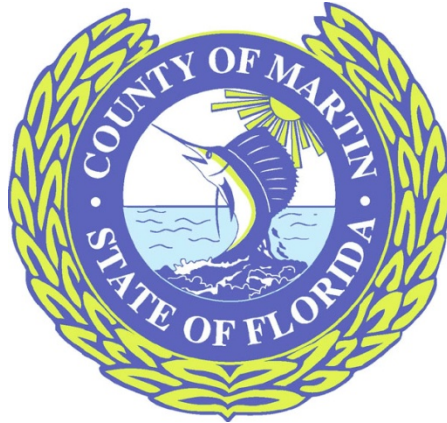


MARTIN COUNTY, FLORIDA



WATER AND WASTEWATER SYSTEM TEN-YEAR FINANCIAL FORECAST

JANUARY 21, 2019



Public Resources Management Group, Inc.

Utility, Rate, Financial and Management Consultants



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Utility, Rate, Financial and Management Consultants

January 21, 2019

Mr. Samuel T. Amerson, P.E.
Utilities and Solid Waste Director
Martin County – Utilities and Solid Waste Dept.
2378 S.E. Ocean Blvd.
Stuart, FL 34996-3310

Subject: Water and Wastewater System Ten-Year Financial Forecast

Dear Sam:

Public Resources Management Group, Inc. ("PRMG") is pleased to submit this report for your review and consideration regarding the update of the ten (10) year financial forecast (the "Financial Forecast") for the water and wastewater utility system (the "System") operations on behalf of Martin County (the "County"). The primary purpose of the development of the Financial Forecast was to identify the ability of the System operating revenues (derived primarily from monthly rates for service and other miscellaneous services charges) to adequately fund the expenditure requirements of the System, including the ten-year capital improvement plan as identified by the County. Specifically, the Financial Forecast focuses on the sufficiency of the existing rate revenues to fund the capital improvement plan and provide additional information to the County with respect to the anticipated sources of available funding (i.e., capital facility charges, anticipated indebtedness, etc.) for the projects required for service area development and capacity needs for the Fiscal Years 2018 through 2028 (the "Forecast Period").

This attached report includes: i) a discussion of the significant assumptions used in the development of the Financial Forecast; ii) an analysis of the ability of revenues of the System to meet the estimated operating and capital expenditure requirements; and iii) the presentation of the identified financing plan for the current ten-year capital program. The analysis is based on detailed financial information provided by County staff, including but not limited to, customer statistical data, annual financial and budgetary data, information regarding the extension of service to developed and un-served areas and potential development of the System service area, as well as, other information provided by the County relative to the development of the capital program.

The Board of County Commissioners (the "BOCC") adopted annual rate indexing of monthly utility rates (the "Price Index") through Rate Resolution No. 16-3.15 (the "Rate Resolution"), which is tied to the Florida Public Service Commission (the "FPSC") annually published price index and pass-through adjustment. Pursuant to the Rate Resolution, the annual Price Index cannot exceed 2.5%. The Price Index is currently scheduled to sunset after October 1, 2024 (i.e., rates for the Fiscal Year 2025). Based on the assumptions and analyses reflected in this report, which should be read in its entirety, we are of the opinion that the current rates of the System will be sufficient to meet the projected revenue requirements of the System. It is recommended that the Price Index

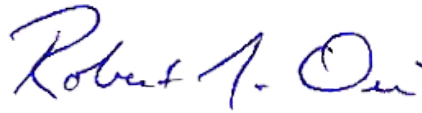
adjustment be re-instated (based on the same formula as is currently in place) by the Fiscal Year 2025 to help the System to continue to provide operating margins to allow for continued capital re-investment to fund future capital needs and utility extension programs.

Events may occur during this projected time period that could have an effect on the financial projections presented in this report and such effects could be material, which may alter the level of the projected future rate adjustments. As such, it is recommended the County continue to annually review the System's financial condition to monitor the potential need for such rate adjustments in the future.

We appreciate the assistance provided by the County with respect to the preparation of this report.

Very truly yours,

Public Resources Management Group, Inc.



Robert J. Ori
President



Thierry A. Boveri
Associate



Matthew N. Ori
Rate Consultant



MARTIN COUNTY, FLORIDA

Water and Wastewater System

Ten-Year Financial Forecast

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MARTIN COUNTY, FLORIDA

Water and Wastewater System

Ten-Year Financial Forecast

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MARTIN COUNTY, FLORIDA

Water and Wastewater System Ten-Year Financial Forecast

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MARTIN COUNTY, FLORIDA

Water and Wastewater System Ten-Year Financial Forecast

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MARTIN COUNTY, FLORIDA
WATER AND WASTEWATER SYSTEM
TEN-YEAR FINANCIAL FORECAST

EXECUTIVE SUMMARY

GENERAL

The Martin County (the "County") water and wastewater utility system (the "System") is accounted as a utility enterprise fund (the "Utility Fund"). As such, the Utility Fund must have revenues equal to the cost of services provided by the System and the County must establish rates sufficient to cover the cost of operating, maintaining, repairing and financing the System. According to the Governmental Accounting Standards Board, "Enterprise Funds should be used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges."

In order to evaluate the sufficiency of existing rate revenues, a financial projection was prepared recognizing recent historical trends, anticipated future customer growth / demand and increases in the cost of providing service for the Fiscal Years 2018 through 2028 (the "Forecast Period"). The following report provides: i) a discussion of the significant assumptions used in the development of the Financial Forecast; ii) an analysis of the ability of revenues of the System to meet the operating and capital expenditure requirements; and iii) the presentation of the identified financing plan for the current ten-year capital program.

RECENT TRENDS

The Utility and Solid Waste Department (the "Department") has historically maintained a positive financial position relative to: i) the stabilization of rates; ii) the quality of facilities and service; iii) the maintenance of adequate reserves; and iv) the continued compliance of the rate covenants as delineated in Bond Resolution No. 94-9.2, as amended, which authorized the issuance of the outstanding senior lien bonds (the "Bond Resolution").

Besides the improving economy resulting in increased development, the County's utility customer base also continues to grow with regional water and wastewater service as a result of the County's water and wastewater line extension program to retrofit existing residential communities (i.e., funded through assessments to benefitting properties). Since the Fiscal Year 2002, the County has recognized the addition of approximately 12,655 water and 9,894 wastewater total accounts, as seen below, resulting in an average growth rate of approximately 3.3% annually, which has been a result of new development, extension of service to existing developments, and the acquisition of privately-owned (and regulated) utility systems to promote the regionalization of water and wastewater services. Acquisition of privately-owned utility systems accounted for approximately 2,186 water customers and 2,067 wastewater customers since 2002. In contrast, the County has reported population growth over the same period of approximately 1.6% annually.

Fiscal Year Ending September 30,	Water System		Wastewater System	
	Average Annual Accounts	Average Annual ERCs	Average Annual Accounts	Average Annual ERCs
2002	21,162	28,409	14,533	18,386
2003	22,714	30,158	15,714	19,917
2004	24,530	32,808	17,575	22,045
2005	25,585	34,378	18,347	23,024
2006	26,779	36,133	19,385	24,494
2007	27,709	37,479	20,145	25,448
2008	28,074	38,219	20,203	25,608
2009	28,379	38,981	20,333	25,979
2010	29,984	41,445	21,627	27,903
2011	30,594	42,861	22,162	28,821
2012	31,048	43,363	22,637	29,449
2013	31,563	43,973	23,061	30,018
2014	32,267	44,820	23,468	30,503
2015	32,874	45,562	23,840	30,856
2016	33,392	46,215	24,148	31,230
2017	33,817	46,817	24,427	31,581
2018	34,270	47,626	24,586	31,856
Average Annual Historical Growth Rate	<u>3.06%</u>	<u>3.28%</u>	<u>3.34%</u>	<u>3.49%</u>

The gross revenue requirements represent the total expenditures of the System and are primarily comprised of i) operating expenses; ii) annual debt service payments; and iii) transfers to capital accounts to fund the capital improvements to the System. The cost of operations represents approximately 60% of the gross revenue requirements of the System and has increased on average by approximately 3.8% annually since the Fiscal Year 2004. The increased cost of operating expenses is related to a variety of factors, including inflation, increases in fuel, energy, and chemical prices, higher health insurance costs, the need to continue maintenance on the System, and System growth. Annual debt service payments currently reflect approximately 23.18% of the total gross revenue requirements of the System and were issued by the County to fund capital improvements of the System and utility acquisitions that are part of the County's regionalization program. The County also annually deposits funds into the Renewal and Replacement Fund to support ongoing asset replacements, betterments, upgrades and improvements (reference as "capital improvements"). The annual deposits to the fund approximately 15% of total revenue requirements.

OBSERVATIONS AND RECOMMENDATIONS SUMMARY

Based on the analyses and assumptions as documented in the attached report, the following are our observations and recommendations for consideration by the County:

1. Based on the findings of our analyses, the existing rate revenues are not anticipated to be sufficient during the Forecast Period and will require the continued implementation of the price index in future years as shown below:

Summary of Projected and Identified Rate Adjustments

	Projected Fiscal Year Ending September 30,										
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Price Index [1]	0.00%	1.76%	1.75%	1.75%	1.65%	1.50%	1.50%	1.50%	0.00%	0.00%	0.00%
Rate Adjustments [2]	--	--	--	--	--	--	--	--	--	--	--
Total Adjustments	0.00%	1.76%	1.75%	1.75%	1.65%	1.50%	1.50%	1.50%	0.00%	0.00%	0.00%

[1] The Board of County Commissioners (the "BOCC") adopted Resolution No. 09-8.22 providing for annual rate indexing (the "Price Index"), not to exceed 2.50%, based upon the Florida Public Service Commission (the "FPSC") annually published price index and pass-through adjustment. The indexing provision for Resolution No. 16-3.15 is scheduled to sunset subsequent to October 1, 2024.

[2] No additional rate adjustments above the annual Price Index have been adopted.

For the purposes of this analysis, the price index was not assumed to be reinstated in 2026 since the BOCC has not approved this action; it is recommended by PRMG that the price index application be continued to maintain operating margins and limit financial risk.

2. The continued application of the Price Index during the financial forecast is projected to result in:
 - a. Unrestricted cash reserve balances equal to or greater than 120 days of operating expenses, which is considered favorable by credit rating agencies;
 - b. Total or "All-In" debt coverage^[1] equal to or greater than 150%, which is considered favorable by credit rating agencies;
 - c. Maintain compliance with all covenants of the Bond Resolution, which authorized the issuance of the outstanding bonds;
 - d. Moderate declines in the Net Revenue Margin^[2] within the outer years of the Forecast Period since the rate of growth on projected revenues (with the application of the rate indexing) being less than the projected rate of growth in operating expenses; and
 - e. Although the price index is scheduled to sunset in Fiscal Year 2026, it is recommended that the County consider reinstating the index in 2026 to maintain operating margins and to promote on-going capital reinvestment. As previously mentioned, the price index was set at zero since this application is consistent with the provisions of the current rate resolution and such re-instatement has not been requested for consideration by the BOCC. It should be noted that there are a lot of potential financial considerations that could affect the cash flow and the need to maintain the application of the price index, including the funding of the water and wastewater expansion program, changes to the economy that could affect revenues, increased regulations on the treatment of water and

[1] Debt coverage is a principle financial ratio used by credit rating agencies to assess the financial strength of a utility. Total or "All-In" debt coverage refers to the percentage of Gross Revenues less Operating Expenses (i.e., Net Revenues) divided by the total annual senior and subordinate debt service payments calculated for a given fiscal year.

[2] Net Revenue Margin is calculated by dividing Net Revenues by Gross Revenues. Provides an indication of the amount of Net Revenues available to fund System debt and capital requirements.

wastewater, and the increased need to replace utility infrastructure as the assets continue to age and reach their average service lives.

3. As of the Fiscal Year 2017 (most recently completed Fiscal Year), the System provided service to approximately 33,817 water accounts / 46,817 water equivalent residential connections ("ERC") and 24,427 wastewater accounts / 31,581 wastewater ERCs on average. An ERC represents the average capacity for a single-family residential account (served by a 5/8" x 3/4" meter) and is used to evaluate the total customer base on an equivalent basis (how many total equivalent households are being served) since many customers may be a single account that serves a large customer base (e.g., a condominium) or commercial customer (e.g., a hotel).
4. The average monthly water demand or use per ERC has seen a general decline since the Fiscal Year 2006 of approximately 1.2% annually reflecting the effects of water restrictions imposed by the South Florida Water Management District (the "SFWMD"), general water conservation measures being employed by the customers, and the lingering effects of the economic downturn on general water use.
5. Based on a review of recent historical trends, anticipated customer growth and assumptions as disclosed hereafter, the estimated increase in the cost of operations and maintenance subsequent to the Fiscal Year 2018 is projected to be approximately 3.5% a year, reflecting the following assumptions:
 - a. The adopted Fiscal Year 2018 budget and the preliminary Fiscal Year 2019 Budget served as the baseline for the forecast of operating expenses for these two fiscal years. It should be noted that the adopted operating budget for the Fiscal Year 2018 was adjusted for purposes of this financial forecast to reflect reductions in IT services, software, sludge removal, electric and chemical expenses, and changes in decommissioning costs for retired assets based on recent historical trends and discussions with Utility staff.
 - b. Projected inflation escalation factor as applied to general expenses for the forecast of operating expenses ranging from 2.2% to 2.4% as reported by the Congressional Budget Office (the "CBO") in the *Budget and Economic Outlook: Fiscal Years 2018 to 2028* dated February 2018.
 - c. The cost of labor, power, chemicals, and sludge disposal (essentially uncontrolled costs of the System) currently account for approximately 55% of the total operating expenses of the System.
 - i. Personnel expenses including wages, health insurance and other benefits were assumed to escalate, in aggregate, by approximately 3.0% per year from Budgeted Fiscal Year 2018 levels; and
 - ii. Variable costs including electric, chemical and sludge expenses are anticipated to increase by approximately 4.6% per year based on recent historical trends and projected water and wastewater flows.

- d. Repair and maintenance expenses are anticipated to increase by approximately 3.1% per year based on recent historical trends and plant additions.
- e. A contingency allowance of 0.5% of total projected operating expenses was recognized to account for the potential of additional unanticipated incremental cost increases.

The following is a summary of the projected operating expenses recognized in the Financial Forecast:

Summary of Forecasted Water and Wastewater Operating Expenses (\$000s)											
Description	Fiscal Year Ending September 30,										
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Personnel and Benefits	\$7,389	\$7,557	\$7,932	\$8,199	\$8,553	\$8,907	\$9,207	\$9,517	\$9,976	\$10,403	\$10,755
Electricity	1,893	1,944	2,029	2,119	2,225	2,331	2,428	2,538	2,641	2,767	2,885
Professional and Contractual Services	3,924	3,755	3,258	3,336	3,416	3,498	3,582	3,668	3,756	3,846	3,939
Chemicals	1,161	1,239	1,296	1,357	1,426	1,496	1,560	1,634	1,704	1,789	1,869
Repair and Maintenance	1,963	2,030	2,089	2,152	2,217	2,285	2,354	2,425	2,499	2,575	2,653
Indirect Cost Allocation	1,555	1,454	1,498	1,543	1,589	1,637	1,686	1,737	1,789	1,842	1,898
Other Expenses	929	1,220	1,244	1,302	1,321	1,350	1,376	1,389	1,412	1,443	1,424
Operating Supplies	716	500	512	524	537	551	564	578	592	607	622
Sludge Removal	1,150	1,250	1,300	1,361	1,439	1,520	1,591	1,669	1,740	1,828	1,907
Fuel	254	300	319	338	359	381	405	430	456	484	514
Bulk Purchases	56	56	56	56	56	56	56	56	56	56	56
Bad Debt	53	54	56	59	62	64	65	68	70	70	71
Contingency	106	110	111	116	119	123	127	131	136	141	146
Planned Maintenance [*]	0	550	600	645	460	350	440	360	445	300	410
Total	\$21,151	\$22,019	\$22,299	\$23,105	\$23,778	\$24,546	\$25,441	\$26,199	\$27,272	\$28,152	\$29,148

[*] Represents planned maintenance expenses (generally significant, non-recurring expenditures), which are not considered as ongoing routine maintenance, which varies by year similar to the Capital Improvement Program ("CIP").

6. As discussed in greater detail in this report, the capital improvement program ("CIP") is expected to be approximately \$182.9 million during the Forecast Period (which includes adjustments for inflation to estimate the project cost at time of construction initiation). The Department anticipates funding the majority or \$109.9 million of the capital improvements from internal sources including existing cash reserves and future operating revenues. It should be noted that approximately \$67,000,000 or 37% of the Capital Program recognized for the development of the financial forecast includes projects associated with the Septic to Sewer Extension Program and other anticipated water utility extension programs, which may have not yet been formally approved by the Board of County Commissioners (the "Board") but are anticipated by the Department to become a component of the program in the future. All of the extension-related capital projects are to be funded, in part, by additional capital-recovery assessments to be charged to the customers connecting to the System.
7. As mentioned above, a component of the capital program includes the extension of water and/or wastewater service (funded over time through assessment programs) to developed, but currently un-served areas. The water areas include the extension of service to the James Villas (91 Water ERCs), Indian River Drive (70 Water ERCs), Evergreen (300 Water ERCs), Wind Stone (105 Water ERCs), and Palm Lake Park (222 Water ERCs) developments. For the wastewater system, the areas include Indian River Drive (70 Wastewater ERCs). The County is currently engaged in a water extension program and a septic to sewer extension

program to address areas, which have failing or outdated septic tanks and which many create environmental situations. The forecast includes for the water system the water system Martin Downs / Sunset Gardens (629 Water ERCs), Hibiscus Park (481 Water ERCs), and Port Salerno / New Monrovia (647 Water ERCs). The sewer areas include Martin Downs / Sunset Gardens (1,078 Sewer ERCs), Golden Gate (775 Sewer ERCs), and Port Salerno / New Monrovia (878 Sewer ERCs). These specific extension programs represent larger developments that were identified to i) remove the existing septic tank systems along the St. Lucie Estuary and Indian River Lagoon within the County; and ii) to the extent applicable, extend potable water service to these developments located in the wastewater extension program that do not have regional potable water service (with the objective to be installed concurrently with the installation of the wastewater collection facilities associated with the respective extension programs. The extension program recognized in the financial forecast recognize only four (4) of the twenty-four (24) wastewater areas or developments and four (4) of the eighteen (18) water areas or developments; it is anticipated that as these areas get constructed and connected to the regional system, additional areas will be added.

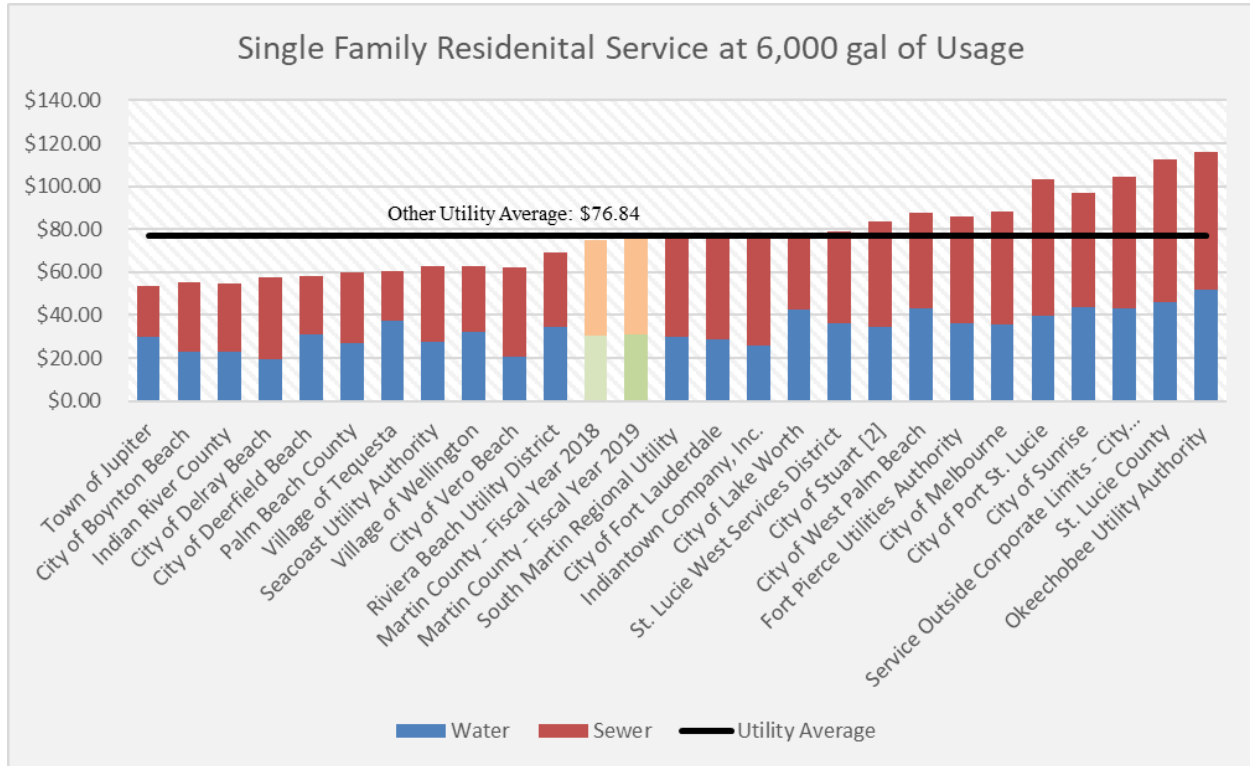
8. In order to provide sufficient funding for the renewal and replacement ("R&R") capital needs of the System (generally benefiting the existing customers of the utility), annual transfers funded from System operations to the R&R Fund are assumed to average approximately \$5.7 million annually during the Forecast Period (with an increasing annual deposit amount occurring during such period). Figure 3 at the end of the attached report provides a summary of projected R&R Fund balance activity recognized in the financial plan during the Forecast Period.
9. The average single-family (individually-metered) residential customer uses approximately 6,000 gallons of monthly water and wastewater service. The indexed Fiscal Year 2019 rates will result in an increase in a monthly increase to the average residential customer as follows:

Single-Family Residential Service – Change in Bills [*]			
	<u>Water Bill</u>	<u>Wastewater Bill</u>	<u>Total Bill</u>
Current Rates (FY 2018)	\$30.63	\$44.23	\$74.86
Indexed Rates (FY 2019)	<u>31.17</u>	<u>45.03</u>	<u>76.20</u>
Difference:			
Amount	\$0.54	\$0.80	\$1.34
Percent	<u>1.76%</u>	<u>1.79%</u>	<u>1.79%</u>

[*] Rates reflect application of the Board approved FPSC Price Index published during the Fiscal Year 2018 of 1.76%; differences in percent adjustment due to rounding of the rates for service to the nearest cent.

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The anticipated Fiscal Year 2019 rates for the County are considered competitive based on a survey of other neighboring public utilities located in Southeast Florida as shown on the figure below.



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MARTIN COUNTY, FLORIDA
WATER AND WASTEWATER SYSTEM
TEN-YEAR FINANCIAL FORECAST

INTRODUCTION

On behalf of the Martin County (the "County") water and wastewater utility system (the "System") through its Utilities and Solid Waste Department (the "Department"), Public Resources Management Group, Inc. ("PRMG") was retained to prepare a ten (10) year financial forecast (the "Financial Forecast") of System operations. Specifically, PRMG was tasked with analyzing the revenue requirements (expenditure needs) of the System, update the capital expenditure funding analysis and the effects on the financial position of the System, evaluate the ability of the System to meet the financial objectives of the County, and to determine the potential need for rate adjustments during the Forecast Period in order to strategically evaluate the System's overall financial position.

The analysis included in this report recognizes a forward-looking projection over the next ten years, comprising the Fiscal Years ending September 30, 2018 to 2028 (the "Forecast Period"). The remainder of this report provides a discussion of the Financial Forecast analysis methodology, the water and wastewater system rates and charges, historical and projected customer statistics, identification of the revenue requirements and estimated sufficiency of the existing rates and provides a summary of the financial trends and position of the System.

FINANCIAL FORECAST ANALYSIS METHODOLOGY

In order to evaluate the existing and forecasted financial position of the Utility the following methodology was recognized:

1. An evaluation of the service area requirements for the individual water and wastewater systems was performed. This included a review of recent historical customers served and corresponding usage requirements such that: i) a representative forecast of System needs from a financial standpoint could be prepared; and ii) a projection of rate revenues consistent with the projected service area needs could be developed.

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2. A projection of the Net Revenue Requirements from rates, which equates to the expenditure requirements funded from monthly user charges, was analyzed. A summary of the definition of the Net Revenue Requirements is summarized below:

+	Cost of Operation and Maintenance
+	Debt Service Payments (Senior and Subordinate)
+	Transfers and Administration Payments
+	Capital Project Financing
+	Working Capital Reserve Deposits / Financial Compliance
-	Other Operating Revenue / Interest Income / Working Capital Reserve Use
-	<u>Interest Income</u>
=	Net Revenue Requirements (Funded from Rates)
3. Included as a component of Net Revenue Requirements was the development of a funding plan for the System capital improvements. The funding of these improvements recognized the following parameters: i) the use of available operating reserves or other available cash balances as a first priority (above targeted reserve balances); ii) the use of Capital Facility Charges, to the extent available, to fund expansion-related capital expenditures; iii) the recognition of a pay-as-you-go ("PAYGO") capital funding program (funded by deposits to a Renewal and Replacement Fund from rates) to finance capital projects that primarily benefit existing rate payers; and iv) the use of additional debt / loans, if needed or identified by Utility staff, to fund large expenditures with extended service lives (leveraging of System revenues to reduce annual expenditure funded from rates) to the extent other funding sources were not readily or reasonably available.
4. In addition, the cash position of the System was evaluated and taken into consideration through the identification of targeted minimum ending cash balances in order to adequately reserve working capital balances (reduce financial risk) and provide for the anticipated capital funding needs of the System.
5. Provide a review of compliance with the rate covenant requirements on outstanding debt service in accordance with the Resolution No. 94-9.2, as amended and as supplemented from time to time that authorized the issuance of the Outstanding Bonds (the "Bond Resolution") and other loan covenant requirements as delineated in subordinate loan agreements during the Forecast Period.
6. Estimate the necessary annual total System rate adjustments that would be required to fund the identified Net Revenue Requirements and meet the overall financial needs of the System.

WATER AND WASTEWATER SYSTEM RATES AND CHARGES

Monthly User Rates

The water rates that are currently in effect as reflected in Resolution No. 16-3.15 (the "Rate Resolution"), which was adopted by the Board of County Commissioners ("BOCC") on March 29, 2016 include: i) a constant service charge (readiness-to-serve charge), which varies by meter size; ii) a customer account charge to recover the allocated cost of billing, meter reading, and other

customer service needs and, combined with the constant service charge, serves as the minimum bill for water service; and iii) a volumetric flow charge based on metered water consumption, which increases as consumption increases in order to promote water conservation, for the residential class. The rates for the wastewater system as reflected in the Rate Resolution are similar in structure to that of the water system and include: i) a constant service charge (readiness-to-serve charge), which varies by meter size; ii) a customer account charge to recover the allocated cost of billing, meter reading, and other customer service needs and, combined with the constant service charge, serves as the minimum bill for wastewater service; iii) a volumetric flow charge predicated on metered water consumption, which serves as the basis for wastewater use; vi) a maximum residential billing threshold of 10,000 gallons per month per unit for the billing of the volumetric flow charge for this class of customers; and v) a separate monthly base charge (includes an allowance for service charge and volumetric charge) for unmetered wastewater customers (wastewater service customers that do not receive County water service). The Rate Resolution also provides for the application of an annual price index every June 1st based on the Florida Public Service Commission ("FPSC") water and wastewater price index. The price index provision has been applied annually by the County since the Fiscal Year 2016 and is currently scheduled to sunset after the application in the Fiscal Year 2025.

