



Sun 'N Lake Improvement District

2022 Utility Rate Study

August 5, 2022



Study Purpose

- Utility system is run as an Enterprise fund – supported by monthly user fees and charges
- Primary objective – develop sustainable rate and financial plan for the water and sewer system
- Recommend any rate adjustments that may be necessary to:
 - › Reflect cost of operations and capital funding requirements
 - › Support the issuance of new debt
 - › Maintain adequate fund balances to limit financial risks

Key Forecast Assumptions and Notes

- Utility serves approximately 3,900 water customers and 3,800 sewer customers
 - › Forecast assumes approximately 100 new customer accounts per year
- Forecast starts with FY 2022 and FY 2023 budget plus cost projections through Fiscal Year 2027
- Anticipated capital funding need of \$13.9 million over six-year period
- Issuance of new bank loan in FY 2023 for \$1.8 million to fund meter system replacement project
- Issuance of new SRF loan in FY 2024 for \$9.1 million to fund major wastewater treatment plant and collection system improvements

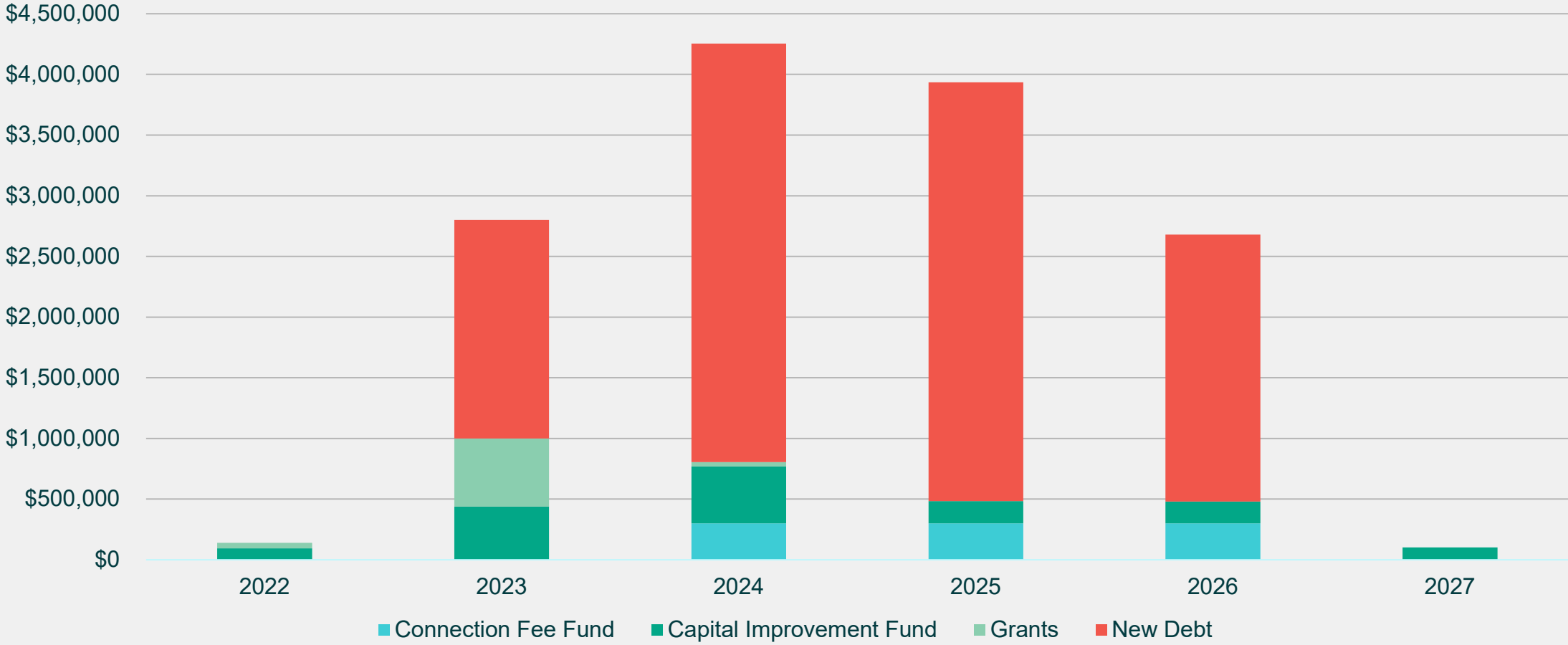
Key Forecast Assumptions and Notes Cont.

