



City of Venice, Florida

Wholesale Wastewater Rate Study – Final Report

August 12, 2021





August 12, 2021

Mr. Javier A. Vargas
City of Venice
200 North Warfield Avenue
Venice, FL 34285

Re: Wholesale Wastewater
Rate Study – Final Report

Dear Mr. Vargas,

Stantec is pleased to provide you with this Final Report of the findings from the Wholesale Wastewater Rate Study (Study) that we completed for the City of Venice Utilities System (City or Utility). We appreciate the fine assistance provided by you and other members of City staff who participated in and contributed to the Study. I ask that you please distribute this report to the appropriate individuals at the City for their review and comment in addition to your own.

If you or others at the City have any questions, please do not hesitate to call me at (813) 204-3331 or email at andrew.burnham@stantec.com. We appreciate the opportunity to be of service to the City, and we look forward to the possibility of doing so again in the near future.

Sincerely,

A handwritten signature in blue ink, appearing to read "Andrew Burnham".

Andrew Burnham
Vice President, Financial Services

Enclosure

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1. INTRODUCTION

Stantec Consulting Services Inc. (Stantec) has completed a cost of service analysis and rate study (Study) for the City of Venice (City or Utility) and its wholesale wastewater customer, Sarasota County (County). The methodology, data, assumptions, and results are documented in this report.

1.1 BACKGROUND

The City of Venice is located on the southwest coast of Florida and covers approximately sixteen square miles of land. The City provides high-quality drinking water and wastewater services to approximately 12,500 connections and serves over 23,000 customers. The Utility is comprised of more than 350 miles of underground water, sewer, and reuse mains, and also include equipment such as meters, backflow prevention devices, a Geographical Information System (GIS) database, wells, lift stations, a reverse osmosis water treatment plant that produces an average daily flow of 2.3 million gallons per day (MGD), and a wastewater reclamation facility that treats approximately 3.2 MGD of influent flow.

1.1.1 The Agreement

On October 5, 1989, the City entered into an Interlocal Agreement¹ with Sarasota County to treat up to 0.35 MGD of County influent delivered to the City-owned Eastside Water Reclamation Facility (EWRF or “plant”). The original agreement was amended on October 10, 2000, when the City initiated a project to expand the plant from 3.0 MGD to 6.0 MGD. In an amendment, the County increased their allocated capacity to 3.0 MGD, or half the projected total plant capacity. During the construction period, the County made a series of up-front payments to the City such that by the end of those payments, the County had paid for 50% of the EWRF’s actual costs of construction and expansion. Once the expansion was completed, the County had the right to 3.0 MGD of the plant’s capacity and would be responsible for 50% of the EWRF’s operating and future capital costs.

The agreement was amended a second time on November 12, 2002, and the parties also entered into a Memorandum of Understanding (MOU) dated July 7, 2004, related to the agreement. Collectively these four documents (the original agreement, the two amendments, and the MOU) encompass the entire agreement between the parties and are referred to hereafter as the Agreement. Among other things, Amendment 2 and the MOU discussed the rights and obligations of the various parties related to the effluent flowing from the plant, and at one point the County was entitled to 1/3rd of the effluent from the

¹ Contract No. C89-457; “Interlocal Agreement Between the City of Venice and Sarasota County for Wastewater Treatment”

County flows into the plant. This 1/3rd percentage was later accepted by the parties as the applicable County share of the two major reclaimed projects constructed in 2013.

1.1.2 Current Rates

Today, the County continues to make monthly payments to the City under terms of the Agreement. Sections 7.04 and 7.05 provide for a monthly gallonage charge plus a surcharge. For FY 2021, the revenue from the County is projected at \$2.6 million, and the actual monthly payment has varied from a low of \$201,585 in December 2020 to \$223,199 in April 2021. The monthly bill currently includes the following three components:

- i. A fixed monthly charge of \$166,662.60, representing 50% (3 MGD / 6 MGD) of the City's fixed operating costs.
- ii. A variable charge of \$.70 per 1,000 gallons, representing approximately 38% of the EWRF's variable operating costs (electricity and operating supplies). The variable charge averages between \$20,000 and \$30,000 per month.
- iii. A surcharge of 10% of the above two amounts, expected to generate \$244,345 in FY 2021, to be used for capital.

Over the last seven years, the County delivered an average of 1.2 MGD of influent to the EWRF for treatment and disposal by the City. During that same period, the City delivered an average of 1.96 MGD for a total of 3.16 MGD. Therefore, the County's percentage of the total influent delivered over the last seven years was 38.0%.

1.1.3 After the Agreement

From 2004 through 2012, the Agreement operated effectively. The County paid their share of the operating costs of the plant and there were no significant capital expenditures. Money built up in the surcharge account to a balance of \$1.8 million as of September 30, 2012.

New Phase of Capital Projects

In 2012, the City hired Burton & Associates (now Stantec) to conduct a water and wastewater cost of service rate study, and on August 21, 2013, Burton & Associates produced a companion report² of the costs under the Agreement. Rates were set in the format illustrated above, with 3% annual increases through FY 2018. That separate analysis identified future capital needs at the EWRF but did not change the formula for capital cost recovery; the 10% surcharge account would continue to fund the County's

² "Update of FY 2012 Water & Wastewater Cost of Service Rate Study" by Burton & Associates dated August 21, 2013.

share of capital costs. However, this report was an early indication that significant capital costs were upcoming.

In 2013, the City undertook a major renovation of the EWRF aeration and grit removal system at the plant's headworks. The project was originally estimated to cost \$3.7 million (of which the County's 3/6th share would have been \$1.85 million). At some point, the scope of the project was modified to include a major expansion of the headworks that would increase the plant's treatment capacity from 6.0 MGD to 8.0 MGD. The total cost of the combined renovation/expansion project was \$10.9 million. Funding came from the City's 2012 and 2015 Utilities bonds.

Other EWRF projects were also financed with the City's 2012 and 2015 Utilities Bonds, including \$1.4 million for 3.0 MG reclaimed ground storage tank, \$1.1 million for a new reclaimed water filtration system, and \$750,871 for a replacement blower system. Other EWRF projects were paid for by the City *out of pocket* (i.e., without financing) from 2012 to the present.

In 2018, the City hired Stantec to conduct a new water and wastewater rate study (the 2017 Rate Study). That report was issued August 30, 2018³. Stantec also produced a companion report of the updated costs under the Agreement in draft form that was presented to the County (the 2018 Draft Report)⁴. This cost allocation study projected that the County's costs under the Agreement would increase from \$2.5 million to \$3.1 million per year. The major cause of the increase was capital-related. Capital costs at the plant were projected to increase to over \$800,000 annually.

In August 2018, the City presented the County with six draw requests on the 10% surcharge account for the capital expenditures at the EWRF from 2012 to 2017, and related debt service where applicable. The County acknowledged receipt of these draw requests. At this time, both parties indicated their desire for a better mechanism for funding capital expenditures going forward as well as the intent to tackle other challenging topics such as the significant rate increase proposed, the recent plant expansion, the appropriate cost-sharing percentage, eligible projects for cost-sharing, and the rights to the reclaimed water from the County's flow.

Although the meetings and discussions stalled for months at a time, progress was made. For example, the County argued that their cost-sharing percentage for the two reclaimed projects funded with the 2012 Bonds (discussed above) should be reduced from 50% to 33% based on Amendment 2 to the agreement. The City ultimately made that change, with the understanding that the County acknowledged their responsibility for the applicable percentage of the City's debt service going forward. Regarding the plant

³ "Utility Rate Study Final Report" by Stantec dated August 30, 2018.

⁴ "FY2019 Bulk Sewer Treatment Cost Allocation Assumptions and Preliminary Results" by Stantec dated September 12, 2018.

expansion, the County was not interested in additional capacity but wanted the option to purchase it at a later date. Therefore, the County felt that the cost of the expansion should be removed from the draw requests, and the applicable cost-sharing percentage for future capital projects should be reduced from 50% (3/6ths) to 37.5% (3/8ths). The City acquiesced but insisted on a flow-based percentage for the County's share of fixed operating expenses (reduced from 3/6ths to 38%).

Almost three years have elapsed since meetings were initiated with the County, and while there has been significant progress on a number of items, there has also been stoppages and delays. As such, in FY 2021, the City again hired Stantec for a new wholesale cost of service study to be based on a similar cost of service framework as identified in the 2017 Rate Study but reflecting the City's FY 2021 budget and latest capital improvement program (CIP), the City's objectives, and County input and preferences to the extent appropriate.

1.2 OBJECTIVES

The primary objectives of this Study were to:

- i. Identify the comprehensive amount of current and future annual revenue requirements associated with the provision of wastewater treatment service.
- ii. Complete a cost-of-service (COS) allocation analysis using industry accepted practices and integrating County input as appropriate to determine a fair and reasonable distribution of the City's annual wastewater treatment requirements between the City and the County.
- iii. Calculate rates applicable to the County based upon the allocation of the City's various types of wastewater treatment costs and identify a methodology and process for future rate updates.
- iv. Evaluate billing impacts of the calculated rates and compare wastewater treatment costs to current retail rates for the City and the County.

1.3 RESOURCES

Stantec relied on several industry resources in the development and completion of this Study and Report, including controlling guidance from the Water Environment Federation (WEF) and the American Water Works Association (AWWA) as reflected in the following resources:

- i. **Financing and Charges for Wastewater Systems, WEF MOP 27, Fourth Edition.** This manual provides a general overview of the current practices and procedures that should be considered for financing and establishing rates and charges for sanitary sewer collection and treatment systems. It is intended to provide guidance by illustrating various ways of analyzing and allocating the operating and capital costs associated with collecting and treating wastewater and developing rates and charges that fairly and reasonably reflect the cost of providing service to different customer classes. The considerations, methods, and approaches identified for establishing sewer rates are similar to those for establishing water rates per the AWWA M1 manual.

- ii. **Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices, AWWA M1, Seventh Edition.** This manual is intended to help policymakers and rate analysts consider all relevant factors when evaluating/defining customer classes, performing cost of service allocations, and selecting/calculating specific rate structures. It is a comprehensive collection of guidance on a variety of issues associated with designing and developing water rates and charges.
- iii. **Developing Rates for Small Systems, AWWA M54.** This manual provides guidance on generally accepted cost-based ratemaking practices for small systems or any system that lacks sufficient data to follow methods and examples provided in the AWWA M1 manual. The M54 manual is intended to be used in conjunction with other resources, such as the M1 manual.

It is important to note that these industry resources are meant to provide guidance to the cost-of-service and rate-making process. There is no single approach that fits a utility perfectly. WEF MOP 27 states, “As individual wastewater utilities address their financial management challenges, it is important that their practices for setting rates and charges be responsive to the unique circumstances and values of the communities they serve. Accordingly, this MOP offers industry-accepted guidance in addressing these challenges without prescribing specific methods. In many instances, acceptable methodological alternatives are presented.”

1.4 RATEMAKING

In utility ratemaking, it is important to define different customer classes based on the range of services they receive. Customers are grouped together for ratemaking purposes based on similar characteristics, demand patterns, and whether full-service or wholesale service is provided. Such service characteristics reasonably differentiate the respective costs to serve these customer classes. Wholesale customers are often large-volume customers that may discharge non-standard strength wastewater or discharge on a fluctuating basis and receive service only from large sanitary sewer interceptors since such customers own, operate, and maintain their own system of small collection mains for wastewater service that they provide to their own full-service customers. In contrast, full-service customers use both large transmission *and* small collection mains for wastewater service and typically discharge on a more consistent, standard flow and strength basis. In short, full-service customers require and use a substantially larger part of the whole wastewater system per unit of volume than is required and used by any wholesale customer. Regardless, the wastewater utility must have the hydraulic and treatment capacity to handle excess non-standard strength loadings or fluctuating discharges from wholesale customers when they occur, but if those loadings or volumetric demands fluctuate, the capacity remains idle the rest of the time. Unless the utility designs and implements a cost-of-service based rate for customers of that nature, it will either

operate at a loss or be forced to recover these costs in the rates charged to other customers (full-service or retail customers), thus subsidizing the large or otherwise non-standard customer.⁵

The County, according to industry practices and resources, is defined as a wholesale customer of the City. The WEF MOP27 manual states that wholesale customers own and maintain their own sanitary sewer collection mains and lift stations.⁶ Based on the manual's definition, wholesale customers do not use all facilities required by full-service customers. A wholesale customer receives service only at one or more major interconnections, and the wholesale sanitary sewer customer collects wastewater from its own full-service customers using its own collection system and transports it to limited points of interconnection (usually large interceptors) to the service provider, which treats the wastewater.⁷ In addition to collecting wastewater from its customers, the wholesale customer may also provide meter reading, customer billing, and other customer services to its own full-service customers.

1.4.1 Rate Structures

Utilities vary widely in fundamental ways and as a result, there is no single rate structure deemed to be ideal within the industry. Differences in the natural environment, technologies employed, customer makeup and density, growth or contraction of the customer base and usage, and numerous management and public policy objectives, among other factors, result in the use of a wide variety of rate structures. A utility is forced to balance multiple and competing objectives in selecting a rate structure, including:

- Revenue sufficiency
- Revenue stability
- Equity in cost recovery
- Customer understanding
- Customer bill predictability
- Administrative expense and efficiency

Well managed utilities appropriately take different approaches to the balancing of these objectives and should not limit their attention to just one of these attributes. The variation in local conditions and the balancing of competing objectives contributes to the variation in rate structures employed. Common industry practice is a rate structure comprised of both fixed and variable charges. Fixed charges typically recover capital-related costs and other fixed costs that are incurred year-round regardless of the level of volume or

⁵ Financing and Charges for Wastewater Systems, WEF Manual of Practice No. 27, 2019, p 177.

⁶ Financing and Charges for Wastewater Systems, WEF Manual of Practice No. 27, 2019, p 123.

⁷ Financing and Charges for Wastewater Systems, WEF Manual of Practice No. 27, 2019, p 124.

strength treated. Fixed charges are charged regardless of volume or flow and contribute to the financial stability of a utility. Variable or volumetric rates are charged based on estimated or actual wastewater flow.

When setting rates, utility management must recognize that it should not act in a vacuum (hence the engagement of the County throughout the conduct of this Study) and may be called upon to justify the development of the rates and charges and how they have been applied to customers' bills. That said, courts typically recognize that rate setting is a legislative, not a judicial, function.⁸

1.4.2 Ratemaking Process

In order for utilities to set reasonable rates for each customer class, cost of service or rate studies are generally conducted using three steps or series of questions as the basis:

- i. **How Much?** Determine the amount of revenue needed to meet all expenditure requirements for a specified period. Revenue requirements represent the amount of revenue that the system must recover from rates charged to customers to cover the cost of providing service.
- ii. **From Whom?** Fairly and equitably allocate the cost of service and associated revenue requirements for a specific period to defined customer classes based on their characteristics and how they use the system.
- iii. **How Collected?** Determine the structure and schedule of rates that will recover the identified amount of revenue requirements from each customer class.

1.4.3 Revenue Requirement Methodologies

When developing utility revenue requirements, there are two generally accepted methodologies - the **Cash Basis** and the **Utility Basis**. The major difference between the two methodologies is how they recover capital-related costs. The Cash Basis includes cash-funded capital improvement projects (CIP) and annual principal and interest payments (commonly referred to as debt service) for projects funded with debt. The Utility Basis does not include cash-funded CIP or annual debt service, but instead includes a return on investment on the net book value of the utility's assets and annual depreciation expense. Both methodologies recover operating expenses, and account for revenue that is not related to user charges, and thus not included in the revenues recovered from customers' rates. A comparison of the respective components of the two methodologies is outlined in Table 1-1.

⁸ Financing and Charges for Wastewater Systems, WEF Manual of Practice No. 27, 2019, p 103.

Table 1-1 Rate Methodology Comparison

| Cash Basis | Utility Basis |
|---|---|
| Operating Expenses | Operating Expenses |
| Plus: Annual Debt Service | Plus: Return on Investment |
| Plus: Cash-Funded Capital Projects | Plus: Depreciation |
| Less: Non-User Charge Revenue | Less: Non-User Charge Revenue |
| = Total Rate Revenue Requirement | = Total Rate Revenue Requirement |

In many instances, the **Cash Basis** is used by government-owned (i.e., municipal) utilities to calculate full-service rates for customers inside their jurisdictional boundaries/limits. In some instances, it is also used to set rates for wholesale customers as well as full-service customers located outside jurisdictional boundaries, primarily due to its simplicity and consistency with the budget development process. In certain circumstances utilities may also include a return component in the **Cash Basis** to recognize financial impacts and business risks not otherwise captured in the cash expenditure requirements, such as reduced, or lost property tax revenue, tort liability, etc.

