

LEE
COUNTY

**Fiscal Year 2023 Water and Wastewater
Revenue Sufficiency Study**

March 23, 2023

March 23, 2023

Ms. Pamela S. Keyes, P.E.
 Utilities Director
 Lee County Utilities Department
 P.O. Box 398
 Fort Myers, FL 33902-0398

Subject: **Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study**

Dear Ms. Keyes:

Raftelis Financial Consultants, Inc. (Raftelis) has completed the 2023 Revenue Sufficiency Study (Study) on behalf of Lee County Utilities (LCU) of Lee County, Florida (County) and has presented a summary of our analyses, assumptions, and recommendations in this report for your consideration. The focus of the Study was to update the forecast of utility operations and the corresponding expenditure and funding needs (revenue requirements) to evaluate the sufficiency of the water and wastewater utility (Utility or System) revenues to meet these requirements for the Fiscal Years 2023 through 2027 (Forecast Period). The principle objective of the Study was to provide recommendations as to the level of rate revenues needed to reasonably recover the cost of providing service, maintain compliance with the Board of County Commissioners (BOCC) adopted Administrative Code 10-4 LCU Financial Policy (Financial Policies), and rate covenants delineated in Resolution No. 93-06-40, as amended and supplemented from time to time (Bond Resolution), as well as to promote the financial sustainability and creditworthiness of the Utility. During the course of the study, three rate adjustment scenarios were developed with County staff that meet the requirements above and result in similar projected fiscal positions by the end of the Forecast Period. Based on the findings of this evaluation, it is recommended that the BOCC consider one of the three (3) options for adjusting the monthly retail water and wastewater system rates for service for the Forecast Period:

Identified Water and Wastewater Retail Rate Revenue Adjustments Options and Typical Average Residential Bill Impact at 5,000 Gallons [1]						
Description	Advantages / Disadvantages	Recommended Rate Adjustments (Effective July 1)				
		2023	2024	2025	2026	2027
Option 1 – 3-year plan w/ Index	Produces greatest revenue & cash reserves. Greater bill impacts overall.	11.5%	11.5%	11.5%	4.0%	4.00%
Average Monthly Bill		\$87.69	\$97.77	\$109.04	\$113.37	\$117.93
Monthly Bill Increase		\$9.05	\$10.08	\$11.27	\$4.33	\$4.56
Option 2 – 5-year plan w/ Index	Produces next greatest amount of revenue & cash reserves. Least bill impact in the near-term.	8.0%	8.0%	8.0%	8.0%	8.0%
Average Monthly Bill		\$84.93	\$91.74	\$99.07	\$107.01	\$115.61
Monthly Bill Increase		\$6.29	\$6.81	\$7.33	\$7.94	\$8.60
Option 3 – 4-year plan w/ Index	Produces least amount of revenue & cash reserves. Lowest overall longer-term bill impact.	12.0%	9.0%	7.0%	5.0%	4.0%
Average Monthly Bill		\$88.05	\$95.99	\$102.70	\$107.80	\$112.11
Monthly Bill Increase		\$9.41	\$7.94	\$6.71	\$5.10	\$4.31

[1] Annual indexing is assumed to begin after the fixed rate adjustment increases are implemented for each option with indexing beginning in Fiscal Year 2026 for Option 1, Fiscal Year 2028 for Option 2, and Fiscal Year 2027 for Option 3. The assumed index value is based on the Consumer Price Index for the Water and Sewerage Maintenance subcategory as published by the Bureau of Labor Statistics.

For the purposes of this report, all projections of fiscal position and financial policy metrics were assumed under rate adjustment Option 2 from the above table. Other than the differences in the timing and overall level of rate adjustments, which effect the fiscal position and policy metrics that each option produces, the major assumptions in each option remained the same. Option 1 maintains higher cash balances on average over the forecast period, followed by Option 3, due to higher increases earlier in the forecast period. Option 2 allows for a phased-in approach to minimize monthly bill impacts but results in lower average cash balances. Option 3 produces the lowest customer bill by Fiscal Year 2027 but results in greater customer bill impacts in Fiscal Year 2023. Additionally, Options 1 and 2 ultimately produce higher pay-go, which materializes just outside the Forecast Period (Fiscal Year 2028). It should be noted that LCU reviews the sufficiency of the water and wastewater rates annually. To the extent LCU outperforms the projections assumed in this analysis, the projected rate recommendations will be revised. We recommend an annual indexing provision be maintained, at a minimum, to keep pace with the effects of inflation on operating expenses.

The following provides a summary of the key Study assumptions, findings, and recommendations:

- The County last formally approved rate adjustments during the Fiscal Years 2012 through 2015 as part of a multi-year rate plan recommended in the Water and Wastewater Rate Study of June 2011.
 - *Deferred Rate Adjustments For Over Seven Years:* LCU's customer growth has contributed to the ability to defer rate increases by providing additional revenues which helped the Utility keep pace with the effects of inflation. However, net operating margins have declined, which leaves less funds available to cover annual capital reinvestment (pay-go funding). Additionally, recent inflationary trends have significantly outpaced increases in revenues from customer growth.
- *Hurricane Ian:* The damages to homes and businesses, as well as utility infrastructure, will have a material impact on LCU revenues and expenditures over the Forecast Period. Based on estimates provided by Staff, an approximate 5% reduction in rate revenues could be expected in Fiscal Year 2023. This reduction was assumed to continue through Fiscal Year 2024 and recover by Fiscal Year 2027. Additionally, hurricane-related capital repairs of approximately \$58.4 million and operating expenses of \$24.6 million were assumed based on estimates by County staff. 87.5% of these costs were assumed to be reimbursed by FEMA, one year subsequent to the expenditure. LCU plans to use existing cash reserves to meet the projected obligations. The impacts of revenues and expenditures from Hurricane Ian, through significant, are not a determining factor driving the recommended rate adjustments. The table below summarizes the revenue loss, expenditure, and reimbursement assumptions.

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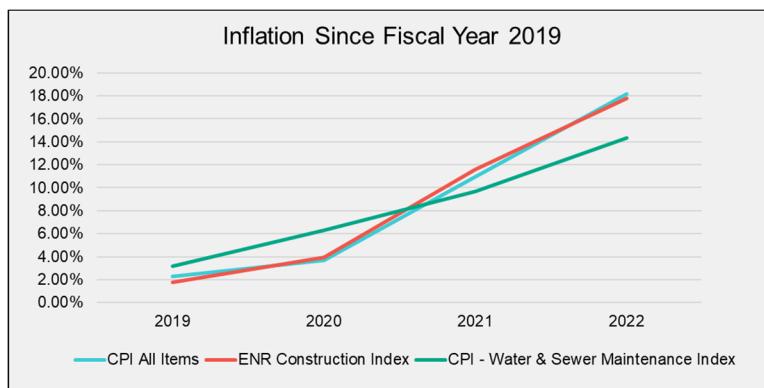
Hurricane Ian Revenue Loss and Repair Expenditures (\$000s)								
Description	2023	2024	2025	2026	2027	2028	2029	Total
Revenue Loss	\$5,730	\$6,250	\$4,460	\$2,340	\$---	\$---	\$---	\$18,780
Capital Expenditures	1,000	4,000	10,500	15,400	13,000	14,500	---	58,400
O&M Expenditures	11,900	5,400	4,900	2,400	---	---	---	24,600
Total	\$18,630	\$15,650	\$19,860	\$20,140	\$13,000	\$14,500	\$---	\$101,780
FEMA Reimbursements	\$---	\$11,288	\$8,225	\$13,475	\$15,575	\$11,375	\$12,688	\$72,625
Net Unreimbursed Costs	\$18,630	\$4,363	\$11,635	\$6,665	(\$2,575)	\$3,125	(\$12,688)	\$29,155

- The principal drivers of the rate recommendations are related to: i) the effects of inflation on both operating and maintenance expenses and capital costs; ii) the need to expand LCU’s capacity to issue debt and to meet the proposed additional debt service requirements assumed herein to fund a portion of the capital improvement plan; and iii) the need to fund ongoing renewals and replacements through increased capital funding from rate revenues, referred to as “pay-go” capital funding. The chart below shows the proportion of the annual bill impact for each of these contributing factors; approximately 50% is related to operating expenses, 30% is related to debt service, and pay-go funding accounts for the remaining 20%. Comparing this with Fiscal Year 2022, where 68% of revenue requirements was operating expenses, 22% was debt service, and 9% was attributed to pay-go funding illustrates how capital-related requirements become a larger share of revenue requirements over the forecast period.

Option 2 Residential 5,000 Gallon Bill Impacts by Rate Driver						
Description	2022	2023	2024	2025	2026	2027
Rate Adjustment		8.0%	8.0%	8.0%	8.0%	8.0%
Average Monthly Bill	\$78.64	\$84.93	\$91.74	\$99.07	\$107.01	\$115.61
Monthly Bill Increase		\$6.29	\$6.81	\$7.33	\$7.94	\$8.60
O&M Expenses		\$7.55	\$2.58	\$2.68	\$2.80	\$2.93
Debt		\$0.61	\$2.00	\$0.00	\$0.00	\$8.65
Pay-go / Reserves		(\$1.87)	\$2.23	\$4.65	\$5.14	(\$2.98)

- Inflation: The County’s existing water and wastewater rates have absorbed over seven (7) years of inflation on operating and capital expenditures. Since 2019, the cumulative change in both the Consumer Price Index (CPI) and the Engineering News Record’s Construction Index was approximately 18%. Beginning in 2020, the rate of inflation increased significantly to levels not seen in decades. The chart below shows cumulative inflation rates from 2019 to 2022 and illustrates the increase in the annual rate of inflation.

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Inflation has had considerable impacts to operating expenses, but construction prices also increased significantly due to the cost of materials. Below are data from the Bureau of Labor Statistics (BLS) which represent the increase in costs of various construction inputs from November 2020 to November 2022.

- Steel Pipe +51.7%
- PVC Pipe +105.8%
- Fabricated Metal +47.9%
- Diesel Fuel +200.9%
- Asphalt Products +30.1%
- Freight Transportation +17.9%

○ Capital Improvement Plan Funding: The CIP totals approximately \$658.6 million during the Forecast Period representing an average annual funding requirement of \$131.7 million. The capital funding plan prioritized the use of existing, available cash balances which included the use of approximately \$106 million of water and wastewater connection fee reserves to fund growth-related capital projects. Increased capital funding and reinvestment from rate revenues, referred to as “pay-go” and \$11.0 million in American Rescue Plan Act (ARPA) funding was also assumed. Once all other funding options were exhausted, additional debt funding was assumed.

- Based on an analysis of the Utility’s fixed assets and taking into consideration the existing and proposed principal payments on debt, we estimate LCU should have an annual pay-go target of between \$30 million and \$50 million by Fiscal Year 2027. A minimum target of \$30 million was assumed for the development of the rate recommendations.
- Based on discussions with County staff and the results of our analyses, it was assumed that the County would use additional debt financing of \$260 million or approximately 40% of the CIP. Debt was predominately used to fund growth-related projects such as the Southeast County Water Reclamation Facility. Funding growth-related projects with the use of debt allows LCU to tie the customer growth requiring the additional capacity, including the collection of connection fees, to the debt service payments. A combination of bank loans, SRF loans, and senior lien bonds were assumed, however, the County should work with their financial advisor to weigh the costs and benefits to identify the most advantageous financing options. For the purposes of this analysis, it was assumed that the County would issue a 15-year bank loan in Fiscal Year 2023, a Florida State Revolving Fund Loan (SRF) for Fiscal Years 2025 and 2026, and 30-year bonds for Fiscal Year 2027. The following are major projects assumed to be debt funded:

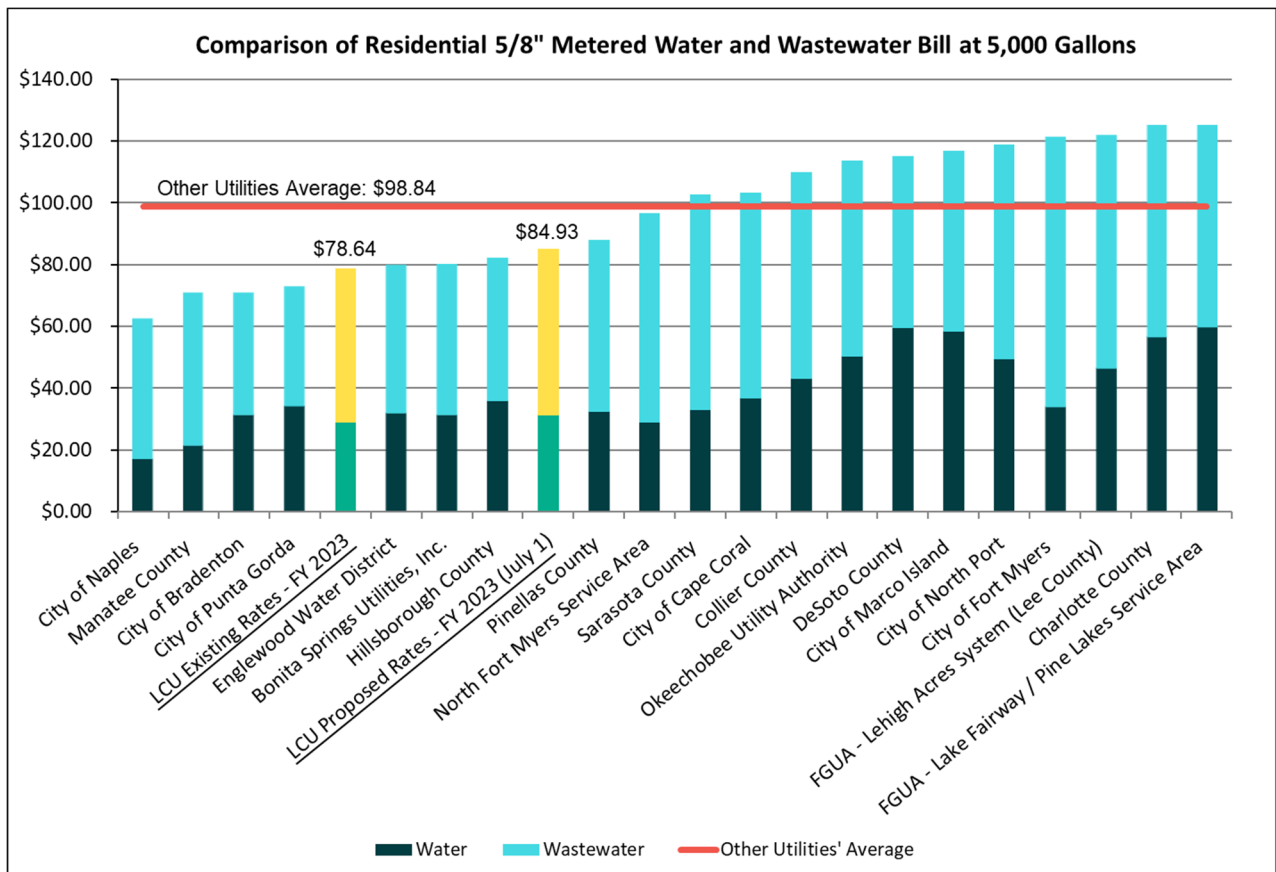
- North Lee County Water Treatment Plant Expansion to 15 MGD
 - Corkscrew Road Widening
 - Three Oaks Deep Injection Well
 - Fiesta Village Wastewater Treatment Plant Deep Injection Well
 - Three Oaks Water Reclamation Facility Expansion
 - Fort Myers Beach Deep Injection Well
 - Southeast County Water Reclamation Facility
 - Southeast County Force Mains
 - Southeast Production Wellfield Expansion and Water Treatment Capacity
 - Fort Myers Beach Water Reclamation Facility Capacity Restoration

- LCU is expected to maintain compliance with key financial performance indicators (KPI) pursuant to their formally adopted financial policy. The adopted KPIs are more fiscally conservative than the requirements of the rate covenants of the Bond Resolution and subordinate Loan Agreements of the Florida State Revolving Fund. This indicates that compliance with the KPIs results in compliance with the rate covenants. The table below presents a summary of the KPI's for the initial and final year of the Forecast Period.

Summary of Key Financial Metrics and Results Under Option 2			
Financial Policies	Target	Fiscal Year 2023	Fiscal Year 2027
1.1 Operating Reserves	Minimum 120 Days of O&M	121	120
1.2 Capital Reserves	1.5% of Prior Year's Gross Assets	4.8% \$67.2 M	1.6% \$29.4 M
2.1 Debt Capacity	50% Max of Debt to Fixed Assets	31.4%	35.5%
2.1 Debt Coverage	Minimum = 150%	123%	190%
3.2 Capital Reinvestment	Minimum = 10% Pay-Go \$	8.2% \$9.4 M	20.1% \$33.9 M

- Assuming implementation of the recommended rate adjustments, the County's charges for water and wastewater services are expected to remain competitive with those charges of other surveyed utilities.

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- Based on our analysis and the assumptions relied upon as delineated in this Study, the recommended rate adjustments are expected to: i) maintain the strong creditworthiness of the System and ensure adequate funding for the projected funding requirements of the water and wastewater system, including capital reinvestment and facility expansions; ii) comply with the rate covenants as delineated in the Bond Resolution and Loan Agreement with the Florida Department of Environmental Protection; and iii) be in compliance with the County’s adopted financial policies by Fiscal Year 2027.
- Therefore, it is recommended that the BOCC consider adjusting the monthly retail water and wastewater system rates for service for the Forecast Period based on one of the three options presented herein. We also recommend the County continue reviewing the sufficiency of the water and wastewater rates annually as to monitor changing conditions and revise as needed. Finally, we recommend the BOCC consider adopting an annual indexing provision to keep pace with the effects of inflation on operating expenses.

Ms. Pamela S. Keyes, P.E.
Lee County Utilities Department
March 23, 2023
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As always, we appreciate the opportunity to be of service to the County and the fine cooperation and valuable assistance given to us by LCU staff in the completion of the study.

Sincerely,

RAFTELIS FINANCIAL CONSULTANTS, INC.



Thierry A. Boveri, CGFM
Vice President



Trevor McCarthy, CGFM
Senior Consultant

Attachments

LEE COUNTY, FLORIDA
FISCAL YEAR 2023
WATER AND WASTEWATER REVENUE SUFFICIENCY STUDY

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LEE COUNTY, FLORIDA
FISCAL YEAR 2023
WATER AND WASTEWATER REVENUE SUFFICIENCY STUDY

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LEE COUNTY, FLORIDA

FISCAL YEAR 2023

WATER AND WASTEWATER REVENUE SUFFICIENCY STUDY

General

Raftelis Financial Consultants, Inc. (Raftelis) has completed the 2023 Revenue Sufficiency Study (Study) on behalf of Lee County Utilities (LCU) of Lee County, Florida (County) and has presented a summary of our analyses, assumptions, and recommendations in this report for your consideration. The focus of the Study was to update the forecast of utility operations and the corresponding expenditure and funding needs (revenue requirements) to evaluate the sufficiency of the water and wastewater utility (Utility or System) revenues to meet these requirements for the Fiscal Years 2023 through 2027 (Forecast Period). The principle objective of the Study was to provide recommendations as to the level of rate revenues needed to reasonably recover the cost of providing service, maintain compliance with the Board of County Commissioners (BOCC) adopted Administrative Code 10-4 LCU Financial Policy (Financial Policies), and rate covenants delineated in Resolution No. 93-06-40, as amended and supplemented from time to time (Bond Resolution), as well as to promote the financial sustainability and creditworthiness of the Utility. During the course of the study, three rate adjustment scenarios were developed with County staff that meet the requirements above and result in similar projected fiscal positions by the end of the Forecast Period. Based on the findings of this evaluation, it is recommended that the BOCC consider adjusting the monthly retail water and wastewater system rates for service for the Forecast Period based on one of the three scenarios below:

Identified Water and Wastewater Retail Rate Revenue Adjustments Options and Typical Average Residential Bill Impact at 5,000 Gallons [1]						
Description	Advantages /	Recommended Rate Adjustments (Effective July 1)				
	Disadvantages	2023	2024	2025	2026	2027
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[1] Annual indexing is assumed to begin after the fixed rate adjustment increases are implemented for each option with indexing beginning in Fiscal Year 2026 for Option 1, Fiscal Year 2028 for Option 2, and Fiscal Year 2027 for Option 3. The assumed index value is based on the Consumer Price Index for the Water and Sewerage Maintenance subcategory as published by the Bureau of Labor Statistics.

The financial forecast and recommendation were developed based on information provided by LCU staff including, but not limited to: i) detailed customer statistics to identify service area demands and trends; ii) updated financial information related to the capital improvement program and anticipated funding sources; iii) the Fiscal Year 2023 operating budget as adopted by the BOCC; iv) the recently completed financial results for Fiscal Year 2022; and v) other financial or statistical information.

Major Issues and Principal Drivers of Rate Recommendations

HURRICANE IAN

The damages to homes and businesses, as well as utility infrastructure, will have a material impact on LCU revenues and expenditures over the Forecast Period. Based on estimates provided by Staff, an approximate 5% reduction in rate revenues could be expected in Fiscal Year 2023. This reduction was assumed to continue through Fiscal Year 2024 and recover by Fiscal Year 2027. Additionally, hurricane-related capital repairs of approximately \$58.4 million and operating expenses of \$24.6 million were assumed based on estimates by County staff. 87.5% of these costs were assumed to be reimbursed by FEMA, one year subsequent to the expenditure. LCU plans to use existing cash reserves to meet these projected obligations. The impacts of revenues and expenditures from Hurricane Ian, through significant, are not a determining factor driving the recommended rate adjustments. The table below summarizes the revenue loss, expenditure, and reimbursement assumptions.

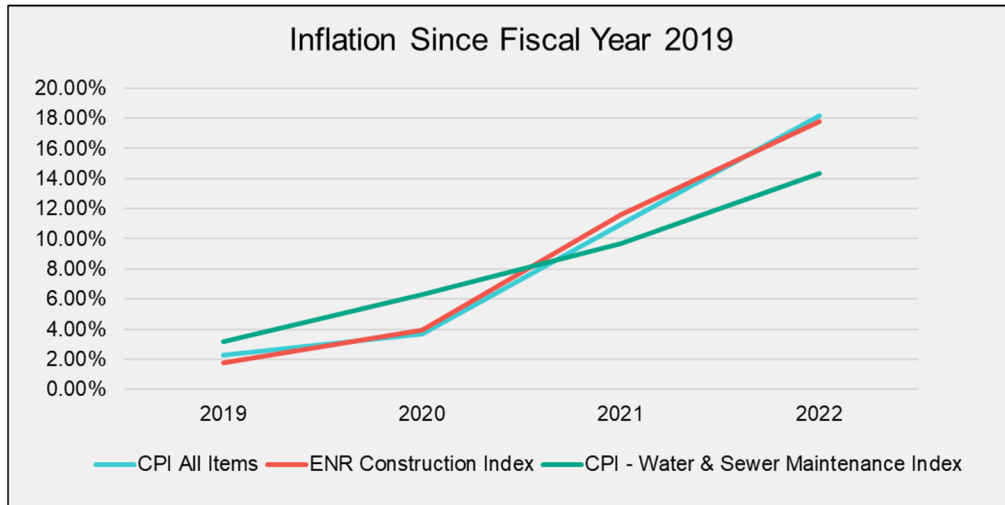
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O&M Expenditures	11,900	5,400	4,900	2,400	---	---	---	24,600
Total	\$18,630	\$15,650	\$19,860	\$20,140	\$13,000	\$14,500	\$---	\$101,780
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Net Unreimbursed Costs	\$18,630	\$4,363	\$11,635	\$6,665	(\$2,575)	\$3,125	(\$12,688)	\$29,155

The principal drivers of the rate recommendations are related to: i) the effects of inflation on both operating and maintenance expenses and capital costs; ii) the need to expand LCU's capacity to issue debt and to meet the proposed additional debt service requirements assumed herein to fund a portion of the capital improvement plan; and iii) the need to fund ongoing renewals and replacements through increased capital funding from rate revenues, referred to as "pay-go" capital funding.

INFLATION

The County's existing water and wastewater rates have absorbed over seven (7) years of inflation on operating and capital expenditures. Since 2019, the cumulative change in both the Consumer Price Index (CPI) and the Engineering News Record's Construction Index was approximately 18%. Beginning in 2020, the rate of inflation increased significantly to levels not seen in decades. The following chart shows cumulative inflation rates from 2019 to 2022 and illustrates the increase in the annual rate of inflation that began in 2020.

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Many utilities in the State are dealing significantly higher construction costs, with project bids coming in far higher than initially expected. Below are data from the Bureau of Labor Statistics (BLS), which represent the increase in costs of various construction inputs from November 2020 to November 2022.

- Steel Pipe +51.7%
- PVC Pipe +105.8%
- Fabricated Metal +47.9%
- Diesel Fuel +200.9%
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PAY-GO FUNDING

An important aspect of revenue requirements for all water and wastewater utilities is the annual funding available for capital reinvestment, particularly renewals and replacements of existing assets. This funding source is referred to as “pay-as-you-go” or simply “pay-go” funding. LCU’s pay-go funding has declined in recent years as the effects of inflation on operating expenses have outpaced increases in revenue. The amount of pay-go funding required by a particular utility is dependent upon the size of the utility, the existing assets in service, the age and condition of infrastructure, and the capital improvement plan.

Estimates of reasonable pay-go funding requirements can be made by examining the fixed assets in service. This method can be used as proxy to estimate reasonable pay-go targets for a given utility. Raftelis used fixed asset data received from the County to calculate a replacement cost of all LCU’s existing infrastructure (approximately \$1.0 billion in original cost) which was estimated to be \$2.2 billion. Based on a 50-year average asset life, which we consider conservative for the purposes of this exercise, an amortized annual cost of \$44.4 million was calculated based on the total estimated replacement cost. By Fiscal Year 2027, escalated for inflation, this amount would be approximately \$51 million per year. Because not all capital is funded from rates, an important consideration is the existing and projected principal payments on debt. For the forecast period, average annual principal payments are assumed at approximately \$22.2 million per year. Based on these figures, we estimate LCU should have an annual pay-go target of between \$30 million and \$50 million by Fiscal Year 2027. A minimum target of \$30 million was assumed for the development of the rate recommendations.

DEBT SERVICE

Based on discussions with County staff and the results of our analyses, it was assumed that the County would use additional debt financing of \$260 million or approximately 40% of the CIP. Debt was predominately used to fund growth-related projects such as the Southeast County Water Reclamation Facility. Funding growth-related projects with the use of debt allows LCU to tie the customer growth requiring the additional capacity, including the collection of connection fees, to the debt service payments. A combination of bank loans, SRF loans, and senior lien bonds were assumed, however, the County should work with their financial advisor to weigh the costs and benefits to identify the most advantageous financing options. For the purposes of this analysis, it was assumed that the County would issue a 15-year bank loan in Fiscal Year 2023, a Florida State Revolving Fund Loan (SRF) for Fiscal Years 2025 and 2026, and 30-year bonds for Fiscal Year 2027. The following are major projects assumed to be debt funded:

- North Lee County Water Treatment Plant Expansion to 15 MGD
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- Southeast County Water Reclamation Facility
- Southeast County Force Mains
- Fort Myers Beach Water Reclamation Facility Capacity Restoration

The chart below shows the proportion of the annual bill impact (under Option 2) for each of the three principal drivers discussed above; approximately 50% is related to operating expenses, 30% is related to debt service, and pay-go funding accounts for the remaining 20%. Comparing this with Fiscal Year 2022, where 68% of revenue requirements was operating expenses, 22% was debt service, and 9% was attributed to pay-go funding illustrates how capital-related requirements become a larger share of revenue requirements over the forecast period.