The following is a summary of the current monthly System rates for service as delineated in the Rate Resolution:

Water System – Monthly Service Charge			Wastewater System – Monthly Service Charge		
Residential Single-Family Service	June 1, 2017	June 1, 2018	Residential Service	June 1, 2017	June 1, 2018
<u>Meter Size:</u>			<u>Meter Size:</u>		
5/8"	\$14.51	\$14.92	5/8"	\$14.01	\$14.22
1"	36.74	37.29	1"	14.01	14.22
1-1/2"	73.49	74.60	1-1/2"	14.01	14.22
2"	117.56	119.34	2"	14.01	14.22
Residential Multi-Family Service (per Unit) [1]	\$7.34	\$7.45	Residential Multi-Family Service (per Unit) [1]	\$7.03	\$7.14
Commercial and Irrigation Service			Commercial Service		
<u>Meter Size:</u>			<u>Meter Size:</u>		
5/8"	\$17.48	\$17.74	5/8"	\$16.67	\$16.92
1"	43.80	44.46	1"	41.74	42.37
1-1/2"	87.43	88.75	1-1/2"	83.39	84.65
2"	139.89	142.00	2"	133.43	135.44
3"	279.81	284.04	3"	266.84	270.87
4"	437.21	443.81	4"	416.92	423.22
6"	874.40	887.60	6"	833.89	846.48
8"	1,573.94	1,597.71	8"	1,500.98	1,523.64
			Wastewater Only Service –per Equivalent Residential Connection		
Customer Account Charge (per Bill)	\$2.35	\$2.39	Customer Account Charge (per Bill)	\$3.67	\$3.73
Consumption Charge (per 1,000 Gallons of Metered Water)			Consumption Charge-All Classes of Customers (per 1,000 Gallons of Metered Water)		

Table continued on following page.

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Water System – Monthly Service Charge (cont'd.)			Wastewater System – Monthly Service Charge (cont'd.)		
Residential Single-Family Service					
	June 1, 2017	June 1, 2018		June 1, 2017	June 1, 2018
0 – 10,000 Gallons [2]	\$2.19	\$2.22	0 – 10,000 Gallons [2]	\$4.31	\$4.38
10,001 – 15,000 Gallons	3.09	3.14	N/A	---	---
15,001 – 25,000 Gallons	3.96	4.02	N/A	---	---
25,001 and Above	4.83	4.90	N/A	---	---
Residential Multi-Family Service (per Unit)					
	June 1, 2017	June 1, 2018		June 1, 2017	June 1, 2018
0 – 5,000 Gallons	\$2.19	\$2.22		\$4.31	\$4.38
5,001 – 7,500 Gallons	3.09	3.14	N/A	---	---
7,501 – 12,500 Gallons	3.96	4.02	N/A	---	---
12,501 and Above	4.83	4.90	N/A	---	---
Commercial Service					
	June 1, 2017	June 1, 2018		June 1, 2017	June 1, 2018
All Consumption	\$2.65	\$2.69	All Consumption	\$4.31	\$4.38
Irrigation Service					
	June 1, 2017	June 1, 2018		June 1, 2017	June 1, 2018
0 – 10,000 Gallons	\$3.09	\$3.14	N/A	N/A	N/A
10,001 – 15,000 Gallons	3.96	4.02	N/A	N/A	N/A
15,001 and Above	4.83	4.90	N/A	N/A	N/A

[1] Residential multi-family monthly service based on number of units served (each dwelling unit equivalent to 0.50 ERCs).

[2] For all individually-metered residential units, the consumption charge shall not apply to monthly usage (metered water sales) in excess of 10,000 gallons.

Reclaimed Water Service

As reflected in the Rate Resolution, the County currently charges a reclaimed or irrigation quality ("IQ") water charge to large areas receiving service on a low-pressure basis (for redistribution by customer; the County does not provide high pressure service to end use customers) of \$0.49 per 1,000 gallons of reserved capacity. Customers that receive this service currently include large users such as golf courses and homeowner associations (median or common area irrigation).

Capital Facility Charges

In addition to the monthly rates for water and wastewater service, the County currently charges a capital facility charge based upon an equitable and proportionate share of the cost for: i) water production and transmission facilities; and ii) wastewater transmission, treatment and effluent disposal capacity of the System. The purposes of the Capital Facility Charges are for paying or reimbursing the equitable share of the capital costs relating to the construction, expansion, or equipping of excess or unused capacity of the System in order to serve new users. The following table summarizes the current water and wastewater system Capital Facility Charges pursuant to Rate Resolution by utility service type.

	Capital Facility Charge
Water – \$ per ERC	\$1,710
Wastewater – \$ per ERC	2,100

It should be noted that the County is conducting an impact fee study that has identified the ability to increase the fees; such increases have not been presented to the BOCC and therefore are not reflected in the financial forecast included in this report.

Service Availability Charge

Pursuant to the Rate Resolution, the County presently charges a Service Availability Charge ("SAC") to new development after water and/or wastewater service has been approved by the County. Following the County's agreement to reserve service at the water and wastewater system facilities (which includes payment of the Capital Facility Charges), all developer-owned vacant buildable lots (reserved pursuant to a signed developer agreement) shall pay the applicable minimum SAC. The purpose of this charge is to recover the fixed operating, maintenance, and replacement costs of the facilities, which the County has built and must maintain on behalf of those requesting the reservation of service prior to connection. The current SAC for the System as delineated in the Rate Resolution is summarized below:

Monthly Service Availability Charge (per ERC) [*]	
Water	Wastewater
\$14.91	\$14.22

[*] Monthly rate applied on a "per ERC" of capacity reserved basis where one ERC generally equates to the capacity allocation for a single-family residence on an average daily flow basis.

Miscellaneous Service Charges

The County has also adopted a schedule of fees, charges, and deposits that are applicable to miscellaneous or customer requested services. The fees generally are imposed to recover the cost of specific service such as water and sewer taps and utility turn-on fees or a deposit to defray the risk for nonpayment of System services. The following is a summary of miscellaneous service fees, charges, and deposits, which were adopted and are currently in effect for the System.

Customer Deposits

The Department requests a deposit at the time of service application by a customer in order to defray the risk of non-payment for utility services. The deposit is estimated on an individual account basis and is equivalent to two months of the water and wastewater charge for such account as determined by the Department; however, in no event can the deposit be less than \$65.00 for water service and \$130.00 for combined water and wastewater service per account. A refund of the deposit will be made if the account is free of delinquency notices for a twenty-five consecutive month period.

Water Meter Installation and Service Connect Charges

The County has adopted a fee schedule for water meter connection or installation services and service laterals installation in order to recover its cost of physically connecting a water customer to the System. Specifically, the County has adopted the following schedule of fees for this specific service:

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Water Service [*]		
Meter Size	Meter Connection Fee	Service Lateral Fee
3/4" or Less	\$335.00	\$450.00
1"	500.00	900.00
1-1/2"	750.00	1,000.00
2"	900.00	1,000.00
Above 2"	Actual Cost	Actual Cost

[*] Fees derived from the Rate Resolution; service lateral fees do not include cost of meter connection.

For connections i) requiring a meter 2-inches or greater in diameter; or ii) which require a tap and the installation of a service line, the fee charged will be equal to the actual cost incurred by the System for labor, materials, and overhead.

Other Miscellaneous Service Charges

In addition to the above-referenced charges, the County also has several other charges that are applicable to miscellaneous or customer-requested services. A summary of other miscellaneous charges imposed by the County, which are common in the utility industry include the following:

Charge/Fee Description	Amount
New Customer Service Application Fee	\$20.00 [1]
Utility Turn-on at Customer Request	20.00
Utility Turn-off at Customer Request	20.00
Utility Turn-on Same Day Service	45.00
Utility Turn-on After Hours Fee	50.00
Special Services Provided in Attempt to Collect Unpaid Bill	50.00
Monthly Fire Sprinkler Service Charge per Meter Size [2]:	
1-1/2-inch	\$9.78
2-inch	14.22
3-inch	26.05
4-inch	39.39
6-inch	76.35
8-inch	135.52
10-inch	194.68
12-inch	320.43
Meter Test Charge for High Bill Complaint	20.00 [3]
Unauthorized Water Meter/Sewer Service Lateral Removal Charge [4]	Actual Cost
Returned Check Charge [5]	
Check Amount – \$0 to \$50.00	\$25.00
Check Amount – \$50.01 to \$300.00	\$30.00
Check Amount – \$300.01 to \$800	\$40.00

[1] Charge in addition to meter/service installation charge.

[2] Includes addition of account service charge.

[3] Charged only if meter is tested as registering correct. If meter is incorrect, usage or volume charges will be adjusted by County and no fee shall be charged.

[4] Charged due to continued unpaid charges or unauthorized use.

[5] Charge represents general County policy and is based on Florida Statutes and is not included in the Rate Resolution.

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HISTORICAL AND PROJECTED SYSTEM SALES AND CUSTOMER USAGE STATISTICS

A major component in the preparation of a financial forecast of a utility system and the identification of the corresponding utility rate impacts is the evaluation of customer usage (or sales) requirements and the development of a forecast of water and wastewater customers and sales. This is necessary in order to have a proper matching of rate revenues anticipated to be received under existing fee schedules with the projected operating and capital expenditure requirements of the utility system. This is significant since revenues derived from the application of the rates for monthly service (user charges) currently account for over 90% of the total System revenues. For the purposes of this financial analysis and in order to assist the County in its continuing long-term financing efforts, a financial projection period encompassing the ten (10) Fiscal Years 2018 through 2028 (previously defined as the "Forecast Period") was recognized. This analysis period was recognized in order to examine the estimated near-term financial effects of funding the County's capital program through its entire implementation schedule.

Water System

The development of a forecast of future water sales or usage and customers is necessary in the evaluation of water system requirements. The forecast is essential for the determination of revenues from existing rates, for the escalation of certain water production related expenses, and the identification of potential adjustments to rates for monthly service.

With respect to recent historical growth levels, the water system from Fiscal Years 2007 through 2010 has experienced a reduction or slowing in customer growth and reduced water sales (in total and on a "per account" basis) when compared to prior historical years, which have affected the financial position of the System. However, since 2010, the System has recognized an increase in customers due to a general improvement in the economy, and continued development in the service area. Specifically, for the historical presentation period, the increase in customers has been due to: i) the continued development located within the System service area; ii) acquisition of certain investor-owned utility systems, which effectively increased the customer base of the water system; and iii) the extension of utility services to existing developed properties where water and/or wastewater services were previously not available. Table 1 at the end of this report provides a "by customer class" presentation of the water customers served and corresponding usage (sales) requirements. The following is a summary of the average annual water accounts and corresponding water sales since the Fiscal Year 2009.

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Water System – Historical [1]

Fiscal Year Ended September 30, (Historical)	Average Annual Water Accounts	Average Annual ERCs [2]	Water Sales (000s of Gallons)	Average Monthly Water Use per ERC
2009	28,379	38,981	2,933,876	6,272
2010	29,984	41,445	2,985,069	6,002
2011	30,594	42,861	3,124,418	6,075
2012	31,048	43,363	3,037,137	5,837
2013	31,563	43,973	2,880,572	5,459
2014	32,267	44,820	3,049,797	5,670
2015	32,874	45,562	3,187,640	5,830
2016	33,392	46,215	3,251,293	5,863
2017	33,817	46,817	3,450,555	6,142
Average Annual Historical Growth Rate	2.22%	2.32%	2.05%	(0.26%)

[1] Amounts shown derived from Table 1 at the end of this report.

[2] ERCs determined based on i) an application of meter equivalency factors to active accounts served for the residential and commercial class and ii) number of units served for the multi-family class (0.5 ERCs per unit served).

As can be seen above and as detailed on Table 1 at the end of this report, the water system has experienced a historical growth rate in the average number of accounts served of approximately 2.2% per year. The rate of growth in customer accounts has outpaced the rate of growth in water demand, which reflects, among other things, i) the imposition of watering restrictions by the South Florida Water Management District (previously defined as the "SFWMD") beginning during the Fiscal Year 2007; ii) continued water conservation awareness within the service area by the County's water customers; and iii) reduction in water demands associated with reduced construction activity (e.g., lawn establishment).

The growth in the number of accounts served is primarily due to the in-fill of existing developments, the extension of utility service to previously unserved neighborhoods, as well as the acquisition of several investor-owned utilities (privately-owned utilities regulated on the basis of rates by the FPSC) during the historical period. The purchase of these utilities was made to further promote the regionalization of the utility system, assist in water resource planning, eliminate small wastewater package plants, and improve levels of service to those customers served by the investor-owned utilities. Specifically, the historical growth rate includes the acquisition of the Miles Grant and Hutchinson Island utility systems in September 2009 that increased the water and wastewater customer base by approximately 1,264 and 1,150 customers, respectively.

The projection of water customer growth and water sales, which serves as the basis for water rate revenue projections during the Forecast Period, is based on recent historical trends, information regarding future development (either has reserved capacity or is in the development planning or review process), the ongoing water service extension programs that are currently underway, and discussions with Department staff. A summary of these projections is shown on Table 2 and are summarized as follows:

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Water System – Projected [1]

Fiscal Year Ending September 30, (Projected)	Average Annual Water Accounts	Average Annual Water ERCs	Water Sales (000s of Gallons)	Average Monthly Water Use per ERC
2017 (Actual)	33,817	46,817	3,450,555	6,142
2018 (Estimated) [2]	34,270	47,626	3,318,619	5,807
2019	34,770	48,206	3,317,583	5,735
2020	35,461	48,975	3,369,345	5,733
2021	36,034	49,620	3,412,742	5,731
2022	36,758	50,412	3,466,263	5,730
2023	37,344	51,065	3,510,136	5,728
2024	37,737	51,500	3,539,136	5,727
2025	38,360	52,185	3,585,515	5,726
2026	38,834	52,701	3,620,419	5,725
2027	39,127	53,036	3,642,808	5,724
2028	39,400	53,350	3,663,758	5,723
Average Annual Projected Growth Rate [3]	1.40%	1.19%	0.55%	(0.64%)

[1] Amounts shown derived from Table 2.

[2] Estimated Fiscal Year 2018 statistics based on 6 months of actual data (through March 2018).

[3] Reflects average annual projected compounded growth from the Fiscal Year 2017.

As can be seen above, the customer and water sales growth are anticipated to be less than recent historical trends. These projections assume no future utility acquisitions^[3] and only minor growth from water line extensions. The forecast of customer growth can be categorized in two segments: i) normal customer growth representing baseline growth projections taking into consideration historical trends and population growth forecasts (continued in-fill development); and ii) incremental growth representative of construction of new developments identified by staff or the extension of water service to existing unserved developments. For the new or recent water extension programs, the incremental ERC growth assumes the addition of the following ERCs:

	Total Water ERCs	Estimated Connected ERCs [*]	Remaining ERCs to Connect	Initial Connection Year
Orchid Bay	155	0	155	2018
James Villas	91	0	91	2021
Indian River Drive	70	0	70	2021
Evergreen	300	0	300	2021
Wind Stone	105	0	105	2021
Palm Lake Park	222	0	222	2021
Martin Downs	629	0	629	2022
Port Salerno	647	0	647	2025
Total	2,219	0	2,219	

ERC = Equivalent Residential Connection.

[*] Represents the estimated number of customer accounts anticipated to connect to the water system adjusted to reflect any connections assumed to occur during Fiscal Year 2018.

[3] All of the FPSC-regulated utilities that were located within the County Service territory or contiguous to the County system have now been purchased by the County; certain other systems are available to be acquired (e.g., Indiantown Company, Inc. Utility System) but were not recognized during the Forecast Period.

Water sales were projected based on usage trends experienced by each class of customer over the historical period previously discussed and current fiscal year-to-date statistics, with emphasis being placed on the most recent trends in average use that have been affected by the changes in the improving economy. The Fiscal Year 2013 represented the lowest year in terms of water use per account, which has continued through Fiscal Year 2014 (partly due to increased rainfall events). However, water usage has slowly been increasing from Fiscal Years 2015 through 2017. For purposes of forecasting future water use for the Financial Forecast and to have a conservative forecast in the development of revenues, the estimated level of usage required per equivalent residential connection (ERC, which equates to the equivalent use or capacity of a single-family residential account) for the Fiscal Year 2019 was set at the average usage levels from Fiscal Years 2012 through Year-to-Date 2018 for the Forecast Period to recognize the effects of continuing general water use restrictions and corresponding water conservation efforts by the County on long-term water use despite the increased usage levels in 2017 and 2018. Subsequent to the Fiscal Year 2019, the average level of water use per ERC was reduced over time, which assumed continued conservation in water use coupled with higher density growth, which reflects in reduced irrigation demands (lower pervious service for irrigation).

Wastewater System

The historical customer (account) statistics for the wastewater system as illustrated on Table 1 at the end of this report are summarized as follows:

Wastewater System – Historical [1]				
Fiscal Year Ended September 30, (Historical)	Average Annual Wastewater Accounts	Average Annual Wastewater ERCs	Billed Wastewater Flow (000s of Gallons) [2][3]	Average Monthly Wastewater Gallons Billed per ERC
2009	20,333	25,979	1,562,719	5,013
2010	21,627	27,903	1,641,260	4,902
2011	22,162	28,821	1,676,788	4,848
2012	22,637	29,449	1,650,840	4,671
2013	23,061	30,018	1,632,532	4,532
2014	23,468	30,503	1,713,314	4,681
2015	23,840	30,856	1,745,272	4,714
2016	24,148	31,230	1,783,556	4,759
2017	24,427	31,581	1,839,045	4,853
Average Annual Historical Growth Rate	<u>2.32%</u>	<u>2.47%</u>	<u>2.06%</u>	<u>(0.40%)</u>

[1] Amounts shown derived from Table 1 at the end of this report.

[2] ERCs determined based on i) an application of meter equivalency factors to active accounts served for the residential and commercial class; and ii) number of units served for the multi-family class (0.5 ERCs per unit served).

[3] Amounts shown do not include any implied wastewater flow for wastewater-only customers where no water service is provided (customers have individual on-site potable water wells).

As shown above, the wastewater customers of the System have experienced an average compound growth rate of approximately 2.3% since the Fiscal Year 2009, which is consistent with that reported for the water system. The rate of growth in customer accounts has outpaced the rate of growth in billed wastewater flows, which is calculated based upon metered water flows. As previously discussed the water system has experienced declines in average water demand per customer, which reflects, among other things, i) water use restrictions from the SFWMD beginning

during the Fiscal Year 2007; ii) the impacts associated with the negative economic conditions during the Historic Period (which has been improving beginning with 2017); and iii) continued water conservation awareness within the service area by the County's water customers.

The following is a summary of the projected customer statistics and billed wastewater flow assumed for the Forecast Period reflected in this report.

Wastewater System – Projected [1]				
Fiscal Year Ending September 30, (Projected)	Average Annual Wastewater Accounts	Average Annual Wastewater ERCs [2]	Billed Wastewater Flow (000s of Gallons) [3]	Average Monthly Wastewater Gallons Billed per ERC
2017(Actual)	24,427	31,581	1,839,045	4,853
2018 (Estimated) [4]	24,586	31,856	1,928,137	5,044
2019	24,920	32,224	1,823,805	4,716
2020	25,208	32,534	1,839,990	4,713
2021	25,731	33,094	1,868,506	4,705
2022	26,598	33,990	1,913,109	4,690
2023	27,451	34,884	1,957,822	4,677
2024	28,016	35,475	1,987,602	4,669
2025	28,647	36,145	2,021,419	4,660
2026	29,083	36,605	2,044,868	4,655
2027	29,327	36,883	2,059,691	4,654
2028	29,509	37,098	2,071,471	4,653
Average Annual Projected Growth Rate [5]	1.73%	1.47%	1.09%	(0.38%)

[1] Amounts shown derived from Table 2 at the end of this report.

[2] ERCs determined based on i) an application of meter equivalency factors to active accounts served for the residential and commercial class; and ii) number of units served for the multi-family class (0.5 ERCs per unit served).

[3] Amounts shown do not include any implied wastewater flow for wastewater-only customers when no water service is provided (customers have individual on-site potable water wells).

[4] Estimated Fiscal Year 2018 statistics based on 6 months of actual data (through March 2018).

[5] Reflects average annual projected compounded growth rate from the Fiscal Year 2017.

The growth in average annual customers has been assumed to increase at an annual compound rate of approximately 1.7% annually from Fiscal Year 2017 levels for the Forecast Period. As with the water system, this has been based on data provided by the County regarding historical trends, building activity experienced by the wastewater system, interconnection of existing developments that have agreed to accept service from the County and is generally consistent with the forecast trends of customer account growth projected for the water system. The customer growth for the wastewater system also reflects incorporation of several existing developments / systems that are now interconnected with the County wastewater system (considered as incremental growth). As previously identified for the water system, the Fiscal Year 2013 represents the lowest average use (billed flows) per ERC in recent history. The Financial Forecast assumes an increase in average billed flows per ERC for Fiscal Year 2019, which is based on six (6) months of actual information and the forecast assumed for the water system. After Fiscal Year 2019, the average billed flow per customer was assumed to decrease consistent with the assumptions for the water system (e.g., increased conservation awareness) and to provide a reasonable and attainable forecast associated with the projection of rate revenues, which is based on the statistical forecast. For the new or recent water extension programs, the incremental ERC growth assumes the addition of the following ERCs:

	Total Wastewater ERCs	Estimated Connected ERCs [*]	Remaining ERCs to Connect	Initial Connection Year
Indian River Drive	70	0	70	2021
North River Shores	303.5	0	303.5	2018
Martin Downs	629	0	629	2022
Golden Gate	755	0	755	2021
Port Salerno	647	0	647	2025
Total	2,405	0	2,405	

ERC = Equivalent Residential Connection.

[*] Represents the estimated number of customer accounts anticipated to connect to the wastewater system adjusted to reflect any connections assumed to occur during Fiscal Year 2018.

PROJECTIONS OF UTILITY SYSTEM OPERATING RESULTS

For the purpose of this Financial Forecast and as previously mentioned, a projected ten-year study period has been utilized for the determination of the water and wastewater systems revenue requirements. The objective of using this Forecast Period is to determine the potential rate levels that will ensure continuing and adequate service to meet future period requirements. It was determined that the revenue requirements for this analysis would be predicated on the projected utility costs for the ten fiscal year period ending September 30, 2028. This forecast of utility operations was prepared in order to provide a general surety to the County that the utility rates would be adequate in the future to meet all of the estimated System expenditure needs, satisfy any bond / loan rate covenant requirements associated with any outstanding bonds or loans during the Forecast Period and to fully fund the capital improvement program as identified by the County.

The classification of revenue requirements can be organized into five main categories: i) operation and maintenance expenses (adjusted to exclude depreciation and amortization expenses); ii) annual principal and interest payments on existing and future debt / loans / notes; iii) funding of the capital improvement program; iv) transfers to other departments / cost centers of the County; and v) deposits to working capital reserves and other funds to maintain or meet management objectives / policies regarding financial position (reduce financial risk and promote creditworthiness of System). The sum of these payments represents the gross revenue requirements of the System that are to be recovered from the available financial resources of the System, including rate revenues, grants and contributions, available cash reserves, and/or proceeds from debt proceeds.

The development of the estimated revenue requirements for the County's water and wastewater systems required several assumptions and considerations and the preparation of certain analyses relative to utility operations. The actual Fiscal Year 2017 results and Fiscal Year 2018 and preliminary Fiscal Year 2019 budgets served as the base years for revenue requirement projection purposes. For Fiscal Year 2018, the County provided PRMG with a copy of the adopted budget, which after certain adjustments to reflect year-to-date results and known or anticipated changes and assumptions, as well as the preliminary Fiscal Year 2019 budget served as the basis of the projection of the revenue requirements for the Forecast Period. With respect to the Fiscal Year 2019, the County provided PRMG with a copy of the preliminary budget, which after certain adjustments to reflect operating expense carry-forwards and other anticipated revisions, which

served as the basis for the Fiscal Year 2019 revenue requirement forecast. Based on the forecast of sales for the water and wastewater system, the assumptions and considerations set forth below with respect to the determination of projected water and wastewater system expenditures, the rate revenue surplus / (deficiencies) are anticipated to be as follows:

Combined Water and Wastewater System [1]				
Fiscal Year	Price Index [2]	Anticipated System Revenues [3]	Total Net Revenue Requirements [4]	Annual Surplus/ (Deficiency)
2018	0.00%	\$32,899,746	\$32,899,746	\$0
2019	1.76%	33,185,392	33,185,392	0
2020	1.75%	34,205,652	34,205,652	0
2021	1.75%	35,314,615	35,314,615	0
2022	1.65%	36,644,769	36,644,769	0
2023	1.50%	37,904,438	37,904,438	0
2024	1.50%	38,935,413	38,935,413	0
2025	1.50%	40,120,237	40,120,237	0
2026	0.00%	40,978,472	40,978,472	0
2027	0.00%	41,257,552	41,257,552	0
2028	0.00%	41,494,154	41,494,154	0

[1] Amounts shown derived from Table 6 at the end of this report.

[2] Amounts shown reflect recognized Price Index as applied to existing rates and included within the forecast of anticipated System revenues. Pursuant to the Rate Resolution, the automatic price index is schedule to sunset after October 1, 2024 (i.e., Fiscal Year 2025); future rate adjustments are identified in subsequent years of the Forecast Period.

[3] Anticipated System revenue includes effects of the Price Index.

[4] Net revenue requirements represent the amount of gross revenue requirements of the System less income and funds from other sources to be funded from rate revenues. Amounts shown include deposits to the operating and capital reserves to the extent available used for funding the capital improvement program.

As illustrated in the above table, the continued application of the Price Index through Fiscal Year 2025 is anticipated to produce sufficient rate revenues to fund the identified net revenue requirements for the Forecast Period. Although it is recommended the Price Index should be continued beyond Fiscal Year 2025, no further rate adjustments were assumed for purposes of the Financial Forecast.

Principal Considerations and Assumptions Regarding Projected Operating Results

In making the projections and estimates summarized in this report, the principal considerations and assumptions made by us and the principal information and assumptions provided to us, or prepared by others, include the following:

1. The Adopted Fiscal Year 2018 and preliminary Fiscal Year 2019 Budgets served as the basis for the financial forecast of operating expenses. Based on discussions with Department staff and a detailed review of actual reported operating expenses for the recent historical period, the Fiscal Year 2018 Budget was reduced by approximately \$890,000 or 4.2% of total expenses. It should be noted that approximately \$725,000 of the reductions are to move one-time budgetary projects to Fiscal Year 2019. To illustrate the composition of the operating expenses, the primary costs of personnel, repairs, electric, chemical and sludge expenses account for approximately 64% of the total operating expenses.

