

LEE
COUNTY

**Fiscal Year 2021 Water and Wastewater
Revenue Sufficiency Study**

Final Report / April 14, 2021



April 14, 2021

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

Subject: **Fiscal Year 2021 Water and Wastewater Revenue Sufficiency Study**

Dear Ms. Keyes:

Raftelis Financial Consultants, Inc. (“Raftelis”) has completed the 2021 Revenue Sufficiency Study Update (“Study”) on behalf of Lee County Utilities (“LCU”) of Lee County, Florida (“County”) and has presented the results 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 2021 through 2026 (“Forecast Period”). The principle objective of the Study is 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.

Based on the findings of this evaluation, which should be read in its entirety, it is recommended that the BOCC consider adjusting the monthly retail and wholesale water and wastewater system rates for service as follows for the Forecast Period:

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Identified Water and Wastewater Retail and Wholesale Rate Revenue Adjustments							
Fiscal Year Representing October 1 Through September 30,							
Description	Recommended Rate Adjustments						
	2021	2022	2023	2023	2024	2025	2026
Retail / Wholesale System Rate Adjustments [1]	0.00%	8.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Monthly Residential Bill at 5,000 Gallons [2]	\$78.64	\$84.91	\$84.91	\$84.91	\$84.91	\$84.91	\$84.91
Monthly Bill Increase	N/A	\$6.27	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

[1] Represents the retail and wholesale system water and wastewater rate adjustments, which are applied uniformly to all water and wastewater charges for monthly water and wastewater service.

[2] Amount shown for information purposes and represents the average residential 5/8” meter monthly customer bill.

As can be seen from the prior table, it is recommended that the County increase the retail and wholesale rate revenues for monthly water and wastewater service on a combined basis by 8.0% for the Fiscal Year 2022 with no further rate adjustments identified thereafter for the Forecast Period. The following provides a summary of the key Study findings and assumptions:

- 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 and Miscellaneous Charge Study in June 2011 (“Prior Rate Plan”). The following provides a brief summary of the key findings and changes since the Prior Rate Plan:
 - Outperformed Prior Forecasts of Revenues and Operating Expenses: The County outperformed projections of the Prior Rate Plan due to better than expected: i) growth in customer accounts currently 12% greater than previously forecasted through the Fiscal Year 2015; and ii) operating expenses currently -5% below prior forecasts for the Fiscal Year 2015.
 - Wastewater Rate Revenue Imbalance Developing: While overall water and wastewater system expenses are lower than previously forecasted, the cost of contracted wastewater treatment expenses from the City of Fort Myers (“COFM”) is much greater. The Prior Rate Plan had assumed approximately \$8 million a year in contracted wastewater treatment service from the COFM; however, such expenses increased to approximately \$11, \$18, \$21, and \$16 million in Fiscal Years 2017 through 2020, respectively. Based on discussions with LCU staff, the current forecast recognizes continued spending at the escalated levels, which is assumed to average approximately \$15.6 million a year during the Forecast Period. The current Study identified that the wastewater system has an imbalance between its revenues and revenue requirements which was less than 3.0% in each year of the Forecast Period. This level of imbalance is considered reasonable, however, the County should continue to monitor the water and wastewater cost allocation to ensure equitable cost recovery among the water and wastewater rates.
 - Deferred Rate Adjustments Last 6 Years and Reduced Dependence on Debt: The greater customer growth and lower expenses resulted in: i) the ability of LCU to defer the need to adjust rates for the Fiscal

Years 2016-2021; and ii) an improved financial position in terms of both greater cash reserves and greater net revenues available to fund capital and reduce dependence on debt to finance future capital.

- Increased Capital Spending for Renewals, Replacements, and Growth: The Prior Rate Plan assumed capital spending at approximately \$200 million over a five- (5) year period encompassing the Fiscal Years 2011–2015. Due to the need to continue to reinvest in existing infrastructure and ensure adequate capacity of facilities to meet the demands of future growth, the current Study identifies a significantly greater amount capital spending at approximately \$459 million over the next six (6) years encompassing the Fiscal Years 2021 through 2026. Key expansion related capital improvements over the next six (6) years include the County’s North Lee County Water Treatment Plant (“NLC WTP”) and the related wellfields estimated at approximately \$89.6 million and expansions and betterments of Fiesta Village, Three Oaks, and Fort Myers Beach Wastewater Treatment Facilities which are estimated to total approximately \$87.9 million (includes funding for necessary force main and reuse line diversions).
- It is recommended that the County implement rate adjustments uniformly based on discussions with LCU staff recognizing that: i) the calculated cross-subsidy by the water system to the wastewater system is less than 1.6% of total rate revenues in all years of the Forecast Period; and ii) the water and wastewater system represent an integrated enterprise fund, meaning that at times a greater amount of water or wastewater system expenditures may be funded in a given year. It is recommended that LCU closely monitor this and consider system specific rate adjustments as needed to minimize greater or future cross-subsidies.
- To fully fund the Capital Improvement Program (“CIP”) as identified by LCU staff, the use of debt funding was assumed. The CIP totaled over \$459 million during the Forecast Period and the average annual funding required was \$76.6 million. The capital funding plan prioritized the use of existing, available cash balances and increased capital funding and reinvestment from rate revenues referred to as “Pay-Go” as first priorities. Additional debt funding was used once all other funding options were exhausted and was kept to as minimal of an amount as possible.
- It is recommended that the County consider the use of debt financing to fully fund the CIP and reduce the potential need for additional rate adjustments during the Forecast Period. Based on discussions with County staff and the results of our analyses as discussed further in this Report, it was assumed that the County would be required to use additional debt financing of \$35 million in Fiscal Year 2023 in order to fully fund the CIP as presented. The County should work with their Financial Advisor to weigh the costs, benefits, and identify the most advantageous use of debt. For the purposes of this analysis, it was assumed that the County would issue the Water and Wastewater Revenue Bonds, Series 2023 (the “Series 2023 Bonds”) to finance \$35 million in capital expenditures during Fiscal Year 2023. This analysis assumed that the Series 2023 Bonds were based on: i) a \$35 million construction fund deposit; ii) 3.0% issuance costs; iii) 2.5% annual interest rate; iv) a thirty- (30) year repayment schedule commencing in Fiscal Year 2023; and v) level annual debt service payments of approximately \$1.724 million.
- The principal drivers of the recommended rate adjustments are related to increased capital funding and reinvestment from rate revenues, referred to as “Pay-Go” capital funding, and inflation and incremental growth in operating expenses due to expanded facilities.

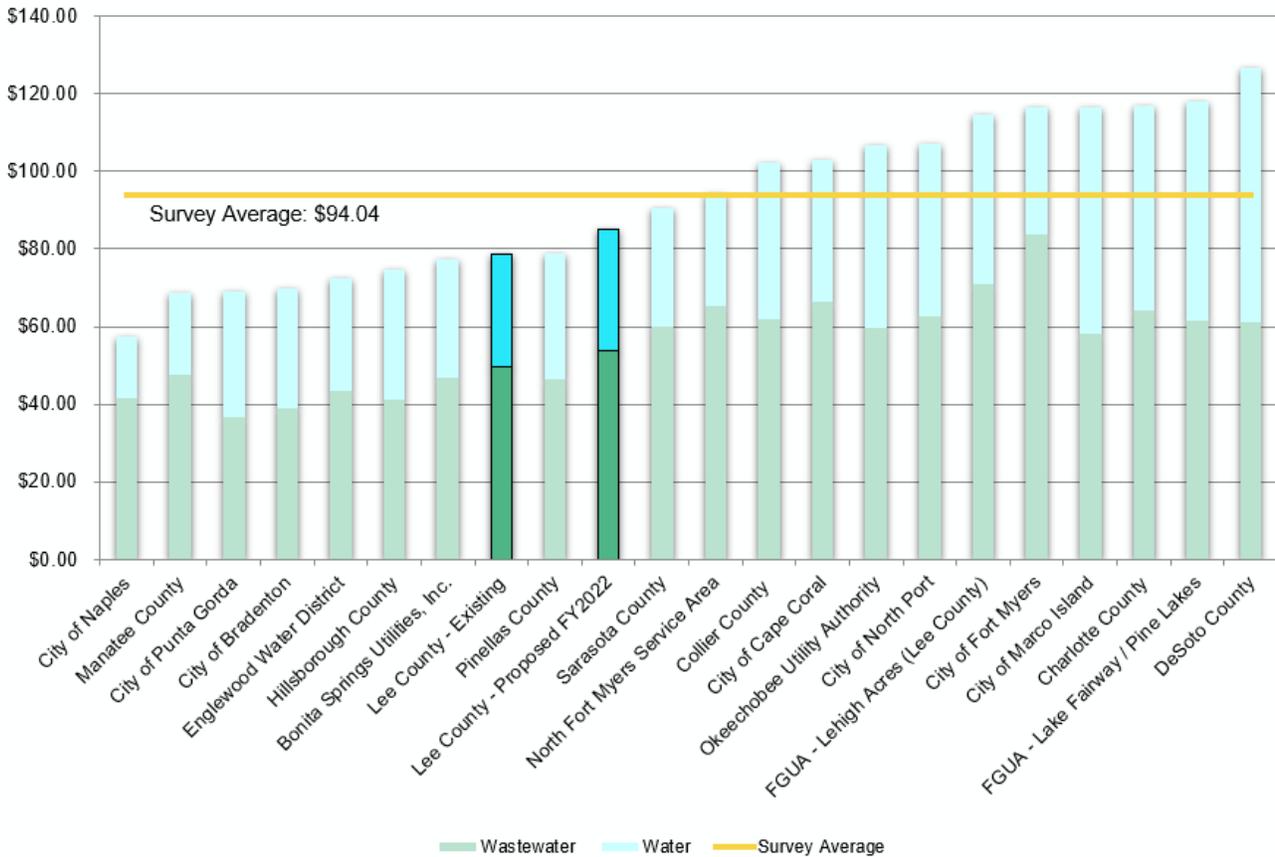
- Assuming implementation of the identified rate recommendations LCU is expected to maintain compliance with key financial performance indicators (“KPI”) pursuant to LCU’s formally adopted financial policy. The adopted KPIs are more fiscally conservative than the requirements of the rate covenants of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

Summary of Key Financial Metrics and Results			
Financial Policies	Target	Fiscal Year 2021	Fiscal Year 2026
1.1 Operating Reserves	Min. 120 Days of O&M	295	132
1.2 Capital Reserves	1.5% of Prior Year’s Gross Assets	3.36% \$43.5 M	1.72% \$28.7 M
2.1 Debt Capacity	50% Max of Debt to Fixed Assets	31.5%	22.4%
2.1 Debt Coverage	Minimum = 150%	240%	235%
3.2 Capital Reinvestment	Minimum = 10% Pay-Go \$	23.6% \$27.2 M	20.0% \$26.0 M

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- 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.

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



- 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) maintain financial compliance with the KPIs of the County's adopted financial policy.

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Ms. Pamela S. Keyes, P.E.
Lee County Utilities Department
April 14, 2021
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Following this letter is an attached summary report documenting recent trends, principal assumptions, and findings for your consideration. 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
Senior Manager



Ryan Smith
Manager



Trevor McCarthy
Consultant

TAB/dlc
Attachments

LEE COUNTY, FLORIDA
FISCAL YEAR 2021
WATER AND WASTEWATER REVENUE SUFFICIENCY STUDY

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LEE COUNTY, FLORIDA
FISCAL YEAR 2021
WATER AND WASTEWATER REVENUE SUFFICIENCY STUDY

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LEE COUNTY, FLORIDA

FISCAL YEAR 2021

WATER AND WASTEWATER REVENUE SUFFICIENCY STUDY

GENERAL

Raftelis Financial Consultants, Inc. (“Raftelis”) has completed our financial forecast comprising the Fiscal Years 2021 through 2026 (“Forecast Period”) and analysis of the water and wastewater utility system (“Analysis” or “Study”) on behalf of the Lee County Utilities (“LCU”) of Lee County, Florida (“County”), and has presented the results of our analyses, assumptions, and recommendations in this report. The principal goals and objectives of the Study were to:

- Evaluate the sufficiency of the Utility revenues derived from existing rates for the water and wastewater utility system (“Utility”) and to identify rate adjustments, if necessary, to fund the projected expenditures and funding requirements from rates, meet the Board of County Commissioners (“BOCC”) adopted LCU financial policies (“Financial Policies”) and maintain compliance with Resolution No. 93-06-40, as amended and supplemented from time to time (“Bond Resolution”), authorizing the issuance of the outstanding senior lien bonds of such Utility and the various loan agreements entered into with the Florida Department of Environmental Protection (“FDEP”) associated with securing State Revolving Fund (“SRF”) loans which are considered as subordinated indebtedness of the Utility; and
- Identify a funding plan that would fully support the financing of the LCU capital improvement plan (“CIP”) during the Forecast Period that would balance the use of external and internal sources of funding and identify the effects of such plan on utility rates. The funding plan primarily relies on internal sources derived from the use of capital reserves and funds available for ongoing capital investment derived from annual operations and new development (Utility revenues and connection fees) before the issuance of additional indebtedness.

The financial forecast was 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 2021 operating budget as adopted by the BOCC; iv) the recently completed financial results for Fiscal Year 2020 and Fiscal-Year-to-Date 2021 financial information; and v) other financial or statistical information.

FISCAL YEAR 2020 OPERATING RESULTS

LCU annually commissions financial forecasts in order to identify trends in expected revenues and expenditures and funding needs, and to measure or evaluate the estimated financial effects to utility rates. The financial forecast serves as the basis for rate recommendations and supports near-term and long-term capital planning for sustainability. To provide an indication of how LCU has recently performed financially, a comparison of the prior forecast and actual financial operating results for the Fiscal Year 2020 was evaluated. The following table provides a brief comparison of operating results:

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Comparison of Fiscal Year 2020 Actual and Prior Financial Forecast Operating Results – Net Revenues			
Description	Actual Results [1]	Prior Year's Financial Forecast	Variance Positive/ (Negative)
Operating Revenues and Investment Earnings	\$120,710,615	\$119,751,356	959,259
Operating Expenses [2]	(75,739,192)	(65,542,163)	(10,197,029)
Net Revenues	44,971,423	54,209,193	(9,237,770)
Debt Service Payment Accruals [3]	(21,922,041)	(21,922,041)	0
Net Revenues after Debt	23,049,382	32,287,152	(9,237,770)
Connection Fees	13,690,129	7,849,708	5,840,421
Net Revenues and Connections After Debt [4]	\$36,739,511	\$40,136,860	(\$3,397,349)

[1] Amounts shown based on unaudited preliminary Fiscal Year 2020 operating results provided by County staff.

[2] Amounts shown exclude increase in net pension liability, increase in other postemployment benefits liability, non-departmental (GC) prior period revenue refunds and depreciation and amortization expenses.

[3] Amounts shown reflect the accrued payments deposited to the debt service sinking fund as opposed to the actual payments made during the Fiscal Year 2020.

[4] Amounts shown represents net cashflows generated from service charges and other revenues of the System after payment of expenses and debt service for the Fiscal Year 2020 available to deposit to appropriate fund balances or fund capital needs of the System.

LCU underperformed relative to the prior year's forecast estimates primarily due to greater contracted wastewater treatment expenses from the City of Fort Myers ("COFM") that exceed the prior year's forecast by approximately \$3.5 million or 29%. The following table provides a summary of the comparison of actual to prior year's forecasted capital expenditures by funding source:

Comparison of Fiscal Year 2020 Actual and Prior Financial Forecast Operating Results – Capital Funding			
Funding Source	Actual Results [*]	Prior Year's Financial Forecast	Variance Positive/ (Negative)
Capital Improvement Fund	\$14,374,828	\$58,117,486	(\$43,742,658)
Renewal and Replacement Fund	7,740,992	16,671,999	(8,931,007)
Bond Proceeds	0	0	0
Connection Fees	3,562,077	20,103,247	(16,541,170)
Capital Spending – Conservation Fund	0	300,000	(300,000)
Total	\$25,677,897	\$95,192,732	(\$69,514,835)

[*] Amounts shown based on audited Fiscal Year 2020 operating results provided by County staff. Amounts shown reconcile to capital additions as shown in the Fiscal Year 2020 CAFR less capitalized interest.

Capital spending was less than identified in the prior forecast primarily due to: i) recognition of capital funding on an appropriated basis (i.e., a budgeted claim against available funds) as opposed to a cash basis (i.e., expected timing of expenditures); and ii) other delays from permitting or other requirements prior to initiating construction. It should be noted that such improvements are still expected to be initiated or have been initiated in the current period and that the variance between the actual spending and the planned spending has been declining over the recent period. The table presented on the ensuing page provides a comparison of the ending cash balances among the actual and previous year's forecasted results.

Comparison of Fiscal Year 2020 Actual and Prior Financial Forecast Operating Results – Cash Balances			
Funding Source	Actual Results [1]	Prior Year's Financial Forecast	Variance Positive/ (Negative)
Operating Reserves	\$57,097,474	\$34,729,806	\$22,367,668
Capital Funds Balances [2]	108,368,811	82,171,888	26,196,923
Construction Fund (Debt Proceeds)	0	0	0
Connection Fee Funds	80,961,073	60,362,345	20,598,728
Total (Excludes Debt Service / Deposits)	<u>\$246,427,358</u>	<u>\$177,264,039</u>	<u>\$69,163,319</u>

[1] Amounts shown based on audited Fiscal Year 2020 operating results provided by County staff and are exclusive of restricted funds related to debt service payments (i.e., sinking fund, debt service reserve fund), and customer deposits. The amounts on deposit in the restricted funds for Fiscal Year End 2020 was \$13,806,751, which totals with the amounts shown above to be \$260,234,109.

[2] Amounts shown include funds in the Renewal and Replacement Fund, Water Conservation Surcharge Fund, Capital Improvement Fund, and the Vehicle Replacement Fund.

As can be seen above, the net effect of lower net revenues from operations relative to lower capital expenditures relative to capital appropriations results in a net greater amount of cash reserves. However, it should be noted that the majority of such funds are committed for appropriated capital improvements and/or minimum cash reserve policy targets. As can be seen on the table below, the majority of funds are restricted or appropriated for capital improvements.

Fiscal Year 2020 Cash Balances – Restrictions		
Line Item Description	September 30, 2020	Calculation Notes
Total Cash Balances:	\$260,234,109	Total Cash as of September 30, 2020
Less Restricted Cash Balances:		
30 Days' Operating Expenses on Deposit	(\$5,799,177)	30 Days of Fiscal Year 2021 Budgeted Expenses / Bond Resolution Restriction
Debt Service Sinking Funds	(11,043,830)	Estimated Average Amount on Deposit for Next Debt Payment
R&R Fund Requirement	(6,035,531)	5% of Fiscal Year 2020 Gross Revenues / Bond Resolution Restriction
Customer Security Deposit	(2,762,495)	
Less Financial Policy Reserves:		
Operating Reserve [1]	(\$17,397,531)	Required 120 Days of Fiscal Year 2020 Budgeted Expenses Net of 30 Days Required by Bond Resolution
Capital Reserve [1]	(13,376,502)	1.5% of Gross Depreciable Fixed Assets as of September 30, 2020 Less R&R Fund Requirement Restricted by Bond Resolution

Table continued on following page.

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Fiscal Year 2020 Cash Balances – Restrictions (cont'd.)

Line Item Description	September 30, 2020	Calculation Notes
Less Other Restrictions		
Connection Fee Fund Balances	(80,961,073)	
Net CIP Appropriations	(78,699,047)	Fiscal Year 2021 CIP Appropriations Net of Appropriations Funded from Existing Connection Fees Already Recognized as a Restriction to Cash Balances
Fiscal Year 2020 Contracted Wastewater Treatment Expense	<u>(6,362,201)</u>	
Total Restrictions	<u>(\$222,437,388)</u>	
Net Available After Restrictions [2]	<u>\$37,796,721</u>	

[1] The gross Financial Policy reserve requirement for the Operating Reserve and Capital Reserve is calculated to be approximately \$23.2 million and \$19.4 million, respectively. Amounts shown are net since the cash restricted Bond Resolution for operating expenses and the Renewal and Replacement Fund Requirement may be applied towards the Financial Policy Reserve requirements.

[2] Net available after restrictions is presented for informational purposes to demonstrate restrictions and designations to cash balances at the outset of the current fiscal year. It should be noted that such amounts do not reflect any designations for unfunded Other Post Employee Benefit liabilities, which is reported at \$33,872,000 as of September 30, 2020.

As can be seen in the prior table, the County reports approximately \$260 million in cash balances; however, most of such funds are restricted or designated due to Bond Resolution, Financial Policy, current period capital appropriations, and contracted wastewater treatment true-up expenses for the prior year. While net cash available has grown in recent years, it should be noted that due to the level of identified capital funding requirements in the near-term any excess cash balances are expected to be appropriated / expended by the Fiscal Year 2023 as discussed in greater detail in subsequent sections of this report.

FORECAST OF REVENUES

The revenues for the Utility are principally generated from the rates for water and wastewater service. Such revenues account for approximately 89% 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 and income, while the balance of revenues or 4% of gross revenues 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 demands assumed for the Forecast Period.

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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]							
	Retail Customers					Finished / Treated Water	
Fiscal Year (Historical)	Average Annual No. of Accounts	Retail Sales (000s Gallons)	Monthly Use per Account (Gallons)	Wholesale Water Sales (000s Gallons)	Total Billed Water Sales (000s Gallons)	(000s Gallons)	ADF- MGD [4]
2012	77,396	7,116,776	7,663	724,001	7,840,777	8,750,233	23.97
2013	78,452	7,082,552	7,523	705,247	7,787,799	8,422,904	23.08
2014	79,562	7,207,660	7,549	723,867	7,931,527	8,532,693	23.38
2015	80,710	7,236,506	7,472	714,624	7,951,130	8,512,833	23.32
2016	82,042	7,223,519	7,337	735,111	7,958,630	8,710,483	23.86
2017	83,255	7,540,485	7,548	742,297	8,282,782	9,039,850	24.77
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
Annual Growth	1.6%	1.1%	(0.4%)	1.4%	1.2%	0.9%	0.9%
(Projected)							
2021	90,505	7,872,493	7,249	823,650	8,696,143	9,452,329	25.90
2022	91,906	7,898,428	7,162	825,088	8,723,516	9,482,083	25.98
2023	93,285	7,990,010	7,138	826,533	8,816,543	9,583,199	26.26
2024	94,642	8,079,461	7,114	827,985	8,907,446	9,682,007	26.53
2025	95,975	8,167,352	7,092	829,444	8,996,796	9,779,126	26.79
2026	97,282	8,253,593	7,070	830,911	9,084,504	9,874,461	27.05
Annual Growth [3]	1.5%	0.8%	(0.7%)	0.2%	0.7%	0.7%	0.7%

[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 and no change to billed water sales. It is estimated that monthly bills rendered will increase by approximately 2.53% upon full implementation in 2020.

[3] Reflects average annual compound growth rate from Fiscal Year 2020 through Fiscal Year 2026.

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

As can be seen above, the County has observed an increase in the amount of water sales for the historical period, however average water sales per account have generally declined. The exception to this trend is noted for the Fiscal Year 2017, which was considered a dry year with higher irrigation demands. Increased water sales may also be 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 1.5% per year.

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With respect to the wastewater system, the historical and projected customer account and billed flow statistics has 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 No. of Accounts	Billed Flows (000s Gallons)	Billed Flows per Account (Gallons)			Thousands of Gallons	Daily Flow (ADF – MGD)
2012	55,922	4,577,441	6,821	276,247	4,853,688	5,580,066	15.29
2013	56,134	5,358,311	7,955	275,787	5,634,098	5,475,070	15.00
2014	57,347	5,403,752	7,852	277,082	5,680,834	5,883,559	16.12
2015 [2]	58,316	5,222,523	7,463	203,018	5,425,541	5,479,641	15.01
2016	59,325	5,322,918	7,477	214,637	5,537,555	5,938,595	16.27
2017	60,263	5,446,375	7,531	231,480	5,677,855	5,924,544	16.23
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	6,049,577	16.57
Annual Growth	<u>1.9%</u>	<u>2.6%</u>	<u>0.7%</u>	<u>(0.4%)</u>	<u>2.5%</u>	<u>1.0%</u>	<u>1.0%</u>
(Projected)							
2021	65,943	5,658,750	7,151	268,460	5,927,210	6,174,177	16.92
2022	66,927	5,699,824	7,097	269,748	5,969,572	6,218,304	17.04
2023	67,897	5,758,601	7,068	271,042	6,029,643	6,280,878	17.21
2024	68,851	5,816,441	7,040	272,342	6,088,783	6,342,482	17.38
2025	69,789	5,873,315	7,013	273,649	6,146,964	6,403,088	17.54
2026	70,709	5,929,106	6,988	274,962	6,204,068	6,462,571	17.71
Annual Growth [4]	<u>1.4%</u>	<u>0.8%</u>	<u>(0.6%)</u>	<u>0.4%</u>	<u>0.8%</u>	<u>1.1%</u>	<u>1.1%</u>

[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 and no change to billed water sales.

[4] Reflects average annual compound growth rate from Fiscal Year 2020 through Fiscal Year 2026.

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 and recognizes the implementation of the continuous billing policy implemented in Fiscal Year 2019.