It is also common to determine revenue requirements and set rates using the **Utility Basis** for services provided to wholesale customers or full-service customers outside of the jurisdictional limits of a government-owned utility. When utility service is provided to such customers, it may be appropriate to recognize return on facility value relative to providing such service and the business risks inherent in service to non-owner customers.⁹ Business risks (as outlined below), when materialized, will cause the utility to incur additional expenses to address the non-owner customers' issues¹⁰:

- Slow bill payments requiring the utility to increase collection efforts or failure to pay requiring the utility to take legal action or write off the account receivable,
- Outside customers elect to use another service provider or develop their own facility, requiring the owner to recover abandoned capacity-related operating and capital costs from retail customers,
- Challenging the validity of owner rate increases or suing over policy decisions or perceived discrepancies in service level or rates, causing the utility to incur legal costs for defense.

The **Utility Basis** is sometimes preferable to set rates for these types of customers due to its recognition of and compensation for business risks to the utility and for the stability it provides to these types of customers by minimizing rate changes that could otherwise occur with fluctuations in capital spending. It is important to note that whether the **Utility or Cash Basis** is used, cost allocation based upon the wholesale customer's characteristics and use of the system is an essential element in the methodology, as is the use

⁹ Financing and Charges for Wastewater Systems, WEF Manual of Practice No. 27, 2019, p 155.

¹⁰ Financing and Charges for Wastewater Systems, WEF Manual of Practice No. 27, 2019, Appendix A, p 293.

of revenue requirements that fully accounts for all costs and risks. For this analysis, Stantec used the Cash Basis methodology to determine the City's revenue requirement for its wastewater treatment system.

1.4.4 Cost-of-Service Allocation Process

The cost allocation process provides a basis for establishing rates that equitably recover costs by recognizing differences in the cost of providing service to customers with different characteristics¹¹ such as the City's full-service retail customers versus the County as a wholesale customer. Stantec isolated the costs of the wastewater system (operations and maintenance (O&M), debt service, renewal, replacement, and improvements (RR&I), and capital), allocated these costs to functions (collection and treatment), and determined the portion of treatment costs allocable to the County using cost-causative components.¹²

¹¹ Financing and Charges for Wastewater Systems, WEF Manual of Practice No. 27, 2019, Appendix A, p 104.

¹² The cost-causative factor for a particular system component or activity is defined as the measurable design criterion, operational or service purpose, or customer requirement that *predominantly* influences the size and annual operating and capital costs of the utility facility or cost center being considered. Financing and Charges for Wastewater Systems, WEF Manual of Practice No. 27, 2019, Appendix A, p 107.

2. ANALYSIS

2.1 REVENUE REQUIREMENTS

Because of the nature of wastewater services and the capital-related expenditures required to operate a wastewater program, a good financial management system delineates the “how, who, and what” of budget production. Budgets are typically divided between O&M and capital-related expenses. In most instances, expenditures related to O&M are relatively consistent from year to year based on the treatment of the wastes received from the service area. Capital budgets are based on needs of the system and planned according to a utility’s ability to fund, design, and construct each project. As such, annual capital costs may vary significantly from year to year and actual cash expenditures will depend on the project costs and funding. The O&M budget generally appropriates necessary funds for actual implementation, whereas the capital budget may only identify the funding and expenditure plan but may not actually appropriate funds for the full construction of all identified improvements.¹³

Stantec used both forms of budgets to develop the revenue requirements of the City’s wastewater system. The City’s FY 2021 Amended Budget was used as the test year for O&M expenditures, with known and measurable changes considered¹⁴. Each O&M expenditure was allocated between the water, sewer, and reuse systems and only sewer costs were evaluated in the COS analysis. Schedule 1 of the Supporting Schedules presents the details of the operating cost line items included in the COS analysis and Schedule 2 shows the allocations between water, sewer, and reuse. These allocations were reviewed in detail with City staff as well as the County as part of preparing this analysis. Also of note, substantial detailed information was provided by the City (See Appendix A) to the County showing the basis of the administrative and general cost allocations to the Utility as well as the calculation of the payment in lieu of franchise fees reflected in this analysis.

Where possible, costs were directly assigned to specific services and functions. For example, all costs identified for the Water Production department were allocated to the water system. Where cost items supported more than one system, City staff identified proper allocation criteria to apportion the cost to the appropriate systems. For example, Water Reclamation department costs were allocated 90% to the sewer system and 10% to the reuse system as the City’s source of reclaimed water is a function of wastewater

¹³ Financing and Charges for Wastewater Systems, WEF Manual of Practice No. 27, 2019, p 43-44.

¹⁴ All line items of the budget were reviewed in detail with both City and County staff. As a result, normalizing adjustments were made to eliminate carry-over or one-time expenses, account for new expenditure requirements, eliminate non-recurring items or to move expenses between departments to be more in alignment with the primary budgeting category for related system costs.

treatment and disposal. Table 2-1 provides a summary of the total allocated test year costs between the water, wastewater, and reuse systems in line item detail by department.

Table 2-1 Test Year O&M Expense Allocation Summary between Systems

| FY 2021 Test Year | Water | Wastewater | Reuse | Total |
|----------------------|--------|------------|--------|---------|
| O&M Costs | \$7.7M | \$7.3M | \$1.4M | \$16.4M |
| % of Total | 46.7% | 44.9% | 8.40% | 100% |

The \$7.3 million of operating costs that were allocated to wastewater were further allocated between treatment (including disposal) and collection functions, and each of those totals were also split between fixed and variable expenses to determine the cost basis for the fixed and variable O&M fee components. For wastewater utility systems, variable expenses are defined as costs that generally increase or decrease in proportion to the amount of wastewater volume collected through the collection system and treated and disposed at the water reclamation facility. As such, line items such as operating supplies and utility services were classified as variable expenses. Table 2-2 summarizes the cost allocation results between the different wastewater functions and fixed versus variable expenses.

Table 2-2 Wastewater System O&M Expense Functional Allocation Summary

| FY 2021 Test Year | Treatment & Disposal | | Collection | |
|--------------------------------|----------------------|-----------------|--------------|-----------------|
| O&M Costs | \$5.18M | | \$2.16M | |
| % of Total | 70.5% | | 29.5% | |
| Fixed vs Variable Costs | Fixed | Variable | Fixed | Variable |
| O&M Costs | \$4.59M | \$587.0k | \$2.14M | \$21.8k |

The wastewater treatment and disposal costs in Table 2-2 serve as the basis for the fixed and variable operating cost components of the calculated County rates. Schedules 2 and 3 of the Supporting Schedules provide further detail of the allocation factors used to allocate the O&M expenditures to wastewater and further between treatment/disposal and collection functions.

As Table 1-1 outlined, debt service costs and cash funded capital expenditures are also considered in addition to O&M expenses under the cash basis methodology. The City provided detailed records of projects that were funded through bond proceeds and associated debt service payment schedules (through FY 2026) that are eligible to be a shared cost with the County based upon their share of capacity in each of those systems at the time the debt was issued and consistent with the current agreement¹⁵.

¹⁵ Historical assets at the EWRF are allocated based on plant capacity of 6.0 MGD, with 3.0 MGD of County reserved capacity. Reclaimed water projects (excluding distribution projects) are allocated 1/3 to the County per the agreement.

Table 2-3 presents the calculation of the debt service component applicable to the County. The debt service component of the County's charges will be a fixed monthly fee which varies by year based on the City's annual debt service obligations. Schedule 4 of the Supporting Schedules provides the full breakdown of debt service applicable to the County.

Table 2-3 Debt Service Allocations to Sarasota County

| Bond Issuance Debt Service | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| Series 2012/2020 Refunding Bond | \$875,498 | \$1,021,221 | \$1,024,539 | \$1,021,956 | \$1,022,872 | \$1,022,422 |
| County Applicable Share % ¹⁶ | 9.66% | 9.66% | 9.66% | 9.66% | 9.66% | 9.66% |
| County Applicable Share \$ | \$84,573 | \$98,650 | \$98,970 | \$98,721 | \$98,809 | \$98,766 |
| Series 2015 Bond | \$1,096,575 | \$1,096,325 | \$1,099,375 | \$1,096,300 | \$1,097,175 | \$1,101,175 |
| County Applicable Share % ¹⁷ | 8.27% | 8.27% | 8.27% | 8.27% | 8.27% | 8.27% |
| County Applicable Share \$ | \$90,687 | \$90,666 | \$90,918 | \$90,664 | \$90,736 | \$91,067 |
| Total Debt Service Applicable to the County | \$175,260 | \$189,316 | \$189,889 | \$189,385 | \$189,546 | \$189,833 |

The cost of service and calculated wholesale wastewater treatment rates also considered cash funded capital improvement expenditures (projects greater than \$1M) and annual RR&I costs for the City's wastewater treatment system. Stantec and City staff worked together to identify capital improvement and annual RR&I projects and associated costs that are applicable to the County in the City's most current 5-year CIP. A portion of the capital costs is allocated to the County based on their share of the current EWRf capacity, which is 3.0 MGD of 8.0 MGD, or 37.5%, total treatment capacity. Whereas the portion of RR&I costs will be allocated annually to the County based on their contribution of actual flow at the wastewater treatment plant. Table 2-4 presents the planned annual wastewater treatment capital and RR&I costs of the system and the costs allocated to the County based on current capacity allocations and flow observations.

¹⁶ Based on the County's 50% share of the Odor Control Headworks and Aeration/Grit Removal Systems projects (R&R portion only) and 33% share of the EWRf Reclaimed Ground Storage tanks and Reclaimed Water Filtration System projects.

¹⁷ Based on the County's 50% share of the Aeration/Grit Removal/Headworks (R&R portion Only) project and the EWRf Blower Replacement project.

Table 2-4 Annual Wastewater Treatment Capital and RR&I through FY 2026

| Description | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 |
|--|-------------|-------------|-------------|-------------|-------------|-----------|
| Capital Improvements ¹⁸ | \$1,822,122 | \$2,400,000 | \$1,550,000 | \$3,650,000 | \$3,000,000 | \$- |
| County Applicable Share % (Capacity Based) | 37.5% | 37.5% | 37.5% | 37.5% | 37.5% | 37.5% |
| County Applicable Share \$ | \$683,296 | \$900,000 | \$581,250 | \$1,368,750 | \$1,125,000 | \$- |
| RR&I | \$2,733,329 | \$900,000 | \$500,000 | \$500,000 | \$500,000 | \$500,000 |
| County Applicable Share % (Flow Based - Rounded) | 38.0% | 38.0% | 38.0% | 38.0% | 38.0% | 38.0% |
| County Applicable Share \$ | \$1,037,973 | \$341,772 | \$189,873 | \$189,873 | \$189,873 | \$189,873 |

2.2 UNIT COSTS

After developing the revenue requirements of the City's wastewater treatment function, the next step in the cost allocation analysis was to determine the units of service and unit costs for each cost component. There were two approaches for units of service used in the calculation of the wholesale wastewater treatment rates: 1) reserved capacity and 2) flow¹⁹. The capacity approach is based on the total available treatment capacity of the water reclamation facility and each party's reserved capacity, while the flow approach is based on measured influent flow volume contributed by each party. Table 2-5 reflects the units of service used in the calculation of wholesale wastewater treatment rates.

Table 2-5 Units of Service

| Description | Capacity (MGD) | Influent (ADF) ²⁰ |
|-------------|----------------|------------------------------|
| City | 5.0 | 1.96 |
| County | 3.0 | 1.20 |

Stantec calculated and produced several alternative rates and cost allocations that were presented to the County using various combinations of these unit of service categories for the fixed O&M, RR&I, and capital cost components. The final recommended results are presented in the following table. The variable O&M cost component is based on annual influent wastewater volume, and the debt service component reflects the County's share of annual debt service each year (as presented in Table 2-3) based off of the County's

¹⁸ Includes Aquifer Storage & Recovery Well project costs net of potential grant funds in the amount of \$1 million in FY 2022 and \$1 million in FY 2023. Actual grants will be credited proportionately once awarded.

¹⁹ While common in the industry, the strength (concentration of suspended solids or levels of oxygen demand) of flow was not used in this study, however the City may wish to collect such data and use it in future cost allocation studies.

²⁰ Reflects the City's and County's average daily influent flow from FY 2013 - FY 2020, Appendix B.

original reserved capacity of 3.0 MGD out of 6.0 MGD before the headworks expansion was completed and per previously agreed upon allocations for reclaimed projects.

Table 2-6 FY 2021 Calculated Wholesale Wastewater Rates – Capacity & Flow Hybrid

| Cost Component | Unit | Monthly Charge |
|---|------------------|----------------|
| Fixed O&M (Flow Based – Calculated Average) | Flat Monthly Fee | \$ 145,422 |
| Variable O&M (Flow Based – Actual Monthly Flow) | Kgal | \$ 0.508 |
| RR&I (Flow Based – Calculated Average) | Flat Monthly Fee | \$ 86,515 |
| Debt Service Component (Capacity Based) | Flat Monthly Fee | \$ 14,605 |
| Capital Component (Capacity Based) | Flat Monthly Fee | \$ 56,941 |

3. RESULTS & CONCLUSIONS

The proposed approach of calculating rates for the County allows the City to fairly distribute the identified costs applicable to the County based on the driver, or cost-causative factor, of each component. In other words, the O&M and RR&I cost components are based upon flows because the day-to-day operations and maintenance/repair activities of the system are performed to provide service and maintain the quality of the infrastructure that treats wastewater volume. The debt service and capital unit cost is based upon plant capacity ratios because infrastructure is designed or sized based upon capacity and/or peak flows.

The proposed rate structure involves a restructuring of the capital component such that the City will no longer charge the County a 10% surcharge. Replacing it will be a capital fee that will be based upon the capital improvement costs in the City's multi-year capital improvement plan that is associated with the EWRF and the County's capacity²¹. Those costs assume the County's share is the originally reserved 3.0MGD out of the total rated capacity of 8.0 MGD. The fixed flow based charge components (the flat O&M fee and the RR&I fee) may be updated annually based upon allocations of a rolling average of prior year flows between the City and the County.

The City plans to draw down the remainder of the funds in the 10% surcharge account, however based upon the balance as of 10/1/2020 and the anticipated draws, the fund will go negative at the end of FY 2021. As such, the City has proposed a one-time transition payment in the amount of \$386,615 to be paid before the new rates take effect on October 1, 2021. Schedule 5 of the Supporting Schedules provides detail of the surcharge account fund balance and estimated draws.

Stantec evaluated the FY 2021 impacts of the new rate structure compared to that of the existing rate structure and the effective unit costs per 1,000 gallons (Kgal) based on different levels of average daily wastewater flow from the County. As can be seen on the following page, the calculated rates appropriately account for the higher level of ongoing wastewater treatment capital and RR&I costs and therefore, are higher than the existing rates. It is important to note that the new rate structure is not proposed to be effective until FY 2022 (October 1, 2021).

²¹ Depending upon the City's preference, the annual capital fee and RR&I charge could be based upon a multi-year annual average cost to provide stability to the County. Whether updated annually or every few years, there will need to be accounting or "true-ups" performed to ensure that the County is paying the appropriate amount for its share of annual capital and RR&I costs.

