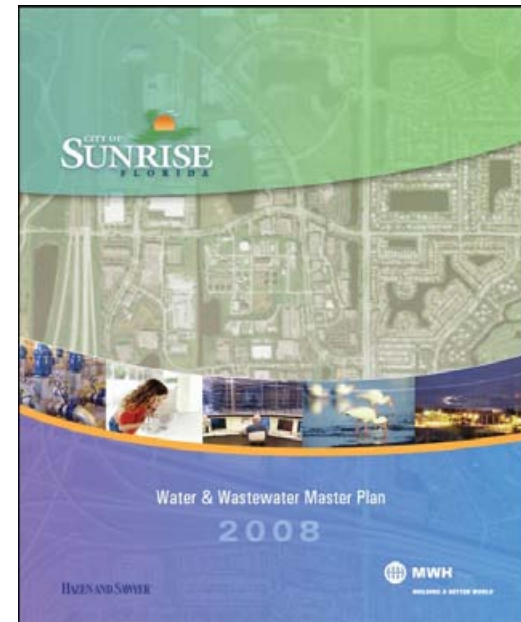




City of Sunrise Utilities Facilities Master Plan & Rate Workshop

Introduction

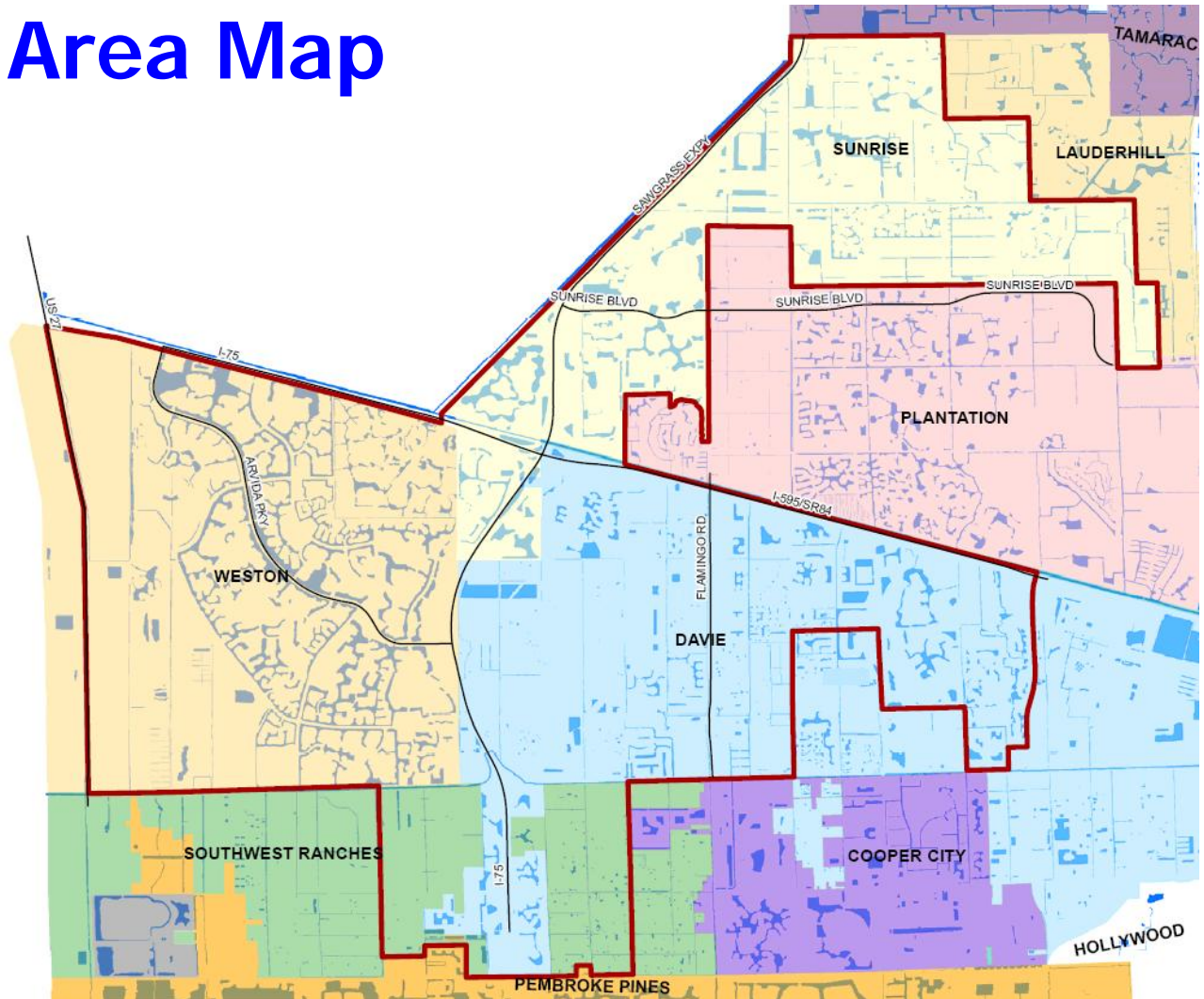
- Master Plan
 - First Review since 1995
- Capital Improvement
 - Service (R&R) Drivers
 - Regulatory Drivers
 - Growth Drivers
- Utility Rate Analysis



Sunrise Utilities Service Area Map

- 70 Square Miles
- Sunrise
- Weston
- SW Ranches
- portions of Davie

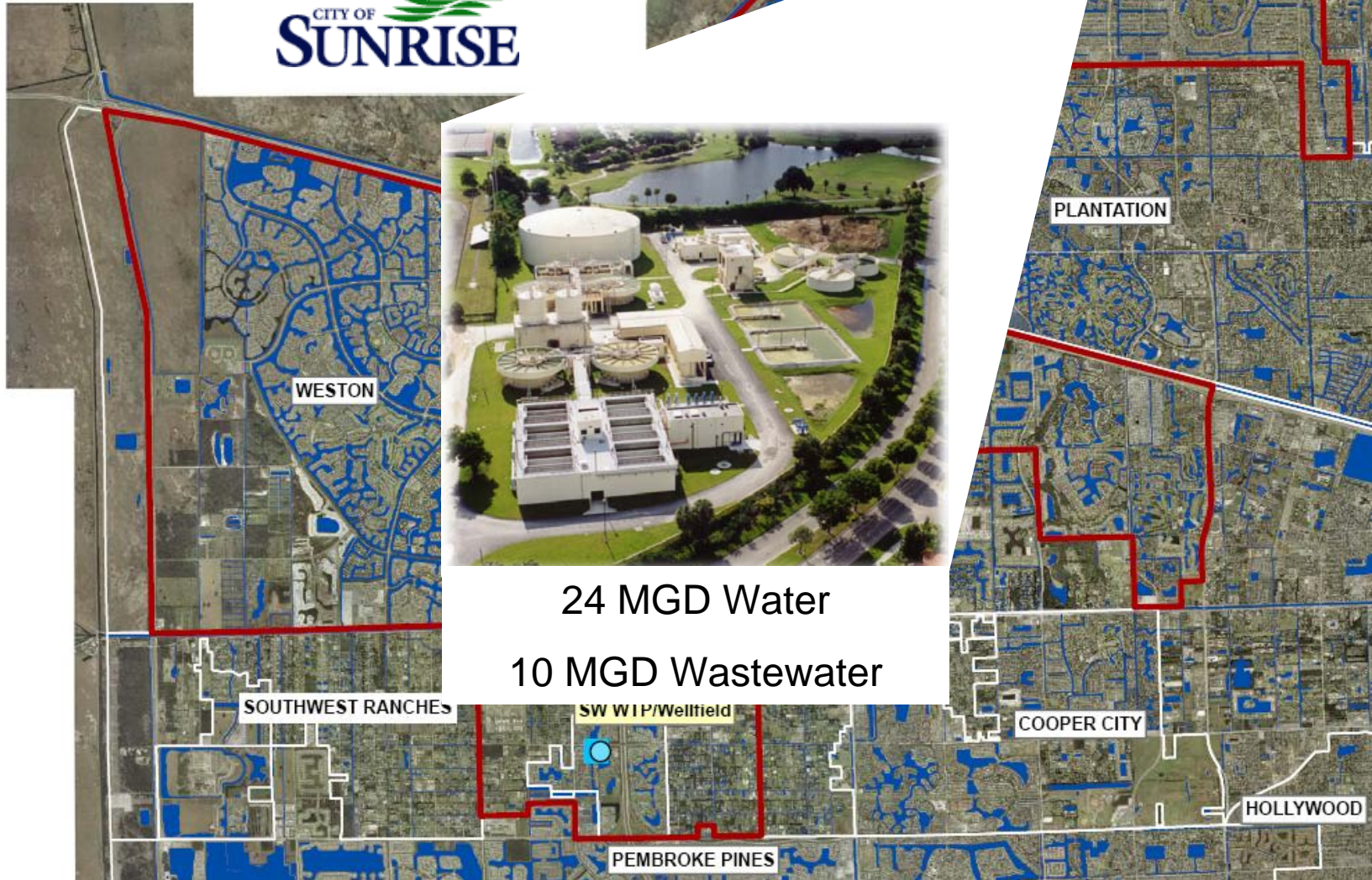
- Population Served:
Over 220,000



Utility Infrastructure Inventory

Description	Replacement Value	Age Range (years)
Water Supply & Treatment Systems	\$407 Million	10 to 37
Water Distribution & Storage Systems	\$424 Million	2 to 50
Wastewater Collection Systems	\$350 Million	50
Wastewater Treatment Systems	\$155 Million	10 to 40
Wastewater Disposal Systems	\$120 Million	24
Biosolids Treatment & Handling	\$ 76 Million	10 to 20