PROJECTED REVENUES

The revenue forecast was based on: i) review of historical trends in revenues; ii) Fiscal Year 2021 operating budget; iii) year-to-date operating results for Fiscal Year 2021; 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 (3) 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 87% of the total projected Utility revenues.

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						
2021	0.00%	0.00%	\$50,371,295	\$60,973,791	\$3,810,491	\$8,483,668	\$5,232,635	\$128,871,879
2022	8.00%	8.00%	54,685,824	66,135,277	4,067,224	9,901,283	4,444,062	139,233,670
2023	0.00%	0.00%	55,497,392	67,034,546	4,087,035	9,731,946	4,366,490	140,717,409
2024	0.00%	0.00%	56,126,266	67,720,329	4,096,099	9,556,029	4,153,879	141,652,602
2025	0.00%	0.00%	56,743,481	68,395,826	4,105,206	9,389,237	3,917,253	142,551,004
2026	0.00%	0.00%	57,348,406	69,056,917	4,114,362	9,161,759	3,817,756	143,499,200
Growth Rate			2.6%	2.5%	1.5%	1.5%	(6.1%)	2.2%

[1] Reflects identified rate adjustments applied to charges for water and wastewater retail service only.

[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 fund balances (from funding of the capital improvement plan).

FORECAST OF EXPENDITURES

The expenditures during the Forecast Period can be categorized into three primary groups of expenditures: operation and maintenance (operating) expenses, capital funding, and debt service. Presently, operating expenses account for the majority or 59% of gross revenue requirements, while transfers to fund capital reinvestment and reserve maintenance accounted for 23% and debt service payments account for the remaining 18%.

OPERATING EXPENSES

The forecast of operating expenses was developed based upon: i) a review of the recent trends in historical expenses; ii) the adopted Fiscal Year 2021, including review of certain year-to-date expenditures; iii) assumed growth rates / escalation factors of costs based on industry trends in such costs, projections of inflation by the Congressional Budget Office; and iv) discussions with the County staff. Pursuant to a review of operating results since the Fiscal Year 2011, the variance among budgeted and actual operating expenses has been declining. More recently and beginning in the Fiscal Year 2017, actual operating expenses has exceeded budgeted amounts due to a material increase in contracted wastewater treatment disposal costs from the COFM. Charges from the COFM were reported at approximately \$20.8 and \$15.7 million for the Fiscal Years 2019 and 2020, respectively. This contrasts with prior historical averages of approximately \$8.0 million. The significant increase in such costs are attributable to increased capital spending by COFM, which is included as a cost component of wholesale wastewater expenses. Based on discussions with County staff, the forecast recognized \$15.3 million in charges for Fiscal Year 2021, which represents an increase of \$3.1

million above the amounts included in the Fiscal Year 2021 operating budget. Thereafter, such operating costs from the COFM were escalated at 3.0% annually for the Forecast Period. Recognizing the declining margins among the budgeted and actual operating expenses, a contingency ranging from 0.25% for the Fiscal Year 2021 and increasing to 0.75% by the end of the Forecast Period was applied to total operating expenses. The contingency results in an increase to annual operating expenses which averaged approximately \$3,301,000 a year during the Forecast Period.

The Other Post-Employment Benefits (“OPEB”) cumulative liability for the recently completed Fiscal Year 2020 is reported at approximately \$33,872,000. Based on discussions with County staff, LCU intends to cash fund deposits for OPEB at approximately \$243,000 a year on average for the Forecast Period.

The principal operating expenses include personnel, contracted services, and materials / supplies accounting for over 79% of total expenses. LCU staff indicated that based on preliminary budget estimates for Fiscal Year 2022, additional staffing will be required over the coming years and provided Raftelis with estimated additional annual salaries, benefits, and vehicles expenses for Fiscal Years 2022 through 2026 to be included in the projections of operating expenses. Additionally, recognizing that shortly after the Forecast Period LCU expects to undertake an expansion of the South East Wastewater Treatment Plant which will require additional staffing, contractual services, and other operating expenditures, an allowance of \$500,000 and \$1,000,000 has been added to Fiscal Years 2025 and 2026, respectively. Furthermore, budgeted departmental capital outlays were adjusted and reclassified as a capital expenditure included in the capital improvement plan for the purpose of calculating compliance with the Bond Resolution. The forecast of operating expenses relied upon various escalation factors ranging from approximately 2% to 6% depending on the assumed costs being escalated. The following table presents the forecast of operating expenses:

Projected Operating Expenses (\$000s) [1]							
Description	Fiscal Year Ending September 30,						Growth Rate [2]
	2021	2022	2023	2024	2025	2026	
Salaries and Wages	\$17,711	\$19,073	\$20,251	\$21,238	\$22,191	\$22,856	5.2%
Employee Benefits	8,732	9,021	9,320	9,628	9,947	10,276	3.3%
OPEB	225	232	239	246	253	261	3.0%
Contract Services, Materials, and Supplies	29,071	28,921	29,723	30,556	31,420	32,303	2.1%
Utilities	5,529	5,623	5,741	5,868	6,503	7,135	5.2%
Repairs and Maintenance	3,638	3,751	3,868	3,988	4,113	4,241	3.1%
Insurance	831	845	863	882	902	922	2.1%
Other [3]	2,315	2,766	3,104	2,669	2,651	2,669	2.9%
Indirect Costs	2,121	2,157	2,203	2,251	2,303	2,354	2.1%
Administrative Fees	107	109	111	114	116	119	2.1%
Contingency	275	299	303	306	309	313	2.6%
Total	\$70,557	\$72,797	\$75,726	\$77,746	\$80,708	\$83,447	3.4%

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

[2] Reflects average annual compound growth rate from Fiscal Year 2021 through Fiscal Year 2026.

[3] Other expenses include travel, communication, freight and postage, advertising, rentals, and other items budgeted by the County.

As can be seen above, operating expenses are projected to increase by an average annual growth rate of approximately 3.4% per year. 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, which encompasses the forecast period (Fiscal Year 2021 through Fiscal Year 2026). The table below provides a summary of the capital expenditures by type and corresponding sources of funding:

Capital Improvement Program (\$000s) [1]							
Description	2021	2022	2023	2024	2025	2026	Total
Capital Projects:							
Water System:							
Renewal & Replacement	\$46,535	\$10,038	\$9,807	\$10,700	\$16,969	\$15,284	\$109,332
Expansion	24,200	33,336	30,125	33,412	13,100	13,100	147,273
Misc. Capital / Vehicles	269	670	695	570	570	570	3,344
Wastewater System:							
Renewal and Replacement	\$42,170	\$26,956	\$32,834	\$33,273	\$15,421	\$5,916	\$156,569
Expansion	7,714	10,400	14,500	7,000	0	0	39,614
Misc. Capital / Vehicles	268	666	641	567	567	567	3,275
Total Capital Projects	\$121,155	\$82,066	\$88,602	\$85,521	\$46,626	\$35,436	\$459,406
Funding Sources:							
Connection Fees	\$28,548	\$41,104	\$26,578	\$24,377	\$9,990	\$4,420	\$135,017
Renewal and Replacement Fund [2]	\$30,925	\$8,109	\$9,740	\$17,411	\$9,216	\$4,776	\$80,177
Capital Improvement Fund [2]	59,846	29,217	26,947	31,597	26,284	25,104	\$198,994
Conservation Fund	1,300	0	0	0	0	0	\$1,300
Rate Revenue (Operations)	537	1,337	1,337	1,137	1,137	1,137	\$6,619
Capital Grants	0	2,300	0	0	0	0	\$2,300
Proposed Series 2023 Bonds	0	0	24,000	11,000	0	0	\$35,000
Total Funding Sources	\$121,155	\$82,066	\$88,602	\$85,521	\$46,626	\$35,436	\$459,406

[1] Derived from Table 6 at the end of this report; Fiscal Year 2021 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). It should be noted that 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 for the Forecast Period.

As can be seen from the above table and as shown in greater detail in Table 6 at the end of this report, approximately 58% 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. Additionally, the overall amount of programmed capital expenditures for the renewal and replacement of existing infrastructure is estimated at approximately \$266 million during the Forecast Period and averages approximately \$44 million in annual funding; when compared to the annual depreciation expense of approximately \$49.5 million as reported in the Fiscal Year 2020 Comprehensive Annual Financial Report, this demonstrates an active plan of capital reinvestment. The majority of the remaining capital expenditures are associated with extension or expansion of infrastructure including, but not limited to: i) Three Oaks Wastewater Treatment Plant Expansion; ii) North Lee County Water Treatment Plant Expansion; and iii) 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.

With respect to the sources of funding for the identified capital expenditures, approximately 92% 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 Fiscal Year 2022 8.0% retail and wholesale rate adjustment. The County expects to receive \$2.3 million of grant funding for the Fiesta Village Reclaimed Water Main Extension Project. Commencing in Fiscal Year 2023, internal funding sources (with additional transfers from the 8.0% rate adjustment) were not sufficient to meet the overall funding requirements. Without debt funding, the recommended rate adjustment would need to be increased to allow for an additional \$35 million to be generated from monthly retail and wholesale rate revenues over the upcoming 24 - 36 months (Fiscal Year 2022 to Fiscal Year 2024) or the CIP would need to be reduced. For the purposes of this Study, Raftelis assumed the issuance of the Series 2023 Bonds to provide partial funding for the North Lee County Water Treatment Plant and Wellfield Expansion projects. The Series 2023 Bonds are based on the following assumptions: i) a \$35 million construction fund deposit; ii) 3.0% issuance costs; iii) 2.5% annual interest rate; iv) a thirty- (30) year repayment schedule commencing in Fiscal Year 2023; and v) level annual debt service payments of approximately \$1.724 million. It should be noted that 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 need for additional indebtedness. However, should the County issue additional debt, Raftelis would recommend the County work with its Financial Advisor to identify the most cost effective use of debt, and if possible, issue debt for System expansion related projects.

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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)	2021	2022	2023	2024	2025	2026	Total
Water:							
R&R Fund Transfer (20)	\$5,881	\$5,916	\$6,368	\$6,468	\$6,518	\$6,618	\$37,770
Capital Improvement Fund (30)	7,690	10,664	8,710	8,257	7,254	6,371	48,946
Departmental Capital Outlay	269	670	695	570	570	570	3,344
Water Conservation (35)	140	140	140	140	140	140	840
Total	\$13,980	\$17,390	\$15,913	\$15,435	\$14,481	\$13,699	\$90,899
Wastewater:							
R&R Fund Transfer (20)	\$5,849	\$5,884	\$6,332	\$6,432	\$6,482	\$6,582	\$37,560
Capital Improvement Fund (30)	7,647	10,604	8,662	8,211	7,213	6,336	48,673
Departmental Capital Outlay	268	666	641	567	567	567	3,275
Total	\$13,763	\$17,154	\$15,636	\$15,210	\$14,262	\$13,484	\$89,509
Combined System:							
R&R Fund Transfer (20)	\$11,730	\$11,800	\$12,700	\$12,900	\$13,000	\$13,200	\$75,330
Capital Improvement Fund (30)	15,337	21,268	17,372	16,469	14,467	12,707	97,619
Departmental Capital Outlay	537	1,337	1,337	1,137	1,137	1,137	6,619
Water Conservation (35)	140	140	140	140	140	140	840
Total	\$27,744	\$34,544	\$31,548	\$30,645	\$28,743	\$27,183	\$180,408

[*] 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 \$30 million annually and is considered a favorable level of capital reinvestment from rate revenues. 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

The County is currently in the process of refinancing two Florida State Revolving Fund Loans, including the Drinking Water Loan 361001 and Clean Water Loan 392330 to realize net present value savings. Once completed, commencing in Fiscal Year 2022 the total existing annual debt service payments for the Utility are expected to remain relatively constant during the remainder of the Forecast Period. As discussed previously in this Report, the capital funding plan utilized debt financing (the Series 2023 Bonds) to fund \$35 million of capital expenditures; the repayment of the Series 2023 Bonds has been recognized as a requirement of the System and can be seen 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	2021	2022	2023	2024	2025	2026
Outstanding Bonds:						
Series 2011 Bonds	\$5,794	\$5,790	\$0	\$0	\$0	\$0
Series 2012A & B Bonds	0	0	0	0	0	0
Series 2013A Bonds	1,428	1,430	1,428	1,428	0	0
Series 2013B Bonds	4,005	4,013	4,008	4,011	4,011	4,013
Series 2019 Bonds	4,163	4,164	9,959	9,950	11,383	11,377
Refunding Bank Loan (DW361001) [2]	1,154	1,628	1,628	1,628	1,628	1,628
Refunding Bank Loan (CW392330) [2]	969	2,115	2,114	2,114	2,114	2,114
Additional Bonds:						
Proposed Series 2023 Bonds [3]	\$0	\$0	\$1,724	\$1,724	\$1,724	\$1,724
Outstanding SRF Loans:						
SRF Loan DW3610010	501	0	0	0	0	0
SRF Loan WW392330	1,222	0	0	0	0	0
SRF Loan WW360200	1,540	1,540	1,540	1,540	1,540	1,540
SRF Loan DW3602A0	1,311	1,311	1,311	1,311	1,311	1,311
Total	\$22,088	\$21,991	\$23,711	\$23,705	\$23,711	\$23,708

[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 preliminary information provided by County staff and are subject to change.

[3] Amounts shown calculated based on: i) a construction fund deposit of \$35 million; ii) issuance costs equal to 3.0% of the construction fund deposit; iii) annual interest rate of 2.5%; and iv) a level thirty (30) year repayment schedule.

The 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. The Series 2023 Bonds funded water system expansion projects only and have been allocated solely to the water system. Furthermore, it should be mentioned that even with the issuance of the Series 2023 Bonds, it is projected that LCU will end the Forecast Period (Fiscal Year 2026) with strong debt related financial metrics including: i) 22.4% net debt outstanding as a percent of net fixed assets (Financial Policy requirement = 50.0% max); and ii) all-in debt service coverage ratio = 235% (Financial Policy requirement = 150.0% minimum and Bond Resolution requirement = 120.0% minimum). Thus, providing LCU with significant debt capacity after the Forecast Period to assist with funding the next tranche of capital improvements.

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PRINCIPAL FINDINGS

Based on the key assumptions of the Study we have determined that the existing rates for retail 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 by System and on a combined basis.

Combined Water and Wastewater Systems Net Revenue Requirements and Rate Revenue Adjustments (\$000s) [*]						
Description	Fiscal Year Ending September 30,					
	2021	2022	2023	2024	2025	2026
Combined System:						
Operating Expenses	\$70,557	\$72,797	\$75,726	\$77,746	\$80,708	\$83,447
Debt Service	22,088	21,991	23,711	23,705	23,711	23,708
Transfers (Capital/Reserves)	27,744	34,544	31,548	30,645	28,743	27,183
Less Other Income	(\$10,383)	(\$9,851)	(\$9,793)	(\$9,590)	(\$9,362)	(\$9,272)
Net Revenue Requirements	<u>\$110,005</u>	<u>\$119,481</u>	<u>\$121,192</u>	<u>\$122,507</u>	<u>\$123,799</u>	<u>\$125,065</u>
Revenue from Rates:						
Existing Rate Revenue	\$110,005	\$110,973	\$112,215	\$113,432	\$114,629	\$115,801
Identified Rate Adjustments	0.00%	8.00%	0.00%	0.00%	0.00%	0.00%
Adjusted Rate Revenue	<u>\$110,005</u>	<u>\$119,481</u>	<u>\$121,192</u>	<u>\$122,507</u>	<u>\$123,799</u>	<u>\$125,065</u>
Surplus/(Deficiency)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

[*] 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 and wholesale rates by eight percent (8.0%) for Fiscal Year 2022 (October 1, 2021). Based on our analyses as discussed in this Report, this one-time adjustment will be sufficient, with the use of the Series 2023 Bond proceeds, to fully fund the CIP. It should be noted that without debt financing (the Series 2023 Bonds) the County would need to: i) adopt a significantly larger rate adjustment; ii) identify alternative capital funding sources; or iii) make reductions to the CIP as presented in this Report. The primary drivers of the need for the rate adjustment include: i) projected increases in gross revenue requirements stemming from the effects of inflation on operating and maintenance expenditures; ii) significant increases in the cost of contracted wastewater treatment from the COFM; iii) the need for increased Pay-Go funding of the capital improvement program; and iv) additional debt service associated with the proposed Series 2023 Bonds.

Recognizing application of the recommended and identified rate adjustment, it is anticipated that LCU will maintain compliance with the BOCC's adopted Financial Policy requirements, 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 ten percent (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,					
	2021	2022	2023	2024	2025	2026
Operating Reserves [2]:						
Calculated	295	151	145	141	136	132
Minimum	120	120	120	120	120	120
Target Met (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes
Capital Reserves [3]:						
Ending Cash	\$43,505	\$66,387	\$59,912	\$40,413	\$32,520	\$28,687
Minimum	19,412	21,019	22,107	23,282	24,416	25,034
Target Met (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes
Debt to Net Fixed Assets:						
Calculated [4]	31.5%	28.0%	29.2%	26.0%	24.0%	22.4%
Maximum	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Target Met (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes
All-In Coverage:						
Calculated	240%	287%	257%	251%	242%	235%
Minimum	150%	150%	150%	150%	150%	150%
Target Met (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes
Reinvestment from Rates:						
Deposits as % of Rev	23.6%	26.6%	23.9%	23.1%	21.4%	20.0%
Minimum	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Target Met (Yes / No)	Yes	Yes	Yes	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.

As can be seen from the prior table, the Utility is expected to meet or exceed the targets and benchmark ratios identified in the Utility financial policies. In order to provide additional information, 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,					
	2021	2022	2023	2024	2025	2026
Revenue Fund (#00)	\$57,097	\$30,097	\$30,097	\$30,097	\$30,097	\$30,097
Customer Deposits (#10)	2,855	2,950	3,046	3,144	3,244	3,345
Water Connection Fees (#12)	23,653	2,040	613	408	28	1,758
Sewer Connection Fees (#13)	38,486	29,710	14,699	221	6	3,060
R&R Fund (#20)	1,268	4,959	7,919	3,408	7,192	15,616
Vehicle Replacement (#03)	0	0	0	0	0	0
Water Conservation (#35)	621	761	901	1,041	1,181	1,321
Debt Service Reserve (#72)	0	0	0	0	0	0
Capital Improvements (#30)	41,616	60,668	51,093	35,964	24,148	11,751
Debt Sinking Fund	11,203	11,444	12,978	13,165	13,373	13,566
Total Fund Balance	\$176,799	\$142,629	\$121,346	\$87,450	\$79,270	\$80,515
Restricted Funds [2]	(76,197)	(46,144)	(31,336)	(16,939)	(16,652)	(21,730)
Financial Policy Restrictions [3]	(42,609)	(44,952)	(47,003)	(48,842)	(50,950)	(52,469)
Net Above Restrictions and Minimum Reserve Requirements [4]	\$57,994	\$51,533	\$43,007	\$21,668	\$11,668	\$6,316

[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 can be seen 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. Cash reserves are projected to maintain compliance with the financial policy goals of the Utility as adopted by the BOCC for the Forecast Period. 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 \$6 million by Fiscal Year 2026. A graphical summary of the financial results and performance measures are included within Table 1 attached to this report.

For the purposes of this analysis, 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 are considered generally below average with the other surveyed utilities.

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 (Utility expenditure and funding needs) for the Forecast Period. Therefore, as of the date of this report, increases in water and wastewater retail and wholesale service rates are recommended for Fiscal Year 2022. A detailed listing of the recommended rates and charges can be found on Table 14 at the end of this Study.
2. The capital funding analysis completed as a component of this Study, identified the need to issue \$35 million of debt to fund a portion of the North Lee County Water Treatment Plant and Wellfield Expansion Projects in Fiscal Years 2023 and 2024. Use of debt funding was required to provide funds available to appropriate to 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 and should consider using debt for System expansion related projects. 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 County should consider further monitoring of both the water and wastewater systems on a stand-alone basis to assess if each individual system is fully recovering the costs of providing such service. Based on the preliminary analyses performed as a component of this Study, it was identified that the level of variance between the wastewater system's projected revenues and allocated revenue requirements was less than 3.0% in all years of the Forecast Period. This level of variance is considered by Raftelis to be acceptable and within a reasonable margin of error. However, should this trend become further pronounced, the County may consider adjusting wastewater rates at a greater level as compared to water.
4. 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 additional revenues generated from the Fiscal Year 2022 rate adjustments are sufficient to meet the needs of the utility and compliance with the County's Financial Policies.
5. Based on recognition of the additional identified rate adjustments, the Utility is expected to maintain compliance with the adopted Utility Financial Policies and rate covenants of the Bond Resolution for the remainder of the Forecast Period.

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LEE COUNTY, FLORIDA
FISCAL YEAR 2021
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
14	Summary of Proposed and Recommended Rates



Table 1

Lee County, Florida
 Lee County, Florida
 Water and Wastewater System Financial Overview

	Projected Fiscal Year Ending September 30,											
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Adopted Rates:												
Water Rate Adjustments	0.00%	8.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Wastewater Rate Adjustments	0.00%	8.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Combined System Rate Increase	0.00%	8.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Effective Month of Increase	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5

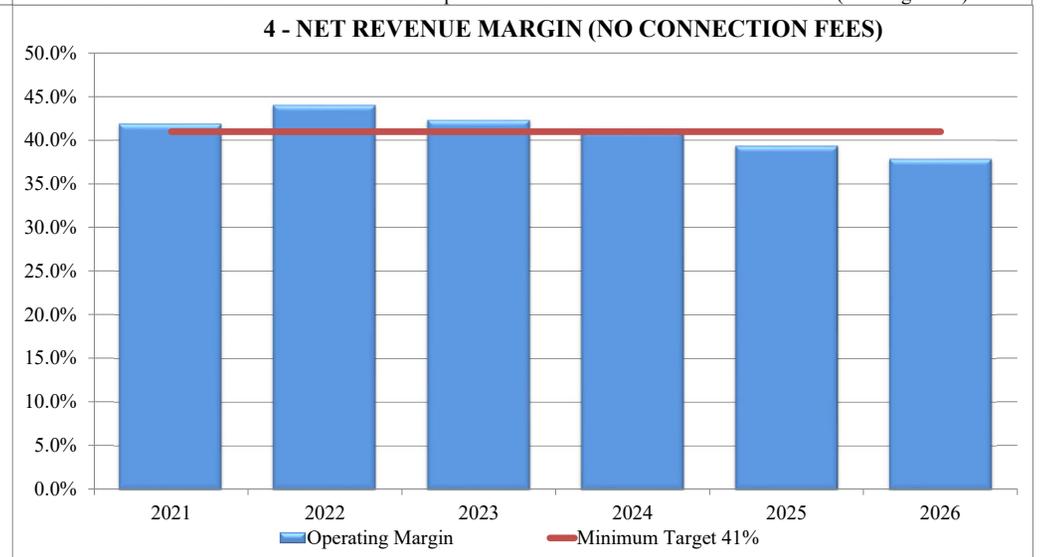
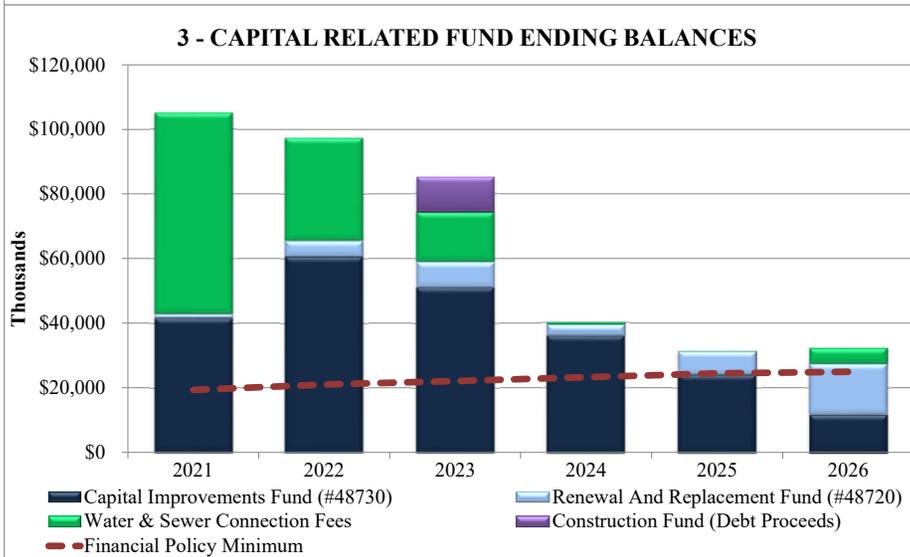
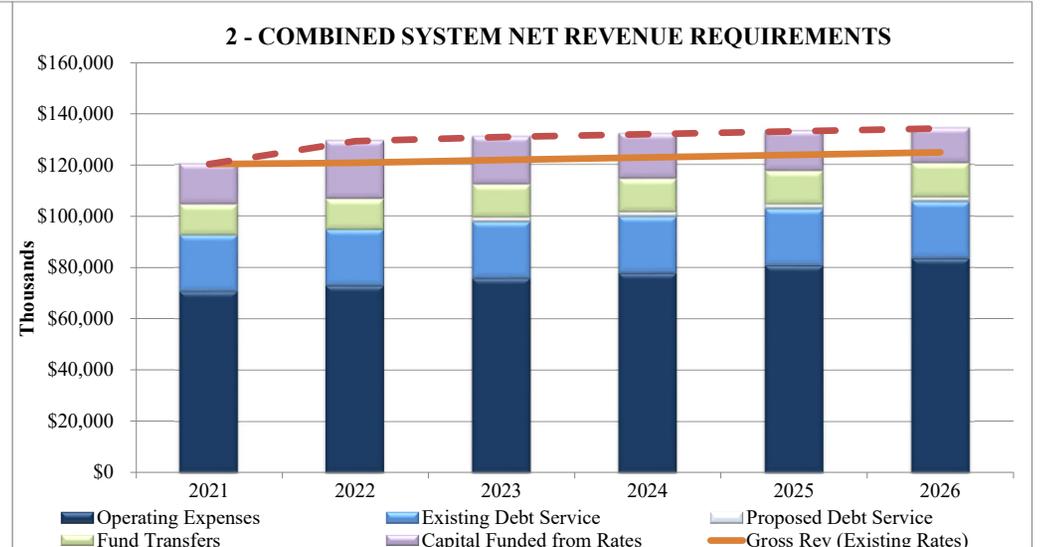
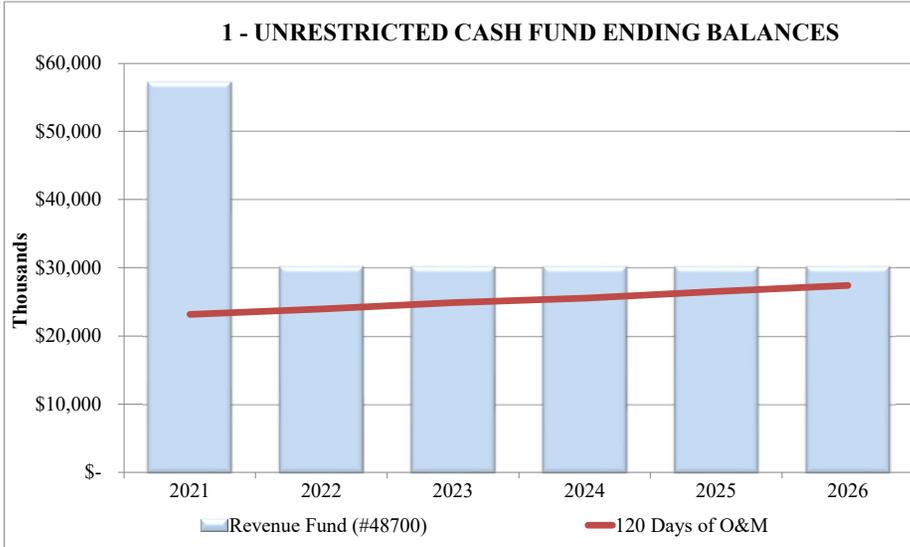




