16.00
4"	25.36	25.00
6"	50.37	50.00
8"	80.36	80.00
10"	145.36	145.00



Gallonage Blocks

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Single Family

	Existing		Proposed	
	Gallons (000s)	Incremental	Gallons (000s)	Incremental
Block 1	0 - 6	1.00	0 - 6	1.00
Block 2	6 - 30	1.19	6 - 15	1.20
Block 3	30 - 50	1.38	15 - 30	1.50
Block 4	Above 50	1.57	Above 30	2.00

Multi-Family

Block 1	0 - 6	1.00	0 - 5	1.00
Block 2	6 - 30	1.19	5 - 12	1.20
Block 3	30 - 50	1.38	12 - 24	1.50
Block 4	Above 50	1.57	Above 24	2.00

Commercial,
Irrigation,

Non-residential

Block 1	0 - 8	1.00	0 - 6	1.00
Block 2	8 - 30	1.19	6 - 15	1.20
Block 3	30 - 60	1.38	15 - 30	1.50
Block 4	Above 60	1.57	Above 30	2.00



Scenarios Considered

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1. 5-Year Implementation of Capital Improvement Plan
2. 7-Year Implementation of Capital Improvement Plan



Significant Assumptions

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- + Capital Recovery Charge to increase with annual across-the-board rate adjustments.
- + FY 2015 Gallonage Rates include pass-through of the increase in the County Wholesale Rate of \$0.09 per thousand gallons.
- + Customer growth set at 0% per year for the projection period.
- + Annual Fiscal Requirements adjusted for inflation.
- + Debt Service associated with the CIP assumed to be financed over a 20-year period at 3.0% interest.



Scenario 1: Rate Revenue Requirements

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ADJUSTED TEST YEAR 2014

Description	Requirement
Operations and Maintenance Expense	
Personal Services	\$ 280,700
Operating Expense	2,437,900
Total Operations and Maintenance Expense	\$ 2,718,600
Debt Service	373,100
Capital From Rates/Renewals & Replacements/Capital Reserves	1,035,300
Other Operating Revenue	(53,400)
Net Rate Revenue Requirements	\$ 4,073,600



Scenario 1: Revenue Sufficiency Analysis

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Fiscal Year	Surplus/(Shortfall)		
	Before Annual Rate Adjustment	After Annual Rate Adjustment	Rate Adjustment
2014	\$ 4,800	\$ 4,800	0.00%
2015	\$ 15,800	\$ 15,800	0.00%
2016	\$ 50,300	\$ 50,300	0.00%
2017	\$ (401,500)	\$ 9,200	9.70%
2018	\$ (633,800)	\$ 7,300	5.20%



Scenario 1: Customer Bill Comparison - FY 2014

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Customer Class	Usage	Monthly Bill		Difference		
		Current	Proposed	Amount	Percent	
Residential						
5/8"	5	\$ 38.66	\$ 39.95	\$ 1.29	3.34%	
5/8"	15	\$ 100.36	\$ 97.08	\$ (3.28)	-3.27%	
5/8"	30	\$ 194.41	\$ 205.98	\$ 11.57	5.95%	
Commercial						
5/8"	9	\$ 63.22	\$ 62.22	\$ (1.00)	-1.58%	
5/8"	18	\$ 119.65	\$ 118.86	\$ (0.79)	-0.66%	
5/8"	36	\$ 238.51	\$ 264.06	\$ 25.55	10.71%	
1"	12	\$ 95.34	\$ 92.55	\$ (2.79)	-2.93%	
1"	60	\$ 416.30	\$ 400.42	\$ (15.88)	-3.81%	
1"	100	\$ 747.10	\$ 751.32	\$ 4.22	0.56%	
1.5"	25	\$ 197.97	\$ 186.67	\$ (11.30)	-5.71%	
1.5"	80	\$ 592.82	\$ 508.62	\$ (84.20)	-14.20%	
1.5"	300	\$ 2,412.22	\$ 2,468.82	\$ 56.60	2.35%	
Multi-Family						
Per Unit	2	\$ 22.85	\$ 23.48	\$ 0.63	2.76%	
Per Unit	6	\$ 43.93	\$ 43.81	\$ (0.12)	-0.27%	
Per Unit	15	\$ 100.36	\$ 100.45	\$ 0.09	0.09%	



Scenario 1: Customer Impact – FY 2014

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	Current		Proposed		Difference	
	Revenue	% of Total	Revenue	% of Total	Amount	Percent
Total Revenue Summary - By Class						
Residential	\$ 1,163,200	28.79%	\$ 1,222,600	29.98%	\$ 59,400	5.11%
Commercial	956,200	23.67%	937,000	22.98%	(19,200)	-2.01%
Irrigation	243,100	6.02%	231,600	5.68%	(11,500)	-4.73%
Multi-Family	1,674,200	41.44%	1,683,500	41.28%	9,300	0.56%
Lift Station	3,100	0.08%	3,300	0.08%	200	6.45%
Total Revenue	\$ 4,039,800	100.00%	\$ 4,078,000	100.00%	\$ 38,200	0.95%
Total Revenue Summary - By Component						
Admin	\$ 103,700	2.57%	\$ 122,500	3.00%	\$ 18,800	18.13%
Base	803,800	19.90%	986,800	24.20%	183,000	22.77%
Capital	316,900	7.84%	316,900	7.77%	-	0.00%
Usage	2,815,400	69.69%	2,651,800	65.03%	(163,600)	-5.81%
Total Revenue	\$ 4,039,800	100.00%	\$ 4,078,000	100.00%	\$ 38,200	0.95%



Scenario 2: Rate Revenue Requirements

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ADJUSTED TEST YEAR 2014

Description	Requirement
Operations and Maintenance Expense	
Personal Services	\$ 280,700
Operating Expense	2,437,900
Total Operations and Maintenance Expense	\$ 2,718,600
Debt Service	328,700
Capital From Rates/Renewals & Replacements/Capital Reserves	1,035,300
Other Operating Revenue	(53,400)
Net Rate Revenue Requirements	\$ 4,029,200



Scenario 2: Revenue Sufficiency Analysis

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Fiscal Year	Surplus/(Shortfall)		Rate Adjustment
	Before Annual Rate Adjustment	After Annual Rate Adjustment	
2014	\$ 1,200	\$ 1,200	0.00%
2015	\$ 29,600	\$ 29,600	0.00%
2016	\$ 23,200	\$ 23,200	0.00%
2017	\$ (90,800)	\$ 2,200	2.20%
2018	\$ (374,200)	\$ 7,700	6.80%



Scenario 2: Customer Bill Comparison - FY 2014

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Customer Class	Usage	Monthly Bill		Difference		
		Current	Proposed	Amount	Percent	
Residential						
5/8"	5	\$ 38.66	\$ 39.48	\$ 0.82	2.12%	
5/8"	15	\$ 100.36	\$ 95.92	\$ (4.44)	-4.42%	
5/8"	30	\$ 194.41	\$ 203.47	\$ 9.06	4.66%	
Commercial						
5/8"	9	\$ 63.22	\$ 61.48	\$ (1.74)	-2.75%	
5/8"	18	\$ 119.65	\$ 117.43	\$ (2.22)	-1.86%	
5/8"	36	\$ 238.51	\$ 260.83	\$ 22.32	9.36%	
1"	12	\$ 95.34	\$ 91.45	\$ (3.89)	-4.08%	
1"	60	\$ 416.30	\$ 395.55	\$ (20.75)	-4.98%	
1"	100	\$ 747.10	\$ 742.10	\$ (5.00)	-0.67%	
1.5"	25	\$ 197.97	\$ 184.44	\$ (13.53)	-6.83%	
1.5"	80	\$ 592.82	\$ 502.49	\$ (90.33)	-15.24%	
1.5"	300	\$ 2,412.22	\$ 2,438.39	\$ 26.17	1.08%	
Multi-Family						
Per Unit	2	\$ 22.85	\$ 23.22	\$ 0.37	1.62%	
Per Unit	6	\$ 43.93	\$ 43.30	\$ (0.63)	-1.43%	
Per Unit	15	\$ 100.36	\$ 99.25	\$ (1.11)	-1.11%	



Scenario 2: Customer Impact – FY 2014

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	Current		Proposed		Difference	
	Revenue	% of Total	Revenue	% of Total	Amount	Percent
Total Revenue Summary - By Class						
Residential	\$ 1,163,200	28.79%	\$ 1,208,100	29.98%	\$ 44,900	3.86%
Commercial	956,200	23.67%	925,600	22.97%	(30,600)	-3.20%
Irrigation	243,100	6.02%	228,900	5.68%	(14,200)	-5.84%
Multi-Family	1,674,200	41.44%	1,664,300	41.30%	(9,900)	-0.59%
Lift Station	3,100	0.08%	3,100	0.08%	-	0.00%
Total Revenue	\$ 4,039,800	100.00%	\$ 4,030,000	100.00%	\$ (9,800)	-0.24%
Total Revenue Summary - By Component						
Admin	\$ 103,700	2.57%	\$ 121,100	3.00%	\$ 17,400	16.78%
Base	803,800	19.90%	972,800	24.14%	169,000	21.03%
Capital	316,900	7.84%	316,900	7.86%	-	0.00%
Usage	2,815,400	69.69%	2,619,200	64.99%	(196,200)	-6.97%
Total Revenue	\$ 4,039,800	100.00%	\$ 4,030,000	100.00%	\$ (9,800)	-0.24%



Other Items

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- + Utility System Operations/Efficiencies
- + Miscellaneous Charges
- + Payment in Lieu of Taxes
- + Lee County Wholesale Rate



Utility System Operations/Efficiencies

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For the Town of Fort Myers Beach, as a water distribution system, Utility Operations would typically consist of:

- + Repairs and Maintenance
- + Facility Operations and Monitoring
- + Water Meter Services
- + Meter Reading and Customer Billing & Collections
- + Customer Service
- + Performance Reporting
- + Regulatory Sampling and Reporting
- + Emergency Services Planning and Training



Utility System Operations/Efficiencies (cont.)

