

5A-5

**Department: Administration**

1/9/22  
Date

## II. FISCAL IMPACT ANALYSIS

### A. Five Year Summary of Fiscal Impact:

Fiscal Years	2012	2013	2014	2015	2016
Capital Expenditures					
Operating Expenditures					
Grant Expenditures					
External Revenues					
Program Income (County)					
In-Kind Match (County)					
Net Fiscal Impact	*				
# Additional FTE Positions (Cumulative)					
Is Item Included in Current Budget?	Yes		No		
Budget Account No.:	Fund	Dept	Unit	Object	

### B. Recommended Sources of Funds / Summary of Fiscal Impact:

### C. Departmental Fiscal Review: \_\_\_\_\_

## III. REVIEW COMMENTS

### A. OFMB Fiscal and/or Contract Administration Comments:

\* Fiscal impact is delineated on page 1 of this agenda item.

                     1/12/2012  
OFMB

                     1/13/12  
Contract Dev. And Control

### B. Legal Sufficiency:

                     1/13/12  
Assistant County Attorney

### C. Other Department Review:

                      
Department Director

**Summary:** *(Continued from page 1)*

The City of South Bay did not pass a Resolution by December 31, 2011, agreeing to these conditions. Alternatively, on December 6, 2011, they passed a Resolution, which expressed support of future local control of water and sewer operations; and supported a GUA negotiated dissolution, which grants South Bay the ability to have local control. South Bay has also requested that the County consider a five (5) year Bulk Agreement. County Staff is firmly opposed to these requests.

On September 15, 2009, the BCC approved a Resolution (R2009-1559) providing a covenant to budget and appropriate an amount of not-to-exceed \$10 Million for debt service, operations, and maintenance obligations of the GUA. This back up pledge was a requirement of Wachovia Bank in order for the GUA to secure a loan for start-up funding. Stipulations of the loan documents require full repayment of the principal balance plus penalties upon dissolution of the GUA.

To date, the GUA has not adopted a surcharge to address revenue shortfalls and therefore does not have a FY 2011-2012 budget. The GUA remains in a perilous fiscal condition. District 6 (MJ)

**Background and Justification:** On June 16, 2009, the BCC approved the Interlocal Agreement establishing the GUA pursuant to Chapter 163, Florida Statutes. The GUA is a regional partnership established for the purpose of providing water utility services to the residents of Belle Glade, Pahokee, South Bay, and the surrounding areas. The Utility has faced many challenges including a decline in utility revenues due to unemployment, housing unit vacancies and reduced business activity. Operational costs have been impacted by poor condition of the pipes and the need for more maintenance than planned. The combination of the two (2) issues has resulted in current and future projected annual operating losses of approximately \$2 Million per year, an unstable number.

**RESOLUTION NO. 2011-2885**

**A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF BELLE GLADE, FLORIDA, COMMITTING TO DISSOLVE THE GLADES UTILITY AUTHORITY AND TO TRANSFER THE GLADES UTILITY WATER AND WASTEWATER SYSTEM, ASSETS, CUSTOMERS AND SERVICE AREA TO PALM BEACH COUNTY ON OCTOBER 1, 2012; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE**

**WHEREAS**, in response to serious financial concerns related to the water and wastewater utility systems of the cities of Belle Glade, Pahokee, and South Bay (collectively, the "Cities"), the Cities and Palm Beach County ("County") entered into an Interlocal Agreement establishing the Glades Utility Authority on June 16, 2009 ("GUA Interlocal"); and

**WHEREAS**, because of extremely high debt payment obligations, substandard infrastructure, loss of customers, and other factors, the Glades Utility Authority ("GUA") cannot continue to operate without substantial utility rate increases to the citizens of the City of Belle Glade who are already subject to high utility rates; and

**WHEREAS**, it is not feasible for the citizens of the City of Belle Glade to pay significantly higher utility rates; and

**WHEREAS**, it is, therefore, in the best interests of the citizens of the City of Belle Glade for the GUA to be dissolved, and for its water and wastewater system assets, customers, and service area ("GUA System") to be transferred to the County and be absorbed into the County's Water Utilities Department ("PBCWUD") in accordance with the terms set forth in this Resolution.

**NOW, THEREFORE, BE IT RESOLVED** by the City Commission of the City of Belle Glade, Florida as follows:

RESOLUTION NO. ~~2011-2885~~ Continued

**SECTION 1.** The foregoing recitals are true and correct and are incorporated herein by this reference.

**SECTION 2.** The City of Belle Glade agrees to structure a transaction transferring the GUA System to the County no later than October 1, 2012. The terms of the transaction shall be as follows:

a. The GUA System shall be transferred to the County on October 1, 2012 and the PBCWUD shall commence utility service on that date.

b. The Palm Beach County Board of County Commissioners ("BCC") agrees to limit (and not increase) the GUA service area rates (as of 12/01/11) until such time as the GUA service area rates meet prevailing County rates plus 7%. The 7% will allow the collection of utility transfer fees from the GUA service area customer base to continue.

c. The BCC agrees to keep the utility transfer fees at 7% of the Belle Glade service area.

d. The BCC will bill, collect, and remit municipal fees determined by the Cities to the respective Cities as a charge of 1% of the fees collected within forty-five (45) days of collection.

e. The BCC will provide an opportunity for the residents of the City of Belle Glade, City of Pahokee, and City of South Bay to make payments for 40 hours per week to a representative of the County in each City.

f. A representative of the Tri-Cities shall be appointed by the BCC to the Palm Beach County Utilities Advisory Board.

g. The BCC will eliminate the reconnect fee on a one (1) to one (1) Equivalent Residential Connection ("ERC") basis. [For example, if a 10 unit disconnected vacant apartment complex wants to reconnect, there is no charge. If the owner wants to demolish the building and construct 20 units, he would be required to pay only for the additional ERC's beyond the original 10 units.]

h. The BCC shall reduce the Readiness to Serve ("RTS") charge to GUA service area customers to equal the RTS charged to general County customers.

RESOLUTION NO. 2011-2885 Continued

i. The BCC will make capital contributions of \$25 million over the first five (5) years in the amount of \$5 million per year.

j. The commitment set forth in this Resolution shall continue as long as the County continues to provide service to the Glades area.

k. The County shall not offer any more favorable terms to any of the individual Cities without offering the same terms to each and every one of the Cities.

l. The provisions of this Resolution are subject to the parties reaching an appropriate legal document accomplishing a. through k., which will be approved by the Board of County Commissioners, the City of Belle Glade, the City of Pahokee and the City of South Bay.

**SECTION 3.** That all resolutions or parts of resolution in conflict herewith, are repealed to the extent of such conflict.

**SECTION 4.** Should any section or provision of this Resolution or portion hereof, any paragraph, sentence or word be declared by a court of competent jurisdiction to be invalid, such decision shall not affect the remainder of this Resolution.

**SECTION 5.** This Resolution shall become effective upon its adoption.

**DONE AND RESOLVED** at regular Session of the City Commission of Belle Glade, Florida,

this 19th day of December, 2011.