Table 1

Lee County, Florida
 Lee County, Florida
 Water and Wastewater System Financial Overview

	Projected Fiscal Year Ending September 30,											
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Adopted Rates:												
Water Rate Adjustments	0.00%	8.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Wastewater Rate Adjustments	0.00%	8.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Combined System Rate Increase	0.00%	8.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Effective Month of Increase	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5

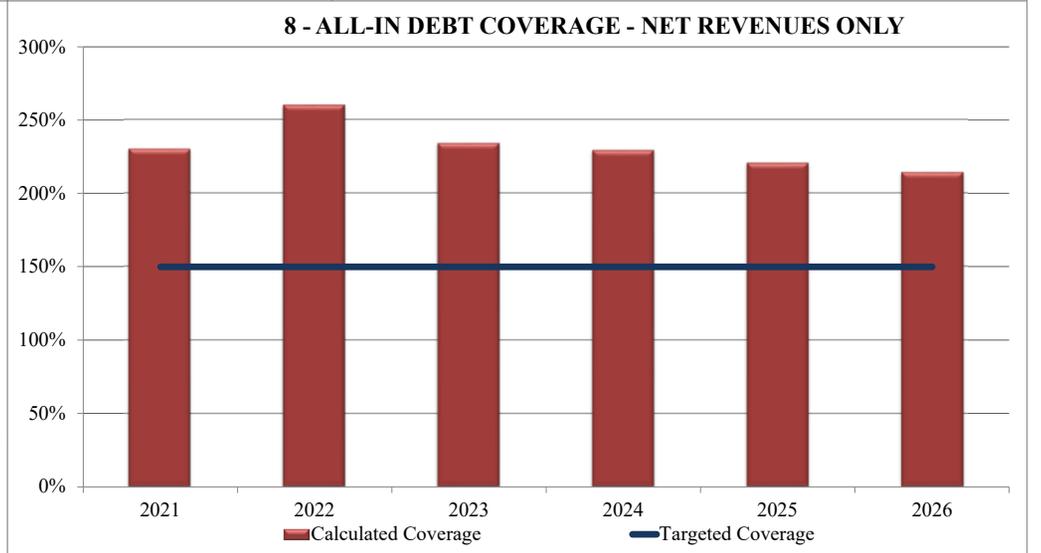
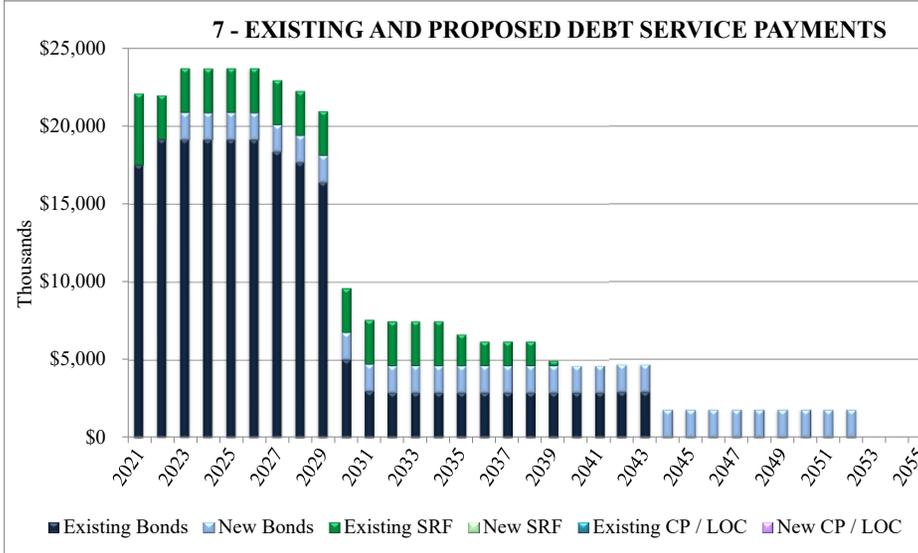
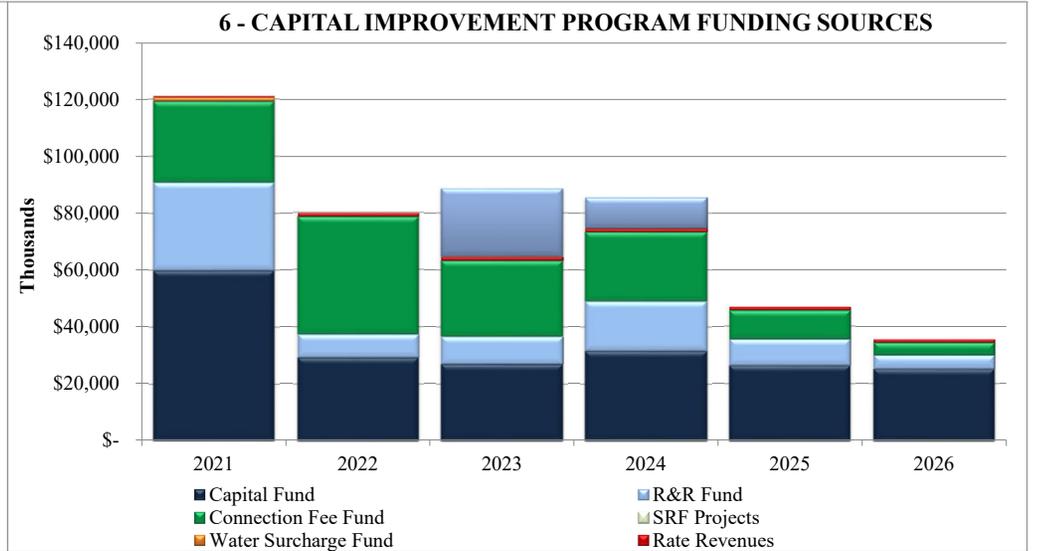
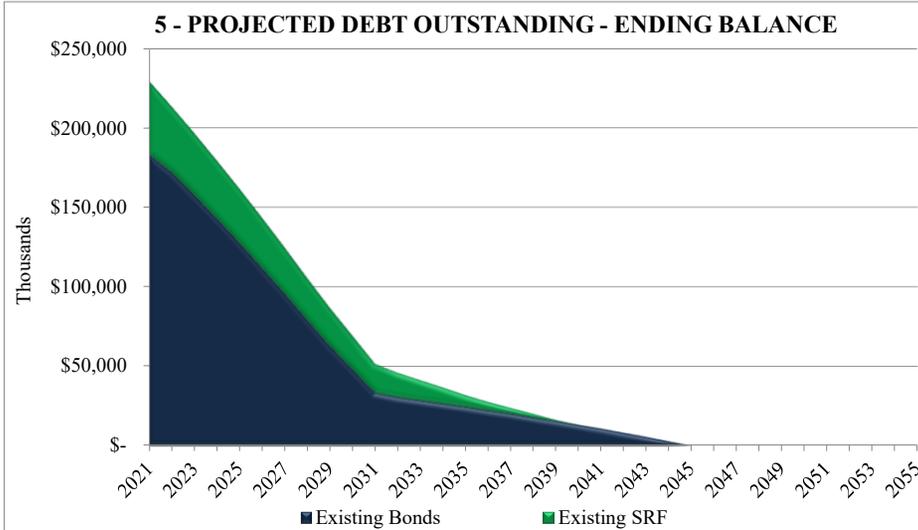




Table 1

Lee County, Florida
 Lee County, Florida
 Water and Wastewater System Financial Overview

	Projected Fiscal Year Ending September 30,											
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Adopted Rates:												
Water Rate Adjustments	0.00%	8.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Wastewater Rate Adjustments	0.00%	8.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Combined System Rate Increase	0.00%	8.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Effective Month of Increase	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5

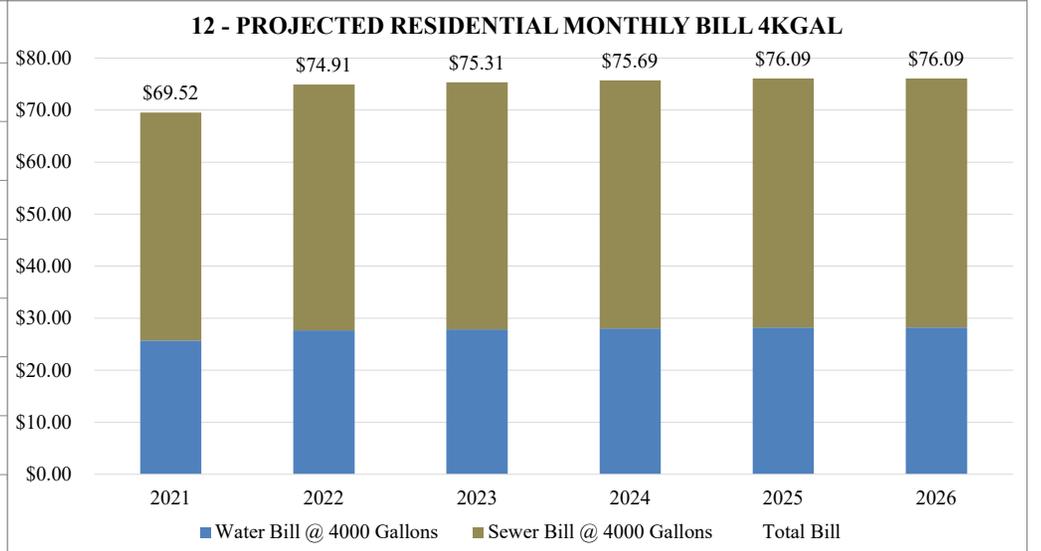
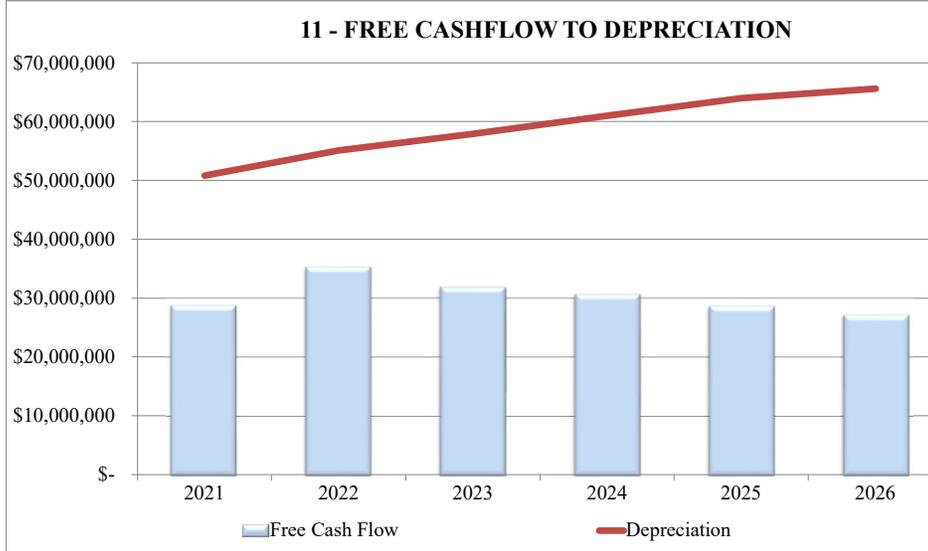
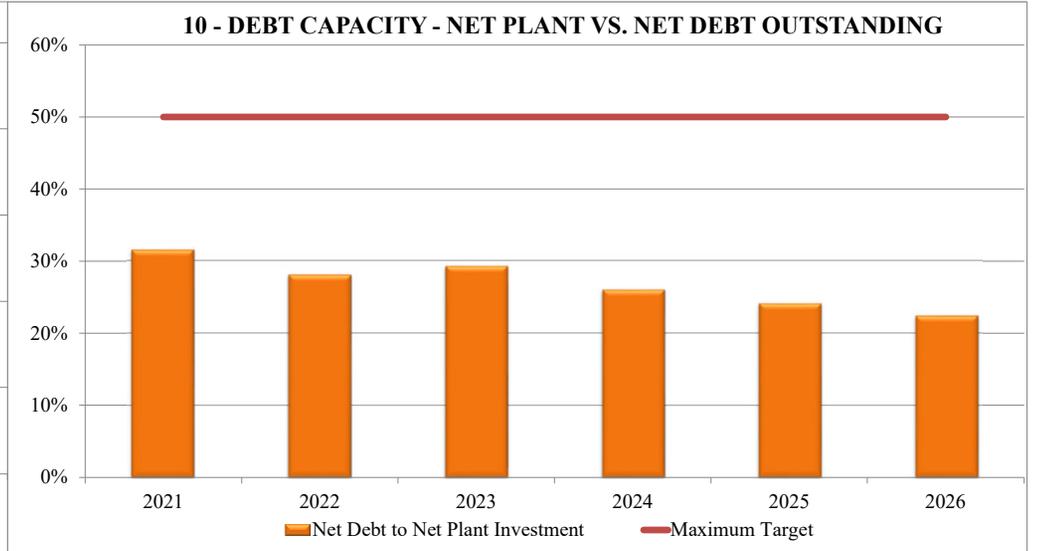
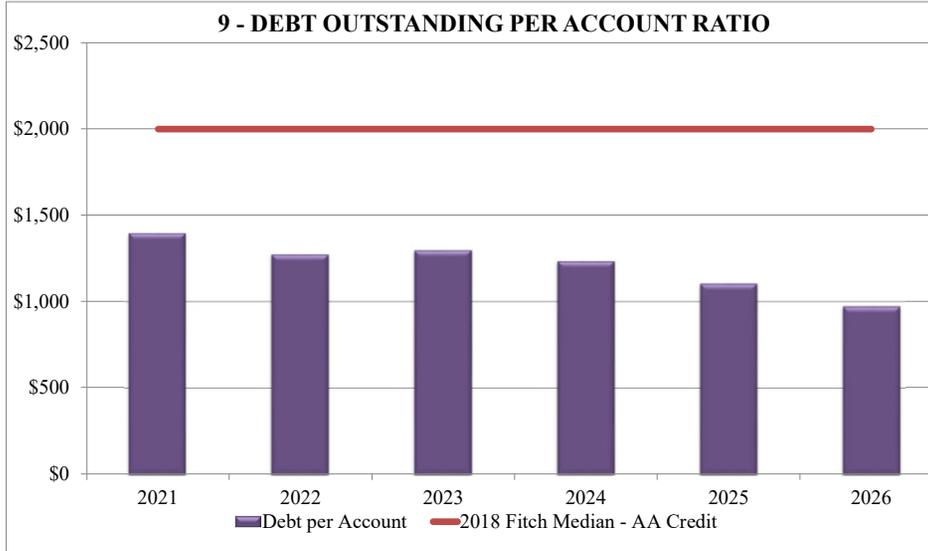


Table 2
Lee County, Florida
Fiscal Year 2021 Water and Wastewater Revenue Sufficiency Study

Historical and Projected Water System Customer Statistics

Line No.	Description	Historical Fiscal Year Ended September 30,					Projected Fiscal Year Ending September 30,					
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Single Family Residential ^[1]												
1	Average Annual Accounts	71,437	72,546	73,738	76,051	78,108	79,436	80,747	82,039	83,311	84,561	85,787
2	Average Annual ERUs	71,437	72,546	73,738	76,051	78,108	79,436	80,747	82,039	83,311	84,561	85,787
3	Total Annual Water Sales (000s)	3,624,766	3,836,542	3,824,087	3,862,339	4,101,081	4,098,898	4,142,321	4,208,601	4,273,854	4,337,979	4,400,873
4	Average Monthly Use per Account	4,228	4,407	4,322	4,232	4,375	4,300	4,275	4,275	4,275	4,275	4,275
5	Average Monthly Usage (Per ERU)	4,228	4,407	4,322	4,232	4,375	4,300	4,275	4,275	4,275	4,275	4,275
Multi-Unit Residential												
6	Average Annual Accounts	3,156	3,195	3,205	3,236	3,218	3,245	3,272	3,298	3,324	3,349	3,373
7	Average Annual ERUs	63,102	64,602	65,533	65,899	62,941	63,476	64,000	64,512	65,012	65,499	65,974
8	Average Annual ERUs	47,596	48,896	49,849	48,977	48,111	48,520	48,920	49,311	49,693	50,066	50,429
9	Total Annual Water Sales (000s)	1,736,956	1,776,881	1,792,112	1,809,453	1,877,985	1,834,041	1,761,120	1,775,203	1,788,955	1,802,362	1,815,437
10	Average Monthly Use per Account	45,864	46,345	46,597	46,597	48,632	47,099	44,853	44,856	44,849	44,848	44,852
11	Average Monthly Usage (Per ERU)	3,041	3,028	2,996	3,079	3,253	3,150	3,000	3,000	3,000	3,000	3,000
Commercial												
12	Average Annual Accounts	5,431	5,494	5,593	5,650	5,708	5,771	5,834	5,895	5,954	6,012	6,069
13	Average Annual ERUs	17,299	17,562	17,963	18,288	18,889	19,025	19,161	19,294	19,417	19,540	19,661
14	Total Annual Water Sales (000s)	1,643,078	1,703,492	1,747,257	1,773,307	1,676,865	1,731,204	1,786,637	1,797,856	1,808,302	1,818,661	1,828,933
15	Average Monthly Use per Account	25,211	25,839	26,033	26,155	24,481	24,999	25,520	25,415	25,309	25,209	25,113
16	Average Monthly Usage (Per ERU)	7,915	8,083	8,106	8,080	7,398	7,583	7,770	7,765	7,761	7,756	7,752
Irrigation Only												
17	Average Annual Accounts	417	419	421	432	453	453	453	453	453	453	453
18	Average Annual ERUs	1,067	1,077	1,078	1,093	1,129	1,129	1,129	1,129	1,129	1,129	1,129
19	Total Annual Water Sales (000s)	161,095	168,061	167,313	173,373	175,295	163,458	163,458	163,458	163,458	163,458	163,458
20	Average Monthly Use per Account	32,193	33,425	33,118	33,444	32,247	30,070	30,070	30,070	30,070	30,070	30,070
21	Average Monthly Usage (Per ERU)	12,582	13,004	12,934	13,218	12,939	12,065	12,065	12,065	12,065	12,065	12,065
Non-Irrigation												
22	Average Annual Accounts	9	9	9	9	8	8	8	8	8	8	8
23	Average Annual ERUs	81	81	81	81	76	76	76	76	76	76	76
24	Total Annual Water Sales (000s)	57,624	55,509	59,436	59,436	44,892	44,892	44,892	44,892	44,892	44,892	44,892
25	Average Monthly Use per Account	533,556	513,972	550,333	550,333	467,625	467,625	467,625	467,625	467,625	467,625	467,625
26	Average Monthly Usage (Per ERU)	59,284	57,108	61,148	61,148	49,224	49,224	49,224	49,224	49,224	49,224	49,224
Fire Line												
27	Average Annual Accounts	1,592	1,592	1,592	1,592	1,592	1,592	1,592	1,592	1,592	1,592	1,592
28	Total Retail Water Accounts	82,042	83,255	84,558	86,970	89,087	90,505	91,906	93,285	94,642	95,975	97,282
29	Total Retail Water ERCs	137,480	140,162	142,709	144,490	146,313	148,186	150,033	151,849	153,626	155,372	157,082
30	Total Annual Retail Water Sales (000s)	7,223,519	7,540,485	7,590,205	7,677,908	7,876,118	7,872,493	7,898,428	7,990,010	8,079,461	8,167,352	8,253,593

Lee County, Florida
Fiscal Year 2021 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,					
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<u>Sewer Only Customers</u>												
Single Family Residential												
34	Average Annual Accounts	333	330	324	320	314	314	314	314	314	314	314
35	Average Annual ERUs	333	330	324	320	314	314	314	314	314	314	314
36	Total Revenue Gallons (000s)	1,492	17,807	17,471	17,245	16,955	16,955	16,955	16,955	16,955	16,955	16,955
37	Average Monthly Use per Account	373	4,497	4,494	4,491	4,500	4,500	4,500	4,500	4,500	4,500	4,500
38	Average Monthly Usage (Per ERU)	373	4,497	4,494	4,491	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Multi-Unit Residential												
39	Average Annual Accounts	4	4	4	4	4	4	4	4	4	4	4
40	Average Annual Units	10	9	9	9	9	9	9	9	9	9	9
41	Average Annual ERUs	7	7	7	7	7	7	7	7	7	7	7
42	Average Monthly Use per Account	646	8,083	8,083	8,083	8,083	8,083	8,083	8,083	8,083	8,083	8,083
43	Total Revenue Gallons (000s)	31	388	388	388	388	388	388	388	388	388	388
44	Average Monthly Use per Account	646	8,083	8,083	8,083	8,083	8,083	8,083	8,083	8,083	8,083	8,083
45	Average Monthly Usage (Per ERU)	369	4,619	4,619	4,619	4,619	4,619	4,619	4,619	4,619	4,619	4,619
Commercial												
46	Average Annual Accounts	20	20	19	17	18	18	18	18	18	18	18
47	Average Annual ERUs	21	22	21	19	20	20	20	20	20	20	20
48	Total Revenue Gallons (000s)	116	1,489	1,404	1,217	1,177	1,177	1,177	1,177	1,177	1,177	1,177
49	Average Monthly Use per Account	483	6,204	6,158	5,966	5,449	5,449	5,449	5,449	5,449	5,449	5,449
50	Average Monthly Usage (Per ERU)	460	5,640	5,571	5,338	4,904	4,904	4,904	4,904	4,904	4,904	4,904
Solid Waste Leachate												
51	Average Annual Accounts	0	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	0
53	Total Retail Wastewater Accounts	59,325	60,263	61,361	63,241	64,945	65,943	66,927	67,897	68,851	69,789	70,709
54	Total Retail Wastewater ERCs	108,935	111,788	114,030	116,188	116,687	118,044	119,379	120,692	121,983	123,250	124,492
55	Total Retail Revenue Gallons (000s)	5,322,918	5,446,375	5,493,763	5,565,123	5,639,242	5,658,750	5,699,824	5,758,601	5,816,441	5,873,315	5,929,106
Wholesale Revenue Gallons												
56	Average Annual Accounts	3	3	3	3	3	3	3	3	3	3	3
57	Total Revenue Gallons (000s)	214,637	231,480	258,346	265,887	268,460	268,460	269,748	271,042	272,342	273,649	274,962
58	Total Billed Wastewater Flows (000s)	5,537,555	5,677,855	5,752,109	5,831,010	5,907,702	5,927,210	5,969,572	6,029,643	6,088,783	6,146,964	6,204,068
59	Treated Wastewater Flow (000s)	5,938,595	5,924,544	5,964,972	6,049,577	6,078,878	6,174,177	6,218,304	6,280,878	6,342,482	6,403,088	6,462,571
60	Average Daily Flow (MGD)	16.27	16.23	16.34	16.57	16.65	16.92	17.04	17.21	17.38	17.54	17.71

Lee County, Florida
Fiscal Year 2021 Water and Wastewater Revenue Sufficiency Study

Projected Operating Expense Escalation Factors [1]

Line No.	Description	Factor Reference	Fiscal Year Ending September 30,				
			2022	2023	2024	2025	2026
1	General Inflation - CBO August 2020 - CPI	Inflation	1.0170	1.0210	1.0220	1.0230	1.0220
2	Labor	Labor	1.0300	1.0300	1.0300	1.0300	1.0300
3	Medical Insurance	MedIns	1.0351	1.0351	1.0351	1.0351	1.0351
4	Customer Growth - Water	WaterCust	1.0152	1.0148	1.0143	1.0139	1.0134
5	Repairs and Maintenance [2]	Repair	1.0312	1.0312	1.0312	1.0312	1.0312
6	Insurance	Insurance	1.0170	1.0210	1.0220	1.0230	1.0220
7	Flow Growth+Inflation-Water	FlowW	1.0201	1.0317	1.0323	1.0330	1.0317
8	Flow Growth+Inflation-Sewer	FlowS	1.0241	1.0311	1.0318	1.0326	1.0313
9	Lee County WTP Operating Supplies	WTP_OP	1.0333	1.0409	1.0405	1.0402	1.0399
10	Lee County WWTP Operating Supplies	WWTP_OP	1.0373	1.0403	1.0400	1.0398	1.0395
11	Ft. Myers Treatment Cost	Treat	1.0300	1.0300	1.0300	1.0300	1.0300
12	Sludge	Sludge	1.0371	1.0401	1.0398	1.0396	1.0393
13	Electrical Expense	Electric	1.0240	1.0316	1.0312	1.0309	1.0306
14	Postage	Postage	1.0626	1.0622	1.0618	1.0613	1.0609

Footnote:

- [1] Amounts shown reflect escalation factors applied in development of projected revenues and expenses. Fiscal Year 2021 budget served as the basis of the forecast period.
- [2] ENR Construction Cost Index 20-Year Change as of December 2020.