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- + Town has an Operations Contract with Woodard & Curran to perform these services.
 - Start Date: January 1, 2011
 - Term: 3 years and may be extended for up to 3 additional 1-year periods.
 - First year cost not-to-exceed \$454,612.
- + This may be a potential area for system efficiency. Items to consider in this analysis would include:
 - Cost to provide the services in-house vs. contract operations
 - Timing of bringing the services in-house including transitioning of services to minimize customer impacts
 - Condition and age of the system
 - Other



Miscellaneous Charges

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- + Meter Installation Fees
- + Tap-In Charges
- + Meter Change-out Fees
- + Premise Visit (in lieu of disconnecting)
- + Reconnection of Service
- + Plan Review Charges
- + Fire Service Charges
- + Customer Deposits
- + Account Transfer Fees
- + Late Payment Charges
- + Returned Check Fees
- + Bank Draft Charges
- + Meter Tampering Fees
- + Illegal Water Use



Payment in Lieu of Taxes

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- + Municipally owned utilities are not normally subject to taxation by local, state or federal authorities.
- + A municipal water utility may make payments in lieu of taxes (PILOT) to the municipality that owns that utility.
- + These payments are typically calculated as though the utility is privately owned and subject to property taxes.
- + PILOT Payments are required by Statute in some states, however, this is not the case in Florida.
- + In most instances, the majority of land that is owned by a municipal utility would include administrative offices, treatment plants and lift stations, however, this is not the case for the Town's system as it is a water only distribution system (with two pump stations) with the majority of the system asset value being located in public rights-of-way.



Lee County Wholesale Rate

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- + Current Wholesale Rate is between the Block 1 and Block 2 rate for County Retail Customers.
- + Typically, wholesale rates fall at or below the lowest retail block rate.
- + Level of wholesale rate can be impacted by:
 - peak demand
 - type of service
 - type of contract (i.e. firm commitment, surplus water, emergency/reciprocal, peak requirement)
 - percentage use of system assets
 - etc.
- + GAI would recommend a Comprehensive Cost of Service Rate Study by the County (if not already completed).
- + This may be a potential area for system efficiency.



Next Steps

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- + Town to Select Rate Structure Scenario
- + Completion of Rate Study Report
- + Draft Ordinance/Resolution
- + Customers Notified per Section 180.136, Florida Statutes
- + Public Hearing to adopt proposed rates





Questions?



gai consultants



gai consultants



Town of Fort Myers Beach

Briefing Document:

Water Rate and Charge Study

GAI #A120244.00

April 2013

. . . transforming ideas into reality

GAI Consultants, Inc.
Briefing Document
April 15, 2013

GENERAL

The Town of Fort Myers Beach, Florida (the "Town") retained GAI Consultants, Inc. (GAI) to prepare a water rate and charge study (the "Study") to provide a review and update of the existing water monthly user rates.

GOALS AND OBJECTIVES

Prior to commencement, GAI met with the Town's staff to discuss and identify the goals and objectives of the Study and to review a preliminary data request. The primary goals and objectives of the Study are to review the existing basis for cost recovery and provide the necessary rate structure modifications and user rate adjustments that result in: (i) water conservation; (ii) just and equitable rates; (iii) operating revenues sufficient to meet the fiscal requirements of the water system; (iv) minimal rate shock; and (v) are administratively compatible and publicly understandable.

The Study, to the extent practical, utilizes a cost of service approach to establish user rates and charges based on the needs of the community and the Utility. The Study, pursuant to available data: (i) identifies the number of customers and associated service characteristics; (ii) delineates fiscal requirements by rate and functional activity; and (iii) identifies the appropriate levels of rates and charges based on the assumed Test Year ending September 30, 2014.

EXISTING RATES AND CHARGES

The Town currently provides water service to approximately 3,172 metered accounts throughout the Town. The water utility is structured as an enterprise activity and, therefore, is expected to generate revenues sufficient to meet fiscal requirements approved by the Town. The revenue generation system is comprised of: (i) User Fees consisting of base charges and usage charges per 1,000 gallons of metered service; (ii)

Capital Charges (Impact Fees); (iii) Ancillary/Miscellaneous Charges; (iv) Contributions; and (v) transfers from other sources.

The Town’s existing rate structure, which was last updated per Resolution No. 09-32 and Ordinance 12-08, consists of an Administrative Fee, Capital Recovery Charge, Base Charge, and Volume Charges. Typically, the Base Charge, a fixed fee, provides for revenue stability while the Volume Charges allow for equitable cost recovery at various service levels and should encourage the conservation of natural resources. The existing series of Base Charges are dependent upon the level of service as represented by the size of each account’s water meter and/or the number of dwelling units.

The customers are currently categorized into five (5) classes consisting of Single-Family Residential, Multi-Family Residential, Commercial, Irrigation, and Non-Residential. The Town’s water usage rates utilize an inclining block or conservation rate structure with four (4) usage blocks; wherein, the cost per 1,000 gallons within each inclining block increases as usage progresses into the next usage block level. **Table 1** presents the Town’s existing water rates as well as the associated gallonage allowances per block for each customer class and meter size.

**Table 1
Existing Monthly Rates and Charges
And Usage Blocks**

<u>Administrative Fee</u> – (per account)	\$ 2.77
<u>Base Charge</u>	
Single Family (per unit)	\$ 6.82
Multi-Family (per unit)	\$ 6.82
<u>Commercial/Irrigation/Non-Residential</u>	
<u>(per meter)</u>	
5/8” Meter	\$ 9.30
3/4” Meter	\$ 12.71
1.0” Meter	\$ 19.53
1.5” Meter	\$ 36.85
2.0” Meter	\$ 57.04
3.0” Meter	\$ 111.50
4.0” Meter	\$ 172.98
6.0” Meter	\$ 343.51

Table 1
Existing Monthly Rates and Charges
And Usage Blocks

8.0" Meter \$ 548.08
 10.0" Meter \$ 991.38

Capital Recovery Charge

Single Family (per unit) \$ 2.72
 Multi-Family (per unit) \$ 2.72

Commercial/Irrigation/Non-Residential
(per meter)

5/8" Meter \$ 2.72
 3/4" Meter \$ 3.88
 1.0" Meter \$ 6.80
 1.5" Meter \$ 13.60
 2.0" Meter \$ 21.86
 3.0" Meter \$ 44.12
 4.0" Meter \$ 68.10
 6.0" Meter \$ 136.00
 8.0" Meter \$ 217.60
 10.0" Meter \$ 394.40

Usage Blocks (gallons)

Charge per 1,000 gallons

Block 1 \$ 5.27
 Block 2 \$ 6.27
 Block 3 \$ 7.27
 Block 4 \$ 8.27

<u>Meter Size</u>	<u>Block 1</u>	<u>Block 2</u>	<u>Block 3</u>	<u>Block 4</u>
Single-Family Residential, Multi-Family per Unit	0 - 6,000	6,001 - 30,000	30,001 - 50,000	Over 50,000
Commercial, Irrigation, Non-Residential				
5/8"	0 - 8,000	8,001 - 30,000	30,001 - 60,000	Over 60,001
1.0"	0 - 9,000	9,001 - 40,000	40,001 - 60,000	Over 60,001
1.5"	0 - 12,000	12,001 - 45,000	45,001 - 65,000	Over 65,001
2.0"	0 - 15,000	15,001 - 50,000	50,001 - 70,000	Over 70,001
3.0"	0 - 50,000	50,001 - 100,000	100,001 - 400,000	Over 400,001
4.0"	0 - 60,000	60,001 - 300,000	300,001 - 500,000	Over 500,001
6.0"	0 - 70,000	70,001 - 400,000	400,001 - 600,000	Over 600,000
8.0"	0 - 90,000	90,001 - 500,000	500,001 - 700,000	Over 700,000
10.0"	0 - 150,000	150,001 - 600,000	600,001 - 800,000	Over 800,000

CUSTOMERS

Billing Frequency Analysis

The study approach used herein to identify the equivalencies and flows for each customer class relied upon a Billing Frequency Analysis. The Billing Frequency Analysis utilizes the customer billing data for 12 consecutive months and accumulates by customer class the number of accounts, units and/or meter size, and flows at incremental usage levels, in this case 1,000 gallon increments.

The Town provided detailed customer and monthly billing information for the fiscal year 2011. The data was sorted by user type (residential, multi-family, commercial, irrigation, non-residential), and then by meter size. To verify the results of the billing frequency, the FY 2011 rates were applied to the calculated equivalencies and flow data and the resulting revenues reconciled to the audited revenues during the same time period. The total number of customer accounts, equivalent residential connections (ERCs) and total flows per block by customer class are shown on **Exhibit 1**.