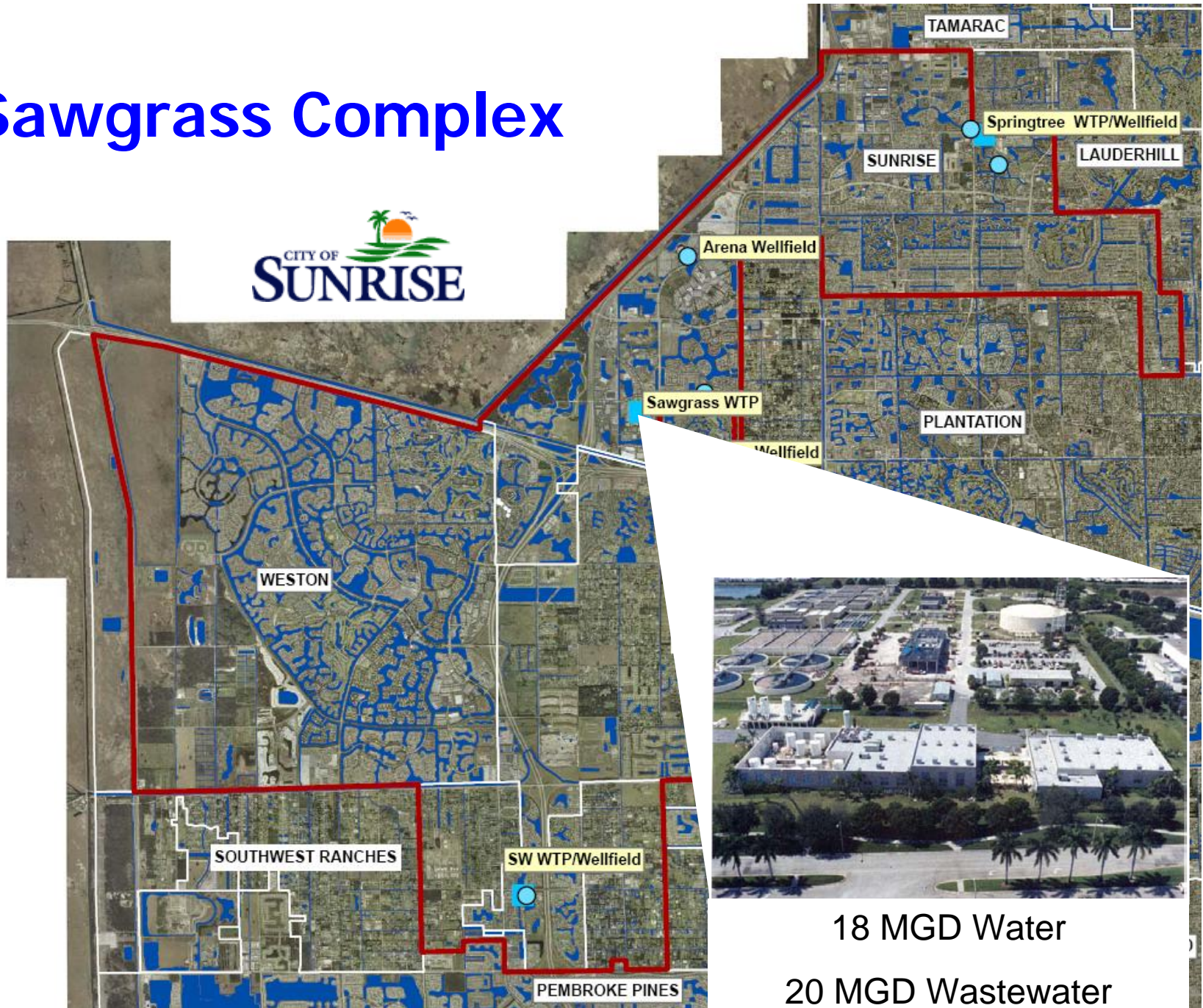
Springtree Treatment Complex



24 MGD Water

10 MGD Wastewater

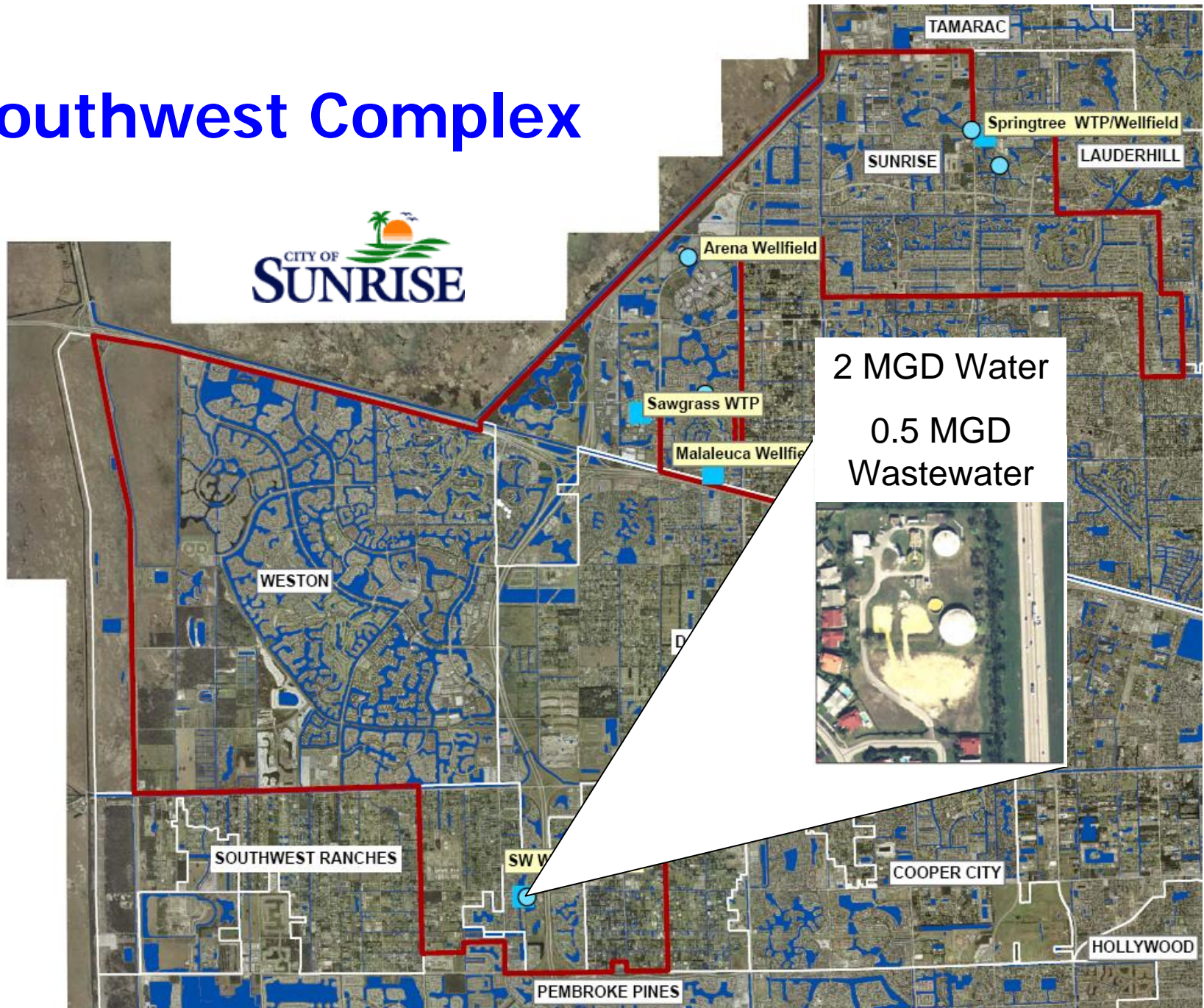
Sawgrass Complex



18 MGD Water

20 MGD Wastewater

Southwest Complex



Water Treatment Plants

- 20 year Water Use Permit (WUP)
- Springtree WTP
 - Filter upgrades
 - ASR System
- Sawgrass WTP
 - RO Expansion – 4 MGD by 2013
 - Age Related R&R Issues
- Southwest WTP
 - 3 MGD Replacement by 2015
 - Expansion to 6 MGD by 2030
- Park City WTP
 - Decommissioned 2002
 - New 5 MGD Plant by 2015
 - 3 MGD Expansion by 2030
- R&R Issues at all Plants



Wastewater Treatment Plants



- Process Improvements needed to meet future demands.
- Wet weather flow management is an issue.
 - Collection System I&I Program
- R&R Investment needed for Reliability.
- Sub-Systems Require Attention
 - Headworks
 - RAS Pumps
 - Aerobic Reactors
 - Odor Control
 - Biosolids

Water Distribution & Storage System

- 750 miles of underground pipes
 - 2 to 48 inches in diameter
 - Constructed between 1972 & 1980
 - 170 Miles of Ductile Iron Pipe
 - 400 Miles of PVC pipe
 - 90 Miles of Asbestos Cement Pipe
- 2 Daily Service Line Leaks
- 3 Major Main Breaks per Month
 - Age and Pipe Material
- Park City Water Mains
- Thin Wall PVC Pipe
 - Eastern Sunrise Service Area
- Identified “Bottle-Necks”
 - New Lines South & West
- Fire Flow Considerations
 - Minimum 55 PISG Target



Water Distribution & Storage System

- 9 Ground Water Storage Tanks
 - 25 MG of Potable Water Storage
 - Re-Chlorination Facilities
 - 1 New tank needed at Park City
- 7 High Service Pump Stations
 - Can pump over 77 MGD PHF
 - Regulatory Proposals impact service delivery.



Wastewater Collection System

- 215 Lift Stations
 - Range in age from 2 to 40 years old
 - 75 Require Major Upgrades
- 90 Miles of Force Mains
 - 27 new FM's required – 14,410 Feet
- 600 Miles Gravity Sewer Pipe
- City has Comprehensive Program to identify and resolve system leaks (Infiltration/Inflow Program)
- 7,800 Manholes



Wastewater Disposal & Reuse

- 3 Deep Injection Wells
 - In service since 1983
 - Limited to 39 MGD
 - 53 MGD Required by 2015
- Springtree Transfer System
 - 15 MGD Capacity
- Southwest Percolation Ponds
 - Limited to 0.5 MGD
 - To be Replaced with Reuse System



Service (R&R) Drivers

- Water Treatment Plant Expansions.
 - Water Use Permit Driven
- Water Pressure, Fire Protection.
 - Distribution System Upgrades
- Wastewater Overflows.
 - CMOM Compliance
- Wastewater Treatment Capacity.
 - Wet Weather Flow Issues
- Biosolids Treatment Capacity.
 - Replace ATAD System
- Useful Life of Facilities.
 - Reached or Exceeded
- **Decade of Insufficient Spending on Renewal & Replacement.**

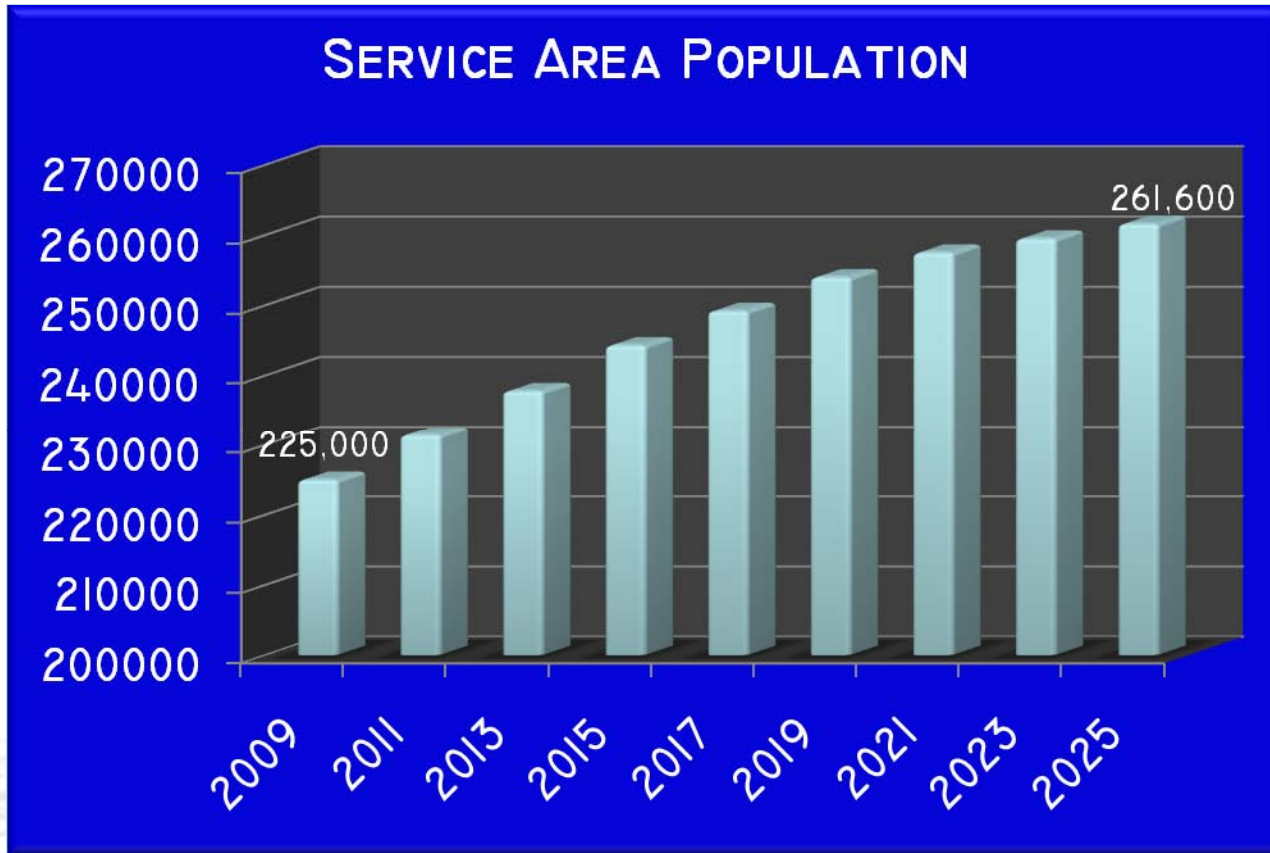


Regulatory Drivers

- Water Availability Rule
 - Alternative Water Supplies
- Lower East Cost Water Supply Plan
 - Forces Utilities to Commit New Resources
- Irrigation Restrictions
 - Disrupt Operations – Health & Safety
 - Impact Revenues
- Lake “O” Regulation Schedule
 - No longer a backup Water Supply
- Biosolids Regulation
 - Limiting Future Disposal Options
- Wastewater Disposal Challenges
 - UIC Rules
- Wastewater Reuse Initiatives
 - Broward County Quality Standards