Option 2 Residential 5,000 Gallon Bill Impacts by Rate Driver						
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Rate Adjustment		8.0%	8.0%	8.0%	8.0%	8.0%
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O&M Expenses		\$7.55	\$2.58	\$2.68	\$2.80	\$2.93
Debt		\$0.61	\$2.00	\$0.00	\$0.00	\$8.65
Pay-go / Reserves		(\$1.87)	\$2.23	\$4.65	\$5.14	(\$2.98)

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Forecast of Revenues

The revenues for the Utility are primarily generated from the rates for water and wastewater service. Such revenues account for approximately 91% of gross revenues over the Forecast Period and include charges for service to both retail and wholesale customers. Growth-related fees (i.e., connection fees, tap fees, etc.) currently account for the majority of the remaining revenues at approximately 7% of gross revenues, while the balance (3%) are generated from miscellaneous service charges, rental income, and interest income on investments. Since the majority of the Utility revenues are generated from monthly rates for water and wastewater, the forecast of revenues is primarily predicated on assumptions of the estimated number of customers receiving service and their usage demands.

CUSTOMER AND DEMAND FORECAST

The forecast of water service revenues relied upon a review of recent historical trends in water customer account growth and use statistics. The following table provides a summary of the recent historical and projected trends in water customer billing statistics:

Water System [1]							
Fiscal Year (Historical)	Retail Customers			Wholesale Water Sales (000s Gallons)	Total Billed Water Sales (000s Gallons)	Finished/Treated Water	
	Average Annual Accounts	Retail Sales (000s Gallons)	Monthly Use per Account (Gallons)			(000s Gallons)	ADF- MGD [4]
2018	84,558	7,590,205	7,480	826,694	8,416,899	9,069,253	24.85
2019 [2]	86,970	7,677,908	7,357	827,350	8,505,258	9,371,558	25.68
2020	89,087	7,876,118	7,367	822,219	8,698,337	9,444,282	25.87
2021	91,578	7,623,621	6,937	819,885	8,443,506	9,739,825	26.68
2022	94,275	7,432,921	6,570	942,353	8,375,274	9,739,825	26.68
Annual Growth	<u>2.8%</u>	<u>(0.5%)</u>	<u>(3.2%)</u>	<u>3.3%</u>	<u>(0.1%)</u>	<u>1.8%</u>	<u>1.8%</u>
(Projected)							
2023	95,780	7,806,758	6,792	943,741	8,750,499	9,511,412	26.06
2024	97,266	7,899,549	6,768	945,136	8,844,685	9,613,788	26.34
2025	98,729	7,990,589	6,745	946,538	8,937,127	9,714,268	26.61
2026	100,169	8,080,169	6,722	947,947	9,028,116	9,813,170	26.89
2027	101,583	8,168,044	6,701	949,363	9,117,407	9,910,225	27.15
Annual Growth [3]	<u>1.5%</u>	<u>1.9%</u>	<u>0.4%</u>	<u>0.1%</u>	<u>1.7%</u>	<u>0.3%</u>	<u>0.3%</u>

[1] Amounts shown derived from Table 2 and include all customer classes.

[2] In June 2019, the Utility implemented a continuous billing policy resulting in an increase in average bills rendered.

[3] Reflects average annual compound growth rate from Fiscal Year 2022 through Fiscal Year 2026.

[4] Average Daily Flow (ADF) in Millions of Gallons per Day (MGD).

As shown above, recent retail sales have been trending lower since 2020 as average water sales per account declines which may be an emerging trend for LCU as historically sales had increased despite lower average use per account. Increased water sales are largely attributable to a prolonged period of economic expansion which has resulted in customer account growth and greater connection fee revenues. Based on discussions with LCU staff, it is assumed for the Forecast Period that the County may expect to experience average annual growth in customer accounts of

approximately 1.3% per year. Not shown in the chart above but reflected in the next section (Projected Revenues) of this report, is an assumed temporary decline in active accounts and billed flows due to the effects of Hurricane Ian. Historical and projected wastewater customer accounts and billed flow statistics have reflected similar trends as discussed for the water system. The following table provides a summary of the historical and projected wastewater system customer billing statistics:

Wastewater System [1]							
Fiscal Year (Historical)	Retail Customers			Wholesale Billed Flows (000s Gallons)	Total Billed Flows (000s Gallons)	Total Treated Wastewater	
	Average Annual Accounts	Billed Flows (000s Gallons)	Billed Flows per Account (Gallons)			Thousands of Gallons	Daily Flow (ADF – MGD)
2018	61,361	5,493,763	7,461	258,346	5,752,109	5,964,972	16.34
2019 [3]	63,241	5,565,123	7,333	265,887	5,831,010	6,049,577	16.57
2020	64,945	5,639,242	7,236	268,460	5,907,702	6,078,878	16.65
2021	66,698	5,600,627	6,997	143,966	5,744,593	6,245,673	17.11
2022	68,692	5,543,732	6,725	295,982	5,839,714	6,245,673	17.11
Annual Growth	2.9%	0.2%	(2.6%)	3.5%	0.4%	1.2%	1.2%
(Projected)							
2023	69,752	5,656,613	6,758	261,542	5,918,155	6,164,745	16.89
2024	70,798	5,715,652	6,728	262,792	5,978,444	6,227,546	17.06
2025	71,829	5,773,786	6,699	264,047	6,037,833	6,289,406	17.23
2026	72,844	5,831,034	6,671	265,309	6,096,343	6,350,357	17.40
2027	73,841	5,886,934	6,644	266,578	6,153,512	6,409,908	17.56
Annual Growth [4]	1.5%	1.2%	(0.2%)	(2.1%)	1.1%	0.5%	0.5%

[1] Amounts shown derived from Table 3 and recognize all customer classes.

[2] Reduction in Wholesale Billed Flow associated with the reduction of wholesale wastewater customers in Fiscal Year 2015.

[3] In June 2019, the Utility implemented a continuous billing policy resulting in an increase in average bills rendered.

[4] Reflects average annual compound growth rate from Fiscal Year 2022 through Fiscal Year 2027.

Trends in wastewater account growth and billed flows have been and are anticipated to continue to be generally consistent with the growth characteristics recently experienced by the water system. However, billed wastewater flows tracked more closely with wastewater account growth than for the water system. This is primarily because water sales include irrigation (discretionary use) demands, which are subject to weather conditions and can fluctuate materially from year to year. Recognizing that billed sewer flows are determined based on metered water sales, the County employs a sewer billing cap for the residential class that limits the maximum amount of billed wastewater flow to 9,000 gallons per month for this class. It is assumed any metered water use above this usage threshold is most likely for outdoor uses that do not contribute wastewater flow to the system. For the financial forecast, customer account growth and billed wastewater flow is projected to be generally consistent with that assumed for the water system. Not shown in the chart above but reflected in the next section (Projected Revenues) of this report, is an assumed temporary decline in active accounts and billed flows due to the effects of Hurricane Ian.

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PROJECTED REVENUES

The revenue forecast was based on: i) a review of historical trends in revenues; ii) the Fiscal Year 2023 operating budget; iii) year-to-date operating results for Fiscal Year 2023; iv) customer and demand forecast as previously discussed; v) assumed implementation of identified rate adjustments to fund the projected revenue requirements; and vi) discussions with LCU staff. The revenue forecast can be categorized into three primary groups of revenues comprising of revenues derived from monthly service charges to retail and wholesale customers, growth / connection fee revenues, and all other revenues. Rate revenues from monthly service comprise the majority or approximately 91% of the total projected Utility revenues.

Due to the significant impacts of Hurricane Ian to homes and businesses within the County and based on early estimates by staff, revenues were reduced 5% in Fiscal Years 2023 and 2024 and were assumed to recover gradually by Fiscal Year 2027. This amounts to a total loss in revenues of approximately \$18.8 million over the Forecast Period, which will be absorbed by LCU's cash reserves. Though the impacts of the hurricane will have a material impact to revenues, we have assumed a complete recovery in the customer base by the end of the Forecast Period.

Projected Utility Revenues								
Fiscal Year	Rate Adjustment [1]		Water Service	Wastewater/ Reclaimed Service	Wholesale Service	Connection Fee Revenues	Other Revenues [2]	Total Revenues
	Water	Sewer						
2022	---%	---%	\$49,919,089	\$60,346,628	\$4,446,811	\$20,333,057	\$4,065,099	\$139,110,684
2023	8.00%	8.00%	50,025,178	60,610,400	4,062,018	8,976,097	5,079,343	128,753,036
2024	8.00%	8.00%	54,680,083	66,069,916	4,069,920	8,850,735	4,433,542	138,104,196
2025	8.00%	8.00%	60,793,913	73,255,089	4,149,403	10,300,073	4,080,140	152,578,618
2026	8.00%	8.00%	67,550,411	81,187,374	4,229,206	10,133,916	3,862,520	166,963,426
2027	8.00%	8.00%	75,011,919	89,941,944	4,309,331	9,930,095	3,965,913	183,159,202
Growth Rate			8.5%	8.3%	(0.6%)	(13.4%)	(0.5%)	5.7%

[1] Reflects identified rate adjustments applied to charges for water and wastewater retail service only and effective July 1 of each fiscal year.

[2] Amounts shown include non-operating revenues associated with Gateway Debt Service contributions, investment income, the sale of surplus materials and other miscellaneous non-operating revenues. Additionally, it should be noted the projected decline in Other Revenues over the Forecast Period is attributable to declines in investment income associated with the projected declines in total unrestricted cash balances (from funding of the capital improvement plan).

Forecast of Expenditures

The expenditures during the Forecast Period can be categorized into three primary groups: operation and maintenance (operating) expenses, capital funding, and debt service. Presently, operating expenses account for the majority or 63% of gross revenue requirements, while transfers to fund capital reinvestment and reserve maintenance accounted for 17% and debt service payments account for the remaining 20%.

OPERATING EXPENSES

Excluding contract wastewater treatment, LCU's operating expenses have increased approximately 17% from Fiscal Years 2019 to 2022. Increased revenues from customer growth helped LCU's existing rates, which have been in effect for seven (7) years, absorb much of this inflation. However, recent inflationary trends, especially since 2020 and the COVID-19 Pandemic, have significantly outpaced increases in revenues from customer growth. The adopted Fiscal

Year 2023 budget, which serves as the basis of the projection of operating expenses for the Forecast Period, reflects these increases in operating costs.

The forecast of operating expenses was developed based upon: i) a review of the recent trends in historical expenses; ii) the adopted Fiscal Year 2023 budget; iii) assumed growth rates / escalation factors of costs based on industry trends in such costs and projections of inflation by the Congressional Budget Office; and iv) discussions with the County staff. The principal operating expenses include personnel, contracted services, and materials / supplies accounting for over 70% of total expenses. To account for the recent increased rate of inflation and in order to provide an allowance for incremental operating expenses related to LCU’s expansion-related projects, such as the new Southeast County Water Reclamation Facility, total operating expenses were escalated 5% per year for Fiscal Years 2024 through 2027. In addition to these projections, estimates of operating expenses related to Hurricane Ian in the amount of \$24.6 million were assumed based on staff estimates. These additional expenses were assumed to be reimbursed at 87.5% by the Federal Emergency Management Agency (FEMA) one year after the expenditure occurs.

Budgeted departmental capital outlays were adjusted and reclassified as a capital expenditure to be included in the capital improvement plan for the purpose of calculating compliance with the Bond Resolution. The following table presents the forecast of operating expenses:

Projected Operating Expenses (\$000s) [1]						
Description	2023	2024	2025	2026	2027	Growth Rate [2]
Salaries and Wages	\$22,375	\$23,046	\$23,738	\$24,450	\$25,183	3.0%
Employee Benefits	9,930	10,257	10,596	10,945	11,306	3.3%
OPEB	225	232	239	246	253	3.0%
Contract Services, Materials, and Supplies	29,510	30,173	31,031	31,913	32,821	2.7%
Utilities	6,314	6,459	6,614	7,273	7,936	5.9%
Repairs and Maintenance	3,748	3,865	3,985	4,108	4,236	3.1%
Insurance	1,429	1,462	1,497	1,533	1,570	2.4%
Other [3]	3,697	5,651	7,552	9,093	10,782	30.7%
Indirect Costs	2,399	2,454	2,513	2,573	2,635	2.4%
Administrative Fees	99	102	104	106	109	2.4%
Contingency	274	299	332	369	409	10.6%
Recurring O&M Total	\$80,000	\$84,000	\$88,200	\$92,610	\$97,240	5.0%
Hurricane Ian Expenses	11,900	5,400	4,900	2,400	0	(100%)
Grand Total	\$91,900	\$89,400	\$93,100	\$95,010	\$97,240	1.4%

[1] As shown on Table 5 at the end of this Study.

[2] Reflects average annual compound growth rate from Fiscal Year 2023 through Fiscal Year 2027.

[3] Other expenses include travel, communication, freight and postage, advertising, rentals, and other items budgeted by the County as well as allowances for incremental operating expenses associated with customer growth and capital projects.

For additional detail concerning the forecast of operating expenses, please reference Table 5 at the end of this report.

CAPITAL EXPENDITURES

Capital reinvestment and funding is integral to the continuity and quality of service delivered to customers. These expenditures, coupled with the need to meet increased regulations and the growth requirements of the Utility, contributed to the CIP. The capital costs of the Utility were based on the existing capital improvement plan as identified by LCU staff. The table below provides a summary of the capital expenditures by type and corresponding sources of funding:

Capital Improvement Program (\$000s) [1]						
Description	2023	2024	2025	2026	2027	Total
Capital Projects:						
Water System:						
Renewal & Replacement	\$48,329	\$22,279	\$24,701	\$12,514	\$2,134	\$109,956
Expansion	10,747	9,525	21,800	21,725	4,000	67,797
Misc. Capital/Vehicles	898	898	898	898	898	4,490
Wastewater System:						
Renewal and Replacement	\$43,452	\$27,174	\$30,181	\$19,449	\$4,659	\$124,914
Expansion	27,461	30,912	83,835	110,850	104,200	357,258
Misc. Capital/Vehicles	1,368	1,368	1,368	1,368	1,368	6,840
Total Capital Projects	\$132,255	\$92,157	\$162,783	\$166,803	\$117,258	\$671,255
Funding Sources:						
Connection Fees	\$42,091	\$35,837	\$41,335	\$27,275	\$8,000	\$154,538
Renewal and Replacement Fund [2]	\$26,399	\$16,907	\$13,082	\$12,117	\$7,697	\$76,202
Capital Improvement Fund [2]	23,933	24,212	38,100	37,645	34,295	158,185
Conservation Fund	0	0	0	0	0	0
Rate Revenue (Operations)	2,266	2,266	2,266	2,266	2,266	11,330
Capital Grants	0	5,500	5,500	0	0	11,000
Series 2023 Bank Note	37,565	7,435	0	0	0	45,000
2025 SRF Loan	0	0	62,500	87,500	0	150,000
Series 2027 Bonds	0	0	0	0	65,000	65,000
Total Funding Sources	\$132,255	\$92,157	\$162,783	\$166,803	\$117,258	671,255

- [1] Derived from Table 6 at the end of this report; Fiscal Year 2023 amounts include projects approved by the BOCC in prior years which are underway or active and considered as a component of construction-work-in-progress (capital project carryforwards). The amounts are presented on an appropriations basis (i.e., a budgeted claim against available funds) as opposed to a cash basis (i.e., expected timing of expenditures), which will differ as compared to actual project completion and spending.
- [2] Amounts shown funded from current amounts on deposit and additional annual deposits from operations.

As shown in the table above and in greater detail in Table 6 at the end of this report, approximately 63% of the capital funding is associated with the renewal, replacement, rehabilitation, upgrade, and betterment (referred to as “renewals and replacements”) of the existing infrastructure and is representative of the needs of a mature utility providing service to a large customer base. The overall amount of programmed capital expenditures for the renewal and

replacement of existing infrastructure is estimated at approximately \$235 million during the Forecast Period and averages approximately \$47 million in annual funding; when compared to the annual depreciation expense of approximately \$52 million as reported in the Fiscal Year 2022 preliminary financial statements, this demonstrates an active plan of capital reinvestment. The majority of the remaining capital expenditures, \$425 million, are associated with expansion-related projects including, but not limited to, the Southeast County Water Reclamation Facility, the North Lee County Water Treatment Plant Expansion, and various water transmission main and force main extensions. To the extent possible, connection fee revenues were recognized to fund the expansion related capital needs of the System.

Approximately 60% of the identified funding requirements are anticipated to be financed from internal sources derived from existing cash reserves, connection fees, and increased capital transfers from rate revenues as a result of the recommended rate adjustments for the forecast period. The County expects to receive \$11.0 million of American Rescue Plan Act (ARPA) grant funding which was accounted for in the capital funding plan. Internal funding sources were not sufficient to meet the overall funding requirements. Without debt funding, the recommended rate adjustments would need to be increased significantly to generate enough revenues to fund the CIP from pay-go, or the CIP would need to be reduced. For the purposes of this Study, Raftelis assumed a combination of bank loans, SRF loans, and senior lien bonds, however, the County should work with their financial advisor to weigh the costs and benefits to identify the most advantageous financing options. Debt financing was predominately used to fund growth-related capital projects. Funding growth-related projects with the use of debt allows LCU to tie the customer growth requiring the additional capacity, including the collection of connection fees, to the debt service payments. The following outlines the major assumptions related to the three (3) debt issuances assumed during the Forecast Period:

- 2023 Bank Loan
 - October 1, 2023 issue date
 - \$45 million project fund deposit
 - 15-year term
 - 3.0% interest rate
 - Average payment of \$3.8 million per year

- 2025 SRF Loan
 - October 1, 2025 issue date
 - \$150 million project fund deposit
 - 20-year term
 - 2.5% interest rate
 - 2 years capitalized interest (SRF allows up to 3 based on project completion)
 - Average payment of \$10 million per year

- 2027 Senior Lien Bonds
 - October 1, 2026 issue date
 - \$65 million project fund deposit
 - 30-year term
 - 5.0% interest rate
 - Average payment of \$4.3 million per year

The CIP is a planning document, which is presented on an appropriations basis, and the timing and completion of projects are subject to changes or delays. As a result, it is recommended that staff continue to annually re-evaluate the financial forecast and the timing and need for additional indebtedness.

As previously discussed, a major driver regarding the need for additional rate adjustments are the required deposits for capital reinvestment from rate revenues (i.e., pay-go). The following table provides a summary of the assumed transfers for capital reinvestment from rate revenues:

Annual Transfers for Capital Related Activities from Operating Revenues (\$000s) [*]						
Description (Fund)	2023	2024	2025	2026	2027	Total
Water:						
R&R Fund Transfer (20)	\$3,670	\$4,637	\$5,033	\$5,588	\$6,183	\$25,112
Capital Improvement Fund (30)	0	0	3,116	7,572	7,213	\$17,901
Departmental Capital Outlay	898	898	898	898	898	\$4,490
Water Conservation (35)	140	140	140	140	140	\$700
Total	\$4,708	\$5,675	\$9,187	\$14,198	\$14,434	\$48,203
Wastewater:						
R&R Fund Transfer (20)	\$5,590	\$7,063	\$7,667	\$8,512	\$9,417	\$38,248
Capital Improvement Fund (30)	0	0	4,746	11,533	10,987	\$27,265
Departmental Capital Outlay	1,368	1,368	1,368	1,368	1,368	\$6,840
Total	\$6,958	\$8,431	\$13,780	\$21,412	\$21,772	\$72,353
Combined System:						
R&R Fund Transfer (20)	\$9,260	\$11,700	\$12,700	\$14,100	\$15,600	\$63,360
Capital Improvement Fund (30)	0	0	7,862	19,104	18,200	\$45,166
Departmental Capital Outlay	2,266	2,266	2,266	2,266	2,266	\$11,330
Water Conservation (35)	140	140	140	140	140	\$700
Total	\$11,666	\$14,106	\$22,968	\$35,610	\$36,206	\$120,556

[*] Derived from Table 7 at the end of this report.

The assumed transfers were allocated among the water and wastewater systems based on the relationship of the fixed asset records of the County as adjusted for the asset additions assumed in the CIP. In aggregate, the amount of capital reinvestment from rates and other revenues (exclusive of connection fees) is projected to average approximately \$24.1 million annually and approximately \$36 million by Fiscal Year 2027. The assumed transfers aid in maintaining compliance with the minimum capital reinvestment requirements of the County's adopted Financial Policies. The following section provides further discussion concerning existing and additional debt.

DEBT SERVICE

As discussed previously, the capital funding plan utilized various debt financing assumptions to fund \$260 million of capital expenditures; the repayment of these obligations was recognized as a requirement of the System and is shown below. The debt service requirements of the System were allocated between the water and wastewater systems based upon current transmission and treatment assets in service and those recognized in the capital improvement

plan. This allocation method was utilized because it recognizes that the historical funding of capital projects in total is more representative of the total worth of the System as compared to only the capital funded from debt. The following table provides a summary of the existing and anticipated debt service payments assumed for the development of the financial forecast by issue:

Summary of Existing and Projected Debt Service Payment Accruals (\$000s) [1]					
Description	2023	2024	2025	2026	2027
Senior Lien Debt:					
Series 2013A Bonds	\$1,428	\$1,428	\$---	\$---	\$---
Series 2013B Bonds	4,008	4,011	4,011	4,013	4,011
Series 2019 Bonds	9,959	9,950	11,383	11,377	10,622
Series 2021A Bonds	1,551	1,552	1,550	1,551	1,550
Series 2021B Bonds	2,639	2,640	2,638	2,639	2,638
Proposed Series 2023 Bonds [2]	1,259	3,777	3,777	3,777	3,777
Proposed Series 2027 Bond [2]	---	---	---	---	4,337
Subordinate Lien Debt:					
SRF Loan WW360200	1,540	1,540	1,540	1,540	1,540
SRF Loan DW3602A0	1,311	1,311	1,311	1,311	1,311
Proposed 2025 SRF Loan Issue [2]	---	---	---	---	9,997
Total	\$23,695	\$26,208	\$26,211	\$26,209	\$39,783

[1] Amounts shown reflect the accrued payments deposited to the debt service sinking fund as opposed to the actual payment over the Forecast Period.

[2] Amounts shown based on projected funding plan. Timing and amounts of payment subject to change based on issue date and amount financed.

The existing outstanding bonds and SRF loans were allocated among the water and wastewater system based on the treatment and backbone transmission related fixed assets of the System since these assets are assumed to be most likely debt financed. All other assets were excluded since they represent either smaller distribution and collection lines, often initially developer contributed and not debt financed, or assets with short service lives that would not qualify for long-term (i.e., 20 years or longer) debt financing.

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Principal Findings

Based on the key assumptions of the Study, we have determined that the existing rates for retail water and wastewater service will not generate sufficient revenues to fund the projected revenue requirements of the System during the Forecast Period. The following table provides a breakdown of the projected revenue requirements of the System.

Combined Water and Wastewater Systems Net Revenue Requirements and Rate Revenue Adjustments (\$000s) [*]					
Description	Fiscal Year Ending September 30,				
	2023	2024	2025	2026	2027
Combined System:					
Operating Expenses	\$91,900	\$89,400	\$93,100	\$95,010	\$97,240
Debt Service	23,695	26,208	26,211	26,209	39,783
Transfers (Capital/Reserves)	11,666	14,106	22,968	35,610	36,206
Less Other Income	(10,325)	(9,687)	(9,413)	(9,276)	(9,459)
Net Revenue Requirements	\$116,936	\$120,027	\$132,865	\$147,554	\$163,770
Revenue from Rates:					
Existing Rate Revenue	\$107,306	\$108,539	\$111,677	\$114,837	\$118,015
Identified Rate Adjustments	8.00%	8.00%	8.00%	8.00%	8.00%
Adjusted Rate Revenue	\$109,452	\$119,566	\$132,865	\$147,554	\$163,770
Surplus/(Deficiency)	(\$7,484)	(\$461)	\$0	\$0	\$0

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

It is recommended that the County adjust the Water and Wastewater System retail rates by one (1) of the three (3) options presented in this study. The principal drivers of the rate recommendations are related to: i) the effects of inflation on both operating and maintenance expenses and capital costs; ii) the need to expand LCU's capacity to issue debt and to meet the proposed additional debt service requirements assumed herein to fund a portion of the capital improvement plan; and iii) the need to fund ongoing renewals and replacements through increased capital funding from rate revenues, referred to as "pay-go" capital funding. The recommended rate adjustments are projected to fully fund the cost of operations and maintenance as well as the capital improvement plan for the forecast period.

Recognizing application of the recommended and identified rate adjustments, it is anticipated that LCU will comply with the BOCC's adopted Financial Policy requirements by Fiscal Year 2027, including:

- Maintain a minimum operating cash reserves equal to or greater than 120 days or approximately 33% of annual budgeted operating expenses;
- Maintenance of minimum unappropriated capital cash reserves equal to or greater than 1.5% of the prior fiscal year's gross depreciable fixed assets;
- Maximum amount of outstanding principal amount of debt as a percentage to the net fixed assets in service being no greater than a ratio of 50%;
- Maintaining a minimum "All-in" debt service coverage equal to or greater than 150%; and
- Minimum deposit from rate revenues to capital-related funds for capital reinvestment equal to or greater than 10% of the prior fiscal year's rate revenues.

The following table provides a summary of the projected compliance with the financial policies based on the financial and rate implementation plan as presented in this Study:

Financial Policy Compliance [1]					
Description	Fiscal Year Ending September 30,				
	2023	2024	2025	2026	2027
Operating Reserves [2]:					
Calculated	121	124	121	120	120
Minimum	120	120	120	120	120
Target Met (Yes/No)	Yes	Yes	Yes	Yes	Yes
Capital Reserves (\$000s) [3]:					
Ending Cash	\$67,216	\$48,938	\$26,108	\$22,740	\$29,438
Minimum	21,037	22,790	24,012	26,171	28,383
Target Met (Yes/No)	Yes	Yes	Yes	No	Yes
Debt to Net Fixed Assets:					
Calculated [4]	31.4%	27.3%	29.0%	33.2%	35.5%
Maximum	50.0%	50.0%	50.0%	50.0%	50.0%
Target Met (Yes/No)	Yes	Yes	Yes	Yes	Yes
All-In Coverage:					
Calculated [5]	123%	155%	189%	235%	190%
Minimum	150%	150%	150%	150%	150%
Target Met (Yes/No)	No	Yes	Yes	Yes	Yes
Reinvestment from Rates:					
Deposits as % of Rev	8.2%	9.5%	15.0%	21.8%	20.1%
Minimum	10.0%	10.0%	10.0%	10.0%	10.0%
Target Met (Yes/No)	No	No	Yes	Yes	Yes

[1] Amounts shown derived from information provided on Table 10 at the end of this report.

