



**WATER AND WASTEWATER
REVENUE SUFFICIENCY STUDY
FOR
BUNNELL / FLAGLER COUNTY
UTILITY SYSTEM**

September 2, 2013



Public Resources Management Group, Inc.
Utility, Rate, Financial and Management Consultants



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Utility, Rate, Financial and Management Consultants

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1769 E. Moody Blvd.
Bunnell, FL 32110

Subject: **Water and Wastewater Revenue Sufficiency Study for Bunnell / Flagler County Utility System**

Gentlemen:

Public Resources Management Group, Inc. ("PRMG") has completed our water and wastewater revenue sufficiency study for the Plantation Bay utility system (the "System") which was recently acquired by the City of Bunnell (the "City") in cooperation with Flagler County (the "County" and collectively with the City, the "Parties"), and has summarized the results of our analyses, assumptions, recommendations, and conclusions in this letter report that is submitted for your consideration. This report summarizes our review of the sufficiency of the System's user rates based on the projected revenue requirements through the Fiscal Year ending September 30, 2018 (the "Forecast Period"). This report only focuses on the System since it will be considered as a separate system for rate determination purposes and does not incorporate the operations of the respective water and wastewater utilities of the Parties.

During the course of this study, certain guidelines were established to be followed while evaluating the sufficiency of the user rates. These guidelines included:

1. The user rates should be sufficient to fully recover the cost of providing utility service. The cost of service includes System operation and maintenance costs, debt service, pay-as-you-go capital financing, and the accrual of funds for working capital and rate stabilization reserves.
2. The revenues from System operations should fully recover costs and should not be subsidized by other utilities owned by the Parties or from general government revenues sources.
3. The user rates should support the overall financial condition of the System. This guideline recognizes the following financial funding objectives:

Mr. Craig M. Coffey
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September 2, 2013
Page 2

- a. Maintenance of adequate operating reserves. A working capital financial target of 90 days of operation and maintenance expenses was considered.
- b. Achieving debt service coverage above the minimum required to promote financial creditworthiness and accrue funds for capital reinvestment. An initial target debt service coverage ratio of 150% is recommended.

Findings and Conclusions

Based upon the principal considerations and assumptions and the results of our studies and analyses, as summarized in this letter report which should be read in its entirety in conjunction with the following, we are of the opinion that:

1. The System's wastewater treatment facilities are currently under consent order from the Florida Department of Environmental Protection ("FDEP") – Case Number 13-0051 (the "Consent Order"). The City must complete certain improvements to such facilities to comply with regulatory requirements.
2. Approximately \$11.3 million in capital needs has been identified for the System through the Fiscal Year ending September 30, 2018. These capital needs primarily include the \$5.7 million System acquisition and necessary renewals, replacements and upgrades to the System – including the improvements required to comply with the Consent Order – as identified in the Plantation Bay Utility System Condition Assessment report prepared by Wade Trim, Inc. Based on discussions with the Parties, PRMG has assumed that the majority of the capital program and other System needs will be funded through low-cost loans secured through the State Revolving Fund ("SRF") program of the FDEP and through the Florida Association of Counties ("FAC").
3. The System's operating expenses are anticipated to continue increasing as a result of inflation and regulatory effects on the costs of providing service. Although the System does have the ability to add future customers, the inflation rate is higher than the net increase in revenues assumed for the Forecast Period absent any further rate adjustments.
4. Based on the projected expenditure needs of the System and the projected funding plan for the capital program, it is projected that the current rates will not be sufficient to meet such needs and that the rates for monthly utility service will need to be increased. The recommended annual rate adjustments and assumed effective date for each respective Fiscal Year are summarized below:

Mr. Craig M. Coffey
County Administrator, Flagler County Government

Mr. Armando Martinez
City Manager, City of Bunnell
September 2, 2013
Page 3

Summary of Recommended Annual Rate Adjustments

<u>Fiscal Year</u>	<u>System Adjustment Percent</u>	<u>Assumed Implementation Date</u>
2014	46.0%	October 1, 2013 or As Soon As Possible
2015	5.0%	October 1, 2014
2016	5.0%	October 1, 2015
2017	5.0%	October 1, 2016
2018	5.0%	October 1, 2017

It is proposed that the System increases be applied uniformly to all of the monthly rates in effect which were initially established through the ratemaking process before the Florida Public Service Commission (FPSC). Upon acquisition of the System by the City, the FPSC will no longer have jurisdiction over the rates of the System.

5. Table ES-1 at the end of this report contains a schedule of the existing and proposed water and wastewater user rates. Based on a rate survey of nineteen (19) utilities, the proposed water and wastewater user rates for the System are higher than the average rates charged by other neighboring utilities. The primary reasons for this comparative position is due to: i) the level of debt allocated to the System as a result of the acquisition and the immediate need to solve the Consent Order provisions; ii) increased costs to operate as a result of improved levels of service; and iii) the need to be in compliance with the rate covenants associated with recurring funds for financing the acquisition and capital needs.
6. The projected System revenues through the Fiscal Year 2018, assuming the adoption of the rate increases and the timely implementation of such rates as identified herein, are anticipated to be sufficient to: i) pay all projected expenses of the System; ii) pay the debt service on the SRF and FAC loans; and iii) meet the rate covenants of the SRF loan agreements.
7. In keeping with prudent financial and capital funding practices and recognizing that i) there will be available water and wastewater capacity in the System facilities to serve new growth and ii) additional growth is anticipated in the future, it is recommended that the County and City adopt the following impact fees:

Mr. Craig M. Coffey
County Administrator, Flagler County Government

Mr. Armando Martinez
City Manager, City of Bunnell
September 2, 2013
Page 4

Summary of Recommended Preliminary Impact Fees [1]			
	<u>Water</u>	<u>Wastewater</u>	<u>Combined</u>
Rate Per ERC [2]	\$2,146	\$2,509	\$4,655

[1] Fees are considered preliminary and were based on the current facilities in service and the initial System capital plan.

[2] ERC = Equivalent Residential Connection and represents the average daily capacity for a single family residential connection (which equals 1 ERC). It is proposed that the determination of the ERCs for large residential (meter size greater than ¾-inch) and the general service customers be calculated using the same methodology as employed by the City of Bunnell for its utility system.

PRMG considers the above referenced impact fees to be preliminary since the parties have not owned and operated the System as of the date of this report and the capital needs may change once a history of operation is achieved. Although the fees were based on the current assets in service coupled with the anticipated and planned capital needs of the System, it is recommended that the County and City re-evaluate the Impact Fees within no longer than two years in order to assure that the nexus in the costs required serving new development is fully identified and maintained.

8. Table ES-2 at the end of this report contains a graphical utility management dashboard of System operations. If all of the proposed rates are implemented, the System is projected to be in good financial position throughout the Forecast Period.
9. To ensure that the System remains in a good financial position given possible economic, environmental and regulatory changes that may occur during the Forecast Period, PRMG recommends that County and City reevaluate the sufficiency of the water and wastewater rates in two years. The actual results achieved during the Forecast Period may vary from those projected, and such variations could be material.

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Mr. Craig M. Coffey
County Administrator, Flagler County Government

Mr. Armando Martinez
City Manager, City of Bunnell
September 2, 2013
Page 5

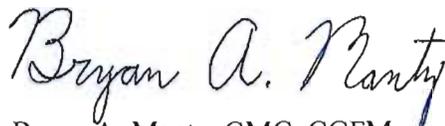
We appreciate the opportunity to be of service to the County and City.

Respectfully submitted,

Public Resources Management Group, Inc.



Robert J. Ori
President



Bryan A. Mantz, CMC, CGFM
Supervising Consultant

RJO/dlc
Attachments

FLAGLER COUNTY AND CITY OF BUNNELL
WATER AND WASTEWATER REVENUE SUFFICIENCY STUDY
FOR
BUNNELL / FLAGLER COUNTY UTILITY SYSTEM

TABLE OF CONTENTS

Title	Page No.
Letter of Transmittal	
Table of Contents	i
List of Tables and Figures.....	iii
Introduction.....	1
Customer and Sales Forecast	2
General	2
Water System Customer Statistics	2
Wastewater System Customer Statistics	3
Existing Water and Wastewater User Rates.....	4
Projected Water and Wastewater Retail Revenues Under Existing User Rates	5
Impact Fees	6
Initial Impact Fee Calculation.....	6
Projected Water and Wastewater Impact Fee Collections	6
Impact Fee Comparisons.....	7
Revenue Requirements from Rates.....	7
General	7
Principal Assumptions and Considerations.....	8
Summary of Water and Wastewater Revenue Requirements	12
Proposed Rates and Comparisons	12
General	12
Proposed Water and Wastewater User Rates	13
Rate Comparisons	15

FLAGLER COUNTY AND CITY OF BUNNELL
WATER AND WASTEWATER REVENUE SUFFICIENCY STUDY
FOR
BUNNELL / FLAGLER COUNTY UTILITY SYSTEM

TABLE OF CONTENTS (cont'd.)

<u>Description</u>	<u>Page No.</u>
Financial Compliance	17
General	17
Projected Operating Results	18
Findings and Conclusions	19

FLAGLER COUNTY AND CITY OF BUNNELL
WATER AND WASTEWATER REVENUE SUFFICIENCY STUDY
FOR
BUNNELL / FLAGLER COUNTY UTILITY SYSTEM

LIST OF TABLES AND FIGURES

Table No.	Description	Page No.
ES-1	Summary of Existing and Proposed Monthly Service Rates	21
ES-2	Graphical Water and Wastewater System Financial Overview	22
1	Summary of Historical and Projected Customer Accounts and Usage – Water System	24
2	Summary of Historical and Projected Equivalent Residential Units – Water System	27
3	Summary of Historical and Projected Customer Accounts and Flow – Wastewater System	29
4	Summary of Historical and Projected Equivalent Residential Units – Wastewater System	32
5	Projected Revenues Under Existing Rates	34
6	Summary of Estimated Impact Fee Revenues	35
7	Summary of Net Revenue Requirements	36
8	Development of Projected Utility Operating Expenses	37
9	Summary of Escalation Factors	39
10	Capital Improvement Program – Requirements and Funding Sources	40
11	Derivation of Debt Service Payments – SRF Loans	42
12	Derivation of Debt Service Payments – Subordinate Loan Through Florida Association of Counties	43
13	Development of Renewal and Replacement Fund Deposits	44
14	Summary of Cash Balances and Interest Income	45
15	Comparison of Typical Monthly Residential Bills for Water Service	47
16	Comparison of Typical Monthly Residential Bills for Wastewater Service	48
17	Comparison of Typical Monthly Residential Bills for Combined Water and Wastewater Service	49
18	Summary of Projected Operating Results and Debt Service Coverage	50
19	Derivation of Preliminary Impact Fees for System	51
20	Comparison of Residential Impact Fees for Water and Wastewater Service	52
Figure No.	Description	Page No.
1	Comparison of Residential Water and Wastewater Bills at 3,000 Gallons	53
2	Comparison of Residential Impact Fees	54

FLAGLER COUNTY AND CITY OF BUNNELL
WATER AND WASTEWATER REVENUE SUFFICIENCY STUDY
FOR
BUNNELL / FLAGLER COUNTY UTILITY SYSTEM

INTRODUCTION

The Plantation Bay utility system (the "System"), formerly an investor-owned utility known as Plantation Bay Utility Company, was purchased by the City of Bunnell (the "City") in cooperation with Flagler County (the "County" and collectively with the City, the "Parties") pursuant to the Agreement for Purchase and Sale of Water Assets By and Between Plantation Bay Utility Co., Seller, and City of Bunnell, Florida, Purchaser (the "Purchase Agreement"). In an effort to ensure adequate funding for the cost of utility operations and capital improvements necessary to meet the requirements of the System, satisfy regulatory requirements, and fund utility system replacements and upgrades, the County and the City retained PRMG to assist in a review of the adequacy of the System's water and wastewater utility rates.

The remainder of this report includes the following sections:

Customer and Sales Forecast – This section summarizes the forecast of customer growth, sales and usage requirements and the estimate of revenues derived from existing rates for monthly water and wastewater service.

Development of Revenue Requirements – This section summarizes the basis for the revenue requirements from user fees or rates (i.e., expenditures paid or funded from rate revenues). Included in this section is a discussion of the assumptions utilized in the forecast of utility operation and maintenance expenses, the funding of the capital program, and the payment of other funding requirements, including debt service payments, funds for asset renewals and replacements, and the maintenance of working capital reserves. A summary of the projected revenue requirements of the individual utility systems was prepared for the fiscal year period ending September 30, 2018 (the "Forecast Period"). Also included is an evaluation of the ability of the projected revenues from each respective utility system to meet the allocated revenue requirements.

Proposed Rates and Comparisons – This section summarizes the proposed monthly rates or user fees. This section also summarizes the effects of the proposed rates on the monthly bills for users of the System, as well as a comparison of the proposed monthly user fees with rates charged for similar service by neighboring utility systems.

Financial Compliance – This section provides a discussion of the ability of the System revenues to meet the rate covenants of the State Revolving Fund (SRF) loan agreement which financed the acquisition as well as additional SRF loans anticipated for financing the System capital program.

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CUSTOMER AND SALES FORECAST

General

This section of the report summarizes the water and wastewater customers and associated sales and usage characteristics for the System. The projected customer statistics and revenues under existing rates are also presented.

Water System Customer Statistics

During the calendar year 2012, it is estimated that the System provided service to: i) an average of 1,528 retail water customers and an estimated 1,599 retail water equivalent residential connections (ERCs) based on meter equivalency factors; and ii) an average of 1,489 retail wastewater accounts and 1,560 retail ERCs. An ERC represents the annual average use of an individually metered residential (single-family) customer. For the determination of the estimated number of retail ERCs served, such estimate was based on the use of meter equivalent factors applied to the meters in service. The meter equivalent factors were based on information published by the American Water Works Association (AWWA), which documents the capacities of the various meters, that are used by several Florida utilities in the establishment of rates for service including the FPSC. The meter equivalent factors are based on the equivalent hydraulic throughput capacity of the meters and are as follows by meter size:

Meter Size (Inches)	Type of Meter	Meter Equivalent (ERC) Factor
All Residential		1.0
5/8-inch	Displacement	1.0
3/4-inch	Displacement	1.5
1-inch	Displacement	2.5
1-1/2-inch	Displacement or Turbine	5.0
2-inch	Displacement, Compound or Turbine	8.0
3-inch	Displacement	15.0
3-inch	Compound	16.0
3-inch	Turbine	17.5
4-inch	Displacement or Compound	25.0
4-inch	Turbine	30.0
6-inch	Displacement or Compound	50.0
6-inch	Turbine	62.5
8-inch	Compound	80.0
8-inch	Turbine	90.0
10-inch	Compound	115.0
10-inch	Turbine	145.0
12-inch	Turbine	215.0

The historical and projected customer accounts and sales for the water system are shown on Table 1 at the end of this report, while the calculated water system ERCs are shown on Table 2 at the end of this report. These amounts are summarized as follows:

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Summary of Historical and Projected Water System Customer Statistics [1]

Fiscal Year Ended September 30,	Water Accounts (Average Annual)	Water ERCs (Average Annual)	Water Sales (000s of Gallons)	Average Monthly Use per Account (Gallons)	Average Monthly Use per ERC (Gallons)
2012 (Actual)	1,528	1,599	62,263	3,395	3,245
2013	1,558	1,629	63,447	3,393	3,246
2014	1,593	1,664	62,930	3,292	3,152
2015	1,638	1,709	64,308	3,271	3,136
2016	1,683	1,754	65,667	3,251	3,120
2017	1,728	1,799	67,009	3,231	3,104
2018	1,773	1,844	68,333	3,211	3,088
Average Annual Projected Growth Rate [2]	<u>2.51%</u>	<u>2.40%</u>	<u>1.56%</u>	<u>(0.92%)</u>	<u>(0.82%)</u>

[1] Amounts shown for water system accounts and sales are derived from Table 1, while the calculated ERCs are derived from Table 2.

[2] Compound growth rate calculated from historical Fiscal Year 2012 customer statistics.

The customer growth projections were based on discussions with County and City staff. It was assumed that, as a result of the proposed rate adjustment plan discussed in this report, the usage per customer would decrease over time. As can be seen above, the average monthly use per ERC approximates 3,200 gallons which is generally low when compared to state-wide averages which approximate 6,000 gallons per month based on PRMG's experience. The reason for the low water use per ERC is due to the majority of customers (primarily residential) having onsite wells which are used to meet irrigation demands, thus dampening potable water use. This has an effect on the per-unit cost of service provided since the majority of the costs for a water utility are fixed (do not vary by water use or flow).

Wastewater System Customer Statistics

The historical and projected customer accounts and flow for the wastewater system are shown on Table 3 at the end of this report, while the calculated wastewater system ERCs are shown on Table 4 at the end of this report. These amounts are summarized as follows:

Summary of Historical and Projected Wastewater System Customer Statistics [1]

Fiscal Year Ended September 30	Wastewater Accounts (Average Annual)	Wastewater ERCs (Average Annual)	Wastewater Flow (000s of Gallons)	Average Monthly Flow per Account (Gallons)	Average Monthly Flow per ERC (Gallons)
2012 (Actual)	1,489	1,560	61,515	3,442	3,286
2013	1,519	1,590	62,715	3,440	3,287
2014	1,554	1,625	62,238	3,337	3,192
2015	1,599	1,670	63,643	3,316	3,176
2016	1,644	1,715	65,030	3,296	3,160
2017	1,689	1,760	66,399	3,275	3,144
2018	1,734	1,805	67,750	3,255	3,128
Average Annual Projected Growth Rate [2]	<u>2.57%</u>	<u>2.46%</u>	<u>1.62%</u>	<u>(0.92%)</u>	<u>(0.82%)</u>

[1] Amounts shown for wastewater system accounts and flow are derived from Table 3, while the calculated ERCs are derived from Table 4.

[2] Compound growth rate calculated from projected Fiscal Year 2012 customer statistics.

The wastewater system is projected to increase by the same number of accounts as the water system, as new customers are anticipated to receive both water and wastewater service from the System.

Existing Water and Wastewater User Rates

The current schedule of rates (the "Rate Schedule") became effective on July 1, 2013 and reflects rates approved by the FPSC for the System while the utility was investor-owned. The adopted water and wastewater rates as reflected in the Rate Schedule include: i) a constant base facility or readiness-to-serve charge applied based on meter size; ii) a usage charge per 1,000 gallons of water service applied to metered water usage; iii) for residential wastewater customers, a flow charge (based on metered water use) that is capped at 10,000 gallons; and iv) for the remaining customers of the wastewater system, a constant volumetric flow charge based on one hundred percent (100%) of the metered water consumption to such account (domestic use; would not include separately metered water-only use).

The following is a summary of the currently adopted monthly water rates charged to System customers:

<u>Summary of Existing Monthly Water System Rates</u>	
	<u>Effective July 1, 2013</u>
Residential Service:	
<u>Base Facilities Charge (per meter)</u>	
5/8-inch x 3/4-inch meter	\$11.91
Full 3/4-inch meter	17.87
1-inch meter	29.79
1-1/2-inch meter	59.56
2-inch meter	95.32
3-inch meter	190.64
4-inch meter	297.86
6-inch meter	595.75
<u>Gallonage Charge (per 1,000 gallons)</u>	
All Usage	\$3.42
General Service:	
<u>Base Facilities Charge (per meter)</u>	
5/8-inch x 3/4-inch meter	\$11.91
Full 3/4-inch meter	17.87
1-inch meter	29.79
1-1/2-inch meter	59.56
2-inch meter	95.32
3-inch meter	190.64
4-inch meter	297.86
6-inch meter	595.75
<u>Gallonage Charge (per 1,000 gallons)</u>	
All Usage	\$3.42

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The following is a summary of the currently adopted monthly wastewater rates charged to System customers:

Summary of Existing Monthly Wastewater System Rates	
Effective July 1, 2013	
Residential Service:	
<u>Base Facilities Charge (per meter)</u>	
All meter sizes	\$19.28
<u>Gallonge Charge (per 1,000 gallons)</u>	
All Usage (Maximum of 10,000 gallons)	\$3.73
General Service:	
<u>Base Facilities Charge (per meter)</u>	
5/8-inch x 3/4-inch meter	\$19.28
Full 3/4-inch meter	28.94
1-inch meter	48.21
1-1/2-inch meter	96.41
2-inch meter	154.27
3-inch meter	308.55
4-inch meter	482.10
6-inch meter	964.24
<u>Gallonge Charge (per 1,000 gallons)</u>	
All Usage	\$4.48

Projected Water and Wastewater Retail Revenues Under Existing User Rates

Based on the projected customer statistics and the existing rates for service, the projected revenues under existing rates for the Forecast Period are summarized in Table 5 at the end of this report and as follows:

Projected Water and Wastewater Retail Revenues Under Existing User Rates [*]			
Fiscal Year Ending September 30,	Water User Rate Revenue	Wastewater Rate Revenue	Total Retail Revenue
2014	\$453,218	\$596,006	\$1,049,224
2015	464,299	611,291	1,075,591
2016	475,321	626,511	1,101,832
2017	486,281	641,666	1,127,947
2018	497,182	656,756	1,153,937

[*] Amounts shown derived from Table 5.