	AYE	NAY
Mayor Wilson	✓	_____
Vice Mayor Ross Wilkerson	✓	_____
Commissioner Martin	✓	_____
Commissioner Asia-Holley	✓	_____
Commissioner Gear	✓	_____


[MUNICIPAL SEAL]

*[Handwritten signatures]*  
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 \_\_\_\_\_

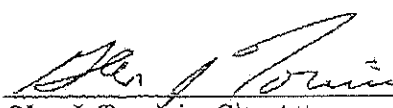
Dec. 20, 2011 2:57PM

NO. 4290 T. 2

RESOLUTION NO. 2011-2865 Continued

Attest  
  
City Clerk, Debra R. Buff, CMC

APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY

  
Glen J. Toreivia, City Attorney

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**RESOLUTION NO. R-2011 - 93**

**RESOLUTION OF THE CITY OF PAHOKEE,  
FLORIDA, COMMITTING TO DISSOLVE THE  
GLADES UTILITY AUTHORITY AND TO  
TRANSFER THE GLADES UTILITY WATER AND  
WASTEWATER SYSTEM, ASSETS, CUSTOMERS  
AND SERVICES AREA, TO PALM BEACH  
COUNTY ON OCTOBER 1, 2012; PROVIDING FOR  
AN EFFECTIVE DATE.**

**WHEREAS**, in response to serious financial concerns related to the water and wastewater utility systems of the cities of Belle Glade, Pahokee, and South Bay (collectively, the "Cities"), the Cities and Palm Beach County ("County") entered in an Interlocal Agreement establishing the Glades Utility Authority on June 16, 2009 ("GUA Interlocal"); and

**WHEREAS**, because of extremely high debt payment obligations, substandard infrastructure, loss of customers, and other factors, the Glades Utility Authority ("GUA") cannot continue to operate without substantial utility rate increases to the citizens of the City of Pahokee, who are already subject to high utility rates; and

**WHEREAS**, it is not feasible for the citizens of the City of Pahokee to pay significantly higher utility rates; and

**WHEREAS**, it is therefore in the best interest of the citizens of the City of Pahokee for the GUA to be dissolved, and for its water and wastewater system assets, customers, and service area ("GUA System") to be transferred to the County and absorbed into the County's Water Utilities Department ("PBCWUD") in accordance with the terms set forth in this Resolution.



**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION  
OF THE CITY OF PAHOKEE, that:**

**Section 1.** The foregoing recitals are true and correct and are incorporated herein by reference.

**Section 2.** The City of Pahokee agrees to structure a transaction transferring the GUA system to the County no later than October 1, 2012. The terms of the Agreement shall be as follows:

- a. The GUA System shall be transferred to the County on October 1, 2012, with PBCWUD commencing utility service on that date.
- b. The Board of County Commissioners of Palm Beach County ("BCC") agrees to limit the GUA service area rates to the existing rates (as of 12/1/11) until such time as the GUA service area rates meet prevailing County rates plus 7%. The 7% will allow the collection of Franchise Fees from the GUA service area customer base to continue.
- c. The BCC agrees to keep the Franchise Fees at 7%.
- d. The BCC will bill, collect, and remit municipal fees determined by the Cities to the respective Cities at a charge of 1% of the fees collected, within 45 days of collection.
- e. The BCC will provide an opportunity for the residents of South Bay, Pahokee, and Belle Glade to make payments for 40 hours per week to a representative of the County in each City.
- f. A representative of the Tri-Cities shall be appointed by the BCC to the Palm Beach County Utilities Advisory Board.
- g. The BCC will eliminate the Reconnect Fee on a one (1) to one (1) Equivalent Residential Connection (ERC) basis. (For example: If a 10 unit disconnected vacant apartment complex wants to reconnect, there is no charge. If the owner wants to demolish the building and construct 20 units, he would be required only to pay for the additional ERC's beyond the original 10 units.)
- h. The BCC shall reduce the Readiness to Serve (RTS) charge to GUA service area customers to equal the RTS charged to general County customers.
- i. The BCC will make capital contributions of \$25 million over the first (5) years of \$5 Million per year.
- j. The commitment set forth in this Resolution shall continue as long as the County continues to provide service to the Glades area.
- k. The County shall not offer any more favorable terms to any of the three cities (Pahokee, Belle Glade or South Bay) without offering the same terms to all other Cities.
- l. The provisions of this Resolution are subject to the parties reaching an appropriate legal document accomplishing a. through k., which will be approved by the Board of County Commissioners, City of Pahokee, City of Belle Glade and City of South Bay.

**Section 3.** The provisions of this Resolution shall be effective immediately.

**ADOPTED** by the Commission of the City of ~~Pahokee~~ this 13<sup>th</sup> day of ~~December~~ 2011.

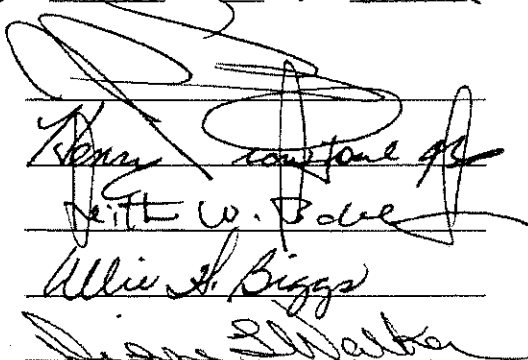
J.P. SASSER

HENRY CRAWFORD, JR.

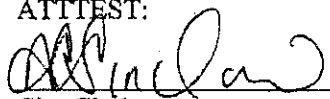
KEITH BABB, JR.

ALLIE BIGGS

DIANE WALKER



ATTEST:

  
City Clerk

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

\_\_\_\_\_  
City Attorney

RESOLUTION 8-2012

A RESOLUTION OF THE CITY COMMISSION EXPRESSING UNANIMOUS SUPPORT OF SOUTH BAY'S DESIRE FOR LOCAL CONTROL OF WATER & SEWER OPERATIONS.

WHEREAS, the City of South Bay is a local municipality within Palm Beach County; and

WHEREAS, the City of South Bay enjoys the privilege and authority of Home Rule granted to all municipalities; and

WHEREAS, the City of South Bay has previously operated its own water and sewer plants profitably for many years; and

WHEREAS, the City of South Bay encountered some historical challenges in day-to-day management of city operations but has recruited a new, substantially improved leadership team over the past two years; and

WHEREAS, the City of South Bay reluctantly moved to the County led GUA with expectations of lower rates, improved service delivery, and upgraded infrastructure; and

WHEREAS, GUA has been a major disappointment to residents in the Glades and has become financially challenged within only two years of operation; and

WHEREAS, the City of South Bay's infrastructure is in better condition than the infrastructure of its neighboring cities; and

WHEREAS, the City of South Bay desires to obtain financing to return its water and sewer plants to operational condition; and

WHEREAS, the City of South Bay has recently been declared as no longer meeting the definition of being in a state of financial emergency by the State Auditor General and now has the financial capacity to absorb the required debt to finance water & sewer improvements; and

WHEREAS, by granting the City of South Bay this right would reduce the required capital contributions that would be spread to all Palm Beach County Residents.


NOW THEREFORE the City Commission of the City of South Bay:

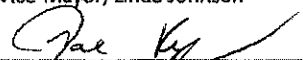
1. Expresses support of future local control of water and sewer operations
2. Shall support a GUA negotiated dissolution which grants South Bay the ability to have local control in the future.

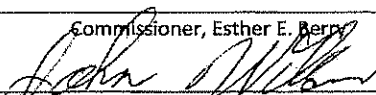
PASSED AND ADOPTED this 6<sup>th</sup> day of December, 2011.

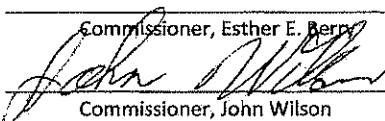
Attest:

  
Mayor, Shirley Walker-Turner

  
Vice-Mayor, Linda Johnson

  
Commissioner, Joe Kyles

  
Commissioner, Esther E. Berry

  
Commissioner, John Wilson

Virginia K. Walker

City Clerk, Virginia K. Walker

As to Form and Legal Sufficiency

By: Thomas Montgomery

Thomas Montgomery, Esquire,  
City Attorney

**CERTIFICATION OF TRUE COPY**

**STATE OF FLORIDA**

**COUNTY OF PALM BEACH**

I, the undersigned, duly appointed City Clerk of the City of South Bay, Florida, **DO HEREBY CERTIFY** that the attached, Resolution 8-2012 hereto is a true and correct copy of Documents on file in the City Clerk's office at 335 SW 2<sup>nd</sup> Avenue, South Bay, Florida **WITNESS**, my hand and the corporate seal of the City of South Bay, Florida, this 16<sup>th</sup> day of December 2011.