Lee County, Florida
Fiscal Year 2021 Water and Wastewater Revenue Sufficiency Study

Projection of Utility Operating Expenses (1)

Line No.	Description	2021 Budget	Adjustments	Adjusted 2021	Escalation Reference	Fiscal Year Ending September 30,				
						2022	2023	2024	2025	2026
OPERATING EXPENSES										
Administration (# 53663)										
1	Salaries and Wages	\$1,051,892	\$0	\$1,051,892	Labor	\$1,083,449	\$1,115,952	\$1,149,431	\$1,183,914	\$1,219,431
2	Health Insurance	237,715	0	237,715	MedIns	246,059	254,696	263,636	272,890	282,468
3	Other Benefits	228,210	0	228,210	Labor	235,056	242,108	249,371	256,852	264,558
4	Professional Services	350,000	0	350,000	Inflation	355,950	363,425	371,420	379,963	388,322
5	Other Contracted Services	139,290	0	139,290	Inflation	141,658	144,633	147,815	151,215	154,542
6	Travel and Per Diem	10,000	0	10,000	Inflation	10,170	10,384	10,612	10,856	11,095
7	Communication	55,603	0	55,603	Inflation	56,548	57,736	59,006	60,363	61,691
8	Freight and Postage	3,000	0	3,000	Inflation	3,051	3,115	3,184	3,257	3,329
9	Equipment Rental	16,824	0	16,824	Inflation	17,110	17,469	17,853	18,264	18,666
10	Self-Insurance Assessment	39,720	0	39,720	Insurance	40,395	41,243	42,150	43,119	44,068
11	Repair and Maintenance	14,800	0	14,800	Repair	15,262	15,738	16,229	16,735	17,257
12	Printing	7,500	0	7,500	Inflation	7,628	7,788	7,959	8,142	8,321
13	Other Administrative Fees	33,561	0	33,561	Inflation	34,132	34,849	35,616	36,435	37,237
14	Indirect Costs	100,279	0	100,279	Inflation	101,984	104,126	106,417	108,865	111,260
15	General Office Supplies	7,500	0	7,500	Inflation	7,628	7,788	7,959	8,142	8,321
16	Operating Supplies	5,200	0	5,200	Inflation	5,288	5,399	5,518	5,645	5,769
17	Subscriptions, Memberships and Educational Expenses	23,500	0	23,500	Inflation	23,900	24,402	24,939	25,513	26,074
18	Capital Outlay - Furniture and Equipment [3]	4,000	(4,000)	0	Inflation	0	0	0	0	0
19	Total	\$2,328,594	(\$4,000)	\$2,324,594		\$2,385,268	\$2,450,851	\$2,519,115	\$2,590,170	\$2,662,409
Water Meter Services (# 53609)										
20	Salaries and Wages	\$863,206	\$0	\$863,206	Labor	\$889,102	\$915,775	\$943,248	\$971,545	\$1,000,691
21	Health Insurance	336,510	0	336,510	MedIns	348,322	360,548	373,203	386,302	399,861
22	Other Benefits	180,215	0	180,215	Labor	185,621	191,190	196,926	202,834	208,919
23	Professional Services	35,000	0	35,000	Inflation	35,595	36,342	37,142	37,996	38,832
24	Other Contracted Services	206,591	0	206,591	Inflation	210,103	214,515	219,234	224,276	229,210
25	Travel and Per Diem	2,000	0	2,000	Inflation	2,034	2,077	2,123	2,172	2,220
26	Communication	12,670	0	12,670	Inflation	12,885	13,156	13,445	13,754	14,057
27	Freight and Postage	500	0	500	Inflation	509	520	531	543	555
28	Equipment Rental	189,914	0	189,914	Inflation	193,143	197,199	201,537	206,172	210,708
29	Self-Insurance Assessment	69,979	0	69,979	Inflation	71,169	72,664	74,263	75,971	77,642
30	Repair and Maintenance	414,500	0	414,500	Repair	427,432	440,768	454,520	468,701	483,324
31	Indirect Costs	161,989	0	161,989	Inflation	164,743	168,203	171,903	175,857	179,726
32	General Office Supplies	1,500	0	1,500	Inflation	1,526	1,558	1,592	1,629	1,665
33	Operating Supplies [3]	39,894	0	39,894	Inflation	40,572	41,424	42,335	43,309	44,262
34	Subscriptions, Memberships and Educational Expenses	6,500	0	6,500	Inflation	6,611	6,750	6,899	7,058	7,213
35	Capital Outlay - Furniture and Equipment [3]	70,000	(70,000)	0	Inflation	0	0	0	0	0
36	Total	\$2,590,968	(\$70,000)	\$2,520,968		\$2,589,367	\$2,662,689	\$2,738,901	\$2,818,119	\$2,898,885
Customer Services, Billings & Collections (# 53610)										
37	Salaries and Wages [4]	\$1,221,435	\$0	\$1,221,435	Labor	\$1,258,078	\$1,295,820	\$1,334,695	\$1,374,736	\$1,415,978
38	Health Insurance	467,825	0	467,825	MedIns	484,246	501,243	518,837	537,048	555,898
39	Other Benefits	254,533	0	254,533	Labor	262,169	270,034	278,135	286,479	295,073
40	Professional Services	480,000	0	480,000	WaterCust	487,317	494,521	501,612	508,579	515,412
41	Other Contracted Services [5]	1,382,196	0	1,382,196	Inflation	1,405,693	1,435,213	1,466,788	1,500,524	1,533,536
42	Travel and Per Diem	4,000	0	4,000	Inflation	4,068	4,153	4,244	4,342	4,438
43	Communication	53,006	0	53,006	Inflation	53,907	55,039	56,250	57,544	58,810
44	Freight and Postage	405,000	0	405,000	Postage	430,367	457,133	485,363	515,125	546,484
45	Water and Sewer	11,000	0	11,000	Inflation	11,187	11,422	11,673	11,941	12,204
46	Equipment Rental	5,100	0	5,100	Inflation	5,187	5,296	5,413	5,537	5,659
47	Self-Insurance Assessment	62,419	0	62,419	Inflation	63,480	64,813	66,239	67,762	69,253
48	Repair and Maintenance	9,800	0	9,800	Inflation	9,967	10,176	10,400	10,639	10,873
49	Printing	3,900	0	3,900	Inflation	3,966	4,049	4,138	4,233	4,326
50	Other Administrative Fees	7,300	0	7,300	Inflation	7,424	7,580	7,747	7,925	8,099
51	Indirect Costs	185,131	0	185,131	Inflation	188,278	192,232	196,461	200,980	205,402
52	General Office Supplies	7,000	0	7,000	Inflation	7,119	7,268	7,428	7,599	7,766
53	Operating Supplies	8,100	0	8,100	Inflation	8,238	8,411	8,596	8,794	8,987
54	Subscriptions, Memberships and Educational Expenses	10,000	0	10,000	Inflation	10,170	10,384	10,612	10,856	11,095
55	Total	\$4,577,745	\$0	\$4,577,745		\$4,700,861	\$4,834,787	\$4,974,631	\$5,120,643	\$5,269,293
Locates (# 53611)										
56	Salaries and Wages	\$346,844	\$0	\$346,844	Labor	\$357,249	\$367,966	\$379,005	\$390,375	\$402,086
57	Health Insurance	104,190	0	104,190	MedIns	107,847	111,632	115,550	119,606	123,804
58	Other Benefits	74,176	0	74,176	Labor	76,401	78,693	81,054	83,486	85,991
59	Other Contracted Services	46,742	0	46,742	Inflation	47,537	48,535	49,603	50,744	51,860
60	Communication	4,304	0	4,304	Inflation	4,377	4,469	4,567	4,672	4,775
61	Equipment Rental	16,676	0	16,676	Inflation	16,959	17,315	17,696	18,103	18,501
62	Self-Insurance Assessment	19,212	0	19,212	Inflation	19,539	19,949	20,388	20,857	21,316
63	Repair and Maintenance	22,500	0	22,500	Repair	23,202	23,926	24,672	25,442	26,236
64	Indirect Costs	38,569	0	38,569	Inflation	39,225	40,049	40,930	41,871	42,792
65	General Office Supplies	500	0	500	Inflation	509	520	531	543	555
66	Operating Supplies	17,682	0	17,682	Inflation	17,983	18,361	18,765	19,197	19,619
67	Capital Outlay - Furniture and Equipment [3]	4,000	(4,000)	0	Inflation	0	0	0	0	0
68	Total	\$695,395	(\$4,000)	\$691,395		\$710,828	\$731,415	\$752,761	\$774,896	\$797,535
Utilities Engineering (# 53607)										
69	Salaries and Wages [4]	\$2,299,122	\$0	\$2,299,122	Labor	\$2,368,096	\$2,439,139	\$2,512,313	\$2,587,682	\$2,665,312
70	Health Insurance	579,395	0	579,395	MedIns	599,732	620,783	642,572	665,126	688,472
71	Other Benefits	460,232	0	460,232	Labor	474,039	488,260	502,908	517,995	533,535
72	Professional Services	230,000	0	230,000	Inflation	233,910	238,822	244,076	249,690	255,183
73	Other Contracted Services	201,745	0	201,745	Inflation	205,175	209,484	214,093	219,017	223,835
74	Travel and Per Diem	6,700	0	6,700	Inflation	6,814	6,957	7,110	7,274	7,434
75	Communication	37,500	0	37,500	Inflation	38,138	38,939	39,796	40,711	41,607
76	Freight and Postage	100	0	100	Inflation	102	104	106	108	110

Lee County, Florida
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Projection of Utility Operating Expenses (1)

Line No.	Description	2021			Escalation Reference	Fiscal Year Ending September 30,				
		Budget	Adjustments	Adjusted 2021		2022	2023	2024	2025	2026
77	Water and Sewer	300	0	300	Inflation	305	311	318	325	332
78	Equipment Rental	61,673	0	61,673	Inflation	62,721	64,038	65,447	66,952	68,425
79	Self-Insurance Assessment	73,565	0	73,565	Insurance	74,816	76,387	78,068	79,864	81,621
80	Repair and Maintenance	3,750	0	3,750	Repair	3,867	3,988	4,112	4,240	4,372
81	Printing	500	0	500	Inflation	509	520	531	543	555
82	Other Administrative Fees	25,363	0	25,363	Inflation	25,794	26,336	26,915	27,534	28,140
83	Indirect Costs	223,700	0	223,700	Inflation	227,503	232,281	237,391	242,851	248,194
84	General Office Supplies	2,000	0	2,000	Inflation	2,034	2,077	2,123	2,172	2,220
85	Operating Supplies	9,938	0	9,938	Inflation	10,107	10,319	10,546	10,789	11,026
86	Subscriptions, Memberships and Educational Expenses	50,600	0	50,600	Inflation	51,460	52,541	53,697	54,932	56,141
87	Capital Outlay - Furniture and Equipment [3]	6,000	(6,000)	0	Inflation	0	0	0	0	0
88	Total	\$4,272,183	(\$6,000)	\$4,266,183		\$4,385,122	\$4,511,286	\$4,642,122	\$4,777,805	\$4,916,514
Utilities Fiscal (#53661)										
89	Salaries and Wages	\$0	\$458,125	\$458,125	Labor	\$471,869	\$486,025	\$500,606	\$515,624	\$531,093
90	Total	\$0	\$458,125	\$458,125		\$471,869	\$486,025	\$500,606	\$515,624	\$531,093
Systems Maintenance Department (# 53614)										
91	Salaries and Wages [4]	\$1,190,033	\$0	\$1,190,033	Labor	\$1,225,734	\$1,262,506	\$1,300,381	\$1,339,392	\$1,379,574
92	Health Insurance	365,845	0	365,845	MedIns	378,686	391,978	405,736	419,977	434,718
93	Other Benefits	242,428	0	242,428	Labor	249,701	257,192	264,908	272,855	281,041
94	Professional Services	6,000	0	6,000	Inflation	6,102	6,230	6,367	6,513	6,656
95	Other Contracted Services	107,147	0	107,147	Inflation	108,968	111,256	113,704	116,319	118,878
96	Communication	21,670	0	21,670	Inflation	22,038	22,501	22,996	23,525	24,043
97	Water and Sewer	9,500	0	9,500	Inflation	9,662	9,865	10,082	10,314	10,541
98	Equipment Rental	148,045	0	148,045	Inflation	150,562	153,724	157,106	160,719	164,255
99	Self-Insurance Assessment	63,210	0	63,210	Inflation	64,285	65,635	67,079	68,622	70,132
100	Repair and Maintenance	25,500	0	25,500	Inflation	25,934	26,479	27,062	27,684	28,293
101	Other Administrative Fees	500	0	500	Inflation	509	520	531	543	555
102	Indirect Costs	146,562	0	146,562	Inflation	149,054	152,184	155,532	159,109	162,609
103	General Office Supplies	1,500	0	1,500	Inflation	1,526	1,558	1,592	1,629	1,665
104	Operating Supplies	82,311	0	82,311	Inflation	83,710	85,468	87,348	89,357	91,323
105	Subscriptions, Memberships and Educational Expenses	7,500	0	7,500	Inflation	7,628	7,788	7,959	8,142	8,321
106	Capital Outlay - Furniture and Equipment [3]	11,000	(11,000)	0	Inflation	0	0	0	0	0
107	Total	\$2,428,751	(\$11,000)	\$2,417,751		\$2,484,099	\$2,554,884	\$2,628,383	\$2,704,700	\$2,782,604
Instruments / Electrical Maintenance Department (# 53615)										
108	Salaries and Wages	\$1,506,904	\$0	\$1,506,904	Labor	\$1,552,111	\$1,598,674	\$1,646,634	\$1,696,033	\$1,746,914
109	Health Insurance	416,535	0	416,535	MedIns	431,155	446,289	461,954	478,169	494,953
110	Other Benefits	286,443	0	286,443	Labor	295,036	303,887	313,004	322,394	332,066
111	Professional Services	10,000	0	10,000	Inflation	10,170	10,384	10,612	10,856	11,095
112	Other Contracted Services	98,556	0	98,556	Inflation	100,231	102,336	104,587	106,993	109,347
113	Travel and Per Diem	2,000	0	2,000	Inflation	2,034	2,077	2,123	2,172	2,220
114	Communication	61,734	0	61,734	Inflation	62,783	64,101	65,511	67,018	68,492
115	Freight and Postage	600	0	600	Inflation	610	623	637	652	666
116	Water and Sewer	11,500	0	11,500	Inflation	11,696	11,942	12,205	12,486	12,761
117	Equipment Rental	79,621	0	79,621	Inflation	80,975	82,675	84,494	86,437	88,339
118	Self-Insurance Assessment	59,927	0	59,927	Inflation	60,946	62,226	63,595	65,058	66,489
119	Repair and Maintenance	136,500	0	136,500	Repair	140,759	145,151	149,680	154,350	159,166
120	Other Administrative Fees	200	0	200	Inflation	203	207	212	217	222
121	Indirect Costs	154,276	0	154,276	Inflation	156,899	160,194	163,718	167,484	171,169
122	General Office Supplies	3,000	0	3,000	Inflation	3,051	3,115	3,184	3,257	3,329
123	Operating Supplies	55,413	0	55,413	Inflation	56,355	57,538	58,804	60,156	61,479
124	Subscriptions, Memberships and Educational Expenses	19,500	0	19,500	Inflation	19,832	20,248	20,693	21,169	21,635
125	Capital Outlay - Furniture and Equipment [3]	22,000	(22,000)	0	Inflation	0	0	0	0	0
126	Total	\$2,924,709	(\$22,000)	\$2,902,709		\$2,984,846	\$3,071,667	\$3,161,647	\$3,254,901	\$3,350,342
Support Services (# 53616)										
127	Salaries and Wages	\$236,922	\$0	\$236,922	Labor	\$244,030	\$251,351	\$258,892	\$266,659	\$274,659
128	Health Insurance	77,440	0	77,440	MedIns	80,158	82,972	85,884	88,899	92,019
129	Other Benefits	48,717	0	48,717	Labor	50,179	51,684	53,235	54,832	56,477
130	Professional Services	7,000	0	7,000	Inflation	7,119	7,268	7,428	7,599	7,766
131	Other Contracted Services	14,507	0	14,507	Inflation	14,754	15,064	15,395	15,749	16,095
132	Travel and Per Diem	1,000	0	1,000	Inflation	1,017	1,038	1,061	1,085	1,109
133	Communication	13,729	0	13,729	Inflation	13,962	14,255	14,569	14,904	15,232
134	Freight and Postage	100	0	100	Inflation	102	104	106	108	110
135	Water and Sewer	2,000	0	2,000	Inflation	2,034	2,077	2,123	2,172	2,220
136	Equipment Rental	15,639	0	15,639	Inflation	15,905	16,239	16,596	16,978	17,352
137	Self-Insurance Assessment	11,349	0	11,349	Inflation	11,542	11,784	12,043	12,320	12,591
138	Repair and Maintenance	2,600	0	2,600	Repair	2,681	2,765	2,851	2,940	3,032
139	Indirect Costs	30,855	0	30,855	Inflation	31,380	32,039	32,744	33,497	34,234
140	General Office Supplies	2,000	0	2,000	Inflation	2,034	2,077	2,123	2,172	2,220
141	Operating Supplies	6,364	0	6,364	Inflation	6,472	6,608	6,753	6,908	7,060
142	Total	\$470,222	\$0	\$470,222		\$483,369	\$497,325	\$511,803	\$526,822	\$542,176
Water Operations (# 53662)										
143	Salaries and Wages	\$240,847	\$0	\$240,847	Labor	\$248,072	\$255,514	\$263,179	\$271,074	\$279,206
144	Health Insurance	53,389	0	53,389	MedIns	55,263	57,203	59,211	61,289	63,440
145	Other Benefits	46,782	0	46,782	Labor	48,185	49,631	51,120	52,654	54,234
146	Professional Services	6,000	0	6,000	Inflation	6,102	6,230	6,367	6,513	6,656
147	Other Contracted Services	23,035	0	23,035	Inflation	23,427	23,919	24,445	25,007	25,557
148	Communication	3,500	0	3,500	Inflation	3,560	3,635	3,715	3,800	3,884
149	Equipment Rental	5,743	0	5,743	Inflation	5,841	5,964	6,095	6,235	6,372
150	Self-Insurance Assessment	4,256	0	4,256	Insurance	4,328	4,419	4,516	4,620	4,722
151	Repair and Maintenance	57,500	0	57,500	Repair	59,294	61,144	63,052	65,019	67,048
152	Other Administrative Fees	150	0	150	Inflation	153	156	159	163	167
153	Indirect Costs	11,571	0	11,571	Inflation	11,768	12,015	12,279	12,561	12,837
154	Operating Supplies	2,500	0	2,500	Inflation	2,543	2,596	2,653	2,714	2,774
155	Subscriptions, Memberships and Educational Expenses	2,000	0	2,000	Inflation	2,034	2,077	2,123	2,172	2,220
156	Total	\$457,273	\$0	\$457,273		\$470,570	\$484,503	\$498,914	\$513,821	\$529,117

Lee County, Florida
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Projection of Utility Operating Expenses (1)