[2] Includes the ending cash balances associated with the Revenue Fund (#00).

[3] Includes the ending cash balances associated with the Renewal and Replacement Fund (#20) and the Capital Improvement Fund (#30).

[4] Amount shown calculated assuming appropriated capital spending in the prior period is converted to a fixed asset. Differences in timing associated with when capital improvements are constructed may materially affect the calculation of compliance with the Financial Policy Debt Capacity (i.e., Net Debt to Net Fixed Asset) maximum ratio.

[5] The decline in debt service coverage below the policy target in fiscal year 2023 is due to non-recurring operating expenses related to Hurricane Ian.

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As shown in the prior table, the Utility is expected to meet or exceed the targets and benchmark ratios identified in the Utility financial policies by Fiscal Year 2027. The following table presents a summary of the projected cash balances by Utility fund during the Forecast Period:

Summary of Projected Ending Balances by Fund (\$000s) [1]					
Description	Fiscal Year Ending September 30,				
	2023	2024	2025	2026	2027
Revenue Fund (#00)	\$30,447	\$30,273	\$30,848	\$31,273	\$32,098
Customer Deposits (#10)	3,120	3,223	3,328	3,436	3,545
Water Connection Fees (#12)	37,608	31,746	16,933	1,056	2,648
Sewer Connection Fees (#13)	36,871	16,813	1,169	72	447
R&R Fund (#20)	16,009	10,802	10,420	12,403	20,306
Vehicle Replacement (#03)	0	0	0	0	0
Water Conservation (#35)	342	482	622	762	902
Debt Service Reserve (#72)	0	0	0	0	0
Capital Improvements (#30)	50,866	37,654	15,066	9,575	8,230
Debt Sinking Fund	13,369	13,547	13,743	13,927	21,034
Total Fund Balance	\$188,630	\$144,540	\$92,129	\$72,504	\$89,209
Restricted Funds [2]	(90,967)	(65,329)	(35,174)	(18,491)	(27,673)
Financial Policy Restrictions [3]	(51,250)	(52,182)	(54,621)	(57,407)	(60,352)
Net Above Restrictions and Minimum Reserve Requirements [4]	\$46,413	\$27,029	\$2,335	(\$3,394)	\$1,183

[1] Derived from information provide on Table 8 at the end of this report.

[2] Amounts shown reflect funds that have restricted uses or liability / claims against the fund and include: Customer Deposits, Water Connection Fees, Wastewater Connection Fees, Debt Service Reserve, and Debt Sinking Funds.

[3] Amounts shown reflect minimum reserve requirements pursuant to the County's adopted Fiscal Policy including:
 i) Fiscal Policy 1.1 Operating Reserves equivalent to 120 Days of current operating and maintenance expenses; and
 ii) Fiscal Policy 1.2 Capital Reserves equivalent to 1.5% of the prior year's depreciable gross assets.

[4] Represents net unrestricted cash assumed to be available or committed to fund future capital needs of the System.

As shown above, it is anticipated that the use of existing cash reserves to finance the capital needs of the Utility will be required. The cash balances are projected to decline during the Forecast Period primarily from the increased capital funding needs. Should the County identify additional capital improvements beyond what is contemplated in this report, it would need to identify additional funding sources as the net amount of cash above restrictions and minimum reserve requirements declines to approximately \$1 million by Fiscal Year 2027. A graphical summary of the financial results and performance measures are included within Table 1 attached to this report.

A comparison of residential water and wastewater charges with other neighboring utilities was prepared to provide an indication of the competitiveness of the existing residential rates charged by LCU. Based on this comparison, which can be seen on Tables 15 through 17 at the end of this report, the existing and recommended rates for service will remain competitive with the other surveyed utilities.

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Conclusions and Recommendations

Based on the assumptions, considerations, and analyses as summarized herein, we are of the opinion that:

1. The County’s existing rates for service for the water and wastewater systems are not anticipated to recover the projected revenue requirements for the Forecast Period. Therefore, as of the date of this report, increases in water and wastewater retail service rates are recommended. The recommended rate adjustments are expected to generate sufficient revenues to fully fund the cost of operations and maintenance, as well as the capital improvement plan for the forecast period. Additionally, the Utility is expected to maintain compliance with the rate covenants of the Bond Resolution for the remainder of the Forecast Period and be in compliance with the County’s adopted Financial Policy’s by Fiscal Year 2027.
2. The capital funding analysis completed as a component of this Study, identified the need to issue \$260 million of debt to fund various expansion-related capital projects. Use of debt funding was required to provide funds available to appropriate such projects. Since the CIP is presented on an appropriations basis, funding must be secured prior to the start of the project. The County should work with its financial advisor to identify the most beneficial use of debt. Furthermore, the County should continue to monitor the total amount of annual capital spending, since delays, deletions, and/or additions of other capital projects could affect the sizing of or need for debt financing.
3. The projected results and assumptions as contained in this Study may vary from actual results. As such, LCU staff should continue to perform annual evaluations to validate that the recommended rate adjustments are sufficient to meet the needs of the utility.
4. Raftelis recommends that the BOCC consider adjusting the monthly retail water and wastewater system rates for service for the Forecast Period based on one of the three options presented herein. We also recommend the BOCC consider adopting an annual indexing provision to ensure System revenues keep pace with the effects of inflation on operating expenses.

Identified Water and Wastewater Retail Rate Revenue Adjustments Options [1]					
Description	Recommended Rate Adjustments (Effective July 1)				
	2023	2024	2025	2026	2027
Option 1 – 3-year plan w/ Index	11.5%	11.5%	11.5%	4.0%	4.00%
Option 2 – 5-year plan w/ Index	8.0%	8.0%	8.0%	8.0%	8.0%
Option 3 – 4-year plan w/ Index	12.0%	9.0%	7.0%	5.0%	4.0%

[1] Annual indexing is assumed to begin after the fixed rate adjustment increases are implemented for each option with indexing beginning in Fiscal Year 2026 for Option 1, Fiscal Year 2028 for Option 2, and Fiscal Year 2027 for Option 3. The assumed index value is based on the Consumer Price Index for the Water and Sewerage Maintenance subcategory as published by the Bureau of Labor Statistics.

LEE COUNTY, FLORIDA
FISCAL YEAR 2023
WATER AND WASTEWATER REVENUE SUFFICIENCY STUDY

LIST OF TABLES

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1	Water and Wastewater System Financial Overview
2	Historical and Projected Water System Customer Statistics
3	Historical and Projected Wastewater System Customer Statistics
4	Projected Operating Expense Escalation Factors
5	Projection of Utility Operating Expenses – Combined System
6	Estimated Capital Improvement Program Funding Plan
7	Development of Net Revenue Requirements for the System
8	Development of Fund Balances, Transfers, and Interest Income
9	Development of Projected System Operating Results and Debt Coverage
10	Projection of Financial Policy Compliance
11	Comparison of Typical Monthly Residential Bills for Water Service
12	Comparison of Typical Monthly Residential Bills for Wastewater Service
13	Comparison of Typical Monthly Residential Bills for Water and Wastewater Service



Table 1

Lee County, Florida
 2023 Water and Wastewater Revenue Sufficiency study
 Water and Wastewater System Financial Overview

	Projected Fiscal Year Ending September 30,				
	2023	2024	2025	2026	2027
Adopted Rates:					
Water Rate Adjustments	8.00%	8.00%	8.00%	8.00%	8.00%
Wastewater Rate Adjustments	8.00%	8.00%	8.00%	8.00%	8.00%
Combined System Rate Increase	8.00%	8.00%	8.00%	8.00%	8.00%
Effective Month of Increase	3.0	3.0	3.0	3.0	3.0

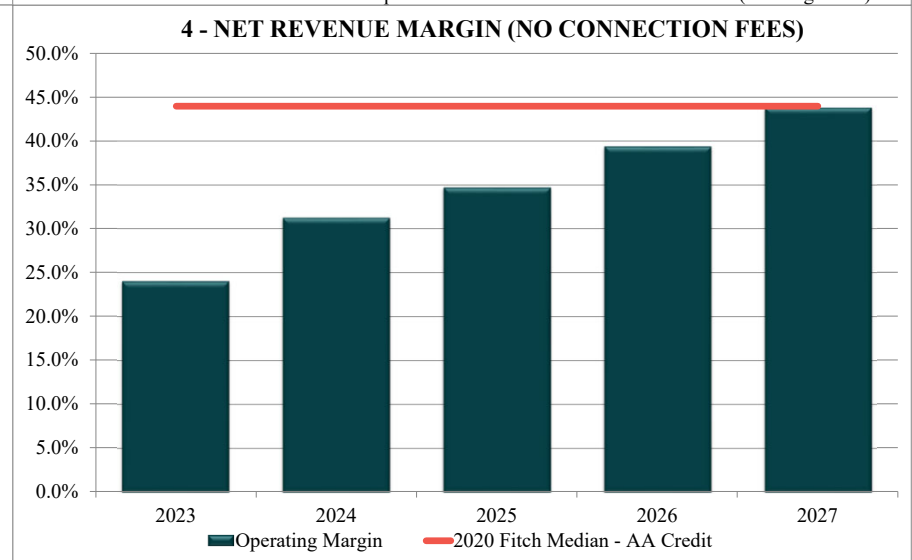
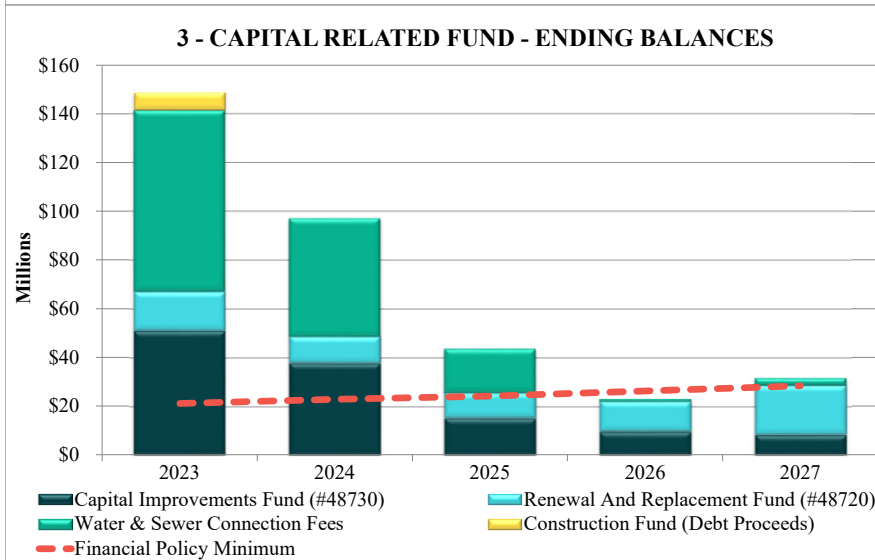
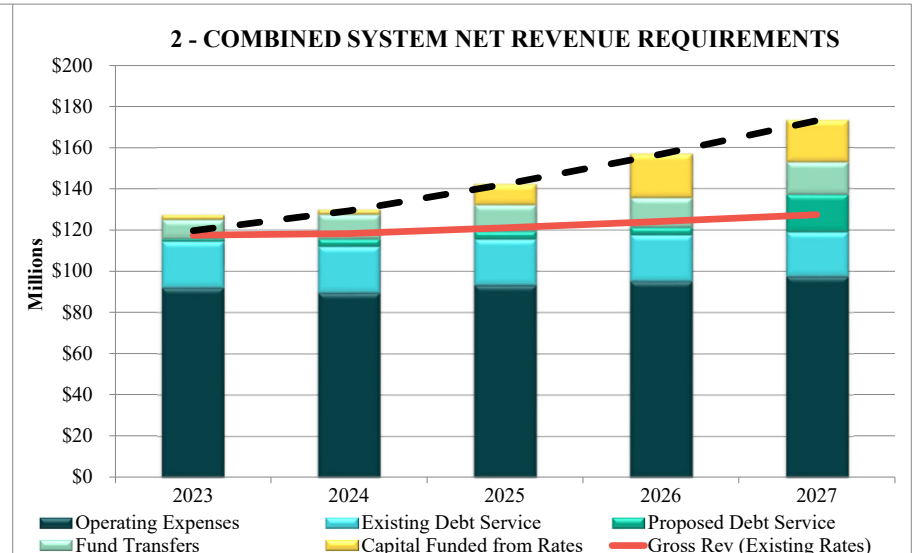
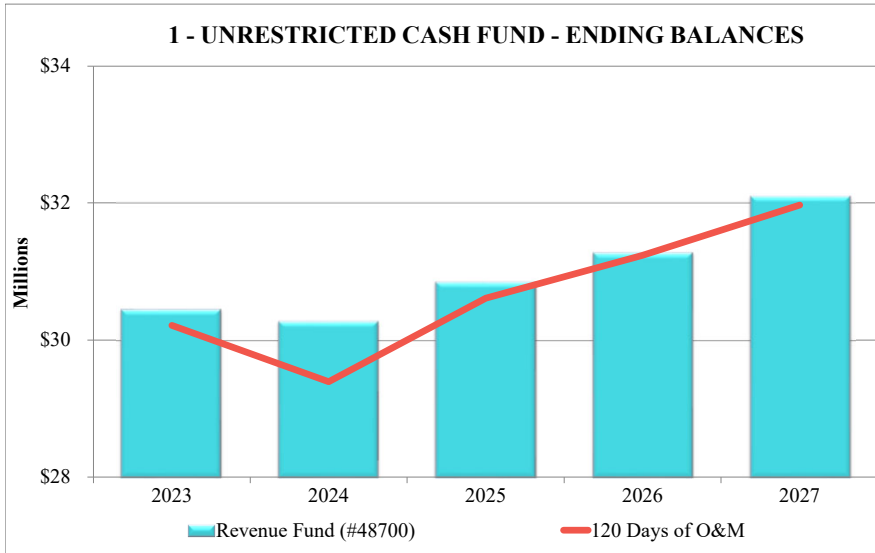




Table 1

Lee County, Florida
 2023 Water and Wastewater Revenue Sufficiency study
 Water and Wastewater System Financial Overview

	Projected Fiscal Year Ending September 30,				
	2023	2024	2025	2026	2027
Adopted Rates:					
Water Rate Adjustments	8.00%	8.00%	8.00%	8.00%	8.00%
Wastewater Rate Adjustments	8.00%	8.00%	8.00%	8.00%	8.00%
Combined System Rate Increase	8.00%	8.00%	8.00%	8.00%	8.00%
Effective Month of Increase	3.0	3.0	3.0	3.0	3.0

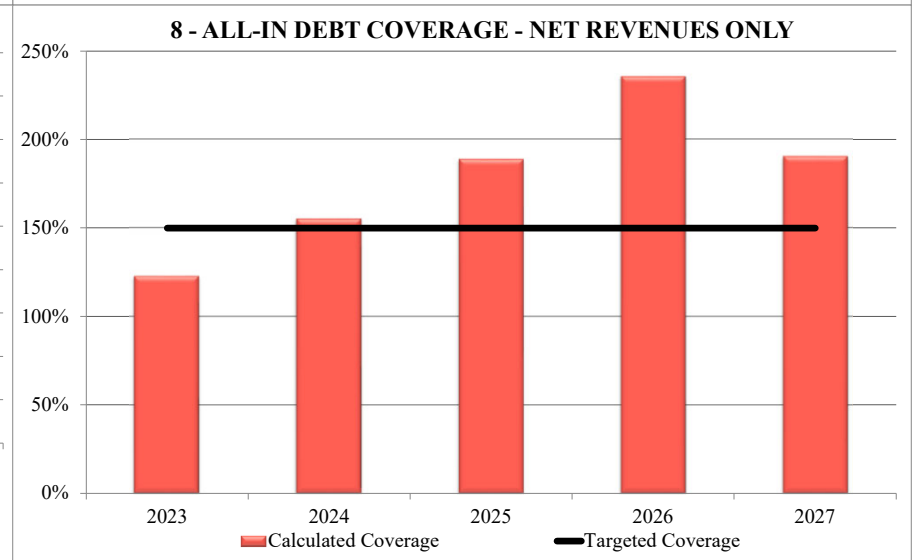
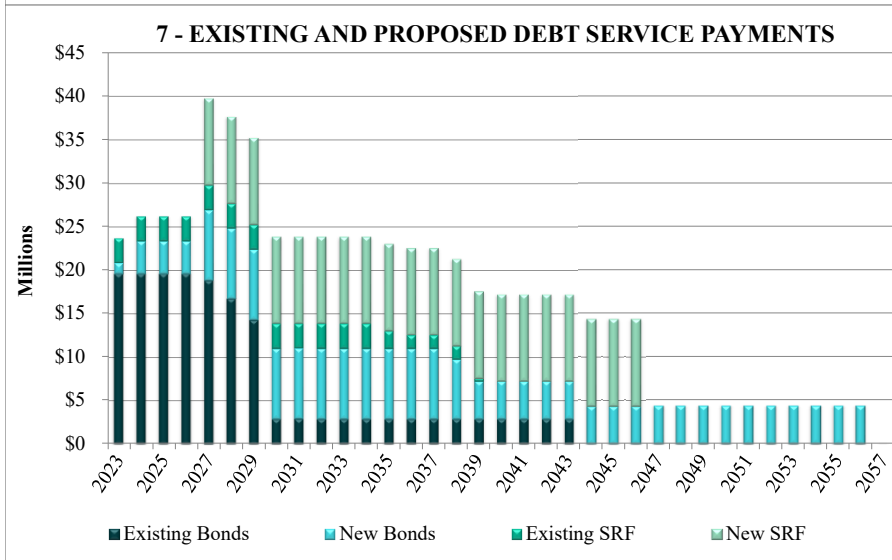
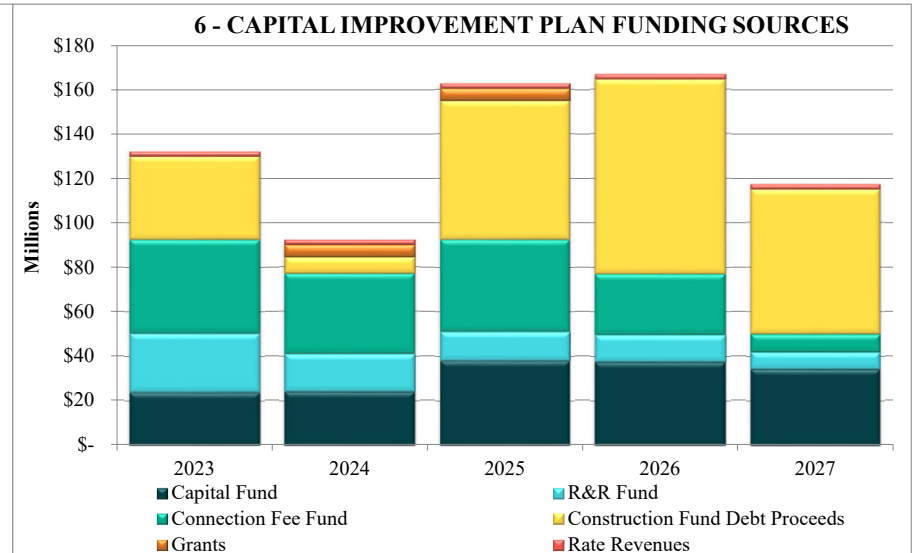
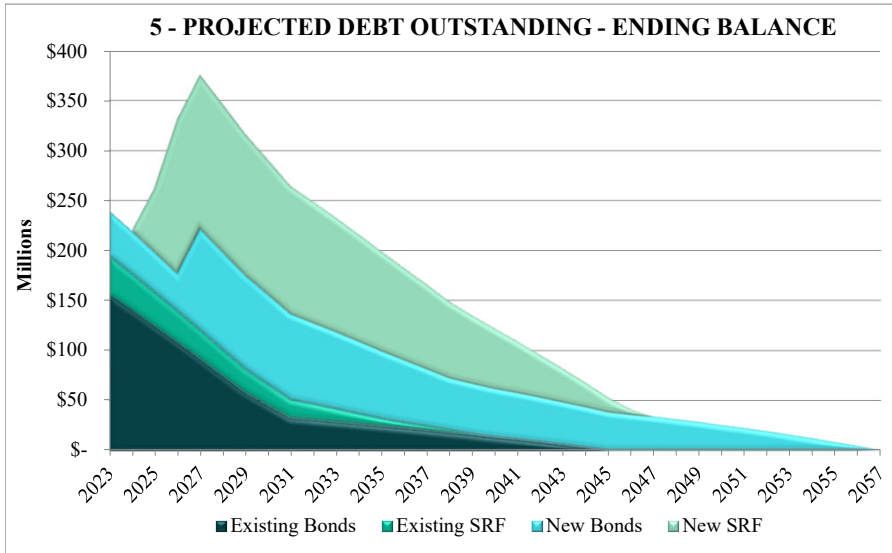
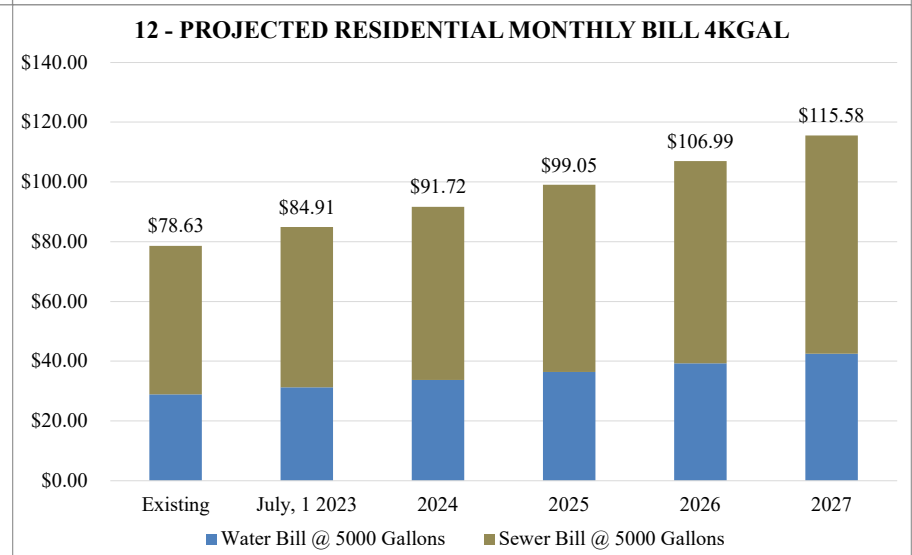
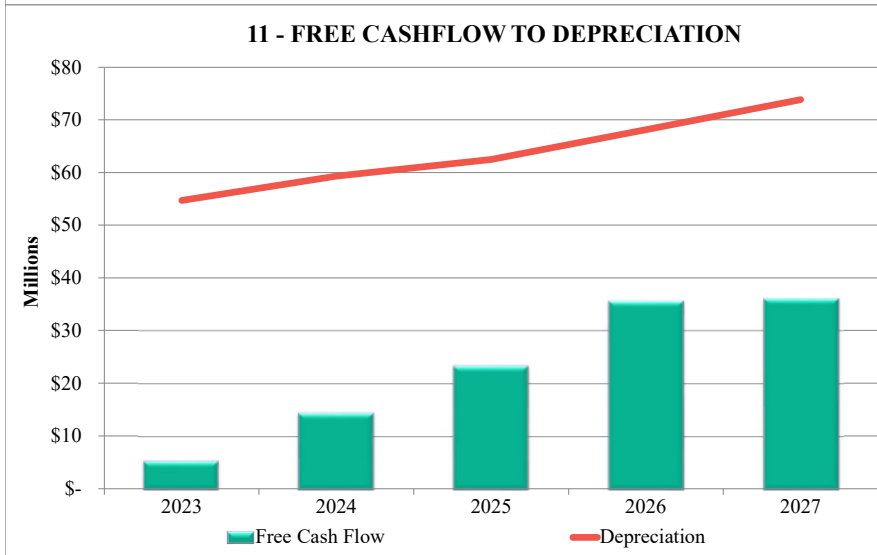
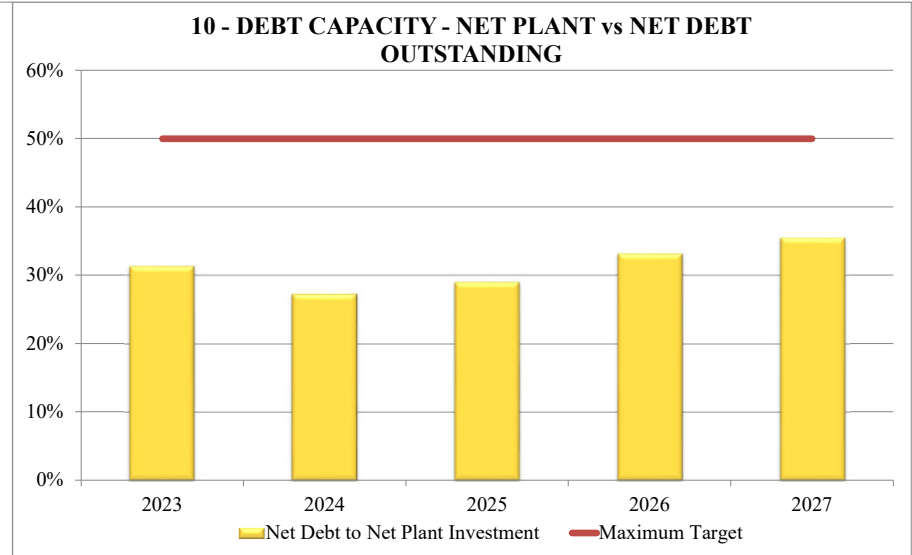
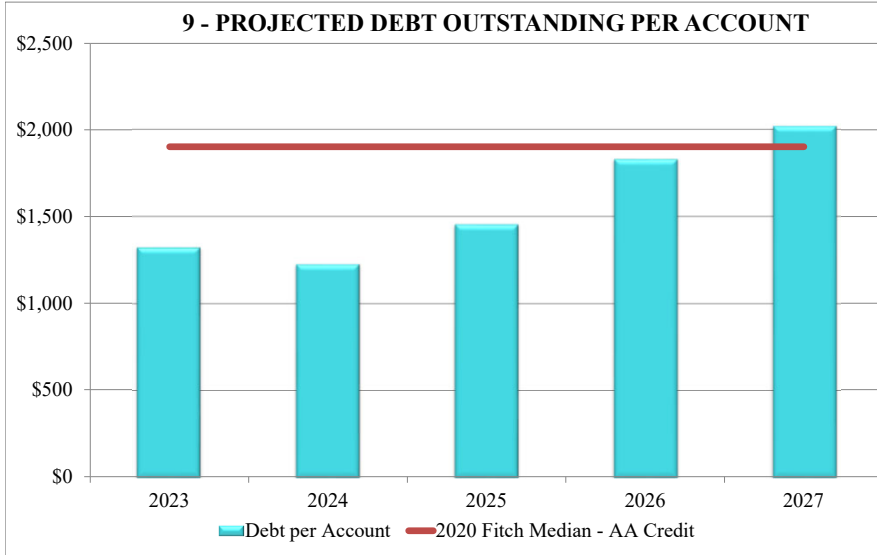