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IMPACT FEES

Initial Impact Fee Calculation

Recognizing that additional capacity is or will be constructed and available to serve future growth and the need to recover capital contributions from new customers is essential for the development of the financial forecast and the long-term needs of the System, the County and City should adopt impact fees to recover the allocable capital cost associated with serving such new customers. This will allow additional funds to accrue to the benefit of the System and reduce the economic impact to the existing customers which would be required to fund the capital allocable to the future growth. The proposed impact fees recommended for the System were based on i) the original cost of the utility plant in service as reported by the owners of Plantation Bay as documented in the 2012 Annual Report submitted to the Florida Public Service Commission (the "FPSC"); ii) the anticipated capital improvements as initially identified by the Parties to meet the current and future needs of the System, which resulted in part to the recognition of certain retirements of the purchased assets; and iii) the current level of service of 220 gallons per day per equivalent residential connection (ERC) as identified in the most recently approved rate tariff of Plantation Bay as approved by the FPSC. The determination of the initial impact fee is included on Table 19 at the end of this report and is summarized below:

Summary of Recommended Preliminary Impact Fees			
	<u>Water</u>	<u>Wastewater</u>	<u>Combined</u>
Rate Per ERC [*]	\$2,146	\$2,509	\$4,655

[*] ERC = Equivalent Residential Connection and represents the average daily capacity for a single family residential connection (which equals 1 ERC at 220 gallons per day for both the water and wastewater utility systems).

It should be noted that PRMG did not perform a detailed evaluation of the impact fee since a comprehensive capital plan for the System has not been fully developed since the Parties have not owned System nor have an operating history of the System. It is envisioned that the initial capital needs of the System as developed by the Parties may change once an operating history and needs assessment is fully understood and completed. Accordingly PRMG considers the impact fees to be an initial fee, based on the best available local capital needs and information at this time, and should be reviewed no later than two years after adoption of the fees as more information becomes available.

Projected Water and Wastewater Impact Fee Collections

PRMG has assumed that initial water and wastewater impact fees as discussed above will be adopted and implemented for the System in accordance with Florida Statutes. Under the terms of the Purchase Agreement, the Seller received one-hundred-fifty (150) prepaid ERCs. At closing, the City received a total of \$383,579 in prepaid impact fees (referred to as "connection charges" in the Purchase Agreement) associated with current System developer agreements. Based on the recommended initial System Impact Fees and the customer growth assumptions, the assumed impact fee collections are shown on Table 6 at the end of this report and summarized as follows:

Assumed Water and Wastewater Impact Fee Collections [*]

Fiscal Year	Prepaid at Closing	Water Impact Fees	Wastewater Impact Fees	Total
2013	\$383,579	\$0	\$0	\$383,579
2014	0	0	0	0
2015	0	0	0	0
2016	0	10,730	12,545	23,275
2017	0	96,570	112,905	209,475
2018	0	96,570	112,905	209,475

[*] Amounts derived from Table 6.

Impact Fee Comparisons

The purpose of an impact fee which is charged to new customers requesting water and wastewater capacity from the System allows the Parties to equitably assign the cost of new capacity to those users which are imposing the need for the capital facilities. This application of an impact fee is commonly used by Florida utilities to fund capital or plant requirements. Table 20 at the end of this Report provides a comparison of the impact fees recommended for the System and those charged by neighboring utilities. The charges shown are based on an ERC basis. As previously discussed, an ERC is representative of the average daily capacity of a single-family residential unit and generally represents the lowest level and the most common level of use. As shown below and on Table 20, the recommended initial impact fees are comparable to the utility average reflected on the comparison. A graphical representation of the comparison is included on Figure 2 at the end of this report.

	Impact Fees – Rate per ERC		
	Water	Wastewater	Combined
Preliminary Impact Fees	\$2,146	\$2,509	\$4,655
Utility Average [*]	1,873	2,271	4,144

[*] Based on utility survey shown on Table 20.

REVENUE REQUIREMENTS FROM RATES

General

The various components of costs associated with operating and maintaining a utility system, as well as the costs of financing the renewals and replacements of existing facilities and the capital improvements for upgrades and expansions, are generally considered as the revenue requirements. The sum of these costs, after adjusting for other income and other operating revenues available to the utility, represents the net revenue requirements of a utility system. Net revenue requirements equal amounts required from monthly user fees. The development of the net revenue requirements of the System is a critical component of the study since utility rates should be designed to fully recover the cost of providing service. A summary of the derivation of the net revenue requirements is shown below:

+ Cost of Operation and Maintenance	
+ Debt Service Payments (Senior and Subordinate)	
+ Transfers and Administration Payments	
+ Capital Project Financing	
+ Working Capital Reserves / Financial Compliance	
- Other Operating Revenue	
- Interest Income	
<hr/>	
= <u>Net Revenue Requirements (Funded from Monthly User Fees)</u>	

The water and wastewater user fee analysis is based on a forward-looking study period to assess the adequacy of the existing user rates. An important objective of the projections is to establish rates and rate levels that recover the current and near future costs of providing service. By designing rates and charges to provide revenues to match near-future operating needs and capital funding requirements, the objective of maintaining the System's financial integrity is expected to be accomplished. The revenue requirements of this study are predicated on an analysis through the Fiscal Year ending September 30, 2018. A forecast of System operations was prepared in order to: i) assess the adequacy of utility rates in the near future; ii) recognize potential cost recovery strategies based on the phase-in of any required rate adjustments to meet the projected revenue requirements; and iii) examine the financial implications of funding the System's capital plan.

Principal Assumptions and Considerations

The development of the projected System revenue requirements is shown on Table 7 at the end of this report. The analysis included on this table included certain assumptions and considerations. Major assumptions and considerations recognized by PRMG in the development of the projected revenue requirements for the Forecast Period are as follows:

1. The Fiscal Year 2014 operating budget as provided by the City staff served as a baseline for the expenditure projections and the underlying assumptions therein were assumed to be reasonable and to reflect anticipated operations, unless otherwise noted. Several meetings were held by the Parties to evaluate the Fiscal Year 2014 budget and expenditure requirements which were incorporated in the financial forecast presented in this report. Table 8 at the end of this report shows the budgeted Fiscal Year 2014 operating expenses for the System.
2. Projected sales revenues under existing rates are based on the currently adopted Rate Schedule. Projected impact fee collections are based on the assumed implementation of water and wastewater impact fees in the near future as discussed in the previous section.
3. Reuse sales revenue has been projected to increase by 1% per year to reflect annual price indexing adjustments. Other operating revenues of approximately \$9,850 per year have been assumed to remain constant during the Forecast Period.
4. Projected operation and maintenance expenses associated with operation of System facilities are escalated from Fiscal Year 2014 budgetary levels based upon certain assumptions and the nature of the particular expense. Table 8 at the end of this report

shows the projected operation and maintenance expenses for the System, while the escalation factors can be found on Table 9. The projected operation and maintenance expenses developed for the Forecast Period were based on the following:

- a. Projected operation and maintenance expenses for the initial fiscal year are based upon the Fiscal Year 2014 Budget for the System, which reflects the most recent adopted annual operating budget at the time of this study. Such amounts are adjusted based on a review of historical trends in operating expenses and known events since the preparation of the budget.
 - b. Materials and supplies expenses, insurance expenses, and certain other operating expenses are projected to increase in general from historical and current budgetary levels by 2.1% to 2.3% per year based on the Consumer Price Index ("CPI") forecast prepared by the Congressional Budget Office as contained in *The Economic and Budget Outlook* dated February 2013.
 - c. The projected cost of salaries and associated benefits [e.g., contributions toward retirement, FICA, etc.] were escalated above Fiscal Year 2014 budget estimates by 3.0% annually as discussed with the City and County staff to reflect increases due to inflation and allowances for salary adjustments such as merit increases and cost of living adjustments. For the purposes of the financial forecast, it was assumed that all budgeted positions would be filled (no vacancies) for each respective full Fiscal Year.
 - d. The projections of variable costs for water and wastewater operations, including the cost for purchased power and chemicals for the water and wastewater treatment facilities, are based on: i) the anticipated costs reflected in the System's Fiscal Year 2014 Budget; ii) the increase in customer growth for the Forecast Period through Fiscal Year 2018; iii) assumed increases in power rates and chemical costs due to inflationary allowances for the Forecast Period; and iv) discussions with City and County staff.
 - e. A contingency allowance of approximately 3.0% of total operating expenses is included in the System's Fiscal Year 2014 Budget and recognized in each year of the Forecast Period. For the Fiscal Year 2014, this allowance totals approximately \$29,000. The allowance is included in order to recognize unknown or unplanned expenditures that may occur throughout the fiscal year and to recognize potential changes in revenues that may occur due to weather, water conservation measures such as water use restrictions, and other factors.
5. Based on discussions with FCSC staff, no additional personnel were assumed for the Fiscal Years 2015 through 2018.
 6. An allowance for bad debt expense equal to 0.50% of rate revenues is included in the projected operating results to recognize a certain amount of revenues considered to be uncollectible and written off throughout the year. This expenditure item is projected based on trends incurred by utilities statewide and discussions with City and County staff.

7. The estimated \$11.3 million capital improvement program for the System primarily consists of the \$5.7 million System acquisition and necessary renewals, replacements and upgrades to the System – including the improvements required to comply with the Consent Order – as identified in the Plantation Bay Utility System Condition Assessment report prepared by Wade Trim, Inc. The estimated capital improvement project costs and funding sources are shown on Table 10 at the end of this report and summarized as follows:

	Capital Improvement Project Funding [*]						Six-Year Total
	Fiscal Year Ending September 30,						
	2013	2014	2015	2016	2017	2018	
PROJECT COSTS:							
Total Project Costs	<u>\$6,199,127</u>	<u>\$3,712,380</u>	<u>\$700,201</u>	<u>\$227,388</u>	<u>\$234,873</u>	<u>\$259,156</u>	<u>\$11,333,124</u>
SOURCES OF FUNDS:							
Acquisition SRF Loan	\$5,681,357	\$0	\$0	\$0	\$0	\$0	\$5,681,357
Additional SRF Loans	0	2,277,005	633,020	0	0	0	2,910,025
Grants and Contributions	294,270	796,875	0	0	0	0	1,091,145
Renewal and Replacement Fund	0	31,000	56,971	216,442	223,154	230,275	757,841
FAC Loan	216,000	185,500	0	0	0	0	401,500
Impact Fees	0	320,000	0	0	0	0	320,000
Reclassification to Operating Expenses	7,500	102,000	0	0	0	16,348	125,848
Annual Rate Revenue	0	0	10,210	10,946	11,719	12,534	45,408
Total Sources of Funds	<u>\$6,343,805</u>	<u>\$3,712,380</u>	<u>\$700,201</u>	<u>\$227,388</u>	<u>\$234,873</u>	<u>\$259,156</u>	<u>\$11,333,124</u>

[*] Amounts derived from Table 10.

8. To finance the acquisition of the System, the City secured a low-cost SRF loan through the FDEP. The terms of Drinking Water State Revolving Fund Construction Loan Agreement DW180520 (the "Acquisition SRF Loan") include: i) an issuance date of August 15, 2013; ii) a total principal amount of \$5,798,214; ii) a semiannual interest rate of 1.19%; iii) a term of thirty (30) years with sixty (60) semiannual payments; and iv) a loan service fee equal to 2% of the project cost. These assumptions and the estimated debt payments are shown on Table 11 at the end of this report.
9. In order to finance the capital plan of the System and based on discussions with the Parties, it is projected that the City will immediately apply for additional SRF loans (the "Additional SRF Loans"). The assumptions and the estimated payments for the Additional SRF Loans are shown on Table 11 at the end of this report and include: i) a total principal amount of \$3,112,140; ii) an assumed semiannual interest rate of 1.50%; iii) a term of thirty (30) years with sixty (60) semiannual payments; iv) a loan service fee equal to 2% of the project cost; v) a loan contingency equal to 1% of the sum of the project cost, loan administration fee and capitalized interest; and vi) a construction period through the Fiscal Year 2015 and commencement of the debt service payments in Fiscal Year 2016 after completion of project construction.
10. In order to fund closing costs associated with the System and to finance certain capital projects, it is projected that the County will secure a loan through the Florida Association of Counties (the "FAC Loan"). The assumptions and the estimated debt payments for the

FAC Loan are shown on Table 12 at the end of this report and include: i) a total principal amount of \$1,100,000; ii) an assumed interest rate of 2.50%; iii) a term of five (5) years with a balloon payment, after which the FAC Loan would be refinanced for two consecutive additional five (5) year terms (15 year payback period); and iv) issuance costs equal to 0.5% of the loan amount.

11. PRMG has assumed that the City will establish a renewal and replacement fund (the "R&R Fund") to provide a dedicated source of monies for the funding of capital improvements related to the renewal, replacement, betterment, and upgrade of existing System utility assets. The assumed deposits to the R&R Fund are shown on Table 13 at the end of this report and are summarized as follows:

Fiscal Year	Base Deposit as Percent of Previous Year's Revenue	Base Deposit	Additional Deposits	Total Deposit Recognized
2014	5.0%	\$52,680	\$42,144	\$94,824
2015	5.0%	76,338	76,338	152,676
2016	5.0%	83,111	83,111	166,222
2017	5.0%	89,368	89,368	178,736
2018	5.0%	96,003	96,003	192,006

[*] Amounts derived from Table 13.

12. Interest income is recognized as an available revenue source to fund the expenditure needs of the System. For the Forecast Period, interest income is based on estimated balances in unrestricted funds anticipated to be established for the System (e.g., working capital, Renewal and Replacement or "R&R" Fund) and other available fund balances established by FCSC (e.g., operating accounts). A summary of the interest earnings projected for each year of the Forecast Period as well as the estimated cash balances by individual fund or account is presented in Table 14 at the end of this report. The projected cash balances are summarized below:

	Available Balance 10/1/2012	Projected 6-Year Total		Projected Balance 9/30/2018
		Additions	Uses	
Unrestricted				
Revenue Fund / Operating Fund	\$0	\$540,795	\$181,896	\$358,899
Renewal and Replacement Fund	0	789,426	757,841	31,585
Debt Service Reserve Funds	0	0	0	0
Restricted				
Impact Fees Fund	\$0	\$833,734	\$320,000	\$513,734
Total Funds Available	\$0	\$2,163,955	\$1,259,737	\$904,218

[1] Amounts derived from Table 14; additions in Revenue Fund / Operating Fund includes proceeds secured through the FAC Loan (initial working capital deposit).

13. The Parties would adopt the initial impact fees as identified in this report which would provide future financial benefits to the System once the prepaid capital charges as identified in the Agreement for Purchase and Sale of Water Assets by and between Plantation Bay Utility Co. Seller and City of Bunnell, Florida Purchaser (the "Purchase Agreement") are fully recognized due to service area growth. The initial impact fees as identified in this report and recognized in the financial forecast are summarized below:

Summary of Recommended Preliminary Impact Fees			
	Water	Wastewater	Combined
Rate Per ERC [1]	\$2,146	\$2,509	\$4,655

[1] ERC = Equivalent Residential Connection and represents the average daily capacity for a single family residential connection (which equals 1 ERC).

Summary of Water and Wastewater Revenue Requirements

The estimated revenue requirements for the System are shown in detail on Table 7 for each Fiscal Year and are summarized as follows:

	Summary of Projected Net Revenue Requirements, Revenue Sufficiency and Rate Adjustments [1]				
	Fiscal Year Ending September 30,				
	2014	2015	2016	2017	2018
Combined Water and Wastewater System:					
Net Revenue Requirements from Retail Rates	\$1,548,690	\$1,611,997	\$1,824,539	\$1,881,215	\$1,957,959
Retail Water Rate Revenue Under Existing Rates	1,049,224	1,075,591	1,101,832	1,127,947	1,153,937
Surplus/(Deficiency) Under Existing Rates:					
Amount	(499,466)	(536,406)	(722,707)	(753,268)	(804,022)
Percent	(47.6%)	(49.9%)	(65.6%)	(66.8%)	(69.7%)
Annual Rate Increase Recognized	46.00%	5.00%	5.00%	5.00%	5.00%
Cumulative Rate Increase Recognized	46.00%	53.30%	60.97%	69.01%	77.46%

[1] Amounts derived from Table 7.

As shown in the above table, the estimated revenues to be derived from the application of the existing System rates are projected to be insufficient to meet the System revenue requirements during the Forecast Period. A 46.00% revenue adjustment is recommended to implemented as soon as possible (assumes an implementation date of October 1, 2013), followed by additional 5.00% annual adjustments in Fiscal Years 2015 through 2018.

PROPOSED RATES AND COMPARISONS

General

Rate design involves the development of monthly rates and charges for each customer classification (e.g., residential, commercial, etc.) served by the System. The goal of this task is to establish a pricing structure or formula to recover the total identified revenue requirements of the utility system in an equitable and reasonable manner, consistent with the cost of providing

service, regulatory guidelines, overall revenue stability, historical rate forms and the System's fiscal and pricing policies. The proposed utility rates, to the extent practical, should meet the following criteria for service provided by publicly owned utilities:

- Utility rates should fully recover the cost of providing service.
- Utility rates should be based on a policy that calls for the lowest possible prices consistent with the requirements of providing quality service on an ongoing basis.
- Utility rates should be simple and understandable.
- Utility rates should be equitable among customers, taking into consideration the cost of providing service to the various users of the system.
- Utility rate and cost recovery strategies should recognize the System's current financial needs, when rates were last adjusted, and where possible help develop approaches to avoid "rate shock" in the future.
- Utility rates should be designed to encourage the most efficient use of the System's fixed asset investment and encourage conservation of water resources.
- Utility rates should comply with any applicable orders and requirements of state and federal regulatory authorities.

Other factors that should be considered in the design of the user fees include revenue stability, historical rate form, industry standards and comparability with neighboring utility systems.

Proposed Water and Wastewater User Rates

The proposed water user rates for the System reflect the System-wide adjustments applied to the existing rates for service, and are shown in Table ES-1 and summarized as follows:

(Remainder of page intentionally left blank)

Summary of Proposed Monthly Water System Rates

	Effective As Soon As Possible	Effective October 1, 2014	Effective October 1, 2015	Effective October 1, 2016	Effective October 1, 2017
Residential Service:					
<u>Base Facilities Charge (per meter)</u>					
5/8-inch x 3/4-inch meter	\$17.39	\$18.26	\$19.17	\$20.13	\$21.14
Full 3/4-inch meter	26.09	27.39	28.76	30.20	31.71
1-inch meter	43.49	45.66	47.94	50.34	52.86
1-1/2-inch meter	86.96	91.31	95.88	100.67	105.70
2-inch meter	139.17	146.13	153.44	161.11	169.17
3-inch meter	278.33	292.25	306.86	322.20	338.31
4-inch meter	434.88	456.62	479.45	503.42	528.59
6-inch meter	869.80	913.29	958.95	1,006.90	1,057.25
<u>Gallage Charge (per 1,000 gallons)</u>					
All Usage	\$4.99	\$5.24	\$5.50	\$5.78	\$6.07
General Service:					
<u>Base Facilities Charge (per meter)</u>					
5/8-inch x 3/4-inch meter	\$17.39	\$18.26	\$19.17	\$20.13	\$21.14
Full 3/4-inch meter	26.09	27.39	28.76	30.20	31.71
1-inch meter	43.49	45.66	47.94	50.34	52.86
1-1/2-inch meter	86.96	91.31	95.88	100.67	105.70
2-inch meter	139.17	146.13	153.44	161.11	169.17
3-inch meter	278.33	292.25	306.86	322.20	338.31
4-inch meter	434.88	456.62	479.45	503.42	528.59
6-inch meter	869.80	913.29	958.95	1,006.90	1,057.25
<u>Gallage Charge (per 1,000 gallons)</u>					
All Usage	\$4.99	\$5.24	\$5.50	\$5.78	\$6.07

The proposed wastewater user rates for the System reflect the System-wide adjustments applied to the existing rates for service, and are shown in Table ES-1 and summarized as follows:

(Remainder of page intentionally left blank)

Summary of Proposed Monthly Wastewater System Rates

	Effective As Soon As Possible	Effective October 1, 2014	Effective October 1, 2015	Effective October 1, 2016	Effective October 1, 2017
Residential Service:					
<u>Base Facilities Charge (per meter)</u>					
All meter sizes	\$28.15	\$29.56	\$31.04	\$32.59	\$34.22
<u>Gallonge Charge (per 1,000 gallons)</u>					
All Usage (Maximum of 10,000 Gallons)	\$5.45	\$5.72	\$6.01	\$6.31	\$6.63
General Service:					
<u>Base Facilities Charge (per meter)</u>					
5/8-inch x 3/4-inch meter	\$28.15	\$29.56	\$31.04	\$32.59	\$34.22
Full 3/4-inch meter	42.25	44.36	46.58	48.91	51.36
1-inch meter	70.39	73.91	77.61	81.49	85.56
1-1/2-inch meter	140.76	147.80	155.19	162.95	171.10
2-inch meter	225.23	236.49	248.31	260.73	273.77
3-inch meter	450.48	473.00	496.65	521.48	547.55
4-inch meter	703.87	739.06	776.01	814.81	855.55
6-inch meter	1,407.79	1,478.18	1,552.09	1,629.69	1,711.17
<u>Gallonge Charge (per 1,000 gallons)</u>					
All Usage	\$6.54	\$6.87	\$7.21	\$7.57	\$7.95

Rate Comparisons

In order to provide the County and City with additional information regarding the rates charged for service, a comparison of the System's existing and proposed rates for customers served by a 5/8-inch or 3/4-inch meter (representative of the single-family residential class) with charges for similar service by nineteen (19) neighboring utilities has been made. It should be noted that when making a comparison of the rates charged by other utilities for water and wastewater service, several factors have an effect on the level of rates charged. These factors may include, but are not limited to, the following:

1. Source of water supply and level of treatment required before the distribution of water to the ultimate customer, including how much of water supply is purchased from other utilities;
2. Plant capacity utilization, age and assistance in the funding of such plant capacity by federal grants, impact fees, etc.;
3. Overall size of the customer base (economies of scale) served as well as the type of customer served (certain customers may have higher usage requirements which may dampen per unit rates which is common for high commercial or industrialized customer bases for utilities);

4. Geographic density of the customer base (utilities with many high-density multifamily customers may have lower unit costs);
5. General fund and administrative fee transfer made by municipal and county systems which may account for differences in level of rates charged;
6. Specific bond covenants and funding requirements of the rates;
7. Level of capital improvements required to meet service area needs, including the construction of growth-related assets in relation to service area expansion; and
8. Time of last rate review.

