

**Lee County Board of County Commissioners
Agenda Item Summary**

Blue Sheet No. 20060791-UTL

1. Action Requested/Purpose:

1) Approve partial payment of \$2,750,000.00 to the City of Fort Myers for FY05-06 estimated wastewater treatment costs.
2) Also, approve payment of \$215,577.99 to the City of Fort Myers to cover the agreed flat fee for the amortization of the construction cost of the Chlorine Contact Basins and Dechlorination Facilities at the Wastewater Treatment Plant Projects, and other Capital projects for FY 05/06.

2. What Action Accomplishes:

Authorizes Lee County Utilities to partially pay estimated wastewater treatment costs for FY05/06 based on the City of Fort Myers' flow estimates. Also, provides for the FY05/06 full payments requirements to cover the agreed upon flat fee for the amortization of the Dechlorination Projects, and other Capital projects.

3. Management Recommendation:

Lee County Utilities requests that the Lee County BOCC approve these disbursements.

4. Departmental Category: 10 **CIOC** **5. Meeting Date:** **6-27-2006**

6. Agenda:	7. Requirement/Purpose (specify)	8. Request Initiated:
<input checked="" type="checkbox"/> Consent <input type="checkbox"/> Administrative <input type="checkbox"/> Appeals <input type="checkbox"/> Public <input type="checkbox"/> Walk-On	<input type="checkbox"/> Statute <input type="checkbox"/> Ordinance <input type="checkbox"/> Admin. Code <input checked="" type="checkbox"/> Other Approval	Commissioner _____ Department <u>Public Works</u> Division <u>Utilities</u> By: <i>[Signature]</i> <u>CIOC</u> Sergio I. Vélez, P.E., Acting Director

9. Background:

Under the Interlocal Wastewater Treatment Agreement, dated 11-16-83, amended on 4-9-86, 4-18-90, and again on 11-4-96, between the City of Fort Myers and Lee County, the City treats a portion of Lee County Utilities' wastewater at their Central and South Plants.

Each fiscal year the City estimates the cost of treatment per 1,000 gallons based on its adopted budget. For FY05/06, the City's estimated cost for treating Lee County Utilities wastewater is \$3.34 per 1,000 gallons. Once actual costs are available, discussed, and mutually agreed on by the two entities, a revised rate will be calculated and any required adjustments will be made at that time.

Attachments: Letter to City of FM dated 5/31/06 with costs computation, and copy of City of Fort Myers 05/06 rate projection.

Funds are available in account OD5360348700.503490.

Department Director	Purchasing or Contracts	Human Resources	Other	County Attorney	Budget Services <i>6/15</i>				County Manager / P.W. Director
					Analyst	Risk	Grants	Mgt.	
<i>[Signature]</i> J. Lavender Date: 6-12-06	<i>[Signature]</i> Date: 6/12/06			<i>[Signature]</i> S. Covert Date: 6/13/06	<i>[Signature]</i> 6/14	<i>[Signature]</i> 6-14-06	<i>[Signature]</i> 6/14/06	<i>[Signature]</i> 6/14/06	<i>[Signature]</i> J. Lavender Date: 6-12-06

11. Commission Action:

- Approved**
- Deferred**
- Denied**
- Other**

RECEIVED BY COUNTY ADMIN: <i>[Signature]</i>
6/14/06 8:20 AM
COUNTY ADMIN FORWARDED TO: <i>[Signature]</i>
<i>[Signature]</i>
<i>[Signature]</i>

Rec. by CoAtty
Date: 6/13/06
Time: 3:45pm
Forwarded To: <i>[Signature]</i>
<i>[Signature]</i>



City of Fort Myers, Florida

ACCOUNTING DIVISION
FINANCIAL SERVICES DEPARTMENT
332-6371

MEMORANDUM

To: Marcus Goodson, City Manager
From: A. Leigh Walker, Jr., Senior Controller, X6371
CC: Al Abdo, Public Works Director; Jeff Green, Financial Services Director
RE: City of Fort Myers – Lee County Wastewater Interlocal Billing – FY 2005
Date: 31 May 2006

Attached please find a copy of the fiscal year 2004-2005 City of Fort Myers-Lee County Wastewater Interlocal Agreement. This report is prepared by the City's independent auditors based upon information provided by the City from various sources.