Customer Growth

For purposes of this Rate Study and the Five-Year Proforma Operating Analysis, GAI assumes no customer growth during the projection period.

NET FISCAL REQUIREMENTS

General

Fiscal requirements can generally be separated into three primary categories consisting of: (i) operating and maintenance expenses (O&M); (ii) debt service; and (iii) other needs and transfers. O&M expenses consist of those reoccurring expenses associated with labor, materials, supplies, services, etc. that are required to manage and operate the system while maintaining a dependable and desirable level of service. O&M expenses consisting primarily of labor, materials, supplies, utilities and contract services are directly related to the level of service provided to customers and therefore, are appropriately recovered through the user rates and charges. Debt service is the principal and interest on bonds, loans, or other debt instruments and pledged security of the debt instruments and is allocated to the net rate requirement together with other sources of payments based on the pledged security of the debt instrument. Other needs and transfers, also referred to as below-the-line-items, include expenses and

costs not associated with O&M expenses or debt service and can include such items as capital needs from rates, transfers in lieu of taxes, Renewal and Replacement requirements and/or other funding per covenants in resolutions adopted pursuant to outstanding bond issues.

The fiscal requirements of the Utility system to be recovered through monthly water rates consist of the net amount of O&M expenses, debt services, and other requirements after deduction of other budgeted non-user rate revenue sources. The net fiscal requirements, which are the fiscal requirements less non-user rate revenue sources such as interest income, transfers from other accounts, and miscellaneous charges, associated with the Test Year were identified using the proposed budget for Fiscal Year 2013. For purposes of this Study, the Test Year is assumed to be FY 2014.

The Test Year net fiscal requirements were developed with consideration of: (1) findings on existing and projected customers and usage; (2) analysis of past and current O&M expenses, (3) existing and proposed interest and principal debt service payments, (4) necessary transfers; and (5) conversations with the Town staff.

Capital Improvement Plan (CIP)

As previously mentioned, one of the goals of the Rate Study is to minimize rate shock. In preparing our analysis and developing rates, revenue sufficiency was reviewed. As such, GAI reviewed the Town's current 5-Year scheduled CIP, which is approximately \$20 million through FY 2017 and has worked with staff to develop an alternative implementation schedule over a 7-year period instead, through FY 2019. This can help minimize rate shock on customers to help pay for these projects as well as allow the Town time to pursue other funding mechanisms including the State Revolving Fund Loans and Grants. The current 5-Year and potential 7-Year Schedules are as follows:

<u>5-Year</u>	<u>7-Year</u>
• FY 2013 – \$2.9 million	• FY 2013 – \$2.9 million (Unchanged)
• FY 2014 – \$4.12 million	• FY 2014 – \$2.82 million
• FY 2015 – \$2.0 million	• FY 2015 – \$2.8 million
• FY 2016 – \$6.5 million	• FY 2016 – \$2.5 million
• FY 2017 – \$4.5 million	• FY 2017 – \$3.0 million
	• FY 2018 – \$3.0 million
	• FY 2019 – \$3.0 million

RATE STRUCTURE DESIGN, ADJUSTMENTS, MODIFICATIONS

Rate Structure Design

Rate structure design represents that portion of the study whereby the rate and charge components for each customer class are established to provide for equitable recovery of the net fiscal requirements consistent with the previously discussed criteria together with the regulatory guidelines/policies of the Town and the State of Florida.

Cost of service principles suggest that the fixed costs associated with the net fiscal requirements be recovered through the fixed rate component (Base Charge and Billing Charge), whereas, variable costs be recovered through the Usage rates. However, with fixed costs far exceeding 50 percent of the total costs and community standards suggesting that the costs for basic services be maintained at minimum levels, it is not always practical to set the Base Facility Charge on the relation of fixed and variable costs. Prudent practice suggests that certain levels of the fixed costs can be equitably recovered through the variable component (Usage Rates).

Additionally, local government policies suggest that the rate structure components to the extent possible and practical should be:

- Administratively simple, understandable, and easily implemented;
- Equitable among customer classes, taking into consideration the cost of service for each individual customer class;
- Designed to encourage the most efficient use of the Utility's assets and other resources and discourage unnecessary or wasteful use of service and commodity;
- In compliance with applicable requirements of local, state and federal regulatory authorities that have jurisdiction; and
- In compliance with all applicable statutory requirements.

Several other considerations that have an effect on the design of the rate structure components are: (i) revenue stability; (ii) revenue sufficiency; (iii) satisfaction of

applicable debt covenants; (iv) historical rate structures; and (v) the policies of those responsible for the management and operation of the Town and its capital facilities.

RATE STRUCTURE ADJUSTMENTS AND MODIFICATIONS

Significant Forecast Assumptions

- All projected expenses were based upon the adopted Fiscal Year 2013 Annual Budget for the Town of Fort Myers Beach and adjusted based on discussions with Town staff.
- Most Operations and Maintenance expenses were escalated for general inflation.
- General inflation is projected at 2.5 percent and personnel expenses are assumed to increase at a rate of 3.0 percent per year.
- Customer growth is anticipated at 0.0% throughout the projection period.
- The Wholesale Rate from Lee County is expected to increase by \$0.08 per thousand gallons effective for Fiscal Year 2014. This increase has been included in developing the Net Fiscal Requirements for the Test Year and is included in the FY 2014 rates developed for each scenario.
- The Wholesale Rate from Lee County is expected to increase by \$0.09 per thousand gallons effective for Fiscal Year 2015. The Town has historically passed these increases through to the customer. For purposes of this analysis, the gallonage rates for FY 2015 have been increased by \$0.09 for each scenario.
- Capital costs, revenues other than rates, and debt service and transfers are projected based on line-item values of the Fiscal Year 2013 budget as adjusted for inflation and labor escalations, where appropriate.
- Annual debt service payments are based on the accounts contained in the applicable official debt service schedules as well as projected funding sources.

- For purposes of these projections, it is assumed that this CIP will be funded through a combination of bank loans, State Revolving Fund Loans, and pay-as-you-go from user rates. For conservative purposes, debt service associated with the CIP has been assumed to be financed over a 20-year period at 3.0% interest.
- The Capital Recovery Charge will remain as currently developed and will be adjusted with any across-the-board rate adjustments throughout the projection period.

As previously discussed, the Town's existing rate structure includes an administrative charge per account, a monthly base charge, and a gallonage (volume) charge for all water consumption. With regard to water consumption, the Town has implemented an inclining block rate structure to help promote water resources conservation. GAI's analysis will propose modifications and adjustments to the Town's current rate structure including:

- Adjustments to the dwelling unit equivalencies for Multi-Family customers (Rate Equity). ***0.80 ERUs per Dwelling Unit based on Billing Frequency Analysis***
- Adjustments to the meter equivalency factors for Commercial customers (Rate Equity). ***American Water Works Association (AWWA) Meter Equivalencies***
- Adjustments to the gallonage allowances per block as well as the differential in the rate per block (Rate Equity and Water Conservation). ***Based on Billing Frequency Analysis, AWWA Meter Equivalencies, Industry Standards, and Water Conservation Efforts***
- Adjustments to the amount of net fiscal requirements to be recovered through the base charge, administrative charge, and gallonage charges (Rate Stability). ***Adjust from 75% recovery of expenses through Gallonage Charges to 65% recovery of expenses through Gallonage Charges.***

Two (2) Scenarios have been prepared for the Town as follows:

- **Scenario 1** – Based on Current 5-Year Implementation of the Capital Improvement Plan.

- **Scenario 2** – Based on Proposed 7-Year Implementation of the Capital Improvement Plan.

Each of the scenarios includes the following six (6) schedules:

- **Schedule 1** is the proforma operating statement for the projection period of FY 2014 through FY 2018. This schedule is **before** any across-the-board rate adjustments necessary for revenue sufficiency and/or debt service coverage.
- **Schedule 2** is the proforma operating statement for the projection period of FY 2014 through FY 2018. This schedule **includes** any rate adjustments necessary for revenue sufficiency and/or debt service coverage.
- **Schedule 3** presents the existing and proposed rates for FY 2014 and includes the differences in those rates.
- **Schedule 4** presents the projected rates for each scenario throughout the projection period of FY 2014 through FY 2018.
- **Schedule 5** is the rate comparison for FY 2014 between the existing and proposed user rates by customer class and meter size at varying usage levels.
- **Schedule 6** demonstrates the current and proposed revenue distribution by user class and rate component for FY 2014.