Growth Driver - Population



Source: Broward County Traffic Analysis Zone Census Data

Alternative Water Supply Plan

Order of Magnitude Cost Estimate

- Phase 1 - 2 MGD RO Plant (Sawgrass)
 - \$14 Million Initial Capital Investment
- Phase 2 - 2 MGD Wastewater Reuse
 - \$36 Million Initial Capital Investment
- Phase 3 - 9 MGD RO Plant (Park City)
 - \$69 Million Initial Capital Investment
- Replace/Rehab. System Components
 - \$50 Million (on going expense estimated at \$5 Million per year)

\$170 to \$200 Million

March 2008

Alternative Water Supply Plan

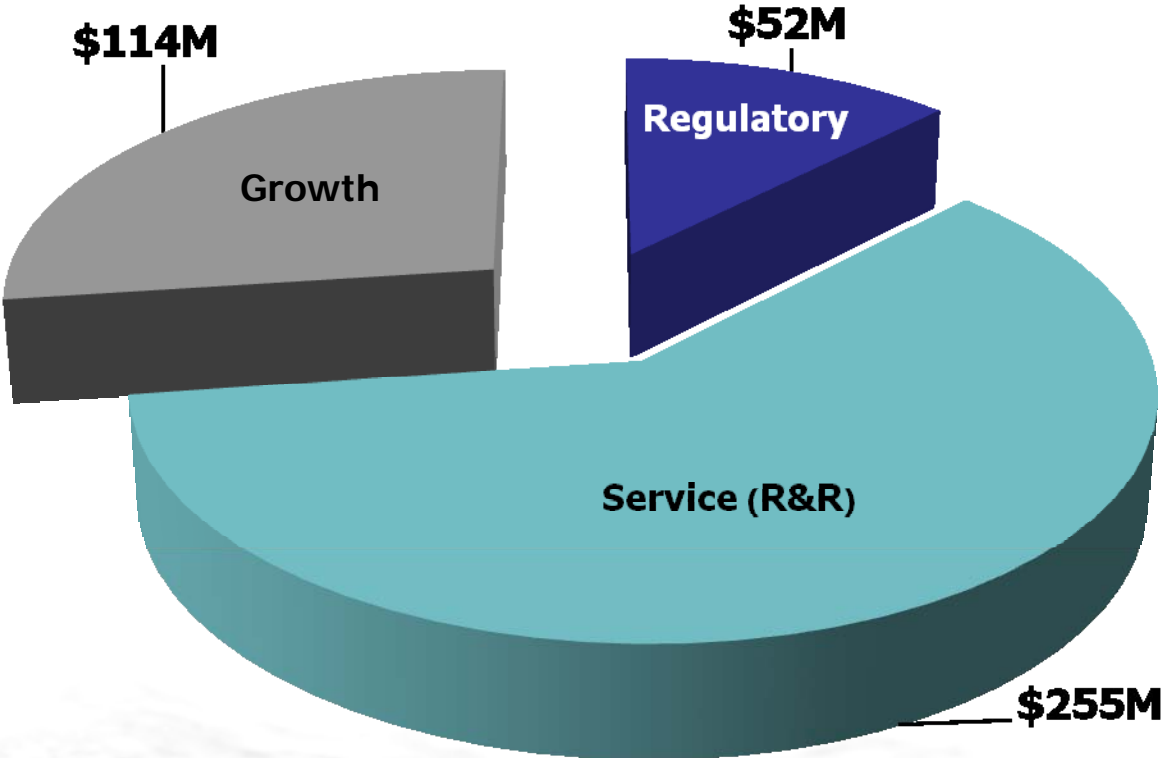
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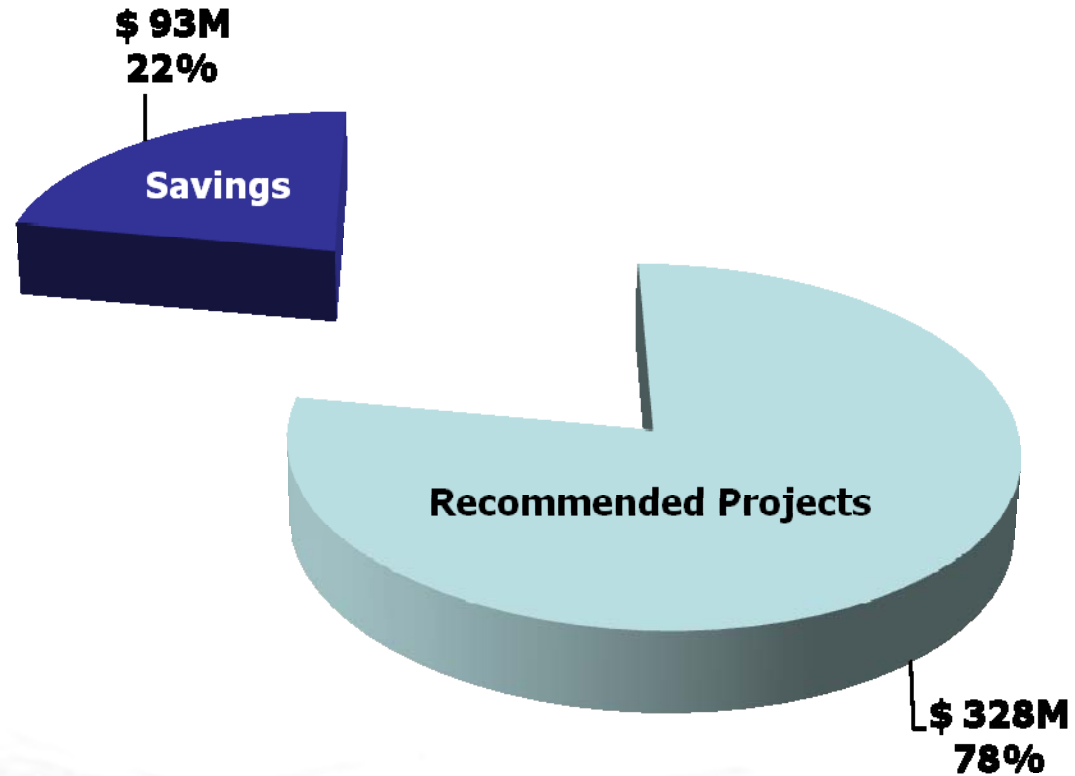
~~\$170 to \$200 Million~~
\$ 116 Million

April 2009

CIP Cost Allocation



Savings by Shifting Growth



Agenda

- Background and Purpose
- Current and Developing Issues
- Customers and Demand
- Recent Historical Trends
- Financial Forecast
- Financial Targets
- Customer Bill Impact
- Conclusions and Recommendations

Background and Purpose

- City Tasked Consulting Engineers (MWH) with Developing a Master Plan to Meet Capital Needs of the Utility
- The Financial Forecast Represents:
 - The Final Component of the Master Plan Analysis
 - An Evaluation of the Financial Impact to the Utility and Customers
 - A Comprehensive Five (5) Year Projection (FY 2010 – 2014)

Background and Purpose

- Goals of Financial Forecast:
 - Identify the Water and Wastewater System Funding Needs (Operational & Capital/Master Plan)
 - Develop a Plan of Finance for Funding Needs
 - Ensure Projected Compliance with Trust Indenture Covenants and Requirements for Existing and Additional Bonds
 - Provide Recommendation of Financial Targets for Creditworthiness
 - Minimize Long-Term Financial Impact to Customer Utility Bills
 - Identify Sufficiency of Existing Rate Revenues

Current and Developing Issues (Impacting Customer Bills)

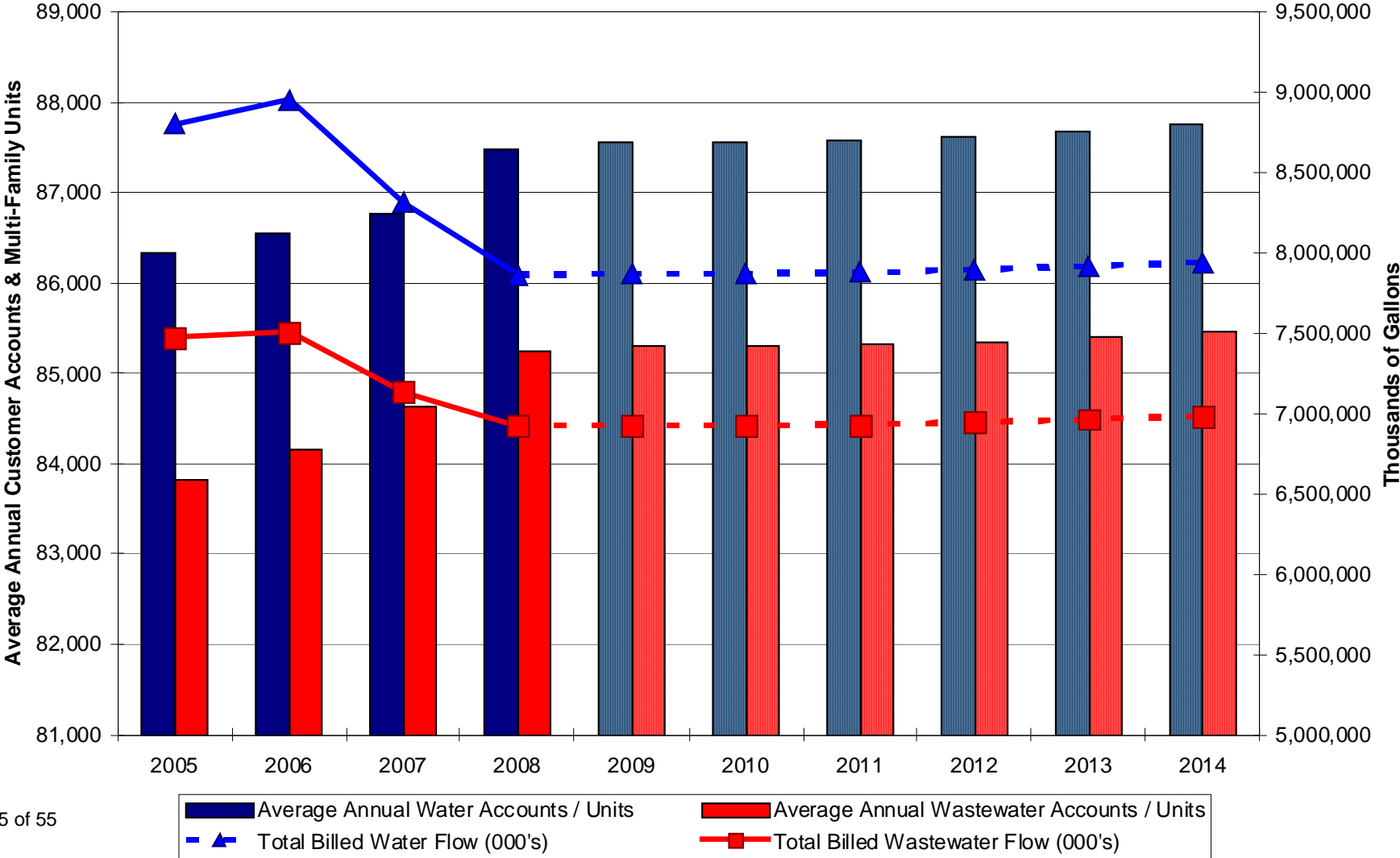
- Revenues not Keeping Pace with Operating Costs (Increases Above Inflationary Levels)
 - Power, Chemicals, Insurance, Post Employment Benefits, Etc.
 - Impacts Ability of the Utility to Fund Necessary Maintenance
- Master Plan Identifies Necessary Capital Maintenance for Existing Service to Customers
 - Represents a Liability if Infrastructure is Not Properly Maintained
 - Ability to Serve Existing Customers Maybe Compromised
 - Impacts Compliance with Service Agreements