For the utilities included in the rate comparisons on Tables 15 through 17 at the end of this report, no study has been made of the above-mentioned factors as they relate to the reported water and wastewater rates currently being charged by the other utilities surveyed for the purposes of this study. The proposed System water and wastewater rates produce bills that are higher when compared to similar charges of most neighboring utilities. At the 3,000-gallon average monthly usage level for residential customers, bills for combined water and wastewater service under the proposed rates for Fiscal Year 2014 would be higher than the average rates charged by the nineteen (19) surveyed "neighboring" utility systems, as shown in the following table:

(Remainder of page intentionally left blank)

	3,000 Gallons per Month of Residential Water and Wastewater Service [1]		
	Water	Sewer	Total
Plantation Bay Utility System:			
Existing Rates	\$22.17	\$30.47	\$52.64
Proposed Rates (Fiscal Year 2014)	32.36	44.50	76.86
Other Flagler County Utility Systems:			
Flagler County – (Beverly Beach)	\$48.50	\$28.58	\$77.08
City of Bunnell	30.34	34.79	65.13
City of Palm Coast	26.29	25.33	51.62
Other Florida Utilities:			
Brevard County – North Brevard	\$12.32	\$25.94	\$38.26
City of Daytona Beach	22.41	26.54	48.95
City of Edgewater	18.29	27.87	46.16
JEA (City of Jacksonville)	16.50	30.03	46.53
City of Melbourne	19.61	28.61	48.22
New Smyrna Beach Utilities Commission	14.44	30.82	45.26
City of Ormond Beach	14.89	19.72	34.61
City of Palm Bay	23.27	31.08	54.35
City of Port Orange	16.16	21.28	37.44
City of Port St. Lucie	20.29	35.47	55.76
City of St. Augustine	16.82	22.99	39.81
St. Johns County	21.29	22.57	43.86
City of South Daytona	23.00	28.68	51.68
City of Titusville	16.87	32.60	49.47
Volusia County - Softened	22.94	31.16	54.10
City of West Melbourne	29.38	26.25	55.63
Other Flagler County and Florida Utilities' Average	\$21.77	\$27.91	\$49.68

[1] Derived from Tables 15 to 17; reflects average monthly usage level for residential customers.

Figure 1 at the end of this report contains a graphical comparison of the previous table.

FINANCIAL COMPLIANCE

General

The Acquisition SRF Loan agreement contains a covenant under which the City will maintain rates and charges for the services furnished by the System that will be sufficient to provide, in each Fiscal Year, Pledged Revenues equal to or exceeding 1.15 times the sum of the semiannual loan payments due in such Fiscal Year (referred to as the minimum rate covenant). In addition, the City must satisfy the coverage requirements of all senior revenue obligations and parity debt obligations. "Pledged Revenues" are defined as gross revenues less the payment of operation and maintenance expenses (i.e., net revenues). It is anticipated that the Additional SRF Loans will have the same covenant.

Projected Operating Results

The projected operating results and debt service coverage estimated for the System for the Forecast Period are shown on Table 18 and are summarized on the following table:

Summary of Projected Operating Results and Debt Service Coverage [1]					
	2014	2015	2016	2017	2018
Rate Revenues [2]	\$1,511,757	\$1,645,609	\$1,770,045	\$1,902,598	\$2,043,759
Other Revenues [3]	13,791	15,009	16,607	17,305	17,463
Total Gross Revenues	1,525,548	1,660,618	1,786,652	1,919,903	2,061,222
Total Operating Expenses	1,169,003	1,098,875	1,140,679	1,184,764	1,247,582
Net Revenues	\$356,545	\$561,743	\$645,973	\$735,139	\$813,641
Operating Margin (% of Gross Revenue)	23%	34%	36%	38%	39%
SRF Loan Coverage Test					
Net Revenues	\$356,545	\$561,743	\$645,973	\$735,139	\$813,641
Total Debt Service [4]	271,154	271,154	429,210	429,210	429,210
Calculated Coverage [5] (1.15 Required)	1.31	2.07	1.51	1.71	1.90
Other Required Transfers:					
Payments of Subordinate Loans [6]	\$27,500	\$94,090	\$94,090	\$94,090	\$94,090
Renewal and Replacement Fund Transfer [7]	52,680	76,338	83,111	89,368	96,003
Total Other Required Transfers	80,180	170,428	177,201	183,458	190,093
Amount Available for Other Purposes [8]	\$5,211	\$120,160	\$39,562	\$122,470	\$194,337
All-In Debt Service Coverage Test					
Net Revenues	\$356,545	\$561,743	\$645,973	\$735,139	\$813,641
Total Debt Service	298,654	365,244	523,300	523,300	523,300
Calculated Coverage (1.50 Target)	1.19	1.54	1.23	1.40	1.55

[1] Amounts derived from Table 18.

[2] Amounts shown reflect projected increases in rate revenue collections assuming the adoption and implementation of projected rate adjustments.

[3] Amounts reflect projected unrestricted interest income and other miscellaneous revenues.

[4] Includes Acquisition SRF Loan and Additional SRF Loans.

[5] Reflects SRF loan coverage test reflected in the Acquisition Loan agreement.

[6] Amounts reflect payments on assumed FAC loan or equivalent, and is derived from Table 12.

[7] Amounts derived from Table 13 and assume a minimum Renewal and Replacement Fund transfer equal to 5.0% of the previous year's Gross Revenues.

[8] Amounts shown are primarily to fund increased deposits to the Renewal and Replacement Fund and to increase working capital (reserves) balances to promote creditworthiness of System. Amounts do not include impact fees.

FINDINGS AND CONCLUSIONS

Based upon the principal considerations and assumptions and the results of our studies and analyses, as summarized in this letter report which should be read in its entirety in conjunction with the following, we are of the opinion that:

1. The System's wastewater treatment facilities are currently under consent order from the FDEP – Case Number 13-0051 (previously defined as the "Consent Order"). The City must complete certain improvements to such facilities to comply with regulatory requirements.
2. Approximately \$11.3 million in capital needs has been identified for the System through the Fiscal Year ending September 30, 2018. These capital needs primarily include the \$5.7 million System acquisition and necessary renewals, replacements and upgrades to the System – including the improvements required to comply with the Consent Order – as identified in the Plantation Bay Utility System Condition Assessment report prepared by Wade Trim, Inc. PRMG has assumed that the majority of the capital program will be funded through low-cost loans secured through the SRF program of the FDEP and through the FAC.
3. The System's operating expenses are anticipated to be higher under public ownership with improved levels of service and will continue increasing as a result of inflation and regulatory effects on the costs of providing service. The inflation rate is projected to be higher during the Forecast Period than the anticipated net increase in revenues absent any further rate adjustments.
4. Based on the projected expenditure needs of the System and the projected funding plan for the capital program, it is projected that the current rates will not be sufficient to meet such needs and that the rates for monthly utility service will need to be increased. The recommended annual rate adjustments and assumed effective date for each respective Fiscal Year are summarized below:

Summary of Recommended Annual Rate Adjustments		
Fiscal Year	System Adjustment Percent	Assumed Implementation Date
2014	46.0%	October 1, 2013 or As Soon As Possible
2015	5.0%	October 1, 2014
2016	5.0%	October 1, 2015
2017	5.0%	October 1, 2016
2018	5.0%	October 1, 2017

It is proposed that the System increases be applied uniformly to all of the monthly rates in effect.

5. Table ES-1 at the end of this report contains a schedule of the existing and proposed water and wastewater user rates. Based on a rate survey of nineteen (19) utilities, the proposed

water and wastewater user rates for the System are comparatively higher than the average rates charged by other neighboring utilities.

6. The projected System revenues through the Fiscal Year 2018, assuming the adoption of the rate increases identified herein, are anticipated to be sufficient to: i) pay all projected expenses of the System; ii) pay the debt service on the SRF and FAC loans; and iii) meet the rate covenants of the SRF loan agreements.
7. In keeping with prudent financial and capital funding practices and recognizing that i) there will be available water and wastewater capacity in the System facilities to serve new growth and ii) additional growth is anticipated in the future, it is recommended that the County and City adopt the following impact fees:

Summary of Recommended Preliminary Impact Fees [1]			
	Water	Wastewater	Combined
Rate Per ERC [2]	\$2,146	\$2,509	\$4,655

[1] Fees are considered preliminary and were based on the current facilities in service and the initial System capital plan.

[2] ERC = Equivalent Residential Connection and represents the average daily capacity for a single family residential connection (which equals 1 ERC). It is proposed that the determination of the ERCs for large residential (meter size greater than ¾-inch) and the general service customers be calculated using the same methodology as employed by the City of Bunnell for its utility system.

PRMG considers the above referenced impact fees to be preliminary since the parties have not owned and operated the System as of the date of this report and the capital needs may change once a history of operation is achieved. Although the fees were based on the current assets in service coupled with the anticipated and planned capital needs of the System, it is recommended that the County and City re-evaluate the Impact Fees within no longer than two years in order to assure that the nexus in the costs required serving new development is fully identified and maintained.

8. Table ES-2 at the end of this report contains a graphical utility management dashboard of System operations. If the proposed rates are implemented and based on the assumptions delineated in this report, the System is projected to remain in good financial position throughout the Forecast Period.
9. To ensure that the System remains in a good financial position given possible economic, environmental and regulatory changes that may occur during the Forecast Period, PRMG recommends that County and City reevaluate the sufficiency of the water and wastewater rates in two years. The actual results achieved during the Forecast Period may vary from those projected, and such variations could be material.

FLAGLER COUNTY AND CITY OF BUNNELL
WATER AND WASTEWATER REVENUE SUFFICIENCY STUDY
FOR
BUNNELL / FLAGLER COUNTY UTILITY SYSTEM

LIST OF TABLES AND FIGURES

<u>Table No.</u>	<u>Description</u>	<u>Page No.</u>
ES-1	Summary of Existing and Proposed Monthly Service Rates	21
ES-2	Graphical Water and Wastewater System Financial Overview	22
1	Summary of Historical and Projected Customer Accounts and Usage – Water System	24
2	Summary of Historical and Projected Equivalent Residential Units – Water System	27
3	Summary of Historical and Projected Customer Accounts and Flow – Wastewater System	29
4	Summary of Historical and Projected Equivalent Residential Units – Wastewater System	32
5	Projected Revenues Under Existing Rates	34
6	Summary of Estimated Impact Fee Revenues	35
7	Summary of Net Revenue Requirements	36
8	Development of Projected Utility Operating Expenses	37
9	Summary of Escalation Factors	39
10	Capital Improvement Program – Requirements and Funding Sources	40
11	Derivation of Debt Service Payments – SRF Loans	42
12	Derivation of Debt Service Payments – Subordinate Loan Through Florida Association of Counties	43
13	Development of Renewal and Replacement Fund Deposits	44
14	Summary of Cash Balances and Interest Income	45
15	Comparison of Typical Monthly Residential Bills for Water Service	47
16	Comparison of Typical Monthly Residential Bills for Wastewater Service	48
17	Comparison of Typical Monthly Residential Bills for Combined Water and Wastewater Service	49
18	Summary of Projected Operating Results and Debt Service Coverage	50
19	Derivation of Preliminary Impact Fees for System	51
20	Comparison of Residential Impact Fees for Water and Wastewater Service	52
<u>Figure No.</u>	<u>Description</u>	<u>Page No.</u>
1	Comparison of Residential Water and Wastewater Bills at 3,000 Gallons	53
2	Comparison of Residential Impact Fees	54

Table ES-1

Flagler County / City of Bunnell
Plantation Bay Utility System

Summary of Existing and Proposed Monthly Service Rates

Line No.	Effective 7/1/2013 [1]	Fiscal Year Ending September 30,						
		2013	2014	2015	2016	2017	2018	
1	Annual Rate Adjustment [2]		0.00%	46.00%	5.00%	5.00%	5.00%	5.00%
Water System (Residential and General Service)								
Base Facilities Charge (per bill rendered)								
2	5/8-inch by 3/4-inch	\$ 11.91	\$ 11.91	\$ 17.39	\$ 18.26	\$ 19.17	\$ 20.13	\$ 21.14
3	Full 3/4-inch	17.87	17.87	26.09	27.39	28.76	30.20	31.71
4	1-inch	29.79	29.79	43.49	45.66	47.94	50.34	52.86
5	1 1/2-inch	59.56	59.56	86.96	91.31	95.88	100.67	105.70
6	2-inch	95.32	95.32	139.17	146.13	153.44	161.11	169.17
7	3-inch	190.64	190.64	278.33	292.25	306.86	322.20	338.31
8	4-inch	297.86	297.86	434.88	456.62	479.45	503.42	528.59
9	6-inch	595.75	595.75	869.80	913.29	958.95	1,006.90	1,057.25
10	Usage Charge (per 1,000 gallons)	\$ 3.42	\$ 3.42	\$ 4.99	\$ 5.24	\$ 5.50	\$ 5.78	\$ 6.07
Wastewater System (Residential and General Service)								
Base Facilities Charge (per bill rendered)								
All Meter Sizes - Residential Service [3]								
		\$ 19.28	\$ 19.28	\$ 28.15	\$ 29.56	\$ 31.04	\$ 32.59	\$ 34.22
General Service								
11	5/8-inch by 3/4-inch	\$ 19.28	\$ 19.28	\$ 28.15	\$ 29.56	\$ 31.04	\$ 32.59	\$ 34.22
12	Full 3/4-inch	28.94	28.94	42.25	44.36	46.58	48.91	51.36
13	1-inch	48.21	48.21	70.39	73.91	77.61	81.49	85.56
14	1 1/2-inch	96.41	96.41	140.76	147.80	155.19	162.95	171.10
15	2-inch	154.27	154.27	225.23	236.49	248.31	260.73	273.77
16	3-inch	308.55	308.55	450.48	473.00	496.65	521.48	547.55
17	4-inch	482.10	482.10	703.87	739.06	776.01	814.81	855.55
18	6-inch	964.24	964.24	1,407.79	1,478.18	1,552.09	1,629.69	1,711.17
Usage Charge (per 1,000 gallons)								
19	Residential Service [3]	\$ 3.73	\$ 3.73	\$ 5.45	\$ 5.72	\$ 6.01	\$ 6.31	\$ 6.63
20	General Service	\$ 4.48	\$ 4.48	\$ 6.54	\$ 6.87	\$ 7.21	\$ 7.57	\$ 7.95
Residential Customer Bill Impact - FY 2014								
21	Monthly Billed Water and Wastewater Use (gallons)			-	3,000	10,000		
	Reason for Flow Selection			Base Facility	Typical	Max Sewer		
22	Existing Rates	\$	31.19	\$	52.64	\$	102.69	
23	Proposed Fiscal Year 2013 Rates		45.54		76.86		149.94	
Difference:								
24	Amount	\$	14.35	\$	24.22	\$	47.25	
25	Percentage		46.0%		46.0%		46.0%	
Residential Customer Bill Impact - FY 2015								
26	Monthly Billed Water and Wastewater Use (gallons)			-	3,000	10,000		
27	Proposed Fiscal Year 2013 Rates	\$	45.54	\$	76.86	\$	149.94	
28	Proposed Fiscal Year 2015 Rates	2015	47.82		80.70		157.42	
Difference:								
29	Amount	\$	2.28	\$	3.84	\$	7.48	
30	Percentage		5.0%		5.0%		5.0%	
31	Amount - Increase Above Current Rates - Fiscal Years 2013 and 2015 Adjustments	\$	16.63	\$	28.06	\$	54.73	

Footnotes:

- [1] Amounts reflect rates in effect immediately prior to the acquisition of the utility by the City; became effective for service rendered on and after July 1, 2013 as approved by the Florida Public Service Commission.
- [2] Amounts derived from Table 7; all years would include allowances for any inflationary price index rate adjustments.
- [3] Residential Service base facilities charge applicable to all meter sizes since there is a monthly cap on usage of 10,000 gallons; there is no usage cap for the billing of the wastewater flow charge for general service customers.



Table ES-2

Flagler County / City of Bunnell
Plantation Bay Utility System



Graphical Water and Wastewater System Financial Overview

Identified Rate Adjustments:	Projected Fiscal Year Ending September 30.					
	2013	2014	2015	2016	2017	2018
Rate Increases	0.00%	46.00%	5.00%	5.00%	5.00%	5.00%
Effective Months of Current Year	1.00	11.50	11.50	11.50	11.50	11.50
Effective Percentage of Year	8.33%	95.83%	95.83%	95.83%	95.83%	95.83%

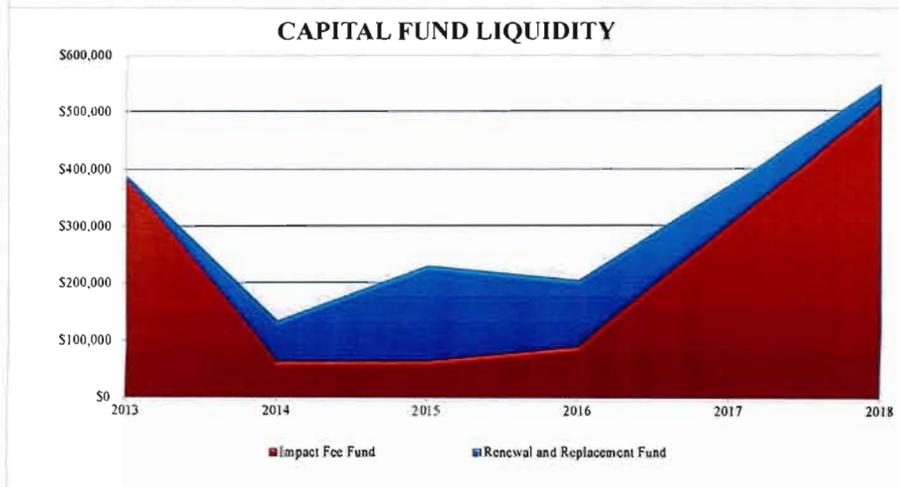
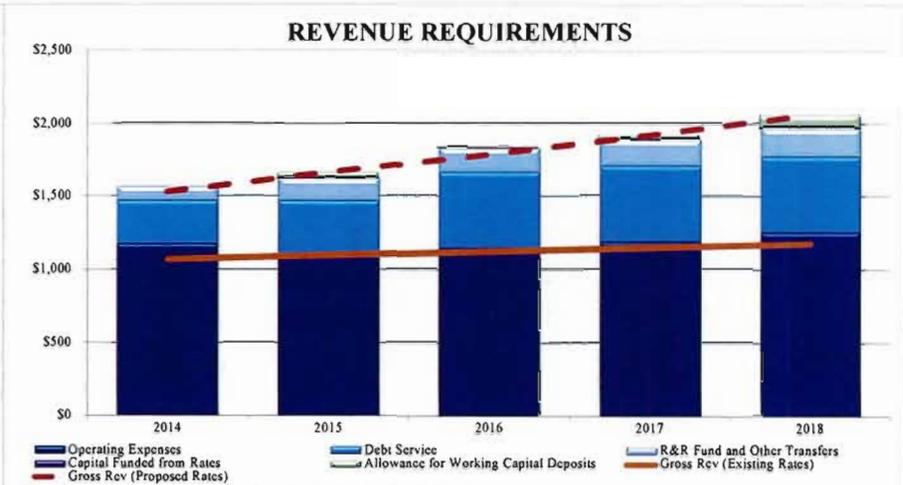
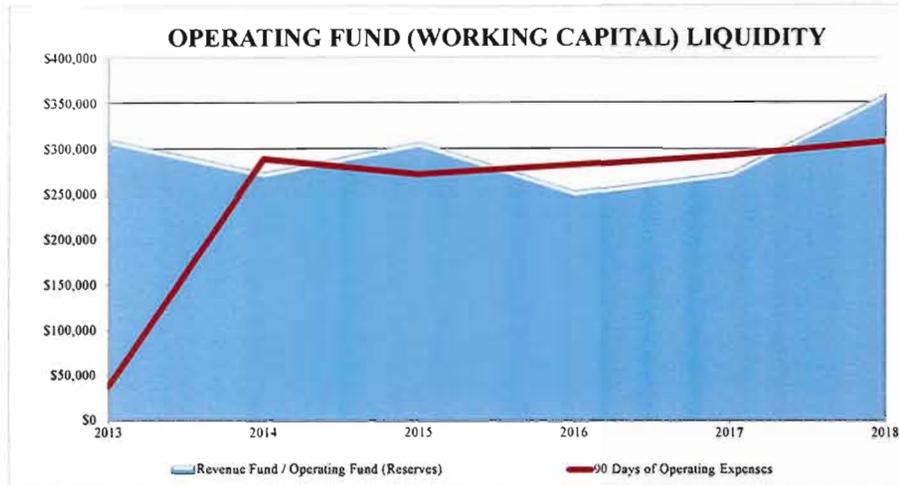