MISCELLANEOUS CHARGES

The Town has a rather comprehensive list of miscellaneous service charges. As part of this Study, GAI is reviewing the Town's existing charges as well as the Town's current operating and personnel costs and equipment costs and will be making recommendations to modify some of the Town's existing charges as well as adopting additional miscellaneous charges. Charges being reviewed/considered include, but are not limited to:

- Meter Installation Fees
- Tap-In Charges
- Meter Change-out Fees
- Premise Visit (in lieu of disconnecting)
- Reconnection of Service
- Plan Review Charges

- Fire Service Charges
- Customer Deposits
- Account Transfer Fees
- Late Payment Charges
- Returned Check Fees
- Bank Draft Charges
- Meter Tampering Fees
- Illegal Water Use

OTHER ITEMS

Utility System Operations/Efficiencies

The Town currently provides water purchased from Lee County to its customers through its distribution system. In general, effective operation of the Town's Utility system would include, but not be limited to, the following:

- a. Perform monthly meter reading, billing and financial accounting activities;
- b. Invoice and remittance collection services;
- c. Resolve Issues with customers concerning: billing, high water consumption, field repairs, low pressure, odors, or other water quality complaints;
- d. Perform service connects and disconnects; and repair or replace water meters, boxes, and box covers as necessary;
- e. Perform or facilitate the proper repair of all breaks and leaks within the system;
- f. Perform and document distribution system chlorine residuals and master meter reads five (5) days per week;
- g. Properly collect and process all regulatory sampling; create, submit, and maintain all regulatory sampling, and monitoring reports as required by EPA, the Florida Department of Environmental Protection, (FDEP), and Lee County Health administrative statutes;
- h. Develop and mail an annual Consumer Confidence Report (CCR) to all water system consumers;
- i. Develop and implement a fire hydrant flushing program in accordance with FDEP and Lee County Health Department requirements;

- j. Perform routine maintenance of fire hydrants, storage system high service pumps, on-line Chlorine Residual analyzers, and pump emergency generator systems;
- k. Schedule large meter annual calibrations, testing, and documentation records;
- l. Document all maintenance activities through a formal work order system;
- m. Develop, implement, and document a valve maintenance program;
- n. Prepare and maintain all "as-built" information within the system for any and all additions, deletions and changes which will also include GIS updates for meters, hydrants, and any other physical equipment within the system;
- o. Develop and Implement a cross-connection control program for all system backflow devices;
- p. Review construction plans for new connections consistent with operational standards;
- q. Coordinate water system work activities;
- r. Perform water system locates;
- s. Review and Issue Invoices for utility damage or work performed on systems;
- t. Witness hot taps and pressure tests on distribution lines;
- u. Work with Lee County and State of Florida Agencies on water quality issues, fire hydrant management, and routine sampling requirements; and
- v. Maintain at all times and keep up to date an Emergency Operations Plan for the water utility system and required training consistent with the National Incident Management System.

The Town currently has an Operations Contract with Woodard and Curran to provide these services. The term of this contract, with extensions is through January 1, 2017. The total cost of all labors and materials for the first year of this contract (2011) was not-exceed \$454,612 and can be adjusted annually based on changes in the Consumer Price Index – All Urban Consumers (CPI-U) Southern Region.

This may be a potential area for system efficiency. Items to be considered would include:

- Cost to provide the services in-house vs. contract operations

- Timing of bringing the services in-house including transitioning of services to minimize customer impacts
- Condition and age of the system
- Other

Payment in Lieu of Taxes

Municipally owned utilities are not normally subject to taxation by local, state or federal authorities. In some cases, however, a municipal water utility may make payments in lieu of taxes (PILOT) to the municipality that owns that utility. These payments are typically calculated as though the utility is privately owned and subject to property taxes. While there are some states that require PILOT payments for municipally owned utility systems, Florida is not among them. In most instances, the majority of land that is owned by a municipal utility would include administrative offices, treatment plants and lift stations. In the case of the Town of Ft. Myers Beach, the water utility does not have separate office space, treatment plant sites or lift stations, as it is a water only distribution system with two pump stations. As the majority of the system asset value is located within public rights-of-way and the payments are not required by State Statute, a PILOT was not considered in revenue requirements for the utility system.

Lee County Wholesale Rate

The Town currently purchases water from Lee County through a Wholesale Water Agreement. In reviewing this wholesale rate, it falls between the Block 1 and Block 2 Retail rates for the County. Typically, wholesale rates are at or below the Retail System Block 1 Rate. The wholesale rate can be impacted by items including peak demand, type of service, type of contract (i.e. firm commitment, surplus water, emergency/reciprocal, peak requirement), percentage use of system assets, etc. GAI was not involved in developing the current County rates and rate structure. We would recommend that a Comprehensive Cost of Service Rate Study be performed (if it has not already been done), to ensure that one customer class is not subsidizing another customer class within the County. This may be an area of potential system efficiency.

CONCLUSIONS

The rate structure scenarios presented by GAI were based on reviews, analysis and input from Town staff together with cost of service ratemaking principles and guidelines and taking the community's standards into consideration. Other factors that contributed to the adjustments and modifications include continued promotion of water conservation; increased operating costs; state, federal, and water management regulatory requirements; and anticipated cost of capital considerations.

EXHIBIT

Exhibit 1
Town of Fort Myers Beach, FL
Water Enterprise Fund
Existing Customers & Flows

	<u>Accounts</u>	<u>ERCs</u>	<u>Flows (x 1,000s)</u>				<u>Total</u>
			<u>Block 1</u>	<u>Block 2</u>	<u>Block 3</u>	<u>Block 4</u>	
Residential							
5/8"	2,384	2,384					
Subtotal Residential	<u>2,384</u>	<u>2,384</u>	92,141	45,603	4,481	3,576	145,801
Commercial							
5/8"	118	161					
1"	38	109					
1.5"	34	184					
2"	16	134					
3"	8	131					
4"	4	101					
Subtotal Commercial	<u>218</u>	<u>820</u>	17,322	29,103	7,190	66,599	120,214
Irrigation							
5/8"	36	49					
1"	19	54					
1.5"	15	81					
2"	7	59					
Subtotal Irrigation	<u>77</u>	<u>243</u>	5,684	9,845	1,672	13,867	31,068
Multi-Family							
5/8"	325	858					
1"	26	150					
1.5"	32	476					
2"	41	1,303					
3"	39	2,058					
4"	13	1,676					
Subtotal Multi-Family	<u>476</u>	<u>6,521</u>	170,204	7,251	166	-	177,621
Lift Stations							
Stations	17	17					
Subtotal Lift Stations	<u>17</u>	<u>17</u>	29	-	-	-	29
Total	<u>3,172</u>	<u>9,985</u>	<u>285,380</u>	<u>91,802</u>	<u>13,509</u>	<u>84,042</u>	<u>474,733</u>

SCENARIO 1

Scenario 1
Schedule 1
Town of Fort Myers Beach, FL
Water Enterprise Fund
Projected Proforma Operating Results
Before Across-the-Board Rate Adjustments for Revenue Sufficiency

Account Name	Test Year	Projected Fiscal Year			
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Operating Revenues					
User Fee Revenue					
Administrative Charge	\$ 122,500	\$ 122,500	\$ 122,500	\$ 122,500	\$ 122,500
Base Charges	986,800	986,800	986,800	986,800	986,800
Usage (Gallorage) Charges	2,651,800	2,693,000	2,693,000	2,693,000	2,693,000
Subtotal User Fee Revenue	\$ 3,761,100	\$ 3,802,300	\$ 3,802,300	\$ 3,802,300	\$ 3,802,300
Other Operating Revenues					
Miscellaneous Charge Revenues	53,400	98,200	98,200	98,200	98,200
Subtotal Other Operating Revenues	\$ 53,400	\$ 98,200	\$ 98,200	\$ 98,200	\$ 98,200
Total Operating Revenues	\$ 3,814,500	\$ 3,900,500	\$ 3,900,500	\$ 3,900,500	\$ 3,900,500
O & M Expenses	2,718,600	2,798,100	2,869,700	2,943,000	3,018,300
Net Revenues Avail. For Debt Service	\$ 1,095,900	\$ 1,102,400	\$ 1,030,800	\$ 957,500	\$ 882,200
Debt Service	373,100	576,900	861,900	1,232,200	1,380,700
Operating Balance after Debt Service	\$ 722,800	\$ 525,500	\$ 168,900	\$ (274,700)	\$ (498,500)
Other Revenue/(Expenses)					
Capital (Restricted) Revenue	\$ 316,900	\$ 316,900	\$ 316,900	\$ 316,900	\$ 316,900
Interest Income	400	600	700	500	300
Other Non-Operating Expenditures	-	-	-	-	-
R&R and Other Transfers Out	(729,900)	(514,100)	(115,300)	(115,300)	(115,300)
Capital Expenditures Paid by Rates	(305,400)	(313,100)	(320,900)	(328,900)	(337,200)
Total Other Revenue/(Expenses)	\$ (718,000)	\$ (509,700)	\$ (118,600)	\$ (126,800)	\$ (135,300)
Total Available for Other Uses	\$ 4,800	\$ 15,800	\$ 50,300	\$ (401,500)	\$ (633,800)
Rate Increase for Revenue Sufficiency	0.000%	0.000%	0.000%	0.000%	0.000%
Coverage Test on Debt Service					
Achieved	3.7877	2.4613	1.5645	1.0347	0.8687
Target Minimum	1.3000	1.3000	1.3000	1.3000	1.3000
Projected Fund Balances					
Unrestricted	\$ 1,033,123	\$ 1,399,323	\$ 1,350,023	\$ 848,923	\$ 215,623
Restricted	750,400	800,400	900,400	1,000,500	1,000,500
Total	\$ 1,783,523	\$ 2,199,723	\$ 2,250,423	\$ 1,849,423	\$ 1,216,123

Scenario 1
Schedule 2
Town of Fort Myers Beach, FL
Water Enterprise Fund
Projected Proforma Operating Results
After Across-the-Board Rate Adjustments for Revenue Sufficiency

