

Presentation To Charlotte County Board of County Commissioners

Utility System Financial Evaluation Update

May 2010

Presented by



Public Resources Management Group, Inc.

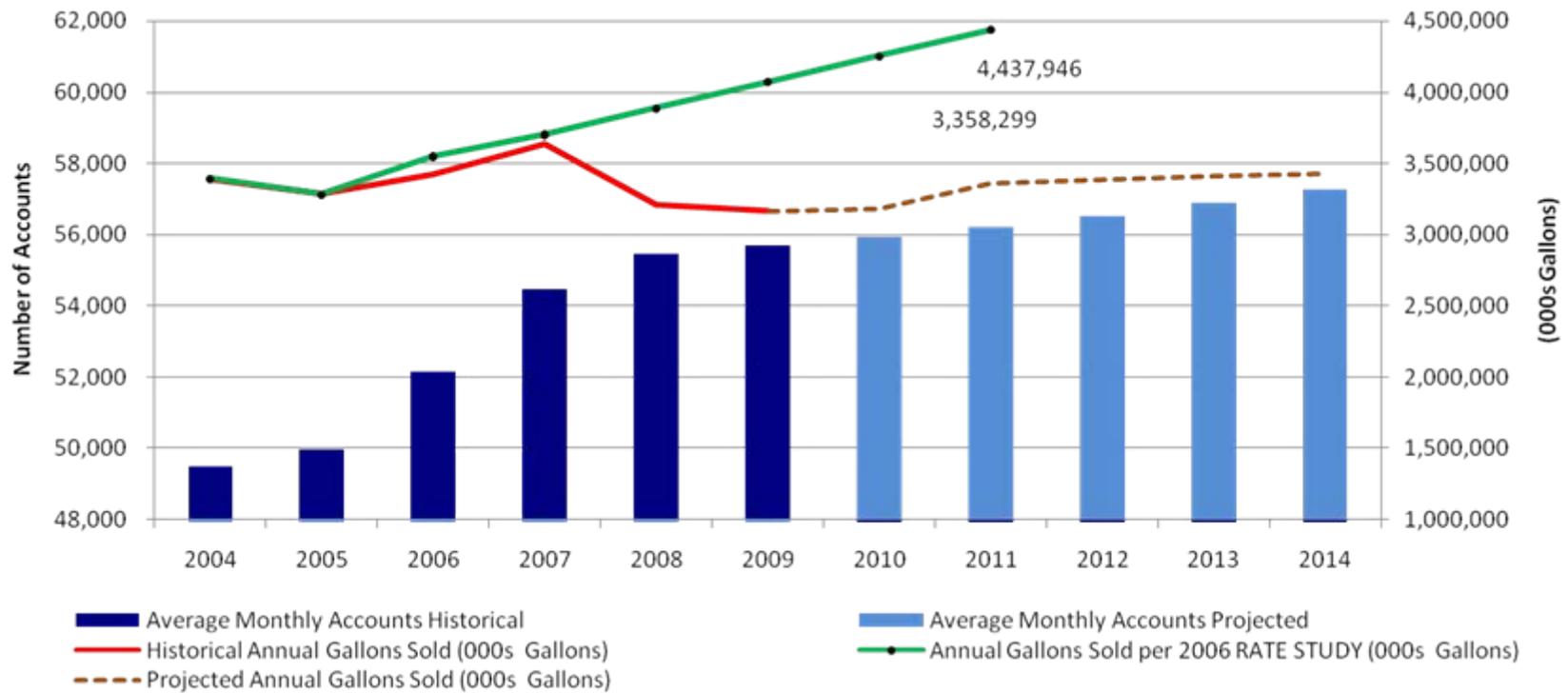
Summary of Major Assumptions Used on Financial Evaluation

- Projections Based on CCUs FY2010 and FY2011
Operating and Capital Budget:
 - No Additional Personnel Through 2014
 - No Merit or Inflation Pay Increases for FY2010, FY2011, or FY2012
 - Bad Debt Contingency of 1.5%/Year of Rate Revenue to Account for Economic Downturn
 - Less than 1.0%/Year Increase in Water and Sewer Customers and Sales
 - No Additional Rate Increases Anticipated beyond Current Adopted Rate Resolution
 - No Additional Debt Except Anticipated PRMRWSA Debt (Series 2010 Bonds)