2. Projected revenues from current rates and charges for the County's water and wastewater systems are based on the schedule of existing rates and charges as adopted by the Board on March 26, 2016 through Resolution No. 16-3.15 (previously defined as the "Rate Resolution"). Such rates and charges were also adjusted for the assumed Price Index and applied to the forecast of water and wastewater customers and sales forecast for the individual utility systems as previously discussed. A summary of projected sales revenues under existing and Price Index adjusted rates for monthly service is shown on Table 3 at the end of this report.
3. Service availability charge revenues for the Forecast Period, which are based on a monthly fee charged to owners of undeveloped buildable lots that have reserved capacity through the Department for water and/or wastewater service, were estimated by applying the existing service availability charge for water and wastewater service to the projection of applicable ERCs of reserved capacity allocable to the buildable lots through the Forecast Period. This forecast of service availability charges was based on: i) the schedule of properties currently paying the service availability charge as provided by the Department; ii) the forecast of customer growth, which recognizes that as customers connect to the System, they would no longer be charged service availability charges (connected customers assessed to be those previously reserved through development process); iii) projected increases in undeveloped buildable lots based on estimates provided by the Department relative to the future development; iv) the current rates for service; and v) discussion with Departments. The forecast assumes that as the service area approaches a built-out condition, the projected revenues from service availability fees will decline.
4. Included in the financial projections are other operating revenues associated with service initiation and discontinuance fees, meter installation charges, late payment fees, developer review fees and other related customer requested services revenues. For the purposes of this report, other operating revenues were based on: i) the Fiscal Year 2018 budgeted revenues; ii) a review of historical amounts received from such charges; and iii) discussions with the Department. Based on a review of such sources, it was assumed that such revenues would fluctuate in relation to anticipated new connections to the System or remain constant at current budget levels during the Forecast Period.
5. The County provides Irrigation Quality reclaimed (previously defined as "IQ") water service to large users such as golf courses, and homeowner's association, which include irrigation service to common areas within large residential developments. Revenues from this service are anticipated to increase during the course of the Forecast Period due to: i) the recognition of several existing large users will now begin to pay for service per previously executed contractual agreements; ii) the recognition of new large users requesting service as a result of service area development, if any; iii) no excess IQ water sales being made to uses above the customer total contracted flows (as referenced in each customers IQ water agreement); and iv) application of the Price Index to the existing reclaimed water rates. Based on these factors, the projected revenues resulting from the provision of reclaimed water service assumed for the Financial Forecast are as follows:

Fiscal Year	Rate per 1,000 Gallons [*]	Revenue
2018	\$0.49	\$659,204
2019	0.49	689,282
2020	0.50	838,230
2021	0.51	899,978
2022	0.52	916,723
2023	0.53	932,974
2024	0.54	950,577
2025	0.55	968,180
2026	0.56	971,215
2027	0.56	971,215
2028	0.56	971,215

[*] Assumes application of approved and identified rate adjustments as previously discussed.

6. The County has implemented several assessment programs in order to recover the capital costs associated with the extension of water and/or wastewater service to certain properties benefiting from such improvements. In order to bill and collect such assessments, the County has adopted the Uniform Method (non-ad valorem assessment collected via the property tax collection process) as allowed by Florida Statutes, Chapter 197. The County has assessed each benefiting unit with the option to pay the assessment in full at the outset of the assessment period (or any time during the repayment period) or in annual installments collected over ten (10) to twenty (20) year time frames (based on the terms of the specific assessment program). As of the date of this report the County had approximately 33 active capital extension assessment programs in effect, with the capital costs for the service extensions being primarily funded internally from available operating or cash reserves. Based on information provided by the County, annual assessment revenues for the existing assessment programs were estimated based on: i) the current assessment repayment schedules for each assessment program based on the terms and conditions of each program; ii) no future prepayments of any outstanding assessment principal balances by a property owner during the remaining assessment term; and iii) no change in the overall terms and conditions of the assessment program.

The County is also expecting to implement new assessment programs for the extension of water and/or wastewater service to existing but unserved developments. The assessments recognized during the Forecast Period for these new programs represent only those programs for which the property owners have expressed an interest (through a majority vote of such property owners within the specific service area) in receiving service and paying the assessment. Based on discussions with the Department, the same assessment process that has been used for the other System assessment programs previously implemented by the County will continue for the new assessment programs as well. With the exception of the septic-to-sewer extension program (which represent areas associated with improving the water quality of the St. Lucie Estuary and Indian River Lagoon referred to as the "Extension Program") of the programs are assumed to be internally funded by the County and all assessment proceeds have been recognized as a financial resource of the System. Currently the County has 4 of these assessment programs in place.

For these programs associated with the Extension Program and due to the estimated magnitude of the capital costs associated with these specific extensions, the expenditures were assumed to be debt financed by the use of low-interest loan SRF loans secured by the State Revolving Fund ("SRF") loan program as administered by the Florida Department of Environmental Protection ("FDEP"). This financing strategy was recognized to allow project construction to be completed prior to the start date for the repayment of the loan and to allow customers to connect and be assessed (improved match of cash inflow to debt repayment or cash outflow) and to allow for a 20-year installment period for the repayment of the non-ad valorem assessments (matches term of SRF loan repayment).

Based on these assumptions, the projected assessment revenues are estimated as follows and are reflected as a revenue source in lieu of retail rate revenue and other utility sources of revenue.

Fiscal Year	System Assessment Revenues			
	Existing Assessment Programs [1]	Future Assessment Programs	Extension Assessment Program	Total Assessment Revenue Recognized [2]
2018	\$1,411,674	\$46,300	\$0	\$1,457,974
2019	1,471,448	46,297	0	1,517,745
2020	1,471,448	46,297	135,651	1,653,395
2021	1,415,025	703,567	825,377	2,943,969
2022	1,188,090	703,567	2,103,400	3,995,057
2023	1,163,740	703,567	2,103,400	3,970,707
2024	1,065,483	703,567	2,103,400	3,872,450
2025	661,298	703,567	3,350,999	4,715,863
2026	463,923	703,567	3,350,999	4,518,489
2027	414,044	703,567	3,350,999	4,468,610
2028	414,044	703,567	3,350,999	4,468,610

[1] Reason for decline in existing assessment revenues is due to specific assessment program repayment periods maturing during the Forecast Period.

[2] Assessment revenue includes principal and interest payments.

7. Projected operations and maintenance expenses associated with operation of the System have been escalated from Fiscal Year 2019 estimated levels based upon several assumptions and the nature of the expense. The Fiscal Year 2019 preliminary budget represents the County's current annual financial plan for the System and based on a comparison of such projections to recent reported amounts, it was determined that the underlying assumptions used by the County in the development of such budgets were considered reasonable and reflect the estimated costs for anticipated operations of the System. Such amounts were projected for the remainder of the Forecast Period based on a variety of escalation parameters respective of the specific cost to provide service. Table 4 at the end of this report delineates the projection of the operation and maintenance expenses; a summary of the projected operating expenses is shown below:

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Summary of Forecasted Water and Wastewater Operating Expenses (\$000s)

Description	Fiscal Year Ending September 30,										
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Personnel	\$7,389	\$7,557	\$7,932	\$8,199	\$8,553	\$8,907	\$9,207	\$9,517	\$9,976	\$10,403	\$10,755
Electricity	1,893	1,944	2,029	2,119	2,225	2,331	2,428	2,538	2,641	2,767	2,885
Professional and Contractual	3,924	3,755	3,258	3,336	3,416	3,498	3,582	3,668	3,756	3,846	3,939
Chemicals	1,161	1,239	1,296	1,357	1,426	1,496	1,560	1,634	1,704	1,789	1,869
Repairs and Maintenance	1,963	2,030	2,089	2,152	2,217	2,285	2,354	2,425	2,499	2,575	2,653
Indirect Cost Allocation	1,555	1,454	1,498	1,543	1,589	1,637	1,686	1,737	1,789	1,842	1,898
Other Expenses	929	1,220	1,244	1,302	1,321	1,350	1,376	1,389	1,412	1,443	1,424
Operating Supplies	716	500	512	524	537	551	564	578	592	607	622
Sludge Removal	1,150	1,250	1,300	1,361	1,439	1,520	1,591	1,669	1,740	1,828	1,907
Fuel	254	300	319	338	359	381	405	430	456	484	514
Bulk Purchases	56	56	56	56	56	56	56	56	56	56	56
Contingency at 0.5% of Expenses	106	110	111	116	119	123	127	131	136	141	146
Bad Debt at 0.15% of Rate Revenue	53	54	56	59	62	64	65	68	70	70	71
Planned Maintenance [*]	-	550	600	645	460	350	440	360	445	300	410
Total	\$21,151	\$22,019	\$22,299	\$23,105	\$23,778	\$24,546	\$25,441	\$26,199	\$27,272	\$28,152	\$29,148

[*] Represents planned maintenance expenses that are non-routine in nature vary by year similar to the Capital Improvement Program ("CIP").

8. The projected operation and maintenance expenses as summarized above and presented in Table 6 were escalated for the Forecast Period as follows:

- a. Materials and supplies expenses, other contractual services expenses, repair and maintenance expenses, and certain other operating expenses have been projected to increase in general from historical and current budgetary levels at an annual rate equal to inflation based on the nature of the expenditure. These escalation factors were based on the Consumer Price Index forecasts prepared by the Congressional Budget Office as contained in the *Economic and Budget Outlook* dated February 2018. Additionally, these escalators were compared to historical price indices used by many utilities for financial forecasting and rate review purposes. These indices included: i) the gross national product implicit price deflator index, which is used by the Florida Public Service Commission in the establishment of price indices for operating costs as required pursuant to Section 367.081(4)(a), Florida Statutes, in the regulation of private or investor-owned utilities; and ii) the consumer price index for recent historical periods.
- b. Based on discussions with the County, the escalation of wages and salaries above budgeted amounts is assumed at 3.0% for the Forecast Period. The increase in personnel costs reflect allowances for cost of living and inflationary adjustments. With respect to the forecast of personnel benefits (i.e., health insurance) is projected to increase by approximately 5.0% annually based on discussions with staff and a review of recent historical trends. Overall personnel expenses, including benefits, are projected to increase by approximately 4.0% above Fiscal Year 2019 budgeted amounts.

The financial projections of the utility operating expenses as reflected on Table 6 includes the recognition of additional employees that are anticipated to be required to meet the increased service level needs / requirements of the utility system. The recognition of the additional personnel was based on discussions with County staff and is primarily due to serving the increased growth of the utility system service area

(i.e., increases in the number of customers served that pose a greater demand on the existing employee availability).

Summary of Personnel Assumed to be Added During Forecast Period				
Position Description	Cost Center	Total Number of Positions [1]	Assumed Fiscal Year(s) of Addition	Additional Annual Personnel Services Cost by End of Forecast Period [2]
Customer Service Specialist	3406 – Customer Service	1	2026	\$68,627
Maintenance Specialist	3407 – Field Operations	2	2022, 2027	187,270
Maintenance Specialist	3408 – Field Operations	4	2020, 2023, 2026	307,441
Total Employee Additions		7		\$563,338

[1] Employees represent full-time equivalents

[2] Reflects estimated salaries and benefits by Fiscal Year 2028 (end of Forecast Period).

As shown in the preceding table, the salaries and benefits of these additional full-time employees were assumed to approximate \$563,000 by Fiscal Year 2028.

- c. The projection of variable costs for water and wastewater operations, including the cost of purchased power and chemicals were based on an allowance for inflation and the projection of flow requirements as discussed earlier in this report. Electrical, chemical and sludge expenses were escalated over the Forecast Period at factors ranging from 3.0% to 6.0%. The average annual growth rate of electrical, chemical and sludge expenses during the Forecast Period is projected to be approximately 4.6% per year based on recent historical cost increases in energy prices.
- d. A contingency allowance of one-half percent (0.50%) of total operating expenses was recognized in each fiscal year of the Forecast Period. The allowance has been included in order to provide funds for unknown or unplanned expenditures that may occur throughout the fiscal year and to recognize potential changes in the revenues that may occur due to weather, conservation, and other factors. This allowance increases the revenue requirements of the combined utility systems (water and wastewater) by approximately \$124,000 annually and is included as a System operating expense with respect to the determination of total revenue requirements.
- e. An allowance for bad debt expense has been made to recognize a certain amount of revenues that will be considered as uncollectible and written off throughout the year. This expenditure item reflects an incremental adjustment to the Fiscal Year 2018 and 2019 Budgets and was projected based on trends incurred by utilities statewide and discussions with Department personnel. A bad debt ratio estimated at 0.15% of sales revenues was subsequently applied to the level of sales revenues projected for the Forecast Period in the study to estimate the amount of expense to recognize. The average increase in revenue requirements recognizing this expense item for the System is approximately \$63,000 annually.
- f. Repair and maintenance operating expenses were escalated based upon a factor of 3.1% over the Forecast Period, reflecting the observed trend in increased construction materials costs

used in the repair and maintenance of existing water and wastewater facilities and that as facilities age, the cost of repair and maintenance tends to increase.

- g. Based on discussions with the County, it has been assumed that the allocation of Administrative Expenses or indirect costs allocable to the Department from the County's General Fund (e.g., costs accounted for in the County's General Fund) are assumed to increase from recent levels during the Forecast Period. Based on information provided by the County, the indirect cost expenditure recognized during the Forecast Period was escalated above the Fiscal Year 2018 budget estimate at the general rate of inflation of approximately 3%. The following forecast of the indirect expense allocation is summarized below:

Fiscal Year	Indirect Cost
2018	\$1,554,623
2019	1,454,462
2020	1,498,096
2021	1,543,039
2022	1,589,330
2023	1,637,010
2024	1,686,120
2025	1,736,704
2026	1,788,805
2027	1,842,469
2028	1,897,743

9. The County originally issued utility revenue bonds in accordance with the provisions of the Bond Resolution to finance certain capital improvements and utility acquisitions for the water and wastewater utility systems. It is expected that as of October 1, 2017, the System had \$67,235,000 in aggregate principal amount outstanding (the "Outstanding Bonds"), which is summarized as follows:

Issue	Principal Outstanding [*]
Utilities System Improvement Refunding Bonds, Series 2016 (the "Series 2016 Bonds")	\$67,235,000
Total Principal Outstanding (Senior Lien Bonds)	\$67,235,000

[*] Amount anticipated to be outstanding at October 1, 2017 (after payment of the October 1, 2017 maturity).

The debt service requirements included in this report for the Outstanding Bonds were based on the actual debt service schedules for each issue and are presented on a "gross" basis (i.e., not net of interest earnings on any debt service related funds or accounts).

10. In addition to the Outstanding Bonds, the County also secured an SRF loan funding for the purpose of financing the extension of wastewater service to the Seagate Harbor / Lighthouse Point development located within the County's existing service territory. This loan is considered as being subordinate to the Outstanding Bonds. Based on information provided by Department staff, the County entered into a loan agreement with the FDEP, the

administrator of the SRF program for the funding of the project, which has since been closed (finalized) (SRF Loan WWG12063607P). As was discussed for the Outstanding Bonds, the payment of the loan is presented on a "gross" basis (i.e., not net of interest earnings on any loan repayment amounts held by the County).

The County previously made capital improvements to the biosolids treatment and disposal process. The total cost of the project was approximately \$13.1 million and was planned by the Department to be funded in equal amounts from available System reserves and a 2014 Interfund Loan provided by the Solid Waste Enterprise Fund. In addition to the Biosolids Interfund Loan, the County received three more Interfund Loans from the Solid Waste Department for the Crane Creek Extension Program (282 water ERCs), the Orchid Bay Extension Program (155 water ERCs), the Palm Lake Estates Extension Program (222 water ERCs), and the James Villas Extension Program (91 water ERCs). The loans are subordinate to the Outstanding Bonds of the County outstanding and are considered to be subordinate to the SRF Loan since the Biosolid waste loans are internal borrowing within the County. The following provides a summary of the existing and proposed annual debt service and loan payment requirements for the Forecast Period:

Summary of Existing Annual Debt/Loan Payments (\$000s)											
Description	Fiscal Year Ending September 30,										
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Senior Lien Bonds:											
Series 2016 Bonds	\$6,816	\$6,817	\$6,818	\$6,817	\$6,815	\$6,816	\$6,817	\$6,818	\$6,817	\$3,153	\$3,158
Total	\$6,816	\$6,817	\$6,818	\$6,817	\$6,815	\$6,816	\$6,817	\$6,818	\$6,817	\$3,153	\$3,158
SRF Loans											
WWG12063607P	\$182	\$182	\$182	\$182	\$182	\$182	\$182	\$99	\$0	\$0	\$0
Solid Waste Interfund Loans											
Biosolid Interfund Loan	\$540	\$540	\$540	\$540	\$540	\$540	\$540	\$540	\$540	\$540	\$540
Crane Creek Interfund Loan	152	152	152	152	152	152	152	152	152	152	152
Orchid Bay Interfund Loan	80	80	80	80	80	80	80	80	80	80	80
Palm Lake Estates Interfund Loan	6	15	15	15	15	15	15	15	15	15	15
James Villas Interfund Loan	20	49	49	49	49	49	49	49	49	49	49
Total Interfund Loans	\$799	\$836	\$836	\$836	\$836	\$836	\$836	\$836	\$836	\$836	\$836
Total Debt Service	\$7,782	\$7,821	\$7,814	\$7,814	\$7,816	\$7,821	\$7,809	\$7,726	\$7,632	\$3,898	\$3,903

The amounts shown are based on the monthly funding requirements of the various sinking funds as required by the Bond Resolution or loan agreement, which authorized the outstanding debt (essentially an accrual basis) as opposed to when the debt service requirements are actually paid.

11. A provision of the Bond Resolution requires the County to establish and i) deposit into a Renewal and Replacement Fund (the "R&R Fund") an amount equal to 5.0% of the Gross Revenues received by the System in the immediately preceding Fiscal Year; or ii) maintain a R&R Fund balance equal to either \$5,000,000, or such other amount as shall be certified by the County's Consulting Engineers (collectively, the "R&R Fund Requirement"). The deposits to the R&R Fund are for the purpose of funding the cost of extraordinary repairs to, extensions, enlargements, or additions to, or the replacement of facilities of the System. The deposit to the R&R Fund as delineated in the Bond Resolution is considered as a minimum

funding target to annually finance ongoing capital expenditures; it is recommended that a greater deposit level be established based on the System CIP and the amount of utility plant investment to provide an ongoing / recurring funding source for asset reinvestment in order to maintain the long-term sustainability of the rates for utility service.

For the purposes of developing the revenue requirements from rates and based on the current Department funding policy, the budgeted transfers to the R&R Fund for the Forecast Period were recognized reflecting transfers of approximately \$5.7 million on average to: i) promote pay-as-you-go (PAYGO) funding of these projects (which generally benefits the existing ratepayer); ii) increase the County's equity in the System; iii) preserve the leveraging capability of the System for large capital projects; and iv) promote the long-term rate stability of the System. It should be noted that this funding amount is greater than the R&R Fund Requirement as reflected in the Bond Resolution. In order to illustrate the level of annual R&R Fund transfer as it relates to the estimated R&R Fund Requirement, an estimate of the annual deposit requirement based on the 5.0% transfer provision for each year of the Forecast Period is as follows:

Projected Renewal and Replacement Fund Deposit from Operations (\$000s)											
Description	Fiscal Year Ending September 30,										
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Renewal and Replacement Fund											
Transfer:											
Min. Deposit – 5% of Prior Year's Gross Revenue	\$1,629	\$1,776	\$1,791	\$1,851	\$1,950	\$2,066	\$2,125	\$2,175	\$2,281	\$2,325	\$2,340
Recommended Additional Deposit	<u>3,621</u>	<u>3,224</u>	<u>3,459</u>	<u>3,425</u>	<u>3,608</u>	<u>3,926</u>	<u>3,718</u>	<u>3,807</u>	<u>3,992</u>	<u>4,185</u>	<u>4,213</u>
Total Recognized Deposits [*]	<u>\$5,250</u>	<u>\$5,000</u>	<u>\$5,250</u>	<u>\$5,276</u>	<u>\$5,559</u>	<u>\$5,992</u>	<u>\$5,843</u>	<u>\$5,982</u>	<u>\$6,273</u>	<u>\$6,510</u>	<u>\$6,553</u>

[*] Amount shown for Fiscal Year 2018 represent the budgeted deposits for the System.

Additional transfers above those based upon 5.0% of prior year's Gross Revenues recognize the capital funding needs for renewals, replacements, and betterments as identified by the Department.

12. The capital outlay expenditures for departmental furniture, fixtures, equipment, vehicles, and other related items were recognized as an additional capital requirement, which is funded annually from System rates. These expenditures were considered to be in addition to the R&R Fund deposits described above (reference Assumption No. 11). These capital expenditures were based on recent expenditure trends and discussions with Department staff.
13. Investment income on funds and accounts created by the Bond Resolution and by the County (e.g., customer deposits) are estimated based on projected average fund balances and assumed investment or interest rates ranging from 1.25% to 1.50% during the Forecast Period based on discussions with the County. The interest rates have been applied to estimated balances, if any, in the debt service Sinking Fund, Debt Service Reserve Account, the Renewal and Replacement Fund, the Meter Deposit Fund, and the Revenue (operating) Fund. We have also assumed that any interest earnings on the Capital Facilities Charge Funds and the Construction Funds, if any, will be deposited in the respective funds and not be available for operating expense or debt service requirements consistent with the provisions of the Bond

Resolution. Table 8 provides a summary of the transfers in and out of each fund / account, interest earned on the average cash balances on deposit in such funds, and corresponding ending cash balances for each fund / account maintained by the Department on behalf of the System.

14. The capital improvement program for the water and wastewater system are based on: i) the Fiscal Year 2018 Proposed Ten-Year Capital Budget; and ii) information provided by the Department regarding the status of current and anticipated projects. The primary purpose for the incurrence of the capital projects for the System are to provide for the:
 - a. Renewal and replacement of the existing infrastructure of the System; and
 - b. Line extensions to provide service to existing developed areas (assessment programs) and infrastructure upgrades for new growth and assessment programs.

Table 5 at the end of this report provides a detailed listing of the capital projects for the water and wastewater system for the ten-year Forecast Period and includes the anticipated funding sources for each project through the entire ten-year projection period. Included in the capital improvement program is the use of the R&R Fund to finance recurring capital projects (i.e., essentially the betterment or replacement of assets). The recognition of this revenue requirement is necessary in order to allow the County a funding mechanism to continue to provide high quality service (i.e., maintain same level of service) to its customers as the utility system ages.

Based on discussions with Department staff, the Capital Improvement Program (CIP) as provided by Department staff was adjusted for: i) inflation beginning with the Fiscal Year 2019 identified capital projects based on four capital cost escalators ranging from constant (no inflation) to high at 5.00%; and ii) an allowance for unspecified projects was assumed in addition to the identified capital funding requirements beginning with the Fiscal Year 2024 to account for unanticipated repairs and replacement of existing infrastructure at approximately \$1,000,000 annually for the last five Fiscal Years of the Financial Forecast. The timing, priority, and funding of such capital needs were developed with the guidance of Department staff. The following is a summary of capital expenditures and the corresponding estimated funding sources assumed in the development of the financial forecast:

(Remainder of page intentionally left blank)

Summary of Forecasted Capital Improvement Program – \$000s [1]

Description	Fiscal Year Ending September 30,											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
Capital Projects:												
Water System	\$7,455	\$3,449	\$5,534	\$7,891	\$14,040	\$4,261	\$5,216	\$7,182	\$4,062	\$5,732	\$4,688	\$69,512
Water Other Recognized Projects [2]	1,713	2,263	6,758	4,148	0	563	3,756	0	0	0	0	19,201
Wastewater System	7,981	5,083	7,790	2,390	3,142	2,492	6,960	2,010	2,459	1,714	1,686	43,709
Wastewater Other Recognized Projects [2]	7,957	1,591	11,171	12,521	0	2,152	12,193	0	0	0	0	47,585
Vehicles and Equipment	264	220	229	238	248	258	268	279	290	302	314	2,909
Total Capital Projects	\$25,371	\$12,606	\$31,482	\$27,189	\$17,430	\$9,726	\$28,394	\$9,471	\$6,811	\$7,748	\$6,689	\$182,916
Estimated Funding Sources:												
Renewal and Replacement – Fund 4105	\$9,482	\$4,380	\$3,125	\$8,238	\$6,147	\$6,354	\$6,285	\$4,815	\$6,452	\$6,140	\$6,323	\$67,743
Capital Facilities Charges – Fund 4103/4	3,305	530	513	1,475	332	555	4,597	4,549	250	250	250	16,606
Operating Reserves – Fund 4102 [3]	4,408	5,715	773	0	10,851	0	1,458	0	0	1,245	0	24,449
Grant Funding	1,500	0	0	0	0	0	0	0	0	0	0	1,500
Prior Bond Proceeds	1,670	0	0	0	0	0	0	0	0	0	0	1,670
Municipal Assessment Revenue Note	4,916	0	0	0	0	0	0	0	0	0	0	4,916
Debt Proceeds	0	1,888	26,977	17,378	0	2,715	15,949	0	0	0	0	64,907
Operating Rate Revenues	90	92	95	97	100	102	105	107	110	113	115	1,125
Total Estimated Funding Sources	\$25,371	\$12,606	\$31,482	\$27,189	\$17,430	\$9,726	\$28,394	\$9,471	\$6,811	\$7,748	\$6,689	\$182,916

[1] Derived from Table 5 at the end of this section.

[2] Amounts shown reflect projects associated with water and wastewater extensions to developed but unserved areas of the County, which reflect a continuation of the ongoing extension program and the Septic to Sewer Project, which are anticipated to be constructed by the Department but have not been formally approved by the Board as of the date of this report.

[3] Operating reserves were primarily used to fund the Assessment-related projects of the System and other miscellaneous projects and to maintain a proper balance of monies in the Operating Fund and the R&R Fund during the Forecast Period.

15. As can be seen above, the capital needs of the System are projected to be approximately \$182.9 million for the Forecast Period. The CIP is projected to be primarily funded from available cash reserves and revenues generated during the Forecast Period from operations (rates) and Capital Facilities Charges. It is recommended that the System continue to principally employ the pay-as-you-go funding strategy, where practical for the overall betterment of the System. This funding methodology is recommended particularly for utilities approaching build-out status for which the majority of projects are identified for existing facilities that generally benefit the existing customers of the System. It should be noted that approximately \$67,000,000 or 37% of the Capital Program recognized for the development of the financial forecast includes projects associated with the Septic to Sewer Extension Program and other anticipated water utility extension programs that may have not yet been formally approved by the Board but are anticipated by the Department to become a component of the program in the future. All of the extension-related capital projects are to be funded, in part, by additional capital-recovery assessments to be charged to the customers connecting to the System.
16. For the purpose of this analysis, the Capital Facility Charges and use of such fund balances have been recognized to fund only the expansion projects of the System, thus reducing project funding from utility revenues or future debt service costs. Moreover, no funds from the imposition of Capital Facility Charges were assumed to be used to offset the payment of any debt service requirements even though such revenues are considered a component of Pledged Revenue for bond coverage purposes pursuant to the Bond Resolution.