Table 1

Lee County, Florida
 2023 Water and Wastewater Revenue Sufficiency study
 Water and Wastewater System Financial Overview

	Projected Fiscal Year Ending September 30,				
	2023	2024	2025	2026	2027
Adopted Rates:					
Water Rate Adjustments	8.00%	8.00%	8.00%	8.00%	8.00%
Wastewater Rate Adjustments	8.00%	8.00%	8.00%	8.00%	8.00%
Combined System Rate Increase	8.00%	8.00%	8.00%	8.00%	8.00%
Effective Month of Increase	3.0	3.0	3.0	3.0	3.0



Line No.	Description	Historical Fiscal Year Ended September 30,					Projected Fiscal Year Ending September 30,				
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
28	Total Retail Water Accounts	84,558	86,970	89,087	91,578	94,275	95,780	97,266	98,729	100,169	101,583
29	Total Retail Water ERCs	142,709	144,490	146,313	152,280	154,633	156,618	158,575	160,497	162,386	164,239
30	Total Annual Retail Water Sales (000s)	7,590,205	7,677,908	7,876,118	7,623,621	7,432,921	7,806,758	7,899,549	7,990,589	8,080,169	8,168,044
Wholesale Water											
31	Average Annual Accounts	10	10	10	10	10	10	10	10	10	10
32	Water Sales	826,694	827,350	822,219	819,885	942,353	943,741	945,136	946,538	947,947	949,363
33	Total Estimated Water Sales (000s)	8,416,899	8,505,258	8,698,337	8,443,506	8,375,274	8,750,499	8,844,685	8,937,127	9,028,116	9,117,407
Purchased / Produced Water (000s)											
34	Produced Water	9,069,253	9,371,558	9,444,282	9,739,825	9,739,825	9,511,412	9,613,788	9,714,268	9,813,170	9,910,225
35	Purchased Water	0	0	0	0	0	0	0	0	0	0
36	Total	9,069,253	9,371,558	9,444,282	9,739,825	9,739,825	9,511,412	9,613,788	9,714,268	9,813,170	9,910,225
37	Average Daily Flow (MGD)	24.85	25.68	25.87	26.68	26.68	26.06	26.34	26.61	26.89	27.15
Non-Revenue Water											
38	Amount (000s)	652,354	866,300	745,945	1,296,319	1,364,551	760,913	769,103	777,141	785,054	792,818
39	Percent	7.19%	9.24%	7.90%	13.31%	14.01%	8.00%	8.00%	8.00%	8.00%	8.00%

Lee County, Florida
Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

Historical and Projected Wastewater System Customer Statistics

Line No.	Description	Historical Fiscal Year Ended September 30,					Projected Fiscal Year Ending September 30,				
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<u>Lee County</u>											
Single Family Residential											
1	Average Annual Accounts	51,264	53,066	54,714	56,389	58,292	59,283	60,261	61,225	62,174	63,107
2	Average Annual ERUs	51,264	53,066	54,714	56,389	58,292	59,283	60,261	61,225	62,174	63,107
3	Total Revenue Gallons (000s)	2,229,868	2,266,173	2,390,027	2,273,083	2,102,223	2,312,037	2,350,179	2,387,775	2,424,786	2,461,173
4	Average Monthly Use per Account	3,625	3,559	3,640	3,359	3,005	3,250	3,250	3,250	3,250	3,250
5	Average Monthly Usage (Per ERU)	3,625	3,559	3,640	3,359	3,005	3,250	3,250	3,250	3,250	3,250
Multi-Unit Residential											
6	Average Annual Accounts	2,635	2,663	2,661	2,665	2,657	2,680	2,702	2,724	2,745	2,766
7	Average Annual Units	54,070	53,680	51,326	53,883	54,201	54,662	55,113	55,554	55,984	56,404
8	Average Annual ERUs	40,430	40,308	38,841	40,515	40,720	41,066	41,405	41,736	42,060	42,375
9	Total Revenue Gallons (000s)	1,461,755	1,474,688	1,539,838	1,526,631	1,584,631	1,539,990	1,552,695	1,565,115	1,577,235	1,589,070
10	Average Monthly Use per Account	46,229	46,147	48,222	47,737	49,700	47,885	47,887	47,880	47,882	47,875
11	Average Monthly Usage (Per ERU)	3,013	3,049	3,304	3,140	3,243	3,125	3,125	3,125	3,125	3,125
Commercial											
12	Average Annual Accounts	3,985	4,037	4,075	4,133	4,237	4,283	4,329	4,374	4,419	4,462
13	Average Annual ERUs	13,619	14,093	14,383	14,782	15,091	15,122	15,223	15,322	15,422	15,515
14	Total Revenue Gallons (000s)	1,401,413	1,443,880	1,341,521	1,394,092	1,450,222	1,397,976	1,406,168	1,414,286	1,422,403	1,430,081
15	Average Monthly Use per Account	29,306	29,805	27,434	28,109	28,523	27,200	27,069	26,945	26,824	26,709
16	Average Monthly Usage (Per ERU)	8,575	8,538	7,773	7,859	8,008	7,704	7,698	7,692	7,686	7,681
<u>Town of Ft. Myers Beach</u>											
Single Family Residential											
17	Average Annual Accounts	2,431	2,436	2,461	2,464	2,464	2,464	2,464	2,464	2,464	2,464
18	Average Annual ERUs	2,431	2,436	2,461	2,464	2,464	2,464	2,464	2,464	2,464	2,464
19	Total Revenue Gallons (000s)	105,407	104,786	108,715	110,850	110,850	110,850	110,850	110,850	110,850	110,850
20	Average Monthly Use per Account	3,613	3,585	3,681	3,749	3,749	3,749	3,749	3,749	3,749	3,749
21	Average Monthly Usage (Per ERU)	3,613	3,585	3,681	3,749	3,749	3,749	3,749	3,749	3,749	3,749
Multi-Unit Residential											
22	Average Annual Accounts	493	491	490	493	493	493	493	493	493	493
23	Average Annual Units	6,514	6,514	6,514	6,514	6,514	6,514	6,514	6,514	6,514	6,514
24	Average Annual ERUs	5,187	5,187	5,187	5,187	5,187	5,188	5,188	5,188	5,188	5,188
25	Average Monthly Use per Account	29,346	28,424	27,180	30,244	30,244	30,244	30,244	30,244	30,244	30,244
26	Total Revenue Gallons (000s)	173,610	167,476	159,817	178,924	178,924	178,924	178,924	178,924	178,924	178,924
27	Average Monthly Use per Account	29,346	28,424	27,180	30,244	30,244	30,244	30,244	30,244	30,244	30,244
28	Average Monthly Usage (Per ERU)	2,789	2,691	2,568	2,875	2,875	2,874	2,874	2,874	2,874	2,874
Commercial											
29	Average Annual Accounts	206	207	208	203	203	203	203	203	203	203
30	Average Annual ERUs	747	752	760	750	750	750	750	750	750	750
31	Total Revenue Gallons (000s)	102,447	89,270	80,804	99,165	99,165	99,119	99,119	99,119	99,119	99,119

Lee County, Florida
Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

Historical and Projected Wastewater System Customer Statistics

Line No.	Description	Historical Fiscal Year Ended September 30,					Projected Fiscal Year Ending September 30,				
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
32	Average Monthly Use per Account	41,443	35,938	32,373	40,708	40,708	40,689	40,689	40,689	40,689	40,689
33	Average Monthly Usage (Per ERU)	11,429	9,893	8,860	11,018	11,018	11,013	11,013	11,013	11,013	11,013
<u>Sewer Only Customers</u>											
Single Family Residential											
34	Average Annual Accounts	324	320	314	331	325	325	325	325	325	325
35	Average Annual ERUs	324	320	314	331	325	325	325	325	325	325
36	Total Revenue Gallons (000s)	17,471	17,245	16,955	16,564	16,395	16,395	16,395	16,395	16,395	16,395
37	Average Monthly Use per Account	4,494	4,491	4,500	4,170	4,204	4,204	4,204	4,204	4,204	4,204
38	Average Monthly Usage (Per ERU)	4,494	4,491	4,500	4,170	4,204	4,204	4,204	4,204	4,204	4,204
Multi-Unit Residential											
39	Average Annual Accounts	4	4	4	4	5	5	5	5	5	5
40	Average Annual Units	9	9	9	9	11	11	11	11	11	11
41	Average Annual ERUs	7	7	7	7	9	9	9	9	9	9
42	Average Monthly Use per Account	8,083	8,083	8,083	8,083	7,217	7,217	7,217	7,217	7,217	7,217
43	Total Revenue Gallons (000s)	388	388	388	388	433	433	433	433	433	433
44	Average Monthly Use per Account	8,083	8,083	8,083	8,083	7,217	7,217	7,217	7,217	7,217	7,217
45	Average Monthly Usage (Per ERU)	4,619	4,619	4,619	4,619	4,009	4,009	4,009	4,009	4,009	4,009
Commercial											
46	Average Annual Accounts	19	17	18	16	16	16	16	16	16	16
47	Average Annual ERUs	21	19	20	18	18	18	18	18	18	18
48	Total Revenue Gallons (000s)	1,404	1,217	1,177	930	889	889	889	889	889	889
49	Average Monthly Use per Account	6,158	5,966	5,449	4,844	4,630	4,630	4,630	4,630	4,630	4,630
50	Average Monthly Usage (Per ERU)	5,571	5,338	4,904	4,306	4,116	4,116	4,116	4,116	4,116	4,116
Solid Waste Leachate											
51	Average Annual Accounts	0	0	0	0	0	0	0	0	0	0
52	Total Revenue Gallons (000s)	0	0	0	0	0	0	0	0	0	0
53	Total Retail Wastewater Accounts	61,361	63,241	64,945	66,698	68,692	69,752	70,798	71,829	72,844	73,841
54	Total Retail Wastewater ERCs	114,030	116,188	116,687	120,443	122,856	124,225	125,643	127,037	128,410	129,751
55	Total Retail Revenue Gallons (000s)	5,493,763	5,565,123	5,639,242	5,600,627	5,543,732	5,656,613	5,715,652	5,773,786	5,831,034	5,886,934
Wholesale Revenue Gallons											
56	Average Annual Accounts	3	3	3	3	3	3	3	3	3	3
57	Total Revenue Gallons (000s)	258,346	265,887	268,460	143,966	295,982	261,542	262,792	264,047	265,309	266,578
58	Total Billed Wastewater Flows (000s)	5,752,109	5,831,010	5,907,702	5,744,593	5,839,714	5,918,155	5,978,444	6,037,833	6,096,343	6,153,512
59	Treated Wastewater Flow (000s)	5,964,972	6,049,577	6,078,878	6,245,673	6,245,673	6,164,745	6,227,546	6,289,409	6,350,357	6,409,908
60	Average Daily Flow (MGD)	16.34	16.57	16.65	17.11	17.11	16.89	17.06	17.23	17.40	17.56

Lee County, Florida
Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

Projected Operating Expense Escalation Factors [1]

Line No.	Description	Factor Reference	Fiscal Year Ending September 30,			
			2024	2025	2026	2027
1	General Inflation - CBO August 2020 - CPI	Inflation	1.0230	1.0240	1.0240	1.0240
2	Labor	Labor	1.0300	1.0300	1.0300	1.0300
3	Medical Insurance	MedIns	1.0351	1.0351	1.0351	1.0351
4	Customer Growth - Water	WaterCust	1.0153	1.0148	1.0144	1.0139
5	Repairs and Maintenance	Repair	1.0312	1.0312	1.0312	1.0312
6	Insurance	Insurance	1.0230	1.0240	1.0240	1.0240
7	Flow Growth+Inflation-Water	FlowW	1.0338	1.0345	1.0342	1.0339
8	Flow Growth+Inflation-Sewer	FlowS	1.0332	1.0339	1.0337	1.0334
9	Lee County WTP Operating Supplies	WTP_OP	1.0410	1.0407	1.0404	1.0401
10	Lee County WWTP Operating Supplies	WWTP_OP	1.0404	1.0401	1.0399	1.0396
11	Ft. Myers Treatment Cost	Treat	1.0300	1.0300	1.0300	1.0300
12	Sludge	Sludge	1.0402	1.0399	1.0397	1.0394
13	Electrical Expense	Electric	1.0317	1.0314	1.0311	1.0308
14	Postage	Postage	1.0627	1.0622	1.0618	1.0614

Footnote:

[1] Amounts shown reflect escalation factors applied in development of projected revenues and expenses. The fiscal year 2023 budget served as the basis for the forecast period.

Lee County, Florida
Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

Projection of Utility Operating Expenses [1]

Line No.	Description	2023 Budget	Adjustments	Adjusted 2023	Escalation Reference	Fiscal Year Ending September 30,			
						2024	2025	2026	2027
OPERATING EXPENSES									
Administration (# 53663)									
1	Salaries and Wages	\$1,240,013	\$0	\$1,240,013	Labor	\$1,277,213	\$1,315,529	\$1,354,995	\$1,395,645
2	Health Insurance	261,540	0	261,540	MedIns	270,720	280,222	290,058	300,239
3	Other Benefits	273,790	0	273,790	Labor	282,004	290,464	299,178	308,153
4	Professional Services	350,000	0	350,000	Inflation	358,050	366,643	375,442	384,453
5	Other Contracted Services	173,974	0	173,974	Inflation	177,975	182,246	186,620	191,099
6	Travel and Per Diem	6,500	0	6,500	Inflation	6,650	6,810	6,973	7,140
7	Communication	91,113	0	91,113	Inflation	93,209	95,446	97,737	100,083
8	Freight and Postage	3,000	0	3,000	Inflation	3,069	3,143	3,218	3,295
9	Equipment Rental	17,364	0	17,364	Inflation	17,763	18,189	18,626	19,073
10	Self-Insurance Assessment	59,456	0	59,456	Insurance	60,823	62,283	63,778	65,309
11	Repair and Maintenance	15,000	0	15,000	Repair	15,468	15,951	16,449	16,962
12	Printing	4,000	0	4,000	Inflation	4,092	4,190	4,291	4,394
13	Other Administrative Fees	33,502	0	33,502	Inflation	34,273	35,096	35,938	36,801
14	Indirect Costs	108,278	0	108,278	Inflation	110,768	113,426	116,148	118,936
15	General Office Supplies	7,500	0	7,500	Inflation	7,673	7,857	8,046	8,239
16	Operating Supplies	32,200	0	32,200	Inflation	32,941	33,732	34,542	35,371
17	Subscriptions, Memberships and Educational Expenses	20,000	0	20,000	Inflation	20,460	20,951	21,454	21,969
18	Capital Outlay - Furniture and Equipment [2]	95,000	(95,000)	0	Inflation	0	0	0	0
19	Total	\$2,792,230	(\$95,000)	\$2,697,230		\$2,773,151	\$2,852,178	\$2,933,493	\$3,017,161
Water Meter Services (# 53609)									
20	Salaries and Wages	\$541,407	\$0	\$541,407	Labor	\$557,649	\$574,378	\$591,609	\$609,357
21	Health Insurance	173,700	0	173,700	MedIns	179,797	186,108	192,640	199,402
22	Other Benefits	96,625	0	96,625	Labor	99,524	102,510	105,585	108,753
23	Professional Services	120,000	0	120,000	Inflation	122,760	125,706	128,723	131,812
24	Other Contracted Services	276,833	0	276,833	Inflation	283,200	289,997	296,957	304,084
25	Travel and Per Diem	2,000	0	2,000	Inflation	2,046	2,095	2,145	2,196
26	Communication	12,043	0	12,043	Inflation	12,320	12,616	12,919	13,229
27	Freight and Postage	500	0	500	Inflation	512	524	537	550
28	Water and Sewer	8,000	0	8,000	Inflation	8,184	8,380	8,581	8,787
29	Equipment Rental	99,924	0	99,924	Inflation	102,222	104,675	107,187	109,759
30	Self-Insurance Assessment	85,703	0	85,703	Inflation	87,674	89,778	91,933	94,139
31	Repair and Maintenance	504,000	0	504,000	Repair	519,725	535,940	552,661	569,904
32	Indirect Costs	141,595	0	141,595	Inflation	144,852	148,328	151,888	155,533
33	General Office Supplies	1,500	0	1,500	Inflation	1,535	1,572	1,610	1,649
34	Operating Supplies	31,214	0	31,214	Inflation	31,932	32,698	33,483	34,287
35	Subscriptions, Memberships and Educational Expenses	6,500	0	6,500	Inflation	6,650	6,810	6,973	7,140
36	Capital Outlay - Furniture and Equipment [2]	25,000	(25,000)	0	Inflation	(50,000)	(51,200)	(52,429)	(53,687)
37	Capital Outlay - Vehicle and Rolling Stock [2]	70,000	(70,000)	0	Inflation	0	0	0	0
38	Total	\$2,196,544	(\$95,000)	\$2,101,544		\$2,110,582	\$2,170,915	\$2,233,002	\$2,296,894
Customer Services, Billings & Collections (# 53610)									
39	Salaries and Wages	\$2,099,060	\$0	\$2,099,060	Labor	\$2,162,032	\$2,226,893	\$2,293,700	\$2,362,511
40	Health Insurance	639,480	0	639,480	MedIns	661,926	685,160	709,209	734,102
41	Other Benefits	392,636	0	392,636	Labor	404,415	416,547	429,043	441,914
42	Professional Services	580,000	0	580,000	WaterCust	588,861	597,587	606,178	614,616
43	Other Contracted Services	1,531,564	0	1,531,564	Inflation	1,566,790	1,604,393	1,642,898	1,682,328
44	Travel and Per Diem	5,000	0	5,000	Inflation	5,115	5,238	5,364	5,493
45	Communication	214,725	0	214,725	Inflation	219,664	224,936	230,334	235,862
46	Freight and Postage	400,000	0	400,000	Postage	425,074	451,531	479,440	508,860
47	Water and Sewer	14,000	0	14,000	Inflation	14,322	14,666	15,018	15,378
48	Equipment Rental	102,988	0	102,988	Inflation	105,357	107,886	110,475	113,126
49	Self-Insurance Assessment	122,291	0	122,291	Inflation	125,104	128,106	131,181	134,329
50	Repair and Maintenance	59,000	0	59,000	Inflation	60,357	61,806	63,289	64,808
51	Printing	500	0	500	Inflation	512	524	537	550
52	Other Administrative Fees	500	0	500	Inflation	512	524	537	550
53	Indirect Costs	208,228	0	208,228	Inflation	213,017	218,129	223,364	228,725
54	General Office Supplies	14,000	0	14,000	Inflation	14,322	14,666	15,018	15,378
55	Operating Supplies	12,135	0	12,135	Inflation	12,414	12,712	13,017	13,329
56	Subscriptions, Memberships and Educational Expenses	13,250	0	13,250	Inflation	13,555	13,880	14,213	14,554
57	Capital Outlay - Furniture and Equipment [2]	15,000	(15,000)	0	Inflation	(2,000)	(2,048)	(2,097)	(2,147)
58	Capital Outlay - Vehicle and Rolling Stock [2]	50,000	(50,000)	0	Inflation	0	0	0	0
59	Total	\$6,474,357	(\$65,000)	\$6,409,357		\$6,591,349	\$6,783,136	\$6,980,718	\$7,184,266
Locates (# 53611)									
60	Salaries and Wages	\$800,339	\$0	\$800,339	Labor	\$824,349	\$849,079	\$874,551	\$900,788
61	Health Insurance	209,640	0	209,640	MedIns	216,998	224,615	232,499	240,660
62	Other Benefits	150,914	0	150,914	Labor	155,441	160,104	164,907	169,854
63	Other Contracted Services	62,692	0	62,692	Inflation	64,134	65,673	67,249	68,863
64	Communication	7,050	0	7,050	Inflation	7,212	7,385	7,562	7,743
65	Equipment Rental	17,994	0	17,994	Inflation	18,408	18,850	19,302	19,765
66	Self-Insurance Assessment	49,084	0	49,084	Inflation	50,213	51,418	52,652	53,916
67	Repair and Maintenance	23,000	0	23,000	Repair	23,718	24,458	25,221	26,008
68	Other Administrative Fees	1,500	0	1,500	Inflation	1,535	1,572	1,610	1,649
69	Indirect Costs	83,291	0	83,291	Inflation	85,207	87,252	89,346	91,490
70	General Office Supplies	1,500	0	1,500	Inflation	1,535	1,572	1,610	1,649
71	Operating Supplies	42,403	0	42,403	Inflation	43,378	44,419	45,485	46,577
72	Capital Outlay - Furniture and Equipment [2]	24,000	(24,000)	0	Inflation	(4,000)	(4,096)	(4,194)	(4,295)
73	Total	\$1,473,407	(\$24,000)	\$1,449,407		\$1,488,128	\$1,532,301	\$1,577,800	\$1,624,667
Utilities Engineering (# 53607)									
74	Salaries and Wages	\$2,469,717	\$0	\$2,469,717	Labor	\$2,543,809	\$2,620,123	\$2,698,727	\$2,779,689
75	Health Insurance	523,080	0	523,080	MedIns	541,440	560,445	580,117	600,479
76	Other Benefits	483,638	0	483,638	Labor	498,147	513,091	528,484	544,339
77	Professional Services	230,000	0	230,000	Inflation	235,290	240,937	246,719	252,640
78	Other Contracted Services	351,382	0	351,382	Inflation	359,464	368,091	376,925	385,971
79	Travel and Per Diem	5,500	0	5,500	Inflation	5,627	5,762	5,900	6,042
80	Communication	63,453	0	63,453	Inflation	64,912	66,470	68,065	69,699

Lee County, Florida
Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

Projection of Utility Operating Expenses [1]

Line No.	Description	2023 Budget	Adjustments	Adjusted 2023	Escalation Reference	Fiscal Year Ending September 30,			
						2024	2025	2026	2027
81	Equipment Rental	67,737	0	67,737	Inflation	69,295	70,958	72,661	74,405
82	Self-Insurance Assessment	127,283	0	127,283	Insurance	130,211	133,336	136,536	139,813
83	Repair and Maintenance	4,250	0	4,250	Repair	4,383	4,520	4,661	4,806
84	Printing	250	0	250	Inflation	256	262	268	274
85	Other Administrative Fees	25,615	0	25,615	Inflation	26,204	26,833	27,477	28,136
86	Indirect Costs	216,557	0	216,557	Inflation	221,538	226,855	232,300	237,875
87	General Office Supplies	2,200	0	2,200	Inflation	2,251	2,305	2,360	2,417
88	Operating Supplies	13,054	0	13,054	Inflation	13,354	13,674	14,002	14,338
89	Subscriptions, Memberships and Educational Expenses	30,850	0	30,850	Inflation	31,560	32,317	33,093	33,887
90	Capital Outlay - Furniture and Equipment [2]	235,000	(235,000)	0	Inflation	(34,000)	(34,816)	(35,652)	(36,508)
91	Capital Outlay - Vehicle and Rolling Stock [2]	28,000	(28,000)	0	Inflation	(28,000)	(28,672)	(29,360)	(30,065)
92	Total	\$4,877,566	(\$263,000)	\$4,614,566		\$4,685,741	\$4,822,491	\$4,963,283	\$5,108,237
Utilities Fiscal (#53661)									
93	Salaries and Wages	\$0	\$458,125	\$458,125	Labor	\$471,869	\$486,025	\$500,606	\$515,624
94	Total	\$0	\$458,125	\$458,125		\$471,869	\$486,025	\$500,606	\$515,624
Systems Maintenance Department (# 53614)									
95	Salaries and Wages	\$1,323,130	\$0	\$1,323,130	Labor	\$1,362,824	\$1,403,709	\$1,445,820	\$1,489,195
96	Health Insurance	352,380	0	352,380	MedIns	364,749	377,552	390,804	404,521
97	Other Benefits	244,559	0	244,559	Labor	251,896	259,453	267,237	275,254
98	Professional Services	30,000	0	30,000	Inflation	30,690	31,427	32,181	32,953
99	Other Contracted Services	143,423	0	143,423	Inflation	146,722	150,243	153,849	157,541
100	Communication	35,935	0	35,935	Inflation	36,762	37,644	38,547	39,472
101	Freight and Postage	250	0	250	Inflation	256	262	268	274
102	Water and Sewer	12,000	0	12,000	Inflation	12,276	12,571	12,873	13,182
103	Equipment Rental	160,551	0	160,551	Inflation	164,244	168,186	172,222	176,355
104	Self-Insurance Assessment	96,554	0	96,554	Inflation	98,775	101,146	103,574	106,060
105	Repair and Maintenance	25,500	0	25,500	Inflation	26,087	26,713	27,354	28,010
106	Printing	500	0	500	Inflation	512	524	537	550
107	Other Administrative Fees	500	0	500	Inflation	512	524	537	550
108	Indirect Costs	149,924	0	149,924	Inflation	153,372	157,053	160,822	164,682
109	General Office Supplies	2,000	0	2,000	Inflation	2,046	2,095	2,145	2,196
110	Operating Supplies	107,658	0	107,658	Inflation	110,134	112,777	115,484	118,256
111	Subscriptions, Memberships and Educational Expenses	5,000	0	5,000	Inflation	5,115	5,238	5,364	5,493
112	Capital Outlay - Furniture and Equipment [2]	10,000	(10,000)	0	Inflation	(10,000)	(10,240)	(10,486)	(10,738)
113	Total	\$2,699,864	(\$10,000)	\$2,689,864		\$2,756,972	\$2,836,877	\$2,919,132	\$3,003,806
Instruments / Electrical Maintenance Department (# 53615)									
114	Salaries and Wages	\$1,908,202	\$0	\$1,908,202	Labor	\$1,965,448	\$2,024,411	\$2,085,143	\$2,147,697
115	Health Insurance	484,140	0	484,140	MedIns	501,133	518,723	536,930	555,776
116	Other Benefits	356,845	0	356,845	Labor	367,550	378,577	389,934	401,632
117	Professional Services	25,000	0	25,000	Inflation	25,575	26,189	26,818	27,462
118	Other Contracted Services	108,590	0	108,590	Inflation	111,088	113,754	116,484	119,280
119	Travel and Per Diem	2,000	0	2,000	Inflation	2,046	2,095	2,145	2,196
120	Communication	110,202	0	110,202	Inflation	112,737	115,443	118,214	121,051
121	Freight and Postage	600	0	600	Inflation	614	629	644	659
122	Water and Sewer	12,000	0	12,000	Inflation	12,276	12,571	12,873	13,182
123	Equipment Rental	84,189	0	84,189	Inflation	86,125	88,192	90,309	92,476
124	Self-Insurance Assessment	105,253	0	105,253	Inflation	107,674	110,258	112,904	115,614
125	Repair and Maintenance	86,000	0	86,000	Repair	88,683	91,450	94,303	97,245
126	Other Administrative Fees	1,000	0	1,000	Inflation	1,023	1,048	1,073	1,099
127	Indirect Costs	174,911	0	174,911	Inflation	178,934	183,228	187,625	192,128
128	General Office Supplies	3,500	0	3,500	Inflation	3,581	3,667	3,755	3,845
129	Operating Supplies	76,518	0	76,518	Inflation	78,278	80,157	82,081	84,051
130	Subscriptions, Memberships and Educational Expenses	28,500	0	28,500	Inflation	29,156	29,856	30,573	31,307
131	Capital Outlay - Furniture and Equipment [2]	20,000	(20,000)	0	Inflation	(22,000)	(22,528)	(23,069)	(23,623)
132	Capital Outlay - Vehicle and Rolling Stock [2]	230,000	(230,000)	0	Inflation	0	0	0	0
133	Total	\$3,817,450	(\$250,000)	\$3,567,450		\$3,649,921	\$3,757,720	\$3,868,739	\$3,983,077
Support Services (# 53616)									
134	Salaries and Wages	\$133,924	\$0	\$133,924	Labor	\$137,942	\$142,080	\$146,342	\$150,732
135	Health Insurance	43,920	0	43,920	MedIns	45,462	47,058	48,710	50,420
136	Other Benefits	27,284	0	27,284	Labor	28,103	28,946	29,814	30,708
137	Professional Services	10,000	0	10,000	Inflation	10,230	10,476	10,727	10,984
138	Other Contracted Services	15,449	0	15,449	Inflation	15,804	16,183	16,571	16,969
139	Travel and Per Diem	1,000	0	1,000	Inflation	1,023	1,048	1,073	1,099
140	Communication	3,070	0	3,070	Inflation	3,141	3,216	3,293	3,372
141	Water and Sewer	6,000	0	6,000	Inflation	6,138	6,285	6,436	6,590
142	Equipment Rental	16,336	0	16,336	Inflation	16,712	17,113	17,524	17,945
143	Self-Insurance Assessment	13,721	0	13,721	Inflation	14,037	14,374	14,719	15,072
144	Repair and Maintenance	4,100	0	4,100	Repair	4,228	4,360	4,496	4,636
145	Printing	100	0	100	Inflation	102	104	106	109
146	Indirect Costs	24,987	0	24,987	Inflation	25,562	26,175	26,803	27,446
147	General Office Supplies	2,000	0	2,000	Inflation	2,046	2,095	2,145	2,196
148	Operating Supplies	5,377	0	5,377	Inflation	5,501	5,633	5,768	5,906
149	Subscriptions, Memberships and Educational Expenses	500	0	500	Inflation	512	524	537	550
150	Total	\$307,768	\$0	\$307,768		\$316,543	\$325,670	\$335,064	\$344,734
Water Operations (# 53662)									
151	Salaries and Wages	\$332,392	\$0	\$332,392	Labor	\$342,364	\$352,635	\$363,214	\$374,110
152	Health Insurance	65,880	0	65,880	MedIns	68,192	70,586	73,064	75,629
153	Other Benefits	62,336	0	62,336	Labor	64,206	66,132	68,116	70,159
154	Professional Services	150,000	0	150,000	Inflation	153,450	157,133	160,904	164,766
155	Other Contracted Services	30,244	0	30,244	Inflation	30,940	31,683	32,443	33,222
156	Communication	3,500	0	3,500	Inflation	3,581	3,667	3,755	3,845
157	Equipment Rental	6,197	0	6,197	Inflation	6,340	6,492	6,648	6,808
158	Self-Insurance Assessment	9,147	0	9,147	Insurance	9,357	9,582	9,812	10,047
159	Repair and Maintenance	30,000	0	30,000	Repair	30,936	31,901	32,896	33,922
160	Other Administrative Fees	150	0	150	Inflation	153	157	161	165
161	Indirect Costs	16,658	0	16,658	Inflation	17,041	17,450	17,869	18,298
162	Operating Supplies	10,000	0	10,000	Inflation	10,230	10,476	10,727	10,984
163	Subscriptions, Memberships and Educational Expenses	2,000	0	2,000	Inflation	2,046	2,095	2,145	2,196
164	Total	\$718,504	\$0	\$718,504		\$738,836	\$759,989	\$781,754	\$804,151