Current and Developing Issues (Impacting Customer Bills)

- Master Plan Identifies Necessary Regulatory Compliance Resulting In
 - Construction of New Facilities
 - Changes in Treatment Processes
 - Incremental Increases in Operational Costs
- Funding Necessary Capital will Require Issue of Debt
 - Current Economy – Demands Strong Credit to Secure External Funds
 - Utility Will Require a Stronger Credit Rating than currently Attained
 - Stronger Credit Rating Will Help Reduce Debt Related Costs
- South Florida Water Management District (SFWMD) Mandated Watering Restrictions
 - Water Conservation Successful and Means Long-Term Savings from Less Capital Construction
 - However Also Means Reductions in Water Sold and Revenue Generated
 - Must Reset / Correct rates for Changes in Water Use

Customers and Demand

Historical and Projected Customer Statistics



Customers and Demand

- Recent Effects of Declining Water Demand on Revenues:
 - 73% (FY2008) of Utility Costs, are Considered Fixed
 - E.g., Labor, Insurance, Maintenance, General and R&R Fund Transfers, Debt Service Payments, etc.
 - Utility Base Charges Do Not Recover All Fixed Costs
 - Base Charges Recovered 47% of Total Rate Revenues in FY08
 - Declines in Water Demand reduce the Utility's Ability to Pay Fixed and Variable Costs

Customer and Demand

- Implication of Reduced Water Demand on Sewer Cost Recovery:
 - Billed Wastewater Flows are Calculated from Metered Water Flows (Wastewater Flows Cannot be Metered)
 - Declines in Water Demand Result in Declines in Billed not Treated Wastewater Flows
 - Billed Sewer Flows have Declined Annually by -2.5% Since 2005
 - Treated Sewer Flows have Increased by 2.5% Since 2005
 - Means Decreased Revenues While Costs Go Up

Recent Historical Trends

- Historical Revenues Reduced by Declining Demand / Growth

Combined Water and Wastewater System				
	Fiscal Year	Rate Revenues	Other Operating Rev [*]	Connection Fee Rev (New Growth)
Historical	2005	\$50,499,435	\$2,048,276	\$3,917,154
	2006	50,675,401	2,276,016	2,166,850
	2007	49,777,282	2,788,069	1,283,930
	2008	53,468,599	2,733,944	1,105,916
	Growth	1.92%	10.10%	(34.40%)

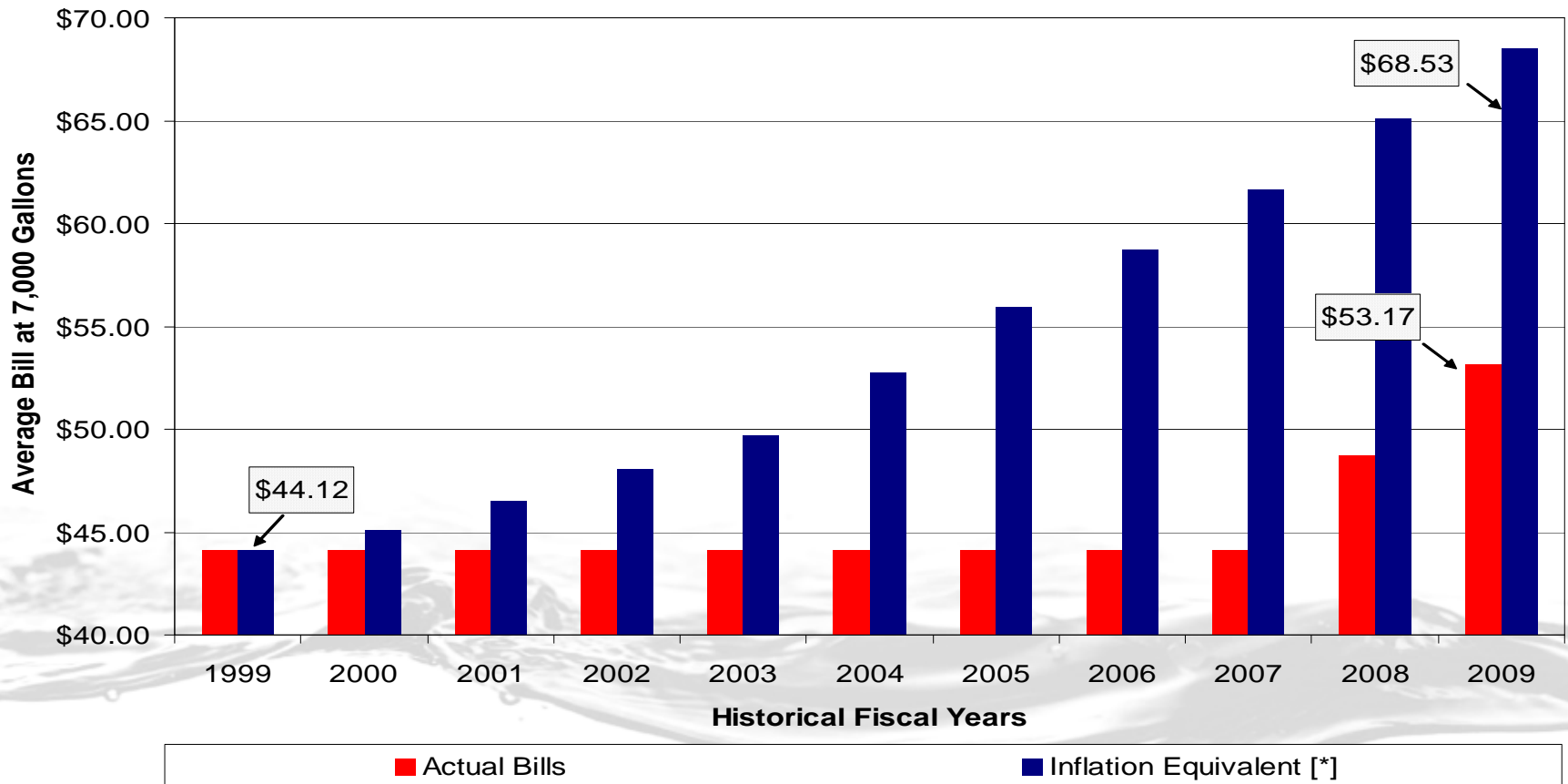
Notes:

[*] Other operating revenues are primarily comprised of Guaranteed Revenues, Capacity Reservation Fees, Meter Connections, Billing Fees, Administrative Fees, and Other Miscellaneous revenues.

- Historical Rate Revenues Include 2008 and 2009 Prior Rate Adjustments
- Without 2008 Rate Adjustment Revenues estimated at \$48.4 Million
- Prior to 2008 Rates Not Adjusted Since Oct 1998

Recent Historical Trends

Comparison of Historical and Inflation Adjusted Residential Customer Water and Wastewater Bills at 7,000 Gallons



Recent Historical Trends

- Historical Operating Expenses Have Increased Overall by \$9 million Since Fiscal Year 2004
 - 6.9% Per Year Growth Rate
 - Primarily due to Increases in Personnel Expenses at \$5.7 Million
 - Funding of OPEB Expenses (GASB 45) to Meet Long-Term Liability (based on Actuarial Study)
 - Employee Health Insurance Benefits Have Also Contributed to Increased Costs
 - Other Significant Increases due to Electrical, Insurance, & Chemical at \$2.7 million
- Result (Prior to 2008) - Declining Operating Margins

Recent Historical Trends

Description	Historical Fiscal Year Ending September 30,					Compound Growth
	2004	2005	2006	2007	2008	
Water & Wastewater System Operating Expenses:						
Salaries and Wages [*]	\$7,816,158	\$8,079,030	\$8,680,152	\$9,422,244	\$10,117,851	6.67%
Employee Benefits and Other [*]	3,029,095	3,368,038	3,895,790	4,185,360	6,442,246	20.76%
Electricity	3,449,625	3,680,240	4,711,674	4,780,561	4,753,145	8.34%
Administrative Services (DOCA)	3,518,428	3,416,261	3,601,995	3,904,732	3,668,850	1.05%
Indian Trace (Cost Reimbursement)	2,775,489	2,801,093	2,828,372	2,830,824	2,937,577	1.43%
Chemical Purchases	1,727,287	1,764,760	2,194,704	2,189,433	2,254,546	6.89%
Sludge Removal Expense	1,595,298	1,848,615	1,769,495	1,598,999	1,879,009	4.18%
Insurance	658,661	749,188	837,077	2,655,547	1,557,674	24.01%
Other Expenses	1,087,452	1,095,230	1,443,229	1,251,892	1,361,702	5.78%
Contractual Services	980,806	1,050,944	1,076,916	1,053,070	1,359,779	8.51%
Maintenance and Repairs	1,000,377	901,045	1,041,953	1,081,408	1,045,243	1.10%
Professional and Legal Services	734,007	752,415	807,559	768,373	705,835	(0.97%)
Davie Settlement	802,716	819,159	597,898	(73)	0	(100.00%)
Total System Operating Expenses	\$29,175,398	\$30,326,018	\$33,486,815	\$35,722,369	\$38,083,457	6.89%

* Includes personnel expenses from Funds 401, 402, and 403.

Recent Historical Trends

- Observed Effects from Credit Crunch and Recession
 - Minimal Forecast of Customer Growth
 - Increases in Property Vacancies (delayed water demand as residents re-occupy)
 - Increases in Late Payments and Bad Debt Expense
 - Increased Standards / Requirements for Securing Additional Debt Financing
 - Requires Strong Credit Rating
 - Bond Insurance No Longer Available to Supplement Credit Ratings
 - Strong Credit Ratings reduce Cost of Borrowing
 - Need to Improve Utility's Credit Rating to Issue Bonds

Financial Forecast

- Evaluating the Revenue Requirements Funded from Rates:
 - + Cost of Operation and Maintenance
 - + Debt Service Payments
 - + R&R Fund Transfers
 - + Capital Project Financing
 - + Working Capital Reserves / Financial Compliance
 - Other Operating Revenue
 - Interest Income

- = Net Revenue Requirements (Funded from Rates)

Financial Forecast

- Projected Revenues from Existing Rates
 - Reflects Increase in Customer Growth and Demand <1% Annually
 - Reflects Continued Inflationary Indexing at 2.8% Annually

Combined Water and Wastewater System

	Fiscal Year	Rate Revenues [1]	Other Operating Rev [2]	Connection Fee Rev
Projected	2009	\$57,786,656	\$1,911,097	\$291,375
	2010	59,467,274	1,752,686	60,300
	2011	61,169,220	1,795,928	60,900
	2012	62,962,554	1,902,314	114,525
	2013	64,798,226	2,012,417	170,850
	2014	66,720,340	2,163,205	254,025
	Growth	2.92%	2.51%	(2.71%)

Notes:

[1] Rate revenues shown reflect assumed future inflationary indexing rate adjustments at 2.80%; without such indexing provisions the growth in rate revenues would be 0.1%.