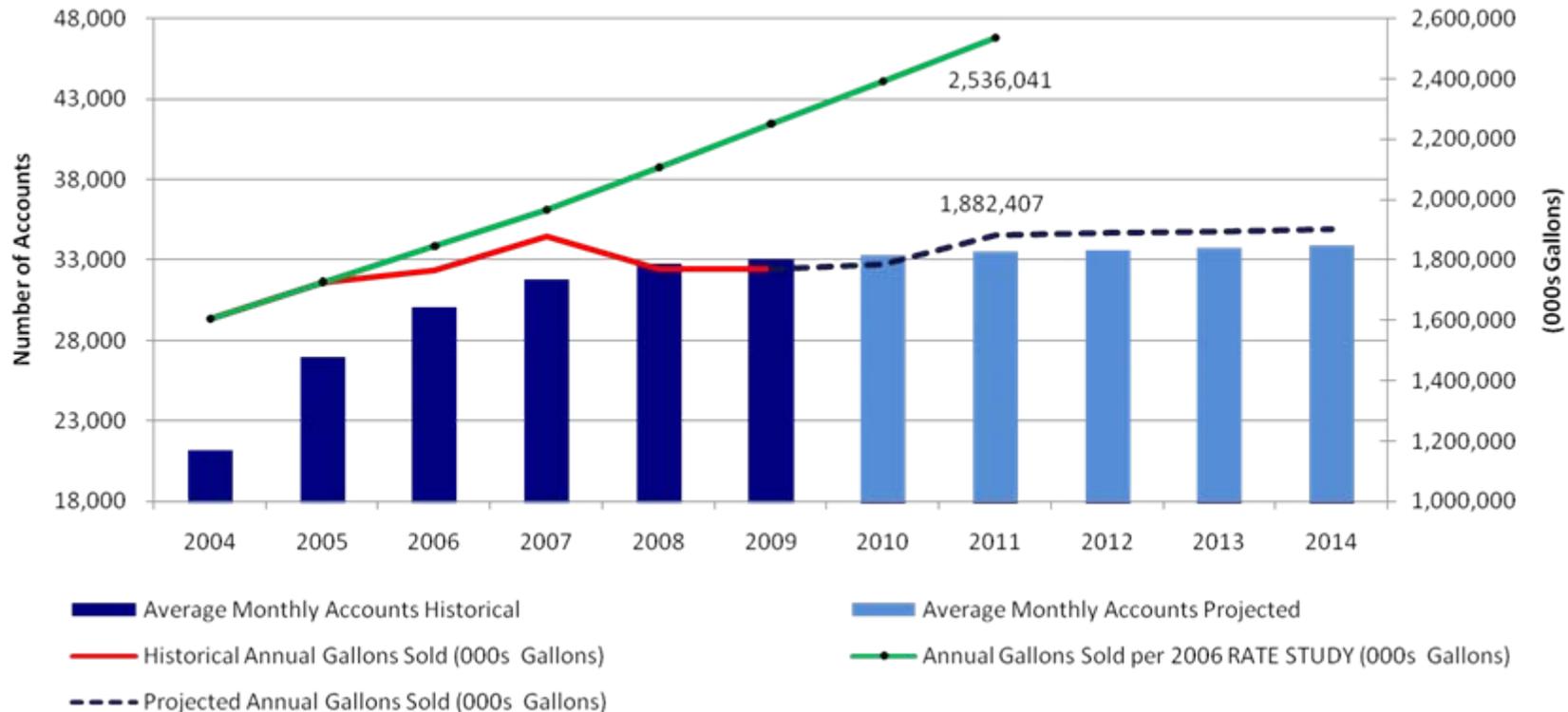
Summary of Major Assumptions Used on Financial Evaluation (cont'd.)

- Projected Cost of Purchase Water Based on:
 - PRMRWSA FY2010 and FY2011 Operating and Capital Budget and Conversations with PRMRWSA Staff
 - Does Not Include \$7.9 MM of Asset Replacements to the 1991 Water Plant
 - Does Not Include Additional Borrowing beyond the REP Series 2010 Bonds
 - Predicated on Projected Water Purchases Needs (9.9 MGD – 10.4 MGD). FY2009 Historical Purchases were 9.9 MGD
 - Reduced CIP to Reflect Reduced Impact Fee Collections
 - Includes Fully-Funded Cash Debt Service Reserve (\$10.5MM) through Transfers Outside the Original Rate Study
 - Does Not Include Area 1 Sewer Expansion Program

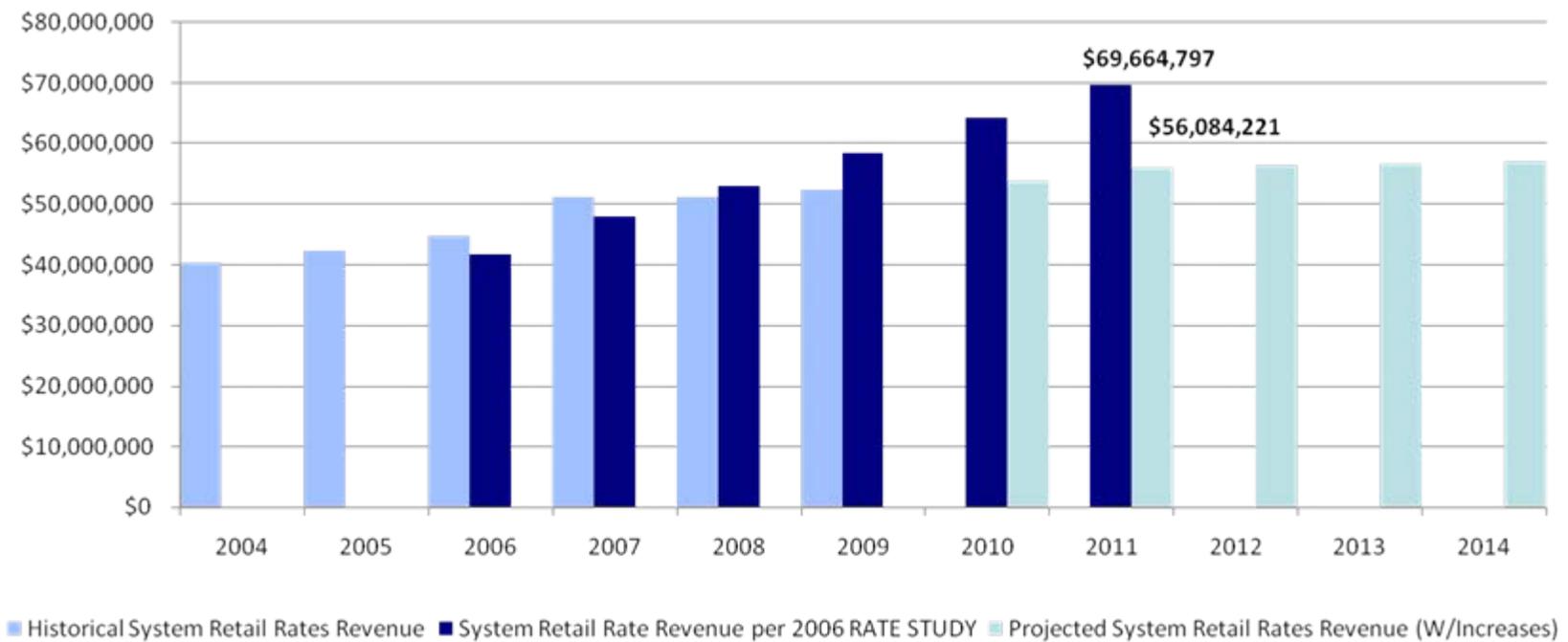
Water Historical and Projected Monthly Accounts – Annual Revenue Gallons