Table 5

Lee County, Florida
Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

Projection of Utility Operating Expenses [1]

Line No.	Description	2023 Budget	Adjustments	Adjusted 2023	Escalation Reference	Fiscal Year Ending September 30,			
						2024	2025	2026	2027
Water Distribution (# 53602)									
165	Salaries and Wages	\$2,845,389	\$0	\$2,845,389	Labor	\$2,930,751	\$3,018,674	\$3,109,234	\$3,202,511
166	Health Insurance	774,240	0	774,240	MedIns	801,416	829,546	858,663	888,802
167	Other Benefits	525,502	0	525,502	Labor	541,267	557,505	574,230	591,457
168	Professional Services	115,000	0	115,000	Inflation	117,645	120,468	123,359	126,320
169	Other Contracted Services	303,398	0	303,398	Inflation	310,376	317,825	325,453	333,264
170	Travel and Per Diem	3,000	0	3,000	Inflation	3,069	3,143	3,218	3,295
171	Communication	32,293	0	32,293	Inflation	33,036	33,829	34,641	35,472
172	Freight and Postage	500	0	500	Inflation	512	524	537	550
173	Water and Sewer	15,000	0	15,000	Inflation	15,345	15,713	16,090	16,476
174	Equipment Rental	341,621	0	341,621	Inflation	349,478	357,865	366,454	375,249
175	Self-Insurance Assessment	192,021	0	192,021	Inflation	196,437	201,151	205,979	210,922
176	Repair and Maintenance	456,000	0	456,000	Repair	470,227	484,898	500,027	515,628
177	Other Administrative Fees	3,000	0	3,000	Inflation	3,069	3,143	3,218	3,295
178	Indirect Costs	312,341	0	312,341	Inflation	319,525	327,194	335,047	343,088
179	General Office Supplies	2,500	0	2,500	Inflation	2,558	2,619	2,682	2,746
180	Operating Supplies	324,126	0	324,126	Inflation	331,581	339,539	347,688	356,033
181	Subscriptions, Memberships and Educational Expenses	5,500	0	5,500	Inflation	5,627	5,762	5,900	6,042
182	Capital Outlay - Furniture and Equipment [2]	200,000	(200,000)	0	Inflation	(20,000)	(20,480)	(20,972)	(21,475)
183	Capital Outlay - Vehicle and Rolling Stock [2]	185,000	(185,000)	0	Inflation	(192,500)	(197,120)	(201,851)	(206,695)
184	Total	\$6,636,431	(\$385,000)	\$6,251,431		\$6,219,419	\$6,401,798	\$6,589,597	\$6,782,980
Water Production - Olga (# 53601)									
185	Salaries and Wages	\$577,783	\$0	\$577,783	Labor	\$595,116	\$612,969	\$631,358	\$650,299
186	Health Insurance	173,700	0	173,700	MedIns	179,797	186,108	192,640	199,402
187	Other Benefits	108,552	0	108,552	Labor	111,809	115,163	118,618	122,177
188	Professional Services	80,000	0	80,000	Inflation	81,840	83,804	85,815	87,875
189	Other Contracted Services	231,967	0	231,967	Inflation	237,302	242,997	248,829	254,801
190	Communication	7,503	0	7,503	Inflation	7,676	7,860	8,049	8,242
191	Water and Sewer	399,000	0	399,000	Inflation	408,177	417,973	428,004	438,276
192	Equipment Rental	10,591	0	10,591	Inflation	10,835	11,095	11,361	11,634
193	Self-Insurance Assessment	32,852	0	32,852	Insurance	33,608	34,415	35,241	36,087
194	Repair and Maintenance	90,000	0	90,000	Repair	92,808	95,704	98,690	101,769
195	Other Administrative Fees	2,000	0	2,000	Inflation	2,046	2,095	2,145	2,196
196	Indirect Costs	58,304	0	58,304	Inflation	59,645	61,076	62,542	64,043
197	General Office Supplies	2,500	0	2,500	Inflation	2,558	2,619	2,682	2,746
198	Operating Supplies	380,179	0	380,179	WTP_OP	395,752	411,840	428,471	445,649
199	Subscriptions, Memberships and Educational Expenses	3,050	0	3,050	Inflation	3,120	3,195	3,272	3,351
200	Capital Outlay - Furniture and Equipment [2]	10,000	(10,000)	0	Inflation	(13,000)	(13,312)	(13,631)	(13,958)
201	Total	\$2,167,981	(\$10,000)	\$2,157,981		\$2,209,089	\$2,275,601	\$2,344,086	\$2,414,589
Water Production - Corkscrew (# 53618)									
202	Salaries and Wages	\$650,401	\$0	\$650,401	Labor	\$669,913	\$690,010	\$710,710	\$732,031
203	Health Insurance	165,720	0	165,720	MedIns	171,537	177,558	183,790	190,241
204	Other Benefits	119,644	0	119,644	Labor	123,233	126,930	130,738	134,660
205	Professional Services	175,000	0	175,000	Inflation	179,025	183,322	187,722	192,227
206	Other Contracted Services	259,070	0	259,070	Inflation	265,029	271,390	277,903	284,573
207	Communication	12,004	0	12,004	Inflation	12,280	12,575	12,877	13,186
208	Water and Sewer	800,000	0	800,000	Inflation	818,400	838,042	858,155	878,751
209	Equipment Rental	10,283	0	10,283	Inflation	10,520	10,772	11,031	11,296
210	Self-Insurance Assessment	46,573	0	46,573	Inflation	47,644	48,787	49,958	51,157
211	Repair and Maintenance	185,000	0	185,000	Repair	190,772	196,724	202,862	209,191
212	Other Administrative Fees	2,000	0	2,000	Inflation	2,046	2,095	2,145	2,196
213	Indirect Costs	83,291	0	83,291	Inflation	85,207	87,252	89,346	91,490
214	General Office Supplies	2,000	0	2,000	Inflation	2,046	2,095	2,145	2,196
215	Operating Supplies	1,381,072	0	1,381,072	WTP_OP	1,437,646	1,496,089	1,556,503	1,618,904
216	Subscriptions, Memberships and Educational Expenses	3,050	0	3,050	Inflation	3,120	3,195	3,272	3,351
217	Capital Outlay - Furniture and Equipment [2]	15,000	(15,000)	0	Inflation	(15,000)	(15,360)	(15,729)	(16,106)
218	Total	\$3,910,108	(\$15,000)	\$3,895,108		\$4,003,418	\$4,131,476	\$4,263,428	\$4,399,344
Water Production - Waterway Estates (# 53625)									
Total		\$0	\$0	\$0		\$0	\$0	\$0	\$0
Water Production - College Parkway (# 53626)									
Total		\$0	\$0	\$0		\$0	\$0	\$0	\$0
Water Production - Green Meadows (# 53627)									
219	Salaries and Wages	\$631,394	\$0	\$631,394	Labor	\$650,336	\$669,846	\$689,941	\$710,639
220	Health Insurance	152,340	0	152,340	MedIns	157,687	163,222	168,951	174,881
221	Other Benefits	117,182	0	117,182	Labor	120,697	124,318	128,048	131,889
222	Professional Services	135,000	0	135,000	Inflation	138,105	141,420	144,814	148,290
223	Other Contracted Services	243,795	0	243,795	Inflation	249,402	255,388	261,517	267,793
224	Communication	42,730	0	42,730	Inflation	43,713	44,762	45,836	46,936
225	Water and Sewer	1,158,000	0	1,158,000	Inflation	1,184,634	1,213,065	1,242,179	1,271,991
226	Equipment Rental	6,952	0	6,952	Inflation	7,112	7,283	7,458	7,637
227	Self-Insurance Assessment	48,236	0	48,236	Inflation	49,345	50,529	51,742	52,984
228	Repair and Maintenance	241,000	0	241,000	Repair	248,519	256,273	264,269	272,514
229	Other Administrative Fees	2,000	0	2,000	Inflation	2,046	2,095	2,145	2,196
230	Indirect Costs	83,291	0	83,291	Inflation	85,207	87,252	89,346	91,490
231	General Office Supplies	2,000	0	2,000	Inflation	2,046	2,095	2,145	2,196
232	Operating Supplies	1,179,039	0	1,179,039	WTP_OP	1,227,337	1,277,230	1,328,806	1,382,078
233	Subscriptions, Memberships and Educational Expenses	2,500	0	2,500	Inflation	2,558	2,619	2,682	2,746
234	Capital Outlay - Furniture and Equipment [2]	10,000	(10,000)	0	Inflation	(10,000)	(10,240)	(10,486)	(10,738)
235	Capital Outlay - Vehicle and Rolling Stock [2]	25,000	(25,000)	0	Inflation	0	0	0	0
236	Total	\$4,080,459	(\$35,000)	\$4,045,459		\$4,158,744	\$4,287,157	\$4,419,393	\$4,555,522

Table 5

Lee County, Florida
Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

Projection of Utility Operating Expenses [1]

Line No.	Description	2023 Budget	Adjustments	Adjusted 2023	Escalation Reference	Fiscal Year Ending September 30,			
						2024	2025	2026	2027
Water Production - Pine Woods (# 53619)									
237	Salaries and Wages	\$562,953	\$0	\$562,953	Labor	\$579,842	\$597,237	\$615,154	\$633,609
238	Health Insurance	173,700	0	173,700	MedIns	179,797	186,108	192,640	199,402
239	Other Benefits	101,320	0	101,320	Labor	104,360	107,491	110,716	114,037
240	Professional Services	75,000	0	75,000	Inflation	76,725	78,566	80,452	82,383
241	Other Contracted Services	182,897	0	182,897	Inflation	187,104	191,594	196,192	200,901
242	Communication	15,002	0	15,002	Inflation	15,347	15,715	16,092	16,478
243	Freight and Postage	500	0	500	Inflation	512	524	537	550
244	Water and Sewer	444,000	0	444,000	Inflation	454,212	465,113	476,276	487,707
245	Equipment Rental	8,138	0	8,138	Inflation	8,325	8,525	8,730	8,940
246	Self-Insurance Assessment	43,673	0	43,673	Inflation	44,677	45,749	46,847	47,971
247	Repair and Maintenance	160,500	0	160,500	Repair	165,508	170,672	175,997	181,488
248	Other Administrative Fees	2,000	0	2,000	Inflation	2,046	2,095	2,145	2,196
249	Indirect Costs	74,962	0	74,962	Inflation	76,686	78,526	80,411	82,341
250	General Office Supplies	1,500	0	1,500	Inflation	1,535	1,572	1,610	1,649
251	Operating Supplies	368,617	0	368,617	WTP_OP	383,717	399,316	415,441	432,096
252	Subscriptions, Memberships and Educational Expenses	2,000	0	2,000	Inflation	2,046	2,095	2,145	2,196
253	Capital Outlay - Furniture and Equipment [2]	10,000	(10,000)	0	Inflation	(12,000)	(12,288)	(12,583)	(12,885)
254	Total	\$2,226,762	(\$10,000)	\$2,216,762		\$2,270,439	\$2,338,610	\$2,408,802	\$2,481,059
Water Production - North Lee County (# 53631)									
255	Salaries and Wages	\$588,630	\$0	\$588,630	Labor	\$606,289	\$624,478	\$643,212	\$662,508
256	Health Insurance	159,720	0	159,720	MedIns	165,326	171,129	177,136	183,353
257	Other Benefits	111,972	0	111,972	Labor	115,331	118,791	122,355	126,026
258	Professional Services	125,000	0	125,000	Inflation	127,875	130,944	134,087	137,305
259	Other Contracted Services	230,449	0	230,449	Inflation	235,749	241,407	247,201	253,134
260	Communication	29,254	0	29,254	Inflation	29,927	30,645	31,380	32,133
261	Freight and Postage	100	0	100	Inflation	102	104	106	109
262	Water and Sewer	700,000	0	700,000	Inflation	716,100	733,286	750,885	768,906
263	Equipment Rental	18,447	0	18,447	Inflation	18,871	19,324	19,788	20,263
264	Self-Insurance Assessment	47,409	0	47,409	Inflation	48,499	49,663	50,855	52,076
265	Repair and Maintenance	230,000	0	230,000	Repair	237,176	244,576	252,207	260,076
266	Other Administrative Fees	2,000	0	2,000	Inflation	2,046	2,095	2,145	2,196
267	Indirect Costs	83,291	0	83,291	Inflation	85,207	87,252	89,346	91,490
268	General Office Supplies	2,500	0	2,500	Inflation	2,558	2,619	2,682	2,746
269	Operating Supplies	615,619	0	615,619	WTP_OP	640,837	666,888	693,818	721,633
270	Subscriptions, Memberships and Educational Expenses	2,000	0	2,000	Inflation	2,046	2,095	2,145	2,196
271	Capital Outlay - Furniture and Equipment [2]	10,000	(10,000)	0	Inflation	(10,000)	(10,240)	(10,486)	(10,738)
272	Total	\$2,956,391	(\$10,000)	\$2,946,391		\$3,023,939	\$3,115,056	\$3,208,862	\$3,305,412
Sewer Operations (# 53606)									
273	Salaries and Wages	\$221,012	\$0	\$221,012	Labor	\$227,642	\$234,471	\$241,505	\$248,750
274	Health Insurance	43,920	0	43,920	MedIns	45,462	47,058	48,710	50,420
275	Other Benefits	45,418	0	45,418	Labor	46,781	48,184	49,630	51,119
276	Professional Services	150,000	0	150,000	Inflation	153,450	157,133	160,904	164,766
277	Other Contracted Services	15,000	0	15,000	Inflation	15,345	15,713	16,090	16,476
278	Travel and Per Diem	2,000	0	2,000	Inflation	2,046	2,095	2,145	2,196
279	Water and Sewer	5,000	0	5,000	Inflation	5,115	5,238	5,364	5,493
280	Self-Insurance Assessment	13,332	0	13,332	Insurance	13,639	13,966	14,301	14,644
281	Repair and Maintenance	1,500	0	1,500	Repair	1,547	1,595	1,645	1,696
282	Indirect Costs	16,658	0	16,658	Inflation	17,041	17,450	17,869	18,298
283	Operating Supplies	4,000	0	4,000	WWTP_OP	4,162	4,329	4,502	4,680
284	Subscriptions, Memberships and Educational Expenses	2,800	0	2,800	Inflation	2,864	2,933	3,003	3,075
285	Total	\$520,640	\$0	\$520,640		\$535,094	\$550,165	\$565,668	\$581,613
Wastewater Collection (# 53604)									
286	Salaries and Wages	\$2,019,846	\$0	\$2,019,846	Labor	\$2,080,441	\$2,142,854	\$2,207,140	\$2,273,354
287	Health Insurance	564,000	0	564,000	MedIns	583,796	604,287	625,497	647,452
288	Other Benefits	370,370	0	370,370	Labor	381,481	392,925	404,713	416,854
289	Professional Services	300,000	0	300,000	Inflation	306,900	314,266	321,808	329,531
290	Other Contracted Services	161,731	0	161,731	Inflation	165,451	169,422	173,488	177,652
291	Travel and Per Diem	1,000	0	1,000	Inflation	1,023	1,048	1,073	1,099
292	Communication	55,000	0	55,000	Inflation	56,265	57,615	58,998	60,414
293	Freight and Postage	700	0	700	Inflation	716	733	751	769
294	Water and Sewer	900,000	0	900,000	Inflation	920,700	942,797	965,424	988,594
295	Equipment Rental	321,692	0	321,692	Inflation	329,091	336,989	345,077	353,359
296	Self-Insurance Assessment	150,858	0	150,858	Insurance	154,328	158,032	161,825	165,709
297	Repair and Maintenance	751,000	0	751,000	Repair	774,431	798,593	823,509	849,202
298	Printing	1,000	0	1,000	Inflation	1,023	1,048	1,073	1,099
299	Other Administrative Fees	3,000	0	3,000	Inflation	3,069	3,143	3,218	3,295
300	Indirect Costs	237,379	0	237,379	Inflation	242,839	248,667	254,635	260,746
301	General Office Supplies	4,000	0	4,000	Inflation	4,092	4,190	4,291	4,394
302	Operating Supplies	1,220,942	0	1,220,942	WWTP_OP	1,270,252	1,321,232	1,373,937	1,428,314
303	Subscriptions, Memberships and Educational Expenses	6,500	0	6,500	Inflation	6,650	6,810	6,973	7,140
304	Capital Outlay - Furniture and Equipment [2]	150,000	(150,000)	0	Inflation	(20,000)	(20,480)	(20,972)	(21,475)
305	Capital Outlay - Vehicle and Rolling Stock [2]	195,000	(195,000)	0	Inflation	(250,000)	(256,000)	(262,144)	(268,435)
306	Total	\$7,414,018	(\$345,000)	\$7,069,018		\$7,012,548	\$7,228,171	\$7,450,314	\$7,679,067
Wastewater Treatment - Beach (# 53605)									
307	Salaries and Wages	\$796,715	\$0	\$796,715	Labor	\$820,616	\$845,234	\$870,591	\$896,709
308	Health Insurance	214,140	0	214,140	MedIns	221,656	229,436	237,489	245,825
309	Other Benefits	144,216	0	144,216	Labor	148,542	152,998	157,588	162,316
310	Professional Services	235,000	0	235,000	Inflation	240,405	246,175	252,083	258,133
311	Other Contracted Services	144,346	0	144,346	Inflation	147,666	151,210	154,839	158,555
312	Travel and Per Diem	500	0	500	Inflation	512	524	537	550
313	Communication	12,002	0	12,002	Inflation	12,278	12,573	12,875	13,184
314	Water and Sewer	550,000	0	550,000	Inflation	562,650	576,154	589,982	604,142
315	Equipment Rental	14,040	0	14,040	Inflation	14,363	14,708	15,061	15,422
316	Self-Insurance Assessment	45,122	0	45,122	Insurance	46,160	47,268	48,402	49,564

Lee County, Florida
Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

Projection of Utility Operating Expenses [1]