(SEAL)

\_\_\_\_\_  
Virginia K. Walker  
City Clerk  
CITY OF SOUTH BAY, FLORIDA

## FISCAL IMPACT ANALYSIS

# PALM BEACH COUNTY WATER UTILITIES DEPARTMENT

TABLE 1 - GUA Absorption Analysis Summary - FY2013 (Year 1)	County Position	Cities Position	County Response	
	Baseline[1]	Indexed GUA Rates[2]	5-Year Ramp to WUD Rates[3]	Freeze GUA Rates to WUD Rates+7% [4]
Operating Revenue	162,443,324	164,819,794	163,928,445	164,385,389
Operating Expense	115,736,013	115,689,433	115,689,433	115,689,433
Operating Income, after Depreciation	775,411	(1,301,539)	(2,192,888)	(1,735,944)
Net Income, after Depreciation	3,656,298	(48,542)	(939,891)	(482,947)
Increase (Decrease) Relative to FY2013 Baseline		(3,704,840)	(4,596,189)	(4,139,244)
Year-End Unrestricted Cash Balance [5]	66,799,387	61,274,770	60,383,420	60,840,365
Increase (Decrease) from FY2013 Baseline		(5,524,617)	(6,415,967)	(5,959,022)
Glades Cities Fees	n/a	7, 5, 3, 1, 0%	7% level	7% level

- Baseline conditions assume 3% annual WUD indexing, no additional rate increases or borrowing, and continued WUD contract operations for the GUA.  
Absorption is assumed to occur on 10/1/12. Future LRWTP loan payments are cancelled as of that date. WUD increases its depreciation by \$4.5M when absorbing the GUA.  
GUA rates are as indexed on 10/1/11 under the terms of the Interlocal Agreement.  
Operating income is calculated AFTER depreciation. Net income is calculated AFTER interest expense.  
All absorption options assume \$5M annual capital investment in the Glades Service Area FY2013-FY2017 and WUD deferral of \$12.5M in capital projects FY2013-FY2017
- The original County Position assumes GUA rates are indexed at 100% of the CPI each year beginning 10/1/12 (assumed 4% per year).
- The Tri-Cities position is defined to be a 5-year rampdown to WUD rates, with rate parity achieved in 2017 (Year 5).
- The County Response position assumes the freezing of FY2012 GUA rates and structure until WUD rates "catch up" to within 7% of the frozen rate through annual indexing in accordance with WUD policy (assumed 3% per year for this analysis). Glades customers would be converted to the WUD rate structure (plus 7% to accommodate Glades Cities Fees) at such time that the rates "catch up".
- Year-end unrestricted cash balance is that cash not encumbered for capital projects in progress at the end of the fiscal year.

# PALM BEACH COUNTY WATER UTILITIES DEPARTMENT

TABLE 2 - GUA Absorption Analysis Summary - FY2017 (Year 5)				
	County Position	Cities Position	County Response	
	Baseline[1]	Indexed GUA Rates[2]	5-Year Ramp to WUD Rates[3]	Freeze GUA Rates to WUD Rates+7% [4]
Operating Revenue	185,371,869	188,852,503	183,606,785	185,891,509
Operating Expense	131,777,188	131,512,500	131,512,500	131,512,500
Operating Income, after Depreciation	4,606,081	3,651,404	(1,594,315)	690,409
Net Income, after Depreciation	10,305,716	6,746,664	1,337,848	3,696,554
Increase (Decrease) Relative to FY2013 Baseline		(3,559,052)	(8,967,869)	(6,609,162)
Year-End Unrestricted Cash Balance [5]	86,638,001	72,083,859	56,363,818	63,356,265
Increase (Decrease) from FY2013 Baseline		(14,554,142)	(30,274,183)	(23,281,736)
Glades Cities Fees	n/a	7, 5, 3, 1, 0%	7% level	7% level

- Baseline conditions assume 3% annual WUD indexing, no additional rate increases or borrowing, and continued WUD contract operations for the GUA.  
Absorption is assumed to occur on 10/1/12. Future LRWTP loan payments are cancelled as of that date. WUD increases its depreciation by \$4.5M when absorbing the GUA.  
GUA rates are as indexed on 10/1/11 under the terms of the Interlocal Agreement.  
Operating income is calculated AFTER depreciation. Net income is calculated AFTER interest expense.  
All absorption options assume \$5M annual capital investment in the Glades Service Area FY2013-FY2017 and WUD deferral of \$12.5M in capital projects FY2013-FY2017
- The original County Position assumes GUA rates are indexed at 100% of the CPI each year beginning 10/1/12 (assumed 4% per year).
- The Tri-Cities position is defined to be a 5-year rampdown to WUD rates, with rate parity achieved in 2017 (Year 5).
- The County Response position assumes the freezing of FY2012 GUA rates and structure until WUD rates "catch up" to within 7% of the frozen rate through annual indexing in accordance with WUD policy (assumed 3% per year for this analysis). Glades customers would be converted to the WUD rate structure (plus 7% to accommodate Glades Cities Fees) at such time that the rates "catch up".
- Year-end unrestricted cash balance is that cash not encumbered for capital projects in progress at the end of the fiscal year.

PALM BEACH COUNTY WATER UTILITIES DEPARTMENT

TABLE 3 - WUD Baseline Forecasted Income

	2012	2013	2014	2015	2016	2017
		1	2	3	4	5
Customer Account Fee	928,000	932,594	937,188	943,926	952,093	960,261
Water Base Facility Fee	33,598,597	34,944,921	36,101,237	37,339,294	38,692,937	40,125,760
Wastewater Base Facility Fee	37,723,497	39,232,201	40,528,048	41,915,581	43,432,782	45,038,791
Water Commodity	36,613,778	37,754,569	39,016,436	40,367,766	41,845,673	43,410,222
Wastewater Commodity	26,139,299	27,197,989	28,107,424	29,081,336	30,146,472	31,274,052
Reclaimed Water	3,943,000	4,072,113	4,194,526	4,320,787	4,450,935	4,585,013
Bulk Sales Agreements	4,383,000	3,937,707	4,023,292	4,301,765	3,713,365	3,814,816
GUA Contract Services Revenue	9,316,000	9,642,060	9,979,532	10,328,816	10,690,324	11,064,486
Glades Service Area Online Fees	-	-	-	-	-	-
Meter Sales	385,000	323,190	323,190	474,012	574,560	574,560
Late Fees	1,431,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Pretreatment Fees	998,000	1,007,980	1,018,060	1,028,240	1,038,523	1,048,908
Other	1,879,000	1,898,000	1,917,000	1,936,000	1,955,000	1,975,000
Total Operating Revenue	157,338,172	162,443,324	167,645,933	173,537,524	178,992,664	185,371,869
Operating Expense w/o Depreciation	103,104,100	106,093,953	109,277,012	113,763,107	117,185,741	120,712,702
GUA Contractual Services	9,316,000	9,642,060	9,979,532	10,328,816	10,690,324	11,064,486
Glades Service Area O&M Expense	-	-	-	-	-	-
Equity interest in joint venture net loss	1,576,000	1,576,000	1,576,000	1,576,000	1,576,000	1,576,000
Bad Debt Expense	720,000	720,000	720,000	720,000	720,000	720,000
Net op exp before deprec	114,716,100	118,032,013	121,552,544	126,387,922	130,172,065	134,073,188
Depreciation	42,877,000	43,635,900	44,495,300	45,282,600	45,995,600	46,692,600
Operating Income (Loss)	(254,928)	775,411	1,598,090	1,867,001	2,824,999	4,606,081
Non-Operating:						
Guaranteed revenue	2,926,891	3,565,420	4,217,015	4,904,497	5,282,753	5,441,235
Interest income	4,713,000	4,112,519	4,029,530	3,913,576	3,930,569	4,065,097
Interest Expense	(9,655,888)	(9,362,188)	(9,044,338)	(8,796,838)	(8,508,113)	(8,216,675)
Engineering fees	327,000	327,000	479,600	581,333	581,333	581,333
Engineering Expenses	(629,000)	(654,160)	(680,326)	(707,539)	(735,841)	(765,275)
Nextera Bond Interest and Coverage	4,697,759	4,642,296	4,569,937	4,494,280	4,411,145	4,343,920
Other	250,000	250,000	250,000	250,000	250,000	250,000
Total Non-Op Income	2,629,762	2,880,887	3,821,418	4,639,310	5,211,846	5,699,635
Net Income	2,374,834	3,656,298	5,419,508	6,506,311	8,036,845	10,305,716