Line No.	Description	2021			Escalation Reference	Fiscal Year Ending September 30,				
		Budget	Adjustments	Adjusted 2021		2022	2023	2024	2025	2026
Water Distribution (# 53602)										
157	Salaries and Wages	\$1,802,779	\$0	\$1,802,779	Labor	\$1,856,862	\$1,912,568	\$1,969,945	\$2,029,043	\$2,089,914
158	Health Insurance	601,951	0	601,951	MedIns	623,079	644,949	667,587	691,019	715,274
159	Other Benefits	356,577	0	356,577	Labor	367,274	378,292	389,641	401,330	413,370
160	Professional Services	135,000	0	135,000	Inflation	137,295	140,178	143,262	146,557	149,781
161	Other Contracted Services	192,787	0	192,787	Inflation	196,064	200,181	204,585	209,290	213,894
162	Travel and Per Diem	1,500	0	1,500	Inflation	1,526	1,558	1,592	1,629	1,665
163	Communication	26,918	0	26,918	Inflation	27,376	27,951	28,566	29,223	29,866
164	Freight and Postage	700	0	700	Inflation	712	727	743	760	777
165	Water and Sewer	10,000	0	10,000	Inflation	10,170	10,384	10,612	10,856	11,095
166	Equipment Rental	302,058	0	302,058	Inflation	307,193	313,644	320,544	327,917	335,131
167	Self-Insurance Assessment	100,763	0	100,763	Inflation	102,476	104,628	106,930	109,389	111,796
168	Repair and Maintenance	480,000	0	480,000	Repair	494,976	510,419	526,344	542,766	559,700
169	Other Administrative Fees	3,500	0	3,500	Inflation	3,560	3,635	3,715	3,800	3,884
170	Indirect Costs	235,270	0	235,270	Inflation	239,270	244,295	249,669	255,411	261,030
171	General Office Supplies	2,000	0	2,000	Inflation	2,034	2,077	2,123	2,172	2,220
172	Operating Supplies	217,489	0	217,489	Inflation	221,186	225,831	230,799	236,107	241,301
173	Subscriptions, Memberships and Educational Expenses	6,000	0	6,000	Inflation	6,102	6,230	6,367	6,513	6,656
174	Capital Outlay - Furniture and Equipment [3]	20,000	(20,000)	0	Inflation	0	0	0	0	0
175	Total	\$4,495,292	(\$20,000)	\$4,475,292		\$4,597,155	\$4,727,547	\$4,863,024	\$5,003,782	\$5,147,354
Water Production - Olga (# 53601)										
176	Salaries and Wages	\$442,289	\$0	\$442,289	Labor	\$455,558	\$469,225	\$483,302	\$497,801	\$512,735
177	Health Insurance	133,525	0	133,525	MedIns	138,212	143,063	148,085	153,283	158,663
178	Other Benefits	90,230	0	90,230	Labor	92,937	95,725	98,597	101,555	104,602
179	Professional Services	70,000	0	70,000	Inflation	71,190	72,685	74,284	75,993	77,665
180	Other Contracted Services	94,542	0	94,542	Inflation	96,149	98,168	100,328	102,636	104,894
181	Communication	15,027	0	15,027	Inflation	15,282	15,603	15,946	16,313	16,672
182	Water and Sewer	445,000	0	445,000	Inflation	452,565	462,069	472,235	483,096	493,724
183	Equipment Rental	13,162	0	13,162	Inflation	13,386	13,667	13,968	14,289	14,603
184	Self-Insurance Assessment	20,408	0	20,408	Insurance	20,755	21,191	21,657	22,155	22,642
185	Repair and Maintenance	70,000	0	70,000	Repair	72,184	74,436	76,758	79,153	81,623
186	Other Administrative Fees	2,000	0	2,000	Inflation	2,034	2,077	2,123	2,172	2,220
187	Indirect Costs	53,996	0	53,996	Inflation	54,914	56,067	57,300	58,618	59,908
188	General Office Supplies	2,000	0	2,000	Inflation	2,034	2,077	2,123	2,172	2,220
189	Operating Supplies	294,544	0	294,544	WTP_OP	304,366	316,804	329,638	342,900	356,598
190	Subscriptions, Memberships and Educational Expenses	1,500	0	1,500	Inflation	1,526	1,558	1,592	1,629	1,665
191	Capital Outlay - Furniture and Equipment [3]	13,000	(13,000)	0	Inflation	0	0	0	0	0
192	Total	\$1,761,223	(\$13,000)	\$1,748,223		\$1,793,092	\$1,844,415	\$1,897,936	\$1,953,765	\$2,010,434
Water Production - Corkscrew (# 53618)										
193	Salaries and Wages	\$549,005	\$0	\$549,005	Labor	\$565,475	\$582,439	\$599,912	\$617,909	\$636,446
194	Health Insurance	173,650	0	173,650	MedIns	179,745	186,054	192,584	199,344	206,341
195	Other Benefits	110,568	0	110,568	Labor	113,885	117,302	120,821	124,446	128,179
196	Professional Services	150,000	0	150,000	Inflation	152,550	155,754	159,181	162,842	166,425
197	Other Contracted Services	125,028	0	125,028	Inflation	127,153	129,823	132,679	135,731	138,717
198	Communication	13,512	0	13,512	Inflation	13,742	14,031	14,340	14,670	14,993
199	Water and Sewer	818,000	0	818,000	Inflation	831,906	849,376	868,062	888,027	907,564
200	Equipment Rental	9,933	0	9,933	Inflation	10,102	10,314	10,541	10,783	11,020
201	Self-Insurance Assessment	28,919	0	28,919	Inflation	29,411	30,029	30,690	31,396	32,087
202	Repair and Maintenance	186,500	0	186,500	Repair	192,319	198,319	204,507	210,888	217,468
203	Other Administrative Fees	2,000	0	2,000	Inflation	2,034	2,077	2,123	2,172	2,220
204	Indirect Costs	77,138	0	77,138	Inflation	78,449	80,096	81,858	83,741	85,583
205	General Office Supplies	2,000	0	2,000	Inflation	2,034	2,077	2,123	2,172	2,220
206	Operating Supplies	1,089,839	0	1,089,839	WTP_OP	1,126,183	1,172,203	1,219,690	1,268,759	1,319,444
207	Subscriptions, Memberships and Educational Expenses	1,750	0	1,750	Inflation	1,780	1,817	1,857	1,900	1,942
208	Capital Outlay - Furniture and Equipment [3]	40,000	(40,000)	0	Inflation	0	0	0	0	0
209	Total	\$3,377,842	(\$40,000)	\$3,337,842		\$3,426,768	\$3,531,711	\$3,640,968	\$3,754,780	\$3,870,649
Water Production - Green Meadows (# 53627)										
210	Salaries and Wages	\$599,050	\$0	\$599,050	Labor	\$617,022	\$635,533	\$654,599	\$674,237	\$694,464
211	Health Insurance	155,480	0	155,480	MedIns	160,937	166,586	172,433	178,485	184,750
212	Other Benefits	116,938	0	116,938	Labor	120,446	124,059	127,781	131,614	135,562
213	Professional Services	150,000	0	150,000	Inflation	152,550	155,754	159,181	162,842	166,425
214	Other Contracted Services	105,028	0	105,028	Inflation	106,813	109,056	111,455	114,018	116,526
215	Communication	43,171	0	43,171	Inflation	43,905	44,827	45,813	46,867	47,898
216	Water and Sewer	918,000	0	918,000	Inflation	933,606	953,212	974,183	996,589	1,018,514
217	Equipment Rental	7,126	0	7,126	Inflation	7,247	7,399	7,562	7,736	7,906
218	Self-Insurance Assessment	25,535	0	25,535	Inflation	25,969	26,514	27,097	27,720	28,330
219	Repair and Maintenance	226,000	0	226,000	Repair	233,051	240,322	247,820	255,552	263,525
220	Other Administrative Fees	2,000	0	2,000	Inflation	2,034	2,077	2,123	2,172	2,220
221	Indirect Costs	69,424	0	69,424	Inflation	70,604	72,087	73,673	75,367	77,025
222	General Office Supplies	2,000	0	2,000	Inflation	2,034	2,077	2,123	2,172	2,220
223	Operating Supplies	982,027	0	982,027	WTP_OP	1,014,775	1,056,243	1,099,032	1,143,247	1,188,918
224	Subscriptions, Memberships and Educational Expenses	1,750	0	1,750	Inflation	1,780	1,817	1,857	1,900	1,942
225	Capital Outlay - Furniture and Equipment [3]	10,000	(10,000)	0	Inflation	0	0	0	0	0
226	Total	\$3,413,529	(\$10,000)	\$3,403,529		\$3,492,773	\$3,597,563	\$3,706,732	\$3,820,518	\$3,936,225

Lee County, Florida
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Projection of Utility Operating Expenses (1)

Line No.	Description	2021 Budget	Adjustments	Adjusted 2021	Escalation Reference	Fiscal Year Ending September 30,				
						2022	2023	2024	2025	2026
Water Production - Pine Woods (# 53619)										
227	Salaries and Wages	\$479,161	\$0	\$479,161	Labor	\$493,536	\$508,342	\$523,592	\$539,300	\$555,479
228	Health Insurance	168,255	0	168,255	MedIns	174,161	180,274	186,602	193,152	199,932
229	Other Benefits	92,479	0	92,479	Labor	95,253	98,111	101,054	104,086	107,209
230	Professional Services	95,000	0	95,000	Inflation	96,615	98,644	100,814	103,133	105,402
231	Other Contracted Services	51,514	0	51,514	Inflation	52,390	53,490	54,667	55,924	57,154
232	Communication	16,256	0	16,256	Inflation	16,532	16,879	17,250	17,647	18,035
233	Water and Sewer	381,500	0	381,500	Inflation	387,986	396,134	404,849	414,161	423,273
234	Equipment Rental	9,225	0	9,225	Inflation	9,382	9,579	9,790	10,015	10,235
235	Self-Insurance Assessment	18,665	0	18,665	Inflation	18,982	19,381	19,807	20,263	20,709
236	Repair and Maintenance	135,500	0	135,500	Repair	139,728	144,088	148,584	153,220	158,000
237	Other Administrative Fees	2,000	0	2,000	Inflation	2,034	2,077	2,123	2,172	2,220
238	Indirect Costs	61,710	0	61,710	Inflation	62,759	64,077	65,487	66,993	68,467
239	General Office Supplies	1,500	0	1,500	Inflation	1,526	1,558	1,592	1,629	1,665
240	Operating Supplies	326,382	0	326,382	WTP_OP	337,266	351,048	365,269	379,964	395,143
241	Subscriptions, Memberships and Educational Expenses	1,500	0	1,500	Inflation	1,526	1,558	1,592	1,629	1,665
242	Capital Outlay - Furniture and Equipment [3]	12,000	(12,000)	0	Inflation	0	0	0	0	0
243	Total	\$1,852,647	(\$12,000)	\$1,840,647		\$1,889,676	\$1,945,240	\$2,003,072	\$2,063,288	\$2,124,588
Water Production - North Lee County (# 53631)										
244	Salaries and Wages	\$446,349	\$0	\$446,349	Labor	\$459,739	\$473,531	\$487,737	\$502,369	\$517,440
245	Health Insurance	133,525	0	133,525	MedIns	138,212	143,063	148,085	153,283	158,663
246	Other Benefits	95,876	0	95,876	Labor	98,752	101,715	104,766	107,909	111,146
247	Professional Services	150,000	0	150,000	Inflation	152,550	155,754	159,181	162,842	166,425
248	Other Contracted Services	100,507	0	100,507	Inflation	102,216	104,363	106,659	109,112	111,512
249	Communication	24,401	0	24,401	Inflation	24,816	25,337	25,894	26,490	27,073
250	Water and Sewer	707,000	0	707,000	Inflation	719,019	734,118	750,269	767,525	784,411
251	Equipment Rental	12,945	0	12,945	Inflation	13,165	13,441	13,737	14,053	14,362
252	Self-Insurance Assessment	23,791	0	23,791	Inflation	24,195	24,703	25,246	25,827	26,395
253	Repair and Maintenance	191,500	0	191,500	Repair	197,475	203,636	209,989	216,541	223,297
254	Other Administrative Fees	2,000	0	2,000	Inflation	2,034	2,077	2,123	2,172	2,220
255	Indirect Costs	61,710	0	61,710	Inflation	62,759	64,077	65,487	66,993	68,467
256	General Office Supplies	2,000	0	2,000	Inflation	2,034	2,077	2,123	2,172	2,220
257	Operating Supplies	522,833	0	522,833	WTP_OP	540,268	562,345	585,126	608,666	632,981
258	Subscriptions, Memberships and Educational Expenses	2,000	0	2,000	Inflation	2,034	2,077	2,123	2,172	2,220
259	Capital Outlay - Furniture and Equipment [3]	10,000	(10,000)	0	Inflation	0	0	0	0	0
260	Total	\$2,486,437	(\$10,000)	\$2,476,437		\$2,539,268	\$2,612,314	\$2,688,545	\$2,768,126	\$2,848,832
Sewer Operations (# 53606)										
261	Salaries and Wages	\$240,847	\$0	\$240,847	Labor	\$248,072	\$255,514	\$263,179	\$271,074	\$279,206
262	Health Insurance	53,389	0	53,389	MedIns	55,263	57,203	59,211	61,289	63,440
263	Other Benefits	46,782	0	46,782	Labor	48,185	49,631	51,120	52,654	54,234
264	Professional Services	6,000	0	6,000	Inflation	6,102	6,230	6,367	6,513	6,656
265	Other Contracted Services	12,650	0	12,650	Inflation	12,865	13,135	13,424	13,733	14,035
266	Travel and Per Diem	2,000	0	2,000	Inflation	2,034	2,077	2,123	2,172	2,220
267	Water and Sewer	3,400	0	3,400	Inflation	3,458	3,531	3,609	3,692	3,773
268	Self-Insurance Assessment	6,992	0	6,992	Insurance	7,111	7,260	7,420	7,591	7,758
269	Repair and Maintenance	1,500	0	1,500	Repair	1,547	1,595	1,645	1,696	1,749
270	Indirect Costs	11,571	0	11,571	Inflation	11,768	12,015	12,279	12,561	12,837
271	Operating Supplies	3,800	0	3,800	WWTP_OP	3,942	4,101	4,265	4,435	4,610
272	Subscriptions, Memberships and Educational Expenses	2,000	0	2,000	Inflation	2,034	2,077	2,123	2,172	2,220
273	Total	\$390,931	\$0	\$390,931		\$402,381	\$414,369	\$426,765	\$439,582	\$452,738
Wastewater Collection (# 53604)										
274	Salaries and Wages	\$1,510,704	\$0	\$1,510,704	Labor	\$1,556,025	\$1,602,706	\$1,650,787	\$1,700,311	\$1,751,320
275	Health Insurance	491,391	0	491,391	MedIns	508,639	526,492	544,972	564,101	583,901
276	Other Benefits	297,858	0	297,858	Labor	306,794	315,998	325,478	335,242	345,299
277	Professional Services	220,000	0	220,000	Inflation	223,740	228,439	233,465	238,835	244,089
278	Other Contracted Services	124,105	0	124,105	Inflation	126,215	128,866	131,701	134,730	137,694
279	Communication	50,000	0	50,000	Inflation	50,850	51,918	53,060	54,280	55,474
280	Freight and Postage	1,200	0	1,200	Inflation	1,220	1,246	1,273	1,302	1,331
281	Water and Sewer	700,000	0	700,000	Inflation	711,900	726,850	742,841	759,926	776,644
282	Equipment Rental	295,248	0	295,248	Inflation	300,267	306,573	313,318	320,524	327,576
283	Self-Insurance Assessment	83,740	0	83,740	Insurance	85,164	86,952	88,865	90,909	92,909
284	Repair and Maintenance	776,000	0	776,000	Repair	800,211	825,178	850,924	877,473	904,850
285	Printing	1,000	0	1,000	Inflation	1,017	1,038	1,061	1,085	1,109
286	Other Administrative Fees	2,500	0	2,500	Inflation	2,543	2,596	2,653	2,714	2,774
287	Indirect Costs	188,988	0	188,988	Inflation	192,201	196,237	200,554	205,167	209,681
288	General Office Supplies	4,000	0	4,000	Inflation	4,068	4,153	4,244	4,342	4,438
289	Operating Supplies	1,038,360	0	1,038,360	WWTP_OP	1,077,140	1,120,509	1,165,339	1,211,668	1,259,517
290	Subscriptions, Memberships and Educational Expenses	4,000	0	4,000	Inflation	4,068	4,153	4,244	4,342	4,438
291	Capital Outlay - Furniture and Equipment [3]	30,000	(30,000)	0	Inflation	0	0	0	0	0
292	Total	\$5,819,094	(\$30,000)	\$5,789,094		\$5,952,062	\$6,129,904	\$6,314,779	\$6,506,951	\$6,703,044
Wastewater Treatment - Beach (# 53605)										
293	Salaries and Wages	\$509,678	\$0	\$509,678	Labor	\$524,968	\$540,717	\$556,939	\$573,647	\$590,856
294	Health Insurance	164,277	0	164,277	MedIns	170,043	176,012	182,190	188,585	195,204
295	Other Benefits	98,655	0	98,655	Labor	101,615	104,663	107,803	111,037	114,368
296	Professional Services	115,000	0	115,000	Inflation	116,955	119,411	122,038	124,845	127,592
297	Other Contracted Services	132,021	0	132,021	Inflation	134,265	137,085	140,101	143,323	146,476
298	Travel and Per Diem	500	0	500	Inflation	509	520	531	543	555
299	Communication	16,018	0	16,018	Inflation	16,290	16,632	16,998	17,389	17,772
300	Water and Sewer	413,000	0	413,000	Inflation	420,021	428,841	438,276	448,356	458,220
301	Equipment Rental	7,754	0	7,754	Inflation	7,886	8,052	8,229	8,418	8,603
302	Self-Insurance Assessment	28,048	0	28,048	Insurance	28,525	29,124	29,765	30,450	31,120

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Projection of Utility Operating Expenses (1)

Line No.	Description	2021			Escalation Reference	Fiscal Year Ending September 30,					
		Budget	Adjustments	Adjusted 2021		2022	2023	2024	2025	2026	
303	Repair and Maintenance	360,000	0	360,000	Repair	371,232	382,814	394,758	407,074	419,775	
304	Other Administrative Fees	2,500	0	2,500	Inflation	2,543	2,596	2,653	2,714	2,774	
305	Indirect Costs	73,281	0	73,281	Inflation	74,527	76,092	77,766	79,555	81,305	
306	General Office Supplies	1,700	0	1,700	Inflation	1,729	1,765	1,804	1,845	1,886	
307	Operating Supplies	400,949	0	400,949	WWTP_OP	415,923	432,669	449,979	467,868	486,344	
308	Subscriptions, Memberships and Educational Expenses	2,700	0	2,700	Inflation	2,746	2,804	2,866	2,932	2,997	
309	Capital Outlay - Furniture and Equipment [3]	10,000	(10,000)	0	Inflation	0	0	0	0	0	
310	Total	\$2,336,081	(\$10,000)	\$2,326,081		\$2,389,777	\$2,459,797	\$2,532,696	\$2,608,581	\$2,685,847	
	Wastewater Treatment - Fiesta Village (# 53624)										
311	Salaries and Wages	\$630,038	\$0	\$630,038	Labor	\$648,939	\$668,407	\$688,459	\$709,113	\$730,386	
312	Health Insurance	206,273	0	206,273	MedIns	213,513	221,007	228,764	236,794	245,105	
313	Other Benefits	129,297	0	129,297	Labor	133,176	137,171	141,286	145,525	149,891	
314	Professional Services	75,000	0	75,000	Inflation	76,275	77,877	79,590	81,421	83,212	
315	Other Contracted Services	164,542	0	164,542	Inflation	167,339	170,853	174,612	178,628	182,558	
316	Travel and Per Diem	1,200	0	1,200	Inflation	1,220	1,246	1,273	1,302	1,331	
317	Communication	13,767	0	13,767	Inflation	14,001	14,295	14,609	14,945	15,274	
318	Freight and Postage	750	0	750	Inflation	763	779	796	814	832	
319	Water and Sewer	380,000	0	380,000	Inflation	386,460	394,576	403,257	412,532	421,608	
320	Equipment Rental	65,099	0	65,099	Inflation	66,206	67,596	69,083	70,672	72,227	
321	Self-Insurance Assessment	34,270	0	34,270	Insurance	34,853	35,585	36,368	37,204	38,022	
322	Repair and Maintenance	172,500	0	172,500	Repair	177,882	183,432	189,155	195,057	201,143	
323	Other Administrative Fees	8,000	0	8,000	Inflation	8,136	8,307	8,490	8,685	8,876	
324	Indirect Costs	88,709	0	88,709	Inflation	90,217	92,112	94,138	96,303	98,422	
325	General Office Supplies	2,000	0	2,000	Inflation	2,034	2,077	2,123	2,172	2,220	
326	Operating Supplies	418,376	0	418,376	WWTP_OP	434,001	451,475	469,538	488,205	507,484	
327	Subscriptions, Memberships and Educational Expenses	2,700	0	2,700	Inflation	2,746	2,804	2,866	2,932	2,997	
328	Capital Outlay - Furniture and Equipment [3]	10,000	(10,000)	0	Inflation	0	0	0	0	0	
329	Total	\$2,402,521	(\$10,000)	\$2,392,521		\$2,457,761	\$2,529,599	\$2,604,407	\$2,682,304	\$2,761,588	
	Wastewater Treatment - Matlacha / Pine Island (# 53651)										
330	Salaries and Wages	\$174,492	\$0	\$174,492	Labor	\$179,727	\$185,119	\$190,673	\$196,393	\$202,285	
331	Health Insurance	39,411	0	39,411	MedIns	40,794	42,226	43,708	45,242	46,830	
332	Other Benefits	31,730	0	31,730	Labor	32,682	33,662	34,672	35,712	36,783	
333	Professional Services	45,000	0	45,000	Inflation	45,765	46,726	47,754	48,852	49,927	
334	Other Contracted Services	62,428	0	62,428	Inflation	63,489	64,822	66,248	67,772	69,263	
335	Communication	8,628	0	8,628	Inflation	8,775	8,959	9,156	9,367	9,573	
336	Water and Sewer	64,200	0	64,200	Inflation	65,291	66,662	68,129	69,696	71,229	
337	Equipment Rental	5,480	0	5,480	Inflation	5,573	5,690	5,815	5,949	6,080	
338	Self-Insurance Assessment	9,059	0	9,059	Insurance	9,213	9,406	9,613	9,834	10,050	
339	Repair and Maintenance	75,000	0	75,000	Repair	77,340	79,753	82,241	84,807	87,453	
340	Other Administrative Fees	12,000	0	12,000	Inflation	12,204	12,460	12,734	13,027	13,314	
341	Indirect Costs	23,141	0	23,141	Inflation	23,534	24,028	24,557	25,122	25,675	
342	General Office Supplies	800	0	800	Inflation	814	831	849	869	888	
343	Operating Supplies	40,200	0	40,200	WWTP_OP	41,701	43,380	45,116	46,910	48,762	
344	Subscriptions, Memberships and Educational Expenses	1,700	0	1,700	Inflation	1,729	1,765	1,804	1,845	1,886	
345	Capital Outlay - Furniture and Equipment [3]	2,000	(2,000)	0	Inflation	0	0	0	0	0	
346	Total	\$595,269	(\$2,000)	\$593,269		\$608,631	\$625,489	\$643,069	\$661,397	\$679,998	
	Wastewater Treatment - Gateway (# 53628)										
347	Salaries and Wages	\$383,952	\$0	\$383,952	Labor	\$395,471	\$407,335	\$419,555	\$432,142	\$445,106	
348	Health Insurance	128,833	0	128,833	MedIns	133,355	138,036	142,881	147,896	153,087	
349	Other Benefits	73,782	0	73,782	Labor	75,995	78,275	80,623	83,042	85,533	
350	Professional Services	55,000	0	55,000	Inflation	55,935	57,110	58,366	59,708	61,022	
351	Other Contracted Services	52,214	0	52,214	Inflation	53,102	54,217	55,410	56,684	57,931	
352	Communication	12,321	0	12,321	Inflation	12,530	12,793	13,074	13,375	13,669	
353	Water and Sewer	225,000	0	225,000	Inflation	228,825	233,630	238,770	244,262	249,636	
354	Equipment Rental	6,617	0	6,617	Inflation	6,729	6,870	7,021	7,182	7,340	
355	Self-Insurance Assessment	18,989	0	18,989	Insurance	19,312	19,718	20,152	20,615	21,069	
356	Repair and Maintenance	61,500	0	61,500	Repair	63,419	65,398	67,438	69,542	71,712	
357	Indirect Costs	50,140	0	50,140	Inflation	50,992	52,063	53,208	54,432	55,630	
358	General Office Supplies	1,000	0	1,000	Inflation	1,017	1,038	1,061	1,085	1,109	
359	Operating Supplies	43,395	0	43,395	WWTP_OP	45,016	46,828	48,702	50,638	52,638	
360	Subscriptions, Memberships and Educational Expenses	1,100	0	1,100	Inflation	1,119	1,142	1,167	1,194	1,220	
361	Capital Outlay - Furniture and Equipment [3]	2,500	(2,500)	0	Inflation	0	0	0	0	0	
362	Total	\$1,116,343	(\$2,500)	\$1,113,843		\$1,142,817	\$1,174,453	\$1,207,428	\$1,241,797	\$1,276,702	
	Wastewater Treatment - High Point (# 53652)										
	Total	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0	
	Wastewater Treatment - Three Oaks (# 53629)										
363	Salaries and Wages	\$527,520	\$0	\$527,520	Labor	\$543,346	\$559,646	\$576,435	\$593,728	\$611,540	
364	Health Insurance	176,938	0	176,938	MedIns	183,149	189,578	196,232	203,120	210,250	
365	Other Benefits	104,089	0	104,089	Labor	107,212	110,428	113,741	117,153	120,668	
366	Professional Services	90,000	0	90,000	Inflation	91,530	93,452	95,508	97,705	99,855	
367	Other Contracted Services	65,521	0	65,521	Inflation	66,635	68,034	69,531	71,130	72,695	
368	Communication	18,136	0	18,136	Inflation	18,444	18,831	19,245	19,688	20,121	
369	Water and Sewer	430,000	0	430,000	Inflation	437,310	446,494	456,317	466,812	477,082	
370	Equipment Rental	14,829	0	14,829	Inflation	15,081	15,398	15,737	16,099	16,453	
371	Self-Insurance Assessment	28,048	0	28,048	Insurance	28,525	29,124	29,765	30,450	31,120	
372	Repair and Maintenance	215,000	0	215,000	Repair	221,708	228,625	235,758	243,114	250,699	
373	Other Administrative Fees	1,500	0	1,500	Inflation	1,526	1,558	1,592	1,629	1,665	
374	Indirect Costs	73,281	0	73,281	Inflation	74,527	76,092	77,766	79,555	81,305	
375	General Office Supplies	2,000	0	2,000	Inflation	2,034	2,077	2,123	2,172	2,220	
376	Operating Supplies	120,648	0	120,648	WWTP_OP	125,154	130,193	135,402	140,785	146,345	
377	Subscriptions, Memberships and Educational Expenses	5,000	0	5,000	Inflation	5,085	5,192	5,306	5,428	5,547	
378	Capital Outlay - Furniture and Equipment [3]	10,000	(10,000)	0	Inflation	0	0	0	0	0	
379	Total	\$1,882,510	(\$10,000)	\$1,872,510		\$1,921,266	\$1,974,722	\$2,030,458	\$2,088,568	\$2,147,565	

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Projection of Utility Operating Expenses [1]

Line No.	Description	2021 Budget	Adjustments	Adjusted 2021	Escalation Reference	Fiscal Year Ending September 30,				
						2022	2023	2024	2025	2026
Wastewater Treatment - FGUA Interlocal (# 53653)										
380	Other Contracted Services [5]	\$1,875,000	(\$6,200)	\$1,868,800	Input	\$2,014,227	\$2,015,174	\$2,017,189	\$2,019,207	\$2,021,226
381	Total	\$1,875,000	(\$6,200)	\$1,868,800		\$2,014,227	\$2,015,174	\$2,017,189	\$2,019,207	\$2,021,226
Wastewater Treatment Contract (# 53603)										
382	Other Contracted Services	\$12,200,000	\$3,091,930	\$15,291,930	Treat	\$14,700,000	\$15,141,000	\$15,595,230	\$16,063,087	\$16,544,980
383	Total	\$12,200,000	\$3,091,930	\$15,291,930		\$14,700,000	\$15,141,000	\$15,595,230	\$16,063,087	\$16,544,980
Incremental O&M										
384	South East WWTP Expansion	\$0	\$0	\$0	Inflation	\$0	\$0	\$0	\$500,000	\$1,000,000
385	Total	\$0	\$0	\$0		\$0	\$0	\$0	\$500,000	\$1,000,000
Non-Departmental (# 51903)										
386	Other Post Employment Benefits (OPEB)	\$0	\$225,000	\$225,000	Labor	\$231,750	\$238,703	\$245,864	\$253,240	\$260,837
387	Unappropriated Additional Personnel [4]	0	0	0	Labor	830,000	1,460,900	1,884,327	2,256,457	2,324,151
388	Unappropriated Additional Vehicles for Personnel [4]	0	0	0	Labor	392,500	662,500	155,000	60,000	0
389	Bad Debt Expense [6]	0	275,013	275,013	Input	298,703	302,980	306,267	309,499	312,663
390	Contingency [7]	0	48,728	48,728	Input	50,353	52,008	53,693	55,408	57,151
Non-Departmental (#53600)										
391	Capital Outlay - Vehicle and Rolling Stock [2]	\$250,000	(\$250,000)	\$0		0	0	0	0	0
392	Total	\$250,000	\$298,741	\$548,741		\$1,803,306	\$2,717,091	\$2,645,151	\$2,934,604	\$2,954,802
393	Total Operating Expenses	\$67,000,559	\$3,556,096	\$70,556,655		\$72,797,159	\$75,725,820	\$77,746,332	\$80,707,838	\$83,446,540

Footnotes:

[1] Amounts shown based on the adopted Fiscal Year 2021 budget. Projected amounts in subsequent years escalated based on the escalation reference factors listed as listed in Table 4.