- Transfer to the General Fund of 2.5% of annual system revenues
- Transfer to the Capital Improvement Fund of 10.0% of annual system revenues
 - › Funds ongoing renewal and replacement (R&R) projects and other utility capital needs

Capital Improvement Plan

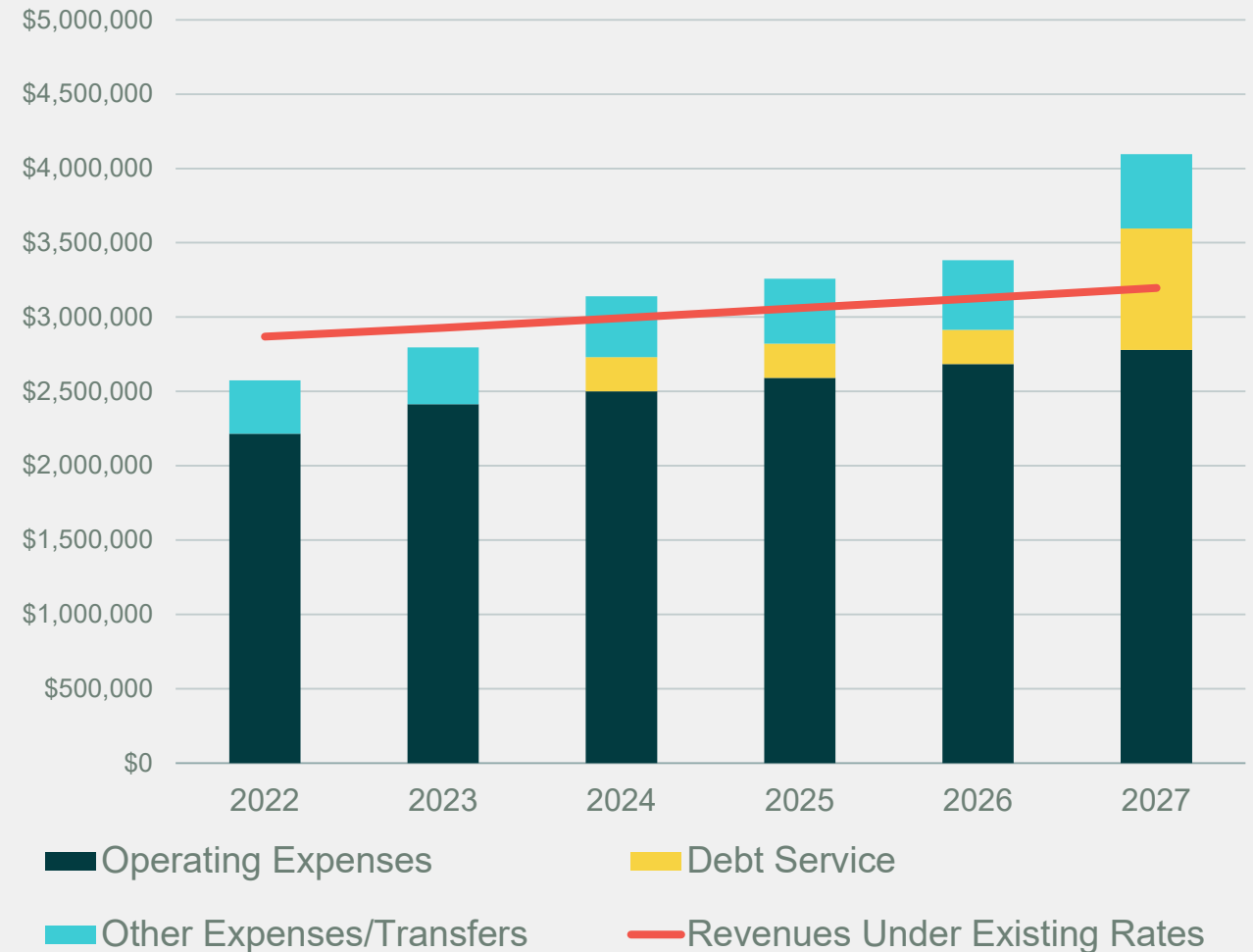
Description	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
Meter System Replacement	\$0	\$1,800,000	\$0	\$0	\$0	\$0	\$1,800,000
Wastewater Treatment Plant Improvements	0	175,000	2,500,000	2,500,000	2,500,000	0	7,675,000
Collection System Improvements	0	0	1,250,000	1,250,000	0		2,500,000
Other Capital Projects	140,000	825,100	505,000	184,000	180,000	103,000	1,937,100
Total CIP	\$140,000	\$2,800,100	\$4,255,000	\$3,934,000	\$2,680,000	\$103,000	\$13,912,100