PALM BEACH COUNTY WATER UTILITIES DEPARTMENT

TABLE 4 - WUD Baseline Forecasted Cash Flows

	2012	2013	2014	2015	2016	2017
		1	2	3	4	5
Cash received from customers	157,338,172	162,443,324	167,645,933	173,537,524	178,992,664	185,371,869
Cash disbursements for operating expenses	(114,716,100)	(118,032,013)	(121,552,544)	(126,387,922)	(130,172,065)	(134,073,188)
<b>Net cash provided by operating activities</b>	<b>42,622,072</b>	<b>44,411,311</b>	<b>46,093,390</b>	<b>47,149,601</b>	<b>48,820,599</b>	<b>51,298,681</b>
Capital Projects	(37,945,000)	(42,970,000)	(39,365,000)	(35,650,000)	(34,850,000)	(40,000,000)
Series 2009 Bond Extraordinary Call	0	0	0	0	0	0
Reimbursement from GUA for capital projects	0	0	0	0	0	0
Plus prior year payables and retainage	(6,716,610)	(3,794,500)	(4,297,000)	(3,936,500)	(3,565,000)	(3,485,000)
Less current year payables & retainage	3,794,500	4,297,000	3,936,500	3,565,000	3,485,000	4,000,000
<b>Capital expenditures (cash)</b>	<b>(40,867,110)</b>	<b>(42,467,500)</b>	<b>(39,725,500)</b>	<b>(36,021,500)</b>	<b>(34,930,000)</b>	<b>(39,485,000)</b>
Contributed Capital-developers and customers						
Connection fees	4,500,000	4,500,000	4,500,000	6,600,000	8,000,000	8,000,000
Guaranteed revenue	2,926,891	3,565,420	4,217,015	4,904,497	5,282,753	5,441,235
FPL Capital Fee	1,110,000	1,155,000	1,210,000	1,270,000	1,340,000	1,390,000
Other	0	0	0	0	0	0
Contributed Capital-other governments	1,067,000	192,500	110,000	82,500	82,500	82,500
Debt service	(16,120,888)	(16,102,188)	(14,929,338)	(14,921,838)	(14,928,113)	(14,921,675)
Machinery & equipment purchases	(1,081,000)	(2,993,000)	(3,136,664)	(3,287,224)	(3,445,011)	(3,610,371)
ECR Debt Service	(319,212)	(3,214,365)	(3,224,796)	(3,235,228)	(3,256,091)	(3,280,163)
ECR R&R (Fund 471)	(1,049,383)	(1,049,383)	(1,049,383)	(1,049,383)	(1,049,383)	(1,049,383)
Grants and Other	4,192,900	0	0	0	0	0
Special Assessment principal	1,055,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
<b>Net cash used by capital &amp; financing</b>	<b>(44,585,801)</b>	<b>(55,313,516)</b>	<b>(50,928,666)</b>	<b>(44,558,175)</b>	<b>(41,803,344)</b>	<b>(46,332,857)</b>
Interest income	2,454,577	2,112,519	2,029,530	1,913,576	1,930,569	2,065,097
<b>Net cash provided by investing activities</b>	<b>2,454,577</b>	<b>2,112,519</b>	<b>2,029,530</b>	<b>1,913,576</b>	<b>1,930,569</b>	<b>2,065,097</b>
Net increase (decrease) in cash	490,847	(8,789,686)	(2,805,745)	4,505,003	8,947,824	7,030,920
Beginning total cash balance	105,380,514	105,871,360	97,081,674	94,275,929	98,780,932	107,728,755
<b>Ending total cash balance</b>	<b>105,871,360</b>	<b>97,081,674</b>	<b>94,275,929</b>	<b>98,780,932</b>	<b>107,728,755</b>	<b>114,759,676</b>
Restricted Cash per financial statements [3]	(28,642,738)	(30,282,288)	(27,919,788)	(26,686,338)	(26,428,613)	(28,121,675)
<b>Unrestricted Cash per financial statements</b>	<b>77,228,623</b>	<b>66,799,387</b>	<b>66,356,141</b>	<b>72,094,594</b>	<b>81,300,143</b>	<b>86,638,001</b>

PALM BEACH COUNTY WATER UTILITIES DEPARTMENT

TABLE 5 - WUD Baseline Forecasted Debt Service Coverage

	2012	2013	2014	2015	2016	2017
	1	2	3	4	5	
Operating Revenue						
Charges for Services	155,459,172	160,545,324	165,728,933	171,601,524	177,037,664	183,396,869
Other	<u>1,879,000</u>	<u>1,898,000</u>	<u>1,917,000</u>	<u>1,936,000</u>	<u>1,955,000</u>	<u>1,975,000</u>
Total	157,338,172	162,443,324	167,645,933	173,537,524	178,992,664	185,371,869
Operating Expenses	114,716,100	118,032,013	121,552,544	126,387,922	130,172,065	134,073,188
Net Operating Income	42,622,072	44,411,311	46,093,390	47,149,601	48,820,599	51,298,681
Non-Operating Revenue (Expense)						
Guaranteed Revenues	2,926,891	3,565,420	4,217,015	4,904,497	5,282,753	5,441,235
Interest Income	4,713,000	4,112,519	4,029,530	3,913,576	3,930,569	4,065,097
FPL Capital Fees	1,110,000	1,155,000	1,210,000	1,270,000	1,340,000	1,390,000
FPL Interest, Coverage & R&R Fees	4,697,759	4,642,296	4,569,937	4,494,280	4,411,145	4,343,920
Miscellaneous	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
	13,697,650	13,725,234	14,276,482	14,832,354	15,214,466	15,490,252
Net Revenues Available for Debt Service	56,319,721	58,136,545	60,369,872	61,981,955	64,035,065	66,788,933
Connection Fees Available for Debt Service	4,500,000	4,500,000	4,500,000	6,600,000	8,000,000	8,000,000
Net Revenues and Connection Fees	60,819,721	62,636,545	64,869,872	68,581,955	72,035,065	74,788,933
Long-Term Debt Service	16,120,888	16,102,188	14,929,338	14,921,838	14,928,113	14,921,675
Coverage:						
Including Available Connection Fees	3.77	3.89	4.35	4.60	4.83	5.01
Excluding Available Connection Fees	3.49	3.61	4.04	4.15	4.29	4.48

PALM BEACH COUNTY WATER UTILITIES DEPARTMENT

TABLE 6 - INITIAL COUNTY POSITION - WUD Forecasted Income with Indexed GUA Rates Applying to Glades Service Area Customers