[2] Adjustments recognize the 2021 Budget provided by LCU for Fleet Services, Additional Personnel, and Other Post Employment Benefits.

[3] Adjustments shown to the Fiscal Year 2021 adopted and reflect the reclassification of budgeted departmental capital outlay as capital costs which are recognized in the CIP as shown on Table 6.

[4] Adjustments shown to account for additions in personnel, benefits, employee related costs and vehicles which are assumed to be included in future budget years per LCU staff.

[5] Amounts shown reflect bulk purchases from the Florida Governmental Utility Authority (FGUA) North Fort Myers WWTP. The County has secured 1.5 mgd of capacity. FGUA charges the County for service at the County's wholesale wastewater rate. The forecast of bulk wastewater purchase costs assumes marginal growth in billed flows applied to the projected increase in the County's wholesale wastewater rate for service.

[6] Bad debt expense calculated assuming 0.25% of projected rate revenues.

[7] Amounts shown calculated based on a contingency factor ranging from 0.25% and increasing to 1.00% during the Forecast Period as applied to projected operating expenses in each respective Fiscal Year.

Table 6

Lee County, Florida
Fiscal Year 2021 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 2021	2022	2023	2024	2025	2026	Total
WATER SYSTEM											
Departmental Capital Outlay											
1		Capital Outlay - Furniture and Equipment	WREV	WREV	\$143,649	\$143,649	\$143,649	\$143,649	\$143,649	\$143,649	\$861,894
2		Capital Outlay - Vehicle and Rolling Stock	WREV	WREV	125,349	125,349	125,349	125,349	125,349	125,349	752,094
3		Capital Outlay - Additional Vehicles	WREV	WREV	0	401,115	426,046	300,836	300,836	300,836	1,729,669
4		Total Departmental Capital Outlay			\$268,998	\$670,113	\$695,044	\$569,834	\$569,834	\$569,834	\$3,343,657
NEW PROJECTS											
5	N/A	GM Floridian Wells 10F, 11F, 12F, & 13F	12	30	\$0	\$0	\$800,000	\$0	\$4,000,000	\$3,420,000	\$8,220,000
6	N/A	Big Carlos Pass	30	20	0	0	750,000	0	0	0	750,000
7	N/A	FMB Fiter Controls Upgrade	30	30	0	625,000	0	0	500,000	5,550,000	6,675,000
8	N/A	N. US41 WM Replacement DelPrado to Heron's Glen	30	30	0	250,000	0	0	0	1,000,000	1,250,000
DOT/FDOT PROJECTS											
9	20067548730	Corkscrew Road Widening	30	30	\$4,853,512	\$2,403,000	\$1,000,000	\$3,570,000	\$2,000,000	\$0	\$13,826,512
10	20741648730	DOT PROJECT UTILITY RELOCATIONS	30	30	1,025,504	250,000	250,000	250,000	250,000	250,000	2,275,504
11	20927248720	MARIANA AVE. WATERMAIN REPLACEMENT	20	20	596,000	0	0	0	0	0	596,000
12	20742648730	WATER / SEWER LINE RELOC. THREE OAKS EXT (THREE OAKS I	30	30	391,489	150,000	1,000,000	500,000	0	0	2,041,489
13	20927048712	WINKLER ROAD WATERMAIN IMPROVEMENTS	12	12	1,023,710	0	0	0	840,000	0	1,863,710
14	20719748730	FGCU WATER	30	30	368,766	0	0	50,000	255,000	0	673,766
REPAIR & REPLACEMENT											
15	20067848730	North US 41 WM Replacements	30	30	\$525,000	\$0	\$0	\$0	\$2,615,000	\$0	\$3,140,000
16	20716248720	SAN CARLOS BLVD Improvement (14" WM north of Summerlin to Kel	20	20	2,084,548	0	0	0	0	0	2,084,548
17	20709448730	WATER SYSTEM IMPROVEMENTS	30	30	1,771,912	700,000	700,000	700,000	700,000	700,000	5,271,912
18	20726848730	WATER TREATMENT PLANT IMPROVEMENTS	30	30	680,726	687,500	337,500	187,500	187,500	187,500	2,268,226
19	20714948720	WELL REDEVELOPMENT/UPGRADE & REBUILD	20	20	130,000	130,000	130,000	130,000	130,000	130,000	780,000
20	20762048720	WORK DR INDUSTRIAL PARK WM IMPROVEMENTS	20	20	2,444,705	0	0	0	0	0	2,444,705
21	20744448730	LCU GENERATOR REPL/IMPR	30	30	440,957	247,500	137,500	25,000	100,000	25,000	975,957
22	20064348730	Pinewoods NF Wellfield Access Rd Improvements	30	30	552,000	0	600,000	0	1,900,000	0	3,052,000
GENERAL											
23	20745448730	OPERATIONS BUILDING REPLACEMENT	30	30	\$250,000	\$0	\$0	\$0	\$0	\$0	\$250,000
23	20762348730	REMOTE TELEMETRY REPLACEMENTS	30	30	2,904,963	0	0	500,000	0	0	3,404,963
24	20745648730	SECONDARY CONTAINMENTS FOR CHEMICAL TANKS	30	30	75,000	0	0	0	0	0	75,000
25	20500948730	WILD TURKEY STRAND REGIONAL SITE	30	12	1,251,158	66,955	0	0	0	0	1,318,112
MAJOR MAINTENANCE											
26	20065248730	Wells D25/S25 Relocation / Replacement (Wild Blue)	30	30	\$600,000	\$0	\$1,250,000	\$1,150,000	\$0	\$0	\$3,000,000
27	40744348720	WATER DISTRIBUTION REHAB AND REPLACEMENTS	20	20	438,892	350,000	350,000	350,000	350,000	350,000	2,188,892
28	40761648720	WELL REHABILITATION & REPLACEMENTS	20	20	500,000	500,000	500,000	500,000	500,000	500,000	3,000,000
29	40760348720	WATER TREATMENT PLANTS REHAB/REPL	20	20	1,924,901	3,046,000	1,291,000	2,746,000	1,766,000	3,096,000	13,869,901
30	40400748730	ENVIRONMENTAL MITIGATION	30	30	34,861	41,667	41,667	41,667	75,000	75,000	309,860
WATER TREATMENT PLANTS											
31	20746148730	GREEN MEADOWS WTP SECOND DIW	30	30	\$0	\$0	\$0	\$1,000,000	\$0	\$0	\$1,000,000
32	20063348712	NLC WTP EXPANSION TO 15 MGD	12	12	4,264,000	7,536,000	0	0	0	0	11,800,000
33	20063348730	NLC WTP EXPANSION TO 15 MGD (last year approved for \$39.7	30	30	0	1,000,000	0	0	0	0	1,000,000
34	20063348730	NLC WTP EXPANSION TO 15 MGD (last year approved for \$39.7	30	D1-E	0	0	13,300,000	4,000,000	0	0	17,300,000
35	20063348730	NLC WTP EXPANSION TO 15 MGD (last year approved for \$39.7	30	12	0	10,000,000	700,000	0	0	0	10,700,000
36	20761948712	NLC WTP WELLFIELD EXPANSION TO 15 MGD	12	12	8,815,359	9,800,000	0	0	0	0	18,615,359
37	20761948730	NLC WTP WELLFIELD EXPANSION TO 15 MGD	30	30	5,439,269	3,000,000	25,000	2,725,000	0	0	11,189,269
38	20761948730	NLC WTP WELLFIELD EXPANSION TO 15 MGD	30	D1-E	0	0	10,700,000	7,000,000	0	0	17,700,000
39	20761948735	NLC WTP WELLFIELD EXPANSION TO 15 MGD	35	35	1,300,000	0	0	0	0	0	1,300,000
40	20762248720	CORKSCREW PRODUCTION WELL PANEL REPL	20	30	4,123,299	0	0	0	0	0	4,123,299

Table 6

Lee County, Florida
Fiscal Year 2021 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 2021	2022	2023	2024	2025	2026	Total
WATER DISTRIBUTION											
41	20745848720	FIDDLESTICKS WATERMAIN REPLACEMENT	20	20	\$7,638,109	\$0	\$0	\$0	\$0	\$0	\$7,638,109
42	20746348712	INTERCONNECT PINEWOODS DISTR. SYSTEM	12	12	0	0	0	0	800,000	0	800,000
43	20065548720	Lazy Days WM Replacement	20	20	670,204	240,000	319,000	0	0	0	1,229,204
44	20746448720	NEW POST RD WATERMAIN REPLACEMENT	20	30	3,414,202	0	0	0	0	0	3,414,202
45	20062848730	NORTH-SOUTH WATER MAIN - SR 80 TO AHR	30	30	2,000,000	2,000,000	0	13,100,000	13,100,000	13,100,000	43,300,000
46	20719348712	RSW TRANSMISSION LINES-BEN HILL/TREELINE	12	12	2,177,629	0	5,400,000	4,000,000	0	0	11,577,629
47	20718448730	SFM WATER TRANSMISSION LINE IMPR (Crystal Dr. Portion)	30	30	4,911,481	0	0	0	0	0	4,911,481
48	20063948730	Tice Area WM Replacement (formerly Gibson Circle WM Improvements)	30	20	909,328	350,000	350,000	0	0	0	1,609,328
49	20718348712	Waterway Transmission Line	12	12	203,885	0	0	1,586,715	0	0	1,790,600
50	Total Capital Improvement Projects - Water System				\$71,004,365	\$44,043,734	\$40,626,711	\$44,681,716	\$30,638,334	\$28,953,334	\$259,948,193
CAPITAL PROJECTS -WASTEWATER SYSTEM											
Departmental Capital Outlay											
		Capital Outlay - Improvements Other Than Buildings	WWREV	WWREV	\$0	\$0	\$0	\$0	\$0	\$0	\$0
51		Capital Outlay - Furniture and Equipment	WWREV	WWREV	\$142,851	\$142,851	\$142,851	\$142,851	\$142,851	\$142,851	\$857,106
52		Capital Outlay - Vehicle and Rolling Stock	WWREV	WWREV	124,651	124,651	124,651	124,651	124,651	124,651	747,906
53		Capital Outlay - Additional Vehicles	WWREV	WWREV	0	398,885	373,954	299,164	299,164	299,164	1,670,331
		Capital Outlay - Vehicle and Rolling Stock (Small Vehicles)	WWREV	WWREV	0	0	0	0	0	0	0
54	Total Departmental Capital Outlay				\$267,502	\$666,387	\$641,456	\$566,666	\$566,666	\$566,666	\$3,275,343
NEW PROJECTS											
55	N/A	CFM 30-24 inch FM Replacement	20	20	\$0	\$800,000	\$0	\$5,770,000	\$5,770,000	\$0	\$12,340,000
56	N/A	Big Carlos Pass	30	30	0	0	750,000	0	0	0	750,000
57	N/A	FV Digesters	20	20	0	748,000	0	1,440,000	0	0	2,188,000
58	N/A	FV Digesters	20	13	0	0	0	800,000	1,500,000	0	2,300,000
59	N/A	FMB Fiter Controls Upgrade	20	20	0	0	580,000	0	0	0	580,000
60	N/A	ORTIZ UTILITY RELOCATION (MARTIN LUTHER KING - SR 80)	30	30	0	250,000	0	0	0	0	250,000
61	N/A	ORTIZ UTILITY RELOCATION (MARTIN LUTHER KING - SR 80)	30	13	0	0	0	0	0	1,000,000	1,000,000
DOT/FDOT PROJECTS											
62	20730448730	FGCU SEWER	30	30	\$410,000	\$0	\$0	\$50,000	\$250,000	\$0	\$710,000
63	20741648730	DOT PROJECT UTILITY RELOCATIONS	30	30	\$1,025,504	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	2,275,504
64	20742648730	WATER / SEWER LINE RELOC. THREE OAKS EXT (THREE OAKS N	30	30	391,489	150,000	1,000,000	500,000	0	0	2,041,489
REPAIR & REPLACEMENT											
65	20062148720	MCGREGOR / TANGLEWOOD FORCE MAIN REPL	20	20	\$3,616,498	\$0	\$0	\$0	\$0	\$0	\$3,616,498
66	20065648720	ORTIZ AVE. FM FROM SR82 TO COLONIAL	20	20	2,524,008	0	0	1,250,000	0	0	3,774,008
67	20722948730	WASTEWATER SYSTEM IMPROVEMENTS	30	30	597,674	350,000	350,000	350,000	350,000	350,000	2,347,674
68	20713848730	WASTEWATER TREATMENT PLANT IMPROVEMENTS	30	30	2,265,042	595,000	595,000	245,000	645,000	145,000	4,490,042
69	20742948730	ELECTRICAL EQUIP, SCADA, & INSTRUMENT UPGRADES & IMPR	30	30	1,169,381	820,000	410,000	520,000	370,000	385,000	3,674,381
70	20744448730	LCU GENERATOR REPL/IMPR	30	30	440,957	247,500	137,500	25,000	100,000	25,000	975,957
GENERAL											
71	20745448730	OPERATIONS BUILDING REPLACEMENT	30	30	\$250,000	\$0	\$0	\$0	\$0	\$0	\$250,000
72	20762348730	REMOTE TELEMETRY REPLACEMENTS	30	30	2,904,963	0	0	500,000	0	0	3,404,963
73	20745648730	SECONDARY CONTAINMENTS FOR CHEMICAL TANKS	30	30	75,000	0	0	0	0	0	75,000
74	20500948730	WILD TURKEY STRAND REGIONAL SITE	30	30	1,251,158	66,955	0	0	0	0	1,318,112
MAJOR MAINTENANCE											
75	40327148720	INFLOW AND INFILTRATION REHAB/REPLACEMENTS (MM)	20	30	\$541,016	\$750,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,291,016
76	40730948720	WASTEWATER COLLECTION SYSTEM REHAB & REPLACEMENT	20	20	1,056,049	700,000	700,000	700,000	700,000	700,000	4,556,049
77	40731748720	WWTP REHABILITATION & REPLACEMENTS	20	30	1,594,183	2,136,000	2,221,000	2,316,000	1,561,000	1,986,000	11,814,183
78	40711548720	PLANT DEMOLITIONS (MM)	20	20	2,591,725	0	0	0	0	0	2,591,725
79	40400748730	ENVIRONMENTAL MITIGATION	30	30	34,861	41,667	41,667	41,667	75,000	75,000	309,860

Table 6

Lee County, Florida
Fiscal Year 2021 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 2021	2022	2023	2024	2025	2026	Total	
WASTEWATER TREATMENT PLANTS												
80	20925148730	FIESTA VILLAGE WWTP DEEP INJECTION WELL (See 0616 and 061	30	30	\$3,785,252	\$8,000,000	\$7,800,000	\$0	\$0	\$0	\$19,585,252	
81	20061648730	FIESTA WWTP REUSE MAIN UPGRADE (also see 9251 and 0617)	30	20	2,699,750	1,220,000	3,020,000	500,000	0	0	\$7,439,750	
82	20061648730	FIESTA WWTP REUSE MAIN UPGRADE (also see 9251 and 0617)	30	Grants	0	2,300,000	0	0	0	0	\$2,300,000	
83	20067648730	FMB Belt Press Replacement	30	30	370,000	0	3,000,000	1,500,000	0	0	\$4,870,000	
84	20061748730	FMB DEEP INJECTION WELL #2 (also see 9251 and 0616)	30	13	3,451,268	0	3,842,000	7,843,000	0	0	\$15,136,268	
85	20061948720	FMB WRF CAPACITY RESTORATION PROJECT (will conduct a facilit	20	20	700,000	0	0	0	0	0	\$700,000	
86	20062648720	FORT MYERS MAIN SWITCHGEAR REPLACEMENT	20	20	400,000	25,000	2,500,000	4,025,000	0	0	\$6,950,000	
87	20062048730	GATEWAY WWTP SLUDGE ROOF	30	30	206,595	0	0	0	0	0	\$206,595	
88	20072348713	THREE OAKS WRF Expansion	13	13	5,000,000	10,200,000	11,700,000	4,000,000	0	0	\$30,900,000	
89	20746748713	SE WRF (SOUTH EAST WATER RECLAMATION FACILITY)	13	13	1,500,000	200,000	1,000,000	2,500,000	0	0	\$5,200,000	
WASTEWATER COLLECTION SYSTEM												
90	20733448720	BEN HILL GRIFFEN FM IMPROVEMENTS S	20	13	\$650,000	\$300,000	\$3,136,440	\$312,000	\$0	\$0	\$4,398,440	
91	20730748713	CFM FLOW DIVERSIONS	30	13	0	700,000	0	3,335,000	2,850,000	0	6,885,000	
92	20729348713	FIESTA VILLAGE SEWER COLL SYS IMPROV (Winkler Master Pump	13	13	210,946	2,300,600	0	0	0	0	2,511,546	
93	20063848730	MASTER PUMP STATION 6600 UPGRADES	30	30	463,949	0	1,800,000	500,000	0	0	2,763,949	
94	20072248730	COUNTY-WIDE SEPTIC CONVERSIONS	30	30	750,000	0	0	0	0	0	750,000	
95	20065348730	Summerlin Rd 20inch FM Replacement	30	30	6,956,325	4,205,003	1,500,000	0	0	0	12,661,328	
96	Total Capital Improvement Projects - Wastewater System					\$50,151,093	\$38,022,111	\$47,975,063	\$40,839,333	\$15,987,666	\$6,482,666	\$199,457,931
97	TOTAL CAPITAL IMPROVEMENT PROGRAM					\$121,155,458	\$82,065,845	\$88,601,773	\$85,521,048	\$46,626,000	\$35,436,000	\$459,406,124

Table 6

Lee County, Florida
Fiscal Year 2021 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 2021	2022	2023	2024	2025	2026	Total
WATER CAPITAL PROJECT SUMMARY BY TYPE											
98		EXPANSION			\$24,200,142	\$33,336,000	\$30,125,000	\$33,411,715	\$13,100,000	\$13,100,000	\$147,272,857
99		IMPROVEMENT RENEWAL OR REPLACEMENT			46,535,225	10,037,621	9,806,667	10,700,167	16,968,500	15,283,500	109,331,679
100		CAPITAL OUTLAY			268,998	670,113	695,044	569,834	569,834	569,834	3,343,657
101		TOTAL			\$71,004,365	\$44,043,734	\$40,626,711	\$44,681,716	\$30,638,334	\$28,953,334	\$259,948,193
WASTEWATER CAPITAL PROJECT SUMMARY BY TYPE											
102		EXPANSION			\$7,713,949	\$10,400,000	\$14,500,000	\$7,000,000	\$0	\$0	\$39,613,949
103		IMPROVEMENT RENEWAL OR REPLACEMENT			42,169,642	26,955,724	32,833,607	33,272,667	15,421,000	5,916,000	156,568,639
104		CAPITAL OUTLAY			267,502	666,387	641,456	566,666	566,666	566,666	3,275,343
105		TOTAL			\$50,151,093	\$38,022,111	\$47,975,063	\$40,839,333	\$15,987,666	\$6,482,666	\$199,457,931
WATER AND WASTEWATER CAPITAL PROJECT SUMMARY BY TYPE											
106		EXPANSION			\$31,914,091	\$43,736,000	\$44,625,000	\$40,411,715	\$13,100,000	\$13,100,000	\$186,886,806
107		IMPROVEMENT RENEWAL OR REPLACEMENT			88,704,867	36,993,345	42,640,273	43,972,833	32,389,500	21,199,500	265,900,318
108		CAPITAL OUTLAY			536,500	1,336,500	1,336,500	1,136,500	1,136,500	1,136,500	6,619,000
109		TOTAL			\$121,155,458	\$82,065,845	\$88,601,773	\$85,521,048	\$46,626,000	\$35,436,000	\$459,406,124
CAPITAL IMPROVEMENT PROGRAM FUNDING SOURCES - WATER ALLOCATION											
110		Water Connection Fees		12	\$17,735,740	\$27,402,955	\$6,100,000	\$5,586,715	\$1,640,000	\$0	\$58,465,410
111		Water and Sewer Renewal & Replacement		20	17,336,687	4,616,000	3,690,000	3,726,000	2,746,000	4,076,000	36,190,687
112		Capital Improvements		30	34,362,940	11,354,667	6,141,667	23,799,167	25,682,500	24,307,500	125,648,439
113		Water Surcharge Fund		35	1,300,000	0	0	0	0	0	1,300,000
114		Water Rate Revenue		WREV	268,998	670,113	695,044	569,834	569,834	569,834	3,343,657
115		Series 2023 Bonds - Expansion		D1-E	0	0	24,000,000	11,000,000	0	0	35,000,000
116		Total Allocated Water Funding Sources			\$71,004,365	\$44,043,734	\$40,626,711	\$44,681,716	\$30,638,334	\$28,953,334	\$259,948,193
CAPITAL IMPROVEMENT PROGRAM FUNDING SOURCES - WASTEWATER ALLOCATION											
117		Sewer Connection Fees		13	\$10,812,214	\$13,700,600	\$19,678,440	\$18,790,000	\$4,350,000	\$1,000,000	\$68,331,254
118		Water and Sewer Renewal & Replacement		20	13,588,030	3,493,000	6,800,000	13,685,000	6,470,000	700,000	44,736,030
119		Capital Improvements		30	25,483,347	17,862,124	20,855,167	7,797,667	4,601,000	4,216,000	80,815,304
120		Wastewater Rate Revenue		WWREV	267,502	666,387	641,456	566,666	566,666	566,666	3,275,343
121		Capital Grants		Grants	0	2,300,000	0	0	0	0	2,300,000
122		Total Allocated Wastewater Funding Sources			\$50,151,093	\$38,022,111	\$47,975,063	\$40,839,333	\$15,987,666	\$6,482,666	\$199,457,931
TOTAL CAPITAL IMPROVEMENT PROGRAM FUNDING SOURCES											
123		Water Connection Fees		12	\$17,735,740	\$27,402,955	\$6,100,000	\$5,586,715	\$1,640,000	\$0	\$58,465,410
124		Sewer Connection Fees		13	10,812,214	13,700,600	19,678,440	18,790,000	4,350,000	1,000,000	68,331,254
125		Water and Sewer Renewal & Replacement		20	30,924,717	8,109,000	10,490,000	17,411,000	9,216,000	4,776,000	80,926,717
126		Capital Improvements		30	59,846,287	29,216,791	26,996,833	31,596,833	30,283,500	28,523,500	206,463,743
127		Water Surcharge Fund		35	1,300,000	0	0	0	0	0	1,300,000
128		Water Rate Revenue		WREV	268,998	670,113	695,044	569,834	569,834	569,834	3,343,657
129		Wastewater Rate Revenue		WWREV	267,502	666,387	641,456	566,666	566,666	566,666	3,275,343
130		Capital Grants		Grants	0	2,300,000	0	0	0	0	2,300,000
131		Series 2023 Bonds - Expansion		D1-E	0	0	24,000,000	11,000,000	0	0	35,000,000
132		Total Allocated Funding Sources			\$121,155,458	\$82,065,845	\$88,601,773	\$85,521,048	\$46,626,000	\$35,436,000	\$459,406,124

Table 7

Lee County, Florida
Fiscal Year 2021 Water and Wastewater Revenue Sufficiency Study

Development of Net Revenue Requirements for the System

Line No.	Description	Fiscal Year Ending September 30,					
		2021	2022	2023	2024	2025	2026
1	Total Operating Expenses [1]	\$70,556,655	\$72,797,159	\$75,725,820	\$77,746,332	\$80,707,838	\$83,446,540
	Debt Service						
2	Existing Bonds	\$17,514,052	\$19,139,968	\$19,136,366	\$19,130,385	\$19,135,914	\$19,132,939
3	Existing SRF	4,573,608	2,850,787	2,850,787	2,850,788	2,850,787	2,850,788
4	Total Debt Service	\$22,087,660	\$21,990,755	\$23,711,209	\$23,705,229	\$23,710,757	\$23,707,783
	Other Miscellaneous Revenue Requirements						
5	Renewal & Replacement Transfer	\$11,730,000	\$11,800,000	\$12,700,000	\$12,900,000	\$13,000,000	\$13,200,000
6	Capital Improvement Fund	15,337,396	21,267,973	17,371,934	16,468,512	14,466,672	12,706,618
7	Capital Funded From Rate Revenues [2]	536,500	1,336,500	1,336,500	1,136,500	1,136,500	1,136,500
8	Deposits to Water Surcharge Fund [3]	140,000	140,000	140,000	140,000	140,000	140,000
9	Total Other Revenue Requirements	\$27,743,896	\$34,544,473	\$31,548,434	\$30,645,012	\$28,743,172	\$27,183,118
10	Gross Revenue Requirements	\$120,388,211	\$129,332,387	\$130,985,463	\$132,096,573	\$133,161,767	\$134,337,441
	Less Income and Funds From Other Sources						
11	Other Operating Revenues [4]	\$2,149,430	\$2,054,138	\$2,053,820	\$2,053,514	\$2,053,204	\$2,052,891
12	Wholesale Rate Revenues	3,810,491	4,067,224	4,087,035	4,096,099	4,105,206	4,114,362
13	Reuse System Revenues	1,339,921	1,339,921	1,339,921	1,339,921	1,339,921	1,339,921
14	Interest Income [5]	2,522,770	1,922,681	1,845,524	1,633,313	1,397,092	1,298,004
15	Other Non-Operating Revenues [6]	560,435	467,243	467,146	467,052	466,957	466,861
16	Total Net Revenue Requirements	\$110,005,164	\$119,481,180	\$121,192,017	\$122,506,674	\$123,799,387	\$125,065,402
	Revenue from Rates						
17	Identified Rate Adjustments	0.00%	8.00%	0.00%	0.00%	0.00%	0.00%
18	Effective Months of Rate Adjustment [7]	11.5	11.5	11.5	11.5	11.5	11.5
19	System Revenue from Existing Rates	\$110,005,164	\$110,973,232	\$112,214,830	\$113,432,106	\$114,629,062	\$115,801,298
20	Revenue From Current Period Rate Adjustments	0	3,894,037	4,110,918	4,157,501	4,203,221	4,248,030
21	Revenue From Prior Period Rate Adjustments	0	4,613,911	4,866,269	4,917,067	4,967,104	5,016,074
22	Total Applicable Rate Revenue	\$110,005,164	\$119,481,180	\$121,192,017	\$122,506,674	\$123,799,387	\$125,065,402
	Revenue Surplus/ (Deficiency)						
23	Amount	\$0	\$0	\$0	\$0	\$0	\$0
24	Percent of Retail Rate Revenue	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Footnotes:

- [1] Amounts shown derived from Table 4.
[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 of \$172,335 annually 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 October 1st of the respective fiscal year shown resulting in 11.5 months effective in the current period.

