



Port of the Islands

COMMUNITY IMPROVEMENT DISTRICT

July 18, 2025

MEETING AGENDA

**PORT OF THE ISLANDS COMMUNITY IMPROVEMENT DISTRICT
UTILITY RATE WORKSHOP & REGULAR BOARD MEETING**
Board of Supervisors Agenda for July 18, 2025

Agenda

Friday, July 18, 2025, 9:00 a.m.
Orchid Cove Clubhouse, 25005 Peacock Lane
Naples, FL 34114

Note: Requests to address the Board on subjects which are not on today's agenda, will be accommodated under "Public Comments".

Any person requiring special accommodations at this meeting because of a disability or physical impairment should contact the District Office at (239) 592.9115 at least five calendar days prior to the meeting.

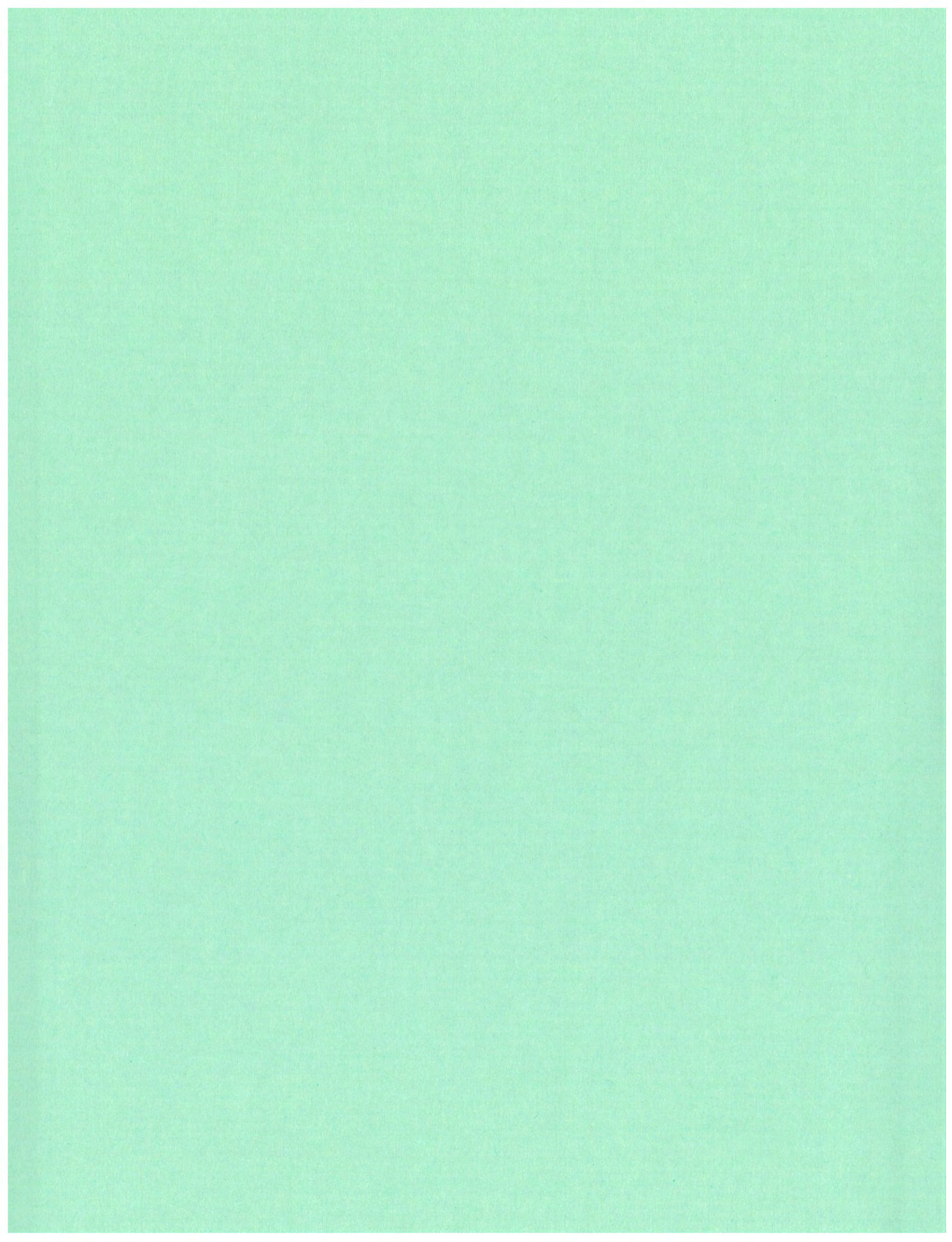
1. Pledge of Allegiance
2. Roll Call/Approval of the Agenda
 - a. "Closed-Door" Session
3. Public Comments
4. Approval of Minutes – June 2025
5. Utility Monthly Report
6. Utility Rate, Fees and Charges Workshop
7. Manager's Report
 - a. FY 26 Budget Adoption Continued to Aug 15, 2025
8. Financials – May 2025
9. Attorney's Report
10. Engineer's Report
11. Old Business
12. New Business

13. Supervisors' Request

a. Action Items

14. Public Comments

15. Adjourn – Next meeting will be on August 15, 2025, at 9:30 a.m.



1 **PORT OF THE ISLANDS COMMUNITY IMPROVEMENT DISTRICT**
2 **NAPLES, FLORIDA**

3 Public Meeting of the Board of Supervisors
4 June 27, 2025

5 The public meeting of the Port of the Islands Community Improvement District Board of
6 Supervisors was held on Friday, June 27, 2025, at 9:30 a.m. at the Orchid Cove
7 Clubhouse, 25005 Peacock Lane, Naples, Florida.