	2012	2013	2014	2015	2016	2017
		1	2	3	4	5
Customer Account Fee	928,000	932,594	937,188	943,926	952,093	960,261
Water Base Facility Fee	33,598,597	34,944,921	36,101,237	37,339,294	38,692,937	40,125,760
Wastewater Base Facility Fee	37,723,497	39,232,201	40,528,048	41,915,581	43,432,782	45,038,791
Water Commodity	36,613,778	37,754,569	39,016,436	40,367,766	41,845,673	43,410,222
Wastewater Commodity	26,139,299	27,197,989	28,107,424	29,081,336	30,146,472	31,274,052
Reclaimed Water	3,943,000	4,072,113	4,194,526	4,320,787	4,450,935	4,585,013
Bulk Sales Agreements	4,383,000	3,937,707	4,023,292	4,301,765	3,713,365	3,814,816
GUA Contract Services Revenue	9,316,000	-	-	-	-	-
Glades Service Area Online Fees	-	12,018,530	12,645,303	13,298,866	13,980,261	14,545,120
Meter Sales	385,000	323,190	323,190	474,012	574,560	574,560
Late Fees	1,431,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Pretreatment Fees	998,000	1,007,980	1,018,060	1,028,240	1,038,523	1,048,908
Other	1,879,000	1,898,000	1,917,000	1,936,000	1,955,000	1,975,000
Total Operating Revenue	157,338,172	164,819,794	170,311,704	176,507,574	182,282,601	188,852,503
Operating Expense w/o Depreciation	103,104,100	106,093,953	109,277,012	113,763,107	117,185,741	120,712,702
GUA Contractual Services	9,316,000	-	-	-	-	-
Glades Service Area O&M Expense	-	9,595,480	9,883,344	10,179,845	10,485,240	10,799,797
Equity interest in joint venture net loss	1,576,000	1,576,000	1,576,000	1,576,000	1,576,000	1,576,000
Bad Debt Expense	720,000	720,000	720,000	720,000	720,000	720,000
Net op exp before deprec	114,716,100	117,985,433	121,456,356	126,238,951	129,966,981	133,808,500
Depreciation	42,877,000	48,135,900	49,045,300	49,882,600	50,645,600	51,392,600
Operating Income (Loss)	(254,928)	(1,301,539)	(189,952)	386,022	1,670,020	3,651,404
Non-Operating:						
Guaranteed revenue	2,926,891	3,565,420	4,217,015	4,904,497	5,282,753	5,441,235
Interest income	4,713,000	4,112,519	4,006,898	3,846,340	3,817,356	3,907,207
Interest Expense	(9,655,888)	(10,990,077)	(10,738,068)	(11,078,997)	(10,870,806)	(10,663,160)
Engineering fees	327,000	327,000	479,600	581,333	581,333	581,333
Engineering Expenses	(629,000)	(654,160)	(680,326)	(707,539)	(735,841)	(765,275)
Nextera Bond Interest and Coverage	4,697,759	4,642,296	4,569,937	4,494,280	4,411,145	4,343,920
Other	250,000	250,000	250,000	250,000	250,000	250,000
Total Non-Op Income	2,629,762	1,252,997	2,105,055	2,289,915	2,735,939	3,095,260
Net Income	2,374,834	(48,542)	1,915,104	2,675,937	4,405,960	6,746,664

PALM BEACH COUNTY WATER UTILITIES DEPARTMENT

TABLE 7 - INITIAL COUNTY POSITION - WUD Forecasted Cash Flows with Indexed GUA Rates Applying to Glades Service Area Customers

	2012	2013	2014	2015	2016	2017
	1	2	3	4	5	
Cash received from customers	157,338,172	164,819,794	170,311,704	176,507,574	182,282,601	188,852,503
Cash disbursements for operating expenses	(114,716,100)	(117,985,433)	(121,456,356)	(126,238,951)	(129,966,981)	(133,808,500)
<b>Net cash provided by operating activities</b>	<b>42,622,072</b>	<b>46,834,361</b>	<b>48,855,348</b>	<b>50,268,622</b>	<b>52,315,620</b>	<b>55,044,004</b>
Capital Projects	(37,945,000)	(45,470,000)	(41,865,000)	(38,150,000)	(37,350,000)	(42,500,000)
Series 2009 Bond Extraordinary Call	0	0	0	0	0	0
Reimbursement from GUA for capital projects	0	0	0	0	0	0
Plus prior year payables and retainage	(6,716,610)	(3,794,500)	(4,547,000)	(4,186,500)	(3,815,000)	(3,735,000)
Less current year payables & retainage	3,794,500	4,547,000	4,186,500	3,815,000	3,735,000	4,250,000
<b>Capital expenditures (cash)</b>	<b>(40,867,110)</b>	<b>(44,717,500)</b>	<b>(42,225,500)</b>	<b>(38,521,500)</b>	<b>(37,430,000)</b>	<b>(41,985,000)</b>
Contributed Capital-developers and customers						
Connection fees	4,500,000	4,500,000	4,500,000	6,600,000	8,000,000	8,000,000
Guaranteed revenue	2,926,891	3,565,420	4,217,015	4,904,497	5,282,753	5,441,235
FPL Capital Fee	1,110,000	1,155,000	1,210,000	1,270,000	1,340,000	1,390,000
Other	0	0	0	0	0	0
Contributed Capital-other governments	1,067,000	192,500	110,000	82,500	82,500	82,500
Debt service	(16,120,888)	(18,538,521)	(17,365,651)	(17,874,328)	(17,876,964)	(17,865,953)
Machinery & equipment purchases	(1,081,000)	(2,993,000)	(3,136,664)	(3,287,224)	(3,445,011)	(3,610,371)
ECR Debt Service	(319,212)	(3,214,365)	(3,224,796)	(3,235,228)	(3,256,091)	(3,280,163)
ECR R&R (Fund 471)	(1,049,383)	(1,049,383)	(1,049,383)	(1,049,383)	(1,049,383)	(1,049,383)
Grants and Other	4,192,900	0	0	0	0	0
Special Assessment principal	1,055,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
<b>Net cash used by capital &amp; financing</b>	<b>(44,585,801)</b>	<b>(59,999,849)</b>	<b>(55,864,979)</b>	<b>(50,010,665)</b>	<b>(47,252,195)</b>	<b>(51,777,135)</b>
Interest income	2,454,577	2,112,519	2,006,898	1,846,340	1,817,356	1,907,207
<b>Net cash provided by investing activities</b>	<b>2,454,577</b>	<b>2,112,519</b>	<b>2,006,898</b>	<b>1,846,340</b>	<b>1,817,356</b>	<b>1,907,207</b>
Net increase (decrease) in cash	490,847	(11,052,969)	(5,002,733)	2,104,297	6,880,781	5,174,075
Beginning total cash balance	105,380,514	105,871,360	94,818,391	89,815,658	91,919,955	98,800,736
<b>Ending total cash balance</b>	<b>105,871,360</b>	<b>94,818,391</b>	<b>89,815,658</b>	<b>91,919,955</b>	<b>98,800,736</b>	<b>103,974,811</b>
Restricted Cash per financial statements [3]	(28,642,738)	(33,543,621)	(31,181,101)	(30,463,828)	(30,202,464)	(31,890,953)
<b>Unrestricted Cash per financial statements</b>	<b>77,228,623</b>	<b>61,274,770</b>	<b>58,634,556</b>	<b>61,456,126</b>	<b>68,598,272</b>	<b>72,083,859</b>

PALM BEACH COUNTY WATER UTILITIES DEPARTMENT

01.06.2012

TABLE 8 - INITIAL COUNTY POSITION - WUD Forecasted Debt Service Coverage with Indexed GUA Rates Applying to Glades Service Area Customers