[2] Other operating revenues are primarily comprised of Guaranteed Revenues, Capacity Reservation Fees, Meter Connections, Billing Fees, Administrative Fees, and Other Miscellaneous revenues.

Financial Forecast

- Projected Operating Expenses
 - Fiscal Year 2009 Adopted Budget Served as Basis for Forecast
 - Forecast Recognizes Continued Increases in Electrical, Chemical and Insurance Expenses
 - Recognizes Incremental Expenses from CIP Additions
 - All Personnel Expense Funded from Operations (No Capitalized Costs)
 - No Anticipated Transfers for Return on Investment (ROI)
 - Adjusted for Inflation and System Growth

Financial Forecast

Description	Projected Fiscal Year Ending September 30,						Annual Growth
	2009	2010	2011	2012	2013	2014	
Salaries and Wages, Including Benefits	\$ 17,166,321	\$ 19,647,041	\$ 20,789,316	\$ 21,872,144	\$ 23,031,169	\$ 24,272,886	7.17%
Electricity [*]	6,254,686	6,893,481	8,060,862	8,654,690	9,483,863	10,603,807	11.14%
Chemicals [*]	2,969,490	3,416,486	4,133,258	4,556,284	5,212,128	6,039,040	15.25%
Administrative Services (DOCA)	3,907,909	4,044,686	4,186,250	4,332,769	4,484,415	4,641,370	3.50%
Indian Trace Cost Reimbursement	3,363,715	3,363,715	3,599,175	3,851,117	4,120,696	4,120,696	4.14%
Sludge Removal Expense	2,577,212	2,821,184	3,088,831	3,388,926	3,719,642	4,084,659	9.65%
Repairs and Maintenance	1,772,753	1,927,462	2,096,740	2,282,006	2,438,350	2,605,827	8.01%
Other Operating Expenses	2,071,593	2,143,387	2,217,889	2,295,443	2,376,064	2,459,893	3.50%
Insurance	1,427,470	1,570,217	1,727,239	1,899,963	2,089,959	2,298,955	10.00%
Professional and Legal Services	1,132,259	1,196,315	1,227,528	1,259,574	1,515,198	1,557,886	6.59%
Contractual Services	1,316,932	1,349,855	1,383,602	1,418,192	1,453,647	1,489,988	2.50%
Contingency Allowance	535,112	649,438	692,627	732,965	778,531	821,101	8.94%
Total Combined System Expenses	\$ 44,495,452	\$ 49,023,267	\$ 53,203,316	\$ 56,544,072	\$ 60,703,660	\$ 64,996,107	7.87%
Percent Change		10.18%	8.53%	6.28%	7.36%	7.07%	

[*] Includes Incremental Expenses due to Master Plan CIP implementation as Follows:

	2009	2010	2011	2012	2013	2014
Electricity	\$ -	\$ 10,015	\$ 485,479	\$ 531,251	\$ 770,442	\$ 1,254,737
Chemicals	-	-	202,527	223,255	434,412	769,456
Total	\$ -	\$ 10,015	\$ 688,006	\$ 754,506	\$ 1,204,854	\$ 2,024,193

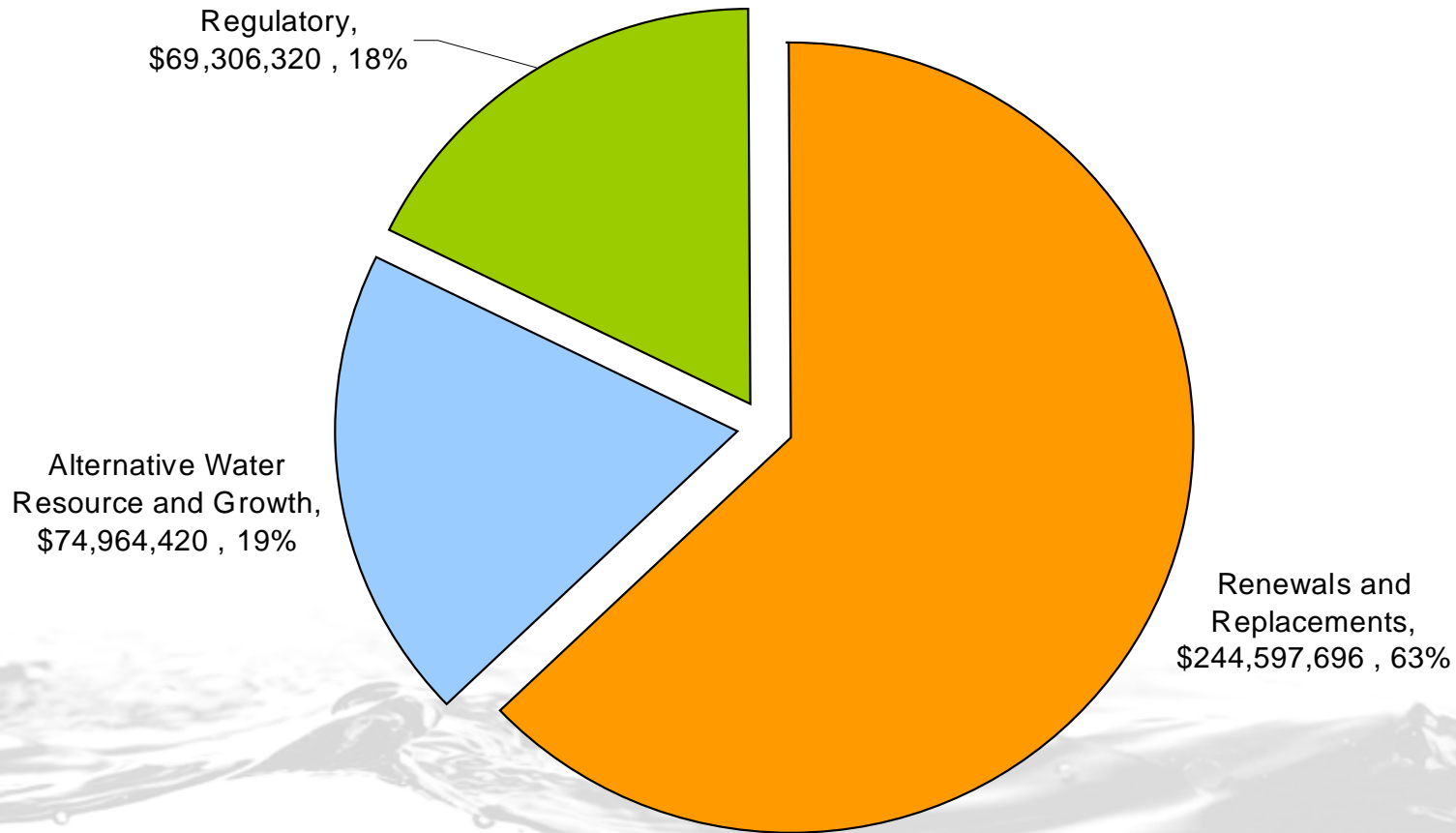
Financial Forecast

- Master Plan CIP
 - Forecasted Amounts Adjusted for Inflation
 - \$617 Million over next twenty (20) Years
 - \$389 Million over Forecast Period (FY 09 – 14)
 - Renewals and Replacements (\$245 Million)
 - Alternative Water Supply & Growth Related (\$75 Million)
 - Regulatory Compliance (\$69 Million)
 - 61% of CIP Funded from Additional Bonds
 - Maximized Debt Funding to Minimize Immediate Financial Impact to Utility Customers