This report shows that Lee County owes the City \$4,409,500.61 for the 2004-2005 fiscal year. However, this amount includes a deferral of capital expenses related to the dechlorination projects at both the South and Central Advanced Wastewater Treatment Plants. While the Interlocal does not address items being deferred, a verbal agreement was made to amortize the cost of the upgrades over the period of years, and at the interest rate being charged, of the funding source. These upgrades were financed by a State Revolving Fund loan and are repayable over 20 years.

If you take out the amount being deferred, \$4,736,570.57, there is actually an overpayment by the County of \$227,496.99. I have used this amount to reduce the deferred receivable to \$4,509,073.58.

At the end of this fiscal year, there will still be some adjustments to these figures as final costs of the projects, final fees charged by the SRF fund and capitalized interest were not known. Once these items are finalized a new calculation will be done and a prospective amortization schedule provided.

It should also be noted that I have unilaterally set a figure of \$1,000,000 per capital project that we will continue to defer and amortize. I have no basis for this other than that appears to be a breakpoint that could cause the County some problems if we do not defer. Again, this is on an individual project basis and not total capital expenditures for the fiscal year. We do have a few projects like that this year if we incur expenses as planned.

In the past, the billing to the County always included capital projects for the repair and maintenance of the plants. However, in any one year we never had a significant amount of expenses. The billing due from the County or the refund to the City bounced all over the spectrum. One year we had to return approximately \$400,000, another year they owed us about \$250,000 and one year we had to refund \$75,000. Each year we would look at the capital

expenses and do a mid-year adjustment on the billing to guess what would be spent. We also usually reduced the capital expenses to 25% of budget.

However, last year the dechlorinization projects began in earnest. Total costs for the two projects last year were \$9,473,141.13 or approximately \$2.03 per thousand gallons. While the County was made aware of this early in the fiscal year, they apparently had a problem with cash flow to pay for this all in one year. That is why the verbal agreement to defer and amortize such large projects.

However, it should be noted that the County refuses to pay for the current fiscal year until they receive the final billing and true-up for the past fiscal year. This usually means that we provide the services, but receive no payment for at least six months. This year it is longer as the City had new auditors and timing was just more difficult. It should also be noted that the Interlocal does not provide for the County not paying us on a monthly basis. **To date the County owes the City \$4,803,065.47 for the current fiscal year.**

I am attaching several items to this memo.

- Copy of the Report from our Independent Auditors
- Copy of my worksheets and reconciliations
- Spreadsheet showing current fiscal year billings due and owing to the City.

Should you have any questions, or wish to discuss any part of this report, please do not hesitate to contact me.

**Lee County/City of Fort Myers
Wastewater Interlocal Agreement
Fiscal Year 05 / 06 Budget**

Prepared by alw 1/17/2006

	<u>Operating Costs</u>	<u>Capacity Costs</u>	<u>Total</u>
Lee County Gallonage (04/05 Actual)	2,315,231,833	2,315,231,833	2,315,231,833
Costs per 1,000 Gallons (Projected)	3.109896510	0.231467704	3.341364215
Total Reimbursement due the City	7,200,131.40	535,901.40	7,736,032.80
Total Paid by Lee County, Fiscal Year 04/05 (1)			0.00
FY 04-05 amount due to City of Fort Myers (Lee County)			7,736,032.80

(1) Billings/Collections:

<u>Month Bill Sent</u>	<u>For:</u>	<u>Amount Billed</u>	<u>Amount Collected</u>	<u>Date Collected</u>
	October-05	-		
	November-05	-		
	December-05	-		
	January-06			
	February-06			
	March-06			
	April-06			
	May-06			
	June-06			
	July-06			
	August-06			
	September-06			
Totals for FY 05-06		0.00	0.00	