	2012	2013	2014	2015	2016	2017
	1	2	3	4	5	
Operating Revenue						
Charges for Services	155,459,172	162,921,794	168,394,704	174,571,574	180,327,601	186,877,503
Other	<u>1,879,000</u>	<u>1,898,000</u>	<u>1,917,000</u>	<u>1,936,000</u>	<u>1,955,000</u>	<u>1,975,000</u>
Total	157,338,172	164,819,794	170,311,704	176,507,574	182,282,601	188,852,503
Operating Expenses	114,716,100	117,985,433	121,456,356	126,238,951	129,966,981	133,808,500
Net Operating Income	42,622,072	46,834,361	48,855,348	50,268,622	52,315,620	55,044,004
Non-Operating Revenue (Expense)						
Guaranteed Revenues	2,926,891	3,565,420	4,217,015	4,904,497	5,282,753	5,441,235
Interest Income	4,713,000	4,112,519	4,006,898	3,846,340	3,817,356	3,907,207
FPL Capital Fees	1,110,000	1,155,000	1,210,000	1,270,000	1,340,000	1,390,000
FPL Interest, Coverage & R&R Fees	4,697,759	4,642,296	4,569,937	4,494,280	4,411,145	4,343,920
Miscellaneous	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
	13,697,650	13,725,234	14,253,849	14,765,118	15,101,253	15,332,362
Net Revenues Available for Debt Service	56,319,721	60,559,595	63,109,198	65,033,740	67,416,874	70,376,365
Connection Fees Available for Debt Service	4,500,000	4,500,000	4,500,000	6,600,000	8,000,000	8,000,000
Net Revenues and Connection Fees	60,819,721	65,059,595	67,609,198	71,633,740	75,416,874	78,376,365
Long-Term Debt Service	16,120,888	18,538,521	17,365,651	17,874,328	17,876,964	17,865,953
Coverage:						
Including Available Connection Fees	3.77	3.51	3.89	4.01	4.22	4.39
Excluding Available Connection Fees	3.49	3.27	3.63	3.64	3.77	3.94

PALM BEACH COUNTY WATER UTILITIES DEPARTMENT

TABLE 9 - INITIAL CITIES POSITION - WUD Forecasted Income with 5-year Rampdown to WUD Rates

	2012	2013	2014	2015	2016	2017
		1	2	3	4	5
Customer Account Fee	928,000	932,594	937,188	943,926	952,093	960,261
Water Base Facility Fee	33,598,597	34,944,921	36,101,237	37,339,294	38,692,937	40,125,760
Wastewater Base Facility Fee	37,723,497	39,232,201	40,528,048	41,915,581	43,432,782	45,038,791
Water Commodity	36,613,778	37,754,569	39,016,436	40,367,766	41,845,673	43,410,222
Wastewater Commodity	26,139,299	27,197,989	28,107,424	29,081,336	30,146,472	31,274,052
Reclaimed Water	3,943,000	4,072,113	4,194,526	4,320,787	4,450,935	4,585,013
Bulk Sales Agreements	4,383,000	3,937,707	4,023,292	4,301,765	3,713,365	3,814,816
GUA Contract Services Revenue	9,316,000	-	-	-	-	-
Glades Service Area Online Fees	-	11,127,181	10,670,236	10,213,291	9,756,347	9,299,402
Meter Sales	385,000	323,190	323,190	474,012	574,560	574,560
Late Fees	1,431,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Pretreatment Fees	998,000	1,007,980	1,018,060	1,028,240	1,038,523	1,048,908
Other	1,879,000	1,898,000	1,917,000	1,936,000	1,955,000	1,975,000
Total Operating Revenue	157,338,172	163,928,445	168,336,637	173,421,999	178,058,687	183,606,785
Operating Expense w/o Depreciation	103,104,100	106,093,953	109,277,012	113,763,107	117,185,741	120,712,702
GUA Contractual Services	9,316,000	-	-	-	-	-
Glades Service Area O&M Expense	-	9,595,480	9,883,344	10,179,845	10,485,240	10,799,797
Equity interest in joint venture net loss	1,576,000	1,576,000	1,576,000	1,576,000	1,576,000	1,576,000
Bad Debt Expense	720,000	720,000	720,000	720,000	720,000	720,000
Net op exp before deprec	114,716,100	117,985,433	121,456,356	126,238,951	129,966,981	133,808,500
Depreciation	42,877,000	48,135,900	49,045,300	49,882,600	50,645,600	51,392,600
Operating Income (Loss)	(254,928)	(2,192,888)	(2,165,019)	(2,699,552)	(2,553,894)	(1,594,315)
Non-Operating:						
Guaranteed revenue	2,926,891	3,565,420	4,217,015	4,904,497	5,282,753	5,441,235
Interest income	4,713,000	4,112,519	3,997,984	3,808,674	3,728,617	3,744,109
Interest Expense	(9,655,888)	(10,990,077)	(10,738,068)	(11,078,997)	(10,870,806)	(10,663,160)
Engineering fees	327,000	327,000	479,600	581,333	581,333	581,333
Engineering Expenses	(629,000)	(654,160)	(680,326)	(707,539)	(735,841)	(765,275)
Nextera Bond Interest and Coverage	4,697,759	4,642,296	4,569,937	4,494,280	4,411,145	4,343,920
Other	250,000	250,000	250,000	250,000	250,000	250,000
Total Non-Op Income	2,629,762	1,252,997	2,096,142	2,252,248	2,647,200	2,932,162
Net Income	2,374,834	(939,891)	(68,877)	(447,304)	93,306	1,337,848

PALM BEACH COUNTY WATER UTILITIES DEPARTMENT

TABLE 10 - INITIAL CITIES POSITION - WUD Forecasted Cash Flows with 5-year Rampdown to WUD Rates

	2012	2013	2014	2015	2016	2017
	1	2	3	4	5	
Cash received from customers	157,338,172	163,928,445	168,336,637	173,421,999	178,058,687	183,606,785
Cash disbursements for operating expenses	(114,716,100)	(117,985,433)	(121,456,356)	(126,238,951)	(129,966,981)	(133,808,500)
<b>Net cash provided by operating activities</b>	<b>42,622,072</b>	<b>45,943,012</b>	<b>46,880,281</b>	<b>47,183,048</b>	<b>48,091,706</b>	<b>49,798,285</b>
Capital Projects	(37,945,000)	(45,470,000)	(41,865,000)	(38,150,000)	(37,350,000)	(42,500,000)
Series 2009 Bond Extraordinary Call	0	0	0	0	0	0
Reimbursement from GUA for capital projects	0	0	0	0	0	0
Plus prior year payables and retainage	(6,716,610)	(3,794,500)	(4,547,000)	(4,186,500)	(3,815,000)	(3,735,000)
Less current year payables & retainage	3,794,500	4,547,000	4,186,500	3,815,000	3,735,000	4,250,000
<b>Capital expenditures (cash)</b>	<b>(40,867,110)</b>	<b>(44,717,500)</b>	<b>(42,225,500)</b>	<b>(38,521,500)</b>	<b>(37,430,000)</b>	<b>(41,985,000)</b>
Contributed Capital-developers and customers						
Connection fees	4,500,000	4,500,000	4,500,000	6,600,000	8,000,000	8,000,000
Guaranteed revenue	2,926,891	3,565,420	4,217,015	4,904,497	5,282,753	5,441,235
FPL Capital Fee	1,110,000	1,155,000	1,210,000	1,270,000	1,340,000	1,390,000
Other	0	0	0	0	0	0
Contributed Capital-other governments	1,067,000	192,500	110,000	82,500	82,500	82,500
Debt service	(16,120,888)	(18,538,521)	(17,365,651)	(17,874,328)	(17,876,964)	(17,865,953)
Machinery & equipment purchases	(1,081,000)	(2,993,000)	(3,136,664)	(3,287,224)	(3,445,011)	(3,610,371)
ECR Debt Service	(319,212)	(3,214,365)	(3,224,796)	(3,235,228)	(3,256,091)	(3,280,163)
ECR R&R (Fund 471)	(1,049,383)	(1,049,383)	(1,049,383)	(1,049,383)	(1,049,383)	(1,049,383)
Grants and Other	4,192,900	0	0	0	0	0
Special Assessment principal	1,055,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
<b>Net cash used by capital &amp; financing</b>	<b>(44,585,801)</b>	<b>(59,999,849)</b>	<b>(55,864,979)</b>	<b>(50,010,665)</b>	<b>(47,252,195)</b>	<b>(51,777,135)</b>
Interest income	2,454,577	2,112,519	1,997,984	1,808,674	1,728,617	1,744,109
<b>Net cash provided by investing activities</b>	<b>2,454,577</b>	<b>2,112,519</b>	<b>1,997,984</b>	<b>1,808,674</b>	<b>1,728,617</b>	<b>1,744,109</b>
Net increase (decrease) in cash	490,847	(11,944,319)	(6,986,714)	(1,018,944)	2,568,128	(234,741)
Beginning total cash balance	105,380,514	105,871,360	93,927,042	86,940,328	85,921,384	88,489,512
<b>Ending total cash balance</b>	<b>105,871,360</b>	<b>93,927,042</b>	<b>86,940,328</b>	<b>85,921,384</b>	<b>88,489,512</b>	<b>88,254,771</b>
Restricted Cash per financial statements [3]	(28,642,738)	(33,543,621)	(31,181,101)	(30,463,828)	(30,202,464)	(31,890,953)
<b>Unrestricted Cash per financial statements</b>	<b>77,228,623</b>	<b>60,383,420</b>	<b>55,759,226</b>	<b>55,457,555</b>	<b>58,287,048</b>	<b>56,363,818</b>