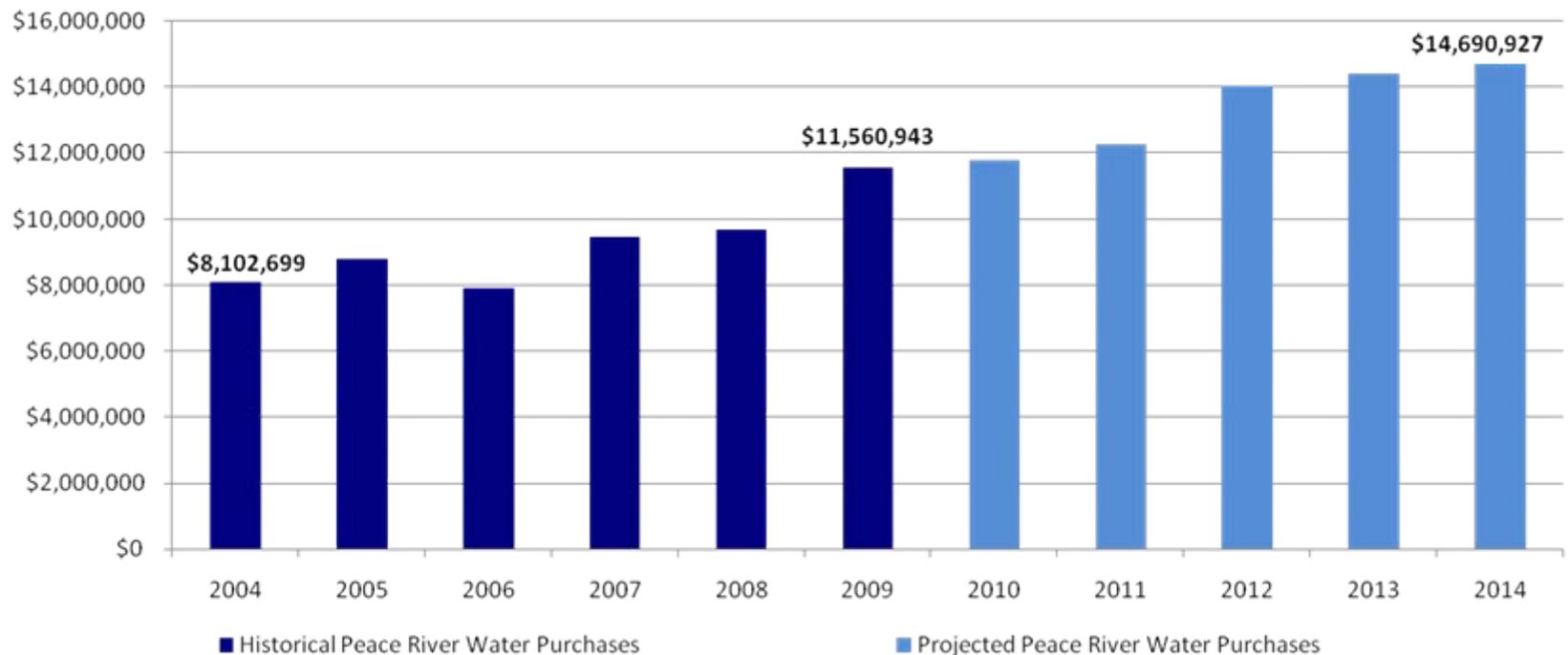
Wastewater Historical and Projected Monthly Accounts – Annual Revenue Gallons