CIP Funding Sources



Combined Revenue Sufficiency at Existing Rates

- Combined revenues are projected to not meet revenue requirements beginning in FY 2024 due to anticipated new debt service and increased operating costs
- Assumed annual rate increases beginning in FY 2023

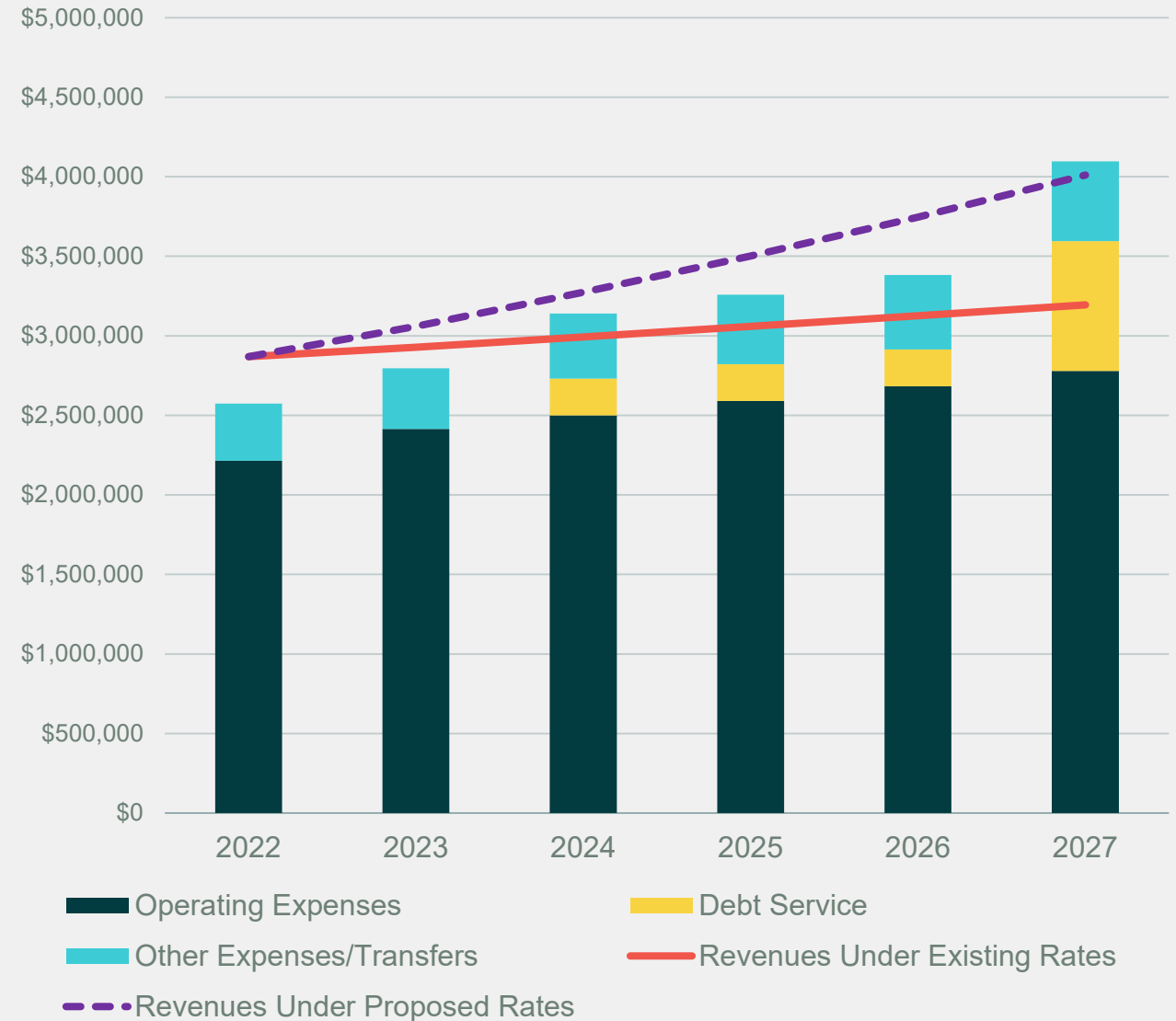


Recommended Rate Adjustments

Fiscal Year	Water	Sewer	Typical 5,000 Gallon Residential Monthly Bill	\$ Change	Bill % Change
FY 2022	0.0%	0.0%	\$48.50		
FY 2023	3.0%	6.5%	\$51.01	\$2.51	5.2%
FY 2024	3.0%	6.5%	\$53.64	\$2.63	5.2%
FY 2025	3.0%	6.5%	\$56.43	\$2.79	5.2%
FY 2026	3.0%	6.5%	\$59.37	\$2.94	5.2%
FY 2027	3.0%	6.5%	\$62.48	\$3.11	5.2%