With respect to the determination of the amount of Capital Facility Charges to be reflected as pledged revenue in the analysis of bond coverage purposes, such amounts were adjusted to recognize only the estimated Capital Facilities Charges debt service component in the calculation. The component was determined by multiplying the aggregate Debt Service Requirement for the Outstanding Bonds by the Expansion Percentage as defined in the Bond Resolution and comparing the amount of Capital Facilities Charges projected to be collected during the Forecast Period. The Expansion Percentage was based on: i) a review of the projects initially funded from the Outstanding Bonds; and ii) estimated capacity utilization relationships coincident with the issuance of the Outstanding Bonds, it was estimated that the Expansion Percentage to determine the Capital Facilities Charges Debt Service Component is on average 77% of the total projected Debt Service Requirement for the Forecast Period. For the projected period shown, the amount of Capital Facilities Charges recognized as a Pledged Revenue of the System were assumed as follows:

Fiscal Year	Total Debt Service	Expansion Percentage	Expansion Debt Service	CFC Collections [*]	Pledged CFC Revenue
2018	\$7,782,418	77.13%	\$6,002,273	\$1,906,694	\$1,906,694
2019	8,662,332	77.13%	6,680,916	1,708,960	1,708,960
2020	8,655,139	77.13%	6,675,368	1,723,844	1,723,844
2021	9,871,322	77.13%	7,613,363	1,853,245	1,853,245
2022	11,277,383	77.13%	8,697,802	1,911,920	1,911,920
2023	11,282,289	77.13%	8,701,586	1,757,657	1,757,657
2024	11,270,467	77.13%	8,692,468	1,732,916	1,732,916
2025	11,502,083	77.13%	8,871,104	1,745,920	1,745,920
2026	11,408,011	77.13%	8,798,550	1,628,942	1,628,942
2027	7,674,511	77.13%	5,919,048	1,537,846	1,537,846
2028	7,679,011	77.13%	5,922,519	1,537,846	1,537,846

[*] Amounts shown include estimated interest earnings on Capital Facilities Charges ("CFC") fund balances held by the County.

Net Revenue Requirements/Identified Rate Adjustments

The net revenue requirements of the System are presented on Table 6 and are shown below and were based upon i) the customer forecast identified herein; ii) the existing rates for service; iii) the operating expense assumptions as delineated above; iv) the capital improvement plan as identified by the County and funding analysis assumed herein; and v) the rate covenants as defined in the Bond Resolution and loan documents, all as discussed throughout this report. The purpose of the development of the net revenue requirements is to determine the level of revenue from monthly user rates required to meet the financial obligations of the System. The following provides a summary presentation of the projected net revenue requirements and overall recommended rate adjustments for the System:

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Projected Combined Water and Wastewater System Net Revenue Requirements (\$000s) [1]

Description	Fiscal Year Ending September 30,										
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Operating Expenses:	\$21,151	\$22,019	\$22,299	\$23,105	\$23,778	\$24,546	\$25,441	\$26,199	\$27,272	\$28,152	\$29,148
Other Revenue Requirements:											
Existing Debt Service	\$7,798	\$7,716	\$7,736	\$7,735	\$7,734	\$7,734	\$7,736	\$7,652	\$7,553	\$3,889	\$3,894
Proposed Debt Service	0	841	841	2,057	3,461	3,461	3,461	3,776	3,776	3,776	3,776
Capital Funded from Rates	90	92	95	97	100	102	105	107	110	113	115
Transfer to R&R Fund	5,250	5,000	5,250	5,276	5,559	5,992	5,842	5,982	6,273	6,510	6,553
Transfer to CFC Fund [2]	0	0	0	0	0	0	0	0	0	0	0
Transfer to Reserves [3]	1,036	0	508	438	392	356	620	1,605	1,215	4,068	3,318
Transfer to General Fund – Building Mortgage Payment	198	198	198	198	198	198	198	198	198	198	198
Municipal Service Benefit Unit - Special Assessment Revenue Note	0	120	101	101	100	101	100	101	100	100	100
Gross Revenue Requirements	\$35,523	\$35,987	\$37,027	\$39,008	\$41,322	\$42,489	\$43,503	\$45,620	\$46,497	\$46,805	\$47,103
Less Income and Funds from Other Sources:											
Other Revenues [4]	\$2,203	\$2,267	\$2,454	\$3,290	\$4,356	\$4,334	\$4,313	\$5,222	\$5,203	\$5,195	\$5,197
Interest Income	419	362	368	403	321	251	255	278	316	352	412
Transfers from Reserves	0	157	0	0	0	0	0	0	0	0	0
Net Revenue Requirements	\$32,900	\$33,185	\$34,206	\$35,315	\$36,645	\$37,904	\$38,935	\$40,120	\$40,978	\$41,258	\$41,494
Price Index [5]	0.00%	1.76%	1.75%	1.75%	1.65%	1.50%	1.50%	1.50%	0.00%	0.00%	0.00%
Revenue Under Utility Rates [5]	\$32,900	\$33,185	\$34,206	\$35,315	\$36,645	\$37,904	\$38,935	\$40,120	\$40,978	\$41,258	\$41,494
Revenue Surplus/(Deficiency):	0	0	0	0	0	0	0	0	0	0	0
Percent of Rate Revenue	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

[1] Amounts shown in thousands of dollars (\$1,000s) and derived from Table 6 at the end of this report.

[2] As a part of the County's assessment program, a portion of the total assessment revenues are for CFC charges customers must pay when connecting for new service. Therefore, amounts shown reflect transfers to the CFC allocable portion of assessment revenues anticipated during the Forecast Period.

[3] Transfers to the operating reserves are recognized for use in funding future capital improvements and maintaining adequate cash reserves.

[4] Amount shown include projections of anticipated assessment revenues associated with water and wastewater line extensions.

[5] Revenues under monthly utility rates recognize application of the annual Price Index rate adjustment.

As can be seen above and shown in more detail on Table 6, the existing rate revenues, adjusted to recognize the continued (re-instatement) application of the Price Index through Fiscal Year 2025, is anticipated to be sufficient to adequately fund the identified revenue requirements of the System. The compound annual growth of the net revenue requirements of the System is forecasted to be approximately 2.35% for the Forecast Period.

During the course of the Forecast Period, the rate revenues anticipated to be earned during the Forecast Period are projected to provide additional funds that are available to be transferred to the cash reserves of the System. These reserves are necessary in order to: i) provide funds to maintain adequate working capital target levels to allow for external attraction of funds at lower interest rates and to provide funds in case of extraordinary events (e.g., hurricane); ii) provide additional funding for future capital improvements (PAYGO funding); iii) to provide funds to allow for any phase-in of future rate increases and to provide future funds for rate stabilization purposes; and iv) fund additional indebtedness. The estimated ending cash balances within the operating fund reserves for the final fiscal year of the Forecast Period is estimated to be approximately \$21.1 million and generally targets a minimum balance of 120 days of operating expenses, which is considered a reasonable and prudent level of working capital reserves. To the extent that the application of the Price Index is discontinued before Fiscal Year 2025 or is not reinstated after

Fiscal Year 2025, then the ability of the System revenues to fund the expenditure requirements and maintain the recommended reserve fund balances may be negatively impacted. Accordingly, the County would need to adjust the CIP, expenditures and funding plan in order to maintain the ability to fund the other System costs; such adjustment (amount) could be material. It is anticipated that the County may need to adjust rates at some point (i.e., a formal rate increase) if the Price Index application is not re-instated during the Forecast Period in order to meet the expenditure requirements of the System.

Customer Impact

In order to provide additional information to the County regarding the effects of the recommended change in monthly rates for service, an analysis to illustrate the impact for the standard 5/8" x 3/4" meter customer was prepared. This meter size was selected since it represents the meter used to serve approximately 99% of all residential single-family accounts served by the County. The effect of the Price Index rate adjustments for Fiscal Year 2019 to the typical or average residential customer using 6,000 gallons of metered water will receive an increase in the monthly water and wastewater bill as follows:

Monthly Bill Increase – Single-Family Residential Customer Using 6,000 Gallons of Service [1][2]	
	Amount
Existing Rates	\$74.86
FY 2019 Rates	\$76.20
Increase in Monthly Bill:	
Amount	\$1.34
Percent	1.79%

[1] Based on application of the Fiscal Year 2019 Price Index to existing rates.

[2] Derived from Table 11 at the end of this section.

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In addition, a survey of other neighboring utilities levels of monthly user rates assessed to residential single-family 5/8" x 3/4" metered customers was compiled within Tables 9 through 11 and is summarized below:

Residential Service Assuming 6,000 Gallons of Utility Service [1] [2]			
	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Martin County:			
Existing Rates	\$30.63	\$44.23	\$74.86
Fiscal Year 2019 Rates	31.17	45.03	76.18
Within Martin County:			
Indiantown Company, Inc.	\$26.04	\$50.62	\$76.66
South Martin Regional Utilities	30.04	46.43	76.47
City of Stuart	34.73	48.67	83.40
Outside City – City of Stuart [3]	43.43	60.86	104.29
Other Utilities' Average Within Martin County	\$33.56	\$51.65	\$85.21
Other Florida Utilities			
City of Boynton Beach	\$22.79	\$32.36	\$55.15
City of Deerfield Beach	30.90	27.24	58.14
City of Delray Beach	19.47	38.39	57.86
City of Fort Lauderdale [2]	28.47	48.15	76.62
Fort Pierce Utilities Authority	36.26	49.66	85.92
Indian River County	22.91	31.74	54.65
Town of Jupiter [2]	30.07	23.20	53.27
City of Lake Worth [2]	42.37	35.65	78.02
City of Melbourne [2]	35.42	52.93	88.35
Okeechobee Utility Authority	51.69	64.12	115.81
Palm Beach County [2]	26.74	33.35	60.09
City of Port St. Lucie [2]	39.73	63.35	103.08
Riviera Beach Utility District [2]	34.75	34.46	69.21
St. Lucie County [2]	46.26	66.15	112.41
St. Lucie West Services District	36.24	42.45	78.69
Seacoast Utility Authority [2]	27.53	35.10	62.63
City of Sunrise [2]	43.96	52.90	96.86
Village of Tequesta [2]	37.28	23.20	60.48
City of Vero Beach [3]	20.53	41.43	61.96
Village of Wellington [2]	32.41	30.61	63.02
City of West Palm Beach [2]	43.39	44.52	87.91
All Comparable Utilities' Average	<u>\$33.77</u>	<u>\$41.47</u>	<u>\$75.24</u>

[1] Amounts shown are up to date as of October 2018 and are derived from Tables 9 through 11 and assume service through a 5/8" x 3/4" meter; other Florida utilities represent utilities located in the southeast portion of the state in general proximity of the County's utility service area.

[2] Utility is currently involved in a rate study, is planning to conduct a rate study, or plans on implementing a rate revision within the next twelve (12) months.

[3] Utilities shown reflect bills calculated recognizing the respective city's adopted and effective outside city surcharge as applied uniformly to the inside city rates for monthly water and wastewater service. Unless otherwise noted and with exception to the City of Vero Beach, which charges a 10% outside city surcharge, all other municipal-related utilities shown reflect the application of a 25% outside city surcharge to inside city rates.

As can be seen above, the average bills produced from the rates that are identified for the Fiscal Year 2018 are generally competitive with the rates charged by other neighboring jurisdictions to

the County. It should be noted that several of the utilities surveyed are anticipating a rate change in the next twelve months (pursuant to a rate evaluation that is underway, an adopted rate-phasing program, or through the application of a price index), which should improve the competitive position of the System rates.

DEBT SERVICE COVERAGE AND COVENANT COMPLIANCE

Debt Service Covenant Compliance

Another important component in the development of the Financial Forecast is the determination of whether the rate covenants as outlined in the prevailing Bond Resolution authorizing the issuance of the System's Outstanding and additional parity bonds, if any, will be met. Generally, these covenants are in the form of certain debt service coverage ratios, which are applicable to the level of rates both currently and projected to be in place. The County's Bond Resolution contains specific covenants under which the County will fix, establish, and maintain rates that will provide Net Revenues in each fiscal year to meet:

"...(a) one hundred twenty percent (120%) of the Bond Service Requirement on the Bonds in the corresponding Bond Year, plus (b) one hundred percent (100%) of the required deposits into (i) the Reserve Account...and (ii) the Renewal and Replacement Fund in such Fiscal Year;

OR

...(i) one hundred percent (100%) of the Debt Service Requirement on the Bonds for such Fiscal Year, and (ii) one hundred percent (100%) of the required deposits into (A) the Reserve Account...and (B) the Renewal and Replacement Fund in such Fiscal Year;"

In addition to the terms of the Bond Resolution, the County must also set rates to meet the terms and conditions of the State Revolving Loan Fund Agreement between the County and the FDEP (the "Loan Agreement"); the SRF Loan is subordinate to the Senior Lien Bonds. Under terms of the Loan Agreement, the County has adopted the following covenant:

"To maintain rates and charges for the services furnished by the water and sewer systems, which together with Special Assessments, will be sufficient to provide, in each Fiscal Year, Pledged Revenues equal to or exceeding 1.15 times the sum of the two Semiannual Loan Payments due in such Fiscal Year."

As summarized on Table 7 at the end of this report, the anticipated revenue for the water and wastewater system, assuming that the County continues to implement the proposed price index rate adjustments as identified in this report for the Forecast Period, should be adequate for the Forecast Period presented in this study to meet the rate covenant requirements defined in the County's Bond Resolution and the Loan Agreement. The projected debt service coverage requirements for the revenue bond indebtedness are summarized below:

Projected Water and Wastewater System Debt Service Coverage [1]

Description	Fiscal Year Ending September 30,										
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Senior Lien Coverage – Rate Revenue:											
Coverage Ratio – Calculated	229%	194%	206%	214%	222%	228%	230%	236%	234%	436%	419%
Coverage Ratio – Required [2]	120%	120%	120%	120%	120%	120%	120%	120%	120%	120%	120%
Subordinate Lien Coverage – Rate Revenue:											
Coverage Ratio – Calculated	3324%	2415%	2880%	460%	288%	302%	306%	328%	332%	463%	439%
Coverage Ratio – Required [3]	115%	115%	115%	115%	115%	115%	115%	115%	115%	115%	115%
All-In Debt Coverage: [4]											
Coverage Ratio – Rate Revenues	200%	174%	184%	167%	152%	156%	157%	158%	158%	227%	219%
Coverage Ratio – Minimum Target [5]	150%	150%	150%	150%	150%	150%	150%	150%	150%	150%	150%

[1] Amounts shown derived from Table 7 at the end of this report.

[2] Represents minimum rate covenant requirement of the Bond Resolution.

[3] Represents minimum rate covenant requirement of the SRF Loan Agreement WWG12063607P.

[4] Represents the sum of annual debt service payments made on all outstanding and anticipated bonds/loans allocable to the System ("All-In Coverage").

[5] Although the Bond Resolution or SRF loan agreement does not require maintaining a minimum "All-In" debt coverage ratio; a target equal to or greater than 150% is recommended and was based on published debt coverage medians for AA-rated utilities pursuant to leading credit agency reports.

As can be seen above and assuming the implementation of the price index adjustments as identified in this report, it is anticipated that i) the Net Revenues of the System will exceed the 1.20 debt service coverage requirement on the Outstanding Bonds and any additional parity Bonds as required by the Bond Resolution; and ii) the Net Revenues after the payment of the Senior Lien Bonds will exceed the 1.15 loan coverage requirement as required by the Loan Agreement executed with the FDEP during the Forecast Period.

It should be noted that, beginning with Fiscal Year 2027, the projected debt service coverage ratios are currently projected to increase (improve). This improvement is due to a significant reduction in the annual debt service payments for the Series 2016 Bonds (refunding bonds structured based on prior actual refunded bond repayment attributes).

Rate Covenant Compliance

The Bond Resolution also requires that certain funds be established and maintained and that revenues from utility operations be applied to the funds in a particular order or sequence. With respect to the flow of funds, we have assumed or recognized the following for the preparation of the rate study.

Revenue Fund

Except as noted below, all funds received from the application of rates, fees, and charges were assumed to be available to the County to meet the expenditure requirements of the System. We have not recognized as a revenue to the System, which would subsequently be deposited in the Revenue Account moneys received from: i) the application of Capital Facilities Charges; or ii) interest income on Construction Fund, or the Capital Facilities Charge Accounts. Based on our analysis of rates, we assumed that moneys held in the Revenue Fund would first be applied to the payment of Operating Expenses.

Sinking Fund

For the purposes of this report, we have recognized the funding of the Sinking Fund (for the payment of the principal and interest on outstanding bonds) on an accrual basis as opposed to an

"as paid or cash" basis consistent with the flow of funds requirements of the Bond Resolution; this would also provide a better match to the evolution of the sufficiency of rates since it links the cash funding needs for their revenue requirement. Additionally, for ease of presentation, we have presented the funding of the Sinking Fund without the recognition of a credit for interest earnings (i.e., on a "gross funding" basis) to be consistent with the schedule of bond service payments. All earnings accrued to the utility system from the Sinking Fund Account have been recognized separately as revenue to the System.

Reserve Account

Pursuant to the Bond Resolution, the County must maintain a balance in the Reserve Account (defined as the Reserve Account Requirement) as a surety to the bondholders, the Reserve Account Requirement may be either cash-funded or secured, in whole or in part, by a Reserve Account Credit Facility in lieu of fully funding a Reserve Account. For the Forecast Period for the Series 2016 Bonds, no Reserve Fund Requirement was required due to the strong fiscal position of the Utility; it was assumed that the System would not be required to fund a debt service reserve or its equivalent during the Forecast Period. Accordingly, no deposits have been recognized in the determination of monthly service rates or in the determination of the coverage test on the outstanding bonds for the Forecast Period as required by the Bond Resolution.

Renewal and Replacement Fund

Based on the funding requirements for the Renewal and Replacement Fund as specified in the Bond Resolution, a minimum annual payment to the Renewal and Replacement Fund in the amount equal to five percent of the previous year's Gross Revenues is required unless the County's Consulting Engineers certify an amount necessary for the purposes of the Renewal and Replacement Fund (defined as the Renewal and Replacement Fund Requirement). Based upon these funding requirements, the estimated capital improvement plans of the System, and discussions with the management of the Utilities Department, an annual transfer to the Renewal and Replacement Fund of \$5.7 million on average was recognized during the Forecast Period.

It should be noted that the proposed rates are anticipated to produce sufficient revenues to fund anticipated departmental capital needs such as vehicle and equipment purchases in addition to the funding of the Renewal and Replacement Fund. Such amounts could be deposited in the Renewal and Replacement Fund or be maintained in the General Reserve Fund.

OTHER FINANCIAL CONSIDERATIONS AND PERFORMANCE

Included as part of the development of Ten-Year Financial Forecast and the review of the overall sufficiency of System revenues is an evaluation of the financial position of the System. This evaluation includes the development of certain ratios and the review of financial performance indicators to evaluate "where the System will be financially." The analysis includes a series of charts and figures prepared to provide the County a visual representation of the financial and statistical trends in the selected financial ratios or benchmarks anticipated for the System over the Forecast Period. The following is a brief description of financial ratio evaluated by PRMG on behalf of the System.

Figure 1 – All-In Debt Service Coverage

The following Figure 1A presents the Annual Debt service requirement for outstanding and projected bonds and loans outstanding. The forecast does recognize additional parity Bonds and the issuance of additional subordinate debt associated with Extension Program, which will be funded primarily from assessment revenues.

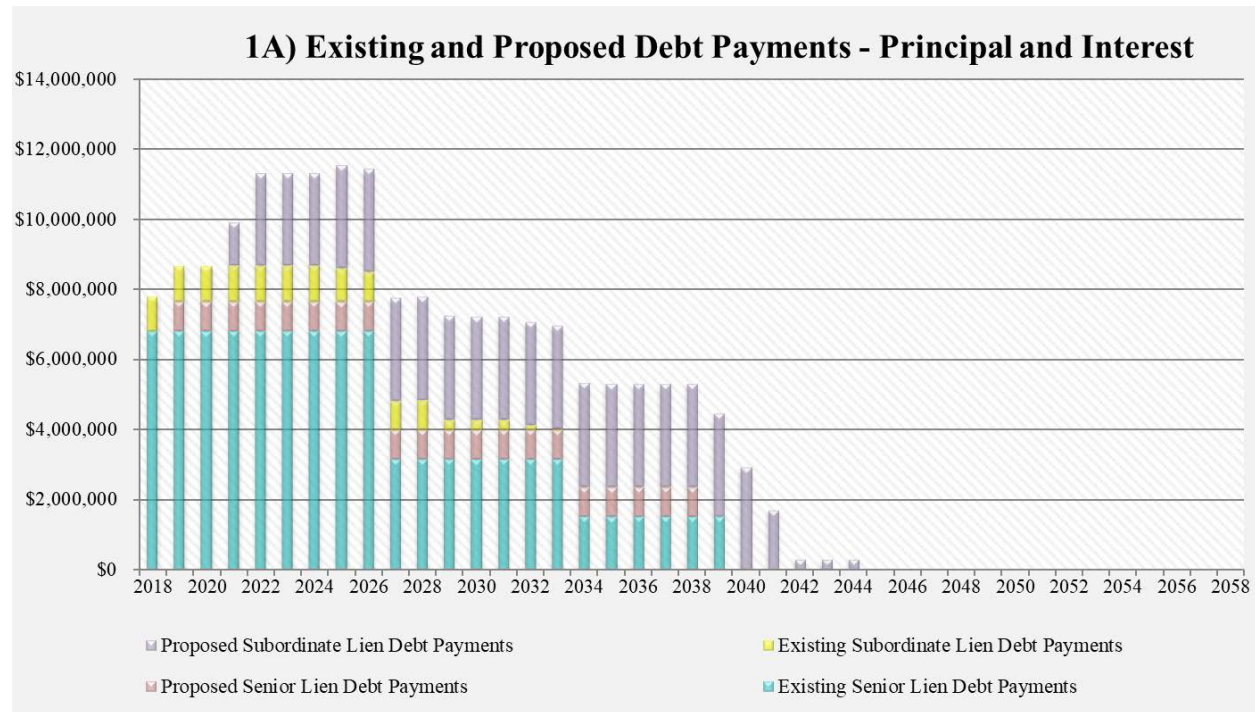
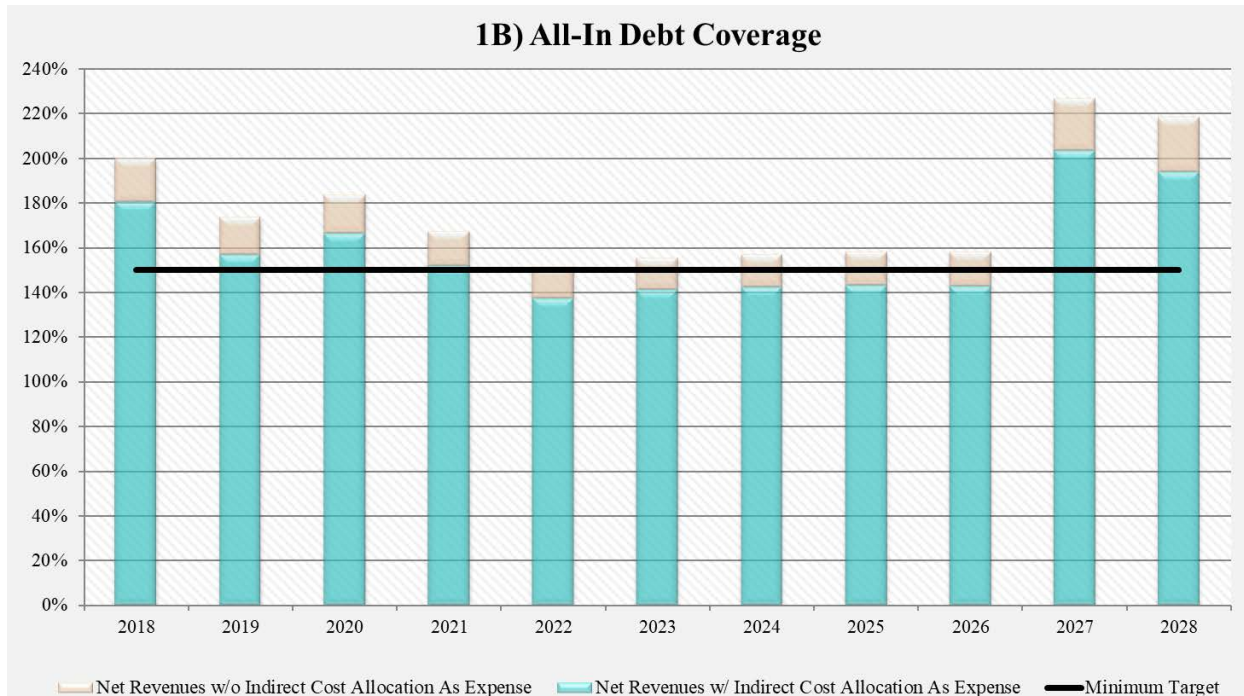


Figure 1B below presents the debt service coverage for the aggregate of all System debt and loans paid from System revenues, which more accurately reflects the ability to fund the debt requirements from rates. The ratio only includes the Net Revenues of the System since Capital Facilities Charges (although considered as a pledged revenue) are one-time fees and not considered as a recurring revenue for debt repayment purposes. Additionally, the rating agencies rely on this ratio in the review of utility credits since it links to the total ability to pay debt from ongoing revenues of the utility and presents the overall leveraging capability of such utility. The All-In Debt Service Coverage ratio is presented below:

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The minimum debt service coverage ratio target was set at 1.50 based on medians as reported by the leading credit rating agencies. It is worth noting that the financial target serves as broad indicator and any significant deviation is not necessarily an indicator of credit quality. The debt service coverage ratios are considered by PRMG to be favorable, especially in a utility with a high degree of investment due to stringent treatment and alternative water supply standards such as the County's. It should be noted that the debt coverage percent (above 100%) provides: i) ongoing funds for capital re-investment and ii) future debt leveraging capacity to the extent significant capital projects are required in the future, which limits the need for future rate increases above the assumed price index adjustments.

Figure 2 – Available Working Capital and Cash Balances

Another important component of the evaluation of the System is the resulting ending cash balance or cash position of the Utility. The estimated cash flow (deposits and withdrawals) are shown in detail on Table 8 at the end of this report. Below is a summary of the estimated ending cash balances by specific fund for the Forecast Period.