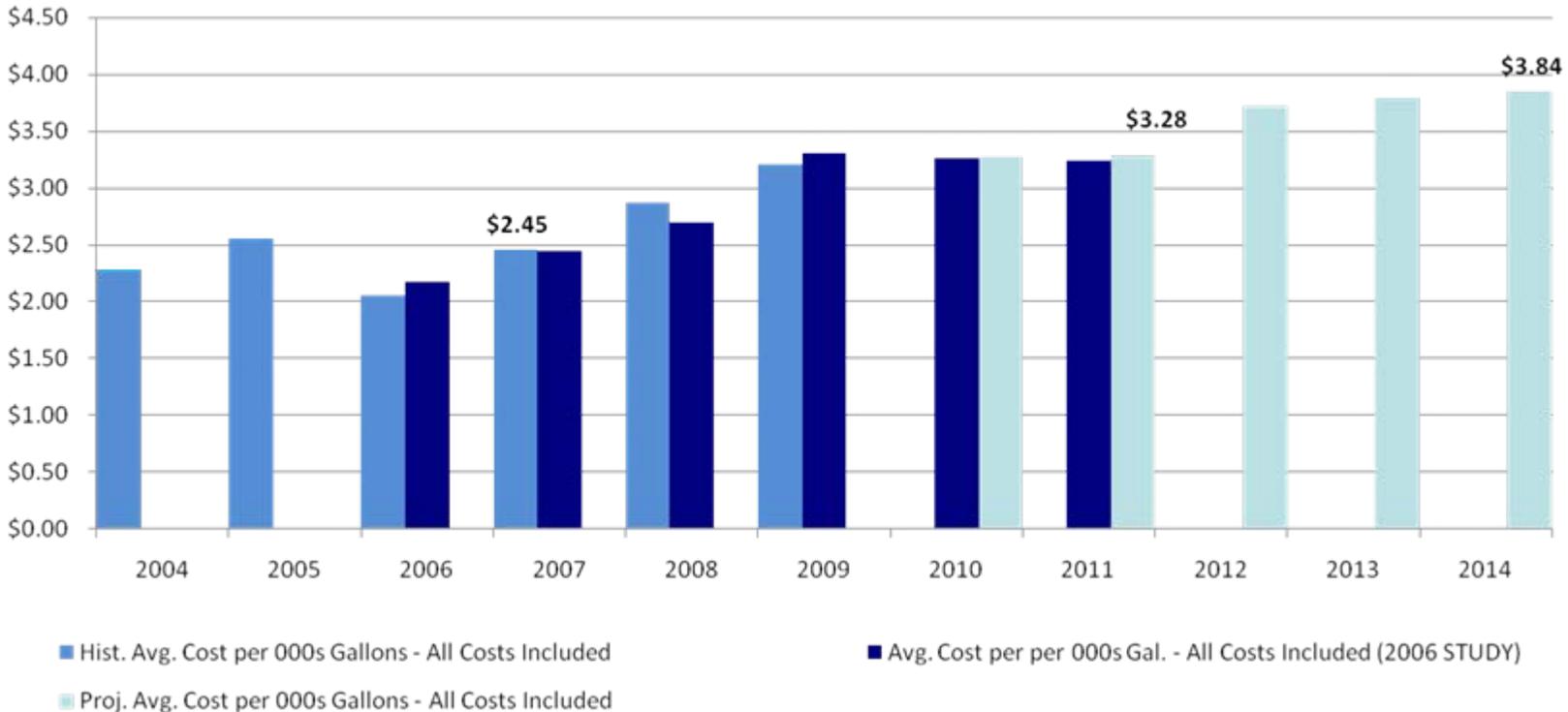
Historical and Projected Water and Wastewater Retail Rate Revenues



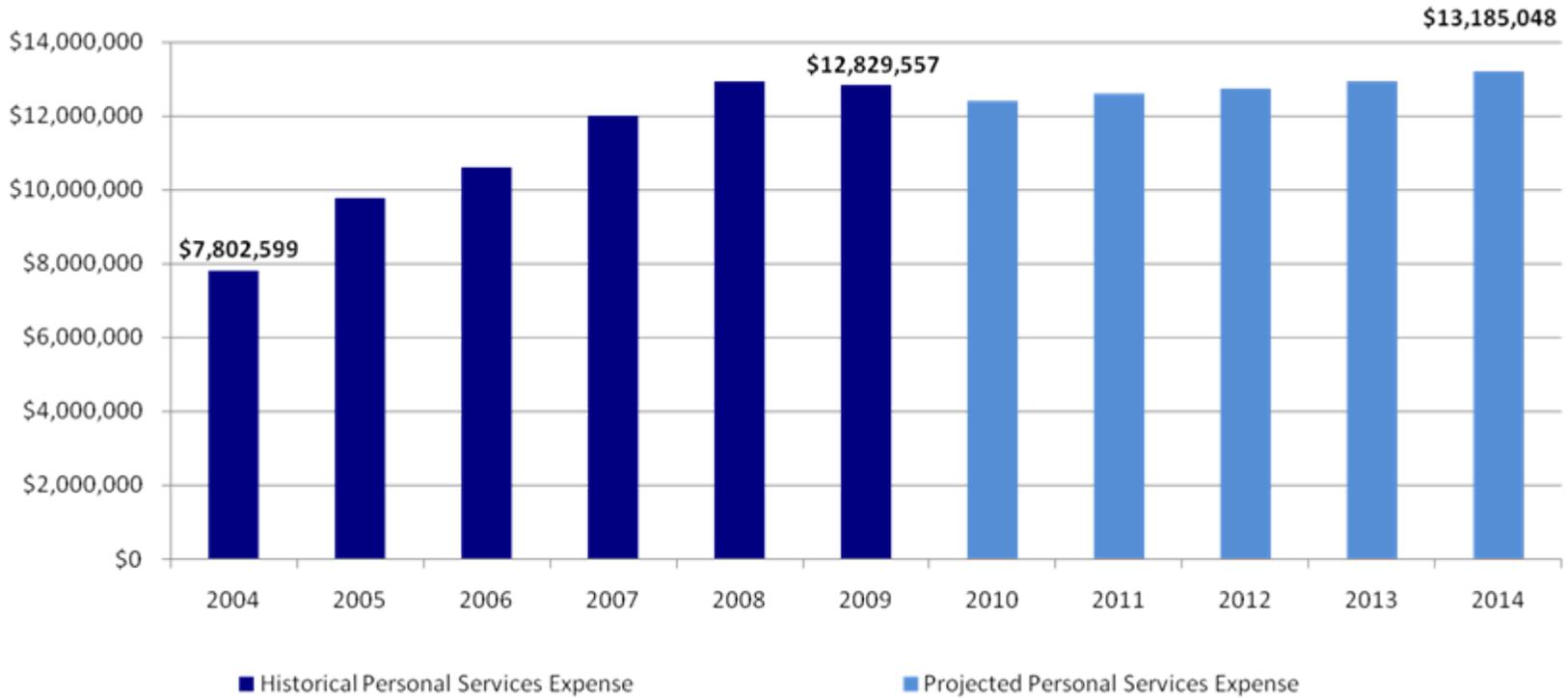
Historical and Projected Water Purchases from Peace River (PRMRWSA)