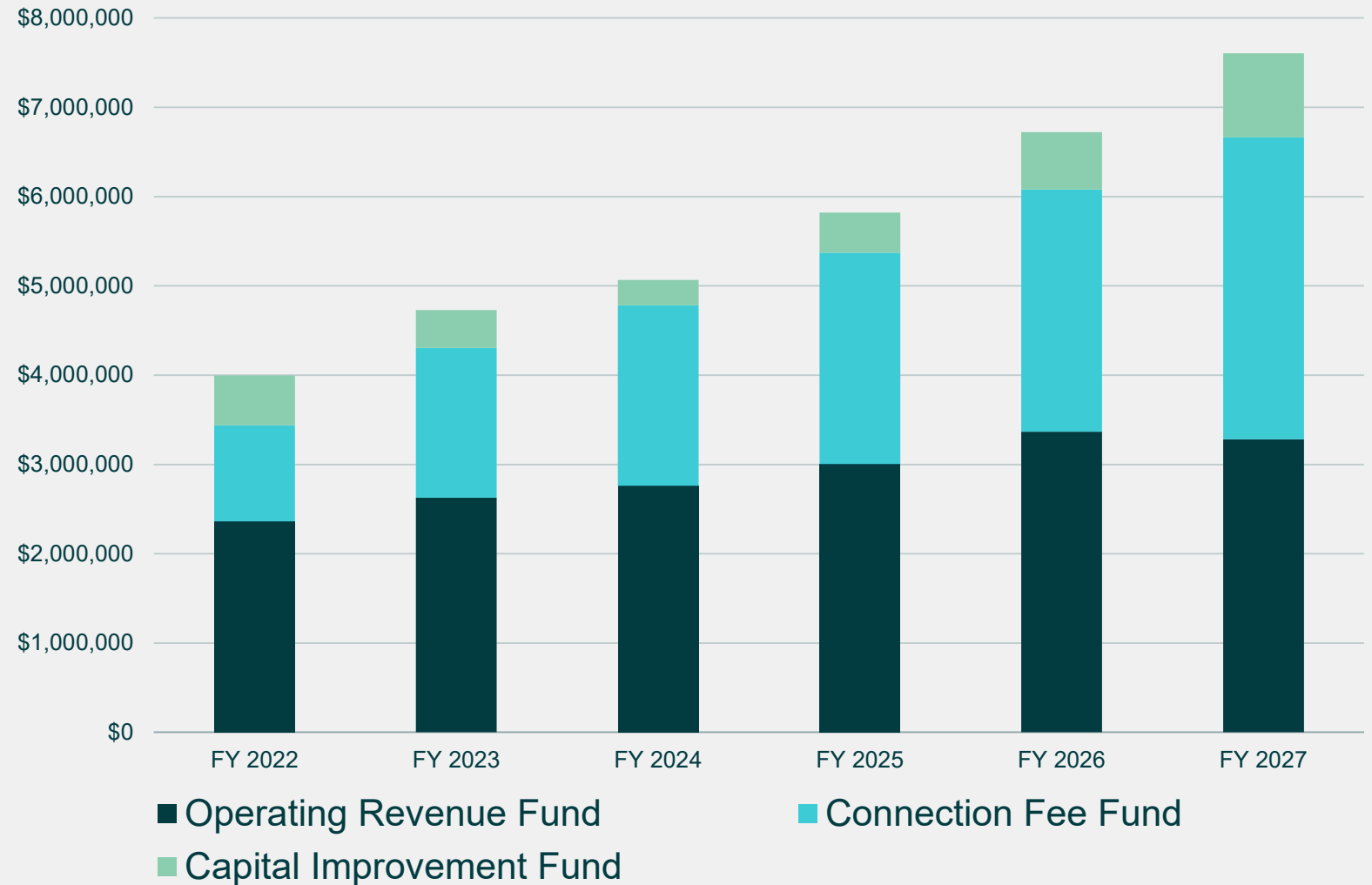
Combined Revenue Sufficiency at Proposed Rates