**Lee County/City of Fort Myers
Wastewater Interlocal Agreement
Fiscal Year 05 / 06 Budget**

Prepared by alw 1/17/2006

**INTERLOCAL WASTEWATER TREATMENT
COMPUTATION OF OPERATING COSTS FOR FY 04/05 Projection)**

	Based upon Estimated Gallons
OPERATING COSTS	
Sewer Plant Operating Expenses	6,212,826.00
Administrative Expenses (1)	2,352,746.06
Capitalized Expenses (2)	6,143,916.00
Total	14,709,488.06
 Total Gallonage (04-05 Actual)	 4,729,896,320
 Operating Cost per 1,000 gallons	 3.109896510
 CAPACITY COSTS	
Capacity costs related to debt service (3)	1,071,802.79
City of Fort Myers Capacity Allocation (50%)	535,901.40
City of Fort Myers Gallonage (04-05 Actual)	2,414,664,487
City of Fort Myers Capacity Cost per 1,000 Gallons	0.221936174
Lee County Capacity Allocation (50%)	535,901.40
Lee County Gallonage (04-05 Actual)	2,315,231,833
Lee County Capacity Cost per 1,000 Gallons	0.231467704
 Combined Costs:	
Fort Myers:	
Operating	3.109896510
Capacity	0.221936174
Total	3.331832684
Lee County	
Operating	3.109896510
Capacity	0.231467704
Total	3.341364215

NOTES:

- (1) See calculation of administrative costs attached.
- (2) See schedule of capitalized expenses attached.
- (3) See calculation of capacity costs attached.

**Lee County/City of Fort Myers
Wastewater Interlocal Agreement
Fiscal Year 05 / 06 Budget**

Prepared by alw 1/17/2006

COMPUTATION OF OPERATING COSTS FOR FY 04/05

Calculation of Administrative Expense
Allocable to Sewer Plant Operations

Water Plant Operations (0908)	2,535,810.00
Water Distribution - Maintenance (0909)	1,600,669.00
Sewer Plant Operations - Central Plant (0911)	3,138,284.00
Reclaimed Water Production Facility (Based on FY 03/04 Actual)	(144,158.00)
Sewer Plant Operations - South Plant (0912)	3,218,700.00
Sewer Maintenance - Lift Stations (0913)	894,900.00
Sewer Maintenance - Maintenance (0914)	1,327,088.00
	12,571,293.00
 Administration Expense - Total (0907 +2301) (1)	4,760,649.00

Sewer Plant Operations:

Central Plant (0911+ Reclaim Wtr Cost)	2,994,126.00
South Plant (0912)	3,218,700.00
	6,212,826.00

Prorated portion of Sewer Plant Operations to total
Water and Sewer Operations: (\$6,212,826 / \$12,571,293) 49.4207%

Administrative Expense allocable to Sewer Plant
Operation: \$4,760,649 x 49.4207% 2,352,746.06

(1) Administrative Expense total excludes transfers to other funds except for
General Fund administrative charge to Utility Fund for services provided
by General Fund programs/departments.

**Lee County/City of Fort Myers
Wastewater Interlocal Agreement
Fiscal Year 05 / 06 Budget**

Prepared by alw 1/17/2006

**INTERLOCAL WASTEWATER TREATMENT
COMPUTATION OF OPERATING COSTS FOR FY 04/05 (Actual)**

CAPITALIZED EXPENSES:

Central Plant (0911) (1)	\$44,500.00
South Plant (0912) (2)	34,000.00
Lift Station Maintenance (0913) (3)	30,000.00
Sewer Maintenance (0914) (4)	15,000.00
Replace 7.5 ton A/C Unit CWWTP (4419)	1,340.00
Replace Ice Machine SWWTP (4467)	2,500.00
Replace 1.5 condenser CWWTP (4468)	700.00
On Site Disinfection CWWTP (6093)	491,044.00
On Site Disinfection SWWTP (6097)	479,334.00
Replacement of Clarifiers CWWTP (6137)	3,015,969.00
Replacement of Clarifiers SWWTP (6148)	4,103,469.00
Effluent Pump Replacement SWWTP (6224)	137,077.00
Polymer Storage CWWTP (6294)	88,552.00
Return Activated Sludge Pump Upgrade CWWTP (6295)	174,172.00
Nitrification Gearbox Rebuild / Replacement CWWTP (6296)	47,684.00
Polymer Storage SWWTP (6342)	88,209.00
Nitrification Gearbox Rebuild/Replacement SWWTP (6343)	94,856.00
Chemical Storage Building CWWTP (6464)	64,757.00
Influent Pump Overhaul CWWTP (6465)	36,402.00
Internal Recycle Pump Replacement CWWTP (6466)	100,849.00
Chemical Storage Building SWWTP (6467)	65,318.00
Aerator Improvement Projects CWWTP (7042)	500,000.00
Aerator Improvement Projects SWWTP (7043)	500,000.00
Total Capitalized Expense Budget	10,115,732.00
Less: On-site Disinfection CWWTP (SRF)	(491,044.00)
On-site Disinfection SWWTP (SRF)	(479,334.00)
Clarifier Replacement CWWTP (Credti Line Portion only)	(2,236,969.00)
Clarifier Replacement SWWTP (Credti Line Portion only)	(764,469.00)
Final Capitalized Expense Budget	6,143,916.00