Financial Forecast

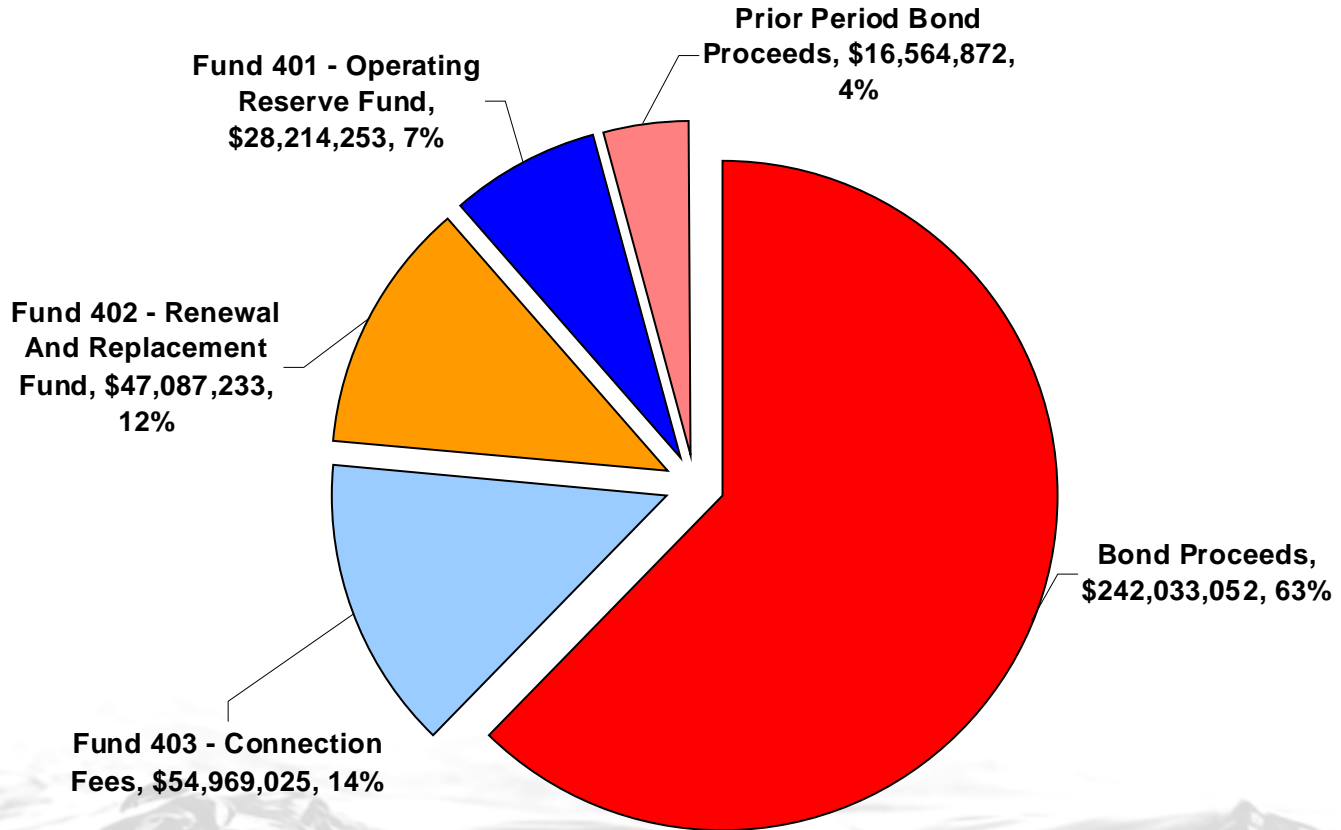
- Projected CIP Funding Needs

Fiscal Year 2009 - 2014 Anticipated CIP Funding Needs by Category



Financial Forecast

Forecast Period CIP Funding Summary by Source



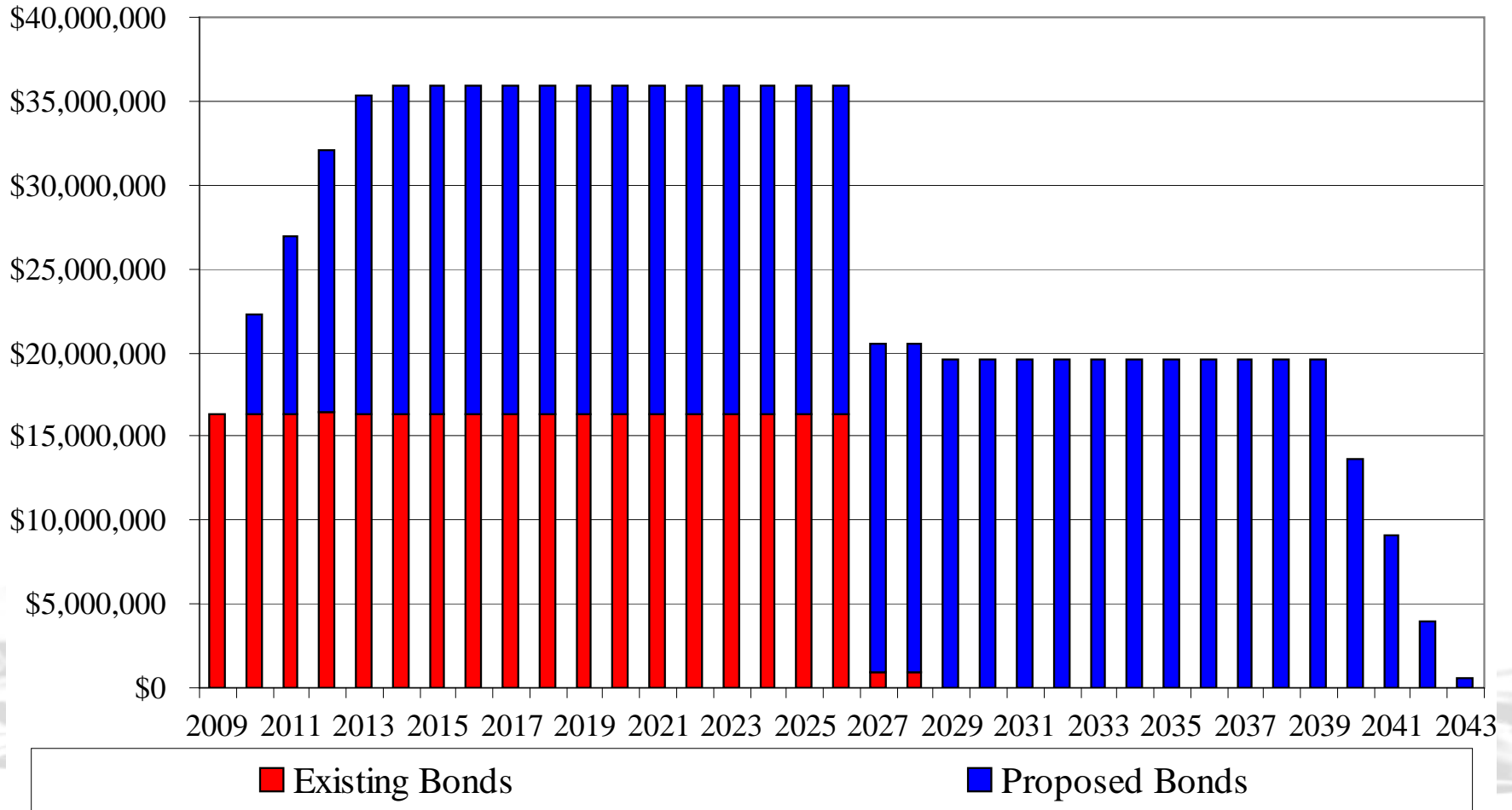
- Bond Proceeds
- Fund 402 - Renewal And Replacement Fund
- Prior Period Bond Proceeds
- Fund 403 - Connection Fees
- Fund 401 - Operating Reserve Fund

Financial Forecast

- Proposed Debt Funding Needs
 - January 1 2010
 - \$100 Million Project Funding
 - \$111 Million Total Issuance
 - \$8 Million Level Debt Service Payments
 - January 1 2011
 - \$44 Million Project Funding
 - \$49 Million Total Issuance
 - \$3.5 Million Level Debt Service Payments
 - January 1 2012
 - \$74 Million Project Funding
 - \$83 Million Total Issuance
 - \$6 Million Level Debt Service Payments
 - January 1 2013
 - \$32 Million Project Funding
 - \$35 Million Total Issuance
 - \$2.6 Million Level Debt Service Payments

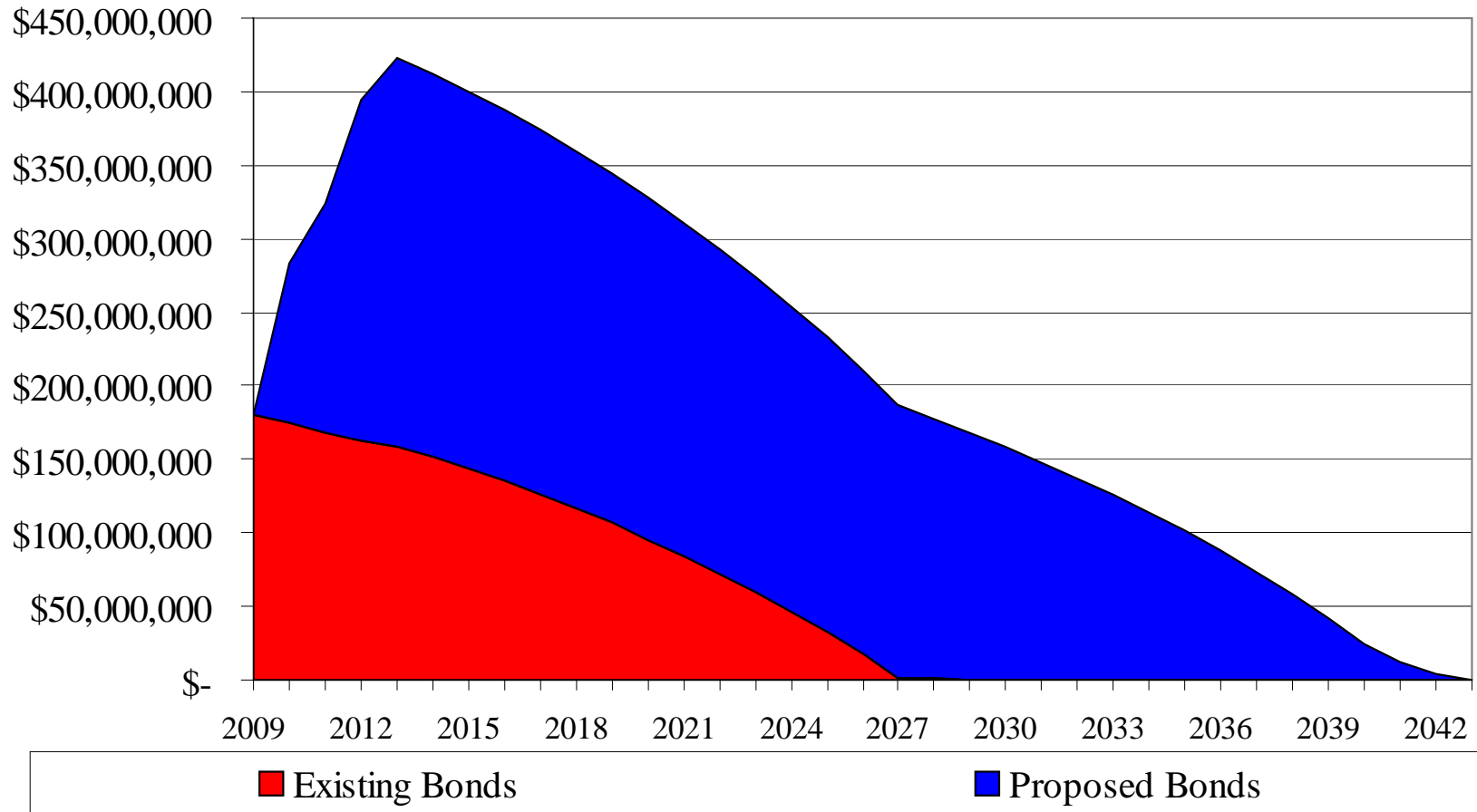
Financial Forecast

Existing and Proposed Debt Payments - Principal and Interest



Financial Forecast

Existing and Proposed Debt Outstanding - Principal Balance



Financial Forecast

- FY 2008 → \$450 Million Gross Plant in Service (Original Cost)
- Annual Renewal and Replacement Fund Transfers Identified
 - Dedicated Source of Funds for Capital
 - Minimum Requirement per Bond Ordinance
 - Annual Transfers Equal to 5% of Prior Year Gross Operating Revenues
 - Minimum Requirement for FY 2009 = \$3.3 Million
 - Transfer Represents <1% of Total Assets
 - Additional Transfers Recognized within Financial Forecast
 - R&R Transfers Increased Incrementally from 5% to 10% of Prior Period Gross Revenues During Forecast Period
 - Targets Transfers Equal to Approximately 1.5% of Total Assets
 - Aligns with Plant in Service

Financial Forecast

Projected Net Revenue Requirements - Combined Systems

Description	Projected Fiscal Year Ending September 30,					
	2009	2010	2011	2012	2013	2014
Projected System Operating Expenses	\$44,495,452	\$49,023,267	\$53,203,316	\$56,544,072	\$60,703,660	\$64,996,107
Other Revenue Requirements:						
Existing Debt Service	\$16,348,437	\$16,344,859	\$16,366,010	\$16,431,541	\$16,349,844	\$16,341,887
Proposed Debt Service	0	5,940,956	10,515,930	15,618,245	18,954,646	19,595,954
Transfer to R&R Fund	3,291,786	6,411,649	7,058,988	10,359,529	11,410,425	11,761,006
Transfers to Operating Reserves [*]	1,700,043	7,767,928	6,975,597	4,641,907	6,685,677	4,915,110
Total Other Revenue Requirements	\$21,340,266	\$36,465,392	\$40,916,524	\$47,051,221	\$53,400,591	\$52,613,957
Gross Revenue Requirements	\$65,835,719	\$85,488,660	\$94,119,841	\$103,595,293	\$114,104,251	\$117,610,065
Less Income and Funds from Other Sources:						
Other Revenues	\$1,911,097	\$1,752,686	\$1,789,743	\$1,887,483	\$1,992,455	\$2,135,024
Interest Income	359,300	481,800	698,700	787,600	979,000	1,045,600
Net Rate Revenue Requirements	\$63,565,322	\$83,254,174	\$91,631,398	\$100,920,211	\$111,132,796	\$114,429,441

[*] Amounts shown reflect the necessary transfers to the operating reserves in order to: i) fund necessary capital requirements of the System; and ii) provide sufficient ending cash balances to maintain a minimum targeted equivalent to 90 days of O&M.