PALM BEACH COUNTY WATER UTILITIES DEPARTMENT

TABLE 11 - INITIAL CITIES POSITION - WUD Forecasted Debt Service Coverage with 5-year Rampdown to WUD Rates

	2012	2013	2014	2015	2016	2017
		1	2	3	4	5
Operating Revenue						
Charges for Services	155,459,172	162,030,445	166,419,637	171,485,999	176,103,687	181,631,785
Other	<u>1,879,000</u>	<u>1,898,000</u>	<u>1,917,000</u>	<u>1,936,000</u>	<u>1,955,000</u>	<u>1,975,000</u>
Total	157,338,172	163,928,445	168,336,637	173,421,999	178,058,687	183,606,785
Operating Expenses	114,716,100	117,985,433	121,456,356	126,238,951	129,966,981	133,808,500
Net Operating Income	42,622,072	45,943,012	46,880,281	47,183,048	48,091,706	49,798,285
Non-Operating Revenue (Expense)						
Guaranteed Revenues	2,926,891	3,565,420	4,217,015	4,904,497	5,282,753	5,441,235
Interest Income	4,713,000	4,112,519	3,997,984	3,808,674	3,728,617	3,744,109
FPL Capital Fees	1,110,000	1,155,000	1,210,000	1,270,000	1,340,000	1,390,000
FPL Interest, Coverage & R&R Fees	4,697,759	4,642,296	4,569,937	4,494,280	4,411,145	4,343,920
Miscellaneous	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
	13,697,650	13,725,234	14,244,936	14,727,452	15,012,514	15,169,264
Net Revenues Available for Debt Service	56,319,721	59,668,246	61,125,217	61,910,499	63,104,220	64,967,549
Connection Fees Available for Debt Service	4,500,000	4,500,000	4,500,000	6,600,000	8,000,000	8,000,000
Net Revenues and Connection Fees	60,819,721	64,168,246	65,625,217	68,510,499	71,104,220	72,967,549
Long-Term Debt Service	16,120,888	18,538,521	17,365,651	17,874,328	17,876,964	17,865,953
Coverage:						
Including Available Connection Fees	3.77	3.46	3.78	3.83	3.98	4.08
Excluding Available Connection Fees	3.49	3.22	3.52	3.46	3.53	3.64



PALM BEACH COUNTY WATER UTILITIES DEPARTMENT

TABLE 12 - COUNTY RESPONSE - WUD Forecasted Income with Frozen Glades Service Area Rates Until WUD+7% Catchup

	2012	2013	2014	2015	2016	2017
		1	2	3	4	5
Customer Account Fee	928,000	932,594	937,188	943,926	952,093	960,261
Water Base Facility Fee	33,598,597	34,944,921	36,101,237	37,339,294	38,692,937	40,125,760
Wastewater Base Facility Fee	37,723,497	39,232,201	40,528,048	41,915,581	43,432,782	45,038,791
Water Commodity	36,613,778	37,754,569	39,016,436	40,367,766	41,845,673	43,410,222
Wastewater Commodity	26,139,299	27,197,989	28,107,424	29,081,336	30,146,472	31,274,052
Reclaimed Water	3,943,000	4,072,113	4,194,526	4,320,787	4,450,935	4,585,013
Bulk Sales Agreements	4,383,000	3,937,707	4,023,292	4,301,765	3,713,365	3,814,816
GUA Contract Services Revenue	9,316,000	-	-	-	-	-
Glades Service Area Online Fees	-	11,584,126	11,584,126	11,584,126	11,584,126	11,584,126
Meter Sales	385,000	323,190	323,190	474,012	574,560	574,560
Late Fees	1,431,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Pretreatment Fees	998,000	1,007,980	1,018,060	1,028,240	1,038,523	1,048,908
Other	1,879,000	1,898,000	1,917,000	1,936,000	1,955,000	1,975,000
Total Operating Revenue	157,338,172	164,385,389	169,250,527	174,792,833	179,886,466	185,891,509
Operating Expense w/o Depreciation	103,104,100	106,093,953	109,277,012	113,763,107	117,185,741	120,712,702
GUA Contractual Services	9,316,000	-	-	-	-	-
Glades Service Area O&M Expense	-	9,595,480	9,883,344	10,179,845	10,485,240	10,799,797
Equity interest in joint venture net loss	1,576,000	1,576,000	1,576,000	1,576,000	1,576,000	1,576,000
Bad Debt Expense	720,000	720,000	720,000	720,000	720,000	720,000
Net op exp before deprec	114,716,100	117,985,433	121,456,356	126,238,951	129,966,981	133,808,500
Depreciation	42,877,000	48,135,900	49,045,300	49,882,600	50,645,600	51,392,600
Operating Income (Loss)	(254,928)	(1,735,944)	(1,251,129)	(1,328,718)	(726,115)	690,409
Non-Operating:						
Guaranteed revenue	2,926,891	3,565,420	4,217,015	4,904,497	5,282,753	5,441,235
Interest income	4,713,000	4,112,519	4,002,553	3,826,997	3,770,017	3,818,092
Interest Expense	(9,655,888)	(10,990,077)	(10,738,068)	(11,078,997)	(10,870,806)	(10,663,160)
Engineering fees	327,000	327,000	479,600	581,333	581,333	581,333
Engineering Expenses	(629,000)	(654,160)	(680,326)	(707,539)	(735,841)	(765,275)
Nextera Bond Interest and Coverage	4,697,759	4,642,296	4,569,937	4,494,280	4,411,145	4,343,920
Other	250,000	250,000	250,000	250,000	250,000	250,000
Total Non-Op Income	2,629,762	1,252,997	2,100,711	2,270,572	2,688,600	3,006,145
Net Income	2,374,834	(482,947)	849,582	941,854	1,962,485	3,696,554

PALM BEACH COUNTY WATER UTILITIES DEPARTMENT

TABLE 13 - COUNTY RESPONSE - WUD Forecasted Cash Flows with Frozen Glades Service Area Rates Until WUD+7% Catchup