- (1) \$15,000 for Security Fencing, \$8,000 for Alum. Pump Skids, \$16,000 for soft starts for digester blowers, & \$5,500 Safety and maintenance hoist.
- (2) \$10,000 for Security Fencing, \$8,000 for Alum. Pump Skids, and \$16,000 for soft starts for digester blowers.
- (3) \$7,000 for bomm for lift stations truck and \$23,000 for 3/4 ton truck.
- (4) \$15,000 for compress and jack hammer.

**Lee County/City of Fort Myers
Wastewater Interlocal Agreement
Fiscal Year 05 / 06 Budget**

Prepared by alw 1/17/2006

**INTERLOCAL WASTEWATER TREATMENT
COMPUTATION OF OPERATING COSTS FOR FY 04/05 Actual**

CAPACITY COSTS RELATED TO DEBT SERVICE - FY 04/05 Actual

		4/1/2006 Payment	10/1/2006 Payment
1985 Issue	Issued 6/11/85 Defeased by Series 1989A Issue dtd 11/1/89	0.00	0.00
1989A Issue	Issued 11/1/89 Defeased in part by Series 1993A Defeased in part by Series 1999A	0.00	0.00
1993A Issue	Issued August 12, 1993 Refunded \$15,655,000.00 Series 1989A Bonds Refunded \$47,001,084.25 Series 1989B Bonds Debt Service Allocable to Refunding of Series 1989A bond is 24.99% (1) 04/1/06 = 1,441,530 x 24.9856023% 10/1/06 = 1,455,000 x 24.9856023%	360,174.95	363,540.51
1999A Issue	Issued September 30, 1999 Refunded \$24,395,000 Series 1989A Bonds Resulted in \$36,495,000 New Construction Funds Debt Service Allocable to Refunding of Series 1989A bond is 40.06% (2) 04/1/06 = 1,532,936.88 x 40.0640499% 10/1/06 = 2,362,936.88 x 40.0640499%	614,156.60	946,688.21
	TOTALS	974,331.54	1,310,228.73
	COMBINED TOTALS		2,284,560.27
	Pay Agent Fees (Actual)		550.00
	Less Interest Income (2005 Earnings)		(12,897.44)
			2,272,212.83
	Allocation Percentage to Wastewater Plants		47.17%
	WASTEWATER DEBT SERVICE		1,071,802.79

(1) Allocation of Debt Service on City of Fort Myers
Series 1993A Utility System Refunding Revenue Bonds:

	\$	%
Series 1989A Bonds Refunded	15,655,000.00	24.9856023%
Series 1989B Bonds Refunded	<u>47,001,084.25</u>	<u>75.0143977%</u>
	62,656,084.25	100.00%

(2) Allocation of Debt Service on City of Fort Myers
Series 1999A Utility System Refunding Revenue Bonds:

	\$	%
Series 1989A Bonds Refunding	24,395,000.00	40.0640499%
Series 1999A Bonds Construction Funds	<u>36,495,000.00</u>	<u>59.9359501%</u>
	60,890,000.00	100.00%

(3) Allocation of Interest income Earned on Sinking Fund for Series 1993A
Utility System Refunding Revenue Bonds:

	1993A	1999A
Total interest income (05 Actual)	19,841.50	19,818.06
Allocation % from above	<u>24.9856023%</u>	<u>40.0640499%</u>
Earnings Allocable	4,957.52	7,939.92

Total interest income 12,897.44

**Lee County/City of Fort Myers
Wastewater Interlocal Agreement
Fiscal Year 05 / 06 Budget**

Prepared by alw 1/17/2006

**INTERLOCAL WASTEWATER TREATMENT
COMPUTATION OF OPERATING COSTS FOR FY 04/05 Projection**

Schedule of Utilities Operating expenses - Excluding Depreciation and Capital Outlay