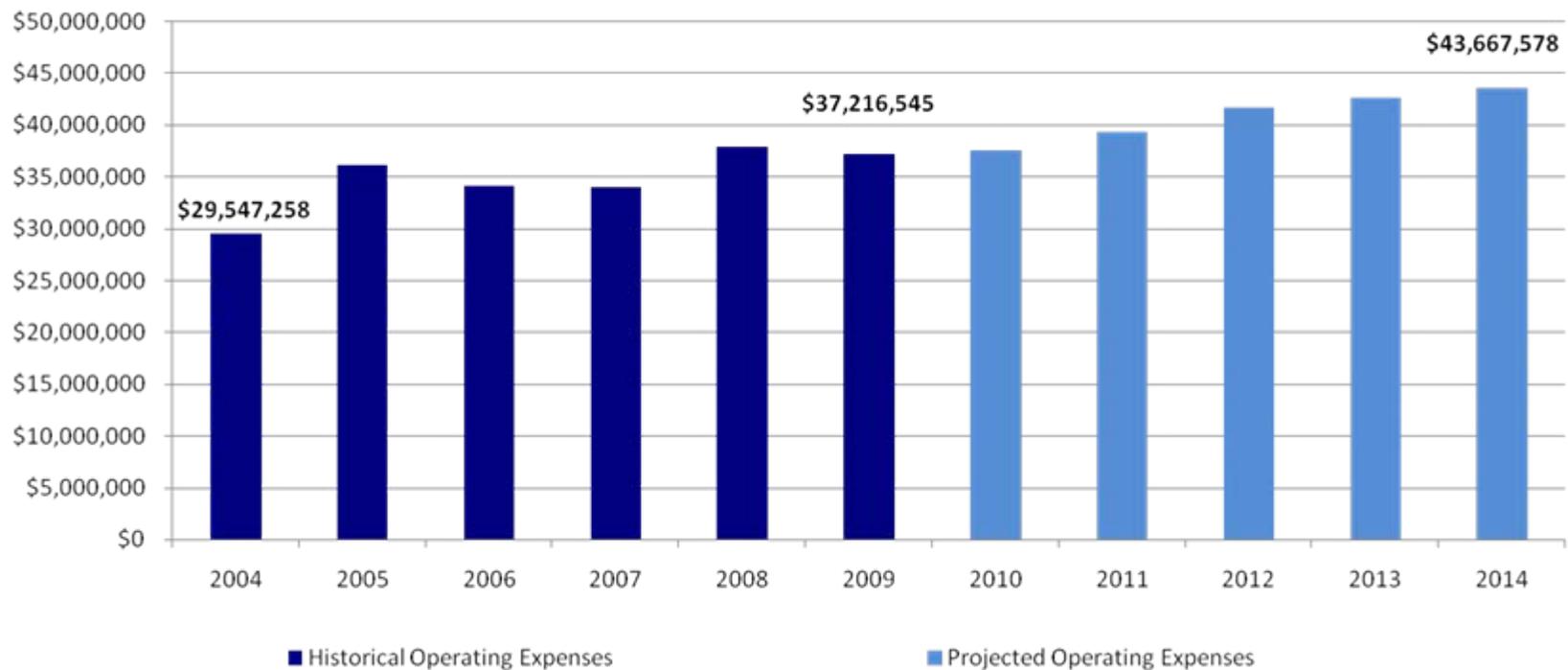
Historical and Projected Cost per Thousand Gallons of Water Purchases from PRMRWSA



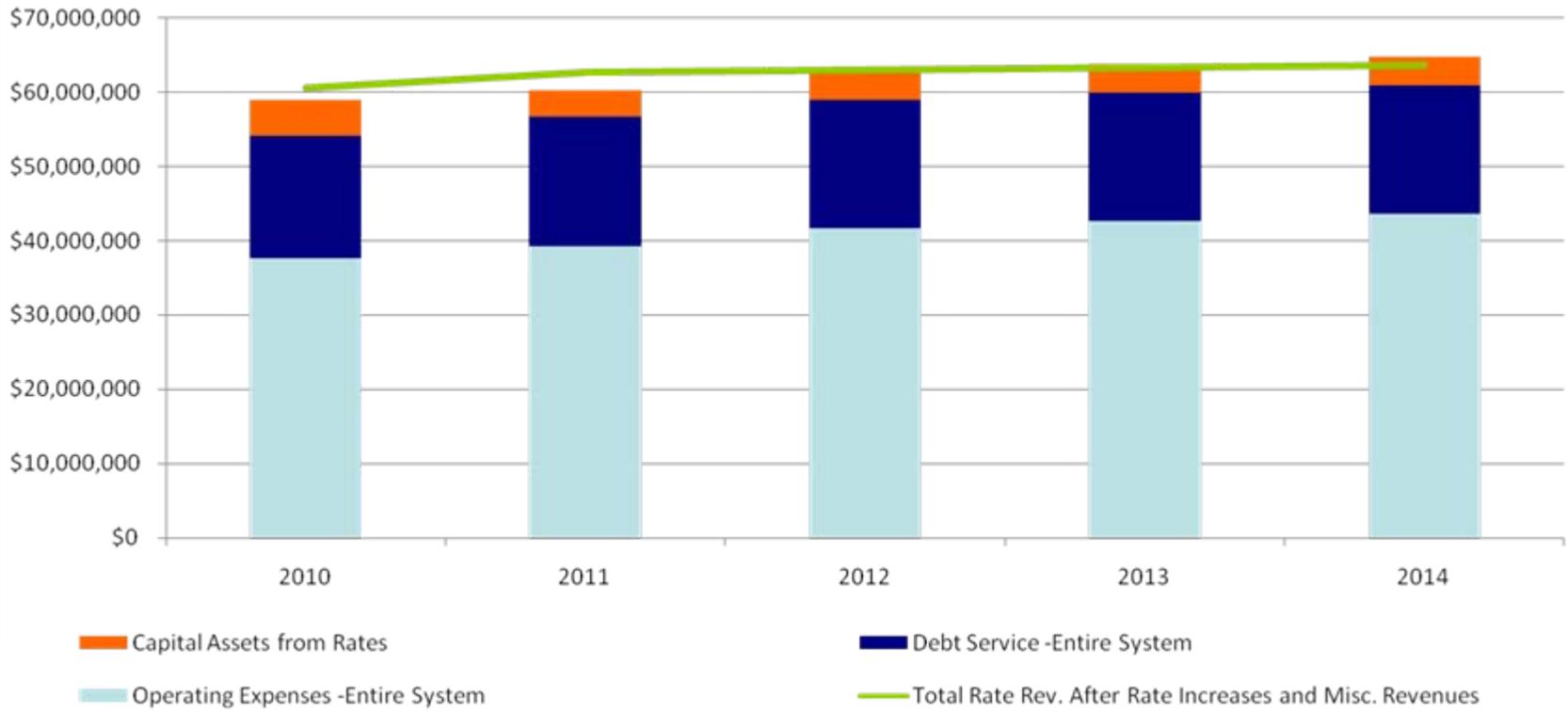
Historical and Projected Personal Services Expense