8 **SUPERVISORS PRESENT**

9 Steve McNamee, Chairman
10 Dan Truckey, Vice Chairman, Via Zoom
11 Russell Kish, Supervisor
12 Kevin Baird, Supervisor
13 Anna-Lise Hansen, Supervisor, Via Zoom

14 **ALSO PRESENT**

15 Neil Dorrill, Manager, Dorrill Management Group, Via Zoom
16 Kevin Carter, Manager, Dorrill Management Group
17 Lenore Brakefield, District Counsel
18 Matt Gilinsky, Florida Utility Solutions

19 **PLEDGE OF ALLEGIANCE**

20 The pledge of allegiance was recited in unison.

21 **ROLL CALL/APPROVAL OF AGENDA**

22 Three supervisors were present in person, establishing a quorum. The meeting was
23 convened at 9:30 a.m. The meeting was also properly noticed. The notice and affidavit
24 are on file with the District Office at 5672 Strand Court, Naples, FL 34110.

25 **Mr. Truckey and Ms. Hansen's full participation via Zoom due to extenuating**
26 **circumstances was approved on a MOTION by Mr. Baird, a second by Mr. Kish,**
27 **and all in favor.**

1 **The agenda was approved as presented on a MOTION by Mr. Baird, a second by**
2 **Mr. Kish, and all in favor.**

3 **SHERIFF'S DEPARTMENT PRESENTATION**

4 Susan from the Sheriff's Department shared an update on crime activity in the
5 community. From January 1 to June 25, there were 348 calls for service. These
6 included 29 medical emergencies, 26 accidental or hang-up 911 calls, 9 burglary and
7 theft incidents (most of which have recently been closed), 9 disturbances including
8 domestic abuse cases, and 5 animal complaints. There are several ongoing
9 investigations involving boat thefts and burglaries; progress is being made, and a
10 suspect has been identified. Evidence, including DNA, is currently being processed,
11 though that process takes time.

12 The speed trailer, which is currently positioned near the community exit, will soon be
13 relocated to another area within the community. Mr. Kish asked about crime reports
14 from Royal Palms, a nearby gated community, for comparison. Susan noted that she
15 hasn't seen any recent reports from that area. While construction sites are occasionally
16 targeted for theft, she does not recall any recent burglaries or thefts in that specific area,
17 though she will double-check to confirm.

18 Susan also shared the concept of the "Crime Triangle," which consists of three
19 elements: desire, ability, and opportunity. While it is not possible to eliminate a person's
20 desire or ability to commit a crime, removing the opportunity can help prevent it. She
21 advised residents to remove all valuables from boats and store them securely,
22 preferably inside their homes or vehicles. Vehicle burglaries remain an issue, often due
23 to unlocked cars or key fobs left inside. Susan emphasized the importance of prevention
24 by reducing easy targets for theft.

25 **PUBLIC COMMENTS**

26 Frank Lee – 275 Cays Drive - Mr. Lee presented a petition signed by a number of
27 residents. The request outlined in the petition was for the CID to issue a Request for
28 Proposals to help address and resolve ongoing issues within the community.

29 Mr. Kish suggested that the manager compile a list of action items discussed during
30 meetings and be responsible for tracking their progress. He requested a comprehensive
31 review of all outstanding items previously requested and recommended that a dated list
32 of action items be included at the end of each meeting agenda or minutes to ensure
33 transparency and accountability. At the next meeting it will then be reviewed to see what

Port of the Islands Community Improvement District - Minutes

June 27, 2025

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1 progress has been made. He referenced a specific request made over a year ago to
2 address flooding in the marina area, which remains unresolved. Mr. McNamee
3 supported this concern, noting that he had reviewed meeting minutes from the past five
4 years and found a recurring pattern of requests—particularly those directed to the law
5 office and engineering firms—that were repeatedly delayed or left unaddressed.

6 Linda Fernandez – 242 Newport Drive - Ms. Fernandez noted that she had posted three
7 questions to the community and received feedback. One of the responses claimed her
8 post contained misinformation, and she asked for clarification on what specifically was
9 inaccurate. Mr. McNamee responded that the issue would be discussed later in the
10 meeting.

11 Ms. Fernandez also asked for an update on the drainage issue and the responsibility of
12 Stella Maris North. Ms. Hansen responded that the Board never agreed to maintain
13 Stella Maris North.

14 Ms. Fernandez questioned why the last two meetings had been canceled and
15 suggested that future cancellations be posted on Nextdoor for better communication.
16 She mentioned that comments could be disabled to avoid debate. Mr. McNamee
17 clarified that the Board does not conduct official business on Nextdoor. Meeting
18 information is posted on the official POICID website.

19 Finally, Ms. Fernandez requested