Financial Forecast

Recommended Rate Adjustments

Description	Projected Fiscal Year Ending September 30,					
	2009	2010	2011	2012	2013	2014
Net Revenue Requirements	\$63,565,322	\$83,254,174	\$91,631,398	\$100,920,211	\$111,132,796	\$114,429,441
Recognized Annual Rate Index	N/A	2.80%	2.80%	2.80%	2.80%	2.80%
Revenue From Existing Rates (w/ Index)	\$57,786,656	\$59,467,274	\$61,169,220	\$62,962,554	\$64,798,226	\$66,720,340
Revenue From Prior Period Rate Adj.	0	23,786,900	24,467,600	31,355,400	39,064,200	47,709,100
Rate Revenue Surplus/(Deficiency):						
Amount	(\$5,778,665)	\$0	(\$5,994,577)	(\$6,602,257)	(\$7,270,370)	\$0
Percent of Annual Rate Revenue	(10.00%)	0.00%	(7.00%)	(7.00%)	(7.00%)	0.00%
RATE RECOMMENDATIONS:						
Identified Increase	40.00%	0.00%	7.00%	7.00%	7.00%	0.00%
Effective Months of Rate Adj.	3	12	12	12	12	12
Revenue From Identified Rates:						
Current Year Rate Adjustment	5,778,666	0	5,994,577	6,602,257	7,270,370	0
Prior Year Rate Adjustment	0	23,786,900	24,467,600	31,355,400	39,064,200	47,709,100
Adjusted Rate Revenue	\$63,565,322	\$83,254,174	\$91,631,398	\$100,920,211	\$111,132,796	\$114,429,440

Financial Forecast

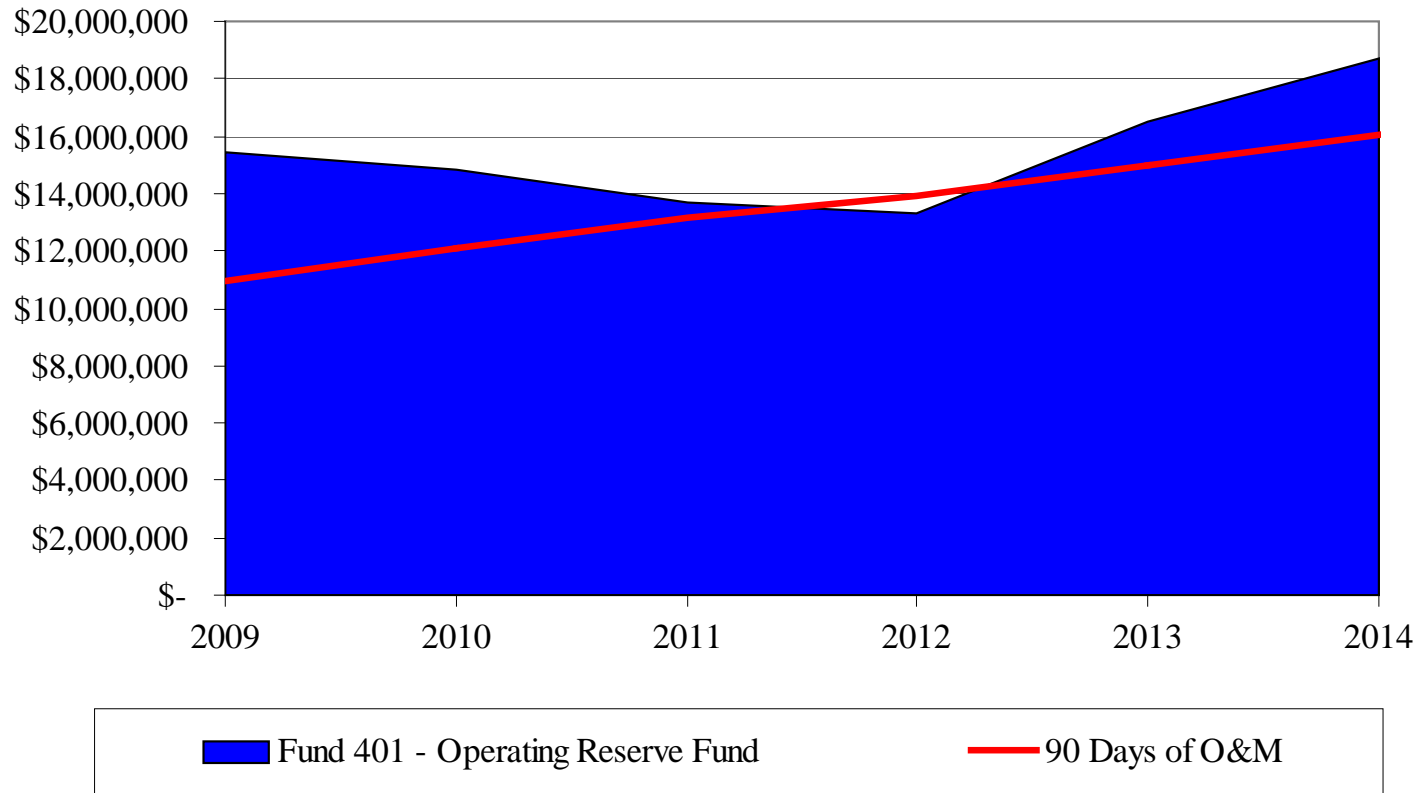
Summary of Projected Increases in Net Revenue Requirements Funded from Rate Revenues

Description	Historical FY 2008	Projected FY 2014	Change in Net Rev Req	
			Amount	Percent of Net Rev Req
Gross Revenue Requirements				
Operating Expenses	\$33,979,659	\$64,996,107	\$31,016,448	51.0%
Debt Service	16,345,948	35,937,841	19,591,894	32.2%
Transfer to R&R Fund	4,361,967	11,761,006	7,399,039	12.2%
Transfers to General Fund (ROI) / Operating Reserves	2,740,226	4,915,110	2,174,884	3.6%
Gross Revenue Requirements	\$57,427,800	\$117,610,065	\$60,182,265	99.0%
Less Income and Funds from Other Sources:				
Other Revenues	(\$2,733,944)	(\$2,135,024)	598,920	1.0%
Interest Income	(983,762)	(1,045,600)	(61,838)	-0.1%
Non-Operating Other Revenues	(45,383)	0	45,383	0.1%
Income and Funds from Other Sources	(\$3,763,089)	(\$3,180,624)	\$582,465	1.0%
Net Revenue Requirements	\$53,664,711	\$114,429,441	\$60,764,730	100.0%

Financial Forecast

- Financial Targets and Operating Results:

Unrestricted Cash Ending Fund Balances



Financial Forecast

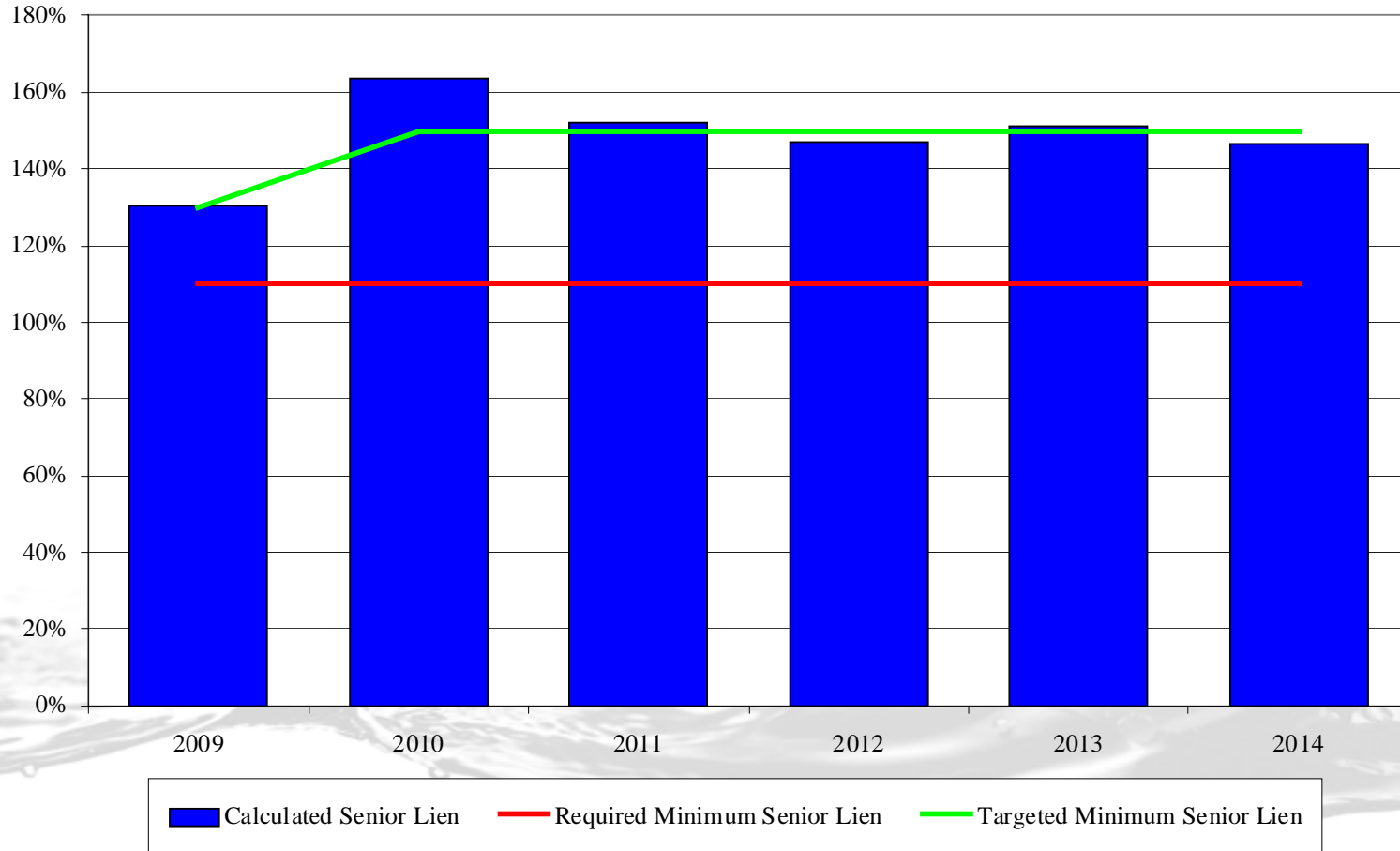
Projected Rate Covenant Requirement

Description	Projected Fiscal Year Ending September 30,					
	2009	2010	2011	2012	2013	2014
System Revenues:						
Water and Wastewater Rate Revenue	\$63,565,322	\$83,254,174	\$91,631,398	\$100,920,211	\$111,132,796	\$114,429,440
Other Operating Revenue	1,911,097	1,752,686	1,789,743	1,887,483	1,992,455	2,135,024
Unrestricted Interest Income	359,300	481,800	698,700	787,600	979,000	1,045,600
Total	\$65,835,719	\$85,488,660	\$94,119,841	\$103,595,293	\$114,104,251	\$117,610,065
A.) 1.0 x Operating Expenses:	\$44,495,452	\$49,023,267	\$53,203,316	\$56,544,072	\$60,703,660	\$64,996,107
B.) 1.1 x Annual Debt Service (Senior Lien)	\$17,983,281	\$24,514,396	\$29,570,133	\$35,254,764	\$38,834,938	\$39,531,625
C.) Required Reserve Account Transfers	\$0	\$0	\$0	\$0	\$0	\$0
D.) Required R&R Transfers	\$3,291,786	\$4,274,433	\$4,705,992	\$5,179,765	\$5,705,213	\$5,880,503
Total Coverage Requirements (A+B+C+D)	\$65,770,520	\$77,812,097	\$87,479,442	\$96,978,601	\$105,243,811	\$110,408,236
System Revenues less Coverage Requirements	\$65,199	\$7,676,563	\$6,640,399	\$6,616,692	\$8,860,440	\$7,201,829
Coverage Requirements Met (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes

Financial Targets

- Rate Covenant Debt Service Coverage

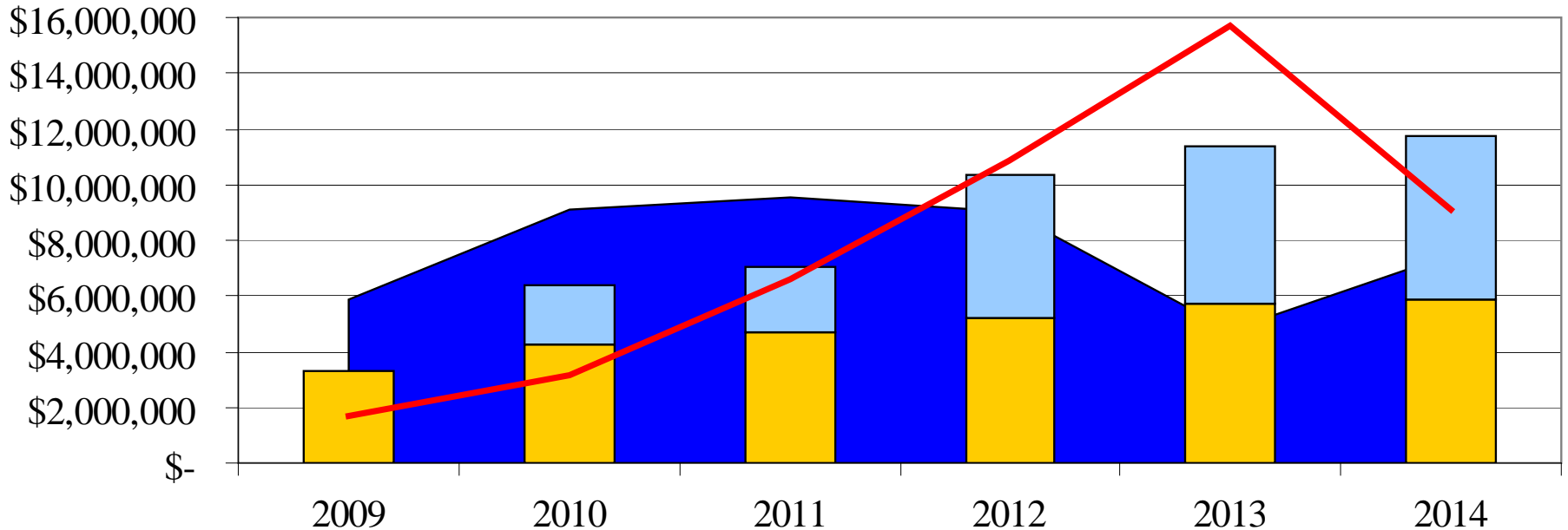
Minimum and Targeted Rate Covenant Debt Service Coverage



Financial Targets

- Financial Targets and Operating Results:

Renewal and Replacement Fund Activity



Ending Cash Balances

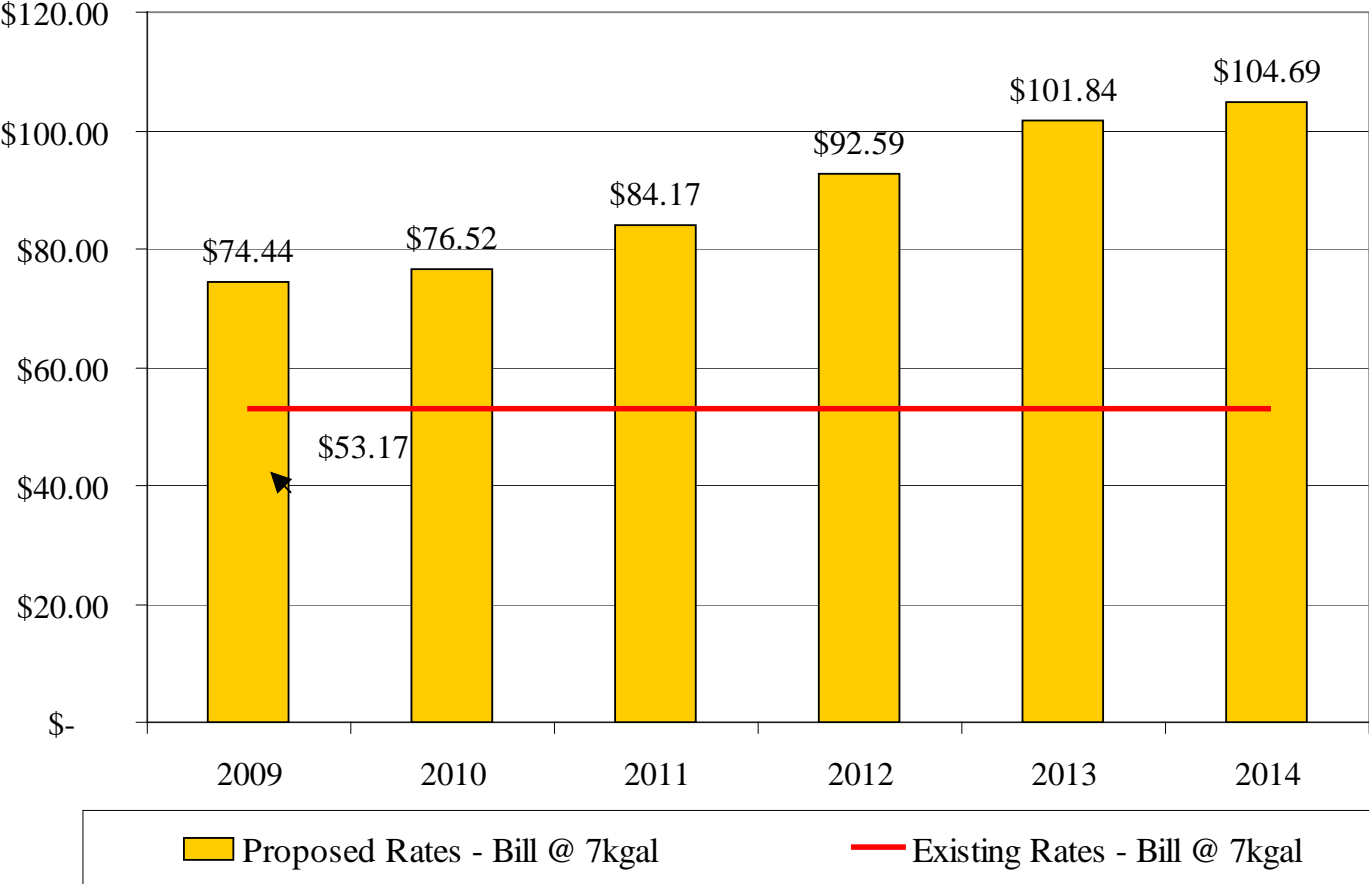
Transfers In - Additional Transfers

Transfers In - Minimum Transfers

Transfers Out - CIP

Customer Bill Impact

Existing and Proposed Average Residential Customer Bill for Water and Wastewater Service at 7,000 Gallons of Metered Water

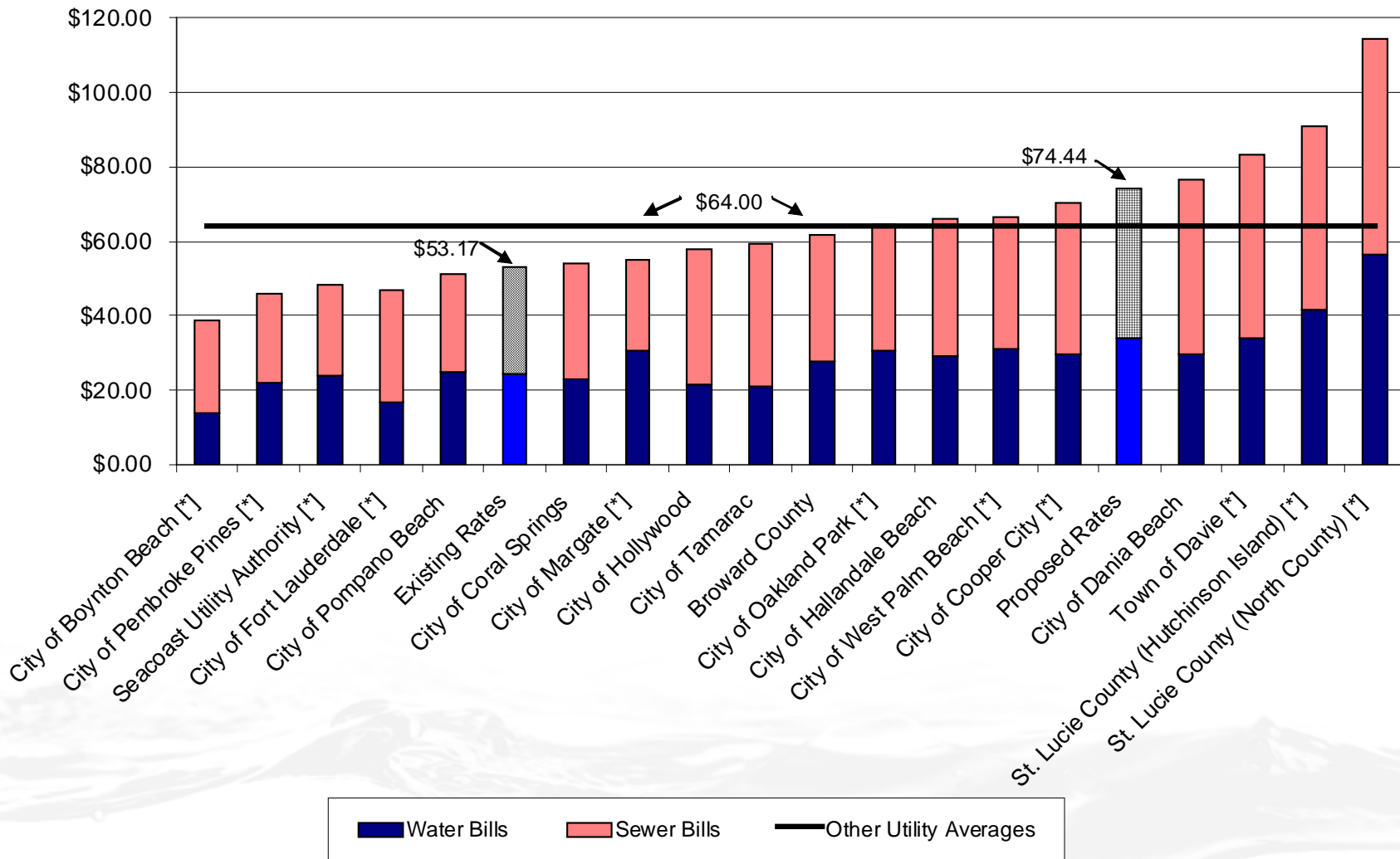


Customer Bill Impact

- Other “Neighboring” Utilities Recent Rate Activity:
 - Boynton Beach 68% (FY 2009 Through 2013)
 - Cooper City 26% (FY 2008 Through FY 2010)
 - Dania Beach 52% (FY 2009 Through FY 2011)
 - Davie 139% (FY 2008 Through FY 2011)
 - Lake Worth (FY 2010 Through FY 2014)
 - Water 88%
 - Wastewater 55%
 - Margate 44% (FY2009 Through FY 2011)
 - Miramar 25% (FY 2008)
 - West Palm Beach 75.6% (FY 2008 Through FY 2011)
- Other “Neighboring” Utilities Involved in Rate Studies or Considering Additional Rate Increases
 - Cooper City
 - Fort Lauderdale
 - Palm beach County
 - Plantation

Customer Bill Impact

Comparison of 5/8" Metered Residential Water and Wastewater Bills at 7,000 Gallons



[*] Utility shown is currently reviewing existing rates, is involved in a rate study, or will implement a rate revision within the next twelve months.

Conclusions and Recommendations

- Adopt Recommended Fiscal Year 2009 Rate Adjustment (40%)
- Apply Uniformly to Monthly Charges for Service
- Provides Necessary Revenue to
 - Meet Forecasted Operations and Maintenance Expenses
 - Issue Debt to Fund Required R&R and Regulatory CIP Projects
 - Meet Financial Targets and Ending Cash Balances
 - Remain In Compliance with Bond Resolution
- Continue to Monitor Financial Position

Questions and Discussion