Account Name	Test Year	Projected Fiscal Year			
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Operating Revenues					
User Fee Revenue					
Administrative Charge	\$ 122,500	\$ 122,500	\$ 122,500	\$ 134,400	\$ 141,400
Base Charges	986,800	986,800	986,800	1,082,900	1,139,700
Usage (Gallorage) Charges	2,651,800	2,693,000	2,693,000	2,954,400	3,108,100
Subtotal User Fee Revenue	\$ 3,761,100	\$ 3,802,300	\$ 3,802,300	\$ 4,171,700	\$ 4,389,200
Other Operating Revenues					
Miscellaneous Charge Revenues	53,400	98,200	98,200	107,700	113,100
Subtotal Other Operating Revenues	\$ 53,400	\$ 98,200	\$ 98,200	\$ 107,700	\$ 113,100
Total Operating Revenues	\$ 3,814,500	\$ 3,900,500	\$ 3,900,500	\$ 4,279,400	\$ 4,502,300
O & M Expenses	2,718,600	2,798,100	2,869,700	2,943,000	3,018,300
Net Revenues Avail. For Debt Service	\$ 1,095,900	\$ 1,102,400	\$ 1,030,800	\$ 1,336,400	\$ 1,484,000
Debt Service	373,100	576,900	861,900	1,232,200	1,380,700
Operating Balance after Debt Service	\$ 722,800	\$ 525,500	\$ 168,900	\$ 104,200	\$ 103,300
Other Revenue/(Expenses)					
Capital (Restricted) Revenue	\$ 316,900	\$ 316,900	\$ 316,900	\$ 348,500	\$ 367,100
Interest Income	400	600	700	700	600
Other Non-Operating Expenditures	-	-	-	-	-
R&R and Other Transfers Out	(729,900)	(514,100)	(115,300)	(115,300)	(126,500)
Capital Expenditures Paid by Rates	(305,400)	(313,100)	(320,900)	(328,900)	(337,200)
Total Other Revenue/(Expenses)	\$ (718,000)	\$ (509,700)	\$ (118,600)	\$ (95,000)	\$ (96,000)
Total Available for Other Uses	\$ 4,800	\$ 15,800	\$ 50,300	\$ 9,200	\$ 7,300
Rate Increase for Revenue Sufficiency	0.000%	0.000%	0.000%	9.700%	5.200%
Coverage Test on Debt Service					
Achieved	3.7877	2.4613	1.5645	1.3680	1.3411
Target Minimum	1.3000	1.3000	1.3000	1.3000	1.3000
Projected Fund Balances					
Unrestricted	\$ 1,033,123	\$ 1,399,323	\$ 1,350,023	\$ 1,259,623	\$ 1,267,423
Restricted	750,400	800,400	900,400	1,000,500	1,000,500
Total	\$ 1,783,523	\$ 2,199,723	\$ 2,250,423	\$ 2,260,123	\$ 2,267,923

Scenario 1

Schedule 3

Town of Fort Myers Beach, FL

Water Enterprise Fund

Current and Proposed Rates - FY 2014

Account	Current Rates				Proposed Rates				Differences					
	Res	Comm	Irr	LS	Res	Comm	Irr	LS	Res	Comm	Irr	LS	MF	LS
Administrative Fee														
Per Account	\$ 2.77	\$ 2.77	\$ 2.77	\$ 2.77	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50
Base Charge														
5/8" Meter	\$ 6.82	\$ 9.30	\$ 9.30	\$ 9.30	\$ 9.76	\$ 9.76	\$ 9.76	\$ 9.76	\$ 9.76	\$ 2.94	\$ 0.46	\$ 0.46	\$ 0.99	\$ 0.46
1" Meter	\$ 6.82	\$ 19.53	\$ 19.53	\$ 9.30	\$ 24.40	\$ 24.40	\$ 24.40	\$ 9.76	\$ 9.76	\$ 2.94	\$ 4.87	\$ 4.87	\$ 0.99	\$ 0.46
1.5" Meter	\$ 6.82	\$ 36.85	\$ 36.85	\$ 9.30	\$ 48.80	\$ 48.80	\$ 48.80	\$ 9.76	\$ 9.76	\$ 2.94	\$ 11.95	\$ 11.95	\$ 0.99	\$ 0.46
2" Meter	\$ 6.82	\$ 57.04	\$ 57.04	\$ 9.30	\$ 78.08	\$ 78.08	\$ 78.08	\$ 9.76	\$ 9.76	\$ 2.94	\$ 21.04	\$ 21.04	\$ 0.99	\$ 0.46
3" Meter	\$ 6.82	\$ 111.50	\$ 111.50	\$ 9.30	\$ 156.16	\$ 156.16	\$ 156.16	\$ 9.76	\$ 9.76	\$ 2.94	\$ 44.66	\$ 44.66	\$ 0.99	\$ 0.46
4" Meter	\$ 6.82	\$ 172.98	\$ 172.98	\$ 9.30	\$ 244.00	\$ 244.00	\$ 244.00	\$ 9.76	\$ 9.76	\$ 2.94	\$ 71.02	\$ 71.02	\$ 0.99	\$ 0.46
Capital Reserve Charge														
5/8" Meter	\$ 2.72	\$ 2.72	\$ 2.72	\$ 2.72	\$ 2.72	\$ 2.72	\$ 2.72	\$ 2.72	\$ 2.72	\$ -	\$ -	\$ -	\$ -	\$ -
1" Meter	\$ 2.72	\$ 6.80	\$ 6.80	\$ 2.72	\$ 6.80	\$ 6.80	\$ 6.80	\$ 2.72	\$ 2.72	\$ -	\$ -	\$ -	\$ -	\$ -
1.5" Meter	\$ 2.72	\$ 13.60	\$ 13.60	\$ 2.72	\$ 13.60	\$ 13.60	\$ 13.60	\$ 2.72	\$ 2.72	\$ -	\$ -	\$ -	\$ -	\$ -
2" Meter	\$ 2.72	\$ 21.86	\$ 21.86	\$ 2.72	\$ 21.86	\$ 21.86	\$ 21.86	\$ 2.72	\$ 2.72	\$ -	\$ -	\$ -	\$ -	\$ -
3" Meter	\$ 2.72	\$ 44.12	\$ 44.12	\$ 2.72	\$ 44.12	\$ 44.12	\$ 44.12	\$ 2.72	\$ 2.72	\$ -	\$ -	\$ -	\$ -	\$ -
4" Meter	\$ 2.72	\$ 68.10	\$ 68.10	\$ 2.72	\$ 68.10	\$ 68.10	\$ 68.10	\$ 2.72	\$ 2.72	\$ -	\$ -	\$ -	\$ -	\$ -
Gallonge Charge														
Block 1	\$ 5.27	\$ 5.27	\$ 5.27	\$ 5.27	\$ 4.84	\$ 4.84	\$ 4.84	\$ 4.84	\$ 4.84	\$ (0.43)	\$ (0.43)	\$ (0.43)	\$ (0.43)	\$ (0.43)
Block 2	\$ 6.27	\$ 6.27	\$ 6.27	\$ 6.27	\$ 5.81	\$ 5.81	\$ 5.81	\$ 5.81	\$ 5.81	\$ (0.46)	\$ (0.46)	\$ (0.46)	\$ (0.46)	\$ (0.46)
Block 3	\$ 7.27	\$ 7.27	\$ 7.27	\$ 7.27	\$ 7.26	\$ 7.26	\$ 7.26	\$ 7.26	\$ 7.26	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Block 4	\$ 8.27	\$ 8.27	\$ 8.27	\$ 8.27	\$ 9.68	\$ 9.68	\$ 9.68	\$ 9.68	\$ 9.68	\$ 1.41	\$ 1.41	\$ 1.41	\$ 1.41	\$ 1.41

Scenario 1

Schedule 4 Town of Fort Myers Beach, FL Water Enterprise Fund Projected Rates FY 2014 through FY 2018