Table 3-1 Current and Calculated Bill Impacts

| | Monthly Charge | Annual Bill | | |
|---------------------------------------|----------------|--------------|--------------|--------------|
| | | 1.0 ADF | 1.2 ADF | 1.4 ADF |
| Existing Rates (FY 2021) | | | | |
| Fixed O&M Charge (Capacity Based) | \$ 55,554.20 | \$ 1,999,951 | \$ 1,999,951 | \$ 1,999,951 |
| Gallonge Charge (per Kgal) | \$ 0.70 | \$ 255,500 | \$ 306,600 | \$ 357,700 |
| Plus: 10% Surcharge | | \$ 225,545 | \$ 230,655 | \$ 235,765 |
| Subtotal | | \$ 2,480,996 | \$ 2,537,206 | \$ 2,593,416 |
| Existing Effective Unit Cost per Kgal | | \$ 6.80 | \$ 5.79 | \$ 5.08 |
| Calculated Rates (FY 2021 Test Year) | | | | |
| Fixed O&M (Flow Based) | \$ 145,422 | \$ 1,745,062 | \$ 1,745,062 | \$ 1,745,062 |
| Variable O&M (per Kgal) | \$ 0.508 | \$ 185,329 | \$ 222,394 | \$ 259,460 |
| RR&I (Flow Based) | \$ 86,515 | \$ 1,038,177 | \$ 1,038,177 | \$ 1,038,177 |
| Debt Service (Capacity Based) | \$ 14,605 | \$ 175,260 | \$ 175,260 | \$ 175,260 |
| Capital (Capacity Based) | \$ 56,941 | \$ 683,296 | \$ 683,296 | \$ 683,296 |
| Subtotal | | \$ 3,827,123 | \$ 3,864,188 | \$ 3,901,254 |
| Effective Unit Cost per Kgal | | \$ 10.49 | \$ 8.82 | \$ 7.63 |

Beginning on October 1, 2021, the City is expected to implement the proposed rate structure with annual indexing of 2.15% applied to the fixed and variable O&M charges in conjunction with the City's annual retail rate indexing plan. The RR&I, debt service, and capital fee components will vary annually based upon the identified costs in the City's budget each year. Table 3-2 presents a consolidated multi-year rate schedule for the County based on the annual indexing, projected capital costs, and current flow data.

Table 3-2 Projected 5-Year Wholesale Wastewater Rates

| For Billing Purposes | Units | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 |
|--|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Fixed Component (Fixed O&M, RR&I, Capital) | Flat Monthly Fee | \$ 252,035 | \$ 216,006 | \$ 284,893 | \$ 267,913 | \$ 177,567 |
| Variable Component per Kgal | Kgal (Annual Indexing) | \$ 0.519 | \$ 0.530 | \$ 0.541 | \$ 0.553 | \$ 0.565 |
| Debt Service Component | Flat Monthly Fee (Varies by Year) | \$ 15,776 | \$ 15,824 | \$ 15,782 | \$ 15,795 | \$ 15,819 |
| Subtotal | | \$3,440,912 | \$3,014,016 | \$3,845,151 | \$3,646,649 | \$2,567,994 |
| Existing Effective Unit Cost per Kgal @ 1.2 MGD | | \$ 7.86 | \$ 6.88 | \$ 8.78 | \$ 8.33 | \$ 5.86 |

In the future, Stantec recommends that the City conduct periodic cost of service analyses to ensure the rates reflect the most current expenditure requirements of the system and incorporate changes to the County's rates given any significant changes in costs, reserved capacity, flows (level or characteristics), or the needs of the system. The City should also continue to evaluate the methodology used for future rate adjustments that best reflect the characteristics of the County as a wholesale customer and update the interlocal agreement in accordance with any necessary modifications.

4. BENCHMARKING

Stantec conducted an analysis to compare the resulting wholesale wastewater treatment costs to that of the retail wastewater rates for the City and the County in terms of an effective rate per Kgal. Stantec identified the existing monthly base (readiness for service charge) and the monthly variable rate per Kgal and calculated the total wastewater bill for a typical single-family residential customer of the City and the County based on 3,000 gallons of billed volume. The effective retail rate was calculated by taking the total bill (including the base charge) and dividing by the total volume. The City wanted to observe the proposed wholesale wastewater unit costs as a percentage of the effective retail unit costs for wastewater.

Table 4-1 Wholesale & Retail Rate Comparison

| FY 2021 | City | County |
|--|---------|---------|
| Total Wastewater Bill @ 3,000 Gallons | \$47.18 | \$43.07 |
| Effective Retail Rate per Kgal | \$15.73 | \$14.36 |
| <i>Calculated Effective Unit Cost as a % of Retail (1.2 ADF)</i> | 47% | 51% |

Table 4-1 demonstrates that for both entities, the calculated effective unit cost for wholesale wastewater treatment is comparable, in the range of 45% - 55% of the bill to a typical customer. This proportion is consistent with Stantec's experience with other systems and recognizes that the retail rates of the City and County also need to cover reasonable levels of cost associated with their respective collection systems.

Disclaimer

This document was produced by Stantec Consulting Services Inc. ("Stantec") for the City of Venice and is based on a specific scope agreed upon by both parties. In preparing this report, Stantec utilized information and data obtained from the City of Venice or public and/or industry sources. Stantec has relied on the information and data without independent verification, except only to the extent such verification is expressly described in this document. Any projections of future conditions presented in the document are not intended as predictions, as there may be differences between forecasted and actual results, and those differences may be material.

Additionally, the purpose of this document is to summarize Stantec's analysis and findings related to this project, and it is not intended to address all aspects that may surround the subject area. Therefore, this document may have limitations, assumptions, or reliance on data that are not readily apparent on the face of it. Moreover, the reader should understand that Stantec was called on to provide judgments on a variety of critical factors which are incapable of precise measurement. As such, the use of this document and its findings by the City of Venice should only occur after consultation with Stantec, and any use of this document and findings by any other person is done so entirely at their own risk.

WHOLESALE WASTEWATER RATE STUDY SUPPORTING SCHEDULES

- Schedule 1 Water, Sewer, and Reuse Water Operating Expenses
- Schedule 2 FY 2021 Test Year O&M Expense Allocation Between Water, Sewer, and Reuse Water Systems
- Schedule 3 Sewer System Test Year O&M Expense Functional Allocations
- Schedule 4 Debt Service Component
- Schedule 5 Multi-Year Capital and RR&I Allocations with FY 2021 Transition Payment
- Schedule 6 FY 2021 Sewer Cost Allocation Summary & Calculated Wholesale Rates
- Schedule 7 Sarasota County Projected 5-Year Wholesale Rates

Water, Sewer and Reuse Water Operating Expenses

Schedule 1

| | FY 2019 COSA | FY 2019 Actuals | FY 2020 Actuals | FY 2021 Amended Budget | Adjustments ¹ | FY 2021 COSA | City Staff Notes Per Review/Research After 3/5/21 Meeting with County |
|---|--------------|-----------------|-----------------|------------------------|--------------------------|--------------|--|
| UTILITIES - ADMINISTRATION [1201] | | | | | | | |
| 1 REGULAR SALARIES & WAGES | \$ 671,479 | \$ 638,556 | \$ 652,715 | \$ 724,052 | | \$ 724,052 | |
| 2 OVERTIME | 104 | 600 | 156 | 1,000 | | 1,000 | |
| 3 SPECIAL PAY | 1,804 | 3,067 | 4,658 | 3,519 | | 3,519 | |
| 4 FICA | 52,484 | 45,515 | 46,355 | 55,736 | | 55,736 | |
| 5 RETIREMENT CONTRIBUTIONS | 53,938 | 53,806 | 57,826 | 65,734 | | 65,734 | |
| 6 LIFE AND HEALTH INSURANCE | 168,547 | 147,168 | 159,264 | 157,193 | | 157,193 | |
| 7 WORKERS' COMPENSATION | 1,379 | 1,344 | 2,928 | 3,042 | | 3,042 | |
| 8 PROFESSIONAL SERVICES | 361,858 | 446,714 | 196,830 | 715,449 | (260,949) | 454,500 | City Staff: Remove encumbrance roll and FY 2021 is more representative. |
| 9 PROFESSIONAL SERVICES / LEGAL | 25,750 | - | - | 25,000 | | 25,000 | |
| 10 PROFESSIONAL SERVICES / ADVERTISING | 1,545 | 2,109 | 271 | 1,500 | | 1,500 | |
| 11 PROFESSIONAL SERVICES / INFO SYS | 30,152 | 3,346 | 2,551 | 9,908 | | 9,908 | |
| 12 ACCOUNTING AND AUDITING | 17,398 | 16,066 | 14,677 | 15,046 | | 15,046 | |
| 13 OTHER CONTRACTUAL SERVICE | 1,545 | - | - | 1,500 | | 1,500 | |
| 14 TRAVEL AND TRAINING | 3,811 | 2,014 | 1,531 | 7,000 | | 7,000 | |
| 15 COMMUNICATION SERVICES | 13,151 | 29,051 | 43,930 | 48,780 | | 48,780 | |
| 16 COMMUNICATION SVCS- IS | 34,645 | 23,269 | 17,968 | 18,620 | | 18,620 | |
| 17 FREIGHT & POSTAGE | 51,500 | 65,148 | 63,014 | 65,000 | | 65,000 | |
| 18 RENTALS & LEASES | 14,935 | 17,526 | 12,387 | 15,240 | | 15,240 | |
| 19 RENTALS & LEASES-FLEET REPL | | 6,468 | 2,861 | 9,333 | | 9,333 | |
| 20 ADMINISTRATIVE CHARGES | 1,562,564 | 1,620,781 | 1,703,400 | 1,875,246 | (160,290) | 1,714,956 | City Staff: Removed cashier expense. See Appendix A for additional details. |
| 21 TRANSFERS TO FLEET FUND | 6,330 | 251,007 | 251,285 | 846,298 | (595,000) | 251,298 | City Staff: FY 2021 was an anomaly - adjusted to FY 2019 & FY 2020 levels. |
| 22 INSURANCE | 6,768 | 6,636 | 6,912 | 5,954 | | 5,954 | |
| 23 REPAIR & MAINTENANCE SVCS | 3,090 | 4,419 | 18,441 | 33,500 | | 33,500 | |
| 24 REPAIR & MAINT / COMPUTER DEVICES | 5,150 | 11,258 | 3,896 | 10,000 | | 10,000 | |
| 25 REPAIR & MAINT / FLEET MAINT- LABOR | 721 | 1,111 | 2,171 | 700 | | 700 | |
| 26 REPAIR & MAINT / FLEET MAINT- PARTS | 515 | 2,592 | 1,968 | 500 | | 500 | |
| 27 REPAIR & MAINT / FLEET MAINT- OTHER | 309 | 13,302 | 500 | 300 | | 300 | |
| 28 REPAIR & MAINT / INFO SYS | 111,113 | 46,428 | 58,377 | 74,022 | | 74,022 | |
| 29 PRINTING AND BINDING | 15,450 | 14,559 | 2,782 | 11,000 | | 11,000 | |
| 30 OTHER CHARGES/OBLIGATIONS | 508,707 | 471,064 | 498,691 | 508,190 | 488,705 | 996,895 | City Staff: Adjust PILOFF to 5% of water & sewer billings. See Appendix A for details. |
| 31 OFFICE SUPPLIES | 5,620 | 3,400 | 3,506 | 2,500 | | 2,500 | |
| 32 OPERATING SUPPLIES | 17,098 | 18,345 | 9,857 | 16,000 | | 16,000 | |
| 33 OPERATING SUPPLIES / GASOLINE | 515 | 2,169 | 2,184 | 600 | | 600 | |
| 34 OPERATING SUPPLIES / UNIFORMS | | - | 722 | 2,500 | | 2,500 | |
| 35 OPERATING SUPPLIES / SAFETY SHOES | | - | - | 750 | | 750 | |
| 36 BOOKS, PUBS, SUBS, MEMBER | 1,729 | 1,399 | 1,727 | 2,734 | | 2,734 | |
| 37 PRINCIPAL | | 1,388,000 | 1,440,000 | 1,492,000 | (1,492,000) | - | Excluded as debt service allocations are identified on Schedule 4. |
| 38 PRINCIPAL / SRF LOAN (WW) | | 28,854 | 28,854 | 28,854 | (28,854) | - | Excluded as debt service allocations are identified on Schedule 4. |
| 39 PRINCIPAL / SRF LOAN (DW) | | - | - | 104,020 | (104,020) | - | Excluded as debt service allocations are identified on Schedule 4. |
| 40 INTEREST | | 1,286,026 | 1,233,603 | 1,192,908 | (1,192,908) | - | Excluded as debt service allocations are identified on Schedule 4. |
| 41 INTEREST / SRF LOAN (DW) | | 19,941 | 37,672 | 132,174 | (132,174) | - | Excluded as debt service allocations are identified on Schedule 4. |
| 42 UTILITIES - ADMINISTRATION [1201] EXPENSES | \$ 3,765,709 | \$ 6,812,624 | \$ 6,575,538 | \$ 8,283,402 | \$ (3,477,490) | \$ 4,805,912 | |
| UTILITIES - DISTRIBUTION & COLLECTION [1202] | | | | | | | |
| 43 REGULAR SALARIES & WAGES | \$ 1,112,875 | \$ 1,086,261 | \$ 1,170,241 | \$ 1,252,529 | | \$ 1,252,529 | |
| 44 OVERTIME | 25,875 | 49,930 | 47,492 | 45,000 | | 45,000 | |
| 45 SPECIAL PAY | 30,457 | 28,317 | 26,379 | 34,981 | | 34,981 | |
| 46 FICA | 89,445 | 84,055 | 88,061 | 101,937 | | 101,937 | |
| 47 RETIREMENT CONTRIBUTIONS | 93,488 | 97,672 | 109,495 | 136,582 | | 136,582 | |
| 48 LIFE AND HEALTH INSURANCE | 421,365 | 397,356 | 390,912 | 385,837 | | 385,837 | |
| 49 WORKERS' COMPENSATION | 26,561 | 33,072 | 32,460 | 30,887 | | 30,887 | |
| 50 PROFESSIONAL SERVICES | 309,000 | 299,992 | 484,939 | 817,444 | (493,254) | 324,190 | City Staff: Remove encumbrance roll and FY2021 is more representative. |
| 51 OPERATING SUPPLIES / SAFETY SHOES | | 7,531 | 3,549 | 25,700 | | 25,700 | |
| 52 TRAVEL AND TRAINING | 14,317 | 38,654 | 21,082 | 35,100 | | 35,100 | |
| 53 FREIGHT & POSTAGE | 2,060 | 951 | 427 | 2,000 | | 2,000 | |
| 54 UTILITY SERVICES / LIFT STATIONS | 122,167 | 127,982 | 133,111 | 111,779 | | 111,779 | City Staff: Reviewed line item and it is for lift stations. Reclassed from 1204 to 1202. |
| 55 RENTALS AND LEASES | 10,613 | 473 | 3,236 | 5,000 | | 5,000 | |
| 56 RENTALS AND LEASES-FLEET REPL | 159,871 | 167,700 | 199,484 | 254,111 | | 254,111 | |
| 57 INSURANCE | 25,590 | 25,596 | 26,136 | 29,678 | | 29,678 | |
| 58 REPAIR & MAINTENANCE SVCS | 829,633 | 721,816 | 1,157,711 | 1,074,343 | 160,000 | 1,234,343 | City Staff: Reclassed \$ from 1204 to 1202 for identified lift station item. |
| 59 REPAIR & MAINT / EMERGENCY | | 342,650 | 240,207 | 30,667 | (30,667) | - | City Staff: Removed as carry-forward from FY 2020. |
| 60 REPAIR & MAINT / FLEET MAINT- LABOR | 30,900 | 26,404 | 31,800 | 30,000 | | 30,000 | |
| 61 REPAIR & MAINT / FLEET MAINT- PARTS | 20,600 | 36,192 | 26,078 | 20,000 | | 20,000 | |