Line No.	Description	2023 Budget	Adjustments	Adjusted 2023	Escalation Reference	Fiscal Year Ending September 30,			
						2024	2025	2026	2027
317	Repair and Maintenance	323,500	0	323,500	Repair	333,593	344,001	354,734	365,802
318	Other Administrative Fees	10,000	0	10,000	Inflation	10,230	10,476	10,727	10,984
319	Indirect Costs	79,127	0	79,127	Inflation	80,947	82,890	84,879	86,916
320	General Office Supplies	2,500	0	2,500	Inflation	2,558	2,619	2,682	2,746
321	Operating Supplies	573,356	0	573,356	WWTP_OP	596,512	620,452	645,202	670,738
322	Subscriptions, Memberships and Educational Expenses	2,700	0	2,700	Inflation	2,762	2,828	2,896	2,966
323	Capital Outlay - Furniture and Equipment [2]	15,000	(15,000)	0	Inflation	(15,000)	(15,360)	(15,729)	(16,106)
324	Capital Outlay - Vehicle and Rolling Stock [2]	12,000	(12,000)	0	Inflation	0	0	0	0
325	Total	\$3,174,264	(\$27,000)	\$3,147,264		\$3,226,450	\$3,324,186	\$3,424,838	\$3,528,446
Wastewater Treatment - Fiesta Village (# 53624)									
326	Salaries and Wages	\$824,900	\$0	\$824,900	Labor	\$849,647	\$875,136	\$901,390	\$928,432
327	Health Insurance	236,100	0	236,100	MedIns	244,387	252,965	261,844	271,035
328	Other Benefits	154,072	0	154,072	Labor	158,694	163,455	168,359	173,410
329	Professional Services	100,000	0	100,000	Inflation	102,300	104,755	107,269	109,843
330	Other Contracted Services	395,967	0	395,967	Inflation	405,074	414,796	424,751	434,945
331	Travel and Per Diem	500	0	500	Inflation	512	524	537	550
332	Communication	15,005	0	15,005	Inflation	15,350	15,718	16,095	16,481
333	Freight and Postage	750	0	750	Inflation	767	785	804	823
334	Water and Sewer	435,000	0	435,000	Inflation	445,005	455,685	466,621	477,820
335	Equipment Rental	79,149	0	79,149	Inflation	80,969	82,912	84,902	86,940
336	Self-Insurance Assessment	50,534	0	50,534	Insurance	51,696	52,937	54,207	55,508
337	Repair and Maintenance	265,000	0	265,000	Repair	273,268	281,794	290,586	299,652
338	Other Administrative Fees	8,000	0	8,000	Inflation	8,184	8,380	8,581	8,787
339	Indirect Costs	87,456	0	87,456	Inflation	89,467	91,614	93,813	96,065
340	General Office Supplies	2,200	0	2,200	Inflation	2,251	2,305	2,360	2,417
341	Operating Supplies	525,225	0	525,225	WWTP_OP	546,437	568,368	591,041	614,433
342	Subscriptions, Memberships and Educational Expenses	3,250	0	3,250	Inflation	3,325	3,405	3,487	3,571
343	Capital Outlay - Furniture and Equipment [2]	10,000	(10,000)	0	Inflation	(290,000)	(296,960)	(304,087)	(311,385)
344	Capital Outlay - Vehicle and Rolling Stock [2]	240,000	(240,000)	0	Inflation	0	0	0	0
345	Total	\$3,433,108	(\$250,000)	\$3,183,108		\$2,987,333	\$3,078,574	\$3,172,560	\$3,269,327
Wastewater Treatment - Matlacha / Pine Island (# 53651)									
346	Salaries and Wages	\$164,598	\$0	\$164,598	Labor	\$169,536	\$174,622	\$179,861	\$185,257
347	Health Insurance	43,920	0	43,920	MedIns	45,462	47,058	48,710	50,420
348	Other Benefits	27,127	0	27,127	Labor	27,941	28,779	29,642	30,531
349	Professional Services	55,000	0	55,000	Inflation	56,265	57,615	58,998	60,414
350	Other Contracted Services	79,795	0	79,795	Inflation	81,630	83,589	85,595	87,649
351	Travel and Per Diem	500	0	500	Inflation	512	524	537	550
352	Communication	10,001	0	10,001	Inflation	10,231	10,477	10,728	10,985
353	Water and Sewer	68,000	0	68,000	Inflation	69,564	71,234	72,944	74,695
354	Equipment Rental	9,054	0	9,054	Inflation	9,262	9,484	9,712	9,945
355	Self-Insurance Assessment	14,558	0	14,558	Insurance	14,893	15,250	15,616	15,991
356	Repair and Maintenance	81,000	0	81,000	Repair	83,527	86,133	88,820	91,591
357	Other Administrative Fees	500	0	500	Inflation	512	524	537	550
358	Indirect Costs	24,987	0	24,987	Inflation	25,562	26,175	26,803	27,446
359	General Office Supplies	1,000	0	1,000	Inflation	1,023	1,048	1,073	1,099
360	Operating Supplies	60,000	0	60,000	WWTP_OP	62,423	64,928	67,518	70,190
361	Subscriptions, Memberships and Educational Expenses	2,000	0	2,000	Inflation	2,046	2,095	2,145	2,196
362	Capital Outlay - Furniture and Equipment [2]	5,000	(5,000)	0	Inflation	(2,000)	(2,048)	(2,097)	(2,147)
363	Total	\$647,040	(\$5,000)	\$642,040		\$658,389	\$677,487	\$697,142	\$717,362
Wastewater Treatment - Gateway (# 53628)									
364	Salaries and Wages	\$477,204	\$0	\$477,204	Labor	\$491,520	\$506,266	\$521,454	\$537,098
365	Health Insurance	136,260	0	136,260	MedIns	141,043	145,994	151,118	156,422
366	Other Benefits	84,404	0	84,404	Labor	86,936	89,544	92,230	94,997
367	Professional Services	55,000	0	55,000	Inflation	56,265	57,615	58,998	60,414
368	Other Contracted Services	95,897	0	95,897	Inflation	98,103	100,457	102,868	105,337
369	Travel and Per Diem	500	0	500	Inflation	512	524	537	550
370	Communication	13,067	0	13,067	Inflation	13,368	13,689	14,018	14,354
371	Freight and Postage	100	0	100	Inflation	102	104	106	109
372	Water and Sewer	256,000	0	256,000	Inflation	261,888	268,173	274,609	281,200
373	Equipment Rental	9,982	0	9,982	Inflation	10,212	10,457	10,708	10,965
374	Self-Insurance Assessment	21,418	0	21,418	Insurance	21,911	22,437	22,975	23,526
375	Repair and Maintenance	75,500	0	75,500	Repair	77,856	80,285	82,790	85,373
376	Other Administrative Fees	500	0	500	Inflation	512	524	537	550
377	Indirect Costs	37,481	0	37,481	Inflation	38,343	39,263	40,205	41,170
378	General Office Supplies	2,000	0	2,000	Inflation	2,046	2,095	2,145	2,196
379	Operating Supplies	124,407	0	124,407	WWTP_OP	129,431	134,626	139,996	145,537
380	Subscriptions, Memberships and Educational Expenses	2,000	0	2,000	Inflation	2,046	2,095	2,145	2,196
381	Capital Outlay - Furniture and Equipment [2]	12,000	(12,000)	0	Inflation	(2,500)	(2,560)	(2,621)	(2,684)
382	Total	\$1,403,720	(\$12,000)	\$1,391,720		\$1,429,594	\$1,471,588	\$1,514,818	\$1,559,310
Wastewater Treatment - Three Oaks (# 53629)									
383	Salaries and Wages	\$707,769	\$0	\$707,769	Labor	\$729,002	\$750,872	\$773,398	\$796,600
384	Health Insurance	208,140	0	208,140	MedIns	215,446	223,008	230,836	238,938
385	Other Benefits	131,715	0	131,715	Labor	135,666	139,736	143,928	148,246
386	Professional Services	80,000	0	80,000	Inflation	81,840	83,804	85,815	87,875
387	Other Contracted Services	91,621	0	91,621	Inflation	93,728	95,977	98,280	100,639
388	Travel and Per Diem	500	0	500	Inflation	512	524	537	550
389	Communication	15,001	0	15,001	Inflation	15,346	15,714	16,091	16,477
390	Freight and Postage	200	0	200	Inflation	205	210	215	220
391	Water and Sewer	532,000	0	532,000	Inflation	544,236	557,298	570,673	584,369
392	Equipment Rental	17,327	0	17,327	Inflation	17,726	18,151	18,587	19,033
393	Self-Insurance Assessment	54,269	0	54,269	Insurance	55,517	56,849	58,213	59,610
394	Repair and Maintenance	137,500	0	137,500	Repair	141,790	146,214	150,776	155,480
395	Other Administrative Fees	1,500	0	1,500	Inflation	1,535	1,572	1,610	1,649
396	Indirect Costs	95,785	0	95,785	Inflation	97,988	100,340	102,748	105,214
397	General Office Supplies	2,200	0	2,200	Inflation	2,251	2,305	2,360	2,417
398	Operating Supplies	226,399	0	226,399	WWTP_OP	235,543	244,996	254,769	264,852
399	Subscriptions, Memberships and Educational Expenses	6,550	0	6,550	Inflation	6,701	6,862	7,027	7,196
400	Capital Outlay - Furniture and Equipment [2]	10,000	(10,000)	0	Inflation	(10,000)	(10,240)	(10,486)	(10,738)
401	Total	\$2,318,476	(\$10,000)	\$2,308,476		\$2,365,032	\$2,434,192	\$2,505,377	\$2,578,627

Lee County, Florida
Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

Projection of Utility Operating Expenses [1]

Line No.	Description	2023 Budget	Adjustments	Adjusted 2023	Escalation Reference	Fiscal Year Ending September 30,			
						2024	2025	2026	2027
	Wastewater Treatment - FGUA Interlocal (# 53653)								
402	Other Contracted Services	\$2,000,000	\$179,768	\$2,179,768	Input	\$2,020,322	\$2,022,489	\$2,024,511	\$2,026,536
403	Total	\$2,000,000	\$179,768	\$2,179,768		\$2,020,322	\$2,022,489	\$2,024,511	\$2,026,536
	Wastewater Treatment Contract (# 53603)								
404	Other Contracted Services	\$11,500,000	\$0	\$11,500,000	Treat	\$11,845,000	\$12,200,350	\$12,566,361	\$12,943,352
405	Total	\$11,500,000	\$0	\$11,500,000		\$11,845,000	\$12,200,350	\$12,566,361	\$12,943,352
	Non-Departmental (# 51903)								
406	Other Post Employment Benefits (OPEB)	\$0	\$225,000	\$225,000	Labor	\$231,750	\$238,703	\$245,864	\$253,240
407	Budget Adjustment to \$80m and 5% O&M Escalation Assumption [3]	0	979,148	979,148	Input	3,866,414	5,708,103	7,187,230	8,811,623
408	Hurricane Ian Impacts (O&M)	0	11,900,000	11,900,000	Input	5,400,000	4,900,000	2,400,000	0
409	Contingency [4]	0	273,629	273,629	Input	298,915	332,163	368,885	409,425
410	Customer Deposit Interest Expense	0	53,242	53,242	Input	55,019	56,829	58,673	60,549
	Non-Departmental (#53600)								
411	Capital Outlay - Vehicle and Rolling Stock [2]	\$350,000	(\$350,000)	\$0		0	0	0	0
412	Total	\$350,000	\$13,081,019	\$13,431,019		\$9,852,098	\$11,235,798	\$10,260,652	\$9,534,837
413	Total Operating Expenses	<u>\$80,097,088</u>	<u>\$11,802,912</u>	<u>\$91,900,000</u>		<u>\$89,400,000</u>	<u>\$93,100,000</u>	<u>\$95,010,000</u>	<u>\$97,240,000</u>

Footnotes:

- [1] Amounts shown based on the adopted fiscal year 2023 budget. Projected amounts in subsequent years escalated based on the escalation reference factors listed as listed in Table 4.
[2] Adjustments shown to the Fiscal Year 2023 adopted and reflect the reclassification of budgeted departmental capital outlay as capital costs which are recognized in the CIP as shown on Table 6.
[3] Adjustment to recognize 5.0% growth in operating expenses to account for increased rate of inflation and incremental operating expenses related to LCU's capital improvement plan.
[4] Amounts shown calculated based on a contingency factor ranging from 0.25% and increasing to 0.65% during the Forecast Period as applied to projected operating expenses in each respective fiscal year.

Table 6

Lee County, Florida
Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

Estimated Capital Improvement Program (CIP) Funding Plan

Line No.	Project No.	Description	Programmed Funding Source	Recognized Funding Source	Fiscal Year Ending September 30,					Total	
					Adjusted 2023	2024	2025	2026	2027		
WATER TREATMENT PLANTS											
36	20078148712	Green Meadows WTP Upgrades	12	12	\$500,000	\$0	\$0	\$0	\$0	\$500,000	
37	20077948730	Corkscrew Wellfield Expansion	30	12	500,000	0	0	0	0	500,000	
38	20078448730	Pinewoods Wellfield - 3 Well Expansion	30	30	0	0	0	3,500,000	0	3,500,000	
39		Pinewoods Wellfield - 3 Well Expansion	30	12	250,000	0	0	3,500,000	0	3,750,000	
	TBD	NLC WTP RO Pump Upgrades	30	12	0	0	0	0	0	0	
40	20078648720	US41 South (Island Park Road to Johnathan's Bay Drive)	20	20	250,000	0	800,000	0	0	1,050,000	
41	20074948712	GM WTP Wellfield Expansion Ph II	12	12	800,000	1,600,000	3,500,000	3,500,000	4,000,000	13,400,000	
42	20746148730	GREEN MEADOWS WTP SECOND DIW	30	12	500,000	200,000	7,000,000	7,500,000	0	15,200,000	
43	20063348712	NLC WTP EXPANSION TO 15 MGD	12	12	48,048	0	0	0	0	48,048	
44	20063348730	NLC WTP EXPANSION TO 15 MGD (last year approved for \$39.7	30	12	0	3,500,000	2,000,000	0	0	5,500,000	
45	200633487xx	NLC WTP EXPANSION TO 15 MGD	30	D1-E	19,212,800	0	0	0	0	19,212,800	
46	200633487xx	NLC WTP EXPANSION TO 15 MGD (last year approved for \$39.7	30	Grants	0	4,000,000	4,500,000	0	0	8,500,000	
47	20761948712	NLC WTP WELLFIELD EXPANSION TO 15 MGD	12	12	2,342,830	3,725,000	8,500,000	0	0	14,567,830	
48	20761948730	NLC WTP WELLFIELD EXPANSION TO 15 MGD	30	12	3,308,022	0	0	7,225,000	0	10,533,022	
49	20762248720	CORKSCREW PRODUCTION WELL PANEL REPL	20	20	546,519	500,000	0	0	0	1,046,519	
50	20761848730	NORTH LEE COUNTY WTP DEEP INJECTION WELL #2	30	30	306,476	0	0	0	0	306,476	
WATER DISTRIBUTION											
51	20065548720	Lazy Days WM Replacement	20	20	\$359,932	\$0	\$0	\$0	\$0	\$359,932	
52	20062848730	NORTH-SOUTH WATER MAIN - SR 80 TO AHR	30	D1-NE	550,000	0	0	0	0	550,000	
53	20719348712	RSW TRANSMISSION LINES-BEN HILL/TREELINE	12	12	6,117,224	2,400,000	0	0	0	8,517,224	
54	20063948730	Tice Area WM Replacement (formerly Gibson Circle WM Improvements)	30	30	2,103,309	0	300,000	300,000	0	2,703,309	
55	20745848720	FIDDLESTICKS WATERMAIN REPLACEMENT	20	20	194,821	0	0	0	0	194,821	
56	20746448720	NEW POST RD WATERMAIN REPLACEMENT	20	20	1,449,897	0	0	0	0	1,449,897	
57	20718448730	SFM WATER TRANSMISSION LINE IMPR (Crystal Dr. Portion)	30	D1-NE	632,269	0	0	0	0	632,269	
58	20718348712	Waterway Transmission Line	12	12	107,386	0	0	0	0	107,386	
59	Total Capital Improvement Projects - Water System					\$59,973,500	\$32,702,387	\$47,399,095	\$35,136,595	\$7,031,595	\$182,243,172
CAPITAL PROJECTS -WASTEWATER SYSTEM											
Departmental Capital Outlay											
		Capital Outlay - Improvements Other Than Buildings	WWREV	WWREV	\$0	\$0	\$0	\$0	\$0	\$0	
60		Capital Outlay - Furniture and Equipment	WWREV	WWREV	\$531,829	\$531,829	\$531,829	\$531,829	\$531,829	\$2,659,145	
61		Capital Outlay - Vehicle and Rolling Stock	WWREV	WWREV	836,076	836,076	836,076	836,076	836,076	4,180,380	
62	Total Departmental Capital Outlay					\$1,367,905	\$1,367,905	\$1,367,905	\$1,367,905	\$1,367,905	\$6,839,525
NEW PROJECTS											
63	N/A	Hancock Bridge Sidewalk Utility Relocations- LCDOT	30	30	\$0	\$550,000	\$0	\$0	\$0	\$550,000	
64	N/A	LS 5507	20	20	0	600,000	1,000,000	0	0	1,600,000	
65	N/A	Long-Term LS Recovery and Hardening	30	30	0	500,000	3,000,000	3,000,000	3,000,000	9,500,000	
DOT/FDOT PROJECTS											
66	20730448730	FGCU SEWER	30	30	\$106,087	\$50,000	\$250,000	\$0	\$0	\$406,087	
67	20078048730	Cybersecurity Assessment & Improvements Project	30	30	375,000	675,000	0	0	0	1,050,000	
68	TBD	Alico Road Connector (LCDOT)	30	30	0	1,000,000	1,000,000	0	0	2,000,000	
69	20078348730	Metro Prkwy (FDOT)	30	30	250,000	0	250,000	3,250,000	0	3,750,000	
70	20074448730	Big Carlos Pass	30	30	750,000	381,625	0	0	0	1,131,625	
71	20067548730	Corkscrew Road Widening	30	30	2,036,974	2,785,000	3,500,000	0	0	8,321,974	
72	20741648730	DOT PROJECT UTILITY RELOCATIONS	30	20	890,868	250,000	250,000	250,000	250,000	1,890,868	

Table 6

Lee County, Florida
Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

Estimated Capital Improvement Program (CIP) Funding Plan

Line No.	Project No.	Description	Programmed Funding Source	Recognized Funding Source	Fiscal Year Ending September 30,					Total
					Adjusted 2023	2024	2025	2026	2027	
73	20075048730	ORTIZ UTILITY RELOCATION (MARTIN LUTHER KING - LUCKETT)	30	30	250,000	0	1,000,000	2,000,000	0	3,250,000
74	20742648730	WATER / SEWER LINE RELOC. THREE OAKS EXT (THREE OAKS EXT)	30	30	373,949	0	1,000,000	500,000	0	1,873,949
75	20067448730	Colonial Diamond Diversion	30	30	26,104	0	0	0	0	26,104
76	20732648730	ESTERO BLVD FM RELOCATION	30	30	150,286	0	0	0	0	150,286
77	20063448730	HURRICANE BAY BRIDGE SCOUR PROT - UTIL RELOC	30	30	382,491	0	0	0	0	382,491
REPAIR & REPLACEMENT										
78	20078548730	Three Oaks Second DIW	30	30	\$500,000	\$1,300,000	\$7,500,000	\$7,500,000	\$0	\$16,800,000
79	20065648720	ORTIZ AVE. FM FROM SR82 TO COLONIAL	20	20	2,289,969	1,000,000	0	0	0	3,289,969
80	20722948730	WASTEWATER SYSTEM IMPROVEMENTS	30	20	563,868	700,000	700,000	700,000	350,000	3,013,868
81	20078248730	Littleton Road Widening (LCDOT)	30	20	250,000	550,000	0	0	0	800,000
82	20742948730	ELECTRICAL EQUIP, SCADA, & INSTRUMENT UPGRADES & IMPI	30	20	178,326	105,000	105,000	117,500	67,500	573,326
83	20744448730	LCU GENERATOR REPL/IMPR	30	20	652,875	25,000	1,250,000	100,000	25,000	2,052,875
84	20762348730	REMOTE TELEMETRY REPLACEMENTS	30	20	118,496	0	0	0	0	118,496
85	20500948730	WILD TURKEY STRAND REGIONAL SITE	30	20	2,703,179	0	0	0	0	2,703,179
86	20745448730	OPERATIONS BUILDING REPLACEMENT	30	20	207,943	0	0	0	0	207,943
87	20745648730	SECONDARY CONTAINMENTS FOR CHEMICAL TANKS	30	20	420,000	1,320,000	0	0	0	1,740,000
89	N/A	Adjustment for Revised Hurricane Ian Repairs	30	30	500,000	1,500,000	3,350,000	(2,350,000)	(2,250,000)	750,000
MAJOR MAINTENANCE										
90	40400748730	ENVIRONMENTAL MITIGATION	30	30	\$75,408	\$41,667	\$75,000	\$75,000	\$75,000	\$342,074
91	40327148720	INFLOW AND INFILTRATION REHAB/REPLACEMENTS (MM)	20	20	1,100,000	1,100,000	1,100,000	1,100,000	900,000	5,300,000
92	40730948720	WASTEWATER COLLECTION SYSTEM REHAB & REPLACEMENT	20	20	650,000	650,000	650,000	650,000	650,000	3,250,000
93	40731748720	WWTP REHABILITATION & REPLACEMENTS	20	20	1,900,794	2,011,000	2,156,000	1,911,000	1,396,000	9,374,794
94	40711548730	PLANT DEMOLITIONS (MM)	20	20	1,570,262	0	0	0	0	1,570,262
WASTEWATER TREATMENT PLANTS										
95	200723487xx	FIESTA VILLAGE WWTP DEEP INJECTION WELL (See 0616 and 061	30	D1-E	\$8,678,602	\$0	\$0	\$0	\$0	\$8,678,602
96	20061648730	FIESTA WWTP REUSE MAIN UPGRADE (also see 9251 and 0617)	30	30	3,020,000	500,000	0	0	0	3,520,000
97	20067648730	FMB Belt Press Replacement	30	30	3,037,942	2,000,000	0	0	0	5,037,942
98	200723487xx	FMB DEEP INJECTION WELL #2 (also see 9251 and 0616)	30	D1-E	3,425,642	0	0	0	0	3,425,642
99	20074848720	FMB Filter Controls Upgrade	20	D1-NE	580,000	0	0	0	0	580,000
100	20062648720	FORT MYERS MAIN SWITCHGEAR REPLACEMENT	20	D1-NE	2,600,000	6,525,000	0	0	0	9,125,000
101	20072348713	THREE OAKS WRF Expansion	13	13	16,753,449	7,800,000	2,000,000	0	0	26,553,449
102	20072348713	THREE OAKS WRF Expansion	13	Grants	0	1,500,000	1,000,000	0	0	2,500,000
103	20746748713	SE WRF (SOUTH EAST WATER RECLAMATION FACILITY)	13	13	1,752,941	4,500,000	0	0	0	6,252,941
	20746748730	SE WRF (SOUTH EAST WATER RECLAMATION FACILITY)	30	30	0	0	0	0	0	0
104	20746748730	SE WRF (SOUTH EAST WATER RECLAMATION FACILITY)	30	D2-E	0	0	15,000,000	35,000,000	0	50,000,000
105	20746748730	SE WRF (SOUTH EAST WATER RECLAMATION FACILITY)	30	D3-E	0	0	0	0	35,000,000	35,000,000
	20746748730	SE WRF (SOUTH EAST WATER RECLAMATION FACILITY)	30	13	0	0	0	0	0	0
106	20746748730	SE WRF (SOUTH EAST WATER RECLAMATION FACILITY) Conting	30	30	0	5,000,000	0	0	13,200,000	18,200,000
107	20746748730	SE WRF (SOUTH EAST WATER RECLAMATION FACILITY) Conting	30	D2-E	0	0	15,000,000	15,000,000	0	30,000,000
108	20746748730	SE WRF (SOUTH EAST WATER RECLAMATION FACILITY) Conting	30	13	0	5,000,000	0	0	0	5,000,000
109	20067348730	SE Force Mains	30	30	500,000	0	0	0	6,000,000	6,500,000
110	20067348730	SE Force Mains	30	D2-E	0	0	6,500,000	12,000,000	0	18,500,000
111	20067348730	SE Force Mains	30	13	0	0	0	0	4,000,000	4,000,000
112	20713848730	WASTEWATER TREATMENT PLANT IMPROVEMENTS	30	30	334,930	145,000	445,000	645,000	195,000	1,764,930
113	20061948730	FMB WRF CAPACITY RESTORATION PROJECT (will conduct a facili	30	30	35,406	0	0	15,500,000	16,000,000	31,535,406

Table 6

Lee County, Florida
Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

Estimated Capital Improvement Program (CIP) Funding Plan

Line No.	Project No.	Description	Programmed Funding Source	Recognized Funding Source	Fiscal Year Ending September 30,					Total
					Adjusted 2023	2024	2025	2026	2027	
114	20061948730	FMB WRF CAPACITY RESTORATION PROJECT (will conduct a facili	30	D2-E	0	0	26,000,000	25,500,000	0	51,500,000
115	20061948730	FMB WRF CAPACITY RESTORATION PROJECT (will conduct a facili	30	D3-E	0	0	0	0	30,000,000	30,000,000
116	20061948713	FMB WRF CAPACITY RESTORATION PROJECT (will conduct a facili	13	13	2,000,000	3,000,000	15,000,000	5,000,000	0	25,000,000
117	20062048730	GATEWAY WWTP SLUDGE ROOF	30	D1-NE	50,000	0	0	0	0	50,000
118	20746548730	Pine Island WWTP Deep Bed Sand Filters	30	30	470,000	0	1,600,000	0	0	2,070,000
119	20925048730	FIESTA VILLAGE WWTP CONTROL SYSTEM UPGRADE	30	30	48,644	0	0	0	0	48,644
120	20745048730	FIESTA WWTP SLUDGE HANDLING	30	30	97,781	0	0	0	0	97,781
WASTEWATER COLLECTION SYSTEM										
121	20733448713	BEN HILL GRIFFIN FM IMPROVEMENTS S	13	13	\$3,398,985	\$4,112,000	\$0	\$0	\$0	\$7,510,985
122	20074648713	CFM FLOW DIVERSIONS	13	13	700,000	0	3,335,000	550,000	0	4,585,000
123	20074648713	CFM FLOW DIVERSIONS	13	20	0	0	0	2,300,000	0	2,300,000
124	20729348713	FIESTA VILLAGE SEWER COLL SYS IMPROV (Winkler Master Pump	13	13	2,320,496	0	0	0	0	2,320,496
125	20063848730	MASTER PUMP STATION 6600 UPGRADES	30	D1-NE	810,000	910,000	0	0	0	1,720,000
126	20065348730	Summerlin Rd 20inch FM Replacement	30	D1-NE	1,000,000	0	0	0	0	1,000,000
127	20072248730	COUNTY-WIDE SEPTIC CONVERSIONS	30	D1-NE	25,687	0	0	0	0	25,687
128	Total Capital Improvement Projects - Wastewater System									
					\$72,281,285	\$59,454,197	\$115,383,905	\$131,666,405	\$110,226,405	\$489,012,197
129	TOTAL CAPITAL IMPROVEMENT PROGRAM									
					\$132,254,785	\$92,156,583	\$162,783,000	\$166,803,000	\$117,258,000	\$671,255,368
WATER CAPITAL PROJECT SUMMARY BY TYPE										
130	EXPANSION				\$10,746,613	\$9,525,000	\$21,800,000	\$21,725,000	\$4,000,000	\$67,796,613
131	IMPROVEMENT RENEWAL OR REPLACEMENT				48,328,792	22,279,292	24,701,000	12,513,500	2,133,500	109,956,084
132	CAPITAL OUTLAY				898,095	898,095	898,095	898,095	898,095	4,490,475
133	TOTAL				\$59,973,500	\$32,702,387	\$47,399,095	\$35,136,595	\$7,031,595	\$182,243,172
WASTEWATER CAPITAL PROJECT SUMMARY BY TYPE										
134	EXPANSION				\$27,461,277	\$30,912,000	\$83,835,000	\$110,850,000	\$104,200,000	\$357,258,277
135	IMPROVEMENT RENEWAL OR REPLACEMENT				43,452,103	27,174,292	30,181,000	19,448,500	4,658,500	124,914,395
136	CAPITAL OUTLAY				1,367,905	1,367,905	1,367,905	1,367,905	1,367,905	6,839,525
137	TOTAL				\$72,281,285	\$59,454,197	\$115,383,905	\$131,666,405	\$110,226,405	\$489,012,197
WATER AND WASTEWATER CAPITAL PROJECT SUMMARY BY TYPE										
138	EXPANSION				\$38,207,890	\$40,437,000	\$105,635,000	\$132,575,000	\$108,200,000	\$425,054,890
139	IMPROVEMENT RENEWAL OR REPLACEMENT				91,780,895	49,453,583	54,882,000	31,962,000	6,792,000	234,870,478
140	CAPITAL OUTLAY				2,266,000	2,266,000	2,266,000	2,266,000	2,266,000	11,330,000
141	TOTAL				\$132,254,785	\$92,156,583	\$162,783,000	\$166,803,000	\$117,258,000	\$671,255,368
CAPITAL IMPROVEMENT PROGRAM FUNDING SOURCES - WATER ALLOCATION										
142	Water Connection Fees		12		\$15,165,453	\$11,425,000	\$21,000,000	\$21,725,000	\$4,000,000	\$73,315,453
143	Water and Sewer Renewal & Replacement		20		12,902,560	8,596,000	5,871,000	4,988,500	4,058,500	36,416,560
144	Capital Improvements		30		10,612,323	7,783,292	15,130,000	7,525,000	(1,925,000)	39,125,615
145	Water Rate Revenue		WREV		898,095	898,095	898,095	898,095	898,095	4,490,475
146	Capital Grants		Grants		0	4,000,000	4,500,000	0	0	8,500,000
147	Series 2023 Bank Note - Expansion		D1-E		19,212,800	0	0	0	0	19,212,800
148	Series 2023 Bank Note - Nonexpansion		D1-NE		1,182,269	0	0	0	0	1,182,269
151	2025 SRF Loan Issue - Expansion		D2-E		0	0	0	0	0	0
152	2025 SRF Loan Issue - Nonexpansion		D2-NE		0	0	0	0	0	0
153	Series 2027 Bonds - Expansion		D3-E		0	0	0	0	0	0