Table 8

Lee County, Florida
Fiscal Year 2021 Water and Wastewater Revenue Sufficiency Study

Development of Fund Balances, Transfers, and Interest Income

Line No.	Description	Fiscal Year Ending September 30,					
		2021	2022	2023	2024	2025	2026
ENDING FUND BALANCE							
1	REVENUE FUND (#48700)	\$ 57,097,474	\$ 30,097,474	\$ 30,097,474	\$ 30,097,474	\$ 30,097,474	\$ 30,097,474
2	CUSTOMER DEPOSITS (#48710)	2,855,194	2,949,745	3,046,012	3,144,015	3,243,705	3,345,029
3	RENEWAL AND REPLACEMENT FUND (#48720)	1,267,880	4,958,880	7,918,880	3,407,880	7,191,880	15,615,880
4	WATER CONSERVATION SURCHARGE (#48735)	620,838	760,838	900,838	1,040,838	1,180,838	1,320,838
5	DEBT SERVICE RESERVE (#48772)	426	426	426	426	426	426
6	CAPITAL IMPROVEMENTS FUND (#48730)	41,616,485	60,667,668	51,092,769	35,964,448	24,147,620	11,750,738
7	CONSTRUCTION FUND (Debt Proceeds)	0	0	11,000,000	0	0	0
8	WATER CONNECTION FEES (#48712)	23,652,500	2,039,909	612,977	408,116	28,347	1,757,944
9	SEWER CONNECTION FEES (#48713)	38,485,544	29,710,260	14,698,918	221,371	6,136	3,060,392
10	SINKING FUND (#66,69,73,74,75,76,77,78)	11,202,900	11,443,705	12,977,667	13,165,153	13,373,132	13,566,480
11	TOTAL ENDING CASH BALANCE	\$ 176,799,242	\$ 142,628,905	\$ 132,345,961	\$ 87,449,720	\$ 79,269,558	\$ 80,515,201
FINANCIAL POLICY TARGETS							
OPERATING RESERVE FINANCIAL POLICY TEST:							
Minimum Required Reserve = 120 Days O&M							
12	Minimum Required Reserve - Amount	23,196,708	23,933,313	24,896,160	25,560,438	26,534,084	27,434,479
13	Minimum Required Reserve - Days	295	151	145	141	136	132
15	Days of O&M Target Met (Y / N)	Y	Y	Y	Y	Y	Y
16	Amount Available Above Target	33,900,765	6,164,161	5,201,314	4,537,036	3,563,390	2,662,995
CAPITAL RESERVE FINANCIAL POLICY TEST:							
Minimum Reserve = 1.5% of Prior Year's Gross Assets							
17	1.5% of Prior Years Gross Assets	19,412,033	21,018,693	22,106,980	23,281,941	24,416,048	25,034,362
18	Total Capital Cash	43,505,203	66,387,386	59,912,487	40,413,166	32,520,338	28,687,456
19	Amount Above Reserve Target	24,093,170	45,368,693	37,805,507	17,131,225	8,104,290	3,653,094
20	Target Met (Y / N)	Y	Y	Y	Y	Y	Y
REVENUE FUND (#48700)							
21	Beginning Balance	\$57,097,474	\$57,097,474	\$30,097,474	\$30,097,474	\$30,097,474	\$30,097,474
22	Transfers In - System Operations	0	0	0	0	0	0
23	Transfers In - End of Year Surplus	0	0	0	0	0	0
24	Transfers In - Debt Service Reserve	0	0	0	0	0	0
25	Total Funds Available	57,097,474	57,097,474	30,097,474	30,097,474	30,097,474	30,097,474
26	Transfers Out - System Operations	0	0	0	0	0	0
27	Transfers Out - End of Year Deficiency	0	0	0	0	0	0
28	Transfers Out - Capital Improvement Fund	0	27,000,000	0	0	0	0
29	Transfers Out - R&R Fund	0	0	0	0	0	0
30	Transfers Out - Vehicle Replacement Fund	0	0	0	0	0	0
31	Transfers Out - Sewer Connection Fee Fund	0	0	0	0	0	0
32	Total Transfer Out	0	27,000,000	0	0	0	0
33	Interest Rate	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
34	Interest Income	999,206	762,956	526,706	526,706	526,706	526,706
35	Interest Income to Fund Revenue Requirements	999,206	762,956	526,706	526,706	526,706	526,706
36	Ending Balance	\$57,097,474	\$30,097,474	\$30,097,474	\$30,097,474	\$30,097,474	\$30,097,474
CUSTOMER DEPOSITS (#48710)							
40	Beginning Balance	\$2,762,495	\$2,855,194	\$2,949,745	\$3,046,012	\$3,144,015	\$3,243,705
41	Transfers In - New Customers	43,971	44,198	44,259	44,310	44,282	44,173
42	Total Funds Available	2,806,466	2,899,392	2,994,004	3,090,322	3,188,297	3,287,878
43	Transfers Out	0	0	0	0	0	0
44	Total Transfer Out	0	0	0	0	0	0
45	Interest Rate	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
46	Interest Income	48,728	50,353	52,008	53,693	55,408	57,151
47	Interest Income to Fund Revenue Requirements	0	0	0	0	0	0
48	Ending Balance	\$2,855,194	\$2,949,745	\$3,046,012	\$3,144,015	\$3,243,705	\$3,345,029

Table 8

Lee County, Florida
Fiscal Year 2021 Water and Wastewater Revenue Sufficiency Study

Development of Fund Balances, Transfers, and Interest Income

Line No.	Description	Fiscal Year Ending September 30,					
		2021	2022	2023	2024	2025	2026
RENEWAL AND REPLACEMENT FUND (#48720)							
52	Beginning Balance	\$20,462,597	\$1,267,880	\$4,958,880	\$7,918,880	\$3,407,880	\$7,191,880
53	Transfers In - Operations	11,730,000	11,800,000	12,700,000	12,900,000	13,000,000	13,200,000
54	Transfers In - Operating Account	0	0	0	0	0	0
55	Transfers In - Capital Improvement Fund	0	0	0	0	0	0
56	Total Funds Available	32,192,597	13,067,880	17,658,880	20,818,880	16,407,880	20,391,880
57	Transfers Out - CIP	30,924,717	8,109,000	9,740,000	17,411,000	9,216,000	4,776,000
58	Transfers Out - Vehicle Replacement Program	0	0	0	0	0	0
59	Transfers Out - Capital Improvement Fund	0	0	0	0	0	0
60	Total Transfer Out	30,924,717	8,109,000	9,740,000	17,411,000	9,216,000	4,776,000
61	Interest Rate	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
62	Interest Income	190,142	54,484	112,680	99,109	92,748	199,568
63	Interest Income to Fund Revenue Requirements	190,142	54,484	112,680	99,109	92,748	199,568
64	Ending Balance	\$1,267,880	\$4,958,880	\$7,918,880	\$3,407,880	\$7,191,880	\$15,615,880
65	Percent Allocable to Water System	50.14%	50.14%	50.14%	50.14%	50.14%	50.14%
66	Amount Allocable to Water System	95,336	27,318	56,497	49,693	46,503	100,062
67	Amount Allocable to Wastewater System	94,806	27,166	56,183	49,416	46,245	99,506
WATER CONSERVATION SURCHARGE (#48735)							
68	Beginning Balance	\$1,780,838	\$620,838	\$760,838	\$900,838	\$1,040,838	\$1,180,838
69	Transfers In	140,000	140,000	140,000	140,000	140,000	140,000
70	Total Funds Available	1,920,838	760,838	900,838	1,040,838	1,180,838	1,320,838
71	Transfers Out	1,300,000	0	0	0	0	0
72	Total Transfer Out	1,300,000	0	0	0	0	0
73	Interest Rate	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
74	Interest Income	21,015	12,090	14,540	16,990	19,440	21,890
75	Interest Income to Fund Revenue Requirements	21,015	12,090	14,540	16,990	19,440	21,890
76	Ending Balance	\$620,838	\$760,838	\$900,838	\$1,040,838	\$1,180,838	\$1,320,838
SINKING FUND (#66,69,73,74,75,76,77,78)							
77	Beginning Balance	\$11,043,830	\$11,202,900	\$11,443,705	\$12,977,667	\$13,165,153	\$13,373,132
78	Transfer In - Principal Payments (Bonds)	12,780,750	14,746,000	16,131,848	16,553,229	17,006,291	17,440,463
79	Transfer In - Interest Payments (Bonds)	4,733,302	4,393,968	4,728,574	4,301,212	3,853,679	3,416,532
80	Transfer In - Principal Payments (Subordinate)	3,783,788	2,449,796	2,474,585	2,499,626	2,524,921	2,550,474
81	Transfer In - Interest Payments (Subordinate)	789,820	400,991	376,202	351,162	325,866	300,314
82	Total Funds Available	33,131,490	33,193,655	35,154,914	36,682,896	36,875,910	37,080,915
83	Transfer Out - Principal Payments (Bonds)	11,140,000	14,254,000	14,771,000	16,157,931	16,580,479	17,034,541
84	Transfer Out - Interest Payments (Bonds)	4,823,242	4,645,163	4,555,461	4,509,024	4,071,511	3,629,105
85	Transfer Out - Principal Payments (Subordinate)	4,864,135	2,444,645	2,469,383	2,494,372	2,519,615	2,545,115
86	Transfer Out - Interest Payments (Subordinate)	1,101,213	406,142	381,405	356,415	331,172	305,672
87	Total Transfer Out	21,928,590	21,749,950	22,177,248	23,517,743	23,502,778	23,514,434
88	Interest Rate	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
89	Interest Income	194,659	198,158	213,687	228,750	232,210	235,722
90	Interest Income to Fund Revenue Requirements	194,659	198,158	213,687	228,750	232,210	235,722
91	Ending Balance	\$11,202,900	\$11,443,705	\$12,977,667	\$13,165,153	\$13,373,132	\$13,566,480

Table 8

Lee County, Florida
Fiscal Year 2021 Water and Wastewater Revenue Sufficiency Study

Development of Fund Balances, Transfers, and Interest Income

Line No.	Description	Fiscal Year Ending September 30,					
		2021	2022	2023	2024	2025	2026
DEBT SERVICE RESERVE (#48772)							
92	Beginning Balance	\$426	\$426	\$426	\$426	\$426	\$426
93	Transfers In - New Debt	0	0	0	0	0	0
94	Total Funds Available	426	426	426	426	426	426
95	Transfers Out - Revenue Fund	0	0	0	0	0	0
96	Total Transfer Out	0	0	0	0	0	0
97	Interest Rate	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
98	Interest Income	7	7	7	7	7	7
99	Interest Income to Fund Revenue Requirements	7	7	7	7	7	7
100	Ending Balance	\$426	\$426	\$426	\$426	\$426	\$426
CAPITAL IMPROVEMENTS FUND (#48730)							
104	Beginning Balance	\$86,125,376	\$41,616,485	\$60,667,668	\$51,092,769	\$35,964,448	\$24,147,620
105	Transfers In - Operating Account	0	27,000,000	0	0	0	0
106	Transfers In - Operations	15,337,396	21,267,973	17,371,934	16,468,512	14,466,672	12,706,618
107	Transfers In - R&R Fund	0	0	0	0	0	0
108	Transfers In - Reimbursements SRF Loan	0	0	0	0	0	0
109	Transfers In - Reimbursement for Expansion Related Projects	0	0	0	0	0	0
109	Transfers In - Grants	0	0	0	0	0	0
110	Total Funds Available	101,462,772	89,884,458	78,039,602	67,561,281	50,431,120	36,854,238
111	Transfers Out - Capital Improvements	59,846,287	29,216,791	26,946,833	31,596,833	26,283,500	25,103,500
112	Transfers Out - Operating Account	0	0	0	0	0	0
113	Transfers Out - R&R Fund	0	0	0	0	0	0
114	Total Transfer Out	59,846,287	29,216,791	26,946,833	31,596,833	26,283,500	25,103,500
115	Interest Rate	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
116	Interest Income	1,117,741	894,986	977,904	761,751	525,981	314,111
117	Interest Income to Fund Revenue Requirements	1,117,741	894,986	977,904	761,751	525,981	314,111
118	Ending Balance	\$41,616,485	\$60,667,668	\$51,092,769	\$35,964,448	\$24,147,620	\$11,750,738
CONSTRUCTION FUND (Debt Proceeds)							
122	Beginning Balance	\$0	\$0	\$0	\$11,000,000	\$0	\$0
123	Transfers In - Debt Proceeds	0	0	35,000,000	0	0	0
124	Total Funds Available	0	0	35,000,000	11,000,000	0	0
125	Transfers Out - Capital Improvements	0	0	24,000,000	11,000,000	0	0
126	Total Transfer Out	0	0	24,000,000	11,000,000	0	0
127	Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
128	Interest Income	0	0	0	0	0	0
129	Interest Income to Fund Revenue Requirements	0	0	0	0	0	0
130	Ending Balance	\$0	\$0	\$11,000,000	\$0	\$0	\$0
131	Percent Allocable to Water System	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
132	Amount Allocable to Water System	0	0	0	0	0	0
133	Amount Allocable to Wastewater System	0	0	0	0	0	0

Table 8

Lee County, Florida
Fiscal Year 2021 Water and Wastewater Revenue Sufficiency Study

Development of Fund Balances, Transfers, and Interest Income

Line No.	Description	Fiscal Year Ending September 30,					
		2021	2022	2023	2024	2025	2026
WATER CONNECTION FEES (#48712)							
134	Beginning Balance	\$36,135,678	\$23,652,500	\$2,039,909	\$612,977	\$408,116	\$28,347
135	Transfers In - Connection Fees	4,733,953	5,567,504	5,450,057	5,372,997	5,256,445	5,134,103
136	Total Funds Available	40,869,632	29,220,005	7,489,966	5,985,974	5,664,561	5,162,450
137	Transfers Out - CIP	17,735,740	27,402,955	6,900,000	5,586,715	5,640,000	3,420,000
138	Total Transfer Out	17,735,740	27,402,955	6,900,000	5,586,715	5,640,000	3,420,000
139	Interest Rate	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
140	Interest Income	518,609	222,859	23,011	8,857	3,786	15,494
141	Interest Income to Fund Revenue Requirements	0	0	0	0	0	0
142	Ending Balance	\$23,652,500	\$2,039,909	\$612,977	\$408,116	\$28,347	\$1,757,944
SEWER CONNECTION FEES (#48713)							
146	Beginning Balance	\$44,825,395	\$38,485,544	\$29,710,260	\$14,698,918	\$221,371	\$6,136
147	Transfers In - Connection Fees	3,749,715	4,333,779	4,281,889	4,183,033	4,132,793	4,027,656
148	Transfers In - Operating Reserves	0	0	0	0	0	0
149	Total Funds Available	48,575,110	42,819,323	33,992,148	18,881,951	4,354,163	4,033,793
150	Transfers Out - CIP	10,812,214	13,700,600	19,678,440	18,790,000	4,350,000	1,000,000
151	Transfers Out - Reimbursement for Expansion Related Projects In Capital Improvement Fund	0	0	0	0	0	0
152	Total Transfer Out	10,812,214	13,700,600	19,678,440	18,790,000	4,350,000	1,000,000
153	Interest Rate	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
154	Interest Income	722,648	591,537	385,210	129,420	1,973	26,599
155	Interest Income to Fund Revenue Requirements	0	0	0	0	0	0
156	Ending Balance	\$38,485,544	\$29,710,260	\$14,698,918	\$221,371	\$6,136	\$3,060,392
INTEREST INCOME							
157	Unrestricted Interest Income	\$2,522,770	\$1,922,681	\$1,845,524	\$1,633,313	\$1,397,092	\$1,298,004
158	Restricted Interest Income	1,289,985	864,749	460,229	191,970	61,167	99,244
159	Total Interest Income	\$3,812,755	\$2,787,430	\$2,305,753	\$1,825,283	\$1,458,259	\$1,397,248

Table 9
Lee County, Florida
Fiscal Year 2021 Water and Wastewater Revenue Sufficiency Study
Development of Projected System Operating Results and Debt Coverage [1]

Line No.	Description	Fiscal Year Ended September 30,					
		2021	2022	2023	2024	2025	2026
Gross Revenues [2]:							
1	Water User Fees	\$54,321,785	\$54,999,011	\$55,613,508	\$56,204,864	\$56,785,467	\$57,354,738
2	Wastewater User Fees	60,988,791	61,521,366	62,168,277	62,803,262	63,428,722	64,040,843
3	Additional Revenue from Rate Adjustments [3]	0	8,507,948	8,977,187	9,074,568	9,170,325	9,264,104
4	Rentals and Franchise Fees	211,930	211,930	211,930	211,930	211,930	211,930
5	Miscellaneous Revenues [4]	1,782,500	1,702,208	1,701,890	1,701,584	1,701,274	1,700,961
6	Investment Earnings [5]	3,812,755	2,787,430	2,305,753	1,825,283	1,458,259	1,397,248
7	Gateway Debt Service Contribution [6]	172,335	172,335	172,335	172,335	172,335	172,335
8	Total	\$121,290,096	\$129,902,228	\$131,150,881	\$131,993,826	\$132,928,312	\$134,142,159
Operating Expenses [7]:							
9	Salaries and Wages	\$17,711,194	\$19,072,530	\$20,250,704	\$21,237,825	\$22,190,558	\$22,856,272
10	Employee benefits	8,732,339	9,021,163	9,319,598	9,627,961	9,946,585	10,275,811
11	Contractual services, materials and supplies	29,070,970	28,920,703	29,723,240	30,556,340	31,420,214	32,302,558
12	Utilities	5,529,400	5,623,401	5,741,494	5,867,810	6,502,768	7,134,831
13	Repairs and maintenance	3,638,450	3,751,470	3,868,150	3,988,499	4,112,633	4,240,595
14	Insurance	830,864	844,991	862,735	881,716	901,996	921,841
15	Other	2,315,060	2,766,196	3,104,370	2,669,301	2,651,206	2,668,767
16	Indirect Cost	2,121,291	2,157,355	2,202,661	2,251,117	2,302,893	2,353,558
17	Administrative Fees	107,074	108,897	111,185	113,632	116,246	118,807
18	Contingency [8]	275,013	298,703	302,980	306,267	309,499	312,663
19	Bad Debt Expense [9]	0	0	0	0	0	0
20	Other Post Employee Benefits	225,000	231,750	238,703	245,864	253,240	260,837
21	Total	\$70,556,655	\$72,797,159	\$75,725,820	\$77,746,332	\$80,707,838	\$83,446,540
Pledged Funds [10]:							
22	Net Revenues	\$50,733,441	\$57,105,069	\$55,425,061	\$54,247,494	\$52,220,474	\$50,695,619
23	Connection Fees [11] [12]	8,483,668	9,901,283	9,731,946	9,556,029	9,389,237	9,161,759
24	Total	\$59,217,109	\$67,006,352	\$65,157,007	\$63,803,523	\$61,609,711	\$59,857,378
Annual Debt Service for Outstanding Bonds [13]:							
25	Series 2011 Water & Sewer Refunding Revenue Bonds	\$5,794,283	\$5,790,333	\$0	\$0	\$0	\$0
26	Series 2012A Water & Sewer Refunding Revenue Bonds [14]	-	-	-	-	-	-
27	Series 2013A Water & Sewer Revenue Bonds [15]	1,428,250	1,429,500	1,427,750	1,428,000	-	-
28	Series 2013B Water & Sewer Revenue Refunding Bonds [15]	4,005,250	4,013,000	4,008,250	4,011,250	4,011,250	4,013,000
29	Series 2019 Water and Sewer Refunding Revenue Bonds [16]	4,162,986	4,164,098	9,958,890	9,949,771	11,382,739	11,377,372
30	SRF Refunding (DW361001) Bank Loan, Series 2021	1,154,366	1,628,467	1,627,914	1,627,852	1,627,769	1,628,079
31	SRF Refunding (WW392330) Bank Loan, Series 2021	968,917	2,114,570	2,113,562	2,113,512	2,114,156	2,114,488
Annual Debt Service for Projected Bonds:							
32	Series 2023 Bonds	\$0	\$0	\$1,724,056	\$1,724,056	\$1,724,056	\$1,724,056
33	Total Outstanding and Projected Annual Senior Lien Debt Service	\$17,514,052	\$19,139,968	\$20,860,422	\$20,854,441	\$20,859,970	\$20,856,995
Rate Covenant Compliance [17]:							
34	Net Revenues and Special Assessments Proceeds	\$50,733,441	\$57,105,069	\$55,425,061	\$54,247,494	\$52,220,474	\$50,695,619
35	Annual Senior Lien Debt Service	17,514,052	19,139,968	20,860,422	20,854,441	20,859,970	20,856,995
36	Calculated Coverage	289.7%	298.4%	265.7%	260.1%	250.3%	243.1%
37	Required Coverage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Footnotes Begin on Page 2 of 3.