Water, Sewer and Reuse Water Operating Expenses

Schedule 1

| | FY 2019 COSA | FY 2019 Actuals | FY 2020 Actuals | FY 2021 Amended Budget | Adjustments ¹ | FY 2021 COSA | City Staff Notes Per Review/Research After 3/5/21 Meeting with County |
|--|--------------|-----------------|-----------------|------------------------|--------------------------|--------------|--|
| 62 REPAIR & MAINT / FLEET MAINT- OTHER | 12,360 | 6,152 | 3,033 | 12,000 | | 12,000 | |
| 63 PRINTING AND BINDING | 5,150 | 1,602 | 1,035 | 5,000 | | 5,000 | |
| 64 OFFICE SUPPLIES | 5,150 | 5,127 | 3,544 | 5,000 | | 5,000 | |
| 65 OPERATING SUPPLIES | 51,500 | 91,096 | 70,621 | 60,000 | | 60,000 | |
| 66 OPERATING SUPP/TREES, SHRUBS, & SOD | 4,120 | 2,566 | 2,185 | 4,000 | | 4,000 | |
| 67 OPER SUPP / SAFETY SHOES REIMBURSE | 3,863 | 4,012 | 3,883 | 4,050 | | 4,050 | |
| 68 OPERATING SUPPLIES / GASOLINE | 41,200 | 41,086 | 39,048 | 40,000 | | 40,000 | |
| 69 OPERATING SUPPLIES / UNIFORMS | | - | 7,766 | 10,000 | | 10,000 | |
| 70 ROAD MATERIALS & SUPPLIES | 7,210 | 6,301 | 7,215 | 7,000 | | 7,000 | |
| 71 BOOKS, PUBS, SUBS, MEMBER | 2,009 | 1,590 | 819 | 2,910 | | 2,910 | |
| 72 IMPROV OTHER THAN BLDGS | - | 3,987,376 | 6,580,147 | 29,141,299 | (29,141,299) | - | Excluded as capital and RR&I allocations are identified on Schedule 5. |
| 73 MACHINERY & EQUIPMENT | - | 18,969 | 4,239 | 25,000 | (25,000) | - | Excluded as capital and RR&I allocations are identified on Schedule 5. |
| 74 UTILITIES - DISTRIBUTION & COLLECTION [1202] EXPEN \$ | 3,641,019 | 7,741,937 | 10,920,144 | 33,739,834 | (29,530,220) | 4,209,614 | |
| | | (127,982) | (133,111) | (926,765) | | | |
| UTILITIES - WATER PRODUCTION [1203] | | | | | | | |
| 75 REGULAR SALARIES & WAGES | \$ 753,002 | \$ 703,320 | \$ 739,488 | \$ 819,670 | | \$ 819,670 | |
| 76 OVERTIME | 36,225 | 43,903 | 68,015 | 45,000 | | 45,000 | |
| 77 SPECIAL PAY | 26,062 | 43,977 | 21,509 | 40,176 | | 40,176 | |
| 78 FICA | 62,368 | 54,871 | 58,576 | 69,222 | | 69,222 | |
| 79 RETIREMENT CONTRIBUTIONS | 70,529 | 67,465 | 72,902 | 88,131 | | 88,131 | |
| 80 LIFE AND HEALTH INSURANCE | 252,819 | 235,464 | 231,648 | 228,644 | | 228,644 | |
| 81 WORKERS' COMPENSATION | 23,645 | 33,000 | 29,040 | 27,844 | | 27,844 | |
| 82 PROFESSIONAL SERVICES | 255,440 | 223,460 | 142,516 | 736,593 | (402,593) | 334,000 | City Staff: Remove carryforwards and \$300,000 well-field master plan (1-time item). |
| 83 OPERATING SUPPLIES / SAFETY SHOES | | 76,105 | 98,198 | 148,402 | | 148,402 | |
| 84 TRAVEL AND TRAINING | 5,974 | 5,835 | 5,521 | 11,500 | | 11,500 | |
| 85 FREIGHT & POSTAGE | 464 | 148 | 139 | 450 | | 450 | |
| 86 RENTALS AND LEASES | 3,214 | 4,181 | 618 | 2,000 | | 2,000 | |
| 87 RENTALS AND LEASES-FLEET REPL | 15,132 | 30,744 | 36,585 | 57,390 | | 57,390 | |
| 88 INSURANCE | 126,032 | 113,796 | 117,360 | 118,186 | | 118,186 | |
| 89 REPAIR & MAINTENANCE SVCS | 350,318 | 189,571 | 296,891 | 410,362 | (71,362) | 339,000 | City Staff: Remove encumbrances from prior year. |
| 90 REPAIR & MAINT / FLEET MAINT- LABOR | 4,223 | 9,978 | 6,673 | 4,100 | | 4,100 | |
| 91 REPAIR & MAINT / FLEET MAINT- PARTS | 5,974 | 12,521 | 6,325 | 5,800 | | 5,800 | |
| 92 REPAIR & MAINT / FLEET MAINT- OTHER | 2,575 | 3,521 | - | 2,500 | | 2,500 | |
| 93 PRINTING AND BINDING | 515 | 551 | - | 500 | | 500 | |
| 94 PROMOTIONAL ACTIVITIES | 59,122 | 34,537 | 30,134 | 66,550 | (9,050) | 57,500 | City Staff: Remove encumbrances from prior year. |
| 95 OFFICE SUPPLIES | 2,575 | 2,755 | 3,015 | 2,500 | | 2,500 | |
| 96 OPERATING SUPPLIES | 349,170 | 290,094 | 331,606 | 409,500 | | 409,500 | City Staff: N/C. Budget increasing about 10% per year. |
| 97 OPER SUPPLIES / ODOR CONTROL | 41,200 | 9,946 | 4,105 | 40,000 | | 40,000 | City Staff: N/C. All funds committed. |
| 98 OPER SUPP / TREES, SHRUBS, SOD | 515 | 812 | - | 500 | | 500 | |
| 99 OPER SUPP / SAFETY SHOES REIMBURS | 2,318 | 1,961 | 1,725 | 2,400 | | 2,400 | |
| 100 OPERATING SUPPLIES / GASOLINE | 13,133 | 15,512 | 12,056 | 12,750 | | 12,750 | |
| 101 OPERATING SUPPLIES / UNIFORMS | | - | 1,819 | 8,000 | | 8,000 | |
| 102 BOOKS, PUBS, SUBS, MEMBER | 14,085 | 4,173 | 12,482 | 14,375 | | 14,375 | |
| 103 UTILITY SERVICES | 391,781 | 366,006 | 384,805 | 403,248 | | 403,248 | |
| 104 BUILDINGS | - | 1,962,832 | 1,864,490 | 833,945 | (833,945) | - | Excluded as capital and RR&I allocations are identified on Schedule 5. |
| 105 IMPROV OTHER THAN BLDGS | - | 10,055 | 1,351,113 | 13,152,241 | (13,152,241) | - | Excluded as capital and RR&I allocations are identified on Schedule 5. |
| 106 MACHINERY & EQUIPMENT | - | 136,024 | 914,899 | 3,964,474 | (3,964,474) | - | Excluded as capital and RR&I allocations are identified on Schedule 5. |
| 107 UTILITIES - WATER PRODUCTION [1203] EXPENSES | \$ 3,098,996 | \$ 4,690,432 | \$ 6,846,132 | \$ 21,726,953 | \$(18,433,665) | \$ 3,293,288 | |
| UTILITIES - WATER RECLAMATION [1204] | | | | | | | |
| 108 REGULAR SALARIES & WAGES | \$ 949,549 | \$ 943,070 | \$ 1,024,090 | \$ 1,074,318 | | \$ 1,074,318 | |
| 109 OVERTIME | 51,750 | 57,745 | 54,795 | 50,000 | | 50,000 | |
| 110 SPECIAL PAY | 29,488 | 19,840 | 22,136 | 42,234 | | 42,234 | |
| 111 FICA | 78,857 | 72,455 | 77,513 | 89,240 | | 89,240 | |
| 112 RETIREMENT CONTRIBUTIONS | 84,014 | 85,739 | 98,621 | 119,573 | | 119,573 | |
| 113 LIFE & HEALTH INSURANCE | 286,528 | 264,900 | 275,088 | 271,515 | | 271,515 | |
| 114 WORKERS' COMPENSATION | 32,710 | 41,556 | 37,164 | 35,186 | | 35,186 | |
| 115 PROFESSIONAL SERVICES | 103,000 | 466,051 | 308,948 | 332,712 | | 332,712 | |
| 116 OTHER CONTRACTUAL SERVICE | 374,438 | 303,308 | 326,929 | 361,830 | | 361,830 | |
| 117 TRAVEL AND TRAINING | 3,955 | 6,785 | 3,461 | 11,500 | | 11,500 | |
| 118 FREIGHT & POSTAGE | 773 | 390 | 9 | 750 | | 750 | |
| 119 UTILITY SERVICES | 372,682 | 321,524 | 291,173 | 314,791 | | 314,791 | |
| 120 RENTALS AND LEASES | 8,693 | 6,190 | (3,188) | 3,500 | 81,948 | 85,448 | City Staff: New annual lease expense for odor control biotrickling filter at the plant |
| 121 RENTALS AND LEASES-FLEET REPL | 82,299 | 78,396 | 83,833 | 101,785 | | 101,785 | |

Water, Sewer and Reuse Water Operating Expenses

Schedule 1

| | <u>FY 2019 COSA</u> | <u>FY 2019 Actuals</u> | <u>FY 2020 Actuals</u> | <u>FY 2021 Amended Budget</u> | <u>Adjustments¹</u> | <u>FY 2021 COSA</u> | <u>City Staff Notes Per Review/Research After 3/5/21 Meeting with County</u> |
|---|---------------------|------------------------|------------------------|-------------------------------|--------------------------------|---------------------|--|
| 122 INSURANCE | 218,726 | 197,256 | 203,328 | 225,060 | | 225,060 | |
| 123 REPAIR & MAINTENANCE SVCS | 420,086 | 361,081 | 363,305 | 759,050 | (460,000) | 299,050 | City Staff: \$300k of 1-time item and \$160k for lift stations reclassified to 1202. |
| 124 REPAIR & MAINT / FLEET- LABOR | 10,300 | 10,385 | 10,828 | 10,000 | | 10,000 | |
| 125 REPAIR & MAINT / FLEET- PARTS | 7,210 | 18,513 | 14,234 | 7,000 | | 7,000 | |
| 126 REPAIR & MAINT / FLEET- OTHER | 6,695 | 5,324 | 3,908 | 6,500 | | 6,500 | |
| 127 PRINTING & BINDING | 412 | 260 | - | 400 | | 400 | |
| 128 OFFICE SUPPLIES | 3,605 | 4,801 | 3,016 | 3,500 | | 3,500 | |
| 129 OPERATING SUPPLIES | 193,125 | 155,273 | 168,474 | 337,500 | | 337,500 | City Staff: N/C. Started budgeting \$150K for aluminum sulfate. |
| 130 OPER SUPP / ODOR CONTROL | 154,500 | 267,213 | 189,736 | 230,000 | | 230,000 | City Staff: N/C. No unusual items - some years higher than others. |
| 131 OPER SUPP / SAFETY SHOES REIMB | 1,082 | 1,351 | 1,905 | 2,850 | | 2,850 | |
| 132 OPERATING SUPPLIES / GASOLINE | 39,140 | 21,604 | 18,381 | 35,000 | | 35,000 | |
| 133 OPERATING SUPPLIES / UNIFORMS | - | - | 3,799 | 9,000 | | 9,000 | |
| 134 BOOKS, SUBSCRIPTIONS | 9,078 | 8,826 | 7,511 | 9,935 | | 9,935 | |
| 135 BUILDINGS | - | 115,337 | 32,716 | 120,000 | (120,000) | - | Excluded as capital and RR&I allocations are identified on Schedule 5. |
| 136 IMPROV OTHER THAN BLDGS | - | 276,786 | 204,346 | 3,978,329 | (3,978,329) | - | Excluded as capital and RR&I allocations are identified on Schedule 5. |
| 137 MACHINERY & EQUIPMENT | - | 877,130 | 287,537 | 1,787,122 | (1,787,122) | - | Excluded as capital and RR&I allocations are identified on Schedule 5. |
| 138 UTILITIES - WATER RECLAMATION [1204] EXPENSES | \$ 3,662,764 | \$ 4,990,009 | \$ 4,113,927 | \$ 10,331,180 | \$ (6,263,503) | \$ 4,067,677 | |
| | | 127,982 | 133,111 | | | | |
| 139 TOTAL O&M EXPENSES | \$ 14,470,504 | \$ 24,235,002 | \$ 28,455,741 | \$ 74,081,369 | \$ (57,704,878) | \$ 16,376,491 | |

¹ Per City Staff notes and to back out debt service and capital improvement costs to only account for O&M expenses on this Schedule and Schedules 2 and 3.

FY 2021 Test Year O&M Expense Allocation Between Water, Sewer & Reuse Water Systems

Schedule 2

| | | <u>Test Year COS</u> | <u>Allocation Basis/Factor</u> | <u>Water % Allocation</u> | <u>Sewer % Allocation</u> | <u>Reuse % Allocation</u> | <u>Water \$ Allocation</u> | <u>Sewer \$ Allocation</u> | <u>Reuse \$ Allocation</u> |
|--|---|----------------------|--------------------------------|---------------------------|---------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| UTILITIES - ADMINISTRATION [1201] | | | | | | | | | |
| 1 | REGULAR SALARIES & WAGES | \$ 724,052 | Weighted | 46.74% | 44.86% | 8.40% | \$ 338,430 | \$ 324,804 | \$ 60,818 |
| 2 | OVERTIME | 1,000 | Weighted | 46.74% | 44.86% | 8.40% | 467 | 449 | 84 |
| 3 | SPECIAL PAY | 3,519 | Weighted | 46.74% | 44.86% | 8.40% | 1,645 | 1,579 | 296 |
| 4 | FICA | 55,736 | Weighted | 46.74% | 44.86% | 8.40% | 26,052 | 25,003 | 4,682 |
| 5 | RETIREMENT CONTRIBUTIONS | 65,734 | Weighted | 46.74% | 44.86% | 8.40% | 30,725 | 29,488 | 5,521 |
| 6 | LIFE AND HEALTH INSURANCE | 157,193 | Weighted | 46.74% | 44.86% | 8.40% | 73,474 | 70,516 | 13,204 |
| 7 | WORKERS' COMPENSATION | 3,042 | Weighted | 46.74% | 44.86% | 8.40% | 1,422 | 1,365 | 256 |
| 8 | PROFESSIONAL SERVICES | 454,500 | Weighted | 46.74% | 44.86% | 8.40% | 212,438 | 203,885 | 38,177 |
| 9 | PROFESSIONAL SERVICES / LEGAL | 25,000 | Weighted | 46.74% | 44.86% | 8.40% | 11,685 | 11,215 | 2,100 |
| 10 | PROFESSIONAL SERVICES / ADVERTISING | 1,500 | Weighted | 46.74% | 44.86% | 8.40% | 701 | 673 | 126 |
| 11 | PROFESSIONAL SERVICES / INFO SYS | 9,908 | Weighted | 46.74% | 44.86% | 8.40% | 4,631 | 4,445 | 832 |
| 12 | ACCOUNTING AND AUDITING | 15,046 | Weighted | 46.74% | 44.86% | 8.40% | 7,033 | 6,750 | 1,264 |
| 13 | OTHER CONTRACTUAL SERVICE | 1,500 | Weighted | 46.74% | 44.86% | 8.40% | 701 | 673 | 126 |
| 14 | TRAVEL AND TRAINING | 7,000 | Weighted | 46.74% | 44.86% | 8.40% | 3,272 | 3,140 | 588 |
| 15 | COMMUNICATION SERVICES | 48,780 | Weighted | 46.74% | 44.86% | 8.40% | 22,800 | 21,882 | 4,097 |
| 16 | COMMUNICATION SVCS- IS | 18,620 | Weighted | 46.74% | 44.86% | 8.40% | 8,703 | 8,353 | 1,564 |
| 17 | FREIGHT & POSTAGE | 65,000 | Weighted | 46.74% | 44.86% | 8.40% | 30,382 | 29,158 | 5,460 |
| 18 | RENTALS & LEASES | 15,240 | Weighted | 46.74% | 44.86% | 8.40% | 7,123 | 6,837 | 1,280 |
| 19 | RENTALS & LEASES-FLEET REPL | 9,333 | Weighted | 46.74% | 44.86% | 8.40% | 4,362 | 4,187 | 784 |
| 20 | ADMINISTRATIVE CHARGES | 1,714,956 | Weighted | 46.74% | 44.86% | 8.40% | 801,590 | 769,315 | 144,051 |
| 21 | TRANSFERS TO FLEET FUND | 251,298 | Weighted | 46.74% | 44.86% | 8.40% | 117,460 | 112,730 | 21,108 |
| 22 | INSURANCE | 5,954 | Weighted | 46.74% | 44.86% | 8.40% | 2,783 | 2,671 | 500 |
| 23 | REPAIR & MAINTENANCE SVCS | 33,500 | Weighted | 46.74% | 44.86% | 8.40% | 15,658 | 15,028 | 2,814 |
| 24 | REPAIR & MAINT / COMPUTER DEVICES | 10,000 | Weighted | 46.74% | 44.86% | 8.40% | 4,674 | 4,486 | 840 |
| 25 | REPAIR & MAINT / FLEET MAINT- LABOR | 700 | Weighted | 46.74% | 44.86% | 8.40% | 327 | 314 | 59 |
| 26 | REPAIR & MAINT / FLEET MAINT- PARTS | 500 | Weighted | 46.74% | 44.86% | 8.40% | 234 | 224 | 42 |
| 27 | REPAIR & MAINT / FLEET MAINT- OTHER | 300 | Weighted | 46.74% | 44.86% | 8.40% | 140 | 135 | 25 |
| 28 | REPAIR & MAINT / INFO SYS | 74,022 | Weighted | 46.74% | 44.86% | 8.40% | 34,599 | 33,206 | 6,218 |
| 29 | PRINTING AND BINDING | 11,000 | Weighted | 46.74% | 44.86% | 8.40% | 5,142 | 4,935 | 924 |
| 30 | OTHER CHARGES/OBLIGATIONS | 996,895 | Weighted | 46.74% | 44.86% | 8.40% | 465,960 | 447,199 | 83,736 |
| 31 | OFFICE SUPPLIES | 2,500 | Weighted | 46.74% | 44.86% | 8.40% | 1,169 | 1,121 | 210 |
| 32 | OPERATING SUPPLIES | 16,000 | Weighted | 46.74% | 44.86% | 8.40% | 7,479 | 7,177 | 1,344 |
| 33 | OPERATING SUPPLIES / GASOLINE | 600 | Weighted | 46.74% | 44.86% | 8.40% | 280 | 269 | 50 |
| 34 | OPERATING SUPPLIES / UNIFORMS | 2,500 | Weighted | 46.74% | 44.86% | 8.40% | 1,169 | 1,121 | 210 |
| 35 | OPERATING SUPPLIES / SAFETY SHOES | 750 | Weighted | 46.74% | 44.86% | 8.40% | 351 | 336 | 63 |
| 36 | BOOKS, PUBS, SUBS, MEMBER | 2,734 | Weighted | 46.74% | 44.86% | 8.40% | 1,278 | 1,226 | 230 |
| 37 | UTILITIES - ADMINISTRATION [1201] EXPENSES | \$ 4,805,912 | | | | | \$ 2,246,337 | \$ 2,155,894 | \$ 403,681 |