	2012	2013	2014	2015	2016	2017
	1	2	3	4	5	
Cash received from customers	157,338,172	164,385,389	169,250,527	174,792,833	179,886,466	185,891,509
Cash disbursements for operating expenses	(114,716,100)	(117,985,433)	(121,456,356)	(126,238,951)	(129,966,981)	(133,808,500)
<b>Net cash provided by operating activities</b>	<b>42,622,072</b>	<b>46,399,956</b>	<b>47,794,171</b>	<b>48,553,882</b>	<b>49,919,485</b>	<b>52,083,009</b>
Capital Projects	(37,945,000)	(45,470,000)	(41,865,000)	(38,150,000)	(37,350,000)	(42,500,000)
Series 2009 Bond Extraordinary Call	0	0	0	0	0	0
Reimbursement from GUA for capital projects	0	0	0	0	0	0
Plus prior year payables and retainage	(6,716,610)	(3,794,500)	(4,547,000)	(4,186,500)	(3,815,000)	(3,735,000)
Less current year payables & retainage	3,794,500	4,547,000	4,186,500	3,815,000	3,735,000	4,250,000
<b>Capital expenditures (cash)</b>	<b>(40,867,110)</b>	<b>(44,717,500)</b>	<b>(42,225,500)</b>	<b>(38,521,500)</b>	<b>(37,430,000)</b>	<b>(41,985,000)</b>
Contributed Capital-developers and customers						
Connection fees	4,500,000	4,500,000	4,500,000	6,600,000	8,000,000	8,000,000
Guaranteed revenue	2,926,891	3,565,420	4,217,015	4,904,497	5,282,753	5,441,235
FPL Capital Fee	1,110,000	1,155,000	1,210,000	1,270,000	1,340,000	1,390,000
Other	0	0	0	0	0	0
Contributed Capital-other governments	1,067,000	192,500	110,000	82,500	82,500	82,500
Debt service	(16,120,888)	(18,538,521)	(17,365,651)	(17,874,328)	(17,876,964)	(17,865,953)
Machinery & equipment purchases	(1,081,000)	(2,993,000)	(3,136,664)	(3,287,224)	(3,445,011)	(3,610,371)
ECR Debt Service	(319,212)	(3,214,365)	(3,224,796)	(3,235,228)	(3,256,091)	(3,280,163)
ECR R&R (Fund 471)	(1,049,383)	(1,049,383)	(1,049,383)	(1,049,383)	(1,049,383)	(1,049,383)
Grants and Other	4,192,900	0	0	0	0	0
Special Assessment principal	1,055,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
<b>Net cash used by capital &amp; financing</b>	<b>(44,585,801)</b>	<b>(59,999,849)</b>	<b>(55,864,979)</b>	<b>(50,010,665)</b>	<b>(47,252,195)</b>	<b>(51,777,135)</b>
Interest income	2,454,577	2,112,519	2,002,553	1,826,997	1,770,017	1,818,092
<b>Net cash provided by investing activities</b>	<b>2,454,577</b>	<b>2,112,519</b>	<b>2,002,553</b>	<b>1,826,997</b>	<b>1,770,017</b>	<b>1,818,092</b>
Net increase (decrease) in cash	490,847	(11,487,374)	(6,068,255)	370,214	4,437,306	2,123,966
Beginning total cash balance	105,380,514	105,871,360	94,383,986	88,315,731	88,685,945	93,123,252
<b>Ending total cash balance</b>	<b>105,871,360</b>	<b>94,383,986</b>	<b>88,315,731</b>	<b>88,685,945</b>	<b>93,123,252</b>	<b>95,247,217</b>
Restricted Cash per financial statements [3]	(28,642,738)	(33,543,621)	(31,181,101)	(30,463,828)	(30,202,464)	(31,890,953)
<b>Unrestricted Cash per financial statements</b>	<b>77,228,623</b>	<b>60,840,365</b>	<b>57,134,630</b>	<b>58,222,117</b>	<b>62,920,788</b>	<b>63,356,265</b>

PALM BEACH COUNTY WATER UTILITIES DEPARTMENT

01.06.2012

TABLE 14 - COUNTY RESPONSE - WUD Forecasted Debt Service Coverage with Frozen Glades Service Area Rates Until WUD+7% Catchup

	2012	2013	2014	2015	2016	2017
		1	2	3	4	5
Operating Revenue						
Charges for Services	155,459,172	162,487,389	167,333,527	172,856,833	177,931,466	183,916,509
Other	<u>1,879,000</u>	<u>1,898,000</u>	<u>1,917,000</u>	<u>1,936,000</u>	<u>1,955,000</u>	<u>1,975,000</u>
Total	157,338,172	164,385,389	169,250,527	174,792,833	179,886,466	185,891,509
Operating Expenses	114,716,100	117,985,433	121,456,356	126,238,951	129,966,981	133,808,500
Net Operating Income	42,622,072	46,399,956	47,794,171	48,553,882	49,919,485	52,083,009
Non-Operating Revenue (Expense)						
Guaranteed Revenues	2,926,891	3,565,420	4,217,015	4,904,497	5,282,753	5,441,235
Interest Income	4,713,000	4,112,519	4,002,553	3,826,997	3,770,017	3,818,092
FPL Capital Fees	1,110,000	1,155,000	1,210,000	1,270,000	1,340,000	1,390,000
FPL Interest, Coverage & R&R Fees	4,697,759	4,642,296	4,569,937	4,494,280	4,411,145	4,343,920
Miscellaneous	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
	13,697,650	13,725,234	14,249,505	14,745,775	15,053,914	15,243,247
Net Revenues Available for Debt Service	56,319,721	60,125,191	62,043,676	63,299,657	64,973,399	67,326,256
Connection Fees Available for Debt Service	4,500,000	4,500,000	4,500,000	6,600,000	8,000,000	8,000,000
Net Revenues and Connection Fees	60,819,721	64,625,191	66,543,676	69,899,657	72,973,399	75,326,256
Long-Term Debt Service	16,120,888	18,538,521	17,365,651	17,874,328	17,876,964	17,865,953
Coverage:						
Including Available Connection Fees	3.77	3.49	3.83	3.91	4.08	4.22
Excluding Available Connection Fees	3.49	3.24	3.57	3.54	3.63	3.77

## **South Bay Issues**

The Board will recall that County staff proposed a set of negotiable terms upon which to condition the takeover of the GUA by the County Water Utilities Department (WUD). Negotiations with the cities and reconsideration of the fiscal impact of some areas of disagreement resulted in changes in the County position that were favorable to the cities. While there will be a fiscal impact on WUD, we continue to think this is tolerable in these circumstances. Belle Glade and Pahokee found that the final negotiated terms sufficiently satisfied their concerns about municipal revenues and rates for their constituents, and their city councils passed acceptance resolutions.

South Bay has not expressed objection to the financial terms, but rather insists that they have an option to leave the County system within five (5) years.

Why? - Seemingly based on South Bay's speculation that they will have a better financial result and more control in the future by building and operating their own facilities, perhaps as a result of potential growth tied to the inland port.

Why is the "option" a problem? - 1) It doesn't allow us to assure our current or future investment on behalf of South Bay in the system will be in useful service in the future. 2) It treats the cities disparately and it is critical to Pahokee and Belle Glade that all of the cities and their constituents be treated the same. 3) It sets up a potential split of the current system with problems that cannot be anticipated at this time.

Why is the South Bay position not the best choice for them? - 1) The current proposal assures their constituents quality service with a rate freeze probably for a decade and future stability at countywide rates. 2) The current proposal assures that all future utility development needs for the inland port or other projects will be met under County policies. 3) All revenue accruing to the cities thru the host and franchise fees will continue and will increase in the future if development occurs which increases water demand. 4) Whatever ownership alternative they might foresee in the future cannot produce better results for them. 5) Failure to accept these terms, absent another solution, will result in a GUA default. It is impossible to predict the impact of a default, but it almost certainly means loss of control and termination of host fees.

## Summary of Negotiated Terms

### GUA Negotiations

	Initial County Conditions	Negotiated Conditions accepted by Pahokee and Belle Glade
Rates	Current GUA Rates Indexed Annually	Current GUA Rates, no indexing, frozen until 7% over indexed County Rates (about 8 years), then indexed with County Rates
Host Fees	Eliminated after 5 years (7%, 5%, 3%, 1%, 0)	7% Host fee retained, paid for by Glades Area Rate set 7% above County Rate after catch-up period
RTS Charge	Adopt County RTS Rate Maintain Perpetuity of Service	Same
Reconnect Fee	Full Connection Fees due if RTS discontinued	Reconnect Fee limited to ERC's above and beyond those originally connected Trade-in on one- to-one ERC basis
Payment	Single Belle Glade Central Payment Location	Provisions for Payment Center located in each city