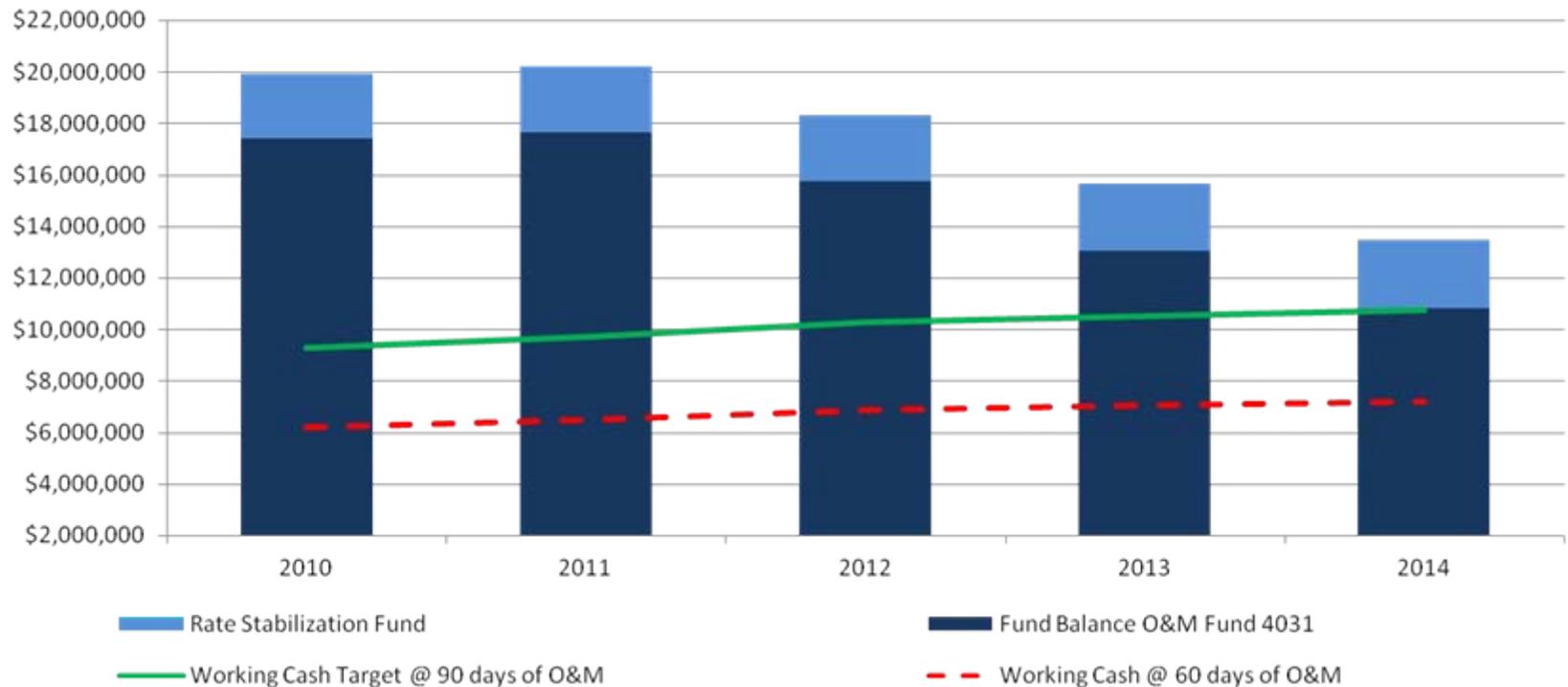
Historical and Projected Total Operating Expenses