	Test Year	Projected Fiscal Year			
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<u>Administrative Charge:</u>					
Per Billed Account per Month	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.59	\$ 3.78
<u>Base Facility Charge:</u>					
<u>Residential</u>					
Per Unit	\$ 9.76	\$ 9.76	\$ 9.76	\$ 10.71	\$ 11.27
<u>Commercial</u>					
5/8"	\$ 9.76	\$ 9.76	\$ 9.76	\$ 10.71	\$ 11.27
1"	\$ 24.40	\$ 24.40	\$ 24.40	\$ 26.77	\$ 28.16
1.5"	\$ 48.80	\$ 48.80	\$ 48.80	\$ 53.53	\$ 56.31
2"	\$ 78.08	\$ 78.08	\$ 78.08	\$ 85.65	\$ 90.10
3"	\$ 156.16	\$ 156.16	\$ 156.16	\$ 171.31	\$ 180.22
4"	\$ 244.00	\$ 244.00	\$ 244.00	\$ 267.67	\$ 281.59
<u>Irrigation</u>					
5/8"	\$ 9.76	\$ 9.76	\$ 9.76	\$ 10.71	\$ 11.27
1"	\$ 24.40	\$ 24.40	\$ 24.40	\$ 26.77	\$ 28.16
1.5"	\$ 48.80	\$ 48.80	\$ 48.80	\$ 53.53	\$ 56.31
2"	\$ 78.08	\$ 78.08	\$ 78.08	\$ 85.65	\$ 90.10
<u>Multi-Family</u>					
Per Unit	\$ 7.81	\$ 7.81	\$ 7.81	\$ 8.57	\$ 9.02
<u>Lift Stations</u>					
Per Station	\$ 9.76	\$ 9.76	\$ 9.76	\$ 10.71	\$ 11.27
<u>Capital Reserve Charge:</u>					
<u>Residential</u>					
Per Unit	\$ 2.72	\$ 2.72	\$ 2.72	\$ 2.99	\$ 3.15
<u>Commercial</u>					
5/8"	\$ 2.72	\$ 2.72	\$ 2.72	\$ 2.99	\$ 3.15
1"	\$ 6.80	\$ 6.80	\$ 6.80	\$ 7.46	\$ 7.85
1.5"	\$ 13.60	\$ 13.60	\$ 13.60	\$ 14.92	\$ 15.70
2"	\$ 21.86	\$ 21.86	\$ 21.86	\$ 23.99	\$ 25.24
3"	\$ 44.12	\$ 44.12	\$ 44.12	\$ 48.40	\$ 50.92
4"	\$ 68.10	\$ 68.10	\$ 68.10	\$ 74.71	\$ 78.60
<u>Irrigation</u>					
5/8"	\$ 2.72	\$ 2.72	\$ 2.72	\$ 2.99	\$ 3.15
1"	\$ 6.80	\$ 6.80	\$ 6.80	\$ 7.46	\$ 7.85
1.5"	\$ 13.60	\$ 13.60	\$ 13.60	\$ 14.92	\$ 15.70
2"	\$ 21.86	\$ 21.86	\$ 21.86	\$ 23.99	\$ 25.24
<u>Multi-Family (per Unit)</u>					
Per Unit	\$ 2.72	\$ 2.72	\$ 2.72	\$ 2.99	\$ 3.15
<u>Lift Stations</u>					
Per Station	\$ 2.72	\$ 2.72	\$ 2.72	\$ 2.99	\$ 3.15
<u>Gallonage Charges:</u>					
<u>Volume Charges (per 1,000 gallons)</u>					
All Customers					
Block 1	\$ 4.84	\$ 4.84	\$ 4.84	\$ 5.31	\$ 5.59
Block 2	\$ 5.81	\$ 5.81	\$ 5.81	\$ 6.37	\$ 6.70
Block 3	\$ 7.26	\$ 7.26	\$ 7.26	\$ 7.96	\$ 8.37
Block 4	\$ 9.68	\$ 9.68	\$ 9.68	\$ 10.62	\$ 11.17
Additional Rate Increases	0.00%	0.00%	0.00%	9.70%	5.20%

Scenario 1
Schedule 5
Town of Fort Myers Beach, FL
Water Enterprise Fund
Current and Proposed Monthly Bills

Customer Class	Usage	Monthly Bill		Difference		
		Current	Proposed	Amount	Percent	
Residential						
5/8"	5	\$ 38.66	\$ 39.95	\$ 1.29	3.34%	
5/8"	15	\$ 100.36	\$ 97.08	\$ (3.28)	-3.27%	
5/8"	30	\$ 194.41	\$ 205.98	\$ 11.57	5.95%	
Commercial/Irrigation						
5/8"	9	\$ 63.22	\$ 62.22	\$ (1.00)	-1.58%	
5/8"	18	\$ 119.65	\$ 118.86	\$ (0.79)	-0.66%	
5/8"	36	\$ 238.51	\$ 264.06	\$ 25.55	10.71%	
1"	12	\$ 95.34	\$ 92.55	\$ (2.79)	-2.93%	
1"	60	\$ 416.30	\$ 400.42	\$ (15.88)	-3.81%	
1"	100	\$ 747.10	\$ 751.32	\$ 4.22	0.56%	
1.5"	25	\$ 197.97	\$ 186.67	\$ (11.30)	-5.71%	
1.5"	80	\$ 592.82	\$ 508.62	\$ (84.20)	-14.20%	
1.5"	300	\$ 2,412.22	\$ 2,468.82	\$ 56.60	2.35%	
Multi-Family						
Per Unit	2	\$ 22.85	\$ 23.48	\$ 0.63	2.76%	
Per Unit	6	\$ 43.93	\$ 43.81	\$ (0.12)	-0.27%	
Per Unit	15	\$ 100.36	\$ 100.45	\$ 0.09	0.09%	

Scenario 1
Schedule 6
Town of Fort Myers Beach, FL
Water Enterprise Fund
Current and Proposed Revenue Distribution by Class and Rate Component
Test Year FY 2014

Revenue	Current		Proposed		Difference	
	Revenue	% of Total	Revenue	% of Total	Amount	Percent
Residential						
Admin	\$ 77,900	1.93%	\$ 92,000	2.26%	\$ 14,100	18.10%
Base	191,800	4.75%	274,500	6.73%	82,700	43.12%
Capital	76,500	1.89%	76,500	1.88%	-	0.00%
Usage	817,000	20.22%	779,600	19.12%	(37,400)	-4.58%
Subtotal	\$ 1,163,200		\$ 1,222,600		\$ 59,400	5.11%
Commercial						
Admin	\$ 7,100	0.18%	\$ 8,400	0.21%	\$ 1,300	18.31%
Base	66,000	1.63%	85,000	2.08%	19,000	28.79%
Capital	23,800	0.59%	23,800	0.58%	-	0.00%
Usage	859,300	21.27%	819,800	20.10%	(39,500)	-4.60%
Subtotal	\$ 956,200		\$ 937,000		\$ (19,200)	-2.01%
Irrigation						
Admin	\$ 2,500	0.06%	\$ 3,000	0.07%	\$ 500	20.00%
Base	19,500	0.48%	24,600	0.60%	5,100	26.15%
Capital	6,900	0.17%	6,900	0.17%	-	0.00%
Usage	214,200	5.30%	197,100	4.83%	(17,100)	-7.98%
Subtotal	\$ 243,100		\$ 231,600		\$ (11,500)	-4.73%
Multi-Family						
Admin	\$ 15,600	0.39%	\$ 18,400	0.45%	\$ 2,800	17.95%
Base	524,600	12.99%	600,700	14.73%	76,100	14.51%
Capital	209,200	5.18%	209,200	5.13%	-	0.00%
Usage	924,800	22.89%	855,200	20.97%	(69,600)	-7.53%
Subtotal	\$ 1,674,200		\$ 1,683,500		\$ 9,300	0.56%
Lift Station						
Admin	\$ 600	0.01%	\$ 700	0.02%	\$ 100	16.67%
Base	1,900	0.05%	2,000	0.05%	100	5.26%
Capital	500	0.01%	500	0.01%	-	0.00%
Usage	100	0.00%	100	0.00%	-	0.00%
Subtotal	\$ 3,100		\$ 3,300		\$ 200	6.45%
Total Revenue	\$ 4,039,800	100.00%	\$ 4,078,000	100.00%	\$ 38,200	0.95%

Total Revenue Summary - By Class

Residential	\$ 1,163,200	28.79%	\$ 1,222,600	29.98%	\$ 59,400	5.11%
Commercial	956,200	23.67%	937,000	22.98%	(19,200)	-2.01%
Irrigation	243,100	6.02%	231,600	5.68%	(11,500)	-4.73%
Multi-Family	1,674,200	41.44%	1,683,500	41.28%	9,300	0.56%
Lift Station	3,100	0.08%	3,300	0.08%	200	6.45%
Total Revenue	\$ 4,039,800	100.00%	\$ 4,078,000	100.00%	\$ 38,200	0.95%

Total Revenue Summary - By Component

Admin	\$ 103,700	2.57%	\$ 122,500	3.00%	\$ 18,800	18.13%
Base	803,800	19.90%	986,800	24.20%	183,000	22.77%
Capital	316,900	7.84%	316,900	7.77%	-	0.00%
Usage	2,815,400	69.69%	2,651,800	65.03%	(163,600)	-5.81%
Total Revenue	\$ 4,039,800	100.00%	\$ 4,078,000	100.00%	\$ 38,200	0.95%

SCENARIO 2

Scenario 2
Schedule 1
Town of Fort Myers Beach, FL
Water Enterprise Fund
Projected Proforma Operating Results
Before Across-the-Board Rate Adjustments for Revenue Sufficiency