FY 2021 Test Year O&M Expense Allocation Between Water, Sewer & Reuse Water Systems

Schedule 2

| | Test Year COS | Allocation Basis/Factor | Water % Allocation | Sewer % Allocation | Reuse % Allocation | Water \$ Allocation | Sewer \$ Allocation | Reuse \$ Allocation |
|---|---------------|-------------------------|--------------------|--------------------|--------------------|---------------------|---------------------|---------------------|
| UTILITIES - DISTRIBUTION & COLLECTION [1202] | | | | | | | | |
| 38 REGULAR SALARIES & WAGES | \$ 1,252,529 | LF of Pipe | 50.24% | 36.33% | 13.42% | \$ 629,277 | \$ 455,105 | \$ 168,147 |
| 39 OVERTIME | 45,000 | LF of Pipe | 50.24% | 36.33% | 13.42% | 22,608 | 16,351 | 6,041 |
| 40 SPECIAL PAY | 34,981 | LF of Pipe | 50.24% | 36.33% | 13.42% | 17,575 | 12,710 | 4,696 |
| 41 FICA | 101,937 | LF of Pipe | 50.24% | 36.33% | 13.42% | 51,214 | 37,039 | 13,685 |
| 42 RETIREMENT CONTRIBUTIONS | 136,582 | LF of Pipe | 50.24% | 36.33% | 13.42% | 68,619 | 49,627 | 18,336 |
| 43 LIFE AND HEALTH INSURANCE | 385,837 | LF of Pipe | 50.24% | 36.33% | 13.42% | 193,846 | 140,194 | 51,797 |
| 44 WORKERS' COMPENSATION | 30,887 | LF of Pipe | 50.24% | 36.33% | 13.42% | 15,518 | 11,223 | 4,146 |
| 45 PROFESSIONAL SERVICES | 324,190 | LF of Pipe | 50.24% | 36.33% | 13.42% | 162,875 | 117,794 | 43,521 |
| 46 OPERATING SUPPLIES / SAFETY SHOES | 25,700 | LF of Pipe | 50.24% | 36.33% | 13.42% | 12,912 | 9,338 | 3,450 |
| 47 TRAVEL AND TRAINING | 35,100 | LF of Pipe | 50.24% | 36.33% | 13.42% | 17,634 | 12,754 | 4,712 |
| 48 FREIGHT & POSTAGE | 2,000 | LF of Pipe | 50.24% | 36.33% | 13.42% | 1,005 | 727 | 268 |
| 49 UTILITY SERVICES / LIFT STATIONS | 111,779 | LF of Pipe | 50.24% | 36.33% | 13.42% | 56,158 | 40,615 | 15,006 |
| 50 RENTALS AND LEASES | 5,000 | LF of Pipe | 50.24% | 36.33% | 13.42% | 2,512 | 1,817 | 671 |
| 51 RENTALS AND LEASES-FLEET REPL | 254,111 | LF of Pipe | 50.24% | 36.33% | 13.42% | 127,667 | 92,331 | 34,113 |
| 52 INSURANCE | 29,678 | LF of Pipe | 50.24% | 36.33% | 13.42% | 14,910 | 10,783 | 3,984 |
| 53 REPAIR & MAINTENANCE SVCS | 1,234,343 | LF of Pipe | 50.24% | 36.33% | 13.42% | 620,140 | 448,497 | 165,706 |
| 55 REPAIR & MAINT / FLEET MAINT- LABOR | 30,000 | LF of Pipe | 50.24% | 36.33% | 13.42% | 15,072 | 10,900 | 4,027 |
| 56 REPAIR & MAINT / FLEET MAINT- PARTS | 20,000 | LF of Pipe | 50.24% | 36.33% | 13.42% | 10,048 | 7,267 | 2,685 |
| 57 REPAIR & MAINT / FLEET MAINT- OTHER | 12,000 | LF of Pipe | 50.24% | 36.33% | 13.42% | 6,029 | 4,360 | 1,611 |
| 58 PRINTING AND BINDING | 5,000 | LF of Pipe | 50.24% | 36.33% | 13.42% | 2,512 | 1,817 | 671 |
| 59 OFFICE SUPPLIES | 5,000 | LF of Pipe | 50.24% | 36.33% | 13.42% | 2,512 | 1,817 | 671 |
| 60 OPERATING SUPPLIES | 60,000 | LF of Pipe | 50.24% | 36.33% | 13.42% | 30,144 | 21,801 | 8,055 |
| 61 OPERATING SUPP/TREES, SHRUBS, & SOD | 4,000 | LF of Pipe | 50.24% | 36.33% | 13.42% | 2,010 | 1,453 | 537 |
| 62 OPER SUPP / SAFETY SHOES REIMBURSE | 4,050 | LF of Pipe | 50.24% | 36.33% | 13.42% | 2,035 | 1,472 | 544 |
| 63 OPERATING SUPPLIES / GASOLINE | 40,000 | LF of Pipe | 50.24% | 36.33% | 13.42% | 20,096 | 14,534 | 5,370 |
| 64 OPERATING SUPPLIES / UNIFORMS | 10,000 | LF of Pipe | 50.24% | 36.33% | 13.42% | 5,024 | 3,633 | 1,342 |
| 65 ROAD MATERIALS & SUPPLIES | 7,000 | LF of Pipe | 50.24% | 36.33% | 13.42% | 3,517 | 2,543 | 940 |
| 66 BOOKS, PUBS, SUBS, MEMBER | 2,910 | LF of Pipe | 50.24% | 36.33% | 13.42% | 1,462 | 1,057 | 391 |
| 67 UTILITIES - DISTRIBUTION & COLLECTION [1202] E | \$ 4,209,614 | | | | | \$ 2,114,930 | \$ 1,529,560 | \$ 565,124 |
| UTILITIES - WATER PRODUCTION [1203] | | | | | | | | |
| 68 REGULAR SALARIES & WAGES | \$ 819,670 | Water - Direct | 100.00% | 0.00% | 0.00% | \$ 819,670 | \$ - | \$ - |
| 69 OVERTIME | 45,000 | Water - Direct | 100.00% | 0.00% | 0.00% | 45,000 | - | - |
| 70 SPECIAL PAY | 40,176 | Water - Direct | 100.00% | 0.00% | 0.00% | 40,176 | - | - |
| 71 FICA | 69,222 | Water - Direct | 100.00% | 0.00% | 0.00% | 69,222 | - | - |
| 72 RETIREMENT CONTRIBUTIONS | 88,131 | Water - Direct | 100.00% | 0.00% | 0.00% | 88,131 | - | - |
| 73 LIFE AND HEALTH INSURANCE | 228,644 | Water - Direct | 100.00% | 0.00% | 0.00% | 228,644 | - | - |
| 74 WORKERS' COMPENSATION | 27,844 | Water - Direct | 100.00% | 0.00% | 0.00% | 27,844 | - | - |
| 75 PROFESSIONAL SERVICES | 334,000 | Water - Direct | 100.00% | 0.00% | 0.00% | 334,000 | - | - |
| 76 OPERATING SUPPLIES / SAFETY SHOES | 148,402 | Water - Direct | 100.00% | 0.00% | 0.00% | 148,402 | - | - |
| 77 TRAVEL AND TRAINING | 11,500 | Water - Direct | 100.00% | 0.00% | 0.00% | 11,500 | - | - |
| 78 FREIGHT & POSTAGE | 450 | Water - Direct | 100.00% | 0.00% | 0.00% | 450 | - | - |
| 79 RENTALS AND LEASES | 2,000 | Water - Direct | 100.00% | 0.00% | 0.00% | 2,000 | - | - |
| 80 RENTALS AND LEASES-FLEET REPL | 57,390 | Water - Direct | 100.00% | 0.00% | 0.00% | 57,390 | - | - |
| 81 INSURANCE | 118,186 | Water - Direct | 100.00% | 0.00% | 0.00% | 118,186 | - | - |
| 82 REPAIR & MAINTENANCE SVCS | 339,000 | Water - Direct | 100.00% | 0.00% | 0.00% | 339,000 | - | - |
| 83 REPAIR & MAINT / FLEET MAINT- LABOR | 4,100 | Water - Direct | 100.00% | 0.00% | 0.00% | 4,100 | - | - |
| 84 REPAIR & MAINT / FLEET MAINT- PARTS | 5,800 | Water - Direct | 100.00% | 0.00% | 0.00% | 5,800 | - | - |
| 85 REPAIR & MAINT / FLEET MAINT- OTHER | 2,500 | Water - Direct | 100.00% | 0.00% | 0.00% | 2,500 | - | - |
| 86 PRINTING AND BINDING | 500 | Water - Direct | 100.00% | 0.00% | 0.00% | 500 | - | - |

FY 2021 Test Year O&M Expense Allocation Between Water, Sewer & Reuse Water Systems

Schedule 2

| | Test Year COS | Allocation Basis/Factor | Water % Allocation | Sewer % Allocation | Reuse % Allocation | Water \$ Allocation | Sewer \$ Allocation | Reuse \$ Allocation |
|---|---------------|-------------------------|--------------------|--------------------|--------------------|---------------------|---------------------|---------------------|
| 87 PROMOTIONAL ACTIVITIES | 57,500 | Water - Direct | 100.00% | 0.00% | 0.00% | 57,500 | - | - |
| 88 OFFICE SUPPLIES | 2,500 | Water - Direct | 100.00% | 0.00% | 0.00% | 2,500 | - | - |
| 89 OPERATING SUPPLIES | 409,500 | Water - Direct | 100.00% | 0.00% | 0.00% | 409,500 | - | - |
| 90 OPER SUPPLIES / ODOR CONTROL | 40,000 | Water - Direct | 100.00% | 0.00% | 0.00% | 40,000 | - | - |
| 91 OPER SUPP / TREES, SHRUBS, SOD | 500 | Water - Direct | 100.00% | 0.00% | 0.00% | 500 | - | - |
| 92 OPER SUPP / SAFETY SHOES REIMBURS | 2,400 | Water - Direct | 100.00% | 0.00% | 0.00% | 2,400 | - | - |
| 93 OPERATING SUPPLIES / GASOLINE | 12,750 | Water - Direct | 100.00% | 0.00% | 0.00% | 12,750 | - | - |
| 94 OPERATING SUPPLIES / UNIFORMS | 8,000 | Water - Direct | 100.00% | 0.00% | 0.00% | 8,000 | - | - |
| 95 BOOKS, PUBS, SUBS, MEMBER | 14,375 | Water - Direct | 100.00% | 0.00% | 0.00% | 14,375 | - | - |
| 96 UTILITY SERVICES | 403,248 | Water - Direct | 100.00% | 0.00% | 0.00% | 403,248 | - | - |
| 97 UTILITIES - WATER PRODUCTION [1203] EXPENSE \$ | 3,293,288 | | | | | \$ 3,293,288 | \$ - | \$ - |
| | | | | | | | | |
| UTILITIES - WATER RECLAMATION [1204]' | | | | | | | | |
| 98 REGULAR SALARIES & WAGES | \$ 1,074,318 | Water Reclamation | 0.00% | 90.00% | 10.00% | \$ - | \$ 966,886 | \$ 107,432 |
| 99 OVERTIME | 50,000 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 45,000 | 5,000 |
| 100 SPECIAL PAY | 42,234 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 38,011 | 4,223 |
| 101 FICA | 89,240 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 80,316 | 8,924 |
| 102 RETIREMENT CONTRIBUTIONS | 119,573 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 107,616 | 11,957 |
| 103 LIFE & HEALTH INSURANCE | 271,515 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 244,364 | 27,152 |
| 104 WORKERS' COMPENSATION | 35,186 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 31,667 | 3,519 |
| 105 PROFESSIONAL SERVICES | 332,712 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 299,441 | 33,271 |
| 106 OTHER CONTRACTUAL SERVICE | 361,830 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 325,647 | 36,183 |
| 107 TRAVEL AND TRAINING | 11,500 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 10,350 | 1,150 |
| 108 FREIGHT & POSTAGE | 750 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 675 | 75 |
| 109 UTILITY SERVICES | 314,791 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 283,312 | 31,479 |
| 110 RENTALS AND LEASES | 85,448 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 76,903 | 8,545 |
| 111 RENTALS AND LEASES-FLEET REPL | 101,785 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 91,607 | 10,179 |
| 112 INSURANCE | 225,060 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 202,554 | 22,506 |
| 113 REPAIR & MAINTENANCE SVCS | 299,050 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 269,145 | 29,905 |
| 114 REPAIR & MAINT / FLEET- LABOR | 10,000 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 9,000 | 1,000 |
| 115 REPAIR & MAINT / FLEET- PARTS | 7,000 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 6,300 | 700 |
| 116 REPAIR & MAINT / FLEET- OTHER | 6,500 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 5,850 | 650 |
| 117 PRINTING & BINDING | 400 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 360 | 40 |
| 118 OFFICE SUPPLIES | 3,500 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 3,150 | 350 |
| 119 OPERATING SUPPLIES | 337,500 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 303,750 | 33,750 |
| 120 OPER SUPP / ODOR CONTROL | 230,000 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 207,000 | 23,000 |
| 121 OPER SUPP / TREES, SHRUBS, & SOD | 1,000 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 900 | 100 |
| 122 OPER SUPP / SAFETY SHOES REIMB | 2,850 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 2,565 | 285 |
| 123 OPERATING SUPPLIES / GASOLINE | 35,000 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 31,500 | 3,500 |
| 124 OPERATING SUPPLIES / UNIFORMS | 9,000 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 8,100 | 900 |
| 125 BOOKS, SUBSCRIPTIONS | 9,935 | Water Reclamation | 0.00% | 90.00% | 10.00% | - | 8,942 | 994 |
| 126 UTILITIES - WATER RECLAMATION [1204] EXPENSE \$ | 4,067,677 | | | | | \$ - | \$ 3,660,909 | \$ 406,768 |
| | | | | | | | | |
| 127 TOTAL O&M EXPENDITURES | \$ 16,376,491 | | | | | \$ 7,654,555 | \$ 7,346,362 | \$ 1,375,573 |
| 128 % of Line 127 - Used for Weighted Allocations | - | | | | | 46.74% | 44.86% | 8.40% |