	<u>Water</u> (0908)	<u>Sewer</u> (0911 + 0912 - Reclaimed water costs)	<u>Total</u>
<u>Plant Operations</u>			
Salaries and wages	\$633,700.00	1,734,702.00	\$2,368,402.00
Employee benefits	219,400.00	677,010.00	896,410.00
Telephone and utilities	894,510.00	1,671,238.00	2,565,748.00
Repairs and maintenance	89,000.00	272,300.00	361,300.00
Operating supplies	447,600.00	1,026,331.00	1,473,931.00
Contractual services	131,000.00	649,618.00	780,618.00
Fleet equipment rental	26,800.00	54,700.00	81,500.00
MIS Charges	41,400.00	70,090.00	111,490.00
Office and other expenses	52,400.00	56,837.00	109,237.00
	<u>2,535,810.00</u>	<u>6,212,826.00</u>	<u>8,748,636.00</u>

	<u>(0909)</u>	<u>(0913 + 0914 + 0915)</u>	<u>Total</u>
<u>Distribution and Collection</u>			
Salaries and wages	768,100.00	967,400.00	1,735,500.00
Employee benefits	295,600.00	429,900.00	725,500.00
Telephone and utilities	38,369.00	135,088.00	173,457.00
Repairs and maintenance	194,100.00	196,000.00	390,100.00
Operating supplies	55,200.00	89,900.00	145,100.00
Contractual services	25,900.00	57,200.00	83,100.00
Fleet equipment rental	194,800.00	316,300.00	511,100.00
MIS Charges	21,700.00	24,500.00	46,200.00
Office and other expenses	6,900.00	5,700.00	12,600.00
	<u>1,600,669.00</u>	<u>2,221,988.00</u>	<u>3,822,657.00</u>
	<u>\$4,136,479.00</u>	<u>\$8,434,814.00</u>	<u>\$12,571,293.00</u>

Administrative (0907 + 2302)

Salaries and wages	1,018,400.00
Employee benefits	334,300.00
Professional services	251,200.00
Office and other expenses	1,126,149.00
Insurance and bonds	218,500.00
General Fund - administrative charge	1,637,500.00
MIS Charges	161,700.00
Repairs and maintenance	12,900.00
	<u>\$4,760,649.00</u>

Allocation of administrative expenses of utilities to
sewer plant operations (\$6,212,826.00 / \$12,571,293.00 = 49.4207%
\$4,760,649 x 49.4207%

49.4207%
\$2,352,746.06

	Total	911	912	Reclaim Water Costs	(05 Actual plus 5%)
Plant Operations					
Salaries and wages	1,734,702.00	893,100.00	910,600.00	(68,998.00)	1200, 1400
Employee benefits	677,010.00	342,600.00	348,900.00	(14,490.00)	2100, 2200, 2300, 2400, 2500
Telephone and utilities	1,671,238.00	864,484.00	838,900.00	(32,146.00)	4100, 4300
Repairs and maintenance	272,300.00	133,900.00	138,400.00	-	4600
Operating supplies	1,026,331.00	467,600.00	572,400.00	(13,669.00)	5200, 5250, 5255, 5298, 5300
Contractual services	649,618.00	331,900.00	322,200.00	(4,482.00)	3100, 3400
Fleet equipment rental	54,700.00	23,900.00	32,300.00	(1,500.00)	4410, 4415
MIS Charges	70,090.00	53,600.00	25,100.00	(8,610.00)	4416, 4417
Office and other expenses	56,837.00	27,200.00	29,900.00	(263.00)	4000, 4400, 4700, 4900, 4800, 4903,
	6,212,826.00	3,138,284.00	3,218,700.00	(144,158.00)	4960, 5100, 5400, 6400 (if less than \$5,000 / ea)

	Total	913	914	915	
Distribution and Collection					
Salaries and wages	967,400.00	419,200.00	548,200.00	-	1200, 1400
Employee benefits	429,900.00	182,100.00	247,800.00	-	2100, 2200, 2300, 2400, 2500
Telephone and utilities	135,088.00	126,000.00	9,088.00	-	4100, 4300
Repairs and maintenance	196,000.00	92,600.00	103,400.00	-	4600
Operating supplies	89,900.00	51,500.00	38,400.00	-	5200, 5250, 5255, 5300
Contractual services	57,200.00	9,300.00	47,900.00	-	3100, 3400
Fleet equipment rental	316,300.00	2,800.00	313,500.00	-	4410, 4415
MIS Charges	24,500.00	9,100.00	15,400.00	-	4416, 4417
Office and other expenses	5,700.00	2,300.00	3,400.00	-	4000, 4400, 4700, 4800, 5100, 5400, 6400
	2,221,988.00	894,900.00	1,327,088.00	-	