Account Name	Test Year	Projected Fiscal Year			
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Operating Revenues					
User Fee Revenue					
Administrative Charge	\$ 121,100	\$ 121,100	\$ 121,100	\$ 121,100	\$ 121,100
Base Charges	972,800	972,800	972,800	972,800	972,800
Usage (Gallorage) Charges	2,619,200	2,660,100	2,660,100	2,660,100	2,660,100
Subtotal User Fee Revenue	\$ 3,713,100	\$ 3,754,000	\$ 3,754,000	\$ 3,754,000	\$ 3,754,000
Other Operating Revenues					
Miscellaneous Charge Revenues	53,400	97,400	97,400	97,400	97,400
Subtotal Other Operating Revenues	\$ 53,400	\$ 97,400	\$ 97,400	\$ 97,400	\$ 97,400
Total Operating Revenues	\$ 3,766,500	\$ 3,851,400	\$ 3,851,400	\$ 3,851,400	\$ 3,851,400
O & M Expenses	2,718,600	2,798,100	2,869,700	2,943,000	3,018,300
Net Revenues Avail. For Debt Service	\$ 1,047,900	\$ 1,053,300	\$ 981,700	\$ 908,400	\$ 833,100
Debt Service	328,700	515,500	691,300	874,000	1,073,700
Operating Balance after Debt Service	\$ 719,200	\$ 537,800	\$ 290,400	\$ 34,400	\$ (240,600)
Other Revenue/(Expenses)					
Capital (Restricted) Revenue	\$ 316,900	\$ 316,900	\$ 316,900	\$ 316,900	\$ 316,900
Interest Income	400	600	700	700	600
Other Non-Operating Expenditures	-	-	-	-	-
R&R and Other Transfers Out	(729,900)	(512,600)	(263,900)	(113,900)	(113,900)
Capital Expenditures Paid by Rates	(305,400)	(313,100)	(320,900)	(328,900)	(337,200)
Total Other Revenue/(Expenses)	\$ (718,000)	\$ (508,200)	\$ (267,200)	\$ (125,200)	\$ (133,600)
Total Available for Other Uses	\$ 1,200	\$ 29,600	\$ 23,200	\$ (90,800)	\$ (374,200)
Rate Increase for Revenue Sufficiency	0.000%	0.000%	0.000%	0.000%	0.000%
Coverage Test on Debt Service					
Achieved	4.1533	2.6592	1.8795	1.4027	1.0716
Target Minimum	1.3000	1.3000	1.3000	1.3000	1.3000
Projected Fund Balances					
Unrestricted	\$ 1,029,523	\$ 1,409,523	\$ 1,483,123	\$ 1,292,723	\$ 919,023
Restricted	750,400	800,400	900,400	1,000,500	1,000,500
Total	\$ 1,779,923	\$ 2,209,923	\$ 2,383,523	\$ 2,293,223	\$ 1,919,523

Scenario 2
Schedule 2
Town of Fort Myers Beach, FL
Water Enterprise Fund
Projected Proforma Operating Results
After Across-the-Board Rate Adjustments for Revenue Sufficiency

Account Name	Test Year	Projected Fiscal Year			
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Operating Revenues					
User Fee Revenue					
Administrative Charge	\$ 121,100	\$ 121,100	\$ 121,100	\$ 123,900	\$ 132,500
Base Charges	972,800	972,800	972,800	994,400	1,062,700
Usage (Gallorage) Charges	2,619,200	2,660,100	2,660,100	2,719,400	2,905,000
Subtotal User Fee Revenue	\$ 3,713,100	\$ 3,754,000	\$ 3,754,000	\$ 3,837,700	\$ 4,100,200
Other Operating Revenues					
Miscellaneous Charge Revenues	53,400	97,400	97,400	99,500	106,300
Subtotal Other Operating Revenues	\$ 53,400	\$ 97,400	\$ 97,400	\$ 99,500	\$ 106,300
Total Operating Revenues	\$ 3,766,500	\$ 3,851,400	\$ 3,851,400	\$ 3,937,200	\$ 4,206,500
O & M Expenses	2,718,600	2,798,100	2,869,700	2,943,000	3,018,300
Net Revenues Avail. For Debt Service	\$ 1,047,900	\$ 1,053,300	\$ 981,700	\$ 994,200	\$ 1,188,200
Debt Service	328,700	515,500	691,300	874,000	1,073,700
Operating Balance after Debt Service	\$ 719,200	\$ 537,800	\$ 290,400	\$ 120,200	\$ 114,500
Other Revenue/(Expenses)					
Capital (Restricted) Revenue	\$ 316,900	\$ 316,900	\$ 316,900	\$ 324,100	\$ 346,100
Interest Income	400	600	700	700	700
Other Non-Operating Expenditures	-	-	-	-	-
R&R and Other Transfers Out	(729,900)	(512,600)	(263,900)	(113,900)	(116,400)
Capital Expenditures Paid by Rates	(305,400)	(313,100)	(320,900)	(328,900)	(337,200)
Total Other Revenue/(Expenses)	\$ (718,000)	\$ (508,200)	\$ (267,200)	\$ (118,000)	\$ (106,800)
Total Available for Other Uses	\$ 1,200	\$ 29,600	\$ 23,200	\$ 2,200	\$ 7,700
Rate Increase for Revenue Sufficiency	0.000%	0.000%	0.000%	2.200%	6.800%
Coverage Test on Debt Service					
Achieved	4.1533	2.6592	1.8795	1.5092	1.4296
Target Minimum	1.3000	1.3000	1.3000	1.3000	1.3000
Projected Fund Balances					
Unrestricted	\$ 1,029,523	\$ 1,409,523	\$ 1,483,123	\$ 1,385,723	\$ 1,393,923
Restricted	750,400	800,400	900,400	1,000,500	1,000,500
Total	\$ 1,779,923	\$ 2,209,923	\$ 2,383,523	\$ 2,386,223	\$ 2,394,423

Scenario 2

Schedule 3

Town of Fort Myers Beach, FL

Water Enterprise Fund

Current and Proposed Rates - FY 2014

Account	Current Rates				Proposed Rates				Differences			
	Res	Comm	Irr	LS	Res	Comm	Irr	LS	Res	Comm	Irr	LS
Administrative Fee												
Per Account	\$ 2.77	\$ 2.77	\$ 2.77	\$ 2.77	\$ 3.24	\$ 3.24	\$ 3.24	\$ 3.24	\$ 0.47	\$ 0.47	\$ 0.47	\$ 0.47
Base Charge												
5/8" Meter	\$ 6.82	\$ 9.30	\$ 9.30	\$ 9.30	\$ 9.62	\$ 9.62	\$ 9.62	\$ 9.62	\$ 2.80	\$ 0.32	\$ 0.32	\$ 0.32
1" Meter	\$ 6.82	\$ 19.53	\$ 19.53	\$ 9.30	\$ 9.62	\$ 24.05	\$ 24.05	\$ 9.62	\$ 2.80	\$ 4.52	\$ 4.52	\$ 0.88
1.5" Meter	\$ 6.82	\$ 36.85	\$ 36.85	\$ 9.30	\$ 9.62	\$ 48.10	\$ 48.10	\$ 9.62	\$ 2.80	\$ 11.25	\$ 11.25	\$ 0.32
2" Meter	\$ 6.82	\$ 57.04	\$ 57.04	\$ 9.30	\$ 9.62	\$ 76.96	\$ 76.96	\$ 9.62	\$ 2.80	\$ 19.92	\$ 19.92	\$ 0.32
3" Meter	\$ 6.82	\$ 111.50	\$ 111.50	\$ 9.30	\$ 9.62	\$ 153.92	\$ 153.92	\$ 9.62	\$ 2.80	\$ 42.42	\$ 42.42	\$ 0.32
4" Meter	\$ 6.82	\$ 172.98	\$ 172.98	\$ 9.30	\$ 9.62	\$ 240.50	\$ 240.50	\$ 9.62	\$ 2.80	\$ 67.52	\$ 67.52	\$ 0.32
Capital Reserve Charge												
5/8" Meter	\$ 2.72	\$ 2.72	\$ 2.72	\$ 2.72	\$ 2.72	\$ 2.72	\$ 2.72	\$ 2.72	\$ -	\$ -	\$ -	\$ -
1" Meter	\$ 2.72	\$ 6.80	\$ 6.80	\$ 2.72	\$ 6.80	\$ 6.80	\$ 6.80	\$ 2.72	\$ -	\$ -	\$ -	\$ -
1.5" Meter	\$ 2.72	\$ 13.60	\$ 13.60	\$ 2.72	\$ 13.60	\$ 13.60	\$ 13.60	\$ 2.72	\$ -	\$ -	\$ -	\$ -
2" Meter	\$ 2.72	\$ 21.86	\$ 21.86	\$ 2.72	\$ 21.86	\$ 21.86	\$ 21.86	\$ 2.72	\$ -	\$ -	\$ -	\$ -
3" Meter	\$ 2.72	\$ 44.12	\$ 44.12	\$ 2.72	\$ 44.12	\$ 44.12	\$ 44.12	\$ 2.72	\$ -	\$ -	\$ -	\$ -
4" Meter	\$ 2.72	\$ 68.10	\$ 68.10	\$ 2.72	\$ 68.10	\$ 68.10	\$ 68.10	\$ 2.72	\$ -	\$ -	\$ -	\$ -
Gallonge Charge												
Block 1	\$ 5.27	\$ 5.27	\$ 5.27	\$ 5.27	\$ 4.78	\$ 4.78	\$ 4.78	\$ 4.78	\$ (0.49)	\$ (0.49)	\$ (0.49)	\$ (0.49)
Block 2	\$ 6.27	\$ 6.27	\$ 6.27	\$ 6.27	\$ 5.74	\$ 5.74	\$ 5.74	\$ 5.74	\$ (0.53)	\$ (0.53)	\$ (0.53)	\$ (0.53)
Block 3	\$ 7.27	\$ 7.27	\$ 7.27	\$ 7.27	\$ 7.17	\$ 7.17	\$ 7.17	\$ 7.17	\$ (0.10)	\$ (0.10)	\$ (0.10)	\$ (0.10)
Block 4	\$ 8.27	\$ 8.27	\$ 8.27	\$ 8.27	\$ 9.56	\$ 9.56	\$ 9.56	\$ 9.56	\$ 1.29	\$ 1.29	\$ 1.29	\$ 1.29