Sewer System Test Year O&M Expense Functional Allocations

Schedule 3

| | | Test Year COS | Allocation Basis/Factor | Collection % Allocation | Treatment & Disposal % Allocation | Total % Allocation | Collection \$ Allocation | Treatment & Disposal \$ Allocation | Fixed % Allocation | Variable % Allocation |
|--|---------------------------------------|---------------|----------------------------|----------------------------|---|-----------------------|-----------------------------|--|-----------------------|--------------------------|
| UTILITIES - ADMINISTRATION [1201] | | | | | | | | | | |
| 1 | REGULAR SALARIES & WAGES | \$ 324,804 | Weighted | 29.47% | 70.53% | 100.00% | \$ 95,715 | \$ 229,089 | 100.00% | 0.00% |
| 2 | OVERTIME | 449 | Weighted | 29.47% | 70.53% | 100.00% | 132 | 316 | 100.00% | 0.00% |
| 3 | SPECIAL PAY | 1,579 | Weighted | 29.47% | 70.53% | 100.00% | 465 | 1,113 | 100.00% | 0.00% |
| 4 | FICA | 25,003 | Weighted | 29.47% | 70.53% | 100.00% | 7,368 | 17,635 | 100.00% | 0.00% |
| 5 | RETIREMENT CONTRIBUTIONS | 29,488 | Weighted | 29.47% | 70.53% | 100.00% | 8,690 | 20,798 | 100.00% | 0.00% |
| 6 | LIFE AND HEALTH INSURANCE | 70,516 | Weighted | 29.47% | 70.53% | 100.00% | 20,780 | 49,736 | 100.00% | 0.00% |
| 7 | WORKERS' COMPENSATION | 1,365 | Weighted | 29.47% | 70.53% | 100.00% | 402 | 962 | 100.00% | 0.00% |
| 8 | PROFESSIONAL SERVICES | 203,885 | Weighted | 29.47% | 70.53% | 100.00% | 60,082 | 143,803 | 100.00% | 0.00% |
| 9 | PROFESSIONAL SERVICES / LEGAL | 11,215 | Weighted | 29.47% | 70.53% | 100.00% | 3,305 | 7,910 | 100.00% | 0.00% |
| 10 | PROFESSIONAL SERVICES / ADVERTIS | 673 | Weighted | 29.47% | 70.53% | 100.00% | 198 | 475 | 100.00% | 0.00% |
| 11 | PROFESSIONAL SERVICES / INFO SYS | 4,445 | Weighted | 29.47% | 70.53% | 100.00% | 1,310 | 3,135 | 100.00% | 0.00% |
| 12 | ACCOUNTING AND AUDITING | 6,750 | Weighted | 29.47% | 70.53% | 100.00% | 1,989 | 4,761 | 100.00% | 0.00% |
| 13 | OTHER CONTRACTUAL SERVICE | 673 | Weighted | 29.47% | 70.53% | 100.00% | 198 | 475 | 100.00% | 0.00% |
| 14 | TRAVEL AND TRAINING | 3,140 | Weighted | 29.47% | 70.53% | 100.00% | 925 | 2,215 | 100.00% | 0.00% |
| 15 | COMMUNICATION SERVICES | 21,882 | Weighted | 29.47% | 70.53% | 100.00% | 6,448 | 15,434 | 100.00% | 0.00% |
| 16 | COMMUNICATION SVCS- IS | 8,353 | Weighted | 29.47% | 70.53% | 100.00% | 2,461 | 5,891 | 100.00% | 0.00% |
| 17 | FREIGHT & POSTAGE | 29,158 | Weighted | 29.47% | 70.53% | 100.00% | 8,593 | 20,566 | 100.00% | 0.00% |
| 18 | RENTALS & LEASES | 6,837 | Weighted | 29.47% | 70.53% | 100.00% | 2,015 | 4,822 | 100.00% | 0.00% |
| 19 | RENTALS & LEASES-FLEET REPL | 4,187 | Weighted | 29.47% | 70.53% | 100.00% | 1,234 | 2,953 | 100.00% | 0.00% |
| 20 | ADMINISTRATIVE CHARGES | 769,315 | Weighted | 29.47% | 70.53% | 100.00% | 226,707 | 542,609 | 100.00% | 0.00% |
| 21 | TRANSFERS TO FLEET FUND | 112,730 | Weighted | 29.47% | 70.53% | 100.00% | 33,220 | 79,510 | 100.00% | 0.00% |
| 22 | INSURANCE | 2,671 | Weighted | 29.47% | 70.53% | 100.00% | 787 | 1,884 | 100.00% | 0.00% |
| 23 | REPAIR & MAINTENANCE SVCS | 15,028 | Weighted | 29.47% | 70.53% | 100.00% | 4,428 | 10,599 | 100.00% | 0.00% |
| 24 | REPAIR & MAINT / COMPUTER DEVICES | 4,486 | Weighted | 29.47% | 70.53% | 100.00% | 1,322 | 3,164 | 100.00% | 0.00% |
| 25 | REPAIR & MAINT / FLEET MAINT- LABOF | 314 | Weighted | 29.47% | 70.53% | 100.00% | 93 | 221 | 100.00% | 0.00% |
| 26 | REPAIR & MAINT / FLEET MAINT- PARTS | 224 | Weighted | 29.47% | 70.53% | 100.00% | 66 | 158 | 100.00% | 0.00% |
| 27 | REPAIR & MAINT / FLEET MAINT- OTHEF | 135 | Weighted | 29.47% | 70.53% | 100.00% | 40 | 95 | 100.00% | 0.00% |
| 28 | REPAIR & MAINT / INFO SYS | 33,206 | Weighted | 29.47% | 70.53% | 100.00% | 9,785 | 23,420 | 100.00% | 0.00% |
| 29 | PRINTING AND BINDING | 4,935 | Weighted | 29.47% | 70.53% | 100.00% | 1,454 | 3,480 | 100.00% | 0.00% |
| 30 | OTHER CHARGES/OBLIGATIONS | 447,199 | Weighted | 29.47% | 70.53% | 100.00% | 131,783 | 315,416 | 100.00% | 0.00% |
| 31 | OFFICE SUPPLIES | 1,121 | Weighted | 29.47% | 70.53% | 100.00% | 330 | 791 | 100.00% | 0.00% |
| 32 | OPERATING SUPPLIES | 7,177 | Weighted | 29.47% | 70.53% | 100.00% | 2,115 | 5,062 | 100.00% | 0.00% |
| 33 | OPERATING SUPPLIES / GASOLINE | 269 | Weighted | 29.47% | 70.53% | 100.00% | 79 | 190 | 100.00% | 0.00% |
| 34 | OPERATING SUPPLIES / UNIFORMS | 1,121 | Weighted | 29.47% | 70.53% | 100.00% | 330 | 791 | 100.00% | 0.00% |
| 35 | OPERATING SUPPLIES / SAFETY SHOE: | 336 | Weighted | 29.47% | 70.53% | 100.00% | 99 | 237 | 100.00% | 0.00% |
| 36 | BOOKS, PUBS, SUBS, MEMBER | 1,226 | Weighted | 29.47% | 70.53% | 100.00% | 361 | 865 | 100.00% | 0.00% |
| 37 | UTILITIES - ADMINISTRATION [1201] EXI | \$ 2,155,894 | | | | | \$ 635,312 | \$ 1,520,581 | | |
| UTILITIES - DISTRIBUTION & COLLECTION [1202] | | | | | | | | | | |
| 38 | REGULAR SALARIES & WAGES | \$ 455,105 | LF of Pipe | 100.00% | 0.00% | 100.00% | \$ 455,105 | \$ - | 100.00% | 0.00% |
| 39 | OVERTIME | 16,351 | LF of Pipe | 100.00% | 0.00% | 100.00% | 16,351 | - | 100.00% | 0.00% |
| 40 | SPECIAL PAY | 12,710 | LF of Pipe | 100.00% | 0.00% | 100.00% | 12,710 | - | 100.00% | 0.00% |
| 41 | FICA | 37,039 | LF of Pipe | 100.00% | 0.00% | 100.00% | 37,039 | - | 100.00% | 0.00% |
| 42 | RETIREMENT CONTRIBUTIONS | 49,627 | LF of Pipe | 100.00% | 0.00% | 100.00% | 49,627 | - | 100.00% | 0.00% |
| 43 | LIFE AND HEALTH INSURANCE | 140,194 | LF of Pipe | 100.00% | 0.00% | 100.00% | 140,194 | - | 100.00% | 0.00% |
| 44 | WORKERS' COMPENSATION | 11,223 | LF of Pipe | 100.00% | 0.00% | 100.00% | 11,223 | - | 100.00% | 0.00% |
| 45 | PROFESSIONAL SERVICES | 117,794 | LF of Pipe | 100.00% | 0.00% | 100.00% | 117,794 | - | 100.00% | 0.00% |
| 46 | OPERATING SUPPLIES / SAFETY SHOE: | 9,338 | LF of Pipe | 100.00% | 0.00% | 100.00% | 9,338 | - | 100.00% | 0.00% |
| 47 | TRAVEL AND TRAINING | 12,754 | LF of Pipe | 100.00% | 0.00% | 100.00% | 12,754 | - | 100.00% | 0.00% |
| 48 | FREIGHT & POSTAGE | 727 | LF of Pipe | 100.00% | 0.00% | 100.00% | 727 | - | 100.00% | 0.00% |
| 49 | UTILITY SERVICES / LIFT STATIONS | 40,615 | LF of Pipe | 100.00% | 0.00% | 100.00% | 40,615 | - | 100.00% | 0.00% |
| 50 | RENTALS AND LEASES | 1,817 | LF of Pipe | 100.00% | 0.00% | 100.00% | 1,817 | - | 100.00% | 0.00% |
| 51 | RENTALS AND LEASES-FLEET REPL | 92,331 | LF of Pipe | 100.00% | 0.00% | 100.00% | 92,331 | - | 100.00% | 0.00% |

Sewer System Test Year O&M Expense Functional Allocations

Schedule 3

| Test Year COS | | Allocation Basis/Factor | Collection % Allocation | Treatment & Disposal % Allocation | Total % Allocation | Collection \$ Allocation | Treatment & Disposal \$ Allocation | Fixed % Allocation | Variable % Allocation |
|---|--|----------------------------|----------------------------|---|-----------------------|-----------------------------|--|-----------------------|--------------------------|
| 52 | INSURANCE | 10,783 | LF of Pipe | 100.00% | 100.00% | 10,783 | - | 100.00% | 0.00% |
| 53 | REPAIR & MAINTENANCE SVCS | 448,497 | LF of Pipe | 100.00% | 100.00% | 448,497 | - | 100.00% | 0.00% |
| 55 | REPAIR & MAINT / FLEET MAINT- LABOF | 10,900 | LF of Pipe | 100.00% | 100.00% | 10,900 | - | 100.00% | 0.00% |
| 56 | REPAIR & MAINT / FLEET MAINT- PARTS | 7,267 | LF of Pipe | 100.00% | 100.00% | 7,267 | - | 100.00% | 0.00% |
| 57 | REPAIR & MAINT / FLEET MAINT- OTHEF | 4,360 | LF of Pipe | 100.00% | 100.00% | 4,360 | - | 100.00% | 0.00% |
| 58 | PRINTING AND BINDING | 1,817 | LF of Pipe | 100.00% | 100.00% | 1,817 | - | 100.00% | 0.00% |
| 59 | OFFICE SUPPLIES | 1,817 | LF of Pipe | 100.00% | 100.00% | 1,817 | - | 100.00% | 0.00% |
| 60 | OPERATING SUPPLIES | 21,801 | LF of Pipe | 100.00% | 100.00% | 21,801 | - | 0.00% | 100.00% |
| 61 | OPERATING SUPP/TREES, SHRUBS, & S | 1,453 | LF of Pipe | 100.00% | 100.00% | 1,453 | - | 100.00% | 0.00% |
| 62 | OPER SUPP / SAFETY SHOES REIMBUF | 1,472 | LF of Pipe | 100.00% | 100.00% | 1,472 | - | 100.00% | 0.00% |
| 63 | OPERATING SUPPLIES / GASOLINE | 14,534 | LF of Pipe | 100.00% | 100.00% | 14,534 | - | 100.00% | 0.00% |
| 64 | OPERATING SUPPLIES / UNIFORMS | 3,633 | LF of Pipe | 100.00% | 100.00% | 3,633 | - | 100.00% | 0.00% |
| 65 | ROAD MATERIALS & SUPPLIES | 2,543 | LF of Pipe | 100.00% | 100.00% | 2,543 | - | 100.00% | 0.00% |
| 66 | BOOKS, PUBS, SUBS, MEMBER | 1,057 | LF of Pipe | 100.00% | 100.00% | 1,057 | - | 100.00% | 0.00% |
| 67 | UTILITIES - DISTRIBUTION & COLLECTION | \$ 1,529,560 | | | | \$ 1,529,560 | \$ - | | |
| UTILITIES - WATER RECLAMATION [1204] | | | | | | | | | |
| 68 | REGULAR SALARIES & WAGES | \$ 966,886 | Water Reclamation | 0.00% | 100.00% | \$ - | \$ 966,886 | 100.00% | 0.00% |
| 69 | OVERTIME | 45,000 | Water Reclamation | 0.00% | 100.00% | - | 45,000 | 100.00% | 0.00% |
| 70 | SPECIAL PAY | 38,011 | Water Reclamation | 0.00% | 100.00% | - | 38,011 | 100.00% | 0.00% |
| 71 | FICA | 80,316 | Water Reclamation | 0.00% | 100.00% | - | 80,316 | 100.00% | 0.00% |
| 72 | RETIREMENT CONTRIBUTIONS | 107,616 | Water Reclamation | 0.00% | 100.00% | - | 107,616 | 100.00% | 0.00% |
| 73 | LIFE & HEALTH INSURANCE | 244,364 | Water Reclamation | 0.00% | 100.00% | - | 244,364 | 100.00% | 0.00% |
| 74 | WORKERS' COMPENSATION | 31,667 | Water Reclamation | 0.00% | 100.00% | - | 31,667 | 100.00% | 0.00% |
| 75 | PROFESSIONAL SERVICES | 299,441 | Water Reclamation | 0.00% | 100.00% | - | 299,441 | 100.00% | 0.00% |
| 76 | OTHER CONTRACTUAL SERVICE | 325,647 | Water Reclamation | 0.00% | 100.00% | - | 325,647 | 100.00% | 0.00% |
| 77 | TRAVEL AND TRAINING | 10,350 | Water Reclamation | 0.00% | 100.00% | - | 10,350 | 100.00% | 0.00% |
| 78 | FREIGHT & POSTAGE | 675 | Water Reclamation | 0.00% | 100.00% | - | 675 | 100.00% | 0.00% |
| 79 | UTILITY SERVICES | 283,312 | Water Reclamation | 0.00% | 100.00% | - | 283,312 | 0.00% | 100.00% |
| 80 | RENTALS AND LEASES | 76,903 | Water Reclamation | 0.00% | 100.00% | - | 76,903 | 100.00% | 0.00% |
| 81 | RENTALS AND LEASES-FLEET REPL | 91,607 | Water Reclamation | 0.00% | 100.00% | - | 91,607 | 100.00% | 0.00% |
| 82 | INSURANCE | 202,554 | Water Reclamation | 0.00% | 100.00% | - | 202,554 | 100.00% | 0.00% |
| 83 | REPAIR & MAINTENANCE SVCS | 269,145 | Water Reclamation | 0.00% | 100.00% | - | 269,145 | 100.00% | 0.00% |
| 84 | REPAIR & MAINT / FLEET- LABOR | 9,000 | Water Reclamation | 0.00% | 100.00% | - | 9,000 | 100.00% | 0.00% |
| 85 | REPAIR & MAINT / FLEET- PARTS | 6,300 | Water Reclamation | 0.00% | 100.00% | - | 6,300 | 100.00% | 0.00% |
| 86 | REPAIR & MAINT / FLEET- OTHER | 5,850 | Water Reclamation | 0.00% | 100.00% | - | 5,850 | 100.00% | 0.00% |
| 87 | PRINTING & BINDING | 360 | Water Reclamation | 0.00% | 100.00% | - | 360 | 100.00% | 0.00% |
| 88 | OFFICE SUPPLIES | 3,150 | Water Reclamation | 0.00% | 100.00% | - | 3,150 | 100.00% | 0.00% |
| 89 | OPERATING SUPPLIES | 303,750 | Water Reclamation | 0.00% | 100.00% | - | 303,750 | 0.00% | 100.00% |
| 90 | OPER SUPP / ODOR CONTROL | 207,000 | Water Reclamation | 0.00% | 100.00% | - | 207,000 | 100.00% | 0.00% |
| 91 | OPER SUPP / TREES, SHRUBS, & SOD | 900 | Water Reclamation | 0.00% | 100.00% | - | 900 | 100.00% | 0.00% |
| 92 | OPER SUPP / SAFETY SHOES REIMB | 2,565 | Water Reclamation | 0.00% | 100.00% | - | 2,565 | 100.00% | 0.00% |
| 93 | OPERATING SUPPLIES / GASOLINE | 31,500 | Water Reclamation | 0.00% | 100.00% | - | 31,500 | 100.00% | 0.00% |
| 94 | OPERATING SUPPLIES / UNIFORMS | 8,100 | Water Reclamation | 0.00% | 100.00% | - | 8,100 | 100.00% | 0.00% |
| 95 | BOOKS, SUBSCRIPTIONS | 8,942 | Water Reclamation | 0.00% | 100.00% | - | 8,942 | 100.00% | 0.00% |
| 96 | UTILITIES - WATER RECLAMATION [1204] | \$ 3,660,909 | | | | \$ - | \$ 3,660,909 | | |
| 97 | TOTAL O&M EXPENDITURES | \$ 7,346,362 | | | | \$ 2,164,872 | \$ 5,181,491 | | |
| 98 | Collection Fixed vs. Variable O&M | | | | | | | \$ 2,143,071 | \$ 21,801 |
| 99 | Treatment Fixed vs. Variable O&M | | | | | | | \$ 4,594,429 | \$ 587,062 |
| 100 | % of Line 97 - Used for Weighted Allocations | | | | | 29.47% | 70.53% | | |