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Projected Water and Wastewater System Ending Cash Balances (\$000s) [1][2]

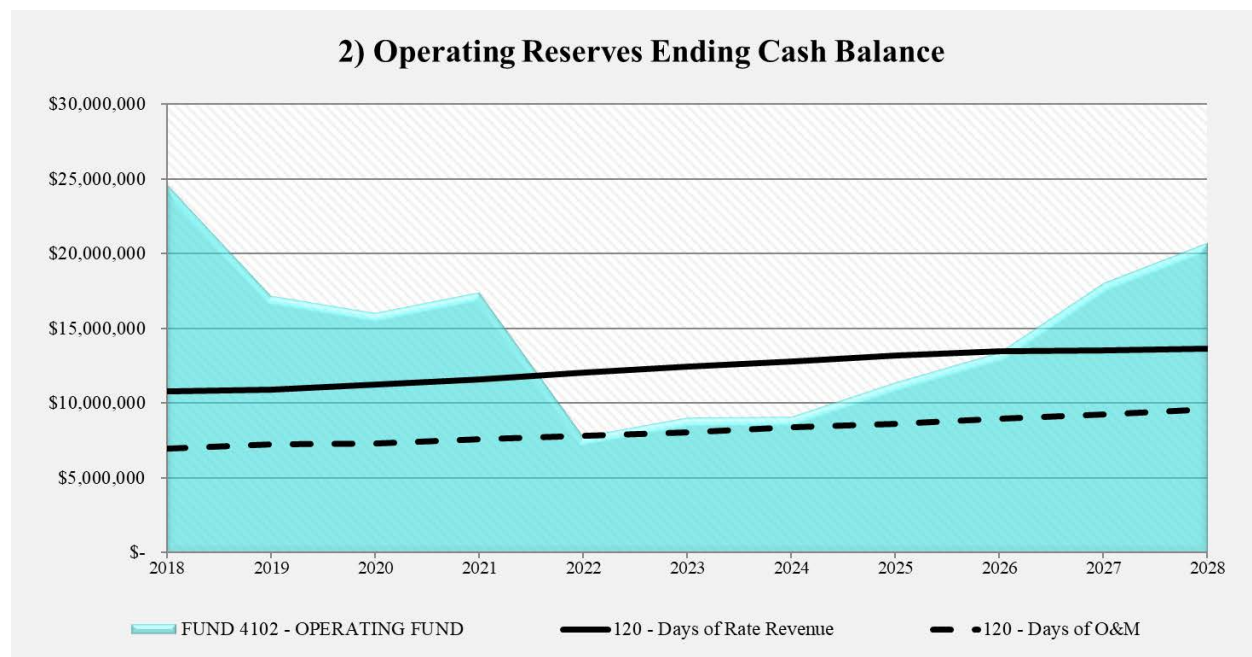
Description	Fiscal Year Ending September 30,										
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Projected Ending Cash Balances:											
Fund 4102 – Operating Reserve	\$24,602	\$17,158	\$15,998	\$17,383	\$7,813	\$9,068	\$9,086	\$11,391	\$13,393	\$18,034	\$20,697
Sub-Fund 4102 – Customer Deposits	1,235	1,235	1,235	1,235	1,235	1,235	1,235	1,235	1,235	1,235	1,235
Sub-Fund 4102 – Lend a Hand	9	9	9	9	9	9	9	9	9	9	9
Fund 4105 – R&R Fund	2,064	4,184	7,808	4,846	4,258	3,895	3,452	4,618	4,439	4,809	5,039
Fund 4103 – Water System CFC	5,304	6,073	6,669	6,688	7,498	8,013	8,826	5,272	5,961	6,608	7,266
Fund 4104 – Wastewater System CFC	3,669	4,842	5,666	6,253	7,268	8,226	4,810	5,784	6,689	7,568	8,460
Construction Account	0	10,074	1,027	0	0	0	0	0	0	0	0
Debt Service Reserve Fund	196	196	196	196	196	196	196	196	0	0	0
Total Projected Ending Cash Balances	\$37,077	\$43,770	\$38,607	\$36,610	\$28,276	\$30,641	\$27,613	\$28,505	\$31,726	\$38,263	\$42,704

[1] Amounts shown in thousands of dollars (\$1,000s); includes application of the approved price index rate adjustments.

[2] Amounts shown derived from Table 8 at the end of this report.

As can be seen above the ending cash balance for the utility funds decline slightly overall during the Forecast Period reflecting the timing of the capital draws from the CIP and the level of rate adjustments recognized for the Forecast Period.

Below is a graphical representation of the projected ending cash balances for the Operating Fund (working capital) and targeted ending balance:

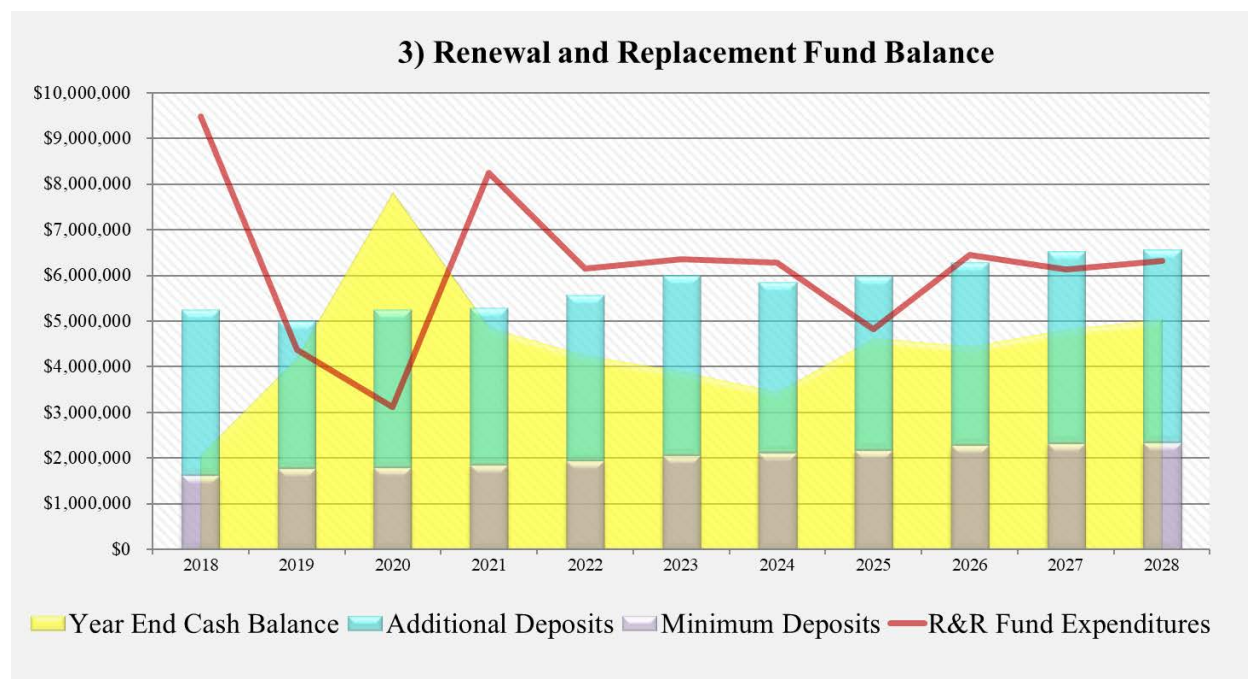


As can be seen above the recommended rate adjustments serve to generally maintain the minimum targeted ending cash balance throughout the Forecast Period. It is projected that the Operating Reserve balance falls below the target in Fiscal Year 2022 but does rebound during the Forecast Period. This is due to the need to fund capital expenditures, which allows the Department to minimize identified debt needs. It should be noted that the forecast does recognize the issuance of additional parity bonds in the principal amount of \$10,324,421 during Fiscal Year 2019 to fund

additional capital projects; however, this additional increase in debt is considered by PRMG to be very manageable and is anticipated to not negatively affect the overall fiscal position of the System.

Figure 3 – Renewal and Replacement (R&R) Fund Balance

As discussed earlier in this report, it is recommended that the County increase the annual deposits to the R&R Fund in order to provide additional funding for capital improvements, to improve the long-term equity position of the System, and to stabilize rates over the long-term (through the avoidance of debt). The majority of the projects identified by the County are for asset replacement as opposed to asset expansion, especially in the latter part of the Forecast Period. Accordingly, these projects are proposed to be funded from funds deposited to the R&R Fund annually from operations. As can be seen on Figure 3 below, the capital financing plan (which assumes increased revenues due to the application of the Price Index) recognizes that sufficient funds will be available to fund the asset replacement projects and that adequate capital reserves will be maintained, then limiting the long-term financial risks to the System.



As part of the financial evaluation, PRMG would suggest that the County consider adopting a policy of maintaining a minimum balance in the R&R Fund to provide funds for capital emergencies. We would suggest that the buildup of a reserve balance equal to approximately \$6.0 million in capital reserves be considered by the County. As can be seen above, recognizing implementation of all identified price index adjustments (critical to the financial forecast) and the capital plan as shown in Figure 4 below, the System will generate sufficient cash to meet the identified expenditure needs for the Forecast Period and maintain a positive cash flow position.

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Figure 4 – Capital Improvement Program Funding

The following graph presents the projected capital expenditure needs (on an appropriations basis) for the Forecast Period:

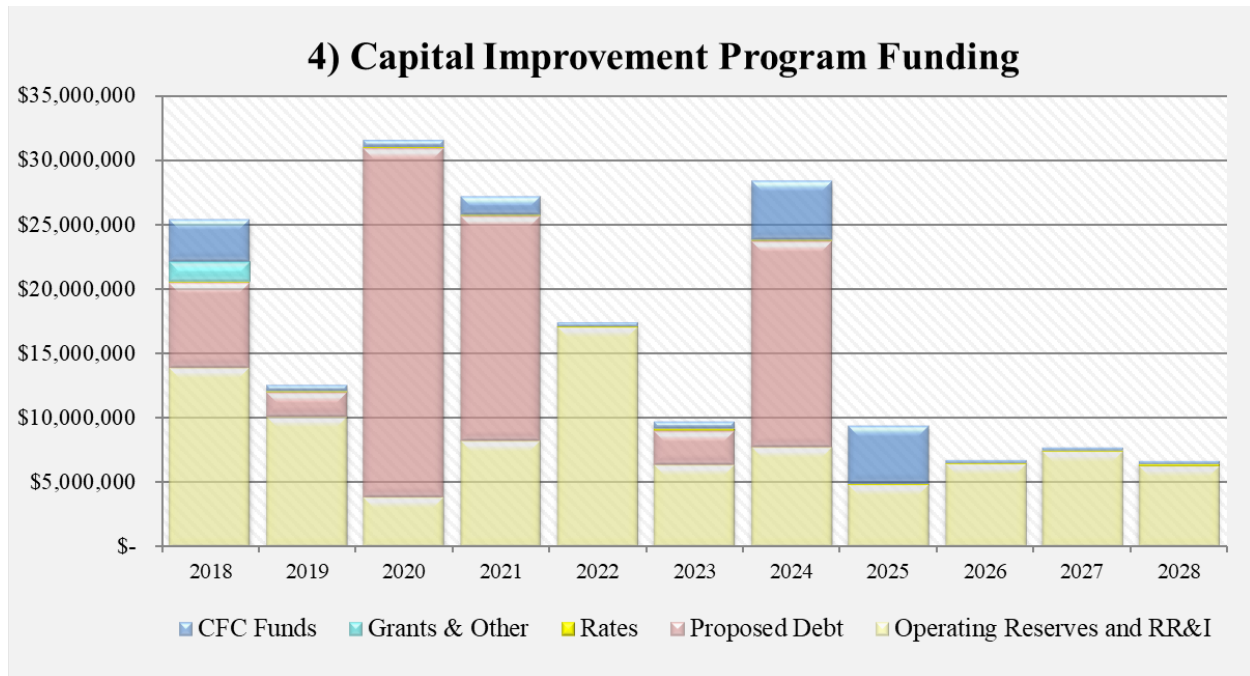


Figure 4 shown above summarizes the annual capital needs of the System and the anticipated projected funding sources of the County's Ten-Year Capital Improvement Program. The breakdown of the Capital Program, which is based on information provided by the County and its Consulting Engineers, reflects an allowance for: i) an allowance of approximately \$1 million annually in unspecified funding requirements was assumed in addition to the identified capital funding requirements beginning with the Fiscal Year 2024 to account for unanticipated repairs and replacement of existing infrastructure; and ii) adjustments to reflect allowances for annual inflation rates depending on the nature of the project beginning in Fiscal Year 2019 ranging from no inflation to 5.00%.

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As can be seen below, approximately 59% of the identified capital program is anticipated to be funded from internal funding sources (i.e., operating reserves, capital facility charges, etc. A breakdown of the funding sources of the capital program is as follows:

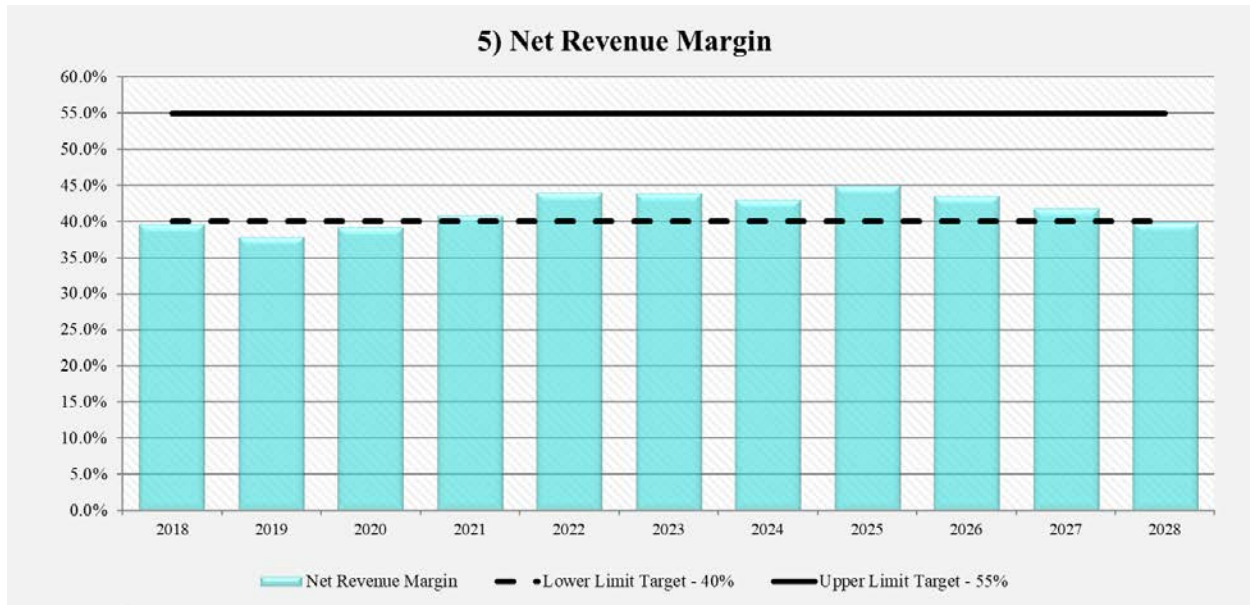
Ten-Year Capital Improvement Program (CIP)		
Funding (\$000s) [*]		
	<u>Amount</u>	<u>Percent</u>
Renewal and Replacement Fund	67,743	37.03%
Operating Reserves	24,449	13.37%
Capital Facility Charges	16,606	9.08%
Grants	1,500	0.82%
Prior Debt Proceeds	1,670	0.91%
Additional Debt Proceeds	64,907	35.48%
Municipal Assessment Revenue Note	4,916	2.69%
Rate Revenues	1,125	0.62%
Total CIP Funding	<u>\$182,916</u>	<u>100.00%</u>

[*] Derived from Table 5 at the end of this Report.

Figure 5 – Projected Net Revenue Margin Ratio

The Net Revenue Margin Ratio is a measure of a utility system's ability to meet its operating expenses and indicates the net contribution margin estimated to be earned by the System. The contribution margin can be considered as what may be available for reinvestment to the capital infrastructure of the System. A declining net revenue margin indicates a reduction in net available funds after payment of operating expenses to go to fund capital improvements. Generally, it is recommended that the Net Revenue Ratio target a minimum of 40% based on industry standards to promote the System's financial health over the long-term. As can be seen below, the net revenue margin is anticipated to generally decline during the Forecast Period reflecting: i) the assumed rate of growth in operating expenses outpacing projected revenues; and ii) the sunset of the price index beginning with the Fiscal Year 2025. Overall, PRMG views the Net Revenue Margin as favorable since there is a decline in the annual Debt Service Requirement in Fiscal Year 2027, which will release a component of the restrictions on the cash flow of the Utility.

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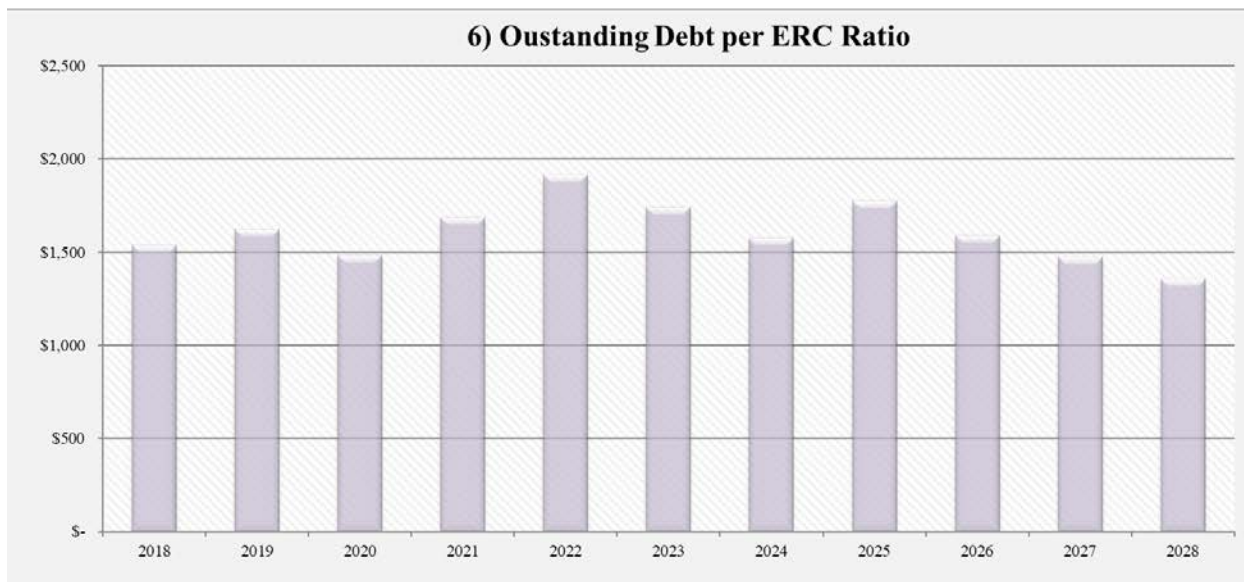


As can be seen above, the net revenue margin is anticipated to generally decline attributable to increasing operating expenses and declining assessment revenues.

Figure 6 – Outstanding Indebtedness per Equivalent Residential Connection (ERC)

The ratio of the amount of debt outstanding per ERC measures the amount of financial risk a utility has undertaken relative to the customers served. The higher the net ERC debt burden, generally the higher the rates for service and the greater reliance on impact fees or other external sources of funds to meet System operating needs. It is also an indication of the amount of potential "leveraging" capability a utility may have relative to funding future capital needs. Figure 6 shown below illustrates during the most recent historical and projected Forecast Period, the amount of outstanding principal senior lien indebtedness in relation to the amount of projected water system ERCs and is considered on being favorable by PRMG.

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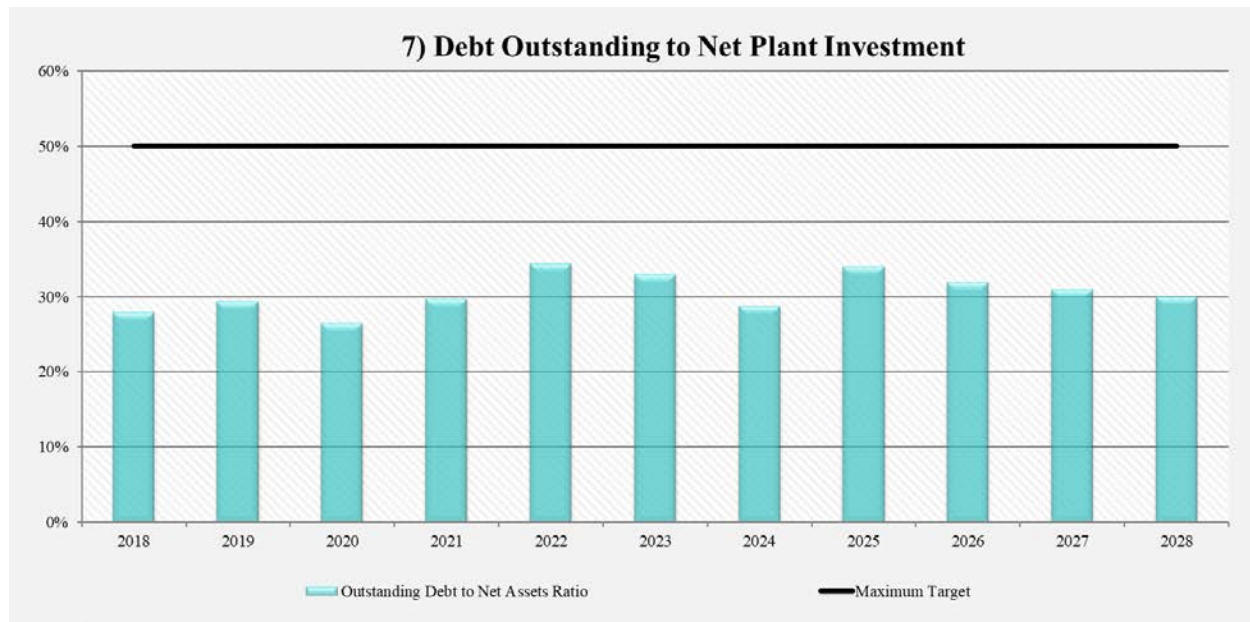


As can be seen, the amount of debt per ERC is expected to fluctuate throughout the forecast due to debt payment reductions and the issuance of debt to help pay for certain capital improvements including the Extension Program. The outstanding debt per ERC is considered favorable and is generally less than other utilities in Florida. This is especially true for those utilities that have not yet addressed the issue of alternative water resources located in the SFWMD Lower East Coast Basin, which are required to implement alternative water resource initiatives (may result in a significant amount of additional indebtedness).

Figure 7 – Debt Outstanding to Net Plant Investment (Debt) Ratio

This figure illustrates the amount of debt issued in relation to the amount of net plant investment in service to meet the potable water and wastewater demands of the System service area. This ratio presents the net equity of the utility (in terms of plant investment) and provides an indication of the reliance on debt to fund the existing net assets as well as the flexibility in terms of funding future capital assets and overall rate stability. Generally, the higher the ratio, the greater the need to have a larger portion of the rate revenues being dedicated to debt (principal) retirement. We have identified a maximum target for the ratio since it is expected that additional expansion projects anticipated to be funded from additional bond proceeds may be required in the future (considered to be beyond the Forecast Period). As can be seen below, the Debt Ratio is projected to fluctuate during the Forecast Period, similar to the outstanding debt to ERC graph, as seen above but overall maintains a favorable fiscal position.

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RATE RECOMMENDATIONS

In order to maintain the creditworthiness and financial position of the Utility, it is recommended that the County maintain the application of the adopted automatic Price Index application and consider reinstating the index subsequent to Fiscal Year 2025. The primary reasons for this recommendation is to:

1. Maintain targeted cash reserves within the Operating Reserve Fund;
2. Recover increased operation and maintenance expenses associated with general inflation, energy, and chemical increases and the residual effects on the cost of doing business (repairs, maintenance, etc.);
3. Provide dedicated annual transfers to the Renewal and Replacement Fund of \$5.7 million on average in support of the CIP funding program to provide for less debt in the future and promote rate sustainability; and
4. Maintain the creditworthiness of the System and meet necessary coverage requirements of the Bond Resolution.

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MARTIN COUNTY, FLORIDA

Water and Wastewater System

Ten-Year Financial Forecast

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2	Summary of Projected Customer Statistics
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6	Summary of Combined Water and Wastewater System Revenue Requirements and Revenue Sufficiency
7	Projected Debt Service Coverage Analysis
8	Projected Fund Balances and Interest Income Determination
9	Comparison of Typical Monthly Residential Bills for Water Service
10	Comparison of Typical Monthly Residential Bills for Wastewater Service
11	Comparison of Typical Monthly Residential Bills for Combined Service

Table 1
Martin County, Florida
Water and Wastewater System
Summary of Historical Customer Statistics [1]

Line No.	Description	Historical Fiscal Year Ending September 30,								
		2009	2010	2011	2012	2013	2014	2015	2016	2017
WATER SYSTEM										
SINGLE - FAMILY RESIDENTIAL:										
1	Average Accounts (Monthly)	26,015	27,454	28,013	28,454	28,934	29,598	30,183	30,690	31,093
2	Average ERC (Monthly)	26,576	28,042	29,177	29,643	30,164	30,851	31,491	32,110	32,623
3	Billed Flow (Kgal)	2,029,094	2,038,876	2,149,350	2,072,961	1,935,251	2,088,152	2,179,449	2,236,914	2,409,849
4	Avg Monthly Flow Per Account (Gallons)	6,500	6,189	6,394	6,071	5,574	5,879	6,017	6,074	6,459
MULTI - FAMILY RESIDENTIAL:										
5	Average Accounts (Monthly)	311	341	377	389	387	389	390	390	392
6	Average Units Monthly)	8,577	9,146	9,808	9,991	9,976	9,970	9,973	9,997	9,935
7	Average ERC (Monthly)	4,289	4,573	4,904	4,996	4,988	4,985	4,987	4,998	4,968
8	Billed Flow (Kgal)	282,863	293,067	317,575	323,343	303,670	313,697	333,855	335,543	341,479
9	Avg Monthly Flow Per Unit (Gallons)	2,748	2,670	2,698	2,697	2,537	2,622	2,790	2,797	2,864
COMMERCIAL - NON-RESIDENTIAL:										
10	Average Accounts (Monthly)	1,474	1,565	1,577	1,584	1,606	1,629	1,640	1,645	1,660
11	Average ERC (Monthly)	5,426	5,899	5,860	5,820	5,877	5,977	6,030	6,054	6,194
12	Billed Flow (Kgal)	442,573	454,144	467,576	470,160	475,239	487,291	494,938	514,111	508,592
13	Avg Monthly Flow Per Account (Gallons)	25,021	24,182	24,708	24,735	24,660	24,928	25,149	26,044	25,532
IRRIGATION										
14	Average Accounts (Monthly)	227	252	240	235	237	242	245	241	237
15	Average ERC (Monthly)	1,043	1,181	1,067	1,031	1,036	1,058	1,079	1,054	1,004
16	Billed Flow (Kgal)	173,270	196,740	187,286	169,119	163,697	156,750	175,509	158,329	177,326
17	Avg Monthly Flow Per Account (Gallons)	63,609	65,060	65,030	59,971	57,559	53,977	59,697	54,747	62,351
FIRE LINE SERVICES:										
18	Average Accounts (Monthly)	313	339	359	365	375	385	389	396	404
19	Average ERC (Monthly)	1,608	1,717	1,825	1,852	1,884	1,925	1,948	1,969	1,997
TEMPORARY METER ACCOUNTS:										
20	Average Accounts (Monthly)	39	33	28	21	24	24	27	30	31
21	Average Units (Monthly)	39	33	28	21	24	24	27	30	31
22	Billed Flow (Kgal)	6,076	2,242	2,631	1,554	2,715	3,907	3,889	6,396	13,309
23	Avg Monthly Flow Per Account (Gallons)	12,983	5,662	7,830	6,167	9,427	13,566	12,003	17,767	35,777
TOTAL WATER SYSTEM										
24	Average Accounts (Monthly)	28,379	29,984	30,594	31,048	31,563	32,267	32,874	33,392	33,817
25	Average ERC (Monthly)	38,981	41,445	42,861	43,363	43,973	44,820	45,562	46,215	46,817
26	Billed Flow (Kgal)	2,933,876	2,985,069	3,124,418	3,037,137	2,880,572	3,049,797	3,187,640	3,251,293	3,450,555
27	Avg Monthly Flow Per Account (Gallons)	8,615	8,296	8,510	8,152	7,605	7,876	8,080	8,114	8,503
28	Avg Monthly Flow Per ERC (Gallons)	6,272	6,002	6,075	5,837	5,459	5,670	5,830	5,863	6,142
29	Total Finished Water Produced (Kgal)	3,108,134	3,181,990	3,319,745	3,401,399	3,222,504	3,402,494	3,474,602	3,544,526	3,774,542
30	Unbilled Flow (Kgal)	174,258	196,921	195,327	364,262	341,932	352,697	286,962	293,233	323,987
31	As Percent of Treated Flow	5.61%	6.19%	5.88%	10.71%	10.61%	10.37%	8.26%	8.27%	8.58%

Footnotes on Following Page.