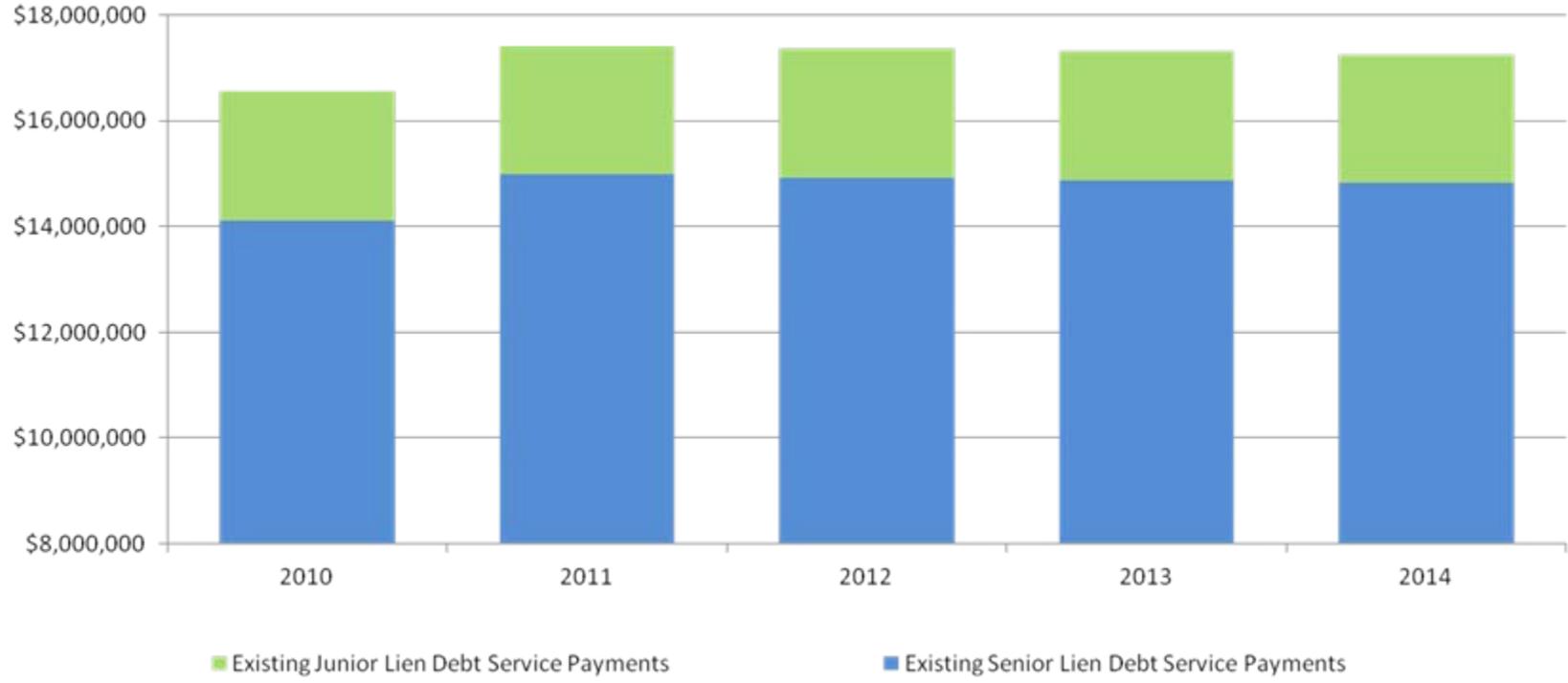
Projected System Revenue and Expenses



Available Fiscal Year-End Operating and Maintenance Fund (4031) and Rate Stabilization Fund Balances



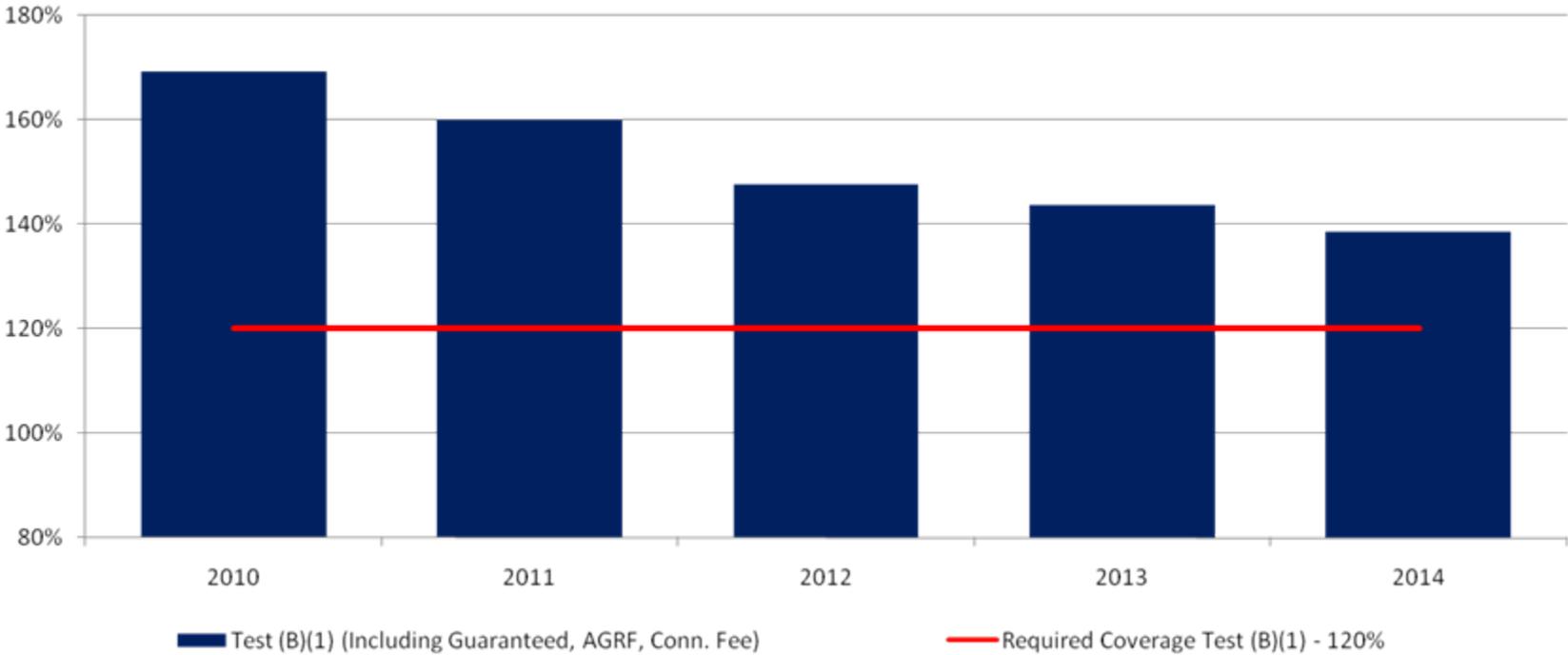
Existing and Proposed Debt Payments – Principal and Interest