Table ES-2

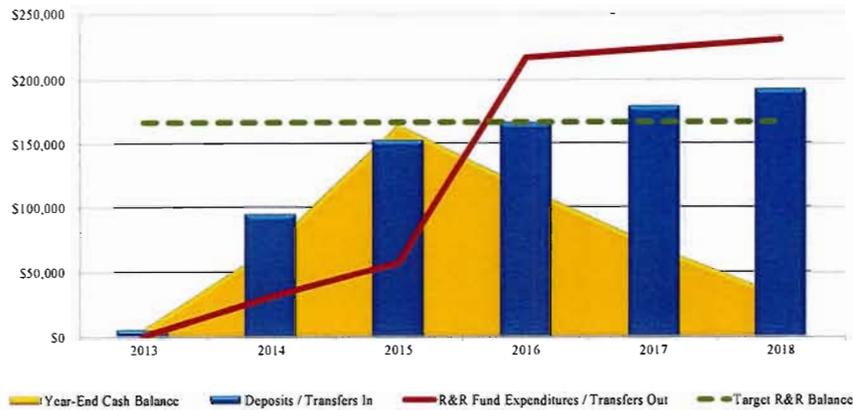
Flagler County / City of Bunnell
Plantation Bay Utility System



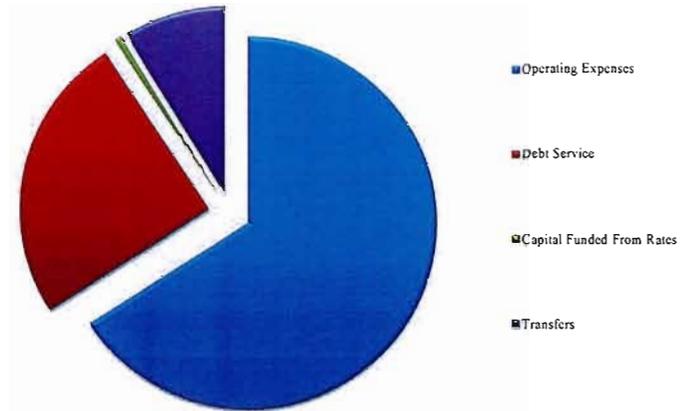
Graphical Water and Wastewater System Financial Overview

Identified Rate Adjustments:	Projected Fiscal Year Ending September 30,					
	2013	2014	2015	2016	2017	2018
Rate Increases	0.00%	46.00%	5.00%	5.00%	5.00%	5.00%
Effective Months of Current Year	1.00	11.50	11.50	11.50	11.50	11.50
Effective Percentage of Year	8.33%	95.83%	95.83%	95.83%	95.83%	95.83%

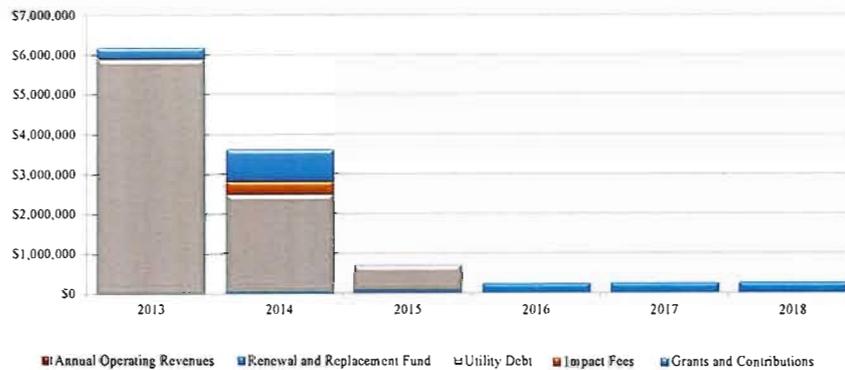
RENEWAL AND REPLACEMENT FUND BALANCE



SIX-YEAR REVENUE REQUIREMENTS SUMMARY



CAPITAL IMPROVEMENT PROGRAM FUNDING



SRF AND "ALL-IN" DEBT SERVICE COVERAGE

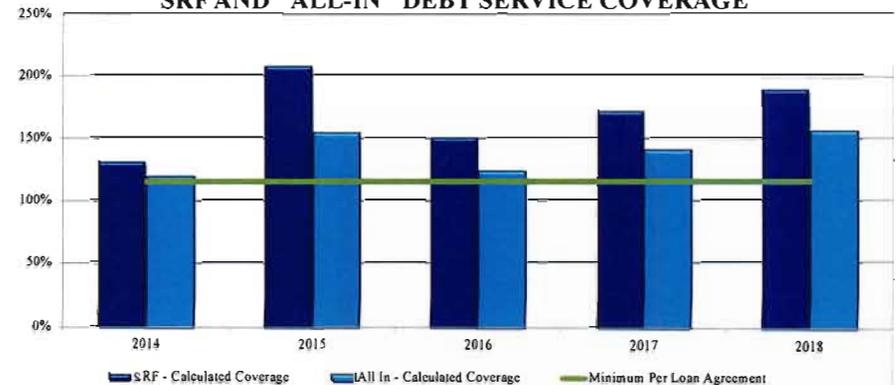


Table 1

Flagler County / City of Bunnell
Plantation Bay Utility System

Summary of Historical and Projected Customer Accounts and Usage - Water System

Line No.	Description	Historical	Fiscal Year Ending September 30,					
		Calendar Year 2012	2013	2014	2015	2016	2017	2018
WATER SYSTEM								
Residential								
<u>Residential Accounts By Meter Size - Base</u>								
1	5/8" x 3/4"	1,495						
2	Full 3/4"	0						
3	1"	7						
4	1-1/2"	2						
5	2"	0						
6	3"	0						
7	4"	0						
8	6"	0						
9	Total	1,504						
<u>Residential Accounts By Meter Size - Growth</u>								
10	5/8" x 3/4"		30	35	45	45	45	45
11	Full 3/4"		0	0	0	0	0	0
12	1"		0	0	0	0	0	0
13	1-1/2"		0	0	0	0	0	0
14	2"		0	0	0	0	0	0
15	3"		0	0	0	0	0	0
16	4"		0	0	0	0	0	0
17	6"		0	0	0	0	0	0
18	Total		30	35	45	45	45	45
<u>Projected Residential Accounts By Meter Size</u>								
19	5/8" x 3/4"	1,495	1,525	1,560	1,605	1,650	1,695	1,740
20	Full 3/4"	0	0	0	0	0	0	0
21	1"	7	7	7	7	7	7	7
22	1-1/2"	2	2	2	2	2	2	2
23	2"	0	0	0	0	0	0	0
24	3"	0	0	0	0	0	0	0
25	4"	0	0	0	0	0	0	0
26	6"	0	0	0	0	0	0	0
27	Total	1,504	1,534	1,569	1,614	1,659	1,704	1,749
<u>Residential Annual Usage By Meter Size - Base (kgal)</u>								
28	5/8" x 3/4"	58,989						
29	Full 3/4"	0						
30	1"	596						
31	1-1/2"	293						
32	2"	0						
33	3"	0						
34	4"	0						
35	6"	0						
36	Total	59,878						
<u>Residential Monthly Usage Per Account (kgal)</u>								
37	5/8" x 3/4"	3.29	3.29	3.19	3.17	3.16	3.14	3.12
38	Full 3/4"	0.00	0.00	0.00	0.00	0.00	0.00	0.00
39	1"	7.01	7.01	6.80	6.77	6.73	6.70	6.66
40	1-1/2"	12.21	12.21	11.84	11.78	11.72	11.66	11.60
41	2"	0.00	0.00	0.00	0.00	0.00	0.00	0.00
42	3"	0.00	0.00	0.00	0.00	0.00	0.00	0.00
43	4"	0.00	0.00	0.00	0.00	0.00	0.00	0.00
44	6"	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Table 1

**Flagler County / City of Bunnell
Plantation Bay Utility System**

Summary of Historical and Projected Customer Accounts and Usage - Water System

Line No.	Description	Historical	Fiscal Year Ending September 30,					
		Calendar Year	2013	2014	2015	2016	2017	2018
<u>Residential Total Usage (kgal)</u>								
45	5/8" x 3/4"	58,989	60,173	59,707	61,113	62,500	63,870	65,223
46	Full 3/4"	0	0	0	0	0	0	0
47	1"	596	596	578	575	572	569	566
48	1-1/2"	293	293	284	283	281	280	278
49	2"	0	0	0	0	0	0	0
50	3"	0	0	0	0	0	0	0
51	4"	0	0	0	0	0	0	0
52	6"	0	0	0	0	0	0	0
53	Total	59,878	61,062	60,569	61,970	63,354	64,719	66,067
General								
<u>General Accounts By Meter Size - Base</u>								
54	5/8" x 3/4"	13						
55	Full 3/4"	0						
56	1"	4						
57	1-1/2"	3						
58	2"	2						
59	3"	1						
60	4"	1						
61	6"	0						
62	Total	24						
<u>General Accounts By Meter Size - Growth</u>								
63	5/8" x 3/4"		0	0	0	0	0	0
64	Full 3/4"		0	0	0	0	0	0
65	1"		0	0	0	0	0	0
66	1-1/2"		0	0	0	0	0	0
67	2"		0	0	0	0	0	0
68	3"		0	0	0	0	0	0
69	4"		0	0	0	0	0	0
70	6"		0	0	0	0	0	0
71	Total		0	0	0	0	0	0
<u>Projected General Accounts By Meter Size</u>								
72	5/8" x 3/4"	13	13	13	13	13	13	13
73	Full 3/4"	0	0	0	0	0	0	0
74	1"	4	4	4	4	4	4	4
75	1-1/2"	3	3	3	3	3	3	3
76	2"	2	2	2	2	2	2	2
77	3"	1	1	1	1	1	1	1
78	4"	1	1	1	1	1	1	1
79	6"	0	0	0	0	0	0	0
80	Total	24	24	24	24	24	24	24
<u>General Annual Usage By Meter Size - Base (kgal)</u>								
81	5/8" x 3/4"	364						
82	Full 3/4"	0						
83	1"	122						
84	1-1/2"	502						
85	2"	467						
86	3"	571						
87	4"	359						
88	6"	0						
89	Total	2,385						

Table 1

**Flagler County / City of Bunnell
Plantation Bay Utility System**

Summary of Historical and Projected Customer Accounts and Usage - Water System

Line No.	Description	Historical	Fiscal Year Ending September 30,					
		Calendar Year 2012	2013	2014	2015	2016	2017	2018
<u>General Monthly Usage Per Account (kgal)</u>								
90	5/8" x 3/4"	2.29	2.29	2.27	2.24	2.22	2.20	2.17
91	Full 3/4"	0.00	0.00	0.00	0.00	0.00	0.00	0.00
92	1"	2.71	2.71	2.68	2.66	2.63	2.60	2.58
93	1-1/2"	13.94	13.94	13.81	13.67	13.53	13.39	13.25
94	2"	19.46	19.46	19.26	19.07	18.87	18.68	18.49
95	3"	47.58	47.58	47.11	46.63	46.16	45.68	45.20
96	4"	29.92	29.92	29.62	29.32	29.02	28.72	28.42
97	6"	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<u>General Total Usage (kgal)</u>								
98	5/8" x 3/4"	364	364	360	357	353	349	346
99	Full 3/4"	0	0	0	0	0	0	0
100	1"	122	122	121	120	118	117	116
101	1-1/2"	502	502	497	492	487	482	477
102	2"	467	467	462	458	453	448	444
103	3"	571	571	565	560	554	548	542
104	4"	359	359	355	352	348	345	341
105	6"	0	0	0	0	0	0	0
106	Total	2,385	2,385	2,361	2,337	2,313	2,290	2,266
Total Water System								
<u>Projected Accounts By Meter Size</u>								
107	5/8" x 3/4"	1,508	1,538	1,573	1,618	1,663	1,708	1,753
108	Full 3/4"	0	0	0	0	0	0	0
109	1"	11	11	11	11	11	11	11
110	1-1/2"	5	5	5	5	5	5	5
111	2"	2	2	2	2	2	2	2
112	3"	1	1	1	1	1	1	1
113	4"	1	1	1	1	1	1	1
114	6"	0	0	0	0	0	0	0
115	Total	1,528	1,558	1,593	1,638	1,683	1,728	1,773
116	Change		30	35	45	45	45	45
<u>Total Usage (kgal)</u>								
117	5/8" x 3/4"	59,353	60,537	60,067	61,469	62,853	64,220	65,569
118	Full 3/4"	0	0	0	0	0	0	0
119	1"	718	718	699	695	691	686	682
120	1-1/2"	795	795	781	775	768	762	755
121	2"	467	467	462	458	453	448	444
122	3"	571	571	565	560	554	548	542
123	4"	359	359	355	352	348	345	341
124	6"	0	0	0	0	0	0	0
125	Total	62,263	63,447	62,930	64,308	65,667	67,009	68,333
<u>Monthly Usage Per Account (kgal)</u>								
126	5/8" x 3/4"	3.28	3.28	3.18	3.17	3.15	3.13	3.12
127	Full 3/4"	0.00	0.00	0.00	0.00	0.00	0.00	0.00
128	1"	5.52	5.52	5.38	5.34	5.31	5.28	5.25
129	1-1/2"	13.25	13.25	13.02	12.91	12.80	12.70	12.59
130	2"	19.46	19.46	19.26	19.07	18.87	18.68	18.49
131	3"	47.58	47.58	47.11	46.63	46.16	45.68	45.20
132	4"	29.92	29.92	29.62	29.32	29.02	28.72	28.42
133	6"	0.00	0.00	0.00	0.00	0.00	0.00	0.00
134	Total	3.40	3.39	3.29	3.27	3.25	3.23	3.21

Table 2

Flagler County / City of Bunnell
Plantation Bay Utility System

Summary of Historical and Projected Equivalent Residential Units - Water System

Line No.	Description	ERU Factor	Test Year 2012	Fiscal Year Ending September 30,					
				2013	2014	2015	2016	2017	2018
WATER SYSTEM									
Residential									
<u>Projected Residential Accounts By Meter Size</u>									
1	5/8-inch by 3/4-inch	1.0	1,495	1,525	1,560	1,605	1,650	1,695	1,740
2	Full 3/4-inch	1.0	0	0	0	0	0	0	0
3	1-inch	1.0	7	7	7	7	7	7	7
4	1 1/2-inch	1.0	2	2	2	2	2	2	2
5	2-inch	1.0	0	0	0	0	0	0	0
6	3-inch	1.0	0	0	0	0	0	0	0
7	4-inch	1.0	0	0	0	0	0	0	0
8	6-inch	1.0	0	0	0	0	0	0	0
9	Total		1,504	1,534	1,569	1,614	1,659	1,704	1,749
10	Change			30	35	45	45	45	45
<u>Projected Residential ERUs By Meter Size</u>									
11	5/8-inch by 3/4-inch		1,495	1,525	1,560	1,605	1,650	1,695	1,740
12	Full 3/4-inch		0	0	0	0	0	0	0
13	1-inch		7	7	7	7	7	7	7
14	1 1/2-inch		2	2	2	2	2	2	2
15	2-inch		0	0	0	0	0	0	0
16	3-inch		0	0	0	0	0	0	0
17	4-inch		0	0	0	0	0	0	0
18	6-inch		0	0	0	0	0	0	0
19	Total		1,504	1,534	1,569	1,614	1,659	1,704	1,749
20	Change			30	35	45	45	45	45
General									
<u>Projected General Accounts By Meter Size</u>									
21	5/8-inch by 3/4-inch	1.0	13	13	13	13	13	13	13
22	Full 3/4-inch	1.5	0	0	0	0	0	0	0
23	1-inch	2.5	4	4	4	4	4	4	4
24	1 1/2-inch	5.0	3	3	3	3	3	3	3
25	2-inch	8.0	2	2	2	2	2	2	2
26	3-inch	16.0	1	1	1	1	1	1	1
27	4-inch	25.0	1	1	1	1	1	1	1
28	6-inch	0.0	0	0	0	0	0	0	0
29	Total		24	24	24	24	24	24	24
30	Change			0	0	0	0	0	0
<u>Projected General ERUs By Meter Size</u>									
31	5/8-inch by 3/4-inch		13	13	13	13	13	13	13
32	Full 3/4-inch		0	0	0	0	0	0	0
33	1-inch		9	9	9	9	9	9	9
34	1 1/2-inch		15	15	15	15	15	15	15
35	2-inch		16	16	16	16	16	16	16
36	3-inch		16	16	16	16	16	16	16
37	4-inch		25	25	25	25	25	25	25
38	6-inch		0	0	0	0	0	0	0
39	Total		95	95	95	95	95	95	95
40	Change			0	0	0	0	0	0
Total									
<u>Projected Total Accounts By Meter Size</u>									
41	5/8-inch by 3/4-inch	1.0	1,508	1,538	1,573	1,618	1,663	1,708	1,753
42	Full 3/4-inch	1.5	0	0	0	0	0	0	0
43	1-inch	2.5	11	11	11	11	11	11	11
44	1 1/2-inch	5.0	5	5	5	5	5	5	5
45	2-inch	8.0	2	2	2	2	2	2	2
46	3-inch	16.0	1	1	1	1	1	1	1
47	4-inch	25.0	1	1	1	1	1	1	1
48	6-inch	0.0	0	0	0	0	0	0	0
49	Total		1,528	1,558	1,593	1,638	1,683	1,728	1,773
50	Change			30	35	45	45	45	45

Table 2

Flagler County / City of Bunnell
Plantation Bay Utility System

Summary of Historical and Projected Equivalent Residential Units - Water System

Line No.	Description	ERU Factor	Test Year 2012	Fiscal Year Ending September 30,					
				2013	2014	2015	2016	2017	2018
<u>Projected Total ERUs By Meter Size</u>									
51	5/8-inch by 3/4-inch		1,508	1,538	1,573	1,618	1,663	1,708	1,753
52	Full 3/4-inch		0	0	0	0	0	0	0
53	1-inch		16	16	16	16	16	16	16
54	1 1/2-inch		17	17	17	17	17	17	17
55	2-inch		16	16	16	16	16	16	16
56	3-inch		16	16	16	16	16	16	16
57	4-inch		25	25	25	25	25	25	25
58	6-inch		0	0	0	0	0	0	0
59	Total		<u>1,599</u>	<u>1,629</u>	<u>1,664</u>	<u>1,709</u>	<u>1,754</u>	<u>1,799</u>	<u>1,844</u>
60	Change			<u>30</u>	<u>35</u>	<u>45</u>	<u>45</u>	<u>45</u>	<u>45</u>

Table 3

Flagler County / City of Bunnell
Plantation Bay Utility System

Summary of Historical and Projected Customer Accounts and Flow - Wastewater System

Line No.	Description	Historical	Fiscal Year Ending September 30,					
		Calendar Year	2013	2014	2015	2016	2017	2018
WASTEWATER SYSTEM								
Residential								
<u>Residential Accounts By Meter Size - Base</u>								
1	5/8" x 3/4"	1,465						
2	Full 3/4"	0						
3	1"	4						
4	1-1/2"	2						
5	2"	0						
6	3"	0						
7	4"	0						
8	6"	0						
9	Total	1,471						
<u>Residential Accounts By Meter Size - Growth</u>								
10	5/8" x 3/4"		30	35	45	45	45	
11	Full 3/4"		0	0	0	0	0	
12	1"		0	0	0	0	0	
13	1-1/2"		0	0	0	0	0	
14	2"		0	0	0	0	0	
15	3"		0	0	0	0	0	
16	4"		0	0	0	0	0	
17	6"		0	0	0	0	0	
18	Total		30	35	45	45	45	
<u>Projected Residential Accounts By Meter Size</u>								
19	5/8" x 3/4"	1,465	1,495	1,530	1,575	1,620	1,665	
20	Full 3/4"	0	0	0	0	0	0	
21	1"	4	4	4	4	4	4	
22	1-1/2"	2	2	2	2	2	2	
23	2"	0	0	0	0	0	0	
24	3"	0	0	0	0	0	0	
25	4"	0	0	0	0	0	0	
26	6"	0	0	0	0	0	0	
27	Total	1,471	1,501	1,536	1,581	1,626	1,671	
<u>Residential Annual Usage By Meter Size - Base (kgal)</u>								
28	5/8" x 3/4"	58,582						
29	Full 3/4"	0						
30	1"	341						
31	1-1/2"	293						
32	2"	0						
33	3"	0						
34	4"	0						
35	6"	0						
36	Total	59,216						
<u>Residential Monthly Usage Per Account (kgal)</u>								
37	5/8" x 3/4"	3.33	3.33	3.23	3.22	3.20	3.18	
38	Full 3/4"	0.00	0.00	0.00	0.00	0.00	0.00	
39	1"	7.10	7.10	6.89	6.86	6.82	6.78	
40	1-1/2"	12.21	12.21	11.84	11.78	11.72	11.66	
41	2"	0.00	0.00	0.00	0.00	0.00	0.00	
42	3"	0.00	0.00	0.00	0.00	0.00	0.00	
43	4"	0.00	0.00	0.00	0.00	0.00	0.00	
44	6"	0.00	0.00	0.00	0.00	0.00	0.00	