Table 1
Martin County, Florida
Water and Wastewater System
Summary of Historical Customer Statistics [1]

Line No.	Description	Historical Fiscal Year Ending September 30,								
		2009	2010	2011	2012	2013	2014	2015	2016	2017
WASTEWATER SYSTEM										
SINGLE - FAMILY RESIDENTIAL:										
32	Average Accounts (Monthly)	18,651	19,869	20,349	20,792	21,191	21,579	21,936	22,233	22,497
33	Average ERC (Monthly)	18,859	20,101	20,579	21,004	21,424	21,817	22,183	22,504	22,762
34	Billed Flow (Kgal)	987,750	997,121	1,025,556	1,028,369	1,007,093	1,053,967	1,079,641	1,099,512	1,144,745
35	Avg Monthly Flow Per Account (Gallons)	4,413	4,182	4,200	4,122	3,960	4,070	4,101	4,121	4,240
MULTI - FAMILY RESIDENTIAL:										
36	Average Accounts (Monthly)	185	216	251	265	268	274	274	274	276
37	Average Units Monthly)	5,720	6,308	7,143	7,686	7,796	7,811	7,811	7,827	7,801
38	Average ERC (Monthly)	2,860	3,154	3,572	3,843	3,898	3,906	3,906	3,914	3,901
39	Billed Flow (Kgal)	213,755	249,039	253,542	242,776	242,805	247,822	260,557	263,824	273,413
40	Avg Monthly Flow Per Unit (Gallons)	3,114	3,290	2,958	2,632	2,595	2,644	2,780	2,809	2,921
COMMERCIAL - NON-RESIDENTIAL:										
41	Average Accounts (Monthly)	1,096	1,142	1,157	1,166	1,186	1,209	1,216	1,224	1,237
42	Average ERC (Monthly)	3,859	4,248	4,265	4,188	4,280	4,374	4,353	4,395	4,501
43	Billed Flow (Kgal)	361,214	395,100	397,690	379,695	382,634	411,525	405,074	420,220	420,887
44	Avg Monthly Flow Per Account (Gallons)	27,465	28,831	28,644	27,137	26,885	28,365	27,760	28,610	28,354
FLAT RATE - SEWER ONLY ACCOUNTS										
45	Average Accounts (Monthly)	401	400	405	414	416	406	414	417	417
TOTAL WASTEWATER SYSTEM										
46	Average Accounts (Monthly)	20,333	21,627	22,162	22,637	23,061	23,468	23,840	24,148	24,427
47	Average ERC (Monthly)	25,979	27,903	28,821	29,449	30,018	30,503	30,856	31,230	31,581
48	Billed Flow (Kgal)	1,562,719	1,641,260	1,676,788	1,650,840	1,632,532	1,713,314	1,745,272	1,783,556	1,839,045
49	Avg Monthly Flow Per Account (Gallons)	6,405	6,324	6,305	6,077	5,899	6,084	6,101	6,155	6,274
50	Avg Monthly Flow Per ERC (Gallons)	5,013	4,902	4,848	4,671	4,532	4,681	4,714	4,759	4,853
51	Total Treated Flow (Kgal)	1,421,902	1,436,085	1,412,566	1,503,830	1,518,403	1,513,667	1,514,569	1,565,968	1,517,613
52	Monthly Wastewater Flow per ERC (Gallons)	4,561	4,289	4,084	4,255	4,215	4,135	4,090	4,179	4,005
53	Ratio of Billed Flow to Treated Flow	109.90%	114.29%	118.71%	109.78%	107.52%	113.19%	115.23%	113.89%	121.18%

Footnotes:

[1] Amounts shown based on a summary of monthly operating reports provided by Department staff.

[2] Beginning with April 2007, the South Florida Water Management District (SFWMD) imposed general water use restrictions.

Table 2
Martin County, Florida
Water and Wastewater System
Summary of Projected Customer Statistics [1]

Line No.	Description	Historical	Projected Fiscal Year Ending September 30,										
		2017	2018 [2]	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
WATER SYSTEM													
SINGLE - FAMILY RESIDENTIAL:													
1	Average Accounts (Monthly)	31,093	31,503	31,988	32,665	33,227	33,941	34,518	34,904	35,520	35,988	36,275	36,542
2	Average ERC (Monthly)	32,623	33,072	33,581	34,292	34,882	35,632	36,238	36,643	37,290	37,781	38,082	38,362
3	Billed Flow (Kgal)	2,409,849	2,302,581	2,303,136	2,351,880	2,392,344	2,443,752	2,485,296	2,513,088	2,557,440	2,591,136	2,611,800	2,631,024
4	Avg Monthly Flow Per Account (Gallons)	6,459	6,091	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
MULTI - FAMILY RESIDENTIAL:													
5	Average Accounts (Monthly)	392	392	393	393	394	394	395	395	396	396	397	398
6	Average Units Monthly	9,935	9,937	9,962	9,962	9,987	9,987	10,012	10,012	10,037	10,037	10,062	10,087
7	Average ERC (Monthly)	4,968	4,969	4,982	4,982	4,995	4,995	5,008	5,008	5,021	5,021	5,034	5,047
8	Billed Flow (Kgal)	341,479	337,510	326,953	326,953	327,773	327,773	328,594	328,594	329,414	329,414	330,235	331,055
9	Avg Monthly Flow Per Unit (Gallons)	2,864	2,830	2,735	2,735	2,735	2,735	2,735	2,735	2,735	2,735	2,735	2,735
COMMERCIAL - NON-RESIDENTIAL:													
10	Average Accounts (Monthly)	1,660	1,678	1,688	1,698	1,705	1,712	1,717	1,721	1,725	1,729	1,732	1,735
11	Average ERC (Monthly)	6,194	6,396	6,434	6,472	6,499	6,526	6,545	6,560	6,575	6,590	6,601	6,612
12	Billed Flow (Kgal)	508,592	509,019	509,438	512,456	514,569	516,682	518,191	519,398	520,605	521,812	522,718	523,623
13	Avg Monthly Flow Per Account (Gallons)	25,532	25,279	25,150	25,150	25,150	25,150	25,150	25,150	25,150	25,150	25,150	25,150
IRRIGATION													
14	Average Accounts (Monthly)	237	248	248	248	248	248	248	248	248	248	248	248
15	Average ERC (Monthly)	1,004	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124
16	Billed Flow (Kgal)	177,326	161,452	169,632	169,632	169,632	169,632	169,632	169,632	169,632	169,632	169,632	169,632
17	Avg Monthly Flow Per Account (Gallons)	62,351	54,251	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000
FIRE LINE SERVICES:													
18	Average Accounts (Monthly)	404	410	414	418	421	424	427	430	432	434	436	438
19	Average ERC (Monthly)	1,997	2,026	2,046	2,066	2,081	2,096	2,111	2,126	2,136	2,146	2,156	2,166
TEMPORARY METER ACCOUNTS:													
20	Average Accounts (Monthly)	31	39	39	39	39	39	39	39	39	39	39	39
21	Average Units (Monthly)	31	39	39	39	39	39	39	39	39	39	39	39
22	Billed Flow (Kgal)	13,309	8,057	8,424	8,424	8,424	8,424	8,424	8,424	8,424	8,424	8,424	8,424
23	Avg Monthly Flow Per Account (Gallons)	35,777	17,216	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
TOTAL WATER SYSTEM													
24	Average Accounts (Monthly)	33,817	34,270	34,770	35,461	36,034	36,758	37,344	37,737	38,360	38,834	39,127	39,400
25	Average ERC (Monthly)	46,817	47,626	48,206	48,975	49,620	50,412	51,065	51,500	52,185	52,701	53,036	53,350
26	Billed Flow (Kgal)	3,450,555	3,318,619	3,317,583	3,369,345	3,412,742	3,466,263	3,510,136	3,539,136	3,585,515	3,620,419	3,642,808	3,663,758
27	Avg Monthly Flow Per Account (Gallons)	8,503	8,070	7,951	7,918	7,892	7,858	7,833	7,815	7,789	7,769	7,759	7,749
28	Avg Monthly Flow Per ERC (Gallons)	6,142	5,807	5,735	5,733	5,731	5,730	5,728	5,727	5,726	5,725	5,724	5,723
29	Percent of Unbilled / Treated Flow	8.58%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%
30	Total Treated Water Flow	3,774,542	3,666,982	3,665,838	3,723,033	3,770,986	3,830,125	3,878,604	3,910,647	3,961,895	4,000,462	4,025,203	4,048,352

Footnotes on Following Page.

Table 2
Martin County, Florida
Water and Wastewater System
Summary of Projected Customer Statistics [1]

Line No.	Description	Historical 2017	2018 [2]	2019	2020	2021	Projected Fiscal Year Ending September 30,						
							2022	2023	2024	2025	2026	2027	2028
WASTEWATER SYSTEM													
SINGLE - FAMILY RESIDENTIAL:													
31	Average Accounts (Monthly)	22,497	22,643	22,969	23,250	23,765	24,625	25,470	26,028	26,651	27,080	27,316	27,490
32	Average ERC (Monthly)	22,762	22,919	23,249	23,533	24,054	24,924	25,779	26,344	26,975	27,409	27,648	27,824
33	Billed Flow (Kgal)	1,144,745	1,226,351	1,127,319	1,141,110	1,166,386	1,208,595	1,250,068	1,277,454	1,308,031	1,329,086	1,340,669	1,349,209
34	Avg Monthly Flow Per Account (Gallons)	4,240	4,513	4,090	4,090	4,090	4,090	4,090	4,090	4,090	4,090	4,090	4,090
MULTI - FAMILY RESIDENTIAL:													
35	Average Accounts (Monthly)	276	277	278	278	279	279	280	280	281	281	282	283
36	Average Units Monthly	7,801	7,853	7,878	7,878	7,903	7,903	7,928	7,928	7,953	7,953	7,978	8,003
37	Average ERC (Monthly)	3,901	3,927	3,939	3,939	3,952	3,952	3,965	3,965	3,978	3,978	3,991	4,004
38	Billed Flow (Kgal)	273,413	274,612	266,592	266,592	267,438	267,438	268,284	268,284	269,130	269,130	269,976	270,822
39	Avg Monthly Flow Per Unit (Gallons)	2,921	2,914	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820	2,820
COMMERCIAL - NON-RESIDENTIAL:													
40	Average Accounts (Monthly)	1,237	1,250	1,257	1,264	1,271	1,278	1,285	1,292	1,299	1,306	1,313	1,320
41	Average ERC (Monthly)	4,501	4,594	4,620	4,646	4,672	4,698	4,724	4,750	4,776	4,802	4,828	4,854
42	Billed Flow (Kgal)	420,887	427,174	429,894	432,288	434,682	437,076	439,470	441,864	444,258	446,652	449,046	451,440
43	Avg Monthly Flow Per Account (Gallons)	28,354	28,478	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500	28,500
FLAT RATE - SEWER ONLY ACCOUNTS													
44	Average Accounts (Monthly)	417	416	416	416	416	416	416	416	416	416	416	416
TOTAL WASTEWATER SYSTEM													
45	Average Accounts (Monthly)	24,427	24,586	24,920	25,208	25,731	26,598	27,451	28,016	28,647	29,083	29,327	29,509
46	Average ERC (Monthly)	31,581	31,856	32,224	32,534	33,094	33,990	34,884	35,475	36,145	36,605	36,883	37,098
47	Billed Flow (Kgal)	1,839,045	1,928,137	1,823,805	1,839,990	1,868,506	1,913,109	1,957,822	1,987,602	2,021,419	2,044,868	2,059,691	2,071,471
48	Avg Monthly Flow Per Account (Gallons)	6,274	6,535	6,099	6,083	6,051	5,994	5,943	5,912	5,880	5,859	5,853	5,850
49	Avg Monthly Flow Per ERC (Gallons)	4,853	5,044	4,716	4,713	4,705	4,690	4,677	4,669	4,660	4,655	4,654	4,653
50	Total Treated Wastewater Flow	1,517,613	1,599,134	1,627,956	1,643,618	1,671,909	1,717,175	1,762,340	1,792,197	1,826,045	1,849,285	1,863,329	1,874,191
51	Wastewater Treated Flow per ERC	4,005	4,183	4,210	4,210	4,210	4,210	4,210	4,210	4,210	4,210	4,210	4,210
52	Ratio of Billed Flow to Treated Flow	121.18%	120.57%	112.03%	111.95%	111.76%	111.41%	111.09%	110.90%	110.70%	110.58%	110.54%	110.53%

Footnotes:

[1] Forecast of customer growth takes into account the reduced water demands and the addition of incremental growth from planned water line extensions.

[2] Based on three (6) months of reported sales.

Table 3

Martin County, Florida
Water and Wastewater System

Summary of Projected System Operating Revenues [1]

		Projected Fiscal Year Ending September 30th,										
Line No.	Description	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
WATER SYSTEM												
1	Retail Rate Revenue (Indexed Rates) [2]	\$ 17,877	\$ 18,286	\$ 18,900	\$ 19,484	\$ 20,131	\$ 20,716	\$ 21,213	\$ 21,817	\$ 22,262	\$ 22,404	\$ 22,533
2	Retail Rate Revenue Adjustments [3]	-	-	-	-	-	-	-	-	-	-	-
3	CFC Revenue - New Development	727	636	595	552	515	434	443	373	339	303	303
4	CFC Revenue - Assessment Programs	299	314	374	478	476	473	448	470	470	455	455
5	Service Availability Charge Revenue [3]	229	206	195	188	183	179	177	178	181	187	198
6	Other Operating Revenues [4]	664	707	748	1,400	2,251	2,232	2,176	3,097	3,535	3,516	3,504
7	Unrestricted Interest Income [5]	228	195	198	216	169	131	133	147	169	192	217
8	Gross Water System Revenues	\$ 20,023	\$ 20,344	\$ 21,010	\$ 22,319	\$ 23,724	\$ 24,166	\$ 24,590	\$ 26,081	\$ 26,956	\$ 27,058	\$ 27,209
WASTEWATER SYSTEM												
9	Retail Rate Revenue (Indexed Rates) [2]	\$ 15,023	\$ 14,900	\$ 15,306	\$ 15,831	\$ 16,514	\$ 17,188	\$ 17,723	\$ 18,304	\$ 18,717	\$ 18,854	\$ 18,962
10	Retail Rate Revenue Adjustments [3]	-	-	-	-	-	-	-	-	-	-	-
11	CFC Revenue - New Development	751	628	624	567	557	485	477	405	391	351	351
12	CFC Revenue - Assessment Programs	131	131	131	256	365	365	365	498	430	430	430
13	Service Availability Charge Revenue [3]	244	234	221	212	204	198	193	190	189	188	191
14	Other Operating Revenues [4]	1,067	1,121	1,290	1,489	1,718	1,725	1,766	1,758	1,298	1,303	1,305
15	Unrestricted Interest Income [5]	191	167	171	188	153	122	123	134	150	163	199
16	Gross Wastewater System Revenues	\$ 17,406	\$ 17,180	\$ 17,742	\$ 18,543	\$ 19,511	\$ 20,083	\$ 20,647	\$ 21,288	\$ 21,173	\$ 21,289	\$ 21,437
COMBINED SYSTEMS												
17	Retail Rate Revenue (Indexed Rates) [2]	\$ 32,900	\$ 33,185	\$ 34,206	\$ 35,315	\$ 36,645	\$ 37,904	\$ 38,935	\$ 40,120	\$ 40,978	\$ 41,258	\$ 41,494
18	Retail Rate Revenue Adjustments [3]	-	-	-	-	-	-	-	-	-	-	-
19	CFC Revenue - New Development	1,478	1,264	1,219	1,119	1,071	919	920	778	729	653	653
20	CFC Revenue - Assessment Programs	429	445	505	734	841	838	813	968	900	884	884
21	Service Availability Charge Revenue [3]	473	440	416	400	387	377	370	367	370	376	388
22	Other Operating Revenues [4]	1,731	1,828	2,038	2,890	3,969	3,957	3,943	4,855	4,833	4,820	4,809
23	Unrestricted Interest Income [5]	420	362	369	404	322	253	256	281	319	356	416
24	Gross Water and Wastewater Revenues	\$ 37,429	\$ 37,524	\$ 38,752	\$ 40,862	\$ 43,235	\$ 44,249	\$ 45,237	\$ 47,369	\$ 48,129	\$ 48,346	\$ 48,646

Footnotes:

- [1] Amounts shown in \$1,000's.
- [2] Amounts shown based on the application of existing rates, including application of assumed automatic rate indexing, to projected customer statistics.
- [3] Service Availability Charge revenue was calculated based on recent historical monthly reports and estimates of future development as provided by Department staff.
- [4] Other operating revenue include Reclaimed Sales, Miscellaneous Revenue, Engineering Review Fees, Special Assessment Revenues, Wellfield Protection Fees, Leachate Processing, etc.
- [5] Amounts shown include interest income projected for the following funds, as identified in greater detail on Table 10: i) Operating Reserve Fund; ii) Renewal and Replacement Fund; and iii) Debt Service-related Funds. Amounts shown are exclusive of any interest income earned on Construction (project) Funds, customer deposits, or capital facility charges/impact fee-related funds.

Table 4

**Martin County, Florida
Water and Wastewater System**

Projected Capital Facility Charge (CFC) Revenue [1]

Line No.	Description	Projected Fiscal Year Ending September 30th										
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<u>Water System CFC Revenue:</u>												
1	Water System CFC Fee (Per ERC)	\$ 1,710	\$ 1,710	\$ 1,710	\$ 1,710	\$ 1,710	\$ 1,710	\$ 1,710	\$ 1,710	\$ 1,710	\$ 1,710	\$ 1,710
2	Water System CFC Connecting ERCs	425	372	348	323	301	254	259	218	198	177	177
3	Total Water System CFC Revenue [2]	\$ 727	\$ 636	\$ 595	\$ 552	\$ 515	\$ 434	\$ 443	\$ 373	\$ 339	\$ 303	\$ 303
4	Adjustments [3]	-	-	-	-	-	-	-	-	-	-	-
5	Adjusted Total Water System CFC Revenue [2]	\$ 727	\$ 636	\$ 595	\$ 552	\$ 515	\$ 434	\$ 443	\$ 373	\$ 339	\$ 303	\$ 303
<u>Wastewater System CFC Revenue:</u>												
6	Wastewater System CFC Fee (Per ERC)	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100
7	Wastewater System CFC Connecting ERCs	358	299	297	270	265	231	227	193	186	167	167
8	Total Wastewater System CFC Revenue [2]	\$ 751	\$ 628	\$ 624	\$ 567	\$ 557	\$ 485	\$ 477	\$ 405	\$ 391	\$ 351	\$ 351
9	Adjustments [3]	-	-	-	-	-	-	-	-	-	-	-
10	Adjusted Total Wastewater System CFC Revenue [2]	\$ 751	\$ 628	\$ 624	\$ 567	\$ 557	\$ 485	\$ 477	\$ 405	\$ 391	\$ 351	\$ 351
11	Combined System CFC Revenue Collections [2]	\$ 1,478	\$ 1,264	\$ 1,219	\$ 1,119	\$ 1,071	\$ 919	\$ 920	\$ 778	\$ 729	\$ 653	\$ 653

Footnotes:

- [1] Does not recognize CFC revenue from Assessment programs, which are reflected as a transfer from the operating reserves of the Utility to the CFC Fund (assumes full receipt up front with all assessment revenues being included as gross revenues per utility staff).
- [2] Amounts shown in \$1,000's. Reflects ERC growth associated with new development that has not already entered the development process and are paying Service Availability Charges.
- [3] Represents prepayment of CFC charges from Jensen Dunes per Department Staff.

Table 5

Martin County, Florida
Water and Wastewater System

Summary of Forecasted Ten-Year Capital Improvement Program [1]

No.	Description	Funding Source	Projected Fiscal Year Ending September 30,												
			2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total	
CAPITAL PROJECTS - WATER SYSTEM															
1	NWTP Building Improvements	OpRes	\$ 190,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	190,800	
2	Indian River DR WM Extension	CFC	350,000	-	-	-	-	-	-	-	-	-	-	350,000	
3	Indian River WM Extension	CFC	350,000	-	-	-	-	-	-	-	-	-	-	350,000	
4	Raw WM & Pump MD to TF	OpRes	-	-	-	-	9,397,452	-	-	-	-	-	-	9,397,452	
5	Raw WM & Pump MD to TF	2016Bonds	210,759	-	-	-	-	-	-	-	-	-	-	210,759	
6	NWTP Trench Rehab	2016Bonds	301,131	-	-	-	-	-	-	-	-	-	-	301,131	
7	Watermain Valves - JB WM Valve	OpRes	308,150	-	-	-	-	-	-	-	-	-	-	308,150	
8	No Whse Stg Addition	OpRes	156,600	-	-	-	-	-	-	-	-	-	-	156,600	
9	System-Wide Safetyey Improvements	OpRes	6,424	-	-	-	-	-	-	-	-	-	-	6,424	
10	N. Surficial Well Replacement #9	OpRes	723,999	-	-	-	-	-	-	-	-	-	-	723,999	
11	Well & Pump Improvements	RR	115,422	-	-	-	-	-	-	-	-	-	-	115,422	
12	Watermain Replacement	RR	738,912	-	-	-	-	-	-	-	-	-	-	738,912	
13	Fire Hydrant Replacement	RR	173,497	-	-	-	-	-	-	-	-	-	-	173,497	
14	Kanner Hwy Utility Accomod.	RR	865,380	-	-	-	-	-	-	-	-	-	-	865,380	
15	NW/WTP Window Replacement	RR	40,693	-	-	-	-	-	-	-	-	-	-	40,693	
16	AMR Program	RR	500,909	-	-	-	-	-	-	-	-	-	-	500,909	
17	Bulk Chemical Stg Tank Repl.	RR	1,115,716	-	-	-	-	-	-	-	-	-	-	1,115,716	
18	Water Sampling Stations	RR	176,860	-	-	-	-	-	-	-	-	-	-	176,860	
19	North Reuse Pump Station	RR	250,000	-	-	-	-	-	-	-	-	-	-	250,000	
20	Improvements Other	CFC	150,000	-	-	-	-	-	-	-	-	-	-	150,000	
21	Bulk Chemical Storage Tank Replacement	RR	-	-	98,417	134,946	320,169	106,023	173,891	-	817,866	861,404	660,215	3,172,931	
22	R.O. Membrane Replacement	OpRes	-	1,150,000	-	-	-	-	761,982	-	-	1,245,285	-	3,157,267	
23	Watermain Replacement	RR	-	600,000	515,000	1,591,350	2,185,454	562,754	579,637	597,026	614,937	633,385	652,387	8,531,930	
24	Well and Pump Improvements	RR	-	100,000	101,000	102,010	103,030	104,060	105,101	106,152	107,214	108,286	109,369	1,046,222	
25	Water Meter Automation Retrofit	RR	-	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	7,500,000	
26	Hydrant Replacement	RR	-	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	1,500,000	
27	North VFD and Electrical Replacement	WD1-NE	-	-	-	503,928	-	-	-	-	-	-	-	503,928	
28	NWTP Building Improvements	RR	-	-	-	-	109,273	-	-	-	-	-	-	109,273	
29	Emergency Generator Storage Building	RR	-	-	-	-	-	-	1,043,347	-	-	-	-	1,043,347	
30	Murphy Road Bridge Watermain	WD1-NE	-	-	216,300	-	-	-	-	-	-	-	-	216,300	
31	North Plant Floridan Aquifer Well	WD1-NE	-	250,000	2,729,500	-	-	-	-	-	-	-	-	2,979,500	
32	Loop Tie-ins	CFC	-	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	2,000,000	
33	Loop Tie-ins	CFC	249,761	-	-	-	-	-	-	-	-	-	-	249,761	
34	Tropical Farms Water Plant Scrubber Improvements	OpRes	-	-	-	-	415,236	-	-	-	-	-	-	415,236	
35	Wellfield Pump Standardization	-	-	55,000	56,650	58,350	60,100	61,903	-	-	-	-	-	292,003	
36	A1A Water Main	CFC	-	-	-	848,720	-	-	-	-	-	-	-	848,720	
37	Tropical Farms Water Plant	CFC	-	-	206,000	-	-	-	-	4,298,588	-	-	-	4,504,588	
38	Tropical Farms Water Plant	RR	-	-	360,500	3,394,880	-	1,913,365	-	-	-	-	-	5,668,745	
39	Golden Gate Repump	CFC	-	-	-	-	21,855	243,110	-	-	-	-	-	264,965	
40	Warner Creek Water Raw Water Main Relocation	-	-	-	-	-	-	-	695,564	-	-	-	-	695,564	
41	Palm Lake Drive Bridge Water Main	-	-	-	-	-	163,909	-	-	-	-	-	-	163,909	
Capital Projects - Assessments (New Petitions)															
42	Old Palm City	CFC	500,000	-	-	-	-	-	-	-	-	-	-	500,000	
43	Crane Creek	OpRes	109,403	-	-	-	-	-	-	-	-	-	-	109,403	
44	Maringale / Seven Js	OpRes	44,283	-	-	-	-	-	-	-	-	-	-	44,283	
45	Port Salerno New Monrovia	CFC	50,000	-	-	-	-	-	-	-	-	-	-	50,000	
46	Orchid Bay	OpRes	749,775	-	-	-	-	-	-	-	-	-	-	749,775	
47	Orchid Bay - Roby's Way (Transmission Line)	CFC	260,000	-	-	-	-	-	-	-	-	-	-	260,000	
48	James Villa	WD3-NE	-	47,260	-	-	-	-	-	-	-	-	-	47,260	
49	Indian River Drive	WD3-NE	-	-	360,500	-	-	-	-	-	-	-	-	360,500	
50	Evergreen	WD3-NE	-	-	2,575,000	-	-	-	-	-	-	-	-	2,575,000	
51	Wind Stone	WD3-NE	-	-	1,030,000	-	-	-	-	-	-	-	-	1,030,000	
52	Palm Lake Park	WD3-NE	-	-	2,060,000	-	-	-	-	-	-	-	-	2,060,000	

Table 5

**Martin County, Florida
Water and Wastewater System**

Summary of Forecasted Ten-Year Capital Improvement Program [1]