Debt Service Component

Schedule 4

Source: Draw Summary Revised Through 2026.pdf

| | Cost | Appl. % | Sarasota County Share | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | TOTAL (FY 2021 - FY 2026) |
|--|---------------------|---------|-----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------------|
| 2012/2020 Refunding Bonds¹ | | | | | | | | | | |
| 1 #1 - EWRF Reclaimed Ground Storage Tanks | \$ 1,426,174 | 33.3% | \$ 475,344 | | | | | | | |
| 2 #2 - Odor Control Headworks | \$ 324,227 | 50.0% | \$ 162,114 | | | | | | | |
| 3 #3A - Aeration/Grit Removal Systems | \$ 1,875,000 | 50.0% | \$ 937,500 | | | | | | | |
| 4 #6 - Reclaimed Water Filtration System | \$ 1,130,733 | 33.3% | \$ 376,873 | | | | | | | |
| 5 Total Eligible | \$ 4,756,134 | | \$ 1,951,831 | | | | | | | |
| 6 Total Bond Projects | \$ 20,208,007 | | \$ 20,208,007 | | | | | | | |
| 7 Applicable % | 23.54% | | 9.66% | | | | | | | |
| 8 Total Debt Service | | | | \$ 875,498 | \$ 1,021,221 | \$ 1,024,539 | \$ 1,021,956 | \$ 1,022,872 | \$ 1,022,422 | \$ 5,988,508 |
| 9 Sarasota County Applicable Share % | | | | 9.66% | 9.66% | 9.66% | 9.66% | 9.66% | 9.66% | |
| 10 Sarasota County Applicable Share \$ | | | | \$ 84,573 | \$ 98,650 | \$ 98,970 | \$ 98,721 | \$ 98,809 | \$ 98,766 | \$ 578,490 |
| 2015 Bond Debt Service² | | | | | | | | | | |
| 11 #3B - Aeration/Grit Removal/Headworks (R&R Portion Only) | \$ 1,790,000 | 50.0% | \$ 895,000 | | | | | | | |
| 12 #4 - EWRF Blower Replacement | \$ 750,871 | 50.0% | \$ 375,436 | | | | | | | |
| 13 Total Eligible | \$ 2,540,871 | | \$ 1,270,436 | | | | | | | |
| 14 Total Bond Projects | \$ 15,362,454 | | \$ 15,362,454 | | | | | | | |
| 15 Applicable % | 16.54% | | 8.27% | | | | | | | |
| 16 Total Debt Service | | | | \$ 1,096,575 | \$ 1,096,325 | \$ 1,099,375 | \$ 1,096,300 | \$ 1,097,175 | \$ 1,101,175 | \$ 6,586,925 |
| 17 Sarasota County Applicable Share % | | | | 8.27% | 8.27% | 8.27% | 8.27% | 8.27% | 8.27% | |
| 18 Sarasota County Applicable Share \$ | | | | \$ 90,687 | \$ 90,666 | \$ 90,918 | \$ 90,664 | \$ 90,736 | \$ 91,067 | \$ 544,739 |
| 19 Total Debt Service Applicable to Sarasota County (Line 10 + Line 18) | | | | \$ 175,260 | \$ 189,316 | \$ 189,889 | \$ 189,385 | \$ 189,546 | \$ 189,833 | \$ 1,123,229 |

¹ No debt service reserve; used as source of funds as part of 2020 refinancing. Outstanding balance as of 9/30/21 is \$17,750,000. SC Share/payoff of balance at 9.66% is \$1,714,650.² Has a debt service reserve of \$1,101,175 that will be used for final debt payment. Outstanding balance as of 9/30/21 is \$12,655,000. SC Share/Payoff of balance at 8.27% is \$1,046,569, and SC share of debt service reserve at 8.27% is \$91,067.

Multi-Year Capital and RR&I Allocations with FY 2021 Transition Payment

Schedule 5

| | FY 2021 ¹ | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | TOTAL (FY 2022 - FY 2026) | RR&I Allocable to Sarasota County ² | CIP Allocable to Sarasota County ² |
|--|----------------------|-----------|-----------|-----------|------------|-----------|---------------------------|--|---|
| DEPT 1202 - UTILITIES DISTRIBUTION & COLLECTION | | | | | | | | | |
| 1 Alley Infrastructure Improvements | - | 500,000 | 500,000 | - | - | - | 1,000,000 | | |
| 2 Bay Indies Utilities Relocation (PCF) | 1,998,143 | 5,750,000 | - | - | - | - | 5,750,000 | | |
| 3 Collection System Improvements | 1,169,862 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 5,000,000 | | |
| 4 Discovery Way Water Main Construction | - | - | 300,000 | - | - | - | 300,000 | | |
| 5 Distribution System Improvements | 325,000 | 325,000 | 325,000 | 325,000 | 325,000 | 325,000 | 1,625,000 | | |
| 6 East Gate Utilities Relocation - Ph 2 (SRF/S/PCF) | 4,636,115 | - | - | - | - | - | - | | |
| 7 East Gate Utilities Relocation - Ph 3 (SRF/S/PCF) | - | 500,000 | 2,500,000 | - | - | - | 3,000,000 | | |
| 8 Force Main Improvements | - | - | 500,000 | 500,000 | 500,000 | 500,000 | 2,000,000 | | |
| 9 Intracoastal Second Force Main | 1,000,000 | 1,000,000 | - | - | - | - | 1,000,000 | | |
| 10 Meter Change Out Program | 689,512 | 350,000 | 150,000 | 150,000 | 150,000 | 150,000 | 950,000 | | |
| 11 Pipeline and Force main Assessment | 300,000 | - | - | - | - | - | - | | |
| 12 Second Force Main Under I-75 | 2,033,331 | 1,500,000 | - | - | - | - | 1,500,000 | | |
| 13 Sewer Cleanout Additions | 1,000,000 | - | - | - | - | - | - | | |
| 14 Water Main Replacement Program (SRF/PCF) | 4,315,177 | 500,000 | 2,000,000 | 500,000 | 2,000,000 | - | 5,000,000 | | |
| 15 Water Service Line Replacement | 2,146,322 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 750,000 | | |
| 16 W. Venice Ave. Water Main Replacement | 1,873,063 | - | - | - | - | - | - | | |
| 17 Technical Unit Equipment Improvements | - | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 125,000 | | |
| 18 Basin 8 Lining | 214,035 | - | - | - | - | - | - | | |
| 19 LS 27 WM Replacement | 452,223 | - | - | - | - | - | - | | |
| 20 Watermain Ph 6 | 936,223 | - | - | - | - | - | - | | |
| 21 Venetian Parkway | 3,900,436 | - | - | - | - | - | - | | |
| DEPT 1203 - WATER PRODUCTION | | | | | | | | | |
| 22 WTP Building B Lab Improvements | 508,945 | 50,000 | - | - | - | - | 50,000 | | |
| 23 WTP Building D (Meter Shop) Upgrades | - | 500,000 | - | - | - | - | 500,000 | | |
| 24 Deep Injection Well (SRF/F/PCF) | - | - | - | 1,500,000 | 10,000,000 | - | 11,500,000 | | |
| 25 Degasifier Improvements | 75,000 | - | - | - | - | - | - | | |
| 26 Phase II RO CIP System | 120,000 | - | - | - | - | - | - | | |
| 27 Potable Water Security Improvements | 100,000 | - | - | - | - | - | - | | |
| 28 RO Membrane Replacement | - | - | - | 1,500,000 | 1,500,000 | - | 3,000,000 | | |
| 29 Water Booster Pump Station - Ajax Property (SRF/S/PCF) | 8,353,058 | 3,800,000 | - | - | - | - | 3,800,000 | | |
| 30 Well Management Program (SRF) | - | 1,500,000 | 1,500,000 | 1,500,000 | - | - | 4,500,000 | | |
| 31 WTP Energy Projects | - | 150,000 | - | - | - | - | 150,000 | | |
| 32 WTP Improvements (R&R) | - | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 2,500,000 | | |
| 33 WTP Parking Lot | 50,000 | - | - | - | - | - | - | | |
| 34 WTP 2nd Stage Membrane Addn Ph I (SRF/PCF) | 2,929,183 | - | - | - | - | - | - | | |
| 35 WTP 2nd Stage Membrane Addn Ph II (SRF/S/PCF) | 36,863 | - | 500,000 | 3,000,000 | - | - | 3,500,000 | | |
| 36 WTP Security System Upgrade | 25,000 | - | - | - | - | - | - | | |
| 37 CO2 Bulk Tank Replacement | 175,000 | - | - | - | - | - | - | | |
| 38 Corrosion Inhibitor Bulk Tank Replacement | 30,000 | - | - | - | - | - | - | | |
| 39 Onsite Emergency Generators at Wells | - | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 300,000 | | |
| 40 WTP Generator and Switchgear | 3,066,003 | - | - | - | - | - | - | | |
| 41 New Production Well | 399,479 | - | - | - | - | - | - | | |
| 42 Well Replacement (Design) | 19,535 | - | - | - | - | - | - | | |
| 43 WTP Equipment | 237,594 | - | - | - | - | - | - | | |

Multi-Year Capital and RR&I Allocations with FY 2021 Transition Payment

Schedule 5

| | FY 2021 ¹ | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | TOTAL (FY 2022 - FY 2026) | RR&I Allocable to Sarasota County ² | CIP Allocable to Sarasota County ² |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------------|--|---|
| DEPT 1204 - WATER RECLAMATION & LIFT STATIONS | | | | | | | | | |
| Joint WRF Improvement Projects: | | | | | | | | | |
| 44 WRF Building Improvements (SC) | 120,000 | - | - | - | - | - | - | 37.5% | |
| 45 Aquifer Storage & Recovery Well (SRF/S/SC/PCF) ³ | 465,000 | 1,200,000 | 1,300,000 | 150,000 | - | - | 2,650,000 | | 37.5% |
| 46 Auger Replacement at Belt Presses (SC) | - | 250,000 | - | - | - | - | 250,000 | 37.5% | |
| 47 Parkson Aqua Guard (SC) | 350,000 | - | - | - | - | - | - | 37.5% | |
| 48 WRF Aeration Blower Replacements (SC) | 500,000 | - | - | - | - | - | - | 37.5% | |
| 49 WRF Energy Cons. And Eff. (SC) | - | - | - | 500,000 | 3,000,000 | - | 3,500,000 | | 37.5% |
| 50 WRF Energy Project (SC) | - | 150,000 | - | - | - | - | 150,000 | 37.5% | |
| 51 WRF Headworks Improvements (SC) | 885,014 | - | - | - | - | - | - | 37.5% | |
| 52 WRF PLC Upgrade (SC) | - | 1,200,000 | - | - | - | - | 1,200,000 | | 37.5% |
| 53 WRF Slide Gate Program (SC) | 168,315 | - | - | - | - | - | - | 37.5% | |
| 54 3 MG Equalization Tank (SC) | - | - | 250,000 | 3,000,000 | - | - | 3,250,000 | | 37.5% |
| 55 WRF Effluent Pumps (SC) | 1,357,122 | - | - | - | - | - | - | | 37.5% |
| 56 WRF Upgrades (SC) | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 2,500,000 | 37.5% | |
| 57 WRF Security System Upgrade (SC) | 60,000 | - | - | - | - | - | - | 37.5% | |
| 58 WRF Equipment Improvements (SC) | 150,000 | - | - | - | - | - | - | 37.5% | |
| City Only Projects: | | | | | | | | | |
| 59 Master Lift Station PLC Upgrade | 400,000 | - | - | - | - | - | - | | |
| 60 Reclaimed Water Dist System Expansion | - | - | - | 1,000,000 | - | - | 1,000,000 | | |
| 61 Reclaimed Water Storage Tank | - | 100,000 | 500,000 | - | - | - | 600,000 | | |
| 62 Septage Receiving Station | 500,000 | - | - | - | - | - | - | | |
| 63 Lift Station Replacement Pumps | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 500,000 | | |
| 64 Onsite Emergency Generators at Lift Stations | 180,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 300,000 | | |
| 65 TOTAL CIP | \$ 48,875,553 | \$ 21,720,000 | \$ 12,720,000 | \$ 16,020,000 | \$ 19,870,000 | \$ 3,370,000 | \$ 73,700,000 | | |
| 66 RR&I Portion Allocable to Sarasota County | \$ 1,024,998 | \$ 337,500 | \$ 187,500 | \$ 187,500 | \$ 187,500 | \$ 187,500 | \$ 1,087,500 | | |
| ANNUAL CAPITAL AND RR&I FOR SEWER TREATMENT | | | | | | | | | |
| | Capital | \$ 1,822,122 | \$ 2,400,000 | \$ 1,550,000 | \$ 3,650,000 | \$ 3,000,000 | \$ - | \$ 2,120,000 | 100.00% |
| 67 ASR Well Component of Capital on Line 67 | \$ 465,000 | \$ 1,200,000 | \$ 1,300,000 | \$ 150,000 | \$ - | \$ - | \$ 530,000 | 100.00% | |
| 69 RR&I | \$ 2,733,329 | \$ 900,000 | \$ 500,000 | \$ 500,000 | \$ 500,000 | \$ 500,000 | \$ 580,000 | 100.00% | |
| ANNUAL CAPITAL AND RR&I ALLOCATED TO SARASOTA COUNTY BASED ON CAPACITY | | | | | | | | | |
| | Capital | \$ 683,296 | \$ 900,000 | \$ 581,250 | \$ 1,368,750 | \$ 1,125,000 | \$ - | \$ 795,000 | 37.50% |
| 70 ASR Well Component of Capital on Line 70 | \$ 174,375 | \$ 450,000 | \$ 487,500 | \$ 56,250 | \$ - | \$ - | \$ 198,750 | 37.50% | |
| 72 RR&I | \$ 1,024,998 | \$ 337,500 | \$ 187,500 | \$ 187,500 | \$ 187,500 | \$ 187,500 | \$ 217,500 | 37.50% | |
| 73 FY 2021 Transition Payment (New Rates Effective in FY 22) | | | | | | | | | |
| 74 10% Surcharge Account Beginning Balance - 10/1/20 | \$ 1,252,594 | | | | | | | | |
| 75 Estimated 10% Surcharge Revenues - FY 2021 | \$ 244,345 | | | | | | | | |
| 76 Draws: | | | | | | | | | |
| 77 Debt Service | \$ (175,260) | | | | | | | | |
| 78 Capital | \$ (683,296) | | | | | | | | |
| 79 RR&I | \$ (1,024,998) | | | | | | | | |
| 80 FY 21 Shortage (Transition Payment) | \$ (386,615) | | | | | | | | |
| 81 FY 21 Shortage (Transition Payment Excl. ASR Well) | \$ (212,240) | | | | | | | | |

¹ Includes total carryovers for the WRF Building Improvements, Parkson Aqua Guard Screens, and WRF Slide Gate Improvement projects. Allocations to SC will be addressed in FY 2021.

² Allocation of 37.5% reflects the 3.0 MGD capacity split allocated to the County out of a total 8.0 MGD. Reflects projects >\$1M.

³ Project costs are net of City estimated potential grant funds of \$1M in FY 2022 and \$1M in FY 2023. Actual grants will be credited proportionately once awarded.