Table 3

Flagler County / City of Bunnell
Plantation Bay Utility System

Summary of Historical and Projected Customer Accounts and Flow - Wastewater System

Line No.	Description	Historical	Fiscal Year Ending September 30,					
		Calendar Year	2013	2014	2015	2016	2017	2018
<u>Residential Total Usage (kgal)</u>								
45	5/8" x 3/4"	58,582	59,782	59,347	60,778	62,191	63,586	64,963
46	Full 3/4"	0	0	0	0	0	0	0
47	1"	341	341	331	329	327	326	324
48	1-1/2"	293	293	284	283	281	280	278
49	2"	0	0	0	0	0	0	0
50	3"	0	0	0	0	0	0	0
51	4"	0	0	0	0	0	0	0
52	6"	0	0	0	0	0	0	0
53	Total	59,216	60,416	59,962	61,390	62,800	64,192	65,566
General								
<u>General Accounts By Meter Size - Base</u>								
54	5/8" x 3/4"	8						
55	Full 3/4"	0						
56	1"	4						
57	1-1/2"	3						
58	2"	2						
59	3"	1						
60	4"	1						
61	6"	0						
62	Total	19						
<u>General Accounts By Meter Size - Growth</u>								
63	5/8" x 3/4"		0	0	0	0	0	0
64	Full 3/4"		0	0	0	0	0	0
65	1"		0	0	0	0	0	0
66	1-1/2"		0	0	0	0	0	0
67	2"		0	0	0	0	0	0
68	3"		0	0	0	0	0	0
69	4"		0	0	0	0	0	0
70	6"		0	0	0	0	0	0
71	Total		0	0	0	0	0	0
<u>Projected General Accounts By Meter Size</u>								
72	5/8" x 3/4"	8	8	8	8	8	8	8
73	Full 3/4"	0	0	0	0	0	0	0
74	1"	4	4	4	4	4	4	4
75	1-1/2"	3	3	3	3	3	3	3
76	2"	2	2	2	2	2	2	2
77	3"	1	1	1	1	1	1	1
78	4"	1	1	1	1	1	1	1
79	6"	0	0	0	0	0	0	0
80	Total	19	19	19	19	19	19	19
<u>General Annual Usage By Meter Size - Base (kgal)</u>								
81	5/8" x 3/4"	278						
82	Full 3/4"	0						
83	1"	122						
84	1-1/2"	502						
85	2"	467						
86	3"	571						
87	4"	359						
88	6"	0						
89	Total	2,299						

Table 3

**Flagler County / City of Bunnell
Plantation Bay Utility System**

Summary of Historical and Projected Customer Accounts and Flow - Wastewater System

Line No.	Description	Historical		Fiscal Year Ending September 30,				
		Calendar Year 2012	2013	2014	2015	2016	2017	2018
<u>General Monthly Usage Per Account (kgal)</u>								
90	5/8" x 3/4"	2.87	2.87	2.84	2.81	2.78	2.75	2.72
91	Full 3/4"	0.00	0.00	0.00	0.00	0.00	0.00	0.00
92	1"	2.71	2.71	2.68	2.66	2.63	2.60	2.58
93	1-1/2"	13.94	13.94	13.81	13.67	13.53	13.39	13.25
94	2"	19.46	19.46	19.26	19.07	18.87	18.68	18.49
95	3"	47.58	47.58	47.11	46.63	46.16	45.68	45.20
96	4"	29.92	29.92	29.62	29.32	29.02	28.72	28.42
97	6"	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<u>General Total Usage (kgal)</u>								
98	5/8" x 3/4"	278	278	275	272	270	267	264
99	Full 3/4"	0	0	0	0	0	0	0
100	1"	122	122	121	120	118	117	116
101	1-1/2"	502	502	497	492	487	482	477
102	2"	467	467	462	458	453	448	444
103	3"	571	571	565	560	554	548	542
104	4"	359	359	355	352	348	345	341
105	6"	0	0	0	0	0	0	0
106	Total	2,299	2,299	2,276	2,253	2,230	2,207	2,184
Total Wastewater System								
<u>Projected Accounts By Meter Size</u>								
107	5/8" x 3/4"	1,473	1,503	1,538	1,583	1,628	1,673	1,718
108	Full 3/4"	0	0	0	0	0	0	0
109	1"	8	8	8	8	8	8	8
110	1-1/2"	5	5	5	5	5	5	5
111	2"	2	2	2	2	2	2	2
112	3"	1	1	1	1	1	1	1
113	4"	1	1	1	1	1	1	1
114	6"	0	0	0	0	0	0	0
115	Total	1,489	1,519	1,554	1,599	1,644	1,689	1,734
116	Change		30	35	45	45	45	45
<u>Total Usage (kgal)</u>								
117	5/8" x 3/4"	58,860	60,060	59,622	61,050	62,461	63,853	65,227
118	Full 3/4"	0	0	0	0	0	0	0
119	1"	463	463	452	449	446	443	440
120	1-1/2"	795	795	781	775	768	762	755
121	2"	467	467	462	458	453	448	444
122	3"	571	571	565	560	554	548	542
123	4"	359	359	355	352	348	345	341
124	6"	0	0	0	0	0	0	0
125	Total	61,515	62,715	62,238	63,643	65,030	66,399	67,750
<u>Monthly Usage Per Account (kgal)</u>								
126	5/8" x 3/4"	3.33	3.33	3.23	3.21	3.20	3.18	3.16
127	Full 3/4"	0.00	0.00	0.00	0.00	0.00	0.00	0.00
128	1"	4.98	4.98	4.86	4.82	4.79	4.76	4.73
129	1-1/2"	13.25	13.25	13.02	12.91	12.80	12.70	12.59
130	2"	19.46	19.46	19.26	19.07	18.87	18.68	18.49
131	3"	47.58	47.58	47.11	46.63	46.16	45.68	45.20
132	4"	29.92	29.92	29.62	29.32	29.02	28.72	28.42
133	6"	0.00	0.00	0.00	0.00	0.00	0.00	0.00
134	Total	3.44	3.44	3.34	3.32	3.30	3.28	3.26

Table 4

Flagler County / City of Bunnell
Plantation Bay Utility System

Summary of Historical and Projected Equivalent Residential Units - Wastewater System

Line No.	Description	ERU Factor	Test Year 2012	Fiscal Year Ending September 30,					
				2013	2014	2015	2016	2017	2018
WASTEWATER SYSTEM									
Residential									
<u>Projected Residential Accounts By Meter Size</u>									
1	5/8-inch by 3/4-inch	1.0	1,465	1,495	1,530	1,575	1,620	1,665	1,710
2	Full 3/4-inch	1.0	0	0	0	0	0	0	0
3	1-inch	1.0	4	4	4	4	4	4	4
4	1 1/2-inch	1.0	2	2	2	2	2	2	2
5	2-inch	1.0	0	0	0	0	0	0	0
6	3-inch	1.0	0	0	0	0	0	0	0
7	4-inch	1.0	0	0	0	0	0	0	0
8	6-inch	0.0	0	0	0	0	0	0	0
9	Total		1,471	1,501	1,536	1,581	1,626	1,671	1,716
10	Change			30	35	45	45	45	45
<u>Projected Residential ERUs By Meter Size</u>									
11	5/8-inch by 3/4-inch		1,465	1,495	1,530	1,575	1,620	1,665	1,710
12	Full 3/4-inch		0	0	0	0	0	0	0
13	1-inch		4	4	4	4	4	4	4
14	1 1/2-inch		2	2	2	2	2	2	2
15	2-inch		0	0	0	0	0	0	0
16	3-inch		0	0	0	0	0	0	0
17	4-inch		0	0	0	0	0	0	0
18	6-inch		0	0	0	0	0	0	0
19	Total		1,471	1,501	1,536	1,581	1,626	1,671	1,716
20	Change			30	35	45	45	45	45
General									
<u>Projected General Accounts By Meter Size</u>									
21	5/8-inch by 3/4-inch	1.0	8	8	8	8	8	8	8
22	Full 3/4-inch	1.5	0	0	0	0	0	0	0
23	1-inch	2.5	4	4	4	4	4	4	4
24	1 1/2-inch	5.0	3	3	3	3	3	3	3
25	2-inch	8.0	2	2	2	2	2	2	2
26	3-inch	16.0	1	1	1	1	1	1	1
27	4-inch	25.0	1	1	1	1	1	1	1
28	6-inch	0.0	0	0	0	0	0	0	0
29	Total		19	19	19	19	19	19	19
30	Change			0	0	0	0	0	0
<u>Projected General ERUs By Meter Size</u>									
31	5/8-inch by 3/4-inch		8	8	8	8	8	8	8
32	Full 3/4-inch		0	0	0	0	0	0	0
33	1-inch		9	9	9	9	9	9	9
34	1 1/2-inch		15	15	15	15	15	15	15
35	2-inch		16	16	16	16	16	16	16
36	3-inch		16	16	16	16	16	16	16
37	4-inch		25	25	25	25	25	25	25
38	6-inch		0	0	0	0	0	0	0
39	Total		89	89	89	89	89	89	89
40	Change			0	0	0	0	0	0
Total									
<u>Projected Total Accounts By Meter Size</u>									
41	5/8-inch by 3/4-inch	1.0	1,473	1,503	1,538	1,583	1,628	1,673	1,718
42	Full 3/4-inch	1.5	0	0	0	0	0	0	0
43	1-inch	2.5	8	8	8	8	8	8	8
44	1 1/2-inch	5.0	5	5	5	5	5	5	5
45	2-inch	8.0	2	2	2	2	2	2	2
46	3-inch	16.0	1	1	1	1	1	1	1
47	4-inch	25.0	1	1	1	1	1	1	1
48	6-inch	0.0	0	0	0	0	0	0	0
49	Total		1,489	1,519	1,554	1,599	1,644	1,689	1,734
50	Change			30	35	45	45	45	45

Table 4

Flagler County / City of Bunnell
Plantation Bay Utility System

Summary of Historical and Projected Equivalent Residential Units - Wastewater System

Line No.	Description	ERU Factor	Test Year 2012	Fiscal Year Ending September 30,					
				2013	2014	2015	2016	2017	2018
<u>Projected Total ERUs By Meter Size</u>									
51	5/8-inch by 3/4-inch		1,473	1,503	1,538	1,583	1,628	1,673	1,718
52	Full 3/4-inch		0	0	0	0	0	0	0
53	1-inch		13	13	13	13	13	13	13
54	1 1/2-inch		17	17	17	17	17	17	17
55	2-inch		16	16	16	16	16	16	16
56	3-inch		16	16	16	16	16	16	16
57	4-inch		25	25	25	25	25	25	25
58	6-inch		0	0	0	0	0	0	0
59	Total		<u>1,560</u>	<u>1,590</u>	<u>1,625</u>	<u>1,670</u>	<u>1,715</u>	<u>1,760</u>	<u>1,805</u>
60	Change			<u>30</u>	<u>35</u>	<u>45</u>	<u>45</u>	<u>45</u>	<u>45</u>

Table 5

**Flagler County / City of Bunnell
Plantation Bay Utility System**

Projected Revenues Under Existing Rates

Line No.		Fiscal Year Ending September 30,					
		2013	2014	2015	2016	2017	2018
Water System Rate Revenue							
1	Residential Rate Revenue	\$ 428,431	\$ 431,731	\$ 442,894	\$ 453,996	\$ 465,038	\$ 476,020
2	General Rate Revenue	21,568	21,487	21,405	21,324	21,243	21,162
3	Total Rate Revenue	<u>\$ 449,999</u>	<u>\$ 453,218</u>	<u>\$ 464,299</u>	<u>\$ 475,321</u>	<u>\$ 486,281</u>	<u>\$ 497,182</u>
Wastewater System Rate Revenue							
4	Residential Rate Revenue	\$ 559,383	\$ 565,685	\$ 581,071	\$ 596,392	\$ 611,648	\$ 626,839
5	General Rate Revenue	30,422	30,321	30,220	30,119	30,018	29,917
6	Total Rate Revenue	<u>\$ 589,806</u>	<u>\$ 596,006</u>	<u>\$ 611,291</u>	<u>\$ 626,511</u>	<u>\$ 641,666</u>	<u>\$ 656,756</u>
7	Total Rate Revenue - Existing Rates	<u><u>\$ 1,039,804</u></u>	<u><u>\$ 1,049,224</u></u>	<u><u>\$ 1,075,591</u></u>	<u><u>\$ 1,101,832</u></u>	<u><u>\$ 1,127,947</u></u>	<u><u>\$ 1,153,937</u></u>
Other Operating Revenue							
8	Reuse Sales	\$ 2,735	\$ 2,762	\$ 2,790	\$ 2,818	\$ 2,846	\$ 2,874
9	Bulk Wastewater Sales	-	-	-	-	-	-
10	Other Income	9,849	9,849	9,849	9,849	9,849	9,849
11	Total Other Operating Revenue	<u>\$ 12,584</u>	<u>\$ 12,611</u>	<u>\$ 12,639</u>	<u>\$ 12,667</u>	<u>\$ 12,695</u>	<u>\$ 12,723</u>
12	Total Rate Revenue and Other Operating Revenue	<u><u>\$ 1,052,388</u></u>	<u><u>\$ 1,061,835</u></u>	<u><u>\$ 1,088,230</u></u>	<u><u>\$ 1,114,499</u></u>	<u><u>\$ 1,140,642</u></u>	<u><u>\$ 1,166,660</u></u>

Table 6

Flagler County / City of Bunnell
Plantation Bay Utility System

Summary of Estimated Impact Fee Revenues

Line No.	Fiscal Year Ending September 30,						
	2013	2014	2015	2016	2017	2018	
Water System							
1	ERU Growth	30	35	45	45	45	45
2	Connection Fee Credit per Purchase and Sales Agreement	150	120	85	40	0	0
3	ERU's Paying Impact Fees	0	0	0	5	45	45
4	ERU's Receiving Impact Fee Credit	30	35	45	40	0	0
5	Preliminary Impact Fee	\$ 2,146	\$ 2,146	\$ 2,146	\$ 2,146	\$ 2,146	\$ 2,146
6	Impact Fee Revenue Recognized	\$ -	\$ -	\$ -	\$ 10,730	\$ 96,570	\$ 96,570
Wastewater System							
7	ERU Growth	30	35	45	45	45	45
8	Connection Fee Credit per Purchase and Sales Agreement	150	120	85	40	0	0
9	ERU's Paying Impact Fees	0	0	0	5	45	45
10	ERU's Receiving Impact Fee Credit	30	35	45	40	0	0
11	Preliminary Impact Fee	\$ 2,509	\$ 2,509	\$ 2,509	\$ 2,509	\$ 2,509	\$ 2,509
12	Impact Fee Revenue Recognized	\$ -	\$ -	\$ -	\$ 12,545	\$ 112,905	\$ 112,905
13	Total Impact Fees Earned Due to Growth	\$ -	\$ -	\$ -	\$ 23,275	\$ 209,475	\$ 209,475
14	Impact Fees (prepaid) to be Received at Closing	\$ 383,579	\$ -	\$ -	\$ -	\$ -	\$ -
15	Total System Impact Fees Recognized	\$ 383,579	\$ -	\$ -	\$ 23,275	\$ 209,475	\$ 209,475

Table 7

**Flagler County / City of Bunnell
Plantation Bay Utility System**

Summary of Net Revenue Requirements

Line No.		Fiscal Year Ending September 30,					
		Partial Period [1] 2013	2014	2015	2016	2017	2018
1	Operating Expenses [2]	\$ 151,177	\$ 1,169,003	\$ 1,098,875	\$ 1,140,679	\$ 1,184,764	\$ 1,247,582
	Other Revenue Requirements:						
2	Debt Service - Acquisition Element [3]	33,894	271,154	271,154	271,154	271,154	271,154
3	Debt Service - Capital Improvement Element - Water Portion [3]	-	-	-	52,530	52,530	52,530
4	Debt Service - Capital Improvement Element - Wastewater Portion [3]	-	-	-	105,526	105,526	105,526
5	Payment of FAC Loan [4]	-	27,500	94,090	94,090	94,090	94,090
6	Deposit to Renewal and Replacement Fund [5]	4,962	94,824	152,676	166,222	178,736	192,006
7	Other Capital Funded from Rates [6]	-	-	10,210	10,946	11,719	12,534
8	Transfer to Operating Reserves	-	-	-	-	-	-
9	Total Other Revenue Requirements	38,856	393,478	528,130	700,468	713,755	727,840
10	Gross Revenue Requirements	190,033	1,562,481	1,627,006	1,841,146	1,898,520	1,975,422
	Less Other Available Revenues						
11	Other Operating Revenues [7]	12,584	12,611	12,639	12,667	12,695	12,723
12	Interest Income [8]	330	1,180	2,370	3,940	4,610	4,740
13	Impact Fees Applied to Debt Service Payments [9]	-	-	-	-	-	-
14	Transfer from Operating Reserves	-	-	-	-	-	-
15	Total Other Available Revenues	12,914	13,791	15,009	16,607	17,305	17,463
16	Net Revenue Requirements	177,119	1,548,690	1,611,997	1,824,539	1,881,215	1,957,959
17	Rate Revenues from Existing Rates	86,650	1,049,224	1,075,591	1,101,832	1,127,947	1,153,937
18	Revenue from Prior Years Rate Adjustments [10]	-	-	494,772	587,276	687,653	796,370
19	Total Applicable Rate Revenues	86,650	1,049,224	1,570,362	1,689,108	1,815,601	1,950,307
20	Revenue Surplus / (Deficiency)	(90,469)	(499,466)	(41,634)	(135,431)	(65,614)	(7,652)
21	Percent of Then Applicable Rate Revenue	(104.41%)	(47.60%)	(3.87%)	(12.29%)	(5.82%)	(0.66%)
22	Percent Rate Increase Recognized	0.00%	46.00%	5.00%	5.00%	5.00%	5.00%
23	Percent to be Recovered (months)	8.33%	95.83%	95.83%	95.83%	95.83%	95.83%
24	Adjusted Rate Adjustments	0.00%	44.08%	4.79%	4.79%	4.79%	4.79%
25	Cumulative Compound Rate Adjustments	0.00%	46.00%	53.30%	60.97%	69.01%	77.46%
26	Revenue from Current Year Rate Adjustment [11]	-	462,533	75,247	80,936	86,998	93,452
27	Total Adjusted Rate Revenue	86,650	1,511,757	1,645,609	1,770,045	1,902,598	2,043,759
	Adjusted Revenue Surplus / (Deficiency)						
28	Amount	\$ (90,469)	\$ (36,933)	\$ 33,612	\$ (54,494)	\$ 21,383	\$ 85,800
29	Percent of Rate Revenue	(104.41%)	(2.44%)	2.04%	(3.08%)	1.12%	4.20%

Footnotes:

- [1] Assumes the County will begin operation on July 1, 2013 so reflects only 12 months of operation in Fiscal Year 2013.
[2] Amounts shown derived from Table 8.
[3] Amounts shown derived from Table 11.
[4] Amounts shown derived from Table 12.
[5] Amounts shown derived from Table 7; recognizes increasing deposit from rates expressed as a percent of previous year Gross Revenues during the Forecast Period.
[6] Amounts shown derived from Table 10; assumes that County will fund general equipment and vehicles from operations.
[7] Amounts shown derived from Table 5; includes miscellaneous customer service charges and sales of reclaimed water.
[8] Amounts shown derived from Table 14.
[9] Projected impact fee revenues shown derived from Table 6.
[10] Amounts shown reflects the application of prior period rate adjustments assumed for the Forecast Period (Line 22).
[11] Amounts shown reflect additional revenue assumed to be earned based on application of the then current year rate adjustment.