Table 9
Lee County, Florida
Fiscal Year 2021 Water and Wastewater Revenue Sufficiency Study

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

Line No.	Description	Fiscal Year Ending September 30,					
		2021	2022	2023	2024	2025	2026
<u>Rate Covenant Compliance [17]: (continued)</u>							
	Net Revenues, Special Assessments Proceeds and Connection Fees	\$59,217,109	\$67,006,352	\$65,157,007	\$63,803,523	\$61,609,711	\$59,857,378
38	Annual Senior Lien Debt Service	17,514,052	19,139,968	20,860,422	20,854,441	20,859,970	20,856,995
40	Calculated Coverage	338.1%	350.1%	312.3%	305.9%	295.3%	287.0%
41	Required Coverage	120.0%	120.0%	120.0%	120.0%	120.0%	120.0%
	Net Revenues and Special Assessments Proceeds after payment of Annual Senior Lien Debt Service	\$33,219,389	\$37,965,101	\$34,564,639	\$33,393,053	\$31,360,504	\$29,838,624
42							
<u>State Revolving Fund (SRF) Loan Compliance [18]:</u>							
Pledged Revenues:							
43	Gross Revenues	\$121,290,096	\$129,902,228	\$131,150,881	\$131,993,826	\$132,928,312	\$134,142,159
44	Less Operating Expenses	(70,556,655)	(72,797,159)	(75,725,820)	(77,746,332)	(80,707,838)	(83,446,540)
45	Less Senior Revenue Obligations - Annual Debt Service	(17,514,052)	(19,139,968)	(20,860,422)	(20,854,441)	(20,859,970)	(20,856,995)
46	Net Amount Available for SRF Debt Coverage	\$33,219,389	\$37,965,101	\$34,564,639	\$33,393,053	\$31,360,504	\$29,838,624
Outstanding and Proposed SRF Loan Debt Service Payments [19]							
47	SRF Loan DW3610010	\$500,747	\$0	\$0	\$0	\$0	\$0
48	SRF Loan WW392330	1,222,074	0	0	0	0	0
49	SRF Loan WW360200	1,539,969	1,539,969	1,539,969	1,539,970	1,539,969	1,539,970
50	SRF Loan DW3602A0	1,310,818	1,310,818	1,310,818	1,310,818	1,310,818	1,310,818
51	Total	\$4,573,608	\$2,850,787	\$2,850,787	\$2,850,788	\$2,850,787	\$2,850,788
52	Calculated Coverage	726.3%	1331.7%	1212.5%	1171.4%	1100.1%	1046.7%
53	Required Coverage	115.0%	115.0%	115.0%	115.0%	115.0%	115.0%
Required Transfers:							
54	Reserve Account [20]	\$0	\$0	\$0	\$0	\$0	\$0
55	Renewal and Replacement Fund [21]	6,035,531	6,055,888	6,486,495	6,548,927	6,591,075	6,637,799
56	Water and Sewer Connection Fees Funds [22]	0	0	0	0	0	0
57	Subordinated Indebtedness Debt Service Payments [23]	4,573,608	2,850,787	2,850,787	2,850,788	2,850,787	2,850,788
58	Amounts Available for Other System Purposes	\$22,610,250	\$29,058,426	\$25,227,357	\$23,993,338	\$21,918,642	\$20,350,037

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 (the "FDEP") State Revolving Fund (the "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 (the "GAAP") without limiting the generality of the foregoing.
- [3] Amounts shown reflect additional revenues from adopted rate adjustments as shown below:
- | Fiscal Year | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|-------|-------|-------|-------|-------|-------|
| Identified Water and Wastewater Rate Revenue Increases | 0.00% | 8.00% | 0.00% | 0.00% | 0.00% | 0.00% |
- [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 2021 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
- [6] Amounts shown reflect annual transfers from the Gateway Services Community Development District for reservation of wastewater treatment capacity and for the
- [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
- | Fiscal Year | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>2026</u> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contingency Factor Assumed | 0.25% | 0.35% | 0.45% | 0.55% | 0.65% | 0.75% |
- [9] Amounts shown reflect application of a 0.25% rate revenues uncollectability factor applied to total user fee / rate revenues to recognize rate revenues may not be
- [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
- [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
- [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
- 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
- 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
- [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
- [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 Reserve Account Requirement shall mean maintaining a minimum cash balance within the Reserve Account equivalent to the lesser of: i) the Maximum Annual Debt Service for all Outstanding Bonds; or ii) 125% of the Annual Debt Service coming due in such Fiscal Year. No required transfers from Pledged Funds were recognized during the projected period shown since the Reserve Account Requirement is secured through a Reserve Account
- [21] 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
- [22] Pursuant to Sections 4.06(a) and 4.07(a) of the Bond Resolution, the County must repay any amounts used form 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
- [23] 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

Lee County, Florida
Fiscal Year 2021 Water and Wastewater Revenue Sufficiency Study

Projection of Financial Policy Compliance

Line No.	Description	Projected Fiscal Year Ending September 30,					
		2021	2022	2023	2024	2025	2026
Financial Policy 1.1 - Operating Reserve Target							
1	Revenue Fund	\$57,097,474	\$30,097,474	\$30,097,474	\$30,097,474	\$30,097,474	\$30,097,474
2	Operating Reserve (Days of O&M)	295	151	145	141	136	132
3	Operating and Maintenance Expenses	\$70,556,655	\$72,797,159	\$75,725,820	\$77,746,332	\$80,707,838	\$83,446,540
4	Operating Reserve Target (Amount)	\$23,196,708	\$23,933,313	\$24,896,160	\$25,560,438	\$26,534,084	\$27,434,479
5	Operating Reserve Target (Days of O&M)	120	120	120	120	120	120
6	Available Above Reserves	\$33,900,765	\$6,164,161	\$5,201,314	\$4,537,036	\$3,563,390	\$2,662,995
7	Test Met (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes
Financial Policy 1.2 - Capital Reserve Target							
8	Renewal and Replacement Fund	\$1,267,880	\$4,958,880	\$7,918,880	\$3,407,880	\$7,191,880	\$15,615,880
9	Water Conservation Surcharge Fund	620,838	760,838	900,838	1,040,838	1,180,838	1,320,838
10	Capital Improvement Fund	41,616,485	60,667,668	51,092,769	35,964,448	24,147,620	11,750,738
11	Ending Balance	\$43,505,203	\$66,387,386	\$59,912,487	\$40,413,166	\$32,520,338	\$28,687,456
12	Gross Depreciable Fixed Assets [1]	\$1,294,135,528	\$1,401,246,199	\$1,473,798,670	\$1,552,129,399	\$1,627,736,532	\$1,668,957,474
13	Capital Reserve Target (Percent)	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
14	Capital Reserve Target (Amount)	\$19,412,033	\$21,018,693	\$22,106,980	\$23,281,941	\$24,416,048	\$25,034,362
15	Available Above Reserves	\$24,093,170	\$45,368,693	\$37,805,507	\$17,131,225	\$8,104,290	\$3,653,094
16	Test Met (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes
Financial Policy 2.1 - Debt Capacity							
Net Debt Outstanding - End of Year							
17	Existing Debt Outstanding Balance	\$229,458,174	\$213,454,039	\$196,755,394	\$179,515,011	\$161,684,639	\$143,427,024
18	New Debt Outstanding Balance	0	0	36,085,000	35,263,069	34,420,589	33,557,048
19	Total Debt Outstanding Balance	\$229,458,174	\$213,454,039	\$232,840,394	\$214,778,080	\$196,105,228	\$176,984,071
20	Less: Debt Service Reserve Balance	\$0	\$0	\$0	\$0	\$0	\$0
21	Less: Estimated Principal on Depositing in Sinking Fund	(\$10,139,414)	(\$10,607,929)	(\$12,395,594)	(\$12,699,295)	(\$13,029,167)	(\$13,314,587)
22	Prior Year's Net Debt Outstanding	\$219,318,760	\$202,846,109	\$220,444,800	\$202,078,785	\$183,076,062	\$163,669,485
Net Fixed Assets - End of Year							
23	Prior Year CWIP Converted to Fixed Assets	\$38,822,668	\$121,155,458	\$82,065,845	\$88,601,773	\$85,521,048	\$46,626,000
24	% of CWIP Retiring Existing Assets at Original Cost	(11.6%)	(11.6%)	(11.6%)	(11.6%)	(11.6%)	(11.6%)
25	Less Estimated Retirements	(\$4,500,467)	(\$14,044,787)	(\$9,513,375)	(\$10,271,044)	(\$9,913,915)	(\$5,405,058)
26	Depreciable Assets	\$1,294,135,528	\$1,401,246,199	\$1,473,798,670	\$1,552,129,399	\$1,627,736,532	\$1,668,957,474
27	Non Depreciable - Land / Intangibles	32,844,785	32,844,785	32,844,785	32,844,785	32,844,785	32,844,785
28	Non-depreciable - Current Period CWIP	121,155,458	82,065,845	88,601,773	85,521,048	46,626,000	35,436,000
29	Gross Fixed Assets [1]	\$1,448,135,771	\$1,516,156,829	\$1,595,245,228	\$1,670,495,232	\$1,707,207,317	\$1,737,238,259
30	Depreciation	(\$50,871,039)	(\$55,081,441)	(\$57,933,399)	(\$61,012,493)	(\$63,984,526)	(\$65,604,876)
31	Less Retirements	4,500,467	14,044,787	9,513,375	10,271,044	9,913,915	5,405,058
32	Accumulated Depreciation	(\$751,691,298)	(\$792,727,953)	(\$841,147,976)	(\$891,889,426)	(\$945,960,037)	(\$1,006,159,855)
33	Net Fixed Assets	\$696,444,473	\$723,428,877	\$754,097,251	\$778,605,806	\$761,247,280	\$731,078,405
34	Net Debt to Net Fixed Assets	31.49%	28.04%	29.23%	25.95%	24.05%	22.39%
35	Test Met - maximum of 50.0% (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes
Financial Policy 2.2 - Debt Coverage							
Determination of Net Plant End of Year Debt Outstanding							
36	Net Revenues	\$50,733,441	\$57,105,069	\$55,425,061	\$54,247,494	\$52,220,474	\$50,695,619
37	All-In Debt Service	22,087,660	21,990,755	23,711,209	23,705,229	23,710,757	23,707,783
38	Calculated All-IN Debt Service Coverage Ratio	230%	260%	234%	229%	220%	214%
39	Test Met - Minimum of 150.0% (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes
Financial Policy 3.2 - Capital Re-investment							
40	Rate Revenues [1]	\$115,155,576	\$124,888,325	\$126,618,973	\$127,942,694	\$129,244,514	\$130,519,685
Capital Deposits							
41	Renewal & Replacement Fund	\$11,730,000	\$11,800,000	\$12,700,000	\$12,900,000	\$13,000,000	\$13,200,000
42	Capital Improvement Fund	15,337,396	21,267,973	17,371,934	16,468,512	14,466,672	12,706,618
43	Water Surcharge Fund	140,000	140,000	140,000	140,000	140,000	140,000
44	Total Capital Deposits	\$27,207,396	\$33,207,973	\$30,211,934	\$29,508,512	\$27,606,672	\$26,046,618
45	Calculated Capital Re-Investment Ratio	23.6%	26.6%	23.9%	23.1%	21.4%	20.0%
46	Test Met - Minimum of 10.0% (Yes/No)	Yes	Yes	Yes	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 2021 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 [3]	5,000 Gallons	6,000 Gallons	10,000 Gallons	15,000 Gallons	20,000 Gallons	25,000 Gallons
Lee County										
1	Existing Rates - Fiscal Year 2021	\$12.59	\$22.40	\$25.67	\$28.94	\$32.21	\$48.57	\$71.48	\$99.29	\$131.99
2	Proposed Rates - Fiscal Year 2022	13.58	24.17	27.70	31.23	34.76	52.44	77.18	107.20	142.50
Other Florida Utilities:										
3	Bonita Springs Utilities, Inc.	\$12.17	\$23.15	\$26.81	\$30.47	\$34.13	\$51.89	\$76.43	\$104.09	\$134.09
4	City of Bradenton	15.66	23.04	26.99	30.94	34.89	50.69	70.44	90.19	109.94
5	City of Cape Coral	17.32	29.02	32.92	36.82	41.37	59.57	93.87	145.12	201.72
6	Charlotte County	25.40	41.81	47.28	52.75	59.03	84.15	123.75	168.80	213.85
7	Collier County	24.09	33.84	37.09	40.34	45.25	64.89	97.49	130.09	170.79
8	DeSoto County	34.35	53.01	59.23	65.45	73.74	106.90	169.05	251.95	334.85
9	Englewood Water District	18.27	24.78	26.95	29.12	31.29	48.65	89.13	148.17	223.47
10	FGUA - Lehigh Acres System (Lee County)	15.50	32.54	38.22	43.90	49.58	74.88	109.24	148.35	190.85
11	FGUA - North Fort Myers Service Area [2]	12.59	22.40	25.67	28.94	32.21	48.57	71.48	99.29	131.99
12	FGUA - Lake Fairway / Pine Lakes Service Area (Lee County)	17.89	41.02	48.73	56.44	64.15	94.99	133.54	172.09	210.64
13	City of Fort Myers	8.89	23.26	28.05	32.84	42.42	80.74	147.79	214.84	308.69
14	Hillsborough County - Northwest Service Area	14.45	25.91	29.73	33.55	38.79	59.75	85.95	119.65	153.35
15	Manatee County	9.45	16.29	18.57	20.85	23.13	34.53	48.78	82.98	134.33
16	City of Marco Island	35.96	49.43	53.92	58.41	62.90	80.86	103.31	125.76	157.21
17	City of Naples	8.44	12.82	14.28	15.74	17.20	25.79	38.59	56.79	76.79
18	City of North Port	20.30	33.29	37.62	44.11	50.60	81.82	136.54	211.14	319.59
19	Okeechobee Utility Authority	20.85	34.02	40.62	47.22	53.82	80.22	113.22	146.22	179.22
20	Pinellas County	6.80	22.19	27.32	32.45	37.58	58.10	83.75	109.40	135.05
21	City of Punta Gorda	15.91	25.78	29.07	32.36	36.02	50.66	73.31	95.96	123.71
22	Sarasota County	17.32	24.88	27.40	30.58	33.76	51.14	89.49	142.28	205.93
23	Other Florida Utilities' Average	\$17.58	\$29.62	\$33.82	\$38.16	\$43.09	\$64.44	\$97.76	\$138.16	\$185.80

Footnotes:

- [1] Unless otherwise noted, amounts shown reflect residential rates in effect March 2021 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] Reflects utility service area receiving wastewater service by the FGUA and potable water service by Lee County
- [3] During the Fiscal Year 2020 the average monthly use for all single family LCU customers was approximately 4,375 gallons.

Table 12
Lee County, Florida
Fiscal Year 2021 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 [3]	5,000 Gallons	6,000 Gallons	10,000 Gallons	15,000 Gallons	20,000 Gallons	25,000 Gallons
Lee County										
1	Existing Rates - Fiscal Year 2021	\$20.45	\$38.00	\$43.85	\$49.70	\$55.55	\$73.10	\$73.10	\$73.10	\$73.10
2	Proposed Rates - Fiscal Year 2022	22.08	41.04	47.36	53.68	60.00	78.96	78.96	78.96	78.96
Other Florida Utilities:										
3	Bonita Springs Utilities, Inc.	\$28.48	\$39.58	\$43.28	\$46.98	\$50.68	\$65.48	\$83.98	\$87.68	\$87.68
4	City of Bradenton	23.13	29.43	34.09	38.75	43.41	62.05	85.35	108.65	131.95
5	City of Cape Coral	21.07	48.19	57.23	66.27	75.31	111.47	156.67	201.87	247.07
6	Charlotte County	37.77	53.55	58.81	64.07	69.33	90.37	90.37	90.37	90.37
7	Collier County	36.25	51.55	56.65	61.75	66.85	87.25	112.75	112.75	112.75
8	DeSoto County	31.04	49.04	55.04	61.04	67.04	91.04	121.04	151.04	181.04
9	Englewood Water District	26.58	36.72	40.10	43.48	46.86	60.38	77.28	94.18	111.08
10	FGUA - Lehigh Acres System (Lee County)	26.02	52.90	61.86	70.82	79.78	79.78	79.78	79.78	79.78
11	FGUA - North Fort Myers Service Area [2]	26.26	49.72	57.54	65.36	73.18	104.46	104.46	104.46	104.46
12	FGUA - Lake Fairway / Pine Lakes Service Area (Lee County)	18.53	44.27	52.85	61.43	70.01	70.01	70.01	70.01	70.01
13	City of Fort Myers	15.35	56.30	69.95	83.60	97.25	151.85	220.10	288.35	356.60
14	Hillsborough County - Northwest Service Area	15.77	31.01	36.09	41.17	46.25	56.41	56.41	56.41	56.41
15	Manatee County	22.54	37.63	42.66	47.69	52.72	72.84	72.84	72.84	72.84
16	City of Marco Island	29.32	46.69	52.48	58.27	64.06	64.06	64.06	64.06	64.06
17	City of Naples	21.13	33.43	37.53	41.63	45.73	62.13	62.13	62.13	62.13
18	City of North Port	30.09	49.74	56.29	62.84	69.39	95.59	108.69	108.69	108.69
19	Okeechobee Utility Authority	23.27	44.99	52.23	59.47	66.71	95.67	131.87	168.07	204.27
20	Pinellas County	16.38	34.32	40.30	46.28	52.26	76.18	76.18	76.18	76.18
21	City of Punta Gorda	28.32	33.27	34.92	36.57	38.22	44.82	44.82	44.82	44.82
22	Sarasota County	17.69	43.07	51.53	59.99	68.45	102.29	102.29	102.29	102.29
23	Other Florida Utilities' Average	\$24.75	\$43.27	\$49.57	\$55.87	\$62.17	\$82.21	\$96.05	\$107.23	\$118.22

Footnotes:

- [1] Unless otherwise noted, amounts shown reflect residential rates in effect March 2021 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] Reflects utility service area receiving wastewater service by the FGUA and potable water service by Lee County
- [3] During the Fiscal Year 2020 the average monthly use for all single family LCU customers was approximately 4,375 gallons.

Table 13
Lee County, Florida
Fiscal Year 2021 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 [3]	5,000 Gallons	6,000 Gallons	10,000 Gallons	15,000 Gallons	20,000 Gallons	25,000 Gallons
Lee County										
1	Existing Rates - Fiscal Year 2021	\$33.04	\$60.40	\$69.52	\$78.64	\$87.76	\$121.67	\$144.58	\$172.39	\$205.09
2	Proposed Rates - Fiscal Year 2022	35.66	65.21	75.06	84.91	94.76	131.40	156.14	186.16	221.46
Other Florida Utilities:										
3	Bonita Springs Utilities, Inc.	\$40.65	\$62.73	\$70.09	\$77.45	\$84.81	\$117.37	\$160.41	\$191.77	\$221.77
4	City of Bradenton	38.79	52.47	61.08	69.69	78.30	112.74	155.79	198.84	241.89
5	City of Cape Coral	38.39	77.21	90.15	103.09	116.68	171.04	250.54	346.99	448.79
6	Charlotte County	63.17	95.36	106.09	116.82	128.36	174.52	214.12	259.17	304.22
7	Collier County	60.34	85.39	93.74	102.09	112.10	152.14	210.24	242.84	283.54
8	DeSoto County	65.39	102.05	114.27	126.49	140.78	197.94	290.09	402.99	515.89
9	Englewood Water District	44.85	61.50	67.05	72.60	78.15	109.03	166.41	242.35	334.55
10	FGUA - Lehigh Acres System (Lee County)	41.52	85.44	100.08	114.72	129.36	154.66	189.02	228.13	270.63
11	FGUA - North Fort Myers Service Area [2]	38.85	72.12	83.21	94.30	105.39	153.03	175.94	203.75	236.45
12	FGUA - Lake Fairway / Pine Lakes Service Area (Lee County)	36.42	85.29	101.58	117.87	134.16	165.00	203.55	242.10	280.65
13	City of Fort Myers	24.24	79.56	98.00	116.44	139.67	232.59	367.89	503.19	665.29
14	Hillsborough County - Northwest Service Area	30.22	56.92	65.82	74.72	85.04	116.16	142.36	176.06	209.76
15	Manatee County	31.99	53.92	61.23	68.54	75.85	107.37	121.62	155.82	207.17
16	City of Marco Island	65.28	96.12	106.40	116.68	126.96	144.92	167.37	189.82	221.27
17	City of Naples	29.57	46.25	51.81	57.37	62.93	87.92	100.72	118.92	138.92
18	City of North Port	50.39	83.03	93.91	106.95	119.99	177.41	245.23	319.83	428.28
19	Okeechobee Utility Authority	44.12	79.01	92.85	106.69	120.53	175.89	245.09	314.29	383.49
20	Pinellas County	23.18	56.51	67.62	78.73	89.84	134.28	159.93	185.58	211.23
21	City of Punta Gorda	44.23	59.05	63.99	68.93	74.24	95.48	118.13	140.78	168.53
22	Sarasota County	35.01	67.95	78.93	90.57	102.21	153.43	191.78	244.57	308.22
23	Other Florida Utilities' Average	\$42.33	\$72.89	\$83.40	\$94.04	\$105.27	\$146.65	\$193.81	\$245.39	\$304.03

Footnotes:

- [1] Unless otherwise noted, amounts shown reflect residential rates in effect March 2021 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] Reflects utility service area receiving wastewater service by the FGUA and potable water service by Lee Count
- [3] During the Fiscal Year 2020 the average monthly use for all single family LCU customers was approximately 4,375 gallon:

Lee County, Florida
Fiscal Year 2021 Water and Wastewater Revenue Sufficiency Study
Summary of Proposed and Recommended Rates

Line No.	Water Service Charges	Current Rates FY2021	Recommended Rates FY2022
<u>Residential Services:</u>			
1	Monthly Administrative Fee (Per Bill)	\$3.44	\$3.70
Monthly Service Charge (Per Unit/Lot) [1]:			
2	Single Family (1.0 ERU)	\$9.15	\$9.88
3	Multi-Family (0.8 ERU)	\$7.32	\$7.90
4	Mobile Home (0.8 ERU)	\$7.32	\$7.90
5	Recreational Vehicle (0.4 ERU)	\$3.66	\$3.95
Usage Charge (Per 1,000 Gallons):			
6	Usage Block 1	\$3.27	\$3.53
7	Usage Block 2	\$4.09	\$4.42
8	Usage Block 3	\$4.91	\$5.30
9	Usage Block 4	\$6.54	\$7.06
10	Usage Block Ranges:		Single Family
11	Usage Block 1		0-6,000
12	Usage Block 2		6,001-12,000
13	Usage Block 3		12,001-18,000
14	Usage Block 4		Above 18,000
<u>Commercial and All Non-Residential Services:</u>			
15	Monthly Administrative Fee (Per Bill)	\$3.44	\$3.70
Monthly Service Charge (Per Metered Account) [1]:			
16	5/8" (1.0 ERU)	\$9.15	\$9.88
17	3/4" (1.5 ERU)	\$13.73	\$14.82
18	1" (2.5 ERU)	\$22.88	\$24.70
19	1- 1/2" (5.0 ERU)	\$45.75	\$49.40
20	2" (8.0 ERU)	\$73.20	\$79.04
21	3" (16.0 ERU)	\$146.40	\$158.08
22	4" (25.0 ERU)	\$228.75	\$247.00
23	6" (50.0)	\$457.50	\$494.00
24	8" (80.0 ERU)	\$732.00	\$790.40
25	10" (145.0 ERU)	\$1,326.75	\$1,432.60
Usage Charge (Per 1,000 Gallons):			
26	Usage Block 1 (0-6,000 / 1.0 ERU)	\$3.27	\$3.53
27	Usage Block 2 (6,001-12,000 / 1.0 ERU)	\$4.09	\$4.42
28	Usage Block 2 (12,001-18,000 / 1.0 ERU)	\$4.91	\$5.30
29	Usage Block 2 (Above 18,000 / 1.0 ERU)	\$6.54	\$7.06
30	Usage Charge - Non Irrigation Per 1,000 Gallons)	\$3.44	\$3.72
Usage Charge - Irrigation			
31	Usage Block 1 (0-6,000)	\$4.09	\$4.42
32	Usage Block 2 (6,001-12,000)	\$4.91	\$5.30
33	Usage Block 2 (Above 12,000)	\$6.54	\$7.06
<u>Wholesale Services:</u>			
34	Monthly Administrative Fee (Per Bill)	\$3.44	\$3.70
35	Usage Charge - (Per 1,000 Gallons)	\$3.84	\$4.15

Lee County, Florida
Fiscal Year 2021 Water and Wastewater Revenue Sufficiency Study
Summary of Proposed and Recommended Rates

Line No.	Wastewater Service Charges	Current Rates	Proposed Rates
		FY2021	FY2022
<u>Residential Services:</u>			
36	Monthly Administrative Fee (Per Bill)	\$3.43	\$3.70
Monthly Service Charge (Per Unit/Lot) [1]:			
37	Single Family (1.0 ERU)	\$17.02	\$18.38
38	Multi-Family (0.8 ERU)	\$13.61	\$14.70
39	Mobile Home (0.8 ERU)	\$13.61	\$14.70
40	Recreational Vehicle (0.4 ERU)	\$6.81	\$7.35
41	Metered Usage Charge (Per 1,000 Gallons):	\$5.85	\$6.32
Unmetered Usage Charge (Per Unit/Lot):			
42	Single Family (1.0 ERU)	\$26.33	\$28.44
43	Multi-Family (0.8 ERU)	\$21.06	\$22.74
44	Mobile Home (0.8 ERU)	\$21.06	\$22.74
45	Recreational Vehicle (0.4 ERU)	\$10.53	\$11.37
<u>Commercial and All Non-Residential Services:</u>			
46	Monthly Administrative Fee (Per Bill)	\$3.43	\$3.70
Monthly Service Charge (Per Metered Account) [1]:			
47	5/8" (1.0 ERU)	\$9.15	\$9.88
48	3/4" (1.5 ERU)	\$13.73	\$14.82
49	1" (2.5 ERU)	\$22.88	\$24.70
50	1- 1/2" (5.0 ERU)	\$45.75	\$49.40
51	2" (8.0 ERU)	\$73.20	\$79.04
52	3" (16.0 ERU)	\$146.40	\$158.08
53	4" (25.0 ERU)	\$228.75	\$247.00
54	6" (50.0)	\$457.50	\$494.00
55	8" (80.0 ERU)	\$732.00	\$790.40
56	10" (145.0 ERU)	\$1,326.75	\$1,432.60
57	Usage Charge (Per 1,000 Gallons):	\$5.85	\$6.32
<u>Wholesale Services:</u>			
58	Monthly Administrative Fee (Per Bill)	\$3.43	\$3.70
59	Usage Charge - (Per 1,000 Gallons)	\$5.12	\$5.53

[1] Monthly Service Charge is shown exclusive of the Monthly Administrative Fee.