FY 2021 Sewer Cost Allocation Summary & Calculated Wholesale Rates

Schedule 6

| Line Table 1. Sewer Cost Allocation - O&M and RR&I | | Fixed O&M | Variable O&M | RR&I | Total O&M and RR&I | % of Total |
|--|------------------------------|---------------------|-------------------|---------------------|-----------------------|-------------|
| 1 | Collection | \$ 2,143,071 | \$ 21,801 | \$ 2,662,322 | \$ 4,827,194 | 38% |
| 2 | Treatment & Disposal | 4,594,429 | 587,062 | 2,733,329 | 7,914,820 | 62% |
| 3 | Total Cost Allocation | \$ 6,737,500 | \$ 608,863 | \$ 5,395,651 | \$ 12,742,013 | 100% |

Table 2. Treatment/Flow Statistics (MGD)

| | Fixed O&M | Variable O&M ¹ | RR&I |
|-------------------------------------|-------------|---------------------------|-------------|
| 4 City's Effective Capacity (ADF) | 5.00 | 1.965 | 5.00 |
| 5 County's Effective Capacity (ADF) | 3.00 | 1.203 | 3.00 |
| 6 Total | 8.00 | 3.168 | 8.00 |

Table 3. FY 2021 Sarasota County Wholesale Sewer Rate Calculation

| | Fixed O&M | Variable O&M | RR&I | Debt Service ² | Capital ³ |
|--------------------------------|------------|--------------|-----------|---------------------------|----------------------|
| 7 Flat Fee | \$ 143,576 | N/A | \$ 85,417 | \$ 14,605 | \$ 683,296 |
| 8 Monthly Variable Rate / KGAL | \$ 3.97 | \$ 0.51 | \$ 2.36 | | |

Table 4. FY 2021 Sarasota County Wholesale Sewer Cost Calculations

| | | County ADF MGD: | | |
|---|------------------|-----------------|--------------|--------------|
| | | 1.0 | 1.2 | 1.4 |
| Table 4.1 Calculated Rates - Capacity Based Allocations | | Units | | |
| | | Monthly | Annual | |
| 10 Fixed O&M | Flat Monthly Fee | \$ 143,576 | \$ 1,722,911 | \$ 1,722,911 |
| 11 Variable O&M | Kgal | \$ 0.508 | \$ 185,329 | \$ 222,394 |
| 12 RR&I | Flat Monthly Fee | \$ 85,417 | \$ 1,024,998 | \$ 1,024,998 |
| 13 Debt Service Component | Flat Monthly Fee | \$ 14,605 | \$ 175,260 | \$ 175,260 |
| 14 Capital Fee | Flat Fee | \$ 56,941 | \$ 683,296 | \$ 683,296 |
| 15 Subtotal | | | \$ 3,791,793 | \$ 3,828,859 |
| 16 Effective Unit Cost per Kgal | | | \$ 10.39 | \$ 8.74 |
| Table 4.2 Calculated Rates - Flow Based Allocations | | Units | | |
| | | Monthly | Annual | |
| 17 Fixed O&M | Flat Monthly Fee | \$ 145,422 | \$ 1,745,062 | \$ 1,745,062 |
| 18 Variable O&M | Kgal | \$ 0.508 | \$ 185,329 | \$ 222,394 |
| 19 RR&I | Flat Monthly Fee | \$ 86,515 | \$ 1,038,177 | \$ 1,038,177 |
| 20 Debt Service Component | Flat Monthly Fee | \$ 14,605 | \$ 175,260 | \$ 175,260 |
| 21 Capital Fee | Flat Fee | \$ 57,673 | \$ 692,081 | \$ 692,081 |
| 22 Subtotal | | | \$ 3,835,908 | \$ 3,872,973 |
| 23 Effective Unit Cost per Kgal | | | \$ 10.51 | \$ 8.84 |

| Table 4.3 Calculated Rates - Capacity & Flow Hybrid | | Units | | |
|---|----------|------------|--------------|--------------|
| | | Monthly | Annual | |
| 24 Fixed O&M (Flow Based Allocation) | Flat Fee | \$ 145,422 | \$ 1,745,062 | \$ 1,745,062 |
| 25 Variable O&M (Flow Based Allocation) | Kgal | \$ 0.508 | \$ 185,329 | \$ 222,394 |
| 26 RR&I (Flow Based Allocation) | Flat Fee | \$ 86,515 | \$ 1,038,177 | \$ 1,038,177 |
| 27 Debt Service Component (Capacity Based Allocation) | Flat Fee | \$ 14,605 | \$ 175,260 | \$ 175,260 |
| 28 Capital Fee (Capacity Based Allocation) | Flat Fee | \$ 56,941 | \$ 683,296 | \$ 683,296 |
| 29 Subtotal | | | \$ 3,827,123 | \$ 3,864,188 |
| 30 Effective Unit Cost per Kgal | | | \$ 10.49 | \$ 8.82 |

**City's
Proposed
Approach**

FY 2021 Sewer Cost Allocation Summary & Calculated Wholesale Rates

Schedule 6

Table 4.4 Current FY 2021 Per Rate Ordinance

| | | | | | | | | | |
|----|----------------------------------|----|------------|----|-----------|----|-----------|----|-----------|
| 31 | Wholesale Fixed Charge | \$ | 55,554.20 | \$ | 1,999,951 | \$ | 1,999,951 | \$ | 1,999,951 |
| 32 | Wholesale Volumetric Charge | \$ | 0.700 | \$ | 255,500 | \$ | 306,600 | \$ | 357,700 |
| 33 | Plus: 10% Surcharge | | | \$ | 225,545 | \$ | 230,655 | \$ | 235,765 |
| 34 | Subtotal | | | \$ | 2,480,996 | \$ | 2,537,206 | \$ | 2,593,416 |
| 35 | Effective Unit Cost per Kgal | \$ | 166,662.60 | \$ | 6.80 | \$ | 5.79 | \$ | 5.08 |
| 36 | Variance (Table 4.1 - Table 4.4) | | | \$ | 1,310,797 | \$ | 1,291,653 | \$ | 1,272,508 |
| 37 | % Change | | | | 52.83% | | 50.91% | | 49.07% |
| 38 | Variance (Table 4.2 - Table 4.4) | | | \$ | 1,354,911 | \$ | 1,335,767 | \$ | 1,316,623 |
| 39 | % Change | | | | 54.61% | | 52.65% | | 50.77% |
| 40 | Variance (Table 4.3 - Table 4.4) | | | \$ | 1,346,126 | \$ | 1,326,982 | \$ | 1,307,838 |
| 41 | % Change | | | | 54.26% | | 52.30% | | 50.43% |

Table 5. Rate Comparison to Retail Rates

| | Kgal | City Retail | County Retail |
|---|------|-------------|---------------|
| 42 Monthly Readiness for Service Charge | | \$ 24.86 | \$ 17.69 |
| 43 Monthly Variable O&M Rate / Kgal | | \$ 7.44 | \$ 8.46 |
| 44 Total Sewer Bill | 3 | \$ 47.18 | \$ 43.07 |
| 45 Effective Retail Rate (per Kgal) | | \$ 15.73 | \$ 14.36 |
| 46 Calculated Effective Unit Cost (Table 4.3) as a % of Retail (At 1.2 ADF MGD) | | 56% | 61% |

¹ Reflects the City's and County's average daily influent flow from FY 2013 - FY 2020.

² Series 2020 and Series 2015 FY 2021 debt service costs allocated to wastewater treatment and applicable to Sarasota County based on 3.0 out of 6.0 MGD capacity (see Schedule 4).

³ Capital costs and allocations vary by project by year. See Schedule 5 for details.

Sarasota County Projected 5-Year Wholesale Rates

Schedule 7

| Line | Component | Units | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 |
|--|--|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| City's Proposed Approach | | | | | | | |
| Calculated Rates - Capacity & Flow Hybrid | | | | | | | |
| 1 | Fixed O&M ¹ | Flat Monthly Fee (Annual Indexing) | \$ 148,548 | \$ 151,742 | \$ 155,005 | \$ 158,337 | \$ 161,741 |
| 2 | Variable O&M ² | Kgal (Annual Indexing) | \$ 0.519 | \$ 0.530 | \$ 0.541 | \$ 0.553 | \$ 0.565 |
| 3 | RR&I ^{1,3} | Flat Monthly Fee (Varies by Yr.) | \$ 28,487 | \$ 15,826 | \$ 15,826 | \$ 15,826 | \$ 15,826 |
| 4 | Debt Service Component | Flat Monthly Fee (Varies by Yr.) | \$ 15,776 | \$ 15,824 | \$ 15,782 | \$ 15,795 | \$ 15,819 |
| 5 | Capital Fee ³ | Flat Monthly Fee (Varies by Yr.) | \$ 75,000 | \$ 48,438 | \$ 114,063 | \$ 93,750 | \$ - |
| 6 | Annual Subtotal | | \$ 3,440,912 | \$ 3,014,016 | \$ 3,845,151 | \$ 3,646,649 | \$ 2,567,994 |
| 7 | Effective Unit Cost per Kgal @ 1.2 MGD ADF | | \$ 7.86 | \$ 6.88 | \$ 8.78 | \$ 8.33 | \$ 5.86 |
| For Billing Purposes | | | | | | | |
| 8 | Fixed Component (Lines 1, 3, and 5) | Flat Monthly Fee | \$ 252,035 | \$ 216,006 | \$ 284,893 | \$ 267,913 | \$ 177,567 |
| 9 | Variable Component (Line 2) | Kgal (Annual Indexing) | \$ 0.519 | \$ 0.530 | \$ 0.541 | \$ 0.553 | \$ 0.565 |
| 10 | Debt Service Component (Line 4) | Flat Monthly Fee (Varies by Yr.) | \$ 15,776 | \$ 15,824 | \$ 15,782 | \$ 15,795 | \$ 15,819 |
| 11 | Annual Subtotal | | \$ 3,440,912 | \$ 3,014,016 | \$ 3,845,151 | \$ 3,646,649 | \$ 2,567,994 |
| 12 | Effective Unit Cost per Kgal @ 1.2 MGD ADF | | \$ 7.86 | \$ 6.88 | \$ 8.78 | \$ 8.33 | \$ 5.86 |

¹ May be updated each year based on a rolling seven-year average of the County's wastewater flow.

² Rate would apply up to the full reserved capacity of 3.0 MGD, if needed.

³ Costs vary by project by year. See Schedule 5 for details.

APPENDIX A: CALCULATION OF ADMINISTRATIVE & OTHER CHARGES/OBLIGATIONS

Calculation of Administrative & Other Charges/Obligations

Appendix A

Supporting Detail for Schedule 1, Line 20

Administration Cost Allocation Data per City Staff from its Full Cost Allocation Plan.

| | Sch A, pg C-8 Full Cost | Sch A, pg C-8 Full Cost | Full Cost | Full Cost | |
|-----------------------------------|----------------------------|----------------------------|---------------------|---------------------|-------------------------|
| UTILITIES | FY2021 | FY2020 | FY2019 | FY2018 | Notes/Comments |
| 1 Depreciation | - | - | - | - | |
| 2 Mayor & Council | 71,485 | 74,145 | 99,569 | 124,504 | |
| 3 City Manager | 222,530 | 149,865 | 119,760 | 167,237 | |
| 4 City Clerk | 114,834 | 87,384 | 105,914 | 101,436 | |
| 5 Finance | 391,568 | 396,391 | 322,575 | 252,382 | |
| 6 City Attorney | 85,816 | 96,176 | 78,700 | 88,953 | |
| 7 Purchasing | 106,316 | 113,432 | 131,588 | 182,365 | |
| 8 Public Works Admin. | - | - | - | - | |
| 9 City Hall Maintenance | - | - | - | - | |
| 10 Information Systems | 321,754 | 301,563 | 284,025 | 276,305 | |
| 11 Administrative Services | 108,370 | 101,572 | 101,998 | - | <-FY18 Skipped in error |
| 12 Group Life & Health | 4,087 | 10,254 | 7,801 | 7,994 | |
| 13 Workers' Compensation | 1,641 | 2,684 | 3,436 | 2,259 | |
| 14 Employee Flexible Spending | 459 | 831 | 737 | 611 | |
| 15 Property & Liability | 2,925 | 4,135 | 4,891 | 3,171 | |
| 16 Total Indirect Costs | \$ 1,431,785 | \$ 1,338,432 | \$ 1,260,994 | \$ 1,207,217 | |
| PILOT Calculation: | | | | | |
| 17 Capital Assets | 101,711,166 | 98,639,946 | 99,940,851 | 97,582,861 | |
| 18 Millage | 4.36 | 3.70 | 3.60 | 3.10 | |
| 19 Total PILOT | 443,461 | 364,968 | 359,787 | 302,507 | |
| 20 Total Admin. Allocation | \$ 1,875,246 | \$ 1,703,400 | \$ 1,620,781 | \$ 1,509,724 | |

Supporting Detail for Line 30, Schedule 1

Per City Staff Email on 3/26/2021:

Schedule 1, Line 30, Other Charges/Obligations is a transfer to the City's General Fund similar to a "payment in lieu of franchise fees (PILOFF)". The basis for the calculation is 5% of the revenue from the City's retail water readiness and consumption charges. The dollar amount of the PILOFF is an allocated cost (not a separate add-on) underlying the retail rate calculations for both water and wastewater customers. The underlying support for the PILOFF is the adopted budget. In Schedule 1, the calculation is being adjusted in the wholesale rate study to reflect wastewater readiness and consumption charges in addition to water. This is to "normalize" the test year budget for allowable costs. The calculation for FY2021 is as follows:

| Water | FY 21 Budget | Rate | Budget Transfer | Adj. Transfer |
|-------------------|----------------------|------|-------------------|-------------------|
| Readiness | \$ 5,590,000 | 5.0% | \$ 279,500 | \$ 279,500 |
| Consumption | \$ 4,573,800 | 5.0% | \$ 228,690 | \$ 228,690 |
| Wastewater | | | | |
| Readiness | \$ 5,116,600 | 5.0% | | \$ 255,830 |
| Consumption | \$ 4,657,500 | 5.0% | | \$ 232,875 |
| Total | \$ 19,937,900 | | \$ 508,190 | \$ 996,895 |

Line 30, Schedule 1 Adjustment

488,705

APPENDIX B: CALCULATION OF CITY & COUNTY AVERAGE DAILY INFLUENT FLOWS

Calculation of City & County Average Daily Influent Flows

Appendix B

For FY 2022 wholesale rates

Schedule 6; Lines 4, 5, and 6 "Variable O&M"

(Rolling seven year calculation)

| | <i>Annual Flow (MG)</i> | | | <i>Daily Flow (MGD)</i> | | | <i>Rate</i> | <i>County Variable Charge</i> |
|---------|-------------------------|---------------|--------------|-------------------------|---------------|---------------|-------------|---------------------------------------|
| | <i>City</i> | <i>County</i> | <i>Total</i> | <i>City</i> | <i>County</i> | <i>Total</i> | | |
| FY 2013 | 767.063 | 449.054 | 1,216.117 | 2.102 | 1.230 | 3.332 | \$ 0.55 | \$ 246,923 |
| FY 2014 | 738.893 | 476.597 | 1,215.490 | 2.024 | 1.306 | 3.330 | \$ 0.57 | 271,713 |
| FY 2015 | 629.926 | 484.371 | 1,114.297 | 1.726 | 1.327 | 3.053 | \$ 0.59 | 285,769 |
| FY 2016 | 660.390 | 398.503 | 1,058.893 | 1.809 | 1.092 | 2.901 | \$ 0.61 | 243,134 |
| FY 2017 | 642.604 | 396.408 | 1,039.012 | 1.761 | 1.086 | 2.847 | \$ 0.62 | 245,762 |
| FY 2018 | 711.750 | 440.555 | 1,152.305 | 1.950 | 1.207 | 3.157 | \$ 0.64 | 281,955 |
| FY 2019 | 776.720 | 433.620 | 1,210.340 | 2.128 | 1.188 | 3.316 | \$ 0.66 | 286,189 |
| FY 2020 | 811.395 | 433.985 | 1,245.380 | 2.223 | 1.189 | 3.412 | \$ 0.68 | 295,110 |
| AVG | 717.3426 | 439.1366 | 1,156.4793 | 1.9654 | 1.2031 | 3.1685 | | |
| | | | | 62.0% | 38.0% | 100.0% | | |