Table 8

Flagler County / City of Bunnell
Plantation Bay Utility System

Development of Projected Utility Operating Expenses

Line No.	Expenditure Code	Description	Budgeted Fiscal Year 2013		Adjusted Fiscal Year 2013		Proposed Budget Fiscal Year 2014		Adjusted Fiscal Year 2014		Escalation Reference	Fiscal Year Ending September 30,					
				Adjustments				Adjustments				2015	2016	2017	2018		
UTILITY OPERATING EXPENSES																	
Water System																	
1	SalOver	Salaries and Overtime Expenses	\$ 105,000	\$ (64,802)	\$ 40,198	\$ 390,330	\$ (196,788)	\$ 193,542	Labor	\$ 199,348	\$ 205,328	\$ 211,488	\$ 217,833				
2	BillClerk	Billing Clerk BCC	3,000	(1,500)	1,500	22,250	(11,125)	11,125	Labor	11,459	11,803	12,157	12,521				
3	Legal	Legal Expenses	-	1,500	1,500	-	1,500	1,500	Inflation	1,532	1,564	1,598	1,635				
4	3110	Professional Services	1,000	-	1,000	7,600	-	7,600	Inflation	7,760	7,923	8,097	8,283				
5	3410	Contracted Services	2,500	-	2,500	65,263	(30,000)	35,263	OtherContractW	35,779	36,530	37,334	38,193				
6	4010	Travel / Training	500	-	500	2,750	-	2,750	Fuel	2,943	3,148	3,369	3,605				
7	4100	Communications	1,000	-	1,000	4,294	-	4,294	Inflation	4,384	4,476	4,575	4,680				
8	4130	Postage and Shipping	200	-	200	3,300	-	3,300	Inf&ERU	3,458	3,622	3,795	3,977				
9	4195	Advertising	300	-	300	1,200	-	1,200	Inflation	1,225	1,251	1,278	1,308				
10	4310	Utilities Expense	1,000	-	1,000	23,094	-	23,094	UtilWater	24,588	26,161	27,824	29,578				
11	4410	Rentals and Leases	500	-	500	3,096	-	3,096	Inflation	3,161	3,227	3,298	3,374				
12	4630	Maintenance Agreements / Repairs	1,500	-	1,500	47,206	(9,000)	38,206	Repair	39,734	41,324	42,977	44,696				
13	4710	Printing and Binding	175	-	175	698	-	698	Inflation	713	728	744	761				
14	4918	Bank Analysis Fees	400	-	400	1,620	-	1,620	RateRev	1,763	1,897	2,039	2,190				
15	5110	Office Supplies	300	-	300	1,200	-	1,200	Inflation	1,225	1,251	1,278	1,308				
16	5111	Office Equipment	450	-	450	1,800	-	1,800	Inflation	1,838	1,876	1,918	1,962				
17	5210	Gas, Oil and Lubricants	750	-	750	16,584	-	16,584	Fuel	17,745	18,987	20,316	21,738				
18	5212	Other Operating Expenses	3,000	-	3,000	77,880	1,954	79,834	OpSuppliesWater	83,922	88,253	92,900	97,879				
19	5410	Publications / Memberships	750	-	750	3,277	-	3,277	Inflation	3,346	3,416	3,491	3,572				
20	5220	Clothing and Wearing Apparel	1,000	-	1,000	5,442	-	5,442	Inflation	5,556	5,673	5,798	5,931				
21	7110	Debt Service - Principal	-	-	-	34,000	(34,000)	-	N/A	-	-	-	-				
22	7210	Debt Service - Interest	-	-	-	12,000	(12,000)	-	N/A	-	-	-	-				
23	7310	Other Debt Service Costs	-	-	-	6,416	(6,416)	-	N/A	-	-	-	-				
24	BadDebt	Bad Debt Expense	-	187	187	-	-	3,265	Calculated	3,552	3,818	4,101	4,403				
25	Contingency	Contingency	-	1,761	1,761	-	-	13,161	Calculated	13,651	14,168	14,711	15,283				
26		Additional Item	-	-	-	-	-	-	N/A	-	-	-	-				
27		Subtotal - Water System	\$ 123,325	\$ (62,853)	\$ 60,472	\$ 731,300	\$ (279,450)	\$ 451,850		\$ 468,680	\$ 486,424	\$ 505,086	\$ 524,707				
Wastewater System																	
28	SalOver	Salaries and Overtime Expenses	\$ -	\$ 40,872	\$ 40,872	\$ -	\$ 196,788	\$ 196,788	Labor	\$ 202,692	\$ 208,773	\$ 215,036	\$ 221,487				
29	BillClerk	Billing Clerk BCC	-	1,500	1,500	-	11,125	11,125	Labor	11,459	11,803	12,157	12,521				
30	Legal	Legal Expenses	-	1,500	1,500	-	1,500	1,500	Inflation	1,532	1,564	1,598	1,635				
31	3110	Professional Services	5,000	-	5,000	21,500	-	21,500	Inflation	21,952	22,412	22,906	23,432				
32	3410	Contracted Services	10,000	-	10,000	82,119	(7,744)	74,375	OtherContractWW	70,344	74,386	78,739	83,421				
33	4010	Travel / Training	875	-	875	3,500	-	3,500	Fuel	3,745	4,007	4,288	4,588				
34	4100	Communications	1,200	-	1,200	5,528	-	5,528	Inflation	5,644	5,763	5,889	6,025				
35	4130	Postage and Shipping	-	-	-	-	-	-	Inf&ERU	-	-	-	-				
36	4195	Advertising	300	-	300	1,200	-	1,200	Inflation	1,225	1,251	1,278	1,308				
37	4310	Utilities Expense	2,500	-	2,500	67,650	-	67,650	Inf&ERU	70,897	74,251	77,792	81,526				
38	4410	Rentals and Leases	500	-	500	2,260	-	2,260	Inflation	2,307	2,356	2,408	2,463				
39	4630	Maintenance Agreements / Repairs	2,000	-	2,000	36,634	-	36,634	Repair	38,099	39,623	41,208	42,857				
40	4710	Printing and Binding	150	-	150	598	-	598	Inflation	611	623	637	652				
41	4918	Bank Analysis Fees	500	-	500	2,736	-	2,736	ERU	2,810	2,884	2,958	3,032				
42	5210	Gas, Oil and Lubricants	2,000	-	2,000	16,209	-	16,209	Fuel	17,344	18,558	19,857	21,247				
43	5212	Other Operating Expenses	5,075	-	5,075	91,070	(12,688)	78,382	OpSuppliesWW	82,014	85,861	89,992	94,424				
44	5410	Publications / Memberships	500	-	500	3,377	-	3,377	Inflation	3,448	3,520	3,598	3,681				
45	5220	Clothing and Wearing Apparel	400	-	400	1,619	-	1,619	Inflation	1,653	1,688	1,725	1,765				
46	7101	Debt Service - Principal	8,500	(8,500)	-	34,000	(34,000)	-	N/A	-	-	-	-				
47	7201	Debt Service - Interest	3,000	(3,000)	-	12,000	(12,000)	-	N/A	-	-	-	-				

Table 8
Flagler County / City of Bunnell
Plantation Bay Utility System

Development of Projected Utility Operating Expenses

Line No.	Expenditure Code	Description	Budgeted Fiscal Year 2013		Adjusted Fiscal Year 2013		Proposed Budget Fiscal Year 2014		Adjusted Fiscal Year 2014		Escalation Reference	Fiscal Year Ending September 30.			
				Adjustments				Adjustments				2015	2016	2017	2018
48	BadDebt	Bad Debt Expense	-	246	246	-	4,294	4,294	Calculated			4,676	5,032	5,412	5,816
49	Contingency	Contingency	-	2,254	2,254	-	15,878	15,878	Calculated			16,274	16,931	17,624	18,356
50		Additional Item	-	-	-	-	-	-	N/A			-	-	-	-
51		Subtotal - Wastewater System	\$ 42,500	\$ 34,872	\$ 77,372	\$ 382,000	\$ 163,153	\$ 545,153				\$ 558,725	\$ 581,284	\$ 605,102	\$ 630,235
		<u>Other Items</u>													
52	PropTax	Property Taxes	\$ -	\$ 5,833	\$ 5,833	\$ -	\$ 70,000	\$ 70,000	Inflation			\$ 71,470	\$ 72,971	\$ 74,576	\$ 76,291
53		Capital Projects Reclassified as Operating Expenses:	-	7,500	7,500	-	102,000	102,000				-	-	-	16,348
54		Subtotal - Other Items	\$ -	\$ 13,333	\$ 13,333	\$ -	\$ 172,000	\$ 172,000				\$ 71,470	\$ 72,971	\$ 74,576	\$ 92,640
55		TOTAL UTILITY OPERATING EXPENSES	\$ 165,825	\$ (14,648)	\$ 151,177	\$ 1,113,300	\$ 55,703	\$ 1,169,003				\$ 1,098,875	\$ 1,140,679	\$ 1,184,764	\$ 1,247,582

Table 9

**Flagler County / City of Bunnell
Plantation Bay Utility System**

Summary of Escalation Factors

Line No.			Fiscal Year Ending September 30,				
			2014	2015	2016	2017	2018
1	Constant	Constant	1.0000	1.0000	1.0000	1.0000	1.0000
2	General Inflation - CBO February 2013 - CPI [1]	Inflation	1.0170	1.0210	1.0210	1.0220	1.0230
3	Labor	Labor	1.0150	1.0300	1.0300	1.0300	1.0300
4	General Insurance	Insurance	1.1000	1.1000	1.1000	1.1000	1.1000
5	Construction Cost Index (20-year ENR Avg.) [2]	ENR	1.0310	1.0310	1.0310	1.0310	1.0310
6	Repair	Repair	1.0400	1.0400	1.0400	1.0400	1.0400
7	Chemicals - Commodity	Chemicals	1.0600	1.0600	1.0600	1.0600	1.0600
8	Chemicals - Commodity plus Customer Growth	Chemicals&ERU	1.0815	1.0870	1.0863	1.0857	1.0850
9	Electricity - Commodity	Electric	1.0400	1.0400	1.0400	1.0400	1.0400
10	Electricity - Commodity plus Customer Growth	Electric&ERU	1.0615	1.0670	1.0663	1.0657	1.0650
11	Water Service - Commodity	Water	1.0170	1.0210	1.0210	1.0220	1.0230
12	Water Service - Commodity plus Customer Growth	Water&ERU	1.0385	1.0480	1.0473	1.0477	1.0480
13	Utility Services - Water System	UtilWater	1.0000	1.0647	1.0640	1.0636	1.0630
14	Sludge Hauling - Commodity	Sludge	1.0600	0.8670	1.0600	1.0600	1.0600
15	Sludge Hauling - Commodity plus Customer Growth	Sludge&ERU	1.0815	0.8940	1.0863	1.0857	1.0850
16	Gas / Fuel	Fuel	1.0700	1.0700	1.0700	1.0700	1.0700
17	Marginal	Margin	1.0100	1.0100	1.0100	1.0100	1.0100
18	Not Applicable	N/A	1.0000	1.0000	1.0000	1.0000	1.0000
19	Customer Growth	ERU	1.0215	1.0270	1.0263	1.0257	1.0250
20	Customer Growth plus Inflation	Inf&ERU	1.0385	1.0480	1.0473	1.0477	1.0480
21	Other Contractual Services - Water	OtherContractW	1.0000	1.0146	1.0210	1.0220	1.0230
22	Other Contractual Services - Wastewater	OtherContractWW	1.0000	0.9458	1.0574	1.0585	1.0595
23	Operating Supplies - Water	OpSuppliesWater	1.0000	1.0512	1.0516	1.0527	1.0536
24	Operating Supplies - Wastewater	OpSuppliesWW	1.0000	1.0463	1.0469	1.0481	1.0492
25	Rate Revenue	RateRev	1.0000	1.0885	1.0756	1.0749	1.0742
26	Capital Cost Contingency Allowance	CapInfl	1.0000	1.0210	1.0210	1.0220	1.0230
27	Additional Item	Add1	1.0000	1.0000	1.0000	1.0000	1.0000

Footnotes:

- [1] Based on Consumer Price Index (CPI) projections in *The Budget and Economic Outlook: Fiscal Years 2013 to 2023* published by the Congressional Budget Office in February 2013.
- [2] Based on compound annual growth rate from May 1993 to May 2013 of the Construction Cost Index published by *Engineering News-Record*.

Table 10

Flagler County / City of Bunnell
Plantation Bay Utility System

Capital Improvement Program - Requirements and Funding Sources

Line No.	Funding Basis	Fiscal Year Ending September 30									Total Forecast Period	
		2013	PRMG Cost Adjustment	Timing Adjustments	As Adjusted 2013	2014	2015	2016	2017	2018		
Capital Improvement Plan - Expenditures												
Acquisition of Utility System:												
1	Acquisition of Water System	Loan1	\$ 5,681,357	\$ -	\$ -	\$ 5,681,357	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,681,357
2	Acquisition of Wastewater System	Loan1	-	-	-	-	-	-	-	-	-	-
Loan 2W and Loan 2S												
Capital Expenditures Per Engineer's Condition Assessment:												
Wastewater Plant Consent Order Rehabilitation												
3	Construction New Mechanical Bar Screen Structure	Loan2S	459,850	-	(459,850)	-	459,850	-	-	-	-	459,850
4	Construction of Redundant Wastewater Treatment Unit	Loan2S	1,225,700	-	(1,041,845)	-	500,000	-	-	-	-	500,000
5	Construction of Redundant Wastewater Treatment Unit	Grant	-	-	-	183,855	616,845	-	-	-	-	800,700
6	Rehabilitation of Existing Sand Bed Filters	Loan3	321,000	(221,000)	(85,000)	15,000	85,000	-	-	-	-	100,000
7	Construction Redundant Chlorine Contact Chamber	Loan2S	95,000	-	(95,000)	-	95,000	-	-	-	-	95,000
8	Construction Effluent Storage Pond	Loan2S	736,100	-	(625,685)	-	285,655	-	-	-	-	285,655
9	Construction Effluent Storage Pond	Grant	-	-	-	110,415	180,030	-	-	-	-	290,445
10	Construction Effluent Storage Pond	Impact	-	-	-	-	160,000	-	-	-	-	160,000
11	Reuse Instrumentation and Control Improvements	Loan2S	143,000	-	(143,000)	-	143,000	-	-	-	-	143,000
Water System Capital Improvement Program Projects												
12	Installation of New Water Supply Wells	Loan2W	-	-	-	-	140,000	-	-	-	-	140,000
13	Installation of New Water Supply Wells	Impact	-	-	-	-	160,000	-	-	-	-	160,000
14	Chemical Optimization Study	Loan2W	-	-	-	-	37,400	-	-	-	-	37,400
15	Lime Slaker Replacement	Loan2W	-	-	-	-	413,100	-	-	-	-	413,100
16	Accelerator Softener - Mixer Replacement	Loan2W	49,000	-	(49,000)	-	49,000	-	-	-	-	49,000
17	Transfer Tank Contact Time Evaluation	Loan2W	-	-	-	-	14,000	-	-	-	-	14,000
18	Emergency Generator Replacement	Loan2W	-	-	-	-	-	-	-	-	-	-
19	Transfer / High Service / Backwash Pump Replacement	Loan3	-	-	-	-	75,000	-	-	-	-	75,000
20	Transfer / High Service / Backwash Pump Replacement	R&R	-	-	-	-	-	25,525	26,061	26,634	27,247	105,467
21	Polymer and Polymer Mixing System Addition	Loan2W	-	-	-	-	-	126,604	-	-	-	126,604
22	Installation of New Re-carbonation System Water	Loan2W	-	-	-	-	-	45,945	-	-	-	45,945
23	Conversion of the Existing Gaseous Chlorine System to Liquid	Loan3	30,000	-	(25,500)	4,500	25,500	-	-	-	-	30,000
24	Water Supply Well Water Quality Study	Loan2W	40,000	-	(40,000)	-	40,000	-	-	-	-	40,000
Water System Renewal and Replacement Projects												
25	Maintenance on Above Ground Storage Tank	R&R	-	-	-	-	31,000	-	-	-	-	31,000
26	Clean and Re-grade Lime Sludge Storage Pond	O&M	-	-	-	-	30,000	-	-	-	-	30,000
27	Consumptive Use Permit - Compliance Report	O&M	-	-	-	-	18,000	-	-	-	-	18,000
28	Consumptive Use Permit Renewal	Loan2W	-	-	-	-	100,000	-	-	-	-	100,000
29	Sand Blast and Paint Lime Slaker Silo	O&M	-	-	-	-	54,000	-	-	-	-	54,000
Wastewater System Renewal and Replacement Projects												
30	Clean and Refurbish Original Wastewater Treatment Plant	Loan2S	-	-	-	-	-	281,796	-	-	-	281,796
31	Replacement of Existing Lift Stations	Loan2S	-	-	-	-	-	178,675	-	-	-	178,675
32	Replacement of Existing Lift Stations	R&R	-	-	-	-	-	156,366	159,806	163,482	-	479,654
33	Wastewater Treatment Plant Permit Renewal (2013)	O&M	7,500	-	-	7,500	-	-	-	-	-	7,500
34	Wastewater Treatment Plant Permit Renewal (2018)	O&M	-	-	-	-	-	-	-	-	16,348	16,348
Equipment Cost for Plantation Bay Startup:												
35	Laboratory Cost Equipment Only	Loan3	36,000	-	-	36,000	-	-	-	-	-	36,000
36	Office / Laboratory Construction	Loan3	9,500	-	-	9,500	-	-	-	-	-	9,500

Table 10

Flagler County / City of Bunnell
Plantation Bay Utility System

Capital Improvement Program - Requirements and Funding Sources

Line No.	Funding Basis	Fiscal Year Ending September 30									Total Forecast Period	
		2013	PRMG Cost Adjustment	Timing Adjustments	As Adjusted 2013	2014	2015	2016	2017	2018		
37	Fencing of Property	Loan3	35,000	-	-	35,000	-	-	-	-	-	35,000
38	Driveway / Culvert / Permit	Loan3	10,000	-	-	10,000	-	-	-	-	-	10,000
39	Maintenance Truck with Tools	Loan3	50,000	-	-	50,000	-	-	-	-	-	50,000
40	Plant Truck for Operators	Loan3	8,000	-	-	8,000	-	-	-	-	-	8,000
40	Gator Vehicles for Meter Reader	Loan3	18,000	-	-	18,000	-	-	-	-	-	18,000
41	Digital Readers for Meter Reading	Loan3	30,000	-	-	30,000	-	-	-	-	-	30,000
41	Convert from Gas to Liquid CL2	Loan3	-	-	-	-	-	-	-	-	-	-
Additional Ongoing Renewals and Replacements - PRMG Allowance:												
42	Allowance for Water Distribution / Hydrants /Services Replacement	R&R	-	-	-	-	-	5,155	5,315	5,480	5,649	21,599
43	Allowance for Manhole Renewals and Replacement	R&R	-	-	-	-	-	3,093	3,720	4,384	5,084	16,282
44	Allowance for General Water Treatment and General Plant	R&R	-	-	-	-	-	10,310	11,161	12,055	12,994	46,520
45	Allowance for General Sewer Treatment and General Plant	R&R	-	-	-	-	-	12,888	13,818	14,795	15,818	57,319
46	Vehicles and Equipment	Rev	-	-	-	-	-	10,210	10,946	11,719	12,534	45,408
47	Total Capital Improvement Plan - Expenditures		\$ 8,985,007	\$ (221,000)	\$ (2,564,880)	\$ 6,199,127	\$ 3,712,380	\$ 700,201	\$ 227,388	\$ 234,873	\$ 259,156	\$ 11,333,124
Capital Improvement Plan - Funding												
48	Annual Operating Revenues	Rev				\$ -	\$ -	\$ 10,210	\$ 10,946	\$ 11,719	\$ 12,534	\$ 45,408
49	Operating Reserves	Reserves				-	-	-	-	-	-	-
50	Renewal and Replacement Fund	R&R				-	31,000	56,971	216,442	223,154	230,275	757,841
51	Utility Debt - First Series (Acquisition SRF Loan)	Loan1				5,681,357	-	-	-	-	-	5,681,357
52	Utility Debt - Second Series - Water Portion	Loan2W				-	793,500	172,549	-	-	-	966,049
53	Utility Debt - Second Series - Wastewater Portion	Loan2S				-	1,483,505	460,471	-	-	-	1,943,976
54	Utility Debt - Working Capital Loan	Loan3				216,000	185,500	-	-	-	-	401,500
55	Impact Fees	Impact				-	320,000	-	-	-	-	320,000
56	Grants and Contributions	Grant				294,270	796,875	-	-	-	-	1,091,145
57	Reclassification to Operating Expenses	O&M				7,500	102,000	-	-	-	16,348	125,848
58	Total Capital Improvement Plan - Funding					\$ 6,199,127	\$ 3,712,380	\$ 700,201	\$ 227,388	\$ 234,873	\$ 259,156	\$ 11,333,124

Table 11

Flagler County / City of Bunnell
Plantation Bay Utility System

Derivation of Debt Service Payments - SRF Loans

Line No.	Assumptions	Fiscal Year Ending September 30,					
		2013	2014	2015	2016	2017	2018
Acquisition SRF Loan Assumptions:							
1	Term - Payments (Semiannual Payments)	60					
2	Start Year	2013					
3	Number of Months - Start Year	1.5					
4	Interest Rate (Semiannual)	1.19%					
5	Loan Administration Fee	2.00%					
6	Project Cost [1]	Loan1	\$ 5,681,357				
Amount Borrowed:							
7	Project Cost		\$ 5,681,357				
8	Loan Administration Fee		113,627				
9	Capitalized Interest		3,230				
10	Reserve Allowance (months of annual payment)	0	-				
11	Loan Contingency	0.00%	-				
12	Total SRF Loan		\$ 5,798,214				
13	Annual Loan Repayment		\$ 271,154	\$ 33,894	\$ 271,154	\$ 271,154	\$ 271,154
Loan 2W Assumptions:							
14	Term - Payments (Semiannual Payments)	60					
15	Start Year	2014					
16	Number of Months - Start Year	12.0					
17	Interest Rate (Semiannual)	1.50%					
18	Loan Administration Fee	2.00%					
19	Project Cost [1]	Loan2W	\$ 966,049				
Amount Borrowed:							
20	Project Cost		\$ 966,049				
21	Loan Administration Fee		19,321				
22	Capitalized Interest		38,700				
23	Reserve Allowance (months of annual payment)	0	-				
24	Loan Contingency	1.00%	10,241				
25	Total SRF Loan		\$ 1,034,311				
26	Annual Loan Repayment		\$ 52,530	\$ -	\$ -	\$ 52,530	\$ 52,530
Capitalized Interest							
	Annual Project Expenditures	Loan2W	\$ -	\$ 793,500	\$ 172,549	\$ -	\$ -
	Average Outstanding Balance		-	396,750	891,675	-	-
	Capitalized Interest	3.00%	\$ -	\$ 11,900	\$ 26,800	\$ -	\$ -
Loan 2S Assumptions:							
27	Term - Payments (Semiannual Payments)	60					
28	Start Year	2014					
29	Number of Months - Start Year	12.0					
30	Interest Rate (Semiannual)	1.50%					
31	Loan Administration Fee	2.00%					
32	Project Cost [1]	Loan2S	\$ 1,943,976				
Amount Borrowed:							
33	Project Cost		\$ 1,943,976				
34	Loan Administration Fee		38,880				
35	Capitalized Interest		74,400				
36	Reserve Allowance (months of annual payment)	0	-				
37	Loan Contingency	1.00%	20,573				
38	Total SRF Loan		\$ 2,077,829				
39	Annual Loan Repayment		\$ 105,526	\$ -	\$ -	\$ 105,526	\$ 105,526
Capitalized Interest							
	Annual Project Expenditures	Loan2S	\$ -	\$ 1,483,505	\$ 460,471	\$ -	\$ -
	Average Outstanding Balance		-	741,753	1,736,041	-	-
	Capitalized Interest	3.00%	\$ -	\$ 22,300	\$ 52,100	\$ -	\$ -

Footnotes:

[1] Amounts derived from Table 10.