Table 6

Lee County, Florida
Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

Estimated Capital Improvement Program (CIP) Funding Plan

Line No.	Project No.	Description	Programmed Funding Source	Recognized Funding Source	Fiscal Year Ending September 30,					
					Adjusted 2023	2024	2025	2026	2027	Total
154	Total Allocated Water Funding Sources				\$59,973,500	\$32,702,387	\$47,399,095	\$35,136,595	\$7,031,595	\$182,243,172
CAPITAL IMPROVEMENT PROGRAM FUNDING SOURCES - WASTEWATER ALLOCATION										
155	Sewer Connection Fees		13		\$26,925,871	\$24,412,000	\$20,335,000	\$5,550,000	\$4,000,000	\$81,222,871
156	Water and Sewer Renewal & Replacement		20		13,496,578	8,311,000	7,211,000	7,128,500	3,638,500	39,785,578
157	Capital Improvements		30		13,321,000	16,428,292	22,970,000	30,120,000	36,220,000	119,059,292
158	Wastewater Rate Revenue		WWREV		1,367,905	1,367,905	1,367,905	1,367,905	1,367,905	6,839,525
159	Capital Grants		Grants		0	1,500,000	1,000,000	0	0	2,500,000
160	Series 2023 Bank Note - Expansion		D1-E		12,104,244	0	0	0	0	12,104,244
161	Series 2023 Bank Note - Nonexpansion		D1-NE		5,065,687	7,435,000	0	0	0	12,500,687
162	2025 SRF Loan Issue - Expansion		D2-E		0	0	62,500,000	87,500,000	0	150,000,000
164	2025 SRF Loan Issue - Nonexpansion		D2-NE		0	0	0	0	0	0
165	Series 2027 Bonds - Expansion		D3-E		0	0	0	0	65,000,000	65,000,000
166	Total Allocated Wastewater Funding Sources				\$72,281,285	\$59,454,197	\$115,383,905	\$131,666,405	\$110,226,405	\$489,012,197
TOTAL CAPITAL IMPROVEMENT PROGRAM FUNDING SOURCES										
167	Water Connection Fees		12		\$15,165,453	\$11,425,000	\$21,000,000	\$21,725,000	\$4,000,000	\$73,315,453
168	Sewer Connection Fees		13		26,925,871	24,412,000	20,335,000	5,550,000	4,000,000	81,222,871
169	Water and Sewer Renewal & Replacement		20		26,399,138	16,907,000	13,082,000	12,117,000	7,697,000	76,202,138
170	Capital Improvements		30		23,933,323	24,211,583	38,100,000	37,645,000	34,295,000	158,184,906
171	Water Rate Revenue		WREV		898,095	898,095	898,095	898,095	898,095	4,490,475
172	Wastewater Rate Revenue		WWREV		1,367,905	1,367,905	1,367,905	1,367,905	1,367,905	6,839,525
173	Capital Grants		Grants		0	5,500,000	5,500,000	0	0	11,000,000
174	Series 2023 Bank Note - Expansion		D1-E		31,317,044	0	0	0	0	31,317,044
175	Series 2023 Bank Note - Nonexpansion		D1-NE		6,247,956	7,435,000	0	0	0	13,682,956
176	2025 SRF Loan Issue - Expansion		D2-E		0	0	62,500,000	87,500,000	0	150,000,000
178	2025 SRF Loan Issue - Nonexpansion		D2-NE		0	0	0	0	0	0
179	Series 2027 Bonds - Expansion		D3-E		0	0	0	0	65,000,000	65,000,000
180	Total Allocated Funding Sources				\$132,254,785	\$92,156,583	\$162,783,000	\$166,803,000	\$117,258,000	\$671,255,368

Table 7

Lee County, Florida
Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

Development of Net Revenue Requirements for the System

Line No.	Description	Fiscal Year Ending September 30,					
		2023	2024	2025	2026	2027	2028
1	Total Operating Expenses [1]	\$91,900,000	\$89,400,000	\$93,100,000	\$95,010,000	\$97,240,000	\$102,102,000
	Debt Service						
2	Existing Bonds	\$19,584,821	\$19,580,229	\$19,582,568	\$19,580,777	\$18,821,107	\$16,713,596
3	Proposed Bonds	1,259,151	3,777,454	3,777,453	3,777,454	8,114,432	8,114,433
4	Existing SRF	2,850,787	2,850,788	2,850,787	2,850,788	2,850,788	2,850,787
5	Proposed SRF	0	0	0	0	9,997,072	9,997,072
6	Total Debt Service	\$23,694,759	\$26,208,471	\$26,210,808	\$26,209,019	\$39,783,399	\$37,675,888
	Other Miscellaneous Revenue Requirements						
7	Renewal & Replacement Transfer	\$9,260,000	\$11,700,000	\$12,700,000	\$14,100,000	\$15,600,000	\$17,200,000
8	Capital Improvement Fund	0	0	7,861,737	19,104,491	18,199,708	25,366,586
9	Capital Funded From Rate Revenues [2]	2,266,000	2,266,000	2,266,000	2,266,000	2,266,000	2,266,000
10	Deposits to Water Surcharge Fund [3]	140,000	140,000	140,000	140,000	140,000	140,000
11	Total Other Revenue Requirements	\$11,666,000	\$14,106,000	\$22,967,737	\$35,610,491	\$36,205,708	\$44,972,586
12	Gross Revenue Requirements	\$127,260,759	\$129,714,471	\$142,278,545	\$156,829,510	\$173,229,107	\$184,750,474
	Less Income and Funds From Other Sources						
13	Other Operating Revenues [4]	\$2,201,000	\$2,138,158	\$2,137,796	\$2,137,447	\$2,137,088	\$2,136,734
14	Wholesale Rate Revenues	4,062,018	4,069,920	4,149,403	4,229,206	4,309,331	4,317,817
15	Reuse System Revenues	1,183,836	1,183,836	1,183,836	1,183,836	1,183,836	1,183,836
16	Interest Income [5]	2,287,908	1,783,165	1,430,245	1,213,092	1,316,965	1,432,224
17	Other Non-Operating Revenues [6]	590,435	512,219	512,099	511,981	511,860	511,739
18	Total Net Revenue Requirements	\$116,935,562	\$120,027,173	\$132,865,166	\$147,553,948	\$163,770,027	\$175,168,124
	Revenue from Rates						
19	Identified Rate Adjustments	8.00%	8.00%	8.00%	8.00%	8.00%	0.00%
20	Effective Months of Rate Adjustment [7]	3.0	3.0	3.0	3.0	3.0	3.0
21	System Revenue from Existing Rates	\$107,305,629	\$108,538,638	\$111,676,925	\$114,837,449	\$118,014,590	\$119,218,760
22	Revenue From Current Period Rate Adjustments	980,886	5,043,115	9,694,912	14,977,661	20,957,456	25,639,508
23	Revenue From Prior Period Rate Adjustments	1,165,227	5,984,410	11,493,329	17,738,839	24,797,981	30,309,856
24	Total Applicable Rate Revenue	\$109,451,742	\$119,566,163	\$132,865,166	\$147,553,949	\$163,770,027	\$175,168,124
	Revenue Surplus/ (Deficiency)						
25	Amount	(\$7,483,820)	(\$461,011)	\$0	\$0	\$0	\$0
26	Percent of Retail Rate Revenue	-6.84%	-0.39%	0.00%	0.00%	0.00%	0.00%

Footnotes:

- [1] Amounts shown derived from Table 5.
[2] Amounts shown derived from Table 6.
[3] Amounts shown reflect deposits to the water conservation surcharge fund based on estimated receipts of associated revenues charged to all customers whose monthly consumption exceeds the first water conservation block per monthly billing period. The revenues are internally restricted for capital improvements associated with water supply.
[4] Amounts shown primarily related to miscellaneous service charges, water tapping fees, water tower antenna rental, water conservation surcharge and other miscellaneous operating revenue.
[5] Amounts shown derived from Table 8.
[6] Amounts shown reflect non-operating revenues and includes debt service contributions from the Gateway Services Community Development District (Gateway) related to the purchase of capacity by Gateway in the County's facilities. The annual debt service contribution from Gateway will terminate in 2033.
[7] Rate increases are assumed to be effective with service rendered on and after July 1st of the respective fiscal year shown resulting in rates effective for 3 months in the current period.

Table 8

Lee County, Florida
Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

Development of Fund Balances, Transfers, and Interest Income

Line No.	Description	Fiscal Year Ending September 30,				
		2023	2024	2025	2026	2027
ENDING FUND BALANCE						
1	REVENUE FUND (#48700)	\$ 30,446,744	\$ 30,273,233	\$ 30,848,233	\$ 31,273,233	\$ 32,098,233
2	CUSTOMER DEPOSITS (#48710)	3,119,736	3,223,157	3,328,466	3,435,686	3,544,734
3	RENEWAL AND REPLACEMENT FUND (#48720)	16,008,995	10,801,995	10,419,995	12,402,995	20,305,995
5	WATER CONSERVATION SURCHARGE (#48735)	341,544	481,544	621,544	761,544	901,544
6	DEBT SERVICE RESERVE (#48772)	0	0	0	0	0
7	CAPITAL IMPROVEMENTS FUND (#48730)	50,865,847	37,654,264	15,066,001	9,575,492	8,230,200
8	CONSTRUCTION FUND (Debt Proceeds)	7,435,000	0	0	0	0
9	WATER CONNECTION FEES (#48712)	37,607,532	31,746,224	16,933,352	1,055,910	2,648,327
10	SEWER CONNECTION FEES (#48713)	36,870,614	16,812,895	1,169,069	72,235	446,544
11	SINKING FUND (#66,69,73,74,75,76,77,78)	13,369,073	13,547,033	13,742,742	13,927,333	21,033,704
12	TOTAL ENDING CASH BALANCE	\$ 196,065,086	\$ 144,540,346	\$ 92,129,403	\$ 72,504,429	\$ 89,209,280
FINANCIAL POLICY TARGETS						
OPERATING RESERVE FINANCIAL POLICY TEST:						
Minimum Required Reserve = 120 Days O&M						
13	Minimum Required Reserve - Amount	30,213,699	29,391,781	30,608,219	31,236,164	31,969,315
14	Minimum Required Reserve - Days	121	124	121	120	120
15	Days of O&M Target Met (Y / N)	Y	Y	Y	Y	Y
16	Amount Available Above Target	233,045	881,452	240,014	37,069	128,918
CAPITAL RESERVE FINANCIAL POLICY TEST:						
Minimum Reserve = 1.5% of Prior Year's Gross Assets						
17	1.5% of Prior Years Gross Assets	21,036,540	22,790,390	24,012,492	26,171,181	28,383,179
18	Total Capital Cash	67,216,386	48,937,803	26,107,540	22,740,031	29,437,739
19	Amount Above Reserve Target	46,179,846	26,147,413	2,095,048	(3,431,149)	1,054,560
20	Target Met (Y / N)	Y	Y	Y	N	Y
REVENUE FUND (#48700)						
21	Beginning Balance	\$37,930,564	\$30,446,744	\$30,273,233	\$30,848,233	\$31,273,233
22	Transfers In - System Operations	0	0	0	0	0
23	Transfers In - End of Year Surplus	0	0	0	0	0
24	Transfers In - Hurricane Ian FEMA Reimbursements	0	11,287,500	8,225,000	13,475,000	15,575,000
25	Transfers In - Debt Service Reserve	0	0	0	0	0
26	Total Funds Available	37,930,564	41,734,244	38,498,233	44,323,233	46,848,233
27	Transfers Out - System Operations	0	0	0	0	0
28	Transfers Out - End of Year Deficiency	7,483,820	461,011	0	0	0
29	Transfers Out - Capital Improvement Fund	0	11,000,000	7,650,000	13,050,000	14,750,000
30	Transfers Out - R&R Fund	0	0	0	0	0
31	Transfers Out - Vehicle Replacement Fund	0	0	0	0	0
32	Transfers Out - Sewer Connection Fee Fund	0	0	0	0	0
33	Total Transfer Out	7,483,820	11,461,011	7,650,000	13,050,000	14,750,000
34	Interest Rate	1.75%	1.75%	1.75%	1.75%	1.75%
35	Interest Income	532,818	531,300	534,813	543,563	554,500
36	Interest Income to Fund Revenue Requirements	532,818	531,300	534,813	543,563	554,500
37	Ending Balance	\$30,446,744	\$30,273,233	\$30,848,233	\$31,273,233	\$32,098,233
CUSTOMER DEPOSITS (#48710)						
38	Beginning Balance	\$3,018,310	\$3,119,736	\$3,223,157	\$3,328,466	\$3,435,686
39	Transfers In - New Customers	48,184	48,402	48,480	48,547	48,499
40	Total Funds Available	3,066,494	3,168,138	3,271,637	3,377,013	3,484,185
41	Transfers Out	0	0	0	0	0
42	Total Transfer Out	0	0	0	0	0
43	Interest Rate	1.75%	1.75%	1.75%	1.75%	1.75%
44	Interest Income	53,242	55,019	56,829	58,673	60,549
45	Interest Income to Fund Revenue Requirements	0	0	0	0	0
46	Ending Balance	\$3,119,736	\$3,223,157	\$3,328,466	\$3,435,686	\$3,544,734

Table 8

Lee County, Florida
Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

Development of Fund Balances, Transfers, and Interest Income

Line No.	Description	Fiscal Year Ending September 30,				
		2023	2024	2025	2026	2027
RENEWAL AND REPLACEMENT FUND (#48720)						
47	Beginning Balance	\$33,148,133	\$16,008,995	\$10,801,995	\$10,419,995	\$12,402,995
48	Transfers In - Operations	9,260,000	11,700,000	12,700,000	14,100,000	15,600,000
49	Transfers In - Operating Account	0	0	0	0	0
50	Transfers In - Capital Improvement Fund	0	0	0	0	0
51	Total Funds Available	42,408,133	27,708,995	23,501,995	24,519,995	28,002,995
52	Transfers Out - CIP	26,399,138	16,907,000	13,082,000	12,117,000	7,697,000
53	Transfers Out - Vehicle Replacement Program	0	0	0	0	0
54	Transfers Out - Capital Improvement Fund	0	0	0	0	0
55	Total Transfer Out	26,399,138	16,907,000	13,082,000	12,117,000	7,697,000
56	Interest Rate	1.75%	1.75%	1.75%	1.75%	1.75%
57	Interest Income	430,125	234,596	185,692	199,701	286,204
58	Interest Income to Fund Revenue Requirements	430,125	234,596	185,692	199,701	286,204
59	Ending Balance	\$16,008,995	\$10,801,995	\$10,419,995	\$12,402,995	\$20,305,995
60	Percent Allocable to Water System	39.63%	39.63%	39.63%	39.63%	39.63%
61	Amount Allocable to Water System	170,474	92,979	73,596	79,149	113,433
62	Amount Allocable to Wastewater System	259,651	141,617	112,096	120,552	172,771
WATER CONSERVATION SURCHARGE (#48735)						
63	Beginning Balance	\$201,544	\$341,544	\$481,544	\$621,544	\$761,544
64	Transfers In	140,000	140,000	140,000	140,000	140,000
65	Total Funds Available	341,544	481,544	621,544	761,544	901,544
66	Transfers Out	0	0	0	0	0
67	Total Transfer Out	0	0	0	0	0
68	Interest Rate	1.75%	1.75%	1.75%	1.75%	1.75%
69	Interest Income	4,752	7,202	9,652	12,102	14,552
70	Interest Income to Fund Revenue Requirements	4,752	7,202	9,652	12,102	14,552
71	Ending Balance	\$341,544	\$481,544	\$621,544	\$761,544	\$901,544
SINKING FUND (#66,69,73,74,75,76,77,78)						
72	Beginning Balance	\$11,847,380	\$13,369,073	\$13,547,033	\$13,742,742	\$13,927,333
73	Transfer In - Principal Payments (Bonds)	16,641,701	18,683,350	19,184,315	19,672,319	20,427,236
74	Transfer In - Interest Payments (Bonds)	4,202,271	4,674,333	4,175,706	3,685,912	6,508,303
75	Transfer In - Principal Payments (Subordinate)	2,474,585	2,499,626	2,524,921	2,550,474	8,696,653
76	Transfer In - Interest Payments (Subordinate)	376,202	351,162	325,866	300,314	4,151,207
77	Total Funds Available	35,542,139	39,577,544	39,757,841	39,951,761	53,710,733
78	Transfer Out - Principal Payments (Bonds)	15,291,000	18,281,604	18,754,342	19,258,262	19,746,430
79	Transfer Out - Interest Payments (Bonds)	4,031,278	4,898,120	4,409,969	3,915,378	5,081,275
80	Transfer Out - Principal Payments (Subordinate)	2,469,383	2,494,372	2,519,615	2,545,115	5,612,050
81	Transfer Out - Interest Payments (Subordinate)	381,405	356,415	331,172	305,672	2,237,273
82	Total Transfer Out	22,173,065	26,030,511	26,015,099	26,024,428	32,677,029
83	Interest Rate	1.75%	1.75%	1.75%	1.75%	1.75%
84	Interest Income	220,644	235,516	238,786	242,113	305,909
85	Interest Income to Fund Revenue Requirements	220,644	235,516	238,786	242,113	305,909
86	Ending Balance	\$13,369,073	\$13,547,033	\$13,742,742	\$13,927,333	\$21,033,704

Table 8

Lee County, Florida
Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

Development of Fund Balances, Transfers, and Interest Income

Line No.	Description	Fiscal Year Ending September 30,				
		2023	2024	2025	2026	2027
CAPITAL IMPROVEMENTS FUND (#48730)						
87	Beginning Balance	\$74,799,170	\$50,865,847	\$37,654,264	\$15,066,001	\$9,575,492
88	Transfers In - Operating Account	0	11,000,000	7,650,000	13,050,000	14,750,000
89	Transfers In - Operations	0	0	7,861,737	19,104,491	18,199,708
90	Transfers In - R&R Fund	0	0	0	0	0
91	Transfers In - Reimbursements SRF Loan	0	0	0	0	0
92	Transfers In - Reimbursement for Expansion Related Projects	0	0	0	0	0
93	Transfers In - Grants	0	0	0	0	0
94	Total Funds Available	74,799,170	61,865,847	53,166,001	47,220,492	42,525,200
95	Transfers Out - Capital Improvements	23,933,323	24,211,583	38,100,000	37,645,000	34,295,000
96	Transfers Out - Operating Account	0	0	0	0	0
97	Transfers Out - R&R Fund	0	0	0	0	0
98	Total Transfer Out	23,933,323	24,211,583	38,100,000	37,645,000	34,295,000
99	Interest Rate	1.75%	1.75%	1.75%	1.75%	1.75%
100	Interest Income	1,099,569	774,551	461,302	215,613	155,800
101	Interest Income to Fund Revenue Requirements	1,099,569	774,551	461,302	215,613	155,800
102	Ending Balance	\$50,865,847	\$37,654,264	\$15,066,001	\$9,575,492	\$8,230,200
CONSTRUCTION FUND (Debt Proceeds)						
106	Beginning Balance	\$0	\$7,435,000	\$0	\$0	\$0
107	Transfers In - Debt Proceeds	45,000,000	0	62,500,000	87,500,000	65,000,000
108	Total Funds Available	45,000,000	7,435,000	62,500,000	87,500,000	65,000,000
109	Transfers Out - Capital Improvements	37,565,000	7,435,000	62,500,000	87,500,000	65,000,000
110	Total Transfer Out	37,565,000	7,435,000	62,500,000	87,500,000	65,000,000
111	Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%
112	Interest Income	0	0	0	0	0
113	Interest Income to Fund Revenue Requirements	0	0	0	0	0
114	Ending Balance	\$7,435,000	\$0	\$0	\$0	\$0
115	Percent Allocable to Water System	50.00%	50.00%	50.00%	50.00%	50.00%
116	Amount Allocable to Water System	0	0	0	0	0
117	Amount Allocable to Wastewater System	0	0	0	0	0

Table 8

Lee County, Florida
Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

Development of Fund Balances, Transfers, and Interest Income

Line No.	Description	Fiscal Year Ending September 30,				
		2023	2024	2025	2026	2027
WATER CONNECTION FEES (#48712)						
118	Beginning Balance	\$47,024,697	\$37,607,532	\$31,746,224	\$16,933,352	\$1,055,910
119	Transfers In - Connection Fees	5,014,179	4,962,110	5,764,876	5,691,517	5,560,286
120	Total Funds Available	52,038,876	42,569,642	37,511,100	22,624,869	6,616,196
121	Transfers Out - CIP	15,165,453	11,425,000	21,000,000	21,725,000	4,000,000
122	Total Transfer Out	15,165,453	11,425,000	21,000,000	21,725,000	4,000,000
123	Interest Rate	1.75%	1.75%	1.75%	1.75%	1.75%
124	Interest Income	734,109	601,582	422,252	156,041	32,131
125	Interest Income to Fund Revenue Requirements	0	0	0	0	0
126	Ending Balance	\$37,607,532	\$31,746,224	\$16,933,352	\$1,055,910	\$2,648,327
SEWER CONNECTION FEES (#48713)						
127	Beginning Balance	\$59,002,950	\$36,870,614	\$16,812,895	\$1,169,069	\$72,235
128	Transfers In - Connection Fees	3,961,918	3,888,625	4,535,197	4,442,399	4,369,809
129	Transfers In - Operating Reserves	0	0	0	0	0
130	Total Funds Available	62,964,868	40,759,239	21,348,092	5,611,468	4,442,044
131	Transfers Out - CIP	26,925,871	24,412,000	20,335,000	5,550,000	4,000,000
132	Transfers Out - Reimbursement for Expansion Related Projects In Capital Improvement Fund	0	0	0	0	0
133	Total Transfer Out	26,925,871	24,412,000	20,335,000	5,550,000	4,000,000
134	Interest Rate	1.75%	1.75%	1.75%	1.75%	1.75%
135	Interest Income	831,617	465,656	155,977	10,767	4,500
136	Interest Income to Fund Revenue Requirements	0	0	0	0	0
137	Ending Balance	\$36,870,614	\$16,812,895	\$1,169,069	\$72,235	\$446,544
INTEREST INCOME						
138	Unrestricted Interest Income	\$2,287,908	\$1,783,165	\$1,430,245	\$1,213,092	\$1,316,965
139	Restricted Interest Income	1,618,968	1,122,257	635,058	225,481	97,180
140	Total Interest Income	\$3,906,876	\$2,905,422	\$2,065,303	\$1,438,573	\$1,414,145

Table 9
Lee County, Florida
Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

Development of Projected System Operating Results and Debt Coverage [1]

Line No.	Description	Fiscal Year Ended September 30,				
		2023	2024	2025	2026	2027
Gross Revenues [2]:						
1	Water User Fees	\$53,246,310	\$53,846,887	\$55,388,404	\$56,941,956	\$58,503,794
2	Wastewater User Fees	59,457,673	60,085,506	61,761,760	63,448,535	65,143,963
3	Additional Revenue from Rate Adjustments [3]	2,146,113	11,027,525	21,188,241	32,716,500	45,755,437
4	Rentals and Franchise Fees	86,000	86,000	86,000	86,000	86,000
5	Miscellaneous Revenues [4]	1,962,500	1,912,157	1,911,795	1,911,447	1,911,087
6	Investment Earnings [5]	3,906,876	2,905,422	2,065,303	1,438,573	1,414,145
7	Gateway Debt Service Contribution [6]	172,335	172,335	172,335	172,335	172,335
8	Total	\$120,977,807	\$130,035,832	\$142,573,838	\$156,715,345	\$172,986,761
Operating Expenses [7]:						
9	Salaries and Wages	\$22,374,903	\$23,046,150	\$23,737,531	\$24,449,655	\$25,183,145
10	Employee benefits	9,929,781	10,257,253	10,595,589	10,945,148	11,306,306
11	Contractual services, materials and supplies	29,509,992	30,173,212	31,030,633	31,912,961	32,820,697
12	Utilities	6,314,000	6,459,222	6,614,244	7,272,987	7,935,539
13	Repairs and maintenance	3,748,350	3,864,607	3,984,561	4,108,242	4,235,763
14	Insurance	1,429,347	1,462,222	1,497,314	1,533,250	1,570,048
15	Other	15,596,949	11,051,161	12,452,424	11,493,367	10,781,887
16	Indirect Cost	2,398,782	2,453,955	2,512,847	2,573,155	2,634,910
17	Administrative Fees	99,267	101,553	103,991	106,486	109,040
18	Contingency [8]	273,629	298,915	332,163	368,885	409,425
19	Other Post Employee Benefits	225,000	231,750	238,703	245,864	253,240
20	Total	\$91,900,000	\$89,400,000	\$93,100,000	\$95,010,000	\$97,240,000
Pledged Funds [10]:						
21	Net Revenues	\$29,077,807	\$40,635,832	\$49,473,838	\$61,705,345	\$75,746,761
22	Connection Fees [11] [12]	8,976,097	8,850,735	10,300,073	10,133,916	9,930,095
23	Total	\$38,053,904	\$49,486,568	\$59,773,911	\$71,839,261	\$85,676,856
Annual Debt Service for Outstanding Bonds [13]:						
24	Series 2013A Water & Sewer Revenue Bonds [15]	\$1,427,750	\$1,428,000	\$0	\$0	\$0
25	Series 2013B Water & Sewer Revenue Refunding Bonds [15]	4,008,250	4,011,250	4,011,250	4,013,000	4,011,000
26	Series 2019 Water and Sewer Refunding Revenue Bonds [16]	9,958,890	9,949,771	11,382,739	11,377,372	10,622,129
27	Water and Sewer Refunding Revenue Bonds, Series 2021A	1,551,139	1,551,549	1,550,143	1,550,937	1,550,078
28	Water and Sewer Refunding Revenue Bonds, Series 2021B	2,638,792	2,639,659	2,638,436	2,639,468	2,637,900
Annual Debt Service for Projected Bonds:						
29	Series 2023 Bank Note	\$1,259,151	\$3,777,454	\$3,777,453	\$3,777,454	\$3,777,453
	2025 SRF Loan Issue	0	0	0	0	0
30	Series 2027 Bonds	0	0	0	0	4,336,979
31	Total Outstanding and Projected Annual Senior Lien Debt Service	\$20,843,972	\$23,357,683	\$23,360,021	\$23,358,231	\$26,935,539
<u>Rate Covenant Compliance [17]:</u>						
32	Net Revenues and Special Assessments Proceeds	\$29,077,807	\$40,635,832	\$49,473,838	\$61,705,345	\$75,746,761
33	Annual Senior Lien Debt Service	20,843,972	23,357,683	23,360,021	23,358,231	26,935,539
34	Calculated Coverage	139.5%	174.0%	211.8%	264.2%	281.2%
35	Required Coverage	100.0%	100.0%	100.0%	100.0%	100.0%

Footnotes Begin on Page 2 of 3.