	Total	907	2302		
Administrative (0907 + 2302)					
Salaries and wages	1,018,400.00	337,200.00	681,200.00	1200, 1300, 1400, 1302	
Employee benefits	334,300.00	112,100.00	222,200.00	2100, 2200, 2300, 2400, 2500	
Professional services	251,200.00	177,100.00	74,100.00	3100, 3200, 3400	
Office and other expenses	1,126,149.00	829,149.00	297,000.00	4000, 4100, 4300, 4400, 4410, 4415, 4416, 4417, 4700, 4800, 4801, 4903, 4905	from above 4942, 5100, 5200, 5250, 5255, 5400, 6400
Insurance and bonds	218,500.00	218,500.00	-	4500	
General Fund - administrative charge	1,637,500.00	1,637,500.00	-	4940	
MIS Charges	161,700.00	51,000.00	110,700.00	4416, 4417	
Repairs and maintenance	12,900.00	100.00	12,800.00	4600	
	4,760,649.00	3,362,649.00	1,398,000.00		

Do Not include 401-0907-581-9002 or 401-0907-536-4905

**CITY OF FORT MYERS, FLORIDA
INTERLOCAL WASTEWATER TREATMENT AGREEMENT**

**COMPUTATION OF OPERATING AND
CAPACITY COSTS PER 1,000 GALLONS**

Year Ended September 30, 2005





Independent Accountants' Report On Applying Agreed-Upon Procedures

Mayor and City Council
City of Fort Myers, Florida
Fort Myers, Florida

We have performed the procedures enumerated below to the accompanying schedules on pages 4 through 7 regarding the computation of operating costs, capacity costs, and combined operating and capacity costs per 1,000 gallons of the City of Fort Myers Wastewater Treatment and Disposal Facilities for the fiscal year ended September 30, 2005, under the Interlocal Wastewater Treatment Agreement (the Agreement) dated November 16, 1983, and amended on September 12, 1984, April 9, 1986, and March 3, 1993, between the City of Fort Myers and Lee County. These procedures, which were agreed to by representatives of the City of Fort Myers and Lee County, were performed solely to assist you in complying with Section 5.06D of the Agreement. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures are as follows:

- Agreed operating, administrative and capitalized costs per pages 4, 5, and 6 to the City's September 30, 2005, trial balance and audited financial statements;
- Agreed number of units per page 6 to a schedule of total gallonage prepared by the City listing the amount of each type of facility (residential, apartments, mobile homes, hotels, commercial) located in the City and the average annual gallonage per type of facility;
- Agreed interest and principal payments to the bonds' respective debt service schedules per page 7;
- Agreed reserve fund and sinking fund interest income per page 7 to the funds' respective amortization schedules provided by the city listing the deposits, balances, and interest earned on the City's reserve funds and sinking funds;
- Traced amounts paid by Lee County per page 4 to billing invoices and payment records prepared by the City; and
- Recalculated mathematical accuracy of schedules on pages 4, 5, 6, and 7.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the aforementioned schedule. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Cherry Bekaert & Holland, L.L.P.

February 24, 2006
St. Petersburg, Florida

**SCHEDULE OF COMPUTATION OF OPERATING COSTS, CAPACITY COSTS
AND COMBINED OPERATING AND CAPACITY COSTS PER 1,000 GALLONS
(SEE INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES)
YEAR ENDED SEPTEMBER 30, 2005
CITY OF FORT MYERS, FLORIDA**

Computation of Operating Costs Per 1,000 Gallons

Operating costs	
Sewer Plant operating expenses	\$ 5,723,342.50
Administrative expenses	2,128,836.69
Capitalized costs	9,668,669.34
Total operating costs	<u>\$ 17,520,848.53</u>
Total gallonage	<u>4,729,896,320</u>
Operating cost per 1,000 gallons	<u>\$ 3.70427750</u>