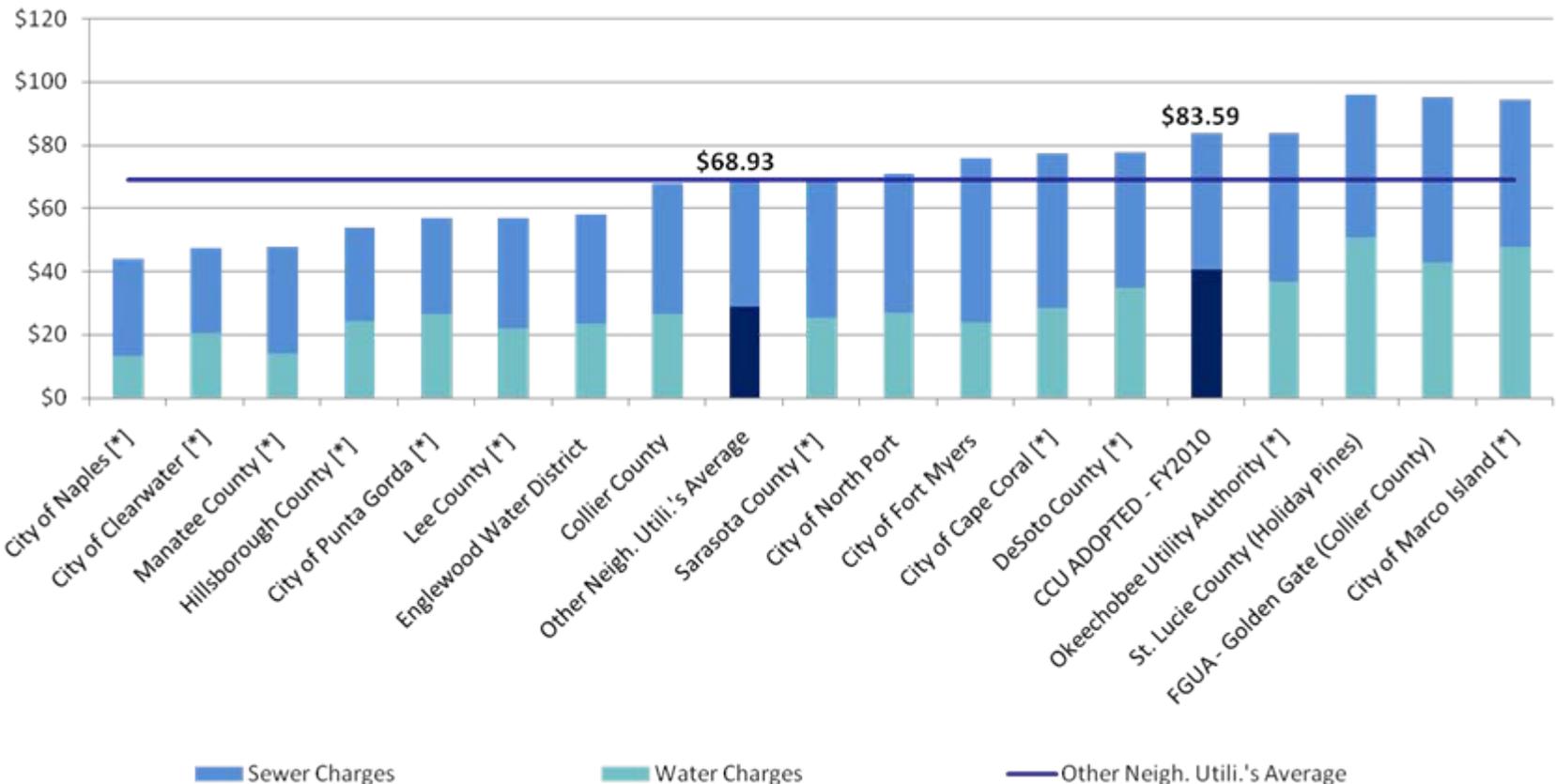
Debt Service Coverage Ratio Test A



Debt Service Coverage Ratio Test B



Comparison of Monthly Charges for Combined Water and Wastewater Service for Single-Family Residential Customers Using 4,000 Gallons



[*] Utility is currently involved in a rate study, is planning to conduct a rate study, or will implement a rate revision within the next twelve months.



Equity / Debt Capacity Analysis

Minimum Debt Service Coverage [1]	Projected Fiscal Year Ending September 30, [2]	
	2012	2014
Minimum DSC @ 110%	\$55,069,632	\$38,137,586
DSC Target @ 120%	\$33,350,043	\$17,950,166
DSC Target @ 150% [3]	\$0	\$0

[1] Reflects parity basis debt service coverage excluding impact fees revenues.

[2] Based on projections of current operations as described earlier. Reflects no additional rate increases.

[3] With a target coverage of 150% there is no available bonding capacity as there are not enough Net Revenues to support any additional debt.

Conclusions

- No Rate Increase Projected Through FY2014
- Adopted County Rates are Anticipated to Produce Sufficient Revenues to:
 - Pay Operating Expenses (including water purchases from Peace River)
 - Pay debt service (Both CCU and allocated Peace River)
 - Fund on-going capital projects on a pay as you go basis
 - Fully fund anticipated transfers (e.g., deposit to the R&R Fund)
 - Meet minimum debt service coverage requirements of the Bond Resolution
 - Maintain sufficient cash reserves (e.g., at least 90 days of O&M cash balances on operating account - Fund 4031)