- Adjusted revenues are projected to meet the FY 2027 revenue requirements

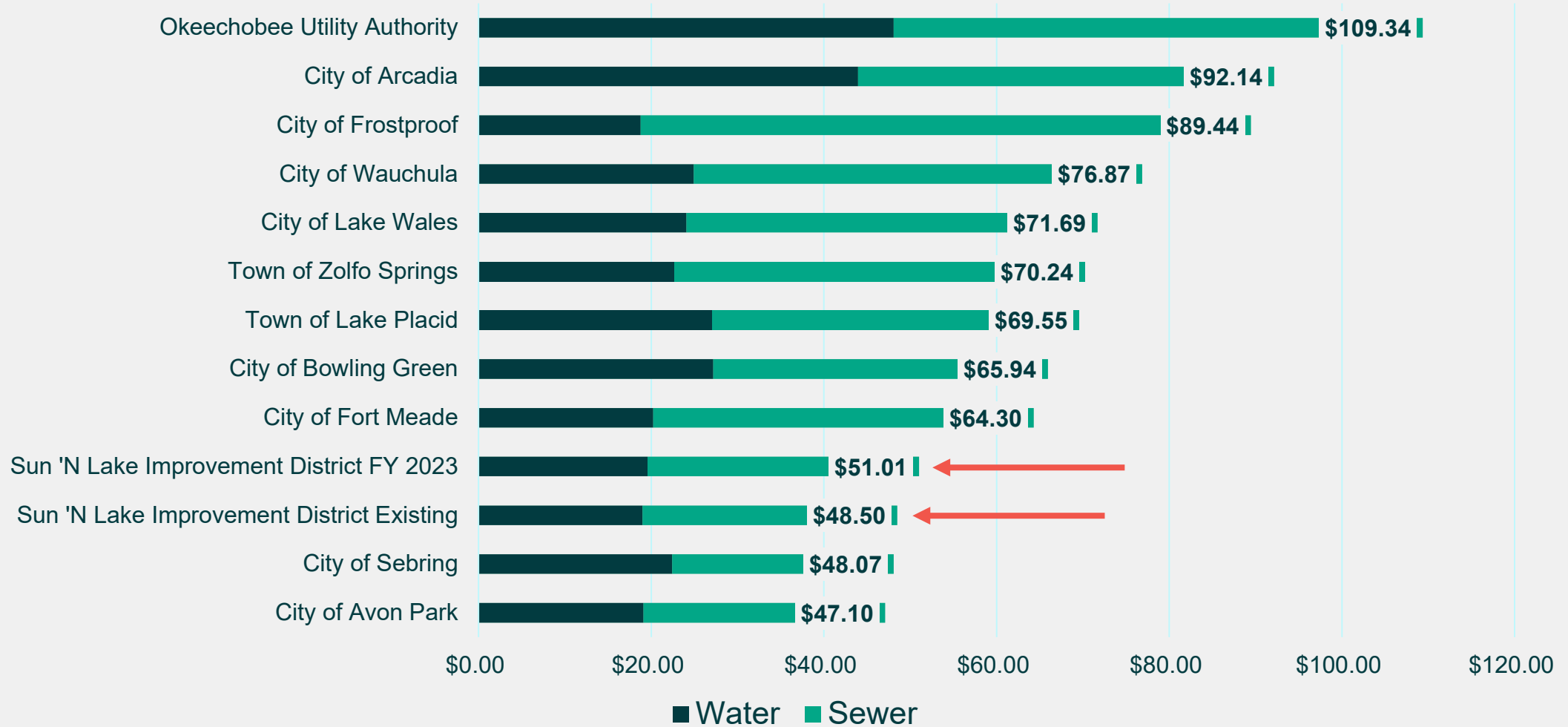


Fund Balance Forecast

- Total utility cash balances projected to increase each year
- Connection fee fund increasing due to projected new growth and recent increases to water and sewer connection fees



Residential Comparison at 5,000 gallons Consumption



Rate Study Recommendations

1. Implement the water and sewer rate increases identified for October 1, 2022 and each ensuing October 1 through 2026
 1. Adjustments identified herein provide for adequate funding of operating expenses, debt service, and planned capital improvements
 2. Maintains adequate reserves
2. Comply with Chapter 180.136 FS regarding customer notification of any public meeting where rate adjustments may be increased



Thank you!

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