Computation of Capacity Costs Per 1,000 Gallons

Capacity costs related to debt service	\$ 1,066,478.84
City of Fort Myers capacity cost per 1,000 gallons	
Allocation of percentage of capacity	50%
Capacity cost - City of Fort Myers	<u>\$ 533,239.42</u>
City of Fort Myers gallonage	<u>2,414,664,487</u>
Capacity costs per 1,000 gallons - City of Fort Myers	<u>\$ 0.220833752</u>
Lee County capacity cost per 1,000 gallons	\$ 1,066,478.84
Allocation of percentage of capacity	50%
Capacity cost - Lee County	<u>\$ 533,239.42</u>
Lee County gallonage	<u>2,315,231,833</u>
Capacity cost per 1,000 gallons - Lee County	<u>\$ 0.230317937</u>
Combined operating and capacity costs per 1,000 gallons	
City of Fort Myers	<u>\$ 3.925111256</u>
Lee County	\$ 3.934595440
Lee County gallonage	2,315,231,833
Total reimbursement due to City of Fort Myers	9,109,500.61
Total paid by Lee County for fiscal year 2004-2005	<u>4,700,000.00</u>
Amount due to City of Fort Myers	<u>\$ 4,409,500.61</u>

**SCHEDULE OF UTILITIES OPERATING EXPENSES
EXCLUDING DEPRECIATION AND CAPITAL OUTLAY
(SEE INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES)
YEAR ENDED SEPTEMBER 30, 2005
CITY OF FORT MYERS, FLORIDA**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Plant operations			
Salaries and wages	\$ 553,524.91	\$ 1,741,419.38	\$ 2,294,944.29
Employee benefits	186,886.13	615,645.11	802,531.24
Telephone and utilities	870,007.65	1,493,497.33	2,363,504.98
Repairs and maintenance	95,559.08	310,824.36	406,383.44
Operating supplies	362,443.57	838,350.43	1,200,794.00
Contractual services	93,770.75	559,370.86	653,141.61
Fleet equipment rental	24,100.00	52,628.00	76,728.00
Management information systems charges	37,200.00	89,700.00	126,900.00
Office and other expenses	35,040.07	21,907.03	56,947.10
Total plant operations	<u>2,258,532.16</u>	<u>5,723,342.50</u>	<u>7,981,874.66</u>
 Distribution and collection			
Salaries and wages	664,584.89	817,318.02	1,481,902.91
Employee benefits	249,285.96	348,562.87	597,848.83
Telephone and utilities	16,898.19	140,312.70	157,210.89
Repairs and maintenance	183,456.65	159,261.03	342,717.68
Operating supplies	110,966.90	70,222.73	181,189.63
Contractual services	15,331.37	21,125.77	36,457.14
Fleet equipment rental	173,200.00	258,400.00	431,600.00
Management information systems charges	24,100.00	6,100.00	30,200.00
Office and other expenses	3,568.94	1,659.19	5,228.13
Total distribution and collection	<u>1,441,392.90</u>	<u>1,822,962.31</u>	<u>3,264,355.21</u>
 Totals	<u>\$ 3,699,925.06</u>	<u>\$ 7,546,304.81</u>	<u>\$ 11,246,229.87</u>
 Administrative			
Salaries and wages			\$ 758,981.18
Employee benefits			266,729.28
Professional services			147,652.05
Office and other expenses			1,151,393.45
Insurance and bonds			282,800.00
General Fund - administrative charge			1,379,500.00
Management information systems charges			188,300.00
Repairs and maintenance			7,757.61
Total administrative			<u>\$ 4,183,113.57</u>
 Allocation of administrative expenses of utilities to Sewer Plant operations			
(\$5,723,342.50/\$11,246,229.87 = 50.8912%)			
\$4,183,113.57 x 50.8912%			<u>\$ 2,128,836.69</u>

SCHEDULE OF TOTAL GALLONAGE AND CAPITALIZED COSTS
(SEE INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES)
YEAR ENDED SEPTEMBER 30, 2005
CITY OF FORT MYERS, FLORIDA

Gallonge, all facilities	<u>Class</u>	<u>Number of Units</u>	<u>Yearly Average (Rounded)</u>	<u>Total</u>
Type of facility				
City facilities				
Residential	1	10,796	80,000	863,673,333
Duplex/apartments	2 & 3	12,501	60,000	750,070,000
Mobile homes	4 & 7	679	54,000	36,661,500
Motel/hotel	5 & 6	1,873	60,000	112,380,000
Commercial	8	3,475	187,569	651,879,654
Total		<u>29,324</u>		<u>2,414,664,487</u>
County facilities				
Residential	1	16,613	80,000	1,329,053,333
Duplex/apartments	2	437	60,000	26,220,000
Commercial	8	1,476	324,127	478,303,500
Commercial (units)	3	8,028	60,000	481,655,000
Total		<u>26,554</u>		<u>2,315,231,833</u>
Total gallonge, all facilities				<u><u>4,729,896,320</u></u>