No.	Description	Funding Source	Projected Fiscal Year Ending September 30,											
			2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
	Water Line Extension Program:													
53	Operating Reserves	OpRes	-	2,215,273	-	-	-	-	-	-	-	-	-	2,215,273
54	Operating Expansion	OpRes	-	-	-	-	-	-	-	-	-	-	-	-
55	Contributed Capital / Grants Non Expansion	Grants	-	-	-	-	-	-	-	-	-	-	-	-
56	Contributed Capital / Grants Expansion	Grants	-	-	-	-	-	-	-	-	-	-	-	-
57	CFC Fund	CFC	-	-	-	-	-	-	-	-	-	-	-	-
	Renewal and Replacement Fund	RR	-	-	-	-	-	-	-	-	-	-	-	-
58	New Debt 1 Non-Expansion	WD1-NE	-	-	-	-	-	-	-	-	-	-	-	-
58	New Debt 1 Expansion	WD1-E	-	-	-	-	-	-	-	-	-	-	-	-
59	New Debt 2 Non-Expansion	WD2-NE	-	-	732,140	4,148,000	-	-	-	-	-	-	-	4,880,140
59	New Debt 2 Expansion	WD2-E	-	-	-	-	-	-	-	-	-	-	-	-
60	New Debt 3 Non-Expansion	WD3-NE	-	-	-	-	-	-	-	-	-	-	-	-
60	New Debt 3 Expansion	WD3-E	-	-	-	-	-	-	-	-	-	-	-	-
61	New Debt 4 Non-Expansion	WD4-NE	-	-	-	-	-	563,455	3,756,000	-	-	-	-	4,319,455
61	New Debt 4 Expansion	WD4-E	-	-	-	-	-	-	-	-	-	-	-	-
62	New Debt 5 Non-Expansion	WD5-NE	-	-	-	-	-	-	-	-	-	-	-	-
62	New Debt 5 Expansion	WD5-E	-	-	-	-	-	-	-	-	-	-	-	-
	Capital Projects													
63	Utility Building	OpRes	-	-	-	-	-	-	-	-	-	-	-	-
64	Improvements Other - RR	RR	228,236	-	-	-	-	-	-	-	-	-	-	228,236
65	Other Contractual Services	RR	39,110	-	-	-	-	-	-	-	-	-	-	39,110
66	Valve Replacement	RR	66,958	-	-	-	-	-	-	-	-	-	-	66,958
67	North Headworks Improvements	RR	2,575	-	-	-	-	-	-	-	-	-	-	2,575
68	Furniture and Equipment	RR	95,000	145,000	99,750	104,738	109,974	115,473	121,247	127,309	133,675	140,358	147,376	1,339,900
69	Equipment/Vehicles	RR	132,114	110,000	115,500	121,275	127,339	133,706	140,391	147,411	154,781	162,520	170,646	1,515,683
70	Departmental Capital	Rates	48,270	49,476	50,713	51,981	53,281	54,613	55,978	57,378	58,812	60,282	61,789	602,573
71	Unidentified Future Needs for System R&R	RR	-	-	-	-	-	-	579,637	895,539	1,229,874	1,583,463	1,957,160	6,245,673
72	Crane Creek Additional Costs	Internal	-	-	-	-	-	-	-	-	-	-	-	-
73	Total Water System Capital Costs		\$ 9,300,737	\$ 5,822,009	\$ 12,406,970	\$ 12,160,178	\$ 14,167,072	\$ 4,958,462	\$ 9,112,775	\$ 7,329,403	\$ 4,217,159	\$ 5,894,983	\$ 4,858,942	\$ 90,228,690
CAPITAL PROJECTS - WASTEWATER SYSTEM														
74	Sand Filters Wastewater Plants	RR	850,000	-	-	-	-	-	405,746	-	-	-	-	1,255,746
75	North Headworks Improvements	OpRes	107,639	-	-	-	-	-	-	-	-	-	-	107,639
76	Clarifier Launder covers	OpRes	14,915	-	-	-	-	-	-	-	-	-	-	14,915
77	TF Headworks/Sludge Pumps	OpRes	289,020	-	-	-	-	-	-	-	-	-	-	289,020
78	TF Headworks/Sludge Pumps	2016Bonds	563,922	-	-	-	-	-	-	-	-	-	-	563,922
79	Sand Filters Wastewater Plants	OpRes	672,059	-	-	-	-	-	-	-	-	-	-	672,059
80	Lift Station Rehab	RR	630,678	-	-	-	-	-	-	-	-	-	-	630,678
81	Emer Generator/Pump Repl	RR	50,422	-	-	-	-	-	-	-	-	-	-	50,422
82	N.WW Plant Headworks Improv.	RR	80,207	-	-	-	-	-	-	-	-	-	-	80,207
83	MD Inline Master Pump Station	RR	111,279	-	-	-	-	-	-	-	-	-	-	111,279
84	Sanitary Sewer Lining	RR	1,297,897	-	-	-	-	-	-	-	-	-	-	1,297,897
85	TF Sludge Pumps	RR	595,963	-	-	-	-	-	-	-	-	-	-	595,963
86	Heavy Equipment Replacement	RR	583,000	-	-	-	-	-	-	-	-	-	-	583,000
87	Indian River FM Extension	CFC	300,000	-	-	-	-	-	-	-	-	-	-	300,000
88	Misc Forcemain Loop Tie Ins	CFC	100,000	-	-	-	-	-	-	-	-	-	-	100,000
89	TF WW Project Clarifier	CFC	195,000	-	-	-	-	-	-	-	-	-	-	195,000
90	Improvements Other	CFC	100,000	-	-	-	-	-	-	-	-	-	-	100,000
91	NWWTP WAS Pump Station	2016Bonds	594,325	-	-	-	-	-	-	-	-	-	-	594,325
92	Capital Equipment Replacement	RR	-	408,000	212,180	363,889	572,589	931,921	649,193	421,500	838,774	60,805	-	4,458,851
93	Lift Station Rehabilitation	RR	-	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	4,000,000
94	Sanitary Sewer Lining	OpRes	-	750,000	772,500	-	-	-	-	-	-	-	-	1,522,500
95	Sanitary Sewer Lining	RR	-	-	-	795,675	819,545	844,132	869,456	895,539	922,405	950,078	978,580	7,075,410
96	Lift Station Telemetry	RR	-	112,000	112,000	112,000	112,000	112,000	80,000	80,000	80,000	80,000	80,000	960,000

Table 5

**Martin County, Florida
Water and Wastewater System**

Summary of Forecasted Ten-Year Capital Improvement Program [1]

Line No.	Description	Funding Source	Projected Fiscal Year Ending September 30,											
			2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
97	Lift Station Telemetry	RR	180,000	-	-	-	-	-	-	-	-	-	-	180,000
98	North Mapp Road Master Lift Station	CFC	-	225,000	-	-	-	-	-	-	-	-	-	225,000
99	North Mapp Road Master Lift Station	RR	-	700,000	-	-	-	-	-	-	-	-	-	700,000
100	Tropical Farms Wastewater Plant	RR	-	-	-	-	-	-	-	-	-	-	-	-
101	Tropical Farms Wastewater Plant	CFC	-	-	-	-	-	-	4,347,278	-	-	-	-	4,347,278
102	Tropical Farms Wastewater Plant	RR	-	-	-	-	-	-	-	-	-	-	-	-
103	Indian River Plantation Improvements	OpRes	-	-	-	-	1,038,091	-	-	-	-	-	-	1,038,091
104	Loop Tie-ins	CFC	-	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	500,000
105	Dixie Park Repump Upgrades	OpRes	-	1,600,000	-	-	-	-	-	-	-	-	-	1,600,000
106	Dixie Highway Corridor and Cove Road Force mains	RR	-	650,000	-	-	-	-	-	-	-	-	-	650,000
107	Dixie Highway Corridor and Cove Road Force mains	SD1-NE	-	-	6,025,500	-	-	-	-	-	-	-	-	6,025,500
108	Old Palm City Force main	SD1-NE	-	-	76,169	523,024	-	-	-	-	-	-	-	599,193
Capital Projects - Assessments (New Petitions)														
109	Golden Gate Sewer	OpRes	129,204	-	-	-	-	-	-	-	-	-	-	129,204
110	Old Palm City S2S	OpRes	479,315	-	-	-	-	-	-	-	-	-	-	479,315
111	James Villas	OpRes	516	-	-	-	-	-	-	-	-	-	-	516
112	Port Salerno/New Monrovia S2S	OpRes	18,070	-	-	-	-	-	-	-	-	-	-	18,070
113	Maringale/Seven Js SA W&S	OpRes	44,283	-	-	-	-	-	-	-	-	-	-	44,283
114	North River Shores Phase II Sewer	OpRes	169,374	-	-	-	-	-	-	-	-	-	-	169,374
115	Phipps Park	CFC	250,000	-	-	-	-	-	-	-	-	-	-	250,000
116	Old Palm City	CFC	400,000	-	-	-	-	-	-	-	-	-	-	400,000
117	Port Salerno New Monrovia	CFC	50,000	-	-	-	-	-	-	-	-	-	-	50,000
118	Indian River Drive	CFC	-	-	-	318,270	-	-	-	-	-	-	-	318,270
Sewer Line Extension / Septic Tank Replacement Program:														
119	North River Shores	Grants	1,500,000	-	-	-	-	-	-	-	-	-	-	1,500,000
120	North River Shores	MSBU-WW	4,915,977	-	-	-	-	-	-	-	-	-	-	4,915,977
121	North River Shores	CFC	-	-	-	-	-	-	-	-	-	-	-	-
122	Operating Non-Expansion	OpRes	-	-	-	-	-	-	-	-	-	-	-	-
123	Operating Expansion	OpRes	-	-	-	-	-	-	-	-	-	-	-	-
124	Contributed Capital / Grants Non Expansion	Grants	-	-	-	-	-	-	-	-	-	-	-	-
125	Contributed Capital / Grants Expansion	Grants	-	-	-	-	-	-	-	-	-	-	-	-
126	CFC Fund	CFC	-	-	-	-	-	-	-	-	-	-	-	-
127	Renewal and Replacement Fund	RR	-	-	-	-	-	-	-	-	-	-	-	-
128	New Debt 1 Non-Expansion	SD1-NE	-	-	-	-	-	-	-	-	-	-	-	-
129	New Debt 1 Expansion	SD1-E	-	-	-	-	-	-	-	-	-	-	-	-
130	New Debt 2 Non-Expansion	SD2-NE	-	-	2,153,489	12,203,000	-	-	-	-	-	-	-	14,356,489
131	New Debt 2 Expansion	SD2-E	-	-	-	-	-	-	-	-	-	-	-	-
132	New Debt 3 Non-Expansion	SD3-NE	-	1,591,000	9,018,000	-	-	-	-	-	-	-	-	10,609,000
133	New Debt 3 Expansion	SD3-E	-	-	-	-	-	-	-	-	-	-	-	-
134	New Debt 4 Non-Expansion	SD4-NE	-	-	-	-	-	-	-	-	-	-	-	-
135	New Debt 4 Expansion	SD4-E	-	-	-	-	-	-	-	-	-	-	-	-
136	New Debt 5 Non-Expansion	SD5-NE	-	-	-	-	-	2,151,857	12,193,000	-	-	-	-	14,344,857
137	New Debt 5 Expansion	SD5-E	-	-	-	-	-	-	-	-	-	-	-	-
138	Capital Projects		-	-	-	-	-	-	-	-	-	-	-	-
139	SRF and Other SA Planning	OpRes	165,510	-	-	-	-	-	-	-	-	-	-	165,510
140	SRF Planning	OpRes	28,466	-	-	-	-	-	-	-	-	-	-	28,466
141	Utility Building	OpRes	-	-	-	-	-	-	-	-	-	-	-	-
142	Other Contractual Services	RR	39,110	-	-	-	-	-	-	-	-	-	-	39,110
143	Misc Improvements	RR	228,236	-	-	-	-	-	-	-	-	-	-	228,236
144	Valve Replacement	RR	66,958	-	-	-	-	-	-	-	-	-	-	66,958
145	TIPS	RR	-	-	-	-	-	-	-	-	-	-	-	-
146	Furniture and Equipment	RR	95,000	145,000	97,850	100,786	103,809	106,923	110,131	113,435	116,838	120,343	123,953	1,234,068
147	Vehicles	RR	132,114	110,000	113,300	116,699	120,200	123,806	127,520	131,346	135,286	139,345	143,525	1,393,141
148	Departmental Capital	Rates	41,886	42,933	44,007	45,107	46,234	47,390	48,575	49,789	51,034	52,310	53,618	522,883
149	Total Wastewater System Capital Costs		\$ 16,070,345	\$ 6,783,933	\$ 19,074,995	\$ 15,028,450	\$ 3,262,468	\$ 4,768,029	\$ 19,280,899	\$ 2,141,609	\$ 2,594,337	\$ 1,852,881	\$ 1,829,676	\$ 92,687,622
150	TOTAL CAPITAL PROJECTS - WATER AND WASTEWATER		\$ 25,371,082	\$ 12,605,942	\$ 31,481,965	\$ 27,188,628	\$ 17,429,540	\$ 9,726,491	\$ 28,393,674	\$ 9,471,012	\$ 6,811,496	\$ 7,747,864	\$ 6,688,618	\$ 182,916,312

Table 5

**Martin County, Florida
Water and Wastewater System**

Summary of Forecasted Ten-Year Capital Improvement Program [1]

Line No.	Description	Funding Source	Projected Fiscal Year Ending September 30,											
			2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
FUNDING SOURCES FOR CAPITAL IMPROVEMENT PROGRAM														
WATER SYSTEM														
151	Rate Revenue	Rates	\$ 48,270	\$ 49,476	\$ 50,713	\$ 51,981	\$ 53,281	\$ 54,613	\$ 55,978	\$ 57,378	\$ 58,812	\$ 60,282	\$ 61,789	\$ 602,573
152	Water Capital Facility Charge (CFC)	CFC	1,909,761	255,000	462,650	1,107,070	281,955	505,013	200,000	4,498,588	200,000	200,000	200,000	9,820,037
153	Renewal, Replacement & Improvement Fund	RR	4,541,382	1,855,000	2,190,167	6,349,199	4,019,148	3,835,381	3,643,251	2,773,437	3,958,347	4,389,416	4,597,153	42,151,881
154	Operating Reserves	OpRes	2,289,434	3,365,273	-	-	9,812,688	-	1,457,546	-	-	1,245,285	-	18,170,226
155	Debt Issue No. 1 - 2019 Revenue Bonds - Non-Expansion	WD1-NE	-	250,000	2,945,800	503,928	-	-	-	-	-	-	-	3,699,728
156	Debt Issue No. 2 - 2020 SRF Loan - Non-Expansion	WD2-NE	-	-	732,140	4,148,000	-	-	-	-	-	-	-	4,880,140
157	Debt Issue No. 3 - 2019 SRF Loan - Non-Expansion	WD3-NE	-	47,260	6,025,500	-	-	-	-	-	-	-	-	6,072,760
158	Debt Issue No. 4 - 2023 SRF Loan - Non-Expansion	WD4-NE	-	-	-	-	-	563,455	3,756,000	-	-	-	-	4,319,455
159	Series 2016 Bonds	2016Bonds	511,890	-	-	-	-	-	-	-	-	-	-	511,890
160	Total Water System Capital Funding Sources		\$ 9,300,737	\$ 5,822,009	\$ 12,406,970	\$ 12,160,178	\$ 14,167,072	\$ 4,958,462	\$ 9,112,775	\$ 7,329,403	\$ 4,217,159	\$ 5,894,983	\$ 4,858,942	\$ 90,228,690
WASTEWATER SYSTEM														
WASTEWATER SYSTEM														
161	Rate Revenue	Rates	\$ 41,886	\$ 42,933	\$ 44,007	\$ 45,107	\$ 46,234	\$ 47,390	\$ 48,575	\$ 49,789	\$ 51,034	\$ 52,310	\$ 53,618	\$ 522,883
162	Wastewater Capital Facility Charge (CFC)	CFC	1,395,000	275,000	50,000	368,270	50,000	50,000	4,397,278	50,000	50,000	50,000	50,000	6,785,548
163	Renewal, Replacement & Improvement Fund	RR	4,940,864	2,525,000	935,330	1,889,049	2,128,143	2,518,782	2,642,046	2,041,820	2,493,303	1,750,571	1,726,058	25,590,966
164	Grants	Grants	1,500,000	-	-	-	-	-	-	-	-	-	-	1,500,000
165	Operating Reserves	OpRes	2,118,371	2,350,000	772,500	-	1,038,091	-	-	-	-	-	-	6,278,962
166	Debt Issue No. 1 - 2019 Revenue Bonds - Non-Expansion	SD1-NE	-	-	6,101,669	523,024	-	-	-	-	-	-	-	6,624,693
167	Debt Issue No. 2 - 2020 SRF Loan - Non-Expansion	SD2-NE	-	-	2,153,489	12,203,000	-	-	-	-	-	-	-	14,356,489
168	Debt Issue No. 3 - 2019 SRF Loan - Non-Expansion	SD3-NE	-	1,591,000	9,018,000	-	-	-	-	-	-	-	-	10,609,000
169	Debt Issue No. 5 - 2023 SRF Loan - Non-Expansion	SD5-NE	-	-	-	-	-	2,151,857	12,193,000	-	-	-	-	14,344,857
170	Series 2016 Bonds	2016Bonds	1,158,247	-	-	-	-	-	-	-	-	-	-	1,158,247
171	Municipal Assessment Revenue Note	MSBU-WW	4,915,977	-	-	-	-	-	-	-	-	-	-	4,915,977
172	Total Wastewater System Capital Funding Sources		\$ 16,070,345	\$ 6,783,933	\$ 19,074,995	\$ 15,028,450	\$ 3,262,468	\$ 4,768,029	\$ 19,280,899	\$ 2,141,609	\$ 2,594,337	\$ 1,852,881	\$ 1,829,676	\$ 92,687,622
173	TOTAL WATER AND WASTEWATER FUNDING SOURCES		\$ 25,371,082	\$ 12,605,942	\$ 31,481,965	\$ 27,188,628	\$ 17,429,540	\$ 9,726,491	\$ 28,393,674	\$ 9,471,012	\$ 6,811,496	\$ 7,747,864	\$ 6,688,618	\$ 182,916,312

Footnotes:

- [1] Unless otherwise noted, amounts shown were based upon the ten-year CIP program as provided by Department which is presented in today's dollars; such estimated costs were escalated annually at 1% to 3% beginning in Fiscal Year 2019 to account for potential increases in construction costs associated with inflation based on discussion with Staff.

Table 6
Martin County, Florida
Water and Wastewater System

Summary of Combined Water and Wastewater System Revenue Requirements and Revenue Sufficiency [1]

Line No.	Description	Projected Fiscal Year Ending September 30,										
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	Operating Expenses:											
1	Combined Systems	\$ 21,045	\$ 21,909	\$ 22,188	\$ 22,990	\$ 23,660	\$ 24,424	\$ 25,314	\$ 26,068	\$ 27,136	\$ 28,011	\$ 29,003
2	Contingency @ 1% of Operating Expenses	106	110	111	116	119	123	127	131	136	141	146
3	Combined Systems Operating Expenses:	\$ 21,151	\$ 22,019	\$ 22,299	\$ 23,105	\$ 23,778	\$ 24,546	\$ 25,441	\$ 26,199	\$ 27,272	\$ 28,152	\$ 29,148
	Other Revenue Requirements:											
4	Existing Sr Lien and SRF Debt Service	\$ 7,782	\$ 7,701	\$ 7,713	\$ 7,714	\$ 7,716	\$ 7,720	\$ 7,709	\$ 7,625	\$ 7,532	\$ 3,798	\$ 3,803
5	Proposed Debt Service	-	841	841	2,057	3,461	3,461	3,461	3,776	3,776	3,776	3,776
6	Capital Funded From Rates	90	92	95	97	100	102	105	107	110	113	115
7	Transfer to Renewal and Replacement Fund	5,250	5,000	5,250	5,276	5,559	5,992	5,843	5,982	6,273	6,510	6,553
8	Trasnfer to Rate Stablization Fund	-	-	-	-	-	-	-	-	-	-	-
9	Transfer to Operating Reserves	1,052	-	531	460	411	370	648	1,635	1,239	4,162	3,414
10	Transfer to General Fund - Building Mortgage Payment	198	198	198	198	198	198	198	198	198	198	198
	Municipal Service Benefit Unit - Special Assessment Revenue Note	-	120	101	101	100	101	100	101	100	100	100
11	Total Other Revenue Requirements	\$ 14,372	\$ 13,953	\$ 14,729	\$ 15,903	\$ 17,544	\$ 17,945	\$ 18,063	\$ 19,424	\$ 19,228	\$ 18,657	\$ 17,960
12	Gross Revenue Requirements	\$ 35,523	\$ 35,972	\$ 37,028	\$ 39,009	\$ 41,323	\$ 42,491	\$ 43,504	\$ 45,623	\$ 46,500	\$ 46,808	\$ 47,108
	Less Income and Funds from Other Sources:											
13	Other Operating Revenue	\$ 2,203	\$ 2,267	\$ 2,454	\$ 3,290	\$ 4,356	\$ 4,334	\$ 4,313	\$ 5,222	\$ 5,203	\$ 5,195	\$ 5,197
14	Unrestricted Interest Income	420	362	369	404	322	253	256	281	319	356	416
15	Transfer From Operating Reserves	-	157	-	-	-	-	-	-	-	-	-
16	Net Revenue Requirements	\$ 32,900	\$ 33,185	\$ 34,206	\$ 35,315	\$ 36,645	\$ 37,904	\$ 38,935	\$ 40,120	\$ 40,978	\$ 41,258	\$ 41,494
17	Rate Revenue Under Existing Rates	\$ 32,900	\$ 33,185	\$ 34,206	\$ 35,315	\$ 36,645	\$ 37,904	\$ 38,935	\$ 40,120	\$ 40,978	\$ 41,258	\$ 41,494
18	Additional Revenue from Prior Period Rate Adjustments	-	-	-	-	-	-	-	-	-	-	-
19	Revenue Surplus / (Deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	Identified Current Year Rate Revenue Adjustment	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Identified Rate Adjustment - Adj. for Effective Months of Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Footnotes:

[1] Amounts shown in \$1,000's.

Table 7

**Martin County, Florida
Water and Wastewater System**

Projected Debt Service Coverage Analysis [1]

Line No.	Description	Fiscal Year Ending September 30,										
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	System Revenues:											
1	Total Sales Revenue	\$ 32,900	\$ 33,185	\$ 34,206	\$ 35,315	\$ 36,645	\$ 37,904	\$ 38,935	\$ 40,120	\$ 40,978	\$ 41,258	\$ 41,494
2	Other Operating Revenue	1,678	1,696	1,824	1,874	1,883	1,894	1,908	1,928	1,940	1,951	1,970
	Unrestricted Interest Income from Special Assessments	231	206	182	363	323	290	254	214	184	165	148
3	Unrestricted Interest Income	420	362	369	404	322	253	256	281	319	356	416
4	Total Gross System Revenues	\$ 35,229	\$ 35,450	\$ 36,580	\$ 37,955	\$ 39,172	\$ 40,340	\$ 41,354	\$ 42,543	\$ 43,421	\$ 43,729	\$ 44,029
5	Total Operating Expenses	\$ 21,151	\$ 22,019	\$ 22,299	\$ 23,105	\$ 23,778	\$ 24,546	\$ 25,441	\$ 26,199	\$ 27,272	\$ 28,152	\$ 29,148
6	Less Indirect Cost Allocation	(1,555)	(1,454)	(1,498)	(1,543)	(1,589)	(1,637)	(1,686)	(1,737)	(1,789)	(1,842)	(1,898)
7	Total Operating Expenses Less Indirect Cost Allocation	\$ 19,596	\$ 20,565	\$ 20,801	\$ 21,562	\$ 22,189	\$ 22,909	\$ 23,755	\$ 24,462	\$ 25,483	\$ 26,309	\$ 27,251
8	Net Revenues	\$ 15,633	\$ 14,885	\$ 15,779	\$ 16,393	\$ 16,983	\$ 17,431	\$ 17,599	\$ 18,081	\$ 17,938	\$ 17,420	\$ 16,778
	Annual Debt Service - Senior Lean Debt:											
9	Existing Debt Payments	\$ 6,801	\$ 6,802	\$ 6,795	\$ 6,796	\$ 6,797	\$ 6,802	\$ 6,791	\$ 6,791	\$ 6,795	\$ 3,062	\$ 3,066
10	Proposed Debt Payments	-	841	841	841	841	841	841	841	841	841	841
11	Total Outstanding Bond Indebtedness	\$ 6,801	\$ 7,644	\$ 7,637	\$ 7,637	\$ 7,639	\$ 7,644	\$ 7,632	\$ 7,632	\$ 7,637	\$ 3,903	\$ 3,908
	Outstanding Bond Coverage - Net Revenues											
12	Coverage Ratio - Calculated	230%	195%	207%	215%	222%	228%	231%	237%	235%	446%	429%
13	Coverage Ratio - Required	120%	120%	120%	120%	120%	120%	120%	120%	120%	120%	120%
14	Net Revenues After Payment of Outstanding Bond Debt	8,832	7,241	8,142	8,756	9,344	9,787	9,967	10,449	10,301	13,517	12,870
15	Coverage Allowance for Outstanding Bond Debt Service	(1,360)	(1,529)	(1,527)	(1,527)	(1,528)	(1,529)	(1,526)	(1,526)	(1,527)	(781)	(782)
16	Indirect Cost Allocation	(1,555)	(1,454)	(1,498)	(1,543)	(1,589)	(1,637)	(1,686)	(1,737)	(1,789)	(1,842)	(1,898)
17	Net Available for Subordinate Bond Coverage	\$ 5,917	\$ 4,258	\$ 5,117	\$ 5,685	\$ 6,227	\$ 6,621	\$ 6,755	\$ 7,186	\$ 6,985	\$ 10,894	\$ 10,191
	Special Assessments (P/I) Pledged to SRF Loans	165	165	165	771	1,868	1,868	1,868	2,797	2,797	2,797	2,797
	Total Available for Subordinate Lien Coverage	\$ 6,082	\$ 4,424	\$ 5,282	\$ 6,456	\$ 8,095	\$ 8,489	\$ 8,623	\$ 9,983	\$ 9,781	\$ 13,690	\$ 12,988
	Annual Debt Service - Subordinate Lien Debt:											
18	Existing SRF Loan Debt Service	\$ 182	\$ 182	\$ 182	\$ 182	\$ 182	\$ 182	\$ 182	\$ 99	\$ -	\$ -	\$ -
19	2014 Interfund Loan Dent Service	-	-	-	1,216	2,620	2,620	2,620	2,935	2,935	2,935	2,935
20	Total Subordinate Bond Indebtedness	\$ 182	\$ 182	\$ 182	\$ 1,398	\$ 2,802	\$ 2,802	\$ 2,802	\$ 3,034	\$ 2,935	\$ 2,935	\$ 2,935

Footnotes on Following Page

Table 7

**Martin County, Florida
Water and Wastewater System**

Projected Debt Service Coverage Analysis [1]

Line No.	Description	Fiscal Year Ending September 30,										
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	Subordinate Bond Coverage - Net Revenues											
21	Coverage Ratio - Calculated	3334%	2425%	2895%	462%	289%	303%	308%	329%	333%	466%	443%
22	Coverage Ratio - Required	115%	115%	115%	115%	115%	115%	115%	115%	115%	115%	115%
	Required Transfers:											
23	Indirect Cost Allocation	\$ 1,555	\$ 1,454	\$ 1,498	\$ 1,543	\$ 1,589	\$ 1,637	\$ 1,686	\$ 1,737	\$ 1,789	\$ 1,842	\$ 1,898
24	Renewal, Replacement and Improvement Fund (Minimum Deposit)	1,629	1,776	1,791	1,851	1,950	2,066	2,125	2,175	2,281	2,325	2,340
	Payment of Subordinate Interfund Loans	799	716	736	735	736	736	736	735	736	736	736
	Municipal Service Benefit Unit - Special Assessment Revenue Note	-	120	101	101	100	101	100	101	100	100	100
25	Total Required Transfers	\$ 3,983	\$ 4,067	\$ 4,125	\$ 4,231	\$ 4,376	\$ 4,539	\$ 4,647	\$ 4,748	\$ 4,906	\$ 5,004	\$ 5,074
26	Amount Available for Other System Purposes	\$ 4,667	\$ 2,992	\$ 3,835	\$ 3,127	\$ 2,166	\$ 2,446	\$ 2,518	\$ 2,667	\$ 2,460	\$ 5,578	\$ 4,861

Footnotes:

[1] Amounts shown in \$1,000's.