Table 12

**Flagler County / City of Bunnell
Plantation Bay Utility System**

Derivation of Debt Service Payments - Subordinate Loan Through Florida Association of Counties

Line No.	Assumptions	
FAC Loan (Subordinate)		
1	Term - Years	15
2	Interest Only Period - Years	1
3	Start Year	2014
4	Number of Months - Start Year	12
5	Starting Year of Amortization	2015
6	Amortization Period	14
7	Interest Rate	2.50%
8	Loan Administration Fee / Issue Costs	0.50%
9	Total Loan Amount	\$ 1,100,000
Amount Borrowed:		
10	Accounts Receivable (2 months @ 90%)	\$ 60,000
Acquisition Transaction Costs		
11	Utility Valuation Analysis Report Conducted by Burton & Associates	- <== Funded through Acquisition SRF Loan
12	Utility System Condition Assessment by Wade Trim, Inc.	- <== Funded through Acquisition SRF Loan
13	Financial Evaluation by Public Resources Management Group, Inc.	7,800 <== \$21,000 of \$28,800 funded through Acquisition SRF Loan
14	Legal Fees	81,300
15	Phase I Environmental Assessment Proration of Taxes (7 months) and Other	2,700
16	Miscellaneous Costs	20,000
17	Title Premium	16,200
18	Salaries and Benefits - Liability	105,000
19	Minor Capital and Inventories	401,500
20	Loan Issue Costs	5,500
21	Renewal and Replacement Fund Deposit	-
22	Working Capital Deposit	400,000
23	Total Subordinate Loan	<u>\$ 1,100,000</u>

Amortization Schedule

Fiscal Year	Starting Balance	Interest Expense	Principal Expense	Total Debt	
				Service Expense	Ending Balance
24	2014	\$1,100,000	\$27,500	\$0	\$1,100,000
25	2015	1,100,000	27,500	66,590	1,033,410
26	2016	1,033,410	25,835	68,255	965,155
27	2017	965,155	24,129	69,961	895,194
28	2018	895,194	22,380	71,710	823,483
29	2019	823,483	20,587	73,503	749,980
30	2020	749,980	18,750	75,341	674,639
31	2021	674,639	16,866	77,224	597,415
32	2022	597,415	14,935	79,155	518,260
33	2023	518,260	12,957	81,134	437,127
34	2024	437,127	10,928	83,162	353,965
35	2025	353,965	8,849	85,241	268,724
36	2026	268,724	6,718	87,372	181,352
37	2027	181,352	4,534	89,556	91,795
38	2028	91,795	2,295	91,795	0
39	Total		\$244,762	\$1,100,000	\$1,344,762

Table 13

**Flagler County / City of Bunnell
Plantation Bay Utility System**

Development of Renewal and Replacement Fund Deposits

Line No.		Fiscal Year Ending September 30,					
		2013	2014	2015	2016	2017	2018
1	Fiscal Year of Analysis	2013	2013	2014	2015	2016	2017
	Prior Year Gross Revenues						
2	Existing Rates	\$ 86,650	\$ 1,039,804	\$ 1,049,224	\$ 1,570,362	\$ 1,689,108	\$ 1,815,601
3	Additional Rates	-	-	462,533	75,247	80,937	86,997
4	Other Operating Revenues and Income	12,584	13,791	15,009	16,607	17,305	17,463
5	Total Applicable Revenue	\$ 99,234	\$ 1,053,595	\$ 1,526,766	\$ 1,662,216	\$ 1,787,350	\$ 1,920,061
	Renewal and Replacement (Capital) Fund Deposit:						
6	Funding Requirement - Percent of Prior Period Gross Revenue	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
7	Funding Requirement - Amount	\$ 4,962	\$ 52,680	\$ 76,338	\$ 83,111	\$ 89,368	\$ 96,003
8	Additional Funding Percent	0.00%	4.00%	5.00%	5.00%	5.00%	5.00%
9	Additional Funding - Amount	\$ -	\$ 42,144	\$ 76,338	\$ 83,111	\$ 89,368	\$ 96,003
10	Total Deposit Recognized	\$ 4,962	\$ 94,824	\$ 152,676	\$ 166,222	\$ 178,736	\$ 192,006
11	Percent of Applicable Revenue	5.00%	9.00%	10.00%	10.00%	10.00%	10.00%
12	Projected Ending Cash Balance in Renewal and Replacement Fund	\$ 4,962	\$ 68,786	\$ 164,492	\$ 114,272	\$ 69,854	\$ 31,585

Table 14

**Flagler County / City of Bunnell
Plantation Bay Utility System**

Summary of Cash Balances and Interest Income

Line No.	Rate S or L	Fiscal Year Ending September 30,					
		2013	2014	2015	2016	2017	2018
Ending Cash Balance Summary:							
1		\$ 309,531	\$ 272,598	\$ 306,210	\$ 251,716	\$ 273,099	\$ 358,899
2		4,962	68,786	164,492	114,272	69,854	31,585
3		383,959	64,629	64,949	88,794	300,209	513,734
4		-	-	-	-	-	-
5		<u>\$ 698,452</u>	<u>\$ 406,013</u>	<u>\$ 535,650</u>	<u>\$ 454,781</u>	<u>\$ 643,162</u>	<u>\$ 904,218</u>
Revenue Fund / Operating Fund (Reserves)							
6		\$ -	\$ 309,531	\$ 272,598	\$ 306,210	\$ 251,716	\$ 273,099
7		400,000	-	-	-	-	-
8		-	-	-	-	-	-
9		-	-	33,612	-	21,383	85,800
10		<u>400,000</u>	<u>-</u>	<u>33,612</u>	<u>-</u>	<u>21,383</u>	<u>85,800</u>
11		-	-	-	-	-	-
12		-	-	-	-	-	-
13		90,469	36,933	-	54,494	-	-
14		<u>90,469</u>	<u>36,933</u>	<u>-</u>	<u>54,494</u>	<u>-</u>	<u>-</u>
15	S	0.20%	0.30%	0.50%	0.75%	1.00%	1.00%
16		310	870	1,450	2,090	2,620	3,160
17	Y	310	870	1,450	2,090	2,620	3,160
18		<u>\$ 309,531</u>	<u>\$ 272,598</u>	<u>\$ 306,210</u>	<u>\$ 251,716</u>	<u>\$ 273,099</u>	<u>\$ 358,899</u>
19	90	<u>\$ 200,767</u>	<u>\$ 292,251</u>	<u>\$ 274,719</u>	<u>\$ 285,170</u>	<u>\$ 296,191</u>	<u>\$ 311,895</u>
20		<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>	<u>No</u>	<u>Yes</u>
Renewal and Replacement Fund							
21		\$ -	\$ 4,962	\$ 68,786	\$ 164,492	\$ 114,272	\$ 69,854
22		-	-	-	-	-	-
23		4,962	94,824	152,676	166,222	178,736	192,006
24		-	-	-	-	-	-
25		<u>4,962</u>	<u>94,824</u>	<u>152,676</u>	<u>166,222</u>	<u>178,736</u>	<u>192,006</u>
26		-	31,000	56,971	216,442	223,154	230,275
27		<u>-</u>	<u>31,000</u>	<u>56,971</u>	<u>216,442</u>	<u>223,154</u>	<u>230,275</u>
28	S	0.20%	0.30%	0.50%	0.75%	1.00%	1.00%
29		-	110	580	1,050	920	510
30	Y	-	110	580	1,050	920	510
31		<u>\$ 4,962</u>	<u>\$ 68,786</u>	<u>\$ 164,492</u>	<u>\$ 114,272</u>	<u>\$ 69,854</u>	<u>\$ 31,585</u>

Table 15

Flagler County / City of Bunnell
Plantation Bay Utility System

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	2,000 Gallons	3,000 Gallons	5,000 Gallons	10,000 Gallons	15,000 Gallons	20,000 Gallons	25,000 Gallons
Plantation Bay Service Area									
1	Plantation Bay Utility Company	\$11.91	\$18.75	\$22.17	\$29.01	\$46.11	\$63.21	\$80.31	\$97.41
2	Plantation Bay - Proposed	17.39	27.37	32.36	42.34	67.29	92.24	117.19	142.14
Other Flagler County Utility Systems:									
3	Flagler County - (Beverly Beach)	\$28.88	\$41.96	\$48.50	\$61.58	\$94.28	\$126.98	\$159.68	\$192.38
4	City of Bunnell	15.13	25.27	30.34	40.48	65.83	91.18	116.53	141.88
5	City of Palm Coast [2]	14.50	22.36	26.29	34.15	55.75	83.25	110.75	146.10
Other Florida Utilities:									
6	Brevard County - North Brevard [2]	\$12.32	\$12.32	\$12.32	\$20.04	\$42.82	\$70.82	\$108.86	\$152.24
7	City of Daytona Beach [2]	13.51	17.96	22.41	31.31	53.56	75.81	98.06	120.31
8	City of Edgewater	10.82	13.90	18.29	27.07	52.54	83.63	117.88	152.13
9	JEA (City of Jacksonville) [2]	12.60	15.20	16.50	19.10	32.28	47.13	61.98	91.83
10	City of Melbourne [2]	6.89	15.37	19.61	28.09	49.29	70.49	91.69	112.89
11	New Smyrna Beach Utilities Commission [2]	11.65	13.51	14.44	16.92	26.00	35.80	47.45	59.10
12	City of Ormond Beach	11.79	11.79	14.89	21.09	38.91	57.31	75.71	94.11
13	City of Palm Bay [2]	13.01	19.85	23.27	30.11	52.46	79.91	114.26	148.61
14	City of Port Orange [2]	9.90	12.84	16.16	23.00	42.80	67.20	92.30	117.40
15	City of Port St. Lucie [2]	9.28	16.62	20.29	27.63	51.58	78.83	108.28	137.73
16	City of St. Augustine	16.82	16.82	16.82	26.18	49.58	72.98	96.38	119.78
17	St. Johns County	12.08	18.22	21.29	27.43	46.58	78.88	111.18	158.03
18	City of South Daytona	13.00	18.00	23.00	33.00	59.35	86.60	113.85	141.10
19	City of Titusville [2]	8.56	14.10	16.87	22.41	43.26	70.96	123.66	176.36
20	Volusia County - Softened [2]	12.41	19.43	22.94	29.96	51.56	73.91	98.56	151.76
21	City of West Melbourne [2]	14.08	24.28	29.38	40.08	67.73	97.38	127.38	157.38
22	Other Flagler County and Florida Utilities' Average	\$13.01	\$18.41	\$21.77	\$29.45	\$51.38	\$76.27	\$103.92	\$135.32
23	Minimum	6.89	11.79	12.32	16.92	26.00	35.80	47.45	59.10
24	Maximum	28.88	41.96	48.50	61.58	94.28	126.98	159.68	192.38

Footnotes:

- [1] Unless otherwise noted, amounts shown reflect residential rates in effect August 2013 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] Utility is currently involved in a rate study, is planning to conduct a rate study, or expects to implement a rate revision within the next twelve months.

Table 16

Flagler County / City of Bunnell
Plantation Bay Utility System

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	2,000 Gallons	3,000 Gallons	5,000 Gallons	10,000 Gallons	15,000 Gallons	20,000 Gallons	25,000 Gallons
Plantation Bay Service Area									
1	Plantation Bay Utility Company	\$19.28	\$26.74	\$30.47	\$37.93	\$56.58	\$75.23	\$93.88	\$112.53
2	Plantation Bay - Proposed	28.15	39.05	44.50	55.40	82.65	109.90	137.15	164.40
Other Flagler County Utility Systems:									
3	Flagler County - (Beverly Beach)	\$14.42	\$23.86	\$28.58	\$38.02	\$61.62	\$85.22	\$108.82	\$132.42
4	City of Bunnell	17.03	28.87	34.79	46.63	76.23	105.83	135.43	165.03
5	City of Palm Coast [2]	14.23	21.63	25.33	32.73	43.83	43.83	43.83	43.83
Other Florida Utilities:									
6	Brevard County - North Brevard [2]	\$15.86	\$22.58	\$25.94	\$32.66	\$49.46	\$56.18	\$56.18	\$56.18
7	City of Daytona Beach [2]	11.22	18.88	26.54	41.86	80.16	118.46	156.76	195.06
8	City of Edgewater	12.78	22.84	27.87	37.93	63.08	88.23	113.38	138.53
9	JEA (City of Jacksonville) [2]	14.10	24.72	30.03	40.65	71.52	103.47	135.42	135.42
10	City of Melbourne [2]	9.02	22.08	28.61	41.67	74.32	106.97	139.62	172.27
11	New Smyrna Beach Utilities Commission [2]	18.61	26.75	30.82	38.96	59.31	79.66	100.01	120.36
12	City of Ormond Beach	15.40	15.40	19.72	28.36	49.96	71.56	93.16	114.76
13	City of Palm Bay [2]	16.65	26.27	31.08	40.70	64.75	64.75	64.75	64.75
14	City of Port Orange [2]	11.70	16.49	21.28	31.86	60.81	89.76	118.71	147.66
15	City of Port St. Lucie [2]	13.84	28.26	35.47	49.89	71.52	71.52	71.52	71.52
16	City of St. Augustine	22.99	22.99	22.99	34.73	64.08	64.08	64.08	64.08
17	St. Johns County	11.59	18.91	22.57	29.89	48.19	48.19	48.19	48.19
18	City of South Daytona	14.90	21.79	28.68	42.46	78.89	116.64	154.39	192.14
19	City of Titusville [2]	12.59	25.93	32.60	45.94	79.29	112.64	112.64	112.64
20	Volusia County - Softened [2]	19.07	27.13	31.16	39.22	59.37	75.49	75.49	75.49
21	City of West Melbourne [2]	12.00	21.50	26.25	35.75	59.50	83.25	107.00	130.75
22	Other Flagler County and Florida Utilities' Average	\$14.63	\$22.99	\$27.91	\$38.42	\$63.99	\$83.46	\$99.97	\$114.79
23	Minimum	9.02	15.40	19.72	28.36	43.83	43.83	43.83	43.83
24	Maximum	22.99	28.87	35.47	49.89	80.16	118.46	156.76	195.06

Footnotes:

- [1] Unless otherwise noted, amounts shown reflect residential rates in effect August 2013 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] Utility is currently involved in a rate study, is planning to conduct a rate study, or expects to implement a rate revision within the next twelve months.

Table 17

Flagler County / City of Bunnell
Plantation Bay Utility System

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

Line No.	Description	Residential Service for a 5/8" or 3/4" Meter							
		0 Gallons	2,000 Gallons	3,000 Gallons	5,000 Gallons	10,000 Gallons	15,000 Gallons	20,000 Gallons	25,000 Gallons
Plantation Bay Service Area									
1	Plantation Bay Utility Company	\$31.19	\$45.49	\$52.64	\$66.94	\$102.69	\$138.44	\$174.19	\$209.94
2	Plantation Bay - Proposed	45.54	66.42	76.86	97.74	149.94	202.14	254.34	306.54
Other Flagler County Utility Systems:									
3	Flagler County - (Beverly Beach)	\$43.30	\$65.82	\$77.08	\$99.60	\$155.90	\$212.20	\$268.50	\$324.80
4	City of Bunnell	32.16	54.14	65.13	87.11	142.06	197.01	251.96	306.91
5	City of Palm Coast [2]	28.73	43.99	51.62	66.88	99.58	127.08	154.58	189.93
Other Florida Utilities:									
6	Brevard County - North Brevard [2]	\$28.18	\$34.90	\$38.26	\$52.70	\$92.28	\$127.00	\$165.04	\$208.42
7	City of Daytona Beach [2]	24.73	36.84	48.95	73.17	133.72	194.27	254.82	315.37
8	City of Edgewater	23.60	36.74	46.16	65.00	115.62	171.86	231.26	290.66
9	JEA (City of Jacksonville) [2]	26.70	39.92	46.53	59.75	103.80	150.60	197.40	227.25
10	City of Melbourne [2]	15.91	37.45	48.22	69.76	123.61	177.46	231.31	285.16
11	New Smyrna Beach Utilities Commission [2]	30.26	40.26	45.26	55.88	85.31	115.46	147.46	179.46
12	City of Ormond Beach	27.19	27.19	34.61	49.45	88.87	128.87	168.87	208.87
13	City of Palm Bay [2]	29.66	46.12	54.35	70.81	117.21	144.66	179.01	213.36
14	City of Port Orange [2]	21.60	29.33	37.44	54.86	103.61	156.96	211.01	265.06
15	City of Port St. Lucie [2]	23.12	44.88	55.76	77.52	123.10	150.35	179.80	209.25
16	City of St. Augustine	39.81	39.81	39.81	60.91	113.66	137.06	160.46	183.86
17	St. Johns County	23.67	37.13	43.86	57.32	94.77	127.07	159.37	206.22
18	City of South Daytona	27.90	39.79	51.68	75.46	138.24	203.24	268.24	333.24
19	City of Titusville [2]	21.15	40.03	49.47	68.35	122.55	183.60	236.30	289.00
20	Volusia County - Softened [2]	31.48	46.56	54.10	69.18	110.93	149.40	174.05	227.25
21	City of West Melbourne [2]	26.08	45.78	55.63	75.83	127.23	180.63	234.38	288.13
22	Other Flagler County and Florida Utilities' Average	\$27.64	\$41.40	\$49.68	\$67.87	\$115.37	\$159.73	\$203.89	\$250.12
23	Minimum	15.91	27.19	34.61	49.45	85.31	115.46	147.46	179.46
24	Maximum	43.30	65.82	77.08	99.60	155.90	212.20	268.50	333.24

Footnotes:

- [1] Unless otherwise noted, amounts shown reflect residential rates in effect August 2013 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] Utility is currently involved in a rate study, is planning to conduct a rate study, or expects to implement a rate revision within the next twelve months.