Capitalized costs	<u>Project Number</u>	<u>Amount</u>
Central Plant	911	\$ 20,622.02
South Plant	912	9,800.00
Lift station maintenance	913	19,514.00
Sewer maintenance	914	24,760.00
Replace 5 ton condenser SWWTP	4494	4,000.00
On site disinfection CWWTP	6093	4,719,046.34
On site disinfection SWWTP	6097	4,754,094.79
Traveling screen rehabilitation SWWTP	6263	39,691.37
Return activated sludge pump upgrade CWWTP	6295	15,000.00
Nitrification gearbox rebuild/replacement CWWTP	6296	19,809.09
Polymer storage SWWTP	6342	343.75
Chemical storage building CWWTP	6464	1,243.43
Influent pump overhaul CWWTP	6465	27,053.00
Influent recycle pump replacement CWWTP	6466	13,009.05
Chemical storage building SWWTP	6467	682.50
Total capitalized costs		<u><u>\$ 9,668,669.34</u></u>

SCHEDULE OF WASTEWATER CAPACITY COSTS
(SEE INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES)
YEAR ENDED SEPTEMBER 30, 2005
CITY OF FORT MYERS, FLORIDA

		<u>April 1, 2005 Payment</u>	<u>October 1, 2005 Payment</u>
1985 Issue	Issued June 11, 1985 Defeased by Series 1989A issue dated November 1, 1989	\$0.00	\$0.00
1989A Issue	Issued November 1, 1989 Defeased in part by Series 1993A Remainder defeased by Series 1999A	0.00	0.00
1993A Issue	Issued August 12, 1993 Refunded \$15,655,000.00 Series 1989A Bonds Refunded \$47,001,084.25 Series 1989B Bonds Debt service allocable to refunding of Series 1989A Bond is 24.99% (1) April 1, 2005 = \$299,232.50 x 24.99% October 1, 2005 = \$2,559,260 X .24.9856023%	74,765.04	639,446.53
1999A Issue	Issued September 30, 1999 Refunded \$24,395,000.00 Series 1989A Bonds Resulted in \$36,495,000.00 New Construction Funds Debt service allocable to refunding of Series 1989A Bond is 40.06% (2) April 1, 2005 = \$1,550,711.88 x 40.06% 40.06% October 1, 2005 = \$2,340,711.88 x 40.0640499%	<u>621,277.98</u>	<u>937,783.98</u>
	Totals	<u>\$ 696,043.02</u>	<u>\$ 1,577,230.51</u>
	Combined totals		\$ 2,273,273.53
	Pay agent fees		550.00
	Less interest income (3)		<u>(12,897.44)</u>
			2,260,926.09
	Allocation percentage to wastewater plants		47.17%
	Wastewater debt service		<u>\$ 1,066,478.84</u>

Notes to Schedule of Wastewater Capacity Costs

(1) Allocation of debt service on City of Fort Myers Series 1993A Utility System Refunding Revenue Bonds:

Series 1989A Bonds refunded	\$ 15,655,000.00	24.985602%
Series 1989B Bonds refunded	<u>47,001,084.25</u>	<u>75.014398%</u>
	<u>\$ 62,656,084.25</u>	<u>100.00%</u>

(2) Allocation of debt service on City of Fort Myers Series 1999A Utility System Refunding Revenue Bonds:

Series 1989A Bonds refunding	\$ 24,395,000.00	40.064050%
Series 1999A Bonds new money	36,495,000.00	59.935950%
Total	<u>\$ 60,890,000.00</u>	<u>100.00%</u>

(3) Allocation of interest income earned on Sinking Fund for Series 1993A and 1999A Utility System Refunding Revenue Bonds:

	<u>1993A</u>	<u>1999A</u>
Total interest income Series 1993A	\$ 19,841.50	\$ 19,818.06
Allocation of percentage from above	24.985602%	40.064050%
Earnings allocated	<u>4,957.52</u>	<u>7,939.92</u>
Total combined interest income to allocate		<u>\$ 12,897.44</u>