Scenario 2

**Schedule 4
Town of Fort Myers Beach, FL
Water Enterprise Fund
Projected Rates
FY 2014 through FY 2018**

	Test Year	Projected Fiscal Year			
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<u>Administrative Charge:</u>					
Per Billed Account per Month	\$ 3.24	\$ 3.24	\$ 3.24	\$ 3.31	\$ 3.54
<u>Base Facility Charge:</u>					
<u>Residential</u>					
Per Unit	\$ 9.62	\$ 9.62	\$ 9.62	\$ 9.83	\$ 10.50
<u>Commercial</u>					
5/8"	\$ 9.62	\$ 9.62	\$ 9.62	\$ 9.83	\$ 10.50
1"	\$ 24.05	\$ 24.05	\$ 24.05	\$ 24.58	\$ 26.25
1.5"	\$ 48.10	\$ 48.10	\$ 48.10	\$ 49.16	\$ 52.50
2"	\$ 76.96	\$ 76.96	\$ 76.96	\$ 78.65	\$ 84.00
3"	\$ 153.92	\$ 153.92	\$ 153.92	\$ 157.31	\$ 168.01
4"	\$ 240.50	\$ 240.50	\$ 240.50	\$ 245.79	\$ 262.50
<u>Irrigation</u>					
5/8"	\$ 9.62	\$ 9.62	\$ 9.62	\$ 9.83	\$ 10.50
1"	\$ 24.05	\$ 24.05	\$ 24.05	\$ 24.58	\$ 26.25
1.5"	\$ 48.10	\$ 48.10	\$ 48.10	\$ 49.16	\$ 52.50
2"	\$ 76.96	\$ 76.96	\$ 76.96	\$ 78.65	\$ 84.00
<u>Multi-Family</u>					
Per Unit	\$ 7.70	\$ 7.70	\$ 7.70	\$ 7.87	\$ 8.41
<u>Lift Stations</u>					
Per Station	\$ 9.62	\$ 9.62	\$ 9.62	\$ 9.83	\$ 10.50
<u>Capital Reserve Charge:</u>					
<u>Residential</u>					
Per Unit	\$ 2.72	\$ 2.72	\$ 2.72	\$ 2.78	\$ 2.97
<u>Commercial</u>					
5/8"	\$ 2.72	\$ 2.72	\$ 2.72	\$ 2.78	\$ 2.97
1"	\$ 6.80	\$ 6.80	\$ 6.80	\$ 6.95	\$ 7.43
1.5"	\$ 13.60	\$ 13.60	\$ 13.60	\$ 13.90	\$ 14.85
2"	\$ 21.86	\$ 21.86	\$ 21.86	\$ 22.35	\$ 23.87
3"	\$ 44.12	\$ 44.12	\$ 44.12	\$ 45.10	\$ 48.17
4"	\$ 68.10	\$ 68.10	\$ 68.10	\$ 69.60	\$ 74.34
<u>Irrigation</u>					
5/8"	\$ 2.72	\$ 2.72	\$ 2.72	\$ 2.78	\$ 2.97
1"	\$ 6.80	\$ 6.80	\$ 6.80	\$ 6.95	\$ 7.43
1.5"	\$ 13.60	\$ 13.60	\$ 13.60	\$ 13.90	\$ 14.85
2"	\$ 21.86	\$ 21.86	\$ 21.86	\$ 22.35	\$ 23.87
<u>Multi-Family (per Unit)</u>					
Per Unit	\$ 2.72	\$ 2.72	\$ 2.72	\$ 2.78	\$ 2.97
<u>Lift Stations</u>					
Per Station	\$ 2.72	\$ 2.72	\$ 2.72	\$ 2.78	\$ 2.97
<u>Gallage Charges:</u>					
<u>Volume Charges (per 1,000 gallons)</u>					
All Customers					
Block 1	\$ 4.78	\$ 4.78	\$ 4.78	\$ 4.89	\$ 5.22
Block 2	\$ 5.74	\$ 5.74	\$ 5.74	\$ 5.87	\$ 6.27
Block 3	\$ 7.17	\$ 7.17	\$ 7.17	\$ 7.33	\$ 7.83
Block 4	\$ 9.56	\$ 9.56	\$ 9.56	\$ 9.77	\$ 10.43
Additional Rate Increases	0.00%	0.00%	0.00%	2.20%	6.80%

Scenario 2
Schedule 5
Town of Fort Myers Beach, FL
Water Enterprise Fund
Current and Proposed Monthly Bills

Customer Class	Usage	Monthly Bill		Difference		
		Current	Proposed	Amount	Percent	
Residential						
5/8"	5	\$ 38.66	\$ 39.48	\$ 0.82	2.12%	
5/8"	15	\$ 100.36	\$ 95.92	\$ (4.44)	-4.42%	
5/8"	30	\$ 194.41	\$ 203.47	\$ 9.06	4.66%	
Commercial/Irrigation						
5/8"	9	\$ 63.22	\$ 61.48	\$ (1.74)	-2.75%	
5/8"	18	\$ 119.65	\$ 117.43	\$ (2.22)	-1.86%	
5/8"	36	\$ 238.51	\$ 260.83	\$ 22.32	9.36%	
1"	12	\$ 95.34	\$ 91.45	\$ (3.89)	-4.08%	
1"	60	\$ 416.30	\$ 395.55	\$ (20.75)	-4.98%	
1"	100	\$ 747.10	\$ 742.10	\$ (5.00)	-0.67%	
1.5"	25	\$ 197.97	\$ 184.44	\$ (13.53)	-6.83%	
1.5"	80	\$ 592.82	\$ 502.49	\$ (90.33)	-15.24%	
1.5"	300	\$ 2,412.22	\$ 2,438.39	\$ 26.17	1.08%	
Multi-Family						
Per Unit	2	\$ 22.85	\$ 23.22	\$ 0.37	1.62%	
Per Unit	6	\$ 43.93	\$ 43.30	\$ (0.63)	-1.43%	
Per Unit	15	\$ 100.36	\$ 99.25	\$ (1.11)	-1.11%	

Scenario 2
Schedule 6
Town of Fort Myers Beach, FL
Water Enterprise Fund
Current and Proposed Revenue Distribution by Class and Rate Component
Test Year FY 2014

Revenue	Current		Proposed		Difference	
	Revenue	% of Total	Revenue	% of Total	Amount	Percent
Residential						
Admin	\$ 77,900	1.93%	\$ 91,100	2.26%	\$ 13,200	16.94%
Base	191,800	4.75%	270,500	6.71%	78,700	41.03%
Capital	76,500	1.89%	76,500	1.90%	-	0.00%
Usage	817,000	20.22%	770,000	19.11%	(47,000)	-5.75%
Subtotal	\$ 1,163,200		\$ 1,208,100		\$ 44,900	3.86%
Commercial						
Admin	\$ 7,100	0.18%	\$ 8,300	0.21%	\$ 1,200	16.90%
Base	66,000	1.63%	83,800	2.08%	17,800	26.97%
Capital	23,800	0.59%	23,800	0.59%	-	0.00%
Usage	859,300	21.27%	809,700	20.09%	(49,600)	-5.77%
Subtotal	\$ 956,200		\$ 925,600		\$ (30,600)	-3.20%
Irrigation						
Admin	\$ 2,500	0.06%	\$ 2,900	0.07%	\$ 400	16.00%
Base	19,500	0.48%	24,400	0.61%	4,900	25.13%
Capital	6,900	0.17%	6,900	0.17%	-	0.00%
Usage	214,200	5.30%	194,700	4.83%	(19,500)	-9.10%
Subtotal	\$ 243,100		\$ 228,900		\$ (14,200)	-5.84%
Multi-Family						
Admin	\$ 15,600	0.39%	\$ 18,200	0.45%	\$ 2,600	16.67%
Base	524,600	12.99%	592,200	14.69%	67,600	12.89%
Capital	209,200	5.18%	209,200	5.19%	-	0.00%
Usage	924,800	22.89%	844,700	20.96%	(80,100)	-8.66%
Subtotal	\$ 1,674,200		\$ 1,664,300		\$ (9,900)	-0.59%
Lift Station						
Admin	\$ 600	0.01%	\$ 600	0.01%	\$ -	0.00%
Base	1,900	0.05%	1,900	0.05%	-	0.00%
Capital	500	0.01%	500	0.01%	-	0.00%
Usage	100	0.00%	100	0.00%	-	0.00%
Subtotal	\$ 3,100		\$ 3,100		\$ -	0.00%
Total Revenue	\$ 4,039,800	100.00%	\$ 4,030,000	100.00%	\$ (9,800)	-0.24%

Total Revenue Summary - By Class

Residential	\$ 1,163,200	28.79%	\$ 1,208,100	29.98%	\$ 44,900	3.86%
Commercial	956,200	23.67%	925,600	22.97%	(30,600)	-3.20%
Irrigation	243,100	6.02%	228,900	5.68%	(14,200)	-5.84%
Multi-Family	1,674,200	41.44%	1,664,300	41.30%	(9,900)	-0.59%
Lift Station	3,100	0.08%	3,100	0.08%	-	0.00%
Total Revenue	\$ 4,039,800	100.00%	\$ 4,030,000	100.00%	\$ (9,800)	-0.24%

Total Revenue Summary - By Component

Admin	\$ 103,700	2.57%	\$ 121,100	3.00%	\$ 17,400	16.78%
Base	803,800	19.90%	972,800	24.14%	169,000	21.03%
Capital	316,900	7.84%	316,900	7.86%	-	0.00%
Usage	2,815,400	69.69%	2,619,200	64.99%	(196,200)	-6.97%
Total Revenue	\$ 4,039,800	100.00%	\$ 4,030,000	100.00%	\$ (9,800)	-0.24%