Table 9
Lee County, Florida
Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

Development of Projected System Operating Results and Debt Coverage [1]

Line No.	Description	Fiscal Year Ending September 30,				
		2023	2024	2025	2026	2027
<u>Rate Covenant Compliance [17]: (continued)</u>						
	Net Revenues, Special Assessments Proceeds and Connection Fees					
36		\$38,053,904	\$49,486,568	\$59,773,911	\$71,839,261	\$85,676,856
37	Annual Senior Lien Debt Service	20,843,972	23,357,683	23,360,021	23,358,231	26,935,539
38	Calculated Coverage	182.6%	211.9%	255.9%	307.6%	318.1%
39	Required Coverage	120.0%	120.0%	120.0%	120.0%	120.0%
	Net Revenues and Special Assessments Proceeds after payment of Annual Senior Lien Debt Service					
40		\$8,233,835	\$17,278,149	\$26,113,817	\$38,347,114	\$48,811,222
<u>State Revolving Fund (SRF) Loan Compliance [18]:</u>						
Pledged Revenues:						
41	Gross Revenues	\$120,977,807	\$130,035,832	\$142,573,838	\$156,715,345	\$172,986,761
42	Less Operating Expenses	(91,900,000)	(89,400,000)	(93,100,000)	(95,010,000)	(97,240,000)
43	Less Senior Revenue Obligations - Annual Debt Service	(20,843,972)	(23,357,683)	(23,360,021)	(23,358,231)	(26,935,539)
44	Net Amount Available for SRF Debt Coverage	\$8,233,835	\$17,278,149	\$26,113,817	\$38,347,114	\$48,811,222
Outstanding SRF Loan Debt Service Payments [19]						
45	SRF Loan WW360200	\$1,539,969	\$1,539,970	\$1,539,969	\$1,539,970	\$1,539,970
46	SRF Loan DW3602A0	1,310,818	1,310,818	1,310,818	1,310,818	1,310,818
Proposed SRF Loan Debt Service Payments						
47	2025 SRF Loan Issue	0	0	0	0	9,997,072
48	Total	\$2,850,787	\$2,850,788	\$2,850,787	\$2,850,788	\$12,847,860
49	Calculated Coverage	288.8%	606.1%	916.0%	1345.1%	379.9%
50	Required Coverage	115.0%	115.0%	115.0%	115.0%	115.0%
Required Transfers:						
51	Renewal and Replacement Fund [20]	\$5,365,490	\$6,040,274	\$6,493,175	\$7,120,075	\$7,827,151
52	Water and Sewer Connection Fees Funds [21]	0	0	0	0	0
53	Subordinated Indebtedness Debt Service Payments [22]	2,850,787	2,850,788	2,850,787	2,850,788	12,847,860
54	Amounts Available for Other System Purposes	\$17,558	\$8,387,088	\$16,769,855	\$28,376,251	\$28,136,212

Footnotes:

- [1] This table provides a review of projected compliance with the covenants of the Bond Resolution related to the Outstanding Bonds and compliance with the covenants of the outstanding Florida Department of Environmental Protection State Revolving Fund (SRF) loan agreements.
- [2] Pursuant to the Bond Resolution, Gross Revenues shall mean all income and moneys received by the County from rates, fees, rentals, charges and other income for water and wastewater services calculated in accordance with generally accepted accounting principles without limiting the generality of the foregoing, Investment Earnings.
- [3] Amounts shown reflect additional revenues from adopted rate adjustments as shown below:
- | Fiscal Year | 2023 | 2024 | 2025 | 2026 | 2027 |
|--|-------|-------|-------|-------|-------|
| Identified Water and Wastewater Rate Revenue Increases | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% |
- [4] Amounts shown include charges for permit, tapping, delinquent, turn-on / turn-off, etc. and other miscellaneous charges.

Footnotes Continued to Page 3 of 3.

Table 9
Lee County, Florida
Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

Development of Projected System Operating Results and Debt Coverage [1]

Footnotes (Continued):

- [5] Pursuant to the Bond Resolution, Investment Earnings pledged and available for calculating compliance with the rate covenant (Section 5.04 of the Bond Resolution) shall include all income and earnings on all funds and accounts as established through the Bond Resolution with exception to and excluding the Construction Fund and Rebate Fund.
- [6] Amounts shown reflect annual transfers from the Gateway Services Community Development District for reservation of wastewater treatment capacity and for the purposes of evaluating compliance were considered operating revenues.
- [7] Amounts shown are exclusive of depreciation and amortization.
- [8] Amounts shown reflect application of a contingency factor added to total Operating Expenses for unknown or unanticipated operating expenses. Below is a summary of the contingency factor assumed during each fiscal year of the Forecast Period:
- | Fiscal Year | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>2026</u> | <u>2027</u> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| Contingency Factor Assumed | 0.25% | 0.35% | 0.45% | 0.55% | 0.65% |
- [9] Amounts shown reflect application of a 0.25% rate revenues uncollectability factor applied to total user fee / rate revenues to recognize rate revenues
- [10] Amounts shown reflect the Pledged Funds pursuant to the Bond Resolution and include Net Revenues (Gross Revenues less Operating Expenses), Special Assessment Revenues and Connection Fees for use in evaluating compliance with the rate covenant of the Bond Resolution.
- [11] Amounts shown reflect estimated collected Connection Fees for the respective fiscal years shown and do not include any Investment Earnings. Any Investment Earnings related to the Connection Fees Fund have been included as a component of Gross Revenues (recognized through Investment Earnings).
- [12] Generally, under Florida law, Connection Fees (also referred to as "Impact fees") may be validly imposed for construction of improvements and the expansion of the System to new customer growth or development that drive the need for such improvements (i.e., "Growth Pays for Growth"). Connection Fees may also be used to pay the debt service for the expansion related capital improvements funded from the proceeds of any respective outstanding indebtedness of the System. For purposes of this analysis, no determination of the expansion related capital improvements related to the Outstanding Bonds or Subordinated Indebtedness was evaluated and therefore not all of the identified Connection Fees may be legally available for payment of debt service payments shown.
- [13] Amounts shown are derived from the actual loan repayment schedules for the Outstanding Bonds.
- [14] The Series 2012 Bonds were issued in order to refinance the outstanding Series 1999A Bonds and the Series 2003B Bonds.
- [15] The Series 2013A Bonds were issued in order to refinance the outstanding Series 2003A Bonds. The Series 2013B Bonds were issued in order to finance certain capital improvements of the System related to the Green Meadows project.
- [16] The Series 2019 Bonds were issues in order to refinance the outstanding Series 2012A and Series 2012B Bonds and to partially refinance the Series 2011 and Series 2013A Series Bonds.
- [17] Pursuant to the Bond Resolution Section 5.04 (the "Rate Covenant"), the County must maintain sufficient rates, fees, charges and other Pledged Funds in each Fiscal Year which provide:
- A) Net Revenues and Special Assessment Proceeds adequate at all times to pay at least 100% of i) the Annual Debt Service on all Outstanding Bonds coming due, ii) any required deposits to the Reserve Account for compliance with the Reserve Account Requirement and iii) amounts required by Sections 4.06(a) and 4.07(a) of the Bond Resolution to be repaid to the Water Connection Fees Fund and the Sewer Connection Fees Fund (the
- B) Net Revenues, Special Assessment Proceeds and Connection Fees adequate at all times to pay at least 120% of the Annual Debt Service on all Outstanding Bonds coming due.
- [18] The County has secured several loans from the FDEP SRF loan program. Pursuant to Section 5.01 of the SRF loan agreement, the County must maintain sufficient rates and charges for services furnished by the System to provide Pledged Revenues, as defined in the loan agreement, equal to or greater than 115% of the Semiannual Loan Payments for all outstanding SRF loans due in such Fiscal Year. Pledged Revenues are defined in the loan agreement to mean Gross Revenues after payment of the Operation and Maintenance Expense (or as defined in the Bond Resolution, the Operating Expenses) and Senior Revenue Obligations (or as defined in the Bond Resolution, the Annual Debt Service).
- [19] Amounts shown are derived from the anticipated loan repayment schedules for the outstanding SRF loans; amounts based on funding the monthly Semiannual Loan Payments (as defined in the loan agreement) representing an accrual basis and not presented on an "as paid" basis.
- [20] Pursuant to the Bond Resolution, the Renewal and Replacement Fund Requirement shall mean maintaining a minimum cash balance within the Renewal and Replacement Fund equivalent to either i) 5% of the Gross Revenues received by the issuer in the immediately preceding Fiscal Year; or ii) an amount as determined by the Consulting Engineer. Furthermore, pursuant to Section 4.05(b)(v) of the Bond Resolution, should the County not meet the Renewal and Replacement Fund Requirement the County is required to annually transfer 1/12th of 5% of prior year's Gross Revenues until the County maintains sufficient cash balances to meet the Renewal and Replacement Fund Requirement. For purposes of this analysis amounts shown reflect 5% of the prior year's Gross Revenues.

Table 9

Lee County, Florida

Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

Development of Projected System Operating Results and Debt Coverage [1]

- [21] Pursuant to Sections 4.06(a) and 4.07(a) of the Bond Resolution, the County must repay any amounts used from the Connection Fees Funds as a result of a deficiency arising in the Principal Account or Interest Account. No deficiencies are anticipated during the Forecast Period that required the use of Connection Fees or balance transfers from the Connection Fees Funds.
- [22] Although not a specific requirement for compliance with the Bond Resolution rate covenant calculation (Section 5.04), payment of debt service on Subordinated Indebtedness was included as a requirement for purposes of this analysis and based on the required disposition of revenues as identified in Section 4.05 of the Bond Resolution.

Lee County, Florida
Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

Projection of Financial Policy Compliance

Line No.	Description	Projected Fiscal Year Ending September 30,				
		2023	2024	2025	2026	2027
Financial Policy 1.1 - Operating Reserve Target						
1	Revenue Fund	\$30,446,744	\$30,273,233	\$30,848,233	\$31,273,233	\$32,098,233
2	Operating Reserve (Days of O&M)	121	124	121	120	120
3	Operating and Maintenance Expenses	\$91,900,000	\$89,400,000	\$93,100,000	\$95,010,000	\$97,240,000
4	Operating Reserve Target (Amount)	\$30,213,699	\$29,391,781	\$30,608,219	\$31,236,164	\$31,969,315
5	Operating Reserve Target (Days of O&M)	120	120	120	120	120
6	Available Above Reserves	\$233,045	\$881,452	\$240,014	\$37,069	\$128,918
7	Test Met (Yes/No)	Yes	Yes	Yes	Yes	Yes
Financial Policy 1.2 - Capital Reserve Target						
8	Renewal and Replacement Fund	\$16,008,995	\$10,801,995	\$10,419,995	\$12,402,995	\$20,305,995
9	Water Conservation Surcharge Fund	341,544	481,544	621,544	761,544	901,544
10	Capital Improvement Fund	50,865,847	37,654,264	15,066,001	9,575,492	8,230,200
11	Ending Balance	\$67,216,386	\$48,937,803	\$26,107,540	\$22,740,031	\$29,437,739
12	Gross Depreciable Fixed Assets [1]	\$1,402,436,013	\$1,519,359,336	\$1,600,832,789	\$1,744,745,384	\$1,892,211,966
13	Capital Reserve Target (Percent)	1.50%	1.50%	1.50%	1.50%	1.50%
14	Capital Reserve Target (Amount)	\$21,036,540	\$22,790,390	\$24,012,492	\$26,171,181	\$28,383,179
15	Available Above Reserves	\$46,179,846	\$26,147,413	\$2,095,048	(\$3,431,149)	\$1,054,560
16	Test Met (Yes/No)	Yes	Yes	Yes	No	Yes
Financial Policy 2.1 - Debt Capacity						
Net Debt Outstanding - End of Year						
17	Existing Debt Outstanding Balance	\$194,675,394	\$176,915,011	\$158,563,639	\$139,787,024	\$120,555,908
18	New Debt Outstanding Balance	45,095,000	42,670,396	103,454,304	191,057,823	255,168,993
19	Total Debt Outstanding Balance	\$239,770,394	\$219,585,407	\$262,017,943	\$330,844,846	\$375,724,901
20	Less: Debt Service Reserve Balance	\$0	\$0	\$0	\$0	\$0
21	Less: Estimated Principal on Deposit in Sinking Fund	(\$12,787,001)	(\$13,081,175)	(\$13,398,777)	(\$13,675,439)	(\$20,878,310)
22	Prior Year's Net Debt Outstanding	\$226,983,393	\$206,504,232	\$248,619,166	\$317,169,407	\$354,846,591
Net Fixed Assets - End of Year						
23	Prior Year CWIP Converted to Fixed Assets	\$80,220,392	\$132,254,785	\$92,156,583	\$162,783,000	\$166,803,000
24	% of CWIP Retiring Existing Assets at Original Cost	(11.6%)	(11.6%)	(11.6%)	(11.6%)	(11.6%)
25	Less Estimated Retirements	(\$9,299,443)	(\$15,331,462)	(\$10,683,130)	(\$18,870,405)	(\$19,336,418)
26	Depreciable Assets	\$1,402,436,013	\$1,519,359,336	\$1,600,832,789	\$1,744,745,384	\$1,892,211,966
27	Non Depreciable - Land / Intangibles	33,524,337	33,524,337	33,524,337	33,524,337	33,524,337
28	Non-depreciable - Current Period CWIP	132,254,785	92,156,583	162,783,000	166,803,000	117,258,000
29	Gross Fixed Assets [1]	\$1,568,215,135	\$1,645,040,256	\$1,797,140,126	\$1,945,072,721	\$2,042,994,303
30	Depreciation	(\$54,737,895)	(\$59,301,481)	(\$62,481,437)	(\$68,098,430)	(\$73,854,137)
31	Less Retirements	9,299,443	15,331,462	10,683,130	18,870,405	19,336,418
32	Accumulated Depreciation	(\$844,806,440)	(\$888,776,460)	(\$940,574,767)	(\$989,802,792)	(\$1,044,320,510)
33	Net Fixed Assets	\$723,408,695	\$756,263,797	\$856,565,359	\$955,269,929	\$998,673,793
34	Net Debt to Net Fixed Assets	31.38%	27.31%	29.03%	33.20%	35.53%
35	Test Met - maximum of 50.0% (Yes/No)	Yes	Yes	Yes	Yes	Yes
Financial Policy 2.2 - Debt Coverage						
Determination of Net Plant End of Year Debt Outstanding						
36	Net Revenues	\$29,077,807	\$40,635,832	\$49,473,838	\$61,705,345	\$75,746,761
37	All-In Debt Service	23,694,759	26,208,471	26,210,808	26,209,019	39,783,399
38	Calculated All-In Debt Service Coverage Ratio	123%	155%	189%	235%	190%
39	Test Met - Minimum of 150.0% (Yes/No)	No	Yes	Yes	Yes	Yes
Financial Policy 3.2 - Capital Re-investment						
40	Rate Revenues [1]	\$114,697,596	\$124,819,918	\$138,198,405	\$152,966,990	\$169,263,194
Capital Deposits						
41	Renewal & Replacement Fund	\$9,260,000	\$11,700,000	\$12,700,000	\$14,100,000	\$15,600,000
42	Capital Improvement Fund	0	0	7,861,737	19,104,491	18,199,708
43	Water Surcharge Fund	140,000	140,000	140,000	140,000	140,000
44	Total Capital Deposits	\$9,400,000	\$11,840,000	\$20,701,737	\$33,344,491	\$33,939,708
45	Calculated Capital Re-Investment Ratio	8.2%	9.5%	15.0%	21.8%	20.1%
46	Test Met - Minimum of 10.0% (Yes/No)	No	No	Yes	Yes	Yes

Footnotes:

[1] For the purposes of this analysis, compliance has been evaluated under the respective current fiscal year of operation shown.

Table 11
Lee County, Florida
Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

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	3,000 Gallons	4,000 Gallons	5,000 Gallons	6,000 Gallons	10,000 Gallons	15,000 Gallons	20,000 Gallons	25,000 Gallons
Lee County [2]										
1	Existing Rates - Fiscal Year 2023	\$12.59	\$22.40	\$25.67	\$28.94	\$32.21	\$48.57	\$71.48	\$99.29	\$131.99
2	Proposed Rates - Fiscal Year 2023 (July 1)	13.58	24.17	27.70	31.23	34.76	52.44	77.18	107.20	142.50
3	Proposed Rates - Fiscal Year 2024	14.67	26.10	29.91	33.72	37.53	56.61	83.31	115.71	153.81
4	Proposed Rates - Fiscal Year 2025	15.84	28.17	32.28	36.39	40.50	61.10	89.94	124.94	166.09
5	Proposed Rates - Fiscal Year 2026	17.11	30.43	34.87	39.31	43.75	65.99	97.12	134.91	179.36
6	Proposed Rates - Fiscal Year 2027	18.48	32.88	37.68	42.48	47.28	71.28	104.88	145.68	193.68
Other Florida Utilities:										
7	Bonita Springs Utilities, Inc.	\$12.59	\$23.96	\$27.75	\$31.54	\$35.33	\$53.73	\$79.13	\$107.75	\$138.80
8	City of Bradenton	15.97	23.50	27.53	31.56	35.59	51.70	71.85	91.99	112.14
9	City of Cape Coral	17.32	29.02	32.92	36.82	41.37	59.57	93.87	145.12	201.72
10	Charlotte County	27.18	44.73	50.58	56.43	63.15	90.03	132.38	180.58	228.78
11	Collier County	25.78	36.22	39.70	43.18	48.43	69.43	104.33	139.23	182.78
12	DeSoto County	28.61	47.27	53.49	59.71	68.00	101.16	163.31	246.21	329.11
13	Englewood Water District	20.14	27.31	29.70	32.09	34.48	53.62	98.25	163.34	246.34
14	FGUA - Lehigh Acres System (Lee County)	16.45	34.51	40.53	46.55	52.57	79.41	115.87	157.37	202.47
15	FGUA - North Fort Myers Service Area [3]	12.59	22.40	25.67	28.94	32.21	48.57	71.48	99.29	131.99
16	FGUA - Lake Fairway / Pine Lakes Service Area	18.98	43.52	51.70	59.88	68.06	100.78	141.68	182.58	223.48
17	City of Fort Myers	9.24	24.18	29.16	34.14	44.10	83.94	153.64	223.34	320.94
18	Hillsborough County - Northwest Service Area	16.26	28.02	31.94	35.86	41.38	63.46	91.06	127.11	163.16
19	Manatee County	9.78	16.83	19.18	21.53	23.88	35.64	50.34	85.69	138.79
20	City of Marco Island	35.96	49.43	53.92	58.41	62.90	80.86	103.31	125.76	157.21
21	City of Naples	9.23	14.03	15.63	17.23	18.83	28.21	42.16	62.01	83.86
22	City of North Port	22.80	37.38	42.24	49.53	56.82	91.88	153.34	237.12	358.92
23	Okeechobee Utility Authority	22.19	36.23	43.27	50.31	57.35	85.51	120.71	155.91	191.11
24	Pinellas County	6.80	22.19	27.32	32.45	37.58	58.10	83.75	109.40	135.05
25	City of Punta Gorda	16.83	27.30	30.79	34.28	38.30	54.38	79.23	104.08	134.53
26	Sarasota County	18.68	26.84	29.56	32.99	36.42	55.16	96.53	153.46	222.06
27	Other Florida Utilities' Average	\$18.17	\$30.74	\$35.13	\$39.67	\$44.84	\$67.26	\$102.31	\$144.87	\$195.16

Footnotes:

- [1] Unless otherwise noted, amounts shown reflect residential rates in effect October 2022 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] Proposed rates under Option 2 of the 2023 Water and Wastewater Revenue Sufficiency Study shown.
- [3] Reflects utility service area receiving wastewater service by the FGUA and potable water service by Lee County

Table 12
Lee County, Florida
Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

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

Line No.	Description	Residential Service for a 5/8" or 3/4" Meter								
		0 Gallons	3,000 Gallons	4,000 Gallons	5,000 Gallons	6,000 Gallons	10,000 Gallons	15,000 Gallons	20,000 Gallons	25,000 Gallons
Lee County [2]										
1	Existing Rates - Fiscal Year 2023	\$20.45	\$38.00	\$43.85	\$49.70	\$55.55	\$73.10	\$73.10	\$73.10	\$73.10
2	Proposed Rates - Fiscal Year 2023 (July 1)	22.08	41.04	47.36	53.68	60.00	78.96	78.96	78.96	78.96
3	Proposed Rates - Fiscal Year 2024	23.85	44.34	51.17	58.00	64.83	85.32	85.32	85.32	85.32
4	Proposed Rates - Fiscal Year 2025	25.76	47.90	55.28	62.66	70.04	92.18	92.18	92.18	92.18
5	Proposed Rates - Fiscal Year 2026	27.83	51.74	59.71	67.68	75.65	99.56	99.56	99.56	99.56
6	Proposed Rates - Fiscal Year 2027	30.05	55.88	64.49	73.10	81.71	107.54	107.54	107.54	107.54
<u>Other Florida Utilities:</u>										
7	Bonita Springs Utilities, Inc.	\$29.48	\$40.97	\$44.80	\$48.63	\$52.46	\$67.78	\$86.93	\$90.76	\$90.76
8	City of Bradenton	23.59	30.02	34.77	39.53	44.28	63.29	87.06	110.82	134.59
9	City of Cape Coral	21.07	48.19	57.23	66.27	75.31	111.47	156.67	201.87	247.07
10	Charlotte County	40.41	57.30	62.93	68.56	74.19	96.71	96.71	96.71	96.71
11	Collier County	39.17	55.70	61.21	66.72	72.23	94.27	121.82	121.82	121.82
12	DeSoto County	25.30	43.30	49.30	55.30	61.30	85.30	115.30	145.30	175.30
13	Englewood Water District	29.31	40.50	44.23	47.96	51.69	66.61	85.26	103.91	122.56
14	FGUA - Lehigh Acres System (Lee County)	27.60	56.13	65.64	75.15	84.66	84.66	84.66	84.66	84.66
15	FGUA - North Fort Myers Service Area [3]	23.79	50.04	58.79	67.54	76.29	76.29	76.29	76.29	76.29
16	FGUA - Lake Fairway / Pine Lakes Service Area	19.66	46.96	56.06	65.16	74.26	74.26	74.26	74.26	74.26
17	City of Fort Myers	15.96	58.53	72.72	86.91	101.10	157.86	228.81	299.76	370.71
18	Hillsborough County - Northwest Service Area	17.74	34.87	40.58	46.29	52.00	63.42	63.42	63.42	63.42
19	Manatee County	23.32	38.92	44.12	49.32	54.52	75.32	75.32	75.32	75.32
20	City of Marco Island	29.32	46.69	52.48	58.27	64.06	64.06	64.06	64.06	64.06
21	City of Naples	23.10	36.54	41.02	45.50	49.98	67.90	67.90	67.90	67.90
22	City of North Port	33.15	54.78	61.99	69.20	76.41	105.25	119.67	119.67	119.67
23	Okeechobee Utility Authority	24.61	47.77	55.49	63.21	70.93	101.81	140.41	179.01	217.61
24	Pinellas County	19.64	41.15	48.32	55.49	62.66	91.34	91.34	91.34	91.34
25	City of Punta Gorda	29.97	35.19	36.93	38.67	40.41	47.37	47.37	47.37	47.37
26	Sarasota County	20.41	49.93	59.77	69.61	79.45	118.81	118.81	118.81	118.81
27	Other Florida Utilities' Average	\$25.83	\$45.67	\$52.42	\$59.16	\$65.91	\$85.69	\$100.10	\$111.65	\$123.01

Footnotes:

- [1] Unless otherwise noted, amounts shown reflect residential rates in effect October 2022 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] Proposed rates under Option 2 of the 2023 Water and Wastewater Revenue Sufficiency Study shown.
- [3] Reflects utility service area receiving wastewater service by the FGUA and potable water service by Lee County

Table 13
Lee County, Florida
Fiscal Year 2023 Water and Wastewater Revenue Sufficiency Study

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

Line No.	Description	Residential Service for a 5/8" or 3/4" Meter								
		0 Gallons	3,000 Gallons	4,000 Gallons	5,000 Gallons	6,000 Gallons	10,000 Gallons	15,000 Gallons	20,000 Gallons	25,000 Gallons
Lee County [2]										
1	Existing Rates - Fiscal Year 2023	\$33.04	\$60.40	\$69.52	\$78.64	\$87.76	\$121.67	\$144.58	\$172.39	\$205.09
2	Proposed Rates - Fiscal Year 2023 (July 1)	35.66	65.21	75.06	84.91	94.76	131.40	156.14	186.16	221.46
3	Proposed Rates - Fiscal Year 2024	38.52	70.44	81.08	91.72	102.36	141.93	168.63	201.03	239.13
4	Proposed Rates - Fiscal Year 2025	41.60	76.07	87.56	99.05	110.54	153.28	182.12	217.12	258.27
	Proposed Rates - Fiscal Year 2026	44.94	82.17	94.58	106.99	119.40	165.55	196.68	234.47	278.92
	Proposed Rates - Fiscal Year 2027	48.53	88.76	102.17	115.58	128.99	178.82	212.42	253.22	301.22
Other Florida Utilities:										
5	Bonita Springs Utilities, Inc.	\$42.07	\$64.93	\$72.55	\$80.17	\$87.79	\$121.51	\$166.06	\$198.51	\$229.56
6	City of Bradenton	39.57	53.52	62.30	71.08	79.87	114.99	158.91	202.82	246.73
7	City of Cape Coral	38.39	77.21	90.15	103.09	116.68	171.04	250.54	346.99	448.79
8	Charlotte County	67.59	102.03	113.51	124.99	137.34	186.74	229.09	277.29	325.49
9	Collier County	64.95	91.92	100.91	109.90	120.66	163.70	226.15	261.05	304.60
10	DeSoto County	53.91	90.57	102.79	115.01	129.30	186.46	278.61	391.51	504.41
11	Englewood Water District	49.45	67.81	73.93	80.05	86.17	120.23	183.51	267.25	368.90
12	FGUA - Lehigh Acres System (Lee County)	44.05	90.64	106.17	121.70	137.23	164.07	200.53	242.03	287.13
13	FGUA - North Fort Myers Service Area [3]	36.38	72.44	84.46	96.48	108.50	124.86	147.77	175.58	208.28
14	FGUA - Lake Fairway / Pine Lakes Service Area	38.64	90.48	107.76	125.04	142.32	175.04	215.94	256.84	297.74
15	City of Fort Myers	25.20	82.71	101.88	121.05	145.20	241.80	382.45	523.10	691.65
16	Hillsborough County - Northwest Service Area	34.00	62.89	72.52	82.15	93.38	126.88	154.48	190.53	226.58
17	Manatee County	33.10	55.75	63.30	70.85	78.40	110.96	125.66	161.01	214.11
18	City of Marco Island	65.28	96.12	106.40	116.68	126.96	144.92	167.37	189.82	221.27
19	City of Naples	32.33	50.57	56.65	62.73	68.81	96.11	110.06	129.91	151.76
20	City of North Port	55.95	92.16	104.23	118.73	133.23	197.13	273.01	356.79	478.59
21	Okeechobee Utility Authority	46.80	84.00	98.76	113.52	128.28	187.32	261.12	334.92	408.72
22	Pinellas County	26.44	63.34	75.64	87.94	100.24	149.44	175.09	200.74	226.39
23	City of Punta Gorda	46.80	62.49	67.72	72.95	78.71	101.75	126.60	151.45	181.90
24	Sarasota County	39.09	76.77	89.33	102.60	115.87	173.97	215.34	272.27	340.87
25	Other Florida Utilities' Average	\$44.00	\$76.42	\$87.55	\$98.84	\$110.75	\$152.95	\$202.41	\$256.52	\$318.17

Footnotes:

- [1] Unless otherwise noted, amounts shown reflect residential rates in effect October 2022 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] Proposed rates under Option 2 of the 2023 Water and Wastewater Revenue Sufficiency Study shown.
- [3] Reflects utility service area receiving wastewater service by the FGUA and potable water service by Lee County