Table 8
Martin County, Florida
Water and Wastewater System

Projected Fund Balances and Interest Income Determination (\$1,000's)

No.	Description	Fiscal Year Ending September 30.										
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
FUND 4102 - OPERATING UNRESTRICTED CASH & INVESTMENTS												
1	Beginning Balance [1]	\$27,394	\$ 24,617	\$ 17,188	\$16,052	\$17,459	\$ 7,908	\$ 9,177	\$ 9,224	\$11,559	\$13,584	\$18,318
2	Transfer In - Operations	1,052	-	531	460	411	370	648	1,635	1,239	4,162	3,414
3	Transfer In - Debt Service Reserve Defeasance	-	-	-	-	-	-	-	-	196	-	-
4	Transfer In - Repayment of Assessment Principal (Utility Internally Funded)	579	580	605	947	889	899	856	700	591	573	590
5	Total Funds Available	29,025	25,198	18,324	17,459	18,759	9,177	10,681	11,559	13,584	18,318	22,322
6	Transfers Out - Operations	-	157	-	-	-	-	-	-	-	-	-
7	Transfers Out - Capital Improvements	4,408	5,715	773	-	10,851	-	1,458	-	-	-	1,245
8	Transfers Out - SRF Debt Service Reserve Funding	-	-	-	-	-	-	-	-	-	-	-
9	Transfers Out - Wastewater Capacity Fee Fund	-	637	-	-	-	-	-	-	-	-	-
9	Transfers Out - Renewal and Replacement Fund	-	1,500	1,500	-	-	-	-	-	-	-	-
10	Total Transfers Out of Funds	4,408	8,009	2,273	-	10,851	-	1,458	-	-	-	1,245
11	End of Year Transfers for Revenue Surplus / (Deficiency)	-	-	-	-	-	-	-	-	-	-	-
12	Interest Rate	1.25%	1.35%	1.45%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
13	Interest Income	325	282	241	251	190	128	138	156	189	239	296
14	Recognition of Interest Earnings in Revenue Requirements	325	282	241	251	190	128	138	156	189	239	296
15	Ending Balance	24,617	17,188	16,052	17,459	7,908	9,177	9,224	11,559	13,584	18,318	21,077
Ending Cash Balance - Financial Targets												
No. of Days Operating Expenses												
16	Calculated	425	285	263	276	121	136	132	161	182	238	264
17	Targeted	120	120	120	120	120	120	120	120	120	120	120
FUND 4105 - RENEWAL & REPLACEMENT FUND												
18	Beginning Balance	\$ 6,296	\$ 2,064	\$ 4,184	\$ 7,808	\$ 4,846	\$ 4,258	\$ 3,895	\$ 3,453	\$ 4,619	\$ 4,441	\$ 4,811
19	Transfers In - Operations	5,250	5,000	5,250	5,276	5,559	5,992	5,843	5,982	6,273	6,510	6,553
20	Transfers In - Fund 4102	-	1,500	1,500	-	-	-	-	-	-	-	-
21	Total Funds Available	11,546	8,564	10,934	13,085	10,405	10,250	9,738	9,434	10,892	10,951	11,364
22	Transfers Out - CIP	9,482	4,380	3,125	8,238	6,147	6,354	6,285	4,815	6,452	6,140	6,323
23	Total Transfers Out of Funds	9,482	4,380	3,125	8,238	6,147	6,354	6,285	4,815	6,452	6,140	6,323
24	Interest Rate	1.25%	1.35%	1.45%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
25	Interest Income	52	32	76	95	68	61	55	61	68	69	74
26	Recognition of Interest Earnings in Revenue Requirements	52	32	76	95	68	61	55	61	68	69	74
27	Ending Balance	\$ 2,064	\$ 4,184	\$ 7,808	\$ 4,846	\$ 4,258	\$ 3,895	\$ 3,453	\$ 4,619	\$ 4,441	\$ 4,811	\$ 5,041
DEBT SERVICE SINKING FUND												
Annual Sinking Fund Deposit:												
28	Existing Debt	\$ 7,782	\$ 7,701	\$ 7,713	\$ 7,714	\$ 7,716	\$ 7,720	\$ 7,709	\$ 7,625	\$ 7,532	\$ 7,398	\$ 7,303
29	Proposed Debt	-	841	841	2,057	3,461	3,461	3,461	3,776	3,776	3,776	3,776
30	Average Balance (Assumes 25% of Annual Debt Service)	1,946	2,136	2,139	2,443	2,794	2,795	2,793	2,850	2,827	1,894	1,895
31	Interest Rate	1.25%	1.35%	1.45%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
32	Interest Income	24	29	31	37	42	42	42	43	42	28	28
33	Recognition of Interest Earnings in Revenue Requirements	\$ 24	\$ 29	\$ 31	\$ 37	\$ 42	\$ 42	\$ 42	\$ 43	\$ 42	\$ 28	\$ 28
DEBT SERVICE / LOAN REPAYMENT RESERVE FUND												
34	Beginning Balance	\$ 196	\$ 196	\$ 196	\$ 196	\$ 196	\$ 196	\$ 196	\$ 196	\$ 196	\$ -	\$ -
35	Transfers In - Additional Debt	-	-	-	-	-	-	-	-	-	-	-
36	Total Funds Available	196	196	196	196	196	196	196	196	196	-	-
37	Transfers Out - SRF Debt Defeasance	-	-	-	-	-	-	-	-	196	-	-
38	Total Transfers Out of Funds	-	-	-	-	-	-	-	-	196	-	-
39	Interest Rate	1.25%	1.35%	1.45%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
40	Interest Income	2	3	3	3	3	3	3	3	2	-	-
41	Recognition of Interest Earnings in Revenue Requirements	2	3	3	3	3	3	3	3	2	-	-
42	Ending Balance	\$ 196	\$ 196	\$ 196	\$ 196	\$ 196	\$ 196	\$ 196	\$ 196	\$ -	\$ -	\$ -

Table 8
Martin County, Florida
Water and Wastewater System

Projected Fund Balances and Interest Income Determination (\$1,000's)

Line No.	Description	Fiscal Year Ending September 30,										
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
CONSTRUCTION ACCOUNT - Future Indebtedness												
43	Beginning Balance	\$ -	\$ -	\$ 10,074	\$ 1,027	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
44	Transfers In - New Debt	-	10,324	-	-	-	-	-	-	-	-	-
45	Total Funds Available	-	10,324	10,074	1,027	-	-	-	-	-	-	-
46	Transfers Out - CIP	-	250	9,047	1,027	-	-	-	-	-	-	-
47	Total Transfers Out of Funds	-	250	9,047	1,027	-	-	-	-	-	-	-
48	Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
49	Interest Income	-	-	-	-	-	-	-	-	-	-	-
50	Recognition of Interest Earnings in Revenue Requirements	-	-	-	-	-	-	-	-	-	-	-
51	Ending Balance	\$ -	\$ 10,074	\$ 1,027	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CUSTOMER DEPOSITS												
52	Beginning Balance	\$ 1,235	\$ 1,235	\$ 1,235	\$ 1,235	\$ 1,235	\$ 1,235	\$ 1,235	\$ 1,235	\$ 1,235	\$ 1,235	\$ 1,235
53	Transfers In - System Connection Fee Revenue	-	-	-	-	-	-	-	-	-	-	-
54	Total Funds Available	1,235	1,235	1,235	1,235	1,235	1,235	1,235	1,235	1,235	1,235	1,235
55	Transfers Out	-	-	-	-	-	-	-	-	-	-	-
56	Total Transfers Out of Funds	-	-	-	-	-	-	-	-	-	-	-
57	Interest Rate	1.25%	1.35%	1.45%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
58	Interest Income	15	17	18	19	19	19	19	19	19	19	19
59	Recognition of Interest Earnings in Revenue Requirements	15	17	18	19	19	19	19	19	19	19	19
60	Ending Balance	\$ 1,235	\$ 1,235	\$ 1,235	\$ 1,235	\$ 1,235	\$ 1,235	\$ 1,235	\$ 1,235	\$ 1,235	\$ 1,235	\$ 1,235
LEND A HAND DEPOSITS												
61	Beginning Balance	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9
62	Transfers In - System Connection Fee Revenue	-	-	-	-	-	-	-	-	-	-	-
63	Total Funds Available	9	9	9	9	9	9	9	9	9	9	9
64	Transfers Out	-	-	-	-	-	-	-	-	-	-	-
65	Total Transfers Out of Funds	-	-	-	-	-	-	-	-	-	-	-
66	Interest Rate	1.25%	1.35%	1.45%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
67	Interest Income	0	0	0	0	0	0	0	0	0	0	0
68	Recognition of Interest Earnings in Revenue Requirements	0	0	0	0	0	0	0	0	0	0	0
69	Ending Balance	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9
FUND 4103 - WATER SYSTEM CAPACITY FEE FUND												
70	Beginning Balance	\$ 6,119	\$ 5,304	\$ 6,073	\$ 6,669	\$ 6,688	\$ 7,498	\$ 8,013	\$ 8,826	\$ 5,272	\$ 5,961	\$ 6,608
71	Transfers In - System Connection Fee Revenue	727	636	595	552	515	434	443	373	339	303	303
72	Transfers In - Revenue Fund (Assessment Programs)	299	314	374	478	476	473	448	470	470	455	455
73	Total Funds Available	7,144	6,254	7,043	7,699	7,678	8,406	8,904	9,669	6,080	6,718	7,366
74	Transfers Out - Capital Improvements	1,910	255	463	1,107	282	505	200	4,499	200	200	200
75	Total Transfers Out of Funds	1,910	255	463	1,107	282	505	200	4,499	200	200	200
76	Interest Rate	1.25%	1.35%	1.45%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
77	Interest Income	69	74	89	96	102	112	122	101	80	90	100
78	Recognition of Interest Earnings in Revenue Requirements	-	-	-	-	-	-	-	-	-	-	-
79	Ending Balance	\$ 5,304	\$ 6,073	\$ 6,669	\$ 6,688	\$ 7,498	\$ 8,013	\$ 8,826	\$ 5,272	\$ 5,961	\$ 6,608	\$ 7,266

Table 8
Martin County, Florida
Water and Wastewater System

Projected Fund Balances and Interest Income Determination (\$1,000's)

Line No.	Description	Fiscal Year Ending September 30.										
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
FUND 4104 - WASTEWATER SYSTEM CAPACITY FEE FUND												
80	Beginning Balance	\$ 4,135	\$ 3,669	\$ 4,842	\$ 5,666	\$ 6,253	\$ 7,268	\$ 8,226	\$ 4,810	\$ 5,784	\$ 6,689	\$ 7,568
81	Transfers In - System Connection Fee Revenue	751	628	624	567	557	485	477	405	391	351	351
82	Transfers In - Revenue Fund (Assessment Program)	131	131	176	302	411	411	411	544	475	475	475
	Transfer In - Operating Reserves	-	637	-	-	-	-	-	-	-	-	-
83	Total Funds Available	5,016	5,065	5,642	6,535	7,220	8,164	9,114	5,759	6,650	7,515	8,394
84	Transfers Out - Capital Improvements	1,395	275	50	368	50	50	4,397	50	50	50	50
85	Total Transfers Out of Funds	1,395	275	50	368	50	50	4,397	50	50	50	50
86	Interest Rate	1.25%	1.35%	1.45%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
87	Interest Income	48	52	74	86	98	112	94	75	89	103	116
88	Recognition of Interest Earnings in Revenue Requirements	-	-	-	-	-	-	-	-	-	-	-
89	Ending Balance	\$ 3,669	\$ 4,842	\$ 5,666	\$ 6,253	\$ 7,268	\$ 8,226	\$ 4,810	\$ 5,784	\$ 6,689	\$ 7,568	\$ 8,460

Table 9

**Martin County, Florida
Water System**

Comparison of Typical Monthly Residential Bills for Water Service [1]

Line No.		Description	Residential Service for a 5/8" or 3/4" Meter							
			0 Gallons	2,000 Gallons	4,000 Gallons	6,000 Gallons	8,000 Gallons	10,000 Gallons	15,000 Gallons	20,000 Gallons
Martin County										
1	Existing Rates		\$17.31	\$21.75	\$26.19	\$30.63	\$35.07	\$39.51	\$55.21	\$75.31
2	Fiscal Year 2019 Rates		17.61	22.13	26.65	31.17	35.69	40.21	56.21	76.66
<u>Other Florida Utilities:</u>										
Within Martin County:										
3	South Martin Regional Utility [2]		\$20.38	\$22.20	\$25.24	\$29.50	\$33.76	\$38.02	\$53.97	\$69.92
4	City of Stuart [2]		14.96	20.70	26.44	32.46	38.48	48.84	77.35	107.60
5	Service Outside Corporate Limits - City of Stuart [2][3]		18.70	25.88	33.06	40.58	48.10	61.06	96.70	134.50
6	Indiantown Company, Inc. [4]		13.20	17.48	21.76	26.04	30.32	35.66	49.01	65.11
Outside Martin County:										
7	City of Boynton Beach		\$12.35	\$15.65	\$18.95	\$22.25	\$25.55	\$30.16	\$44.96	\$59.76
8	City of Deerfield Beach		15.00	20.30	25.60	30.90	38.24	45.58	65.01	85.16
9	City of Delray Beach		15.72	15.72	16.97	19.47	21.97	24.47	32.97	42.97
10	City of Fort Lauderdale [2]		7.20	11.62	18.71	28.47	38.23	50.43	87.32	128.47
11	Fort Pierce Utilities Authority		14.30	25.28	28.94	36.26	43.58	50.90	73.80	101.25
12	Indian River County		9.05	13.45	18.07	22.91	29.18	36.88	63.83	102.33
13	Town of Jupiter [2]		21.60	24.14	26.68	29.22	32.68	36.14	46.11	61.36
14	City of Lake Worth [2]		19.79	26.17	32.55	42.37	52.19	65.49	113.71	171.91
15	City of Melbourne [2]		8.00	17.14	26.28	35.42	44.56	53.70	76.55	99.40
16	Okeechobee Utility Authority		20.01	28.45	39.01	51.69	64.37	77.05	108.75	140.45
17	Palm Beach County [2]		14.09	16.93	19.77	26.05	32.33	38.61	78.16	117.71
18	City of Port St. Lucie [2]		10.51	18.89	27.27	36.93	47.87	58.81	89.94	123.59
19	Riviera Beach Utility District [2]		17.63	22.69	27.75	33.74	40.66	47.58	70.43	93.28
20	St. Lucie County [2]		22.25	29.35	36.45	46.26	58.78	71.30	112.80	161.20
21	St. Lucie West Services District		15.42	22.36	29.30	36.24	43.18	50.12	67.47	84.82
22	Seacoast Utility Authority [2]		20.49	22.57	24.65	26.73	34.91	43.09	63.54	83.99
23	City of Sunrise [2]		20.20	28.12	36.04	43.96	51.88	59.80	79.60	99.40
24	Village of Tequesta [2]		18.37	24.19	30.01	35.83	41.65	47.47	67.99	92.49
25	City of Vero Beach [3]		13.60	15.26	16.92	20.53	26.09	31.65	45.55	73.35
26	Village of Wellington [2]		18.68	22.90	27.12	31.34	37.64	43.94	59.69	80.79
27	City of West Palm Beach [2]		21.97	28.76	35.55	42.36	50.89	59.42	83.01	108.08
28	Other Florida Utilities' Average [5]		\$16.14	\$21.45	\$26.76	\$33.10	\$40.28	\$48.25	\$72.33	\$99.56

Footnotes:

- [1] Unless otherwise noted, amounts shown reflect residential rates in effect August 2018 and are exclusive of taxes or franchise fees, if any, and reflect rates charged for inside the city service. All rates are as reported by the respective utility. This comparison is intended to show comparable charges for similar service for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each listed utility.
- [2] Utility is currently involved in a rate study, is planning a rate study, or plans to implement a rate revision or price index / pass-through adjustment within the next twelve months.
- [3] Utilities shown reflect bills calculated recognizing the respective city/s / municipalities' adopted and effective outside city / municipality surcharge as applied uniformly to the inside city / municipality rates for monthly water and wastewater service. Unless otherwise noted and with exception to the City of Vero Beach, which charges a 10% outside city surcharge, all other utilities shown reflect the application of a 25% outside city / municipality surcharge to inside city / municipality rates.
- [4] Represents privately-owned utility located in the western portion of Martin County (not interconnected with the County System) and is regulated by the Florida Public Service Commission relative to the establishment of rates for monthly utility service.
- [5] Utility average includes other utilities located in Martin County as well as outside the County.

Table 10

**Martin County, Florida
Wastewater System**

Comparison of Typical Monthly Residential Bills for Wastewater Service [1]

		Residential Service for a 5/8" or 3/4" Meter							
Line No.	Description	0	2,000	4,000	6,000	8,000	10,000	15,000	20,000
		Gallons	Gallons	Gallons	Gallons	Gallons	Gallons	Gallons	Gallons
Martin County									
1	Existing Rates	\$17.95	\$26.71	\$35.47	\$44.23	\$52.99	\$61.75	\$61.75	\$61.75
2	Fiscal Year 2019 Rates	18.27	27.19	36.11	45.03	53.95	62.87	62.87	62.87
<u>Other Florida Utilities:</u>									
Within Martin County:									
3	South Martin Regional Utility [2]	\$12.73	\$23.69	\$34.65	\$45.61	\$56.57	\$67.53	\$67.53	\$67.53
4	City of Stuart [2]	7.93	21.03	34.13	47.23	60.33	73.43	86.53	86.53
5	Service Outside Corporate Limits - City of Stuart [2][3]	9.92	26.30	42.68	59.06	75.44	91.82	108.20	108.20
6	Indiantown Company, Inc. [4]	23.86	32.78	41.70	50.62	59.54	68.46	68.46	68.46
Outside Martin County:									
7	City of Boynton Beach	\$18.70	\$23.00	\$27.30	\$31.60	\$33.75	\$33.75	\$33.75	\$33.75
8	City of Deerfield Beach	10.98	16.40	21.82	27.24	32.66	38.08	43.50	43.50
9	City of Delray Beach	18.04	24.82	31.61	38.39	45.17	51.96	58.74	58.74
10	City of Fort Lauderdale [2]	10.56	18.36	30.89	48.15	65.41	82.67	125.82	168.97
11	Fort Pierce Utilities Authority	15.76	27.06	38.36	49.66	60.96	72.26	72.26	72.26
12	Indian River County	14.58	20.30	26.02	31.74	37.46	43.18	48.90	48.90
13	Town of Jupiter [2][5]	22.75	22.75	22.75	22.75	22.75	22.75	22.75	22.75
14	City of Lake Worth [2]	12.67	20.33	27.99	35.65	43.31	50.97	58.63	58.63
15	City of Melbourne [2]	11.83	25.53	39.23	52.93	66.63	80.33	114.58	148.83
16	Okeechobee Utility Authority	22.36	36.28	50.20	64.12	78.04	91.96	126.76	161.56
17	Palm Beach County [2]	15.80	19.64	23.48	32.50	41.52	50.54	50.54	50.54
18	City of Port St. Lucie [2]	13.89	28.39	42.89	57.39	71.89	71.89	71.89	71.89
19	Riviera Beach Utility District [2]	16.12	21.30	26.48	31.66	36.84	42.02	42.02	42.02
20	St. Lucie County [2]	23.61	37.79	51.97	66.15	80.33	94.51	94.51	94.51
21	St. Lucie West Services District	19.29	27.01	34.73	42.45	50.17	57.89	77.19	96.49
22	Seacoast Utility Authority [2]	29.94	31.32	32.70	34.08	35.46	36.84	36.84	36.84
23	City of Sunrise [2]	28.72	36.78	44.84	52.90	60.96	69.02	89.17	93.20
24	Village of Tequesta [2][5]	22.75	22.75	22.75	22.75	22.75	22.75	22.75	22.75
25	City of Vero Beach [3]	19.89	27.07	34.25	41.43	48.61	55.79	55.79	55.79
26	Village of Wellington	17.81	21.75	25.69	29.63	33.57	37.51	47.36	47.36
27	City of West Palm Beach [2]	12.73	22.76	32.78	42.81	52.84	62.86	72.73	72.73
28	Other Florida Utilities' Average [6]	\$17.33	\$25.41	\$33.68	\$42.34	\$50.92	\$58.83	\$67.89	\$73.31

Footnotes:

- [1] Unless otherwise noted, amounts shown reflect residential rates in effect August 2018 and are exclusive of taxes or franchise fees, if any, and reflect rates charged for inside the city service. All rates are as reported by the respective utility. This comparison is intended to show comparable charges for similar service for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each listed utility.
- [2] Utility is currently involved in a rate study, is planning a rate study, or plans to implement a rate revision or price index / pass-through adjustment within the next twelve months.
- [3] Utilities shown reflect bills calculated recognizing the respective city's / municipalities' adopted and effective outside city / municipality surcharge as applied uniformly to the inside city / municipality rates for monthly water and wastewater service. Unless otherwise noted and with exception to the City of Vero Beach, which charges a 10% outside city surcharge, all other utilities shown reflect the application of a 25% outside city / municipality surcharge to inside city / municipality rates.
- [4] Represents privately-owned utility located in the western portion of Martin County (not interconnected with the County System) and is regulated by the Florida Public Service Commission relative to the establishment of rates for monthly utility service.
- [5] Wastewater service provided by the Loxahatchee Sewer District and for purposes of this comparison assumes charges associated with two (2) toilet fixtures.
- [6] Utility average includes other utilities located in Martin County as well as outside the County.

Table 11

**Martin County, Florida
Water System**

Comparison of Typical Monthly Residential Bills for Water and Wastewater Service [1]

		Residential Service for a 5/8" or 3/4" Meter							
Line		0	2,000	4,000	6,000	8,000	10,000	15,000	20,000
No.	Description	Gallons	Gallons	Gallons	Gallons	Gallons	Gallons	Gallons	Gallons
Martin County									
1	Existing Rates	\$35.26	\$48.46	\$61.66	\$74.86	\$88.06	\$101.26	\$116.96	\$137.06
2	Fiscal Year 2019 Rates	35.88	49.32	62.76	76.20	89.64	103.08	119.08	139.53
<u>Other Florida Utilities:</u>									
Within Martin County:									
3	South Martin Regional Utility [2]	\$33.11	\$45.89	\$59.89	\$75.11	\$90.33	\$105.55	\$121.50	\$137.45
4	City of Stuart [2]	22.89	41.73	60.57	79.69	98.81	122.27	163.88	194.13
5	Service Outside Corporate Limits - City of Stuart [2][3]	28.62	52.18	75.74	99.64	123.54	152.88	204.90	242.70
6	Indiantown Company, Inc. [4]	37.06	50.26	63.46	76.66	89.86	104.12	117.47	133.57
Outside Martin County:									
7	City of Boynton Beach	\$31.05	\$38.65	\$46.25	\$53.85	\$59.30	\$63.91	\$78.71	\$93.51
8	City of Deerfield Beach	25.98	36.70	47.42	58.14	70.90	83.66	108.51	128.66
9	City of Delray Beach	33.76	40.54	48.58	57.86	67.14	76.43	91.71	101.71
10	City of Fort Lauderdale [2]	17.76	29.98	49.60	76.62	103.64	133.10	213.14	297.44
11	Fort Pierce Utilities Authority	30.06	52.34	67.30	85.92	104.54	123.16	146.06	173.51
12	Indian River County	23.63	33.75	44.09	54.65	66.64	80.06	112.73	151.23
13	Town of Jupiter [2][5]	44.35	46.89	49.43	51.97	55.43	58.89	68.86	84.11
14	City of Lake Worth [2]	32.46	46.50	60.54	78.02	95.50	116.46	172.34	230.54
15	City of Melbourne [2]	19.83	42.67	65.51	88.35	111.19	134.03	191.13	248.23
16	Okeechobee Utility Authority	42.37	64.73	89.21	115.81	142.41	169.01	235.51	302.01
17	Palm Beach County [2]	29.89	36.57	43.25	58.55	73.85	89.15	128.70	168.25
18	City of Port St. Lucie [2]	24.40	47.28	70.16	94.32	119.76	130.70	161.83	195.48
19	Riviera Beach Utility District [2]	33.75	43.99	54.23	65.40	77.50	89.60	112.45	135.30
20	St. Lucie County [2]	45.86	67.14	88.42	112.41	139.11	165.81	207.31	255.71
21	St. Lucie West Services District	34.71	49.37	64.03	78.69	93.35	108.01	144.66	181.31
22	Seacoast Utility Authority [2]	50.43	53.89	57.35	60.81	70.37	79.93	100.38	120.83
23	City of Sunrise [2]	48.92	64.90	80.88	96.86	112.84	128.82	168.77	192.60
24	Village of Tequesta [2][5]	41.12	46.94	52.76	58.58	64.40	70.22	90.74	115.24
25	City of Vero Beach [3]	33.49	42.33	51.17	61.96	74.70	87.44	101.34	129.14
26	Village of Wellington	36.49	44.65	52.81	60.97	71.21	81.45	107.05	128.15
27	City of West Palm Beach [2]	34.70	51.52	68.34	85.17	103.72	122.28	155.74	180.81
28	Other Florida Utilities' Average [6]	\$33.47	\$46.86	\$60.44	\$75.44	\$91.20	\$107.08	\$140.22	\$172.86

Footnotes:

- [1] Unless otherwise noted, amounts shown reflect residential rates in effect August 2018 and are exclusive of taxes or franchise fees, if any, and reflect rates charged for inside the city service. All rates are as reported by the respective utility. This comparison is intended to show comparable charges for similar service for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each listed utility.
- [2] Utility is currently involved in a rate study, is planning a rate study, or plans to implement a rate revision or price index / pass-through adjustment within the next twelve months.
- [3] Utilities shown reflect bills calculated recognizing the respective city's / municipalities' adopted and effective outside city / municipality surcharge as applied uniformly to the inside city / municipality rates for monthly water and wastewater service. Unless otherwise noted and with exception to the City of Vero Beach, which charges a 10% outside city surcharge, all other utilities shown reflect the application of a 25% outside city / municipality surcharge to inside city / municipality rates.
- [4] Represents privately-owned utility located in the western portion of Martin County (not interconnected with the County System) and is regulated by the Florida Public Service Commission relative to the establishment of rates for monthly utility service.
- [5] Wastewater service provided by the Loxahatchee Sewer District and for purposes of this comparison assumes charges associated with two (2) toilet fixtures.
- [6] Utility average includes other utilities located in Martin County as well as outside the County.