Table 18

**Flagler County / City of Bunnell
Plantation Bay Utility System**

Summary of Projected Operating Results and Debt Service Coverage

Line No.	Partial Yr. [2]	Fiscal Year Ending September 30, [1]					
		2013	2014	2015	2016	2017	2018
		Revenues from Rates					
1	Rate Revenues - Current Rates	\$ 86,650	\$ 1,049,224	\$ 1,075,591	\$ 1,101,832	\$ 1,127,947	\$ 1,153,937
2	Rate Revenues - Additional Rate Adjustments	-	462,533	570,018	668,213	774,651	889,822
3	Total Revenues from Rates	\$ 86,650	\$ 1,511,757	\$ 1,645,609	\$ 1,770,045	\$ 1,902,598	\$ 2,043,759
4	Other Operating Revenues and Unrestricted Interest Income [3]	12,914	13,791	15,009	16,607	17,305	17,463
5	Gross Revenues	\$ 99,564	\$ 1,525,548	\$ 1,660,618	\$ 1,786,652	\$ 1,919,903	\$ 2,061,222
6	Operating Expenses	151,177	1,169,003	1,098,875	1,140,679	1,184,764	1,247,582
7	Net Revenues	\$ (51,613)	\$ 356,545	\$ 561,743	\$ 645,973	\$ 735,139	\$ 813,641
8	Operating Margin (% of Gross Revenues)	-52%	23%	34%	36%	38%	39%
9	Impact Fees (excluding payment of prepaids by seller)	-	-	-	23,275	209,475	209,475
10	Net Revenues Including Impact Fees	\$ (51,613)	\$ 356,545	\$ 561,743	\$ 669,248	\$ 944,614	\$ 1,023,116
11	SRF Loan Deposit [4]	33,894	271,154	271,154	429,210	429,210	429,210
	SRF Loan Coverage						
12	Calculated	(1.52)	1.31	2.07	1.51	1.71	1.90
13	Minimum per Loan Agreement [5]	1.15	1.15	1.15	1.15	1.15	1.15
	Other Required Deposits						
14	Payments of Subordinated Loans [6]	\$ -	\$ 27,500	\$ 94,090	\$ 94,090	\$ 94,090	\$ 94,090
15	Minimum Transfer to Renewal and Replacement Fund [7]	4,962	52,680	76,338	83,111	89,368	96,003
16	Total Other Required Deposits	\$ 4,962	\$ 80,180	\$ 170,428	\$ 177,201	\$ 183,458	\$ 190,093
	Remaining Funds for Capital Improvements and Other System Purposes [8]						
17	Without Impact Fees	\$ (90,469)	\$ 5,211	\$ 120,160	\$ 39,562	\$ 122,470	\$ 194,337
18	With Impact Fees	(90,469)	5,211	120,160	62,837	331,945	403,812
	All-In Debt Service Coverage						
19	Net Revenues	\$ (51,613)	\$ 356,545	\$ 561,743	\$ 645,973	\$ 735,139	\$ 813,641
20	Total Debt Service	33,894	298,654	365,244	523,300	523,300	523,300
21	Calculated Coverage (1.50 Target)	(1.52)	1.19	1.54	1.23	1.40	1.55

Footnotes:

- [1] Unless otherwise noted, amounts shown derived from Table 7.
- [2] Assumes the County will begin operation on July 1, 2013 so reflects only 12 months of operation in Fiscal Year 2013.
- [3] Amounts reflect projected unrestricted interest income and other miscellaneous revenues.
- [4] Includes the loan to be incurred for the acquisition of the utility (the "Acquisition SRF Loan") and loans for capital improvements (the "Additional SRF Loans").
- [5] Reflects SRF loan coverage test reflected in the Acquisition SRF Loan agreement.
- [6] Amounts shown reflect payment of the loan anticipated to be secured from the Florida Association of Counties Revolving Loan Program or an equivalent program to fund the purchase of the accounts receivable, payment of transaction costs, and immediate funds for working capital. Reference is made to Table 12.
- [7] Assumes that the County will establish a minimum funding deposit to a Renewal and Replacement Fund or equivalent capital account to fund ongoing asset renewals, replacements and upgrades. Minimum deposit set at 5.0% of the previous year's Gross Revenues; the assumed deposit as shown on Table 13 recognizes an increasing capital re-investment rate which is considered prudent and necessary by PRMG.
- [8] Amounts shown are primarily to fund increased deposits to the Renewal and Replacement Fund (see note 6 above) and to increase working capital (reserves) balances to improve creditworthiness of System.

Table 19

Flagler County / City of Bunnell
Plantation Bay Utility System

Derivation of Preliminary Impact Fees for System

Line No.	Description	Impact Fee	
		Water	Wastewater
Original Cost of Assets in Service: [1]			
1	Land	\$ 33,754	\$ 50,631
2	Structures and Improvements	176,350	217,846
3	Wells and Springs	204,410	-
4	Supply Mains	30,270	-
5	Power Generation Equipment	97,571	-
6	Pumping Equipment - Water	239,042	-
7	Pumping Equipment - Sewer (at 35%)	-	303,808
8	Water and Sewer Treatment Equipment	747,795	450,559
9	Distribution Reservoirs and Standpipes	387,263	-
10	Transmission and Distribution Mains (at 35%)	637,336	-
11	Other Plant / Miscellaneous Equipment	10,385	12,102
12	Collections Sewers - Force (at 100%)	-	418,169
13	Collection Sewers - Gravity (at 35%)	-	1,048,423
14	Outfall Sewer Lines	-	7,716
15	Reuse Distribution Reservoirs	-	236,852
16	Reuse Transmission and Distribution System (at 35%)	-	9,478
17	Subtotal	\$ 2,564,176	\$ 2,755,584
Adjustments to Original Asset Cost: [2]			
18	Plus Capital Improvements for Plants	\$ 1,236,516	\$ 2,834,650
19	Less Construction Grants	-	(1,091,145)
20	Less Assets Replaced	(625,553)	(680,507)
Plus Future Costs to Achieve Current Capacity: [3]			
21	Construction of Six Additional Water Supply Wells	\$ 1,600,000	\$ -
22	Construction of Additional Water Treatment - Ionization System	2,000,000	-
23	Construction Additional 250,000 GPD Wastewater Plant	-	1,600,000
24	Finished Water Storage - 450,000 Gallons of Additional Storage Capacity	600,000	-
25	Total Applicable Costs	\$ 7,375,139	\$ 5,418,582
26	Plant Capacity [4]	756,000	475,000
27	Cost per Gallon	\$ 9.7555	\$ 11.4075
28	Assumed Level of Service [4]	220	220
29	Preliminary Impact Fee Assumed	\$ 2,146	\$ 2,509

Footnotes:

- [1] Asset costs derived from 2012 Annual Report for System that was submitted to FPSC.
- [2] Amounts derived from estimated capital program for System.
- [3] Future costs based on discussions with County and City staff.
- [4] Amounts referenced in 2012 Annual Report for System that was submitted to FPSC.

Table 20

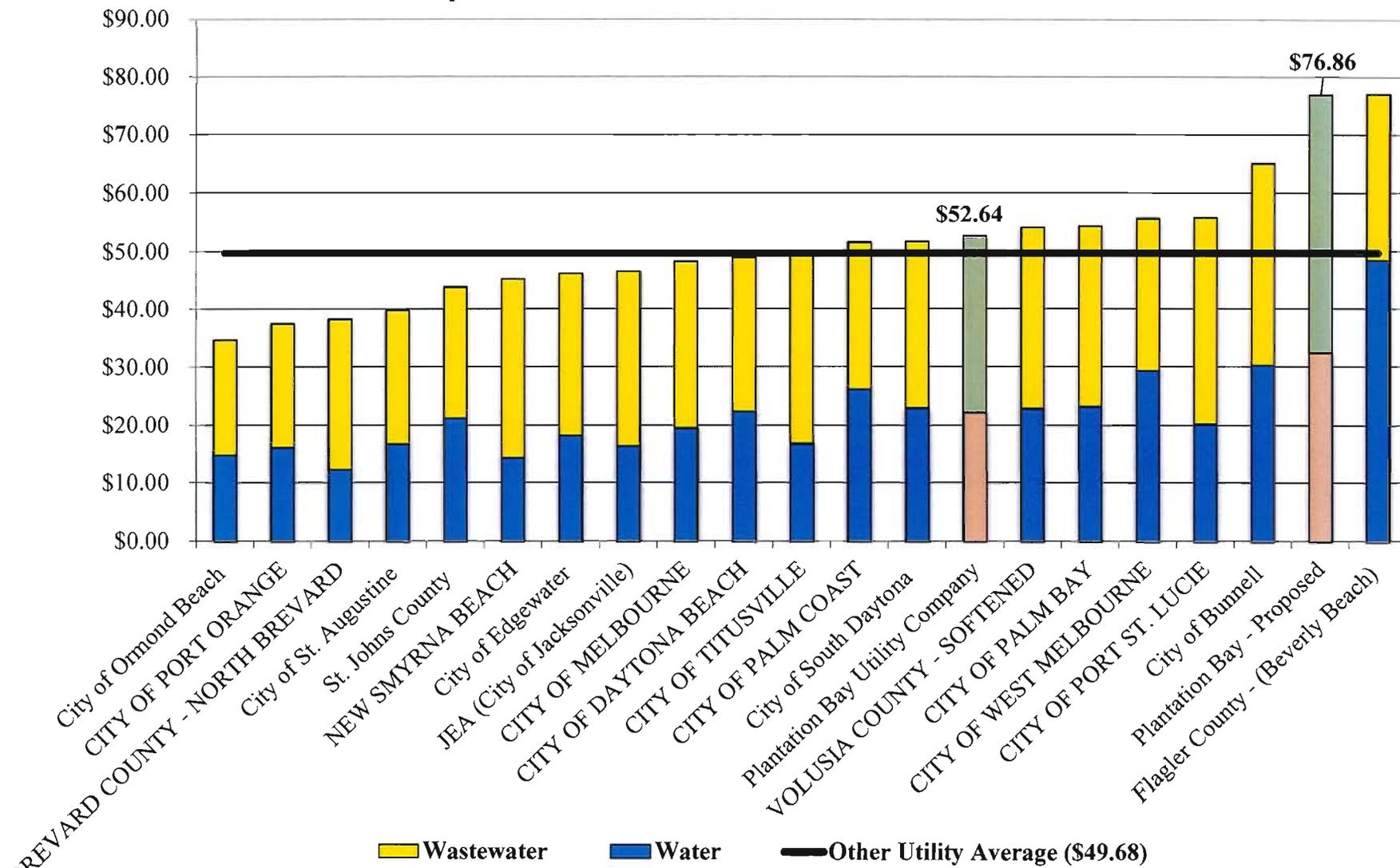
**Flagler County / City of Bunnell
Plantation Bay Utility System**

Comparison of Residential Impact Fees for Water and Wastewater Service [1]

Line No.	Description	Residential 5/8" x 3/4" Meter		
		Water	Wastewater	Combined
Plantation Bay Service Area				
1	Preliminary Impact Fees	\$2,146	\$2,509	\$4,655
<u>Other Flagler County Utility Systems:</u>				
2	Flagler County - (Beverly Beach)	\$2,780	\$2,500	\$5,280
3	City of Bunnell	2,112	3,073	5,185
4	City of Palm Coast	2,635	2,689	5,324
<u>Other Florida Utilities:</u>				
5	Brevard County - North Brevard	\$1,903	\$2,257	\$4,160
6	City of Daytona Beach	1,079	1,430	2,509
7	City of Edgewater	1,612	2,227	3,839
8	JEA (City of Jacksonville)	1,257	2,052	3,309
9	City of Melbourne	1,116	1,583	2,699
10	New Smyrna Beach Utilities Commission	1,250	1,250	2,500
11	City of Ormond Beach	2,338	2,279	4,617
12	City of Palm Bay	2,446	3,422	5,868
13	City of Port Orange	1,555	1,540	3,095
14	City of Port St. Lucie	1,221	2,069	3,290
15	City of St. Augustine	1,628	2,135	3,763
16	St. Johns County	1,905	2,412	4,317
17	City of Titusville	1,500	2,070	3,570
18	Volusia County - Softened	1,525	2,896	4,421
19	City of West Melbourne	3,848	3,000	6,848
20	Other Flagler County and Florida Utilities' Average	\$1,873	\$2,271	\$4,144
21	Minimum	1,079	1,250	2,500
22	Maximum	3,848	3,422	6,848

[1] Unless otherwise noted, amounts shown reflect residential rates as of August 2013 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.

Figure 1
Flagler County / City of Bunnell
Rate Comparison - Plantation Bay Utility System
Comparison of Residential Water and Wastewater Bills at 3,000 Gallons



Utilities in capitalized letters are currently involved in a Rate Study, are planning a Rate Study, or will implement a rate increase in the next twelve months.

Figure 2
Flagler County / City of Bunnell
Comparison of Residential Impact Fees

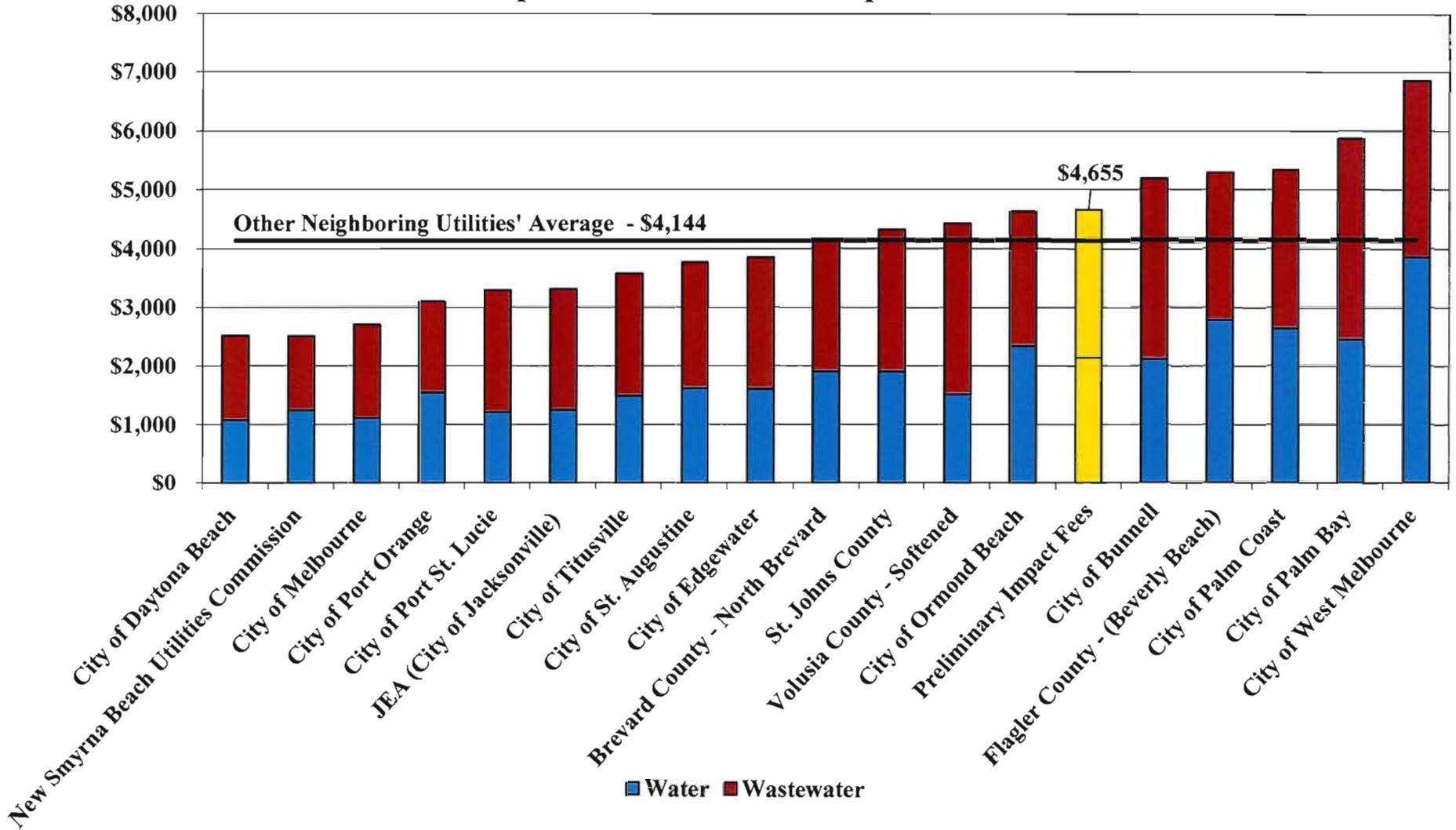


EXHIBIT B
BUNNELL-FLAGLER COUNTY UTILITY
RATES, FEES AND CHARGES

BUNNELL - FLAGLER COUNTY UTILITY WATER RATES						
Water Rate Effective Date	July 1, 2013	December 2, 2013	October 1, 2014	October 1, 2015	October 1, 2016	October 1, 2017
Residential Service						
<u>Base Facilities Charge (per meter)</u>						
5/8 inch x 3/4 inch meter	\$ 11.91	\$ 17.39	\$ 18.26	\$ 19.17	\$ 20.13	\$ 21.14
Full 3/4 inch meter	\$ 17.87	\$ 26.09	\$ 27.39	\$ 28.76	\$ 30.20	\$ 31.71
1 inch meter	\$ 29.79	\$ 43.49	\$ 45.66	\$ 47.94	\$ 50.34	\$ 52.86
1-1/2 inch meter	\$ 59.56	\$ 86.96	\$ 91.31	\$ 95.88	\$ 100.67	\$ 105.70
2 inch meter	\$ 95.32	\$139.17	\$146.13	\$153.44	\$ 161.11	\$ 169.17
3 inch meter	\$190.64	\$278.33	\$292.25	\$306.86	\$ 322.20	\$ 338.31
4 inch meter	\$297.86	\$434.88	\$456.62	\$479.45	\$ 503.42	\$ 528.59
6 inch meter	\$595.75	\$869.80	\$913.29	\$958.95	\$1,006.90	\$1,057.25
<u>Gallongage charge (per 1,000 gallons)</u>						
All usage	\$ 3.42	\$ 4.99	\$ 5.24	\$ 5.50	\$ 5.78	\$ 6.07
General Service						
<u>Base Facilities Charge (per meter)</u>						
5/8 inch x 3/4 inch meter	\$ 11.91	\$ 17.39	\$ 18.26	\$ 19.17	\$ 20.13	\$ 21.14
Full 3/4 inch meter	\$ 17.87	\$ 26.09	\$ 27.39	\$ 28.76	\$ 30.20	\$ 31.71
1 inch meter	\$ 29.79	\$ 43.49	\$ 45.66	\$ 47.94	\$ 50.34	\$ 52.86
1-1/2 inch meter	\$ 59.56	\$ 86.96	\$ 91.31	\$ 95.88	\$ 100.67	\$ 105.70
2 inch meter	\$ 95.32	\$139.17	\$146.13	\$153.44	\$ 161.11	\$ 169.17
3 inch meter	\$ 190.64	\$278.33	\$292.25	\$306.86	\$ 322.20	\$ 338.31
4 inch meter	\$297.86	\$434.88	\$456.62	\$479.45	\$ 503.42	\$ 528.59
6 inch meter	\$595.75	\$869.80	\$913.29	\$958.95	\$1,006.90	\$1,057.25
<u>Gallongage Charge (per 1,000 gallons)</u>						
All usage	\$3.42	\$ 4.99	\$ 5.24	\$ 5.50	\$ 5.78	\$ 6.07
Capital Charge per Water ERC						
	\$2,146					

BUNNELL - FLAGLER COUNTY UTILITY WASTEWATER RATES

Wastewater Rate Effective Date	July 1, 2013	December 2, 2013	October 1, 2014	October 1, 2015	October 1, 2016	October 1, 2017
Residential Service						
<u>Base Facilities Charge (per meter)</u>						
All meter sizes	\$ 19.28	\$28.15	\$ 29.56	\$ 31.04	\$ 32.59	\$ 34.22
<u>Gallonge charge (per 1,000 gallons)</u>						
All usage (maximum of 10,000 Gallons)	\$ 3.73	\$ 5.45	\$ 5.72	\$ 6.01	\$ 6.31	\$ 6.63
General Service						
<u>Base Facilities Charge (per meter)</u>						
5/8 inch x 3/4 inch meter	\$ 19.28	\$ 28.15	\$ 29.56	\$ 31.04	\$ 32.59	\$ 34.22
Full 3/4 inch meter	\$ 28.94	\$ 42.25	\$ 44.36	\$ 46.58	\$ 48.91	\$ 51.36
1 inch meter	\$ 48.21	\$ 70.39	\$ 73.91	\$ 77.61	\$ 81.49	\$ 85.56
1-1/2 inch meter	\$ 96.41	\$ 140.76	\$ 147.80	\$ 155.19	\$ 162.95	\$ 171.10
2 inch meter	\$154.27	\$ 225.23	\$ 236.49	\$ 248.31	\$ 260.73	\$ 273.77
3 inch meter	\$308.55	\$ 450.48	\$ 473.00	\$ 496.65	\$ 521.48	\$ 547.55
4 inch meter	\$482.10	\$ 703.87	\$ 739.06	\$ 776.01	\$ 814.81	\$ 855.55
6 inch meter	\$964.24	\$1,407.79	\$1,478.18	\$1,552.09	\$1,629.69	\$1,711.17
<u>Gallonge Charge (per 1,000 gallons)</u>						
All usage	\$ 4.48	\$ 6.54	\$ 6.87	\$ 7.21	\$ 7.57	\$ 7.95
Capital Charge per Wastewater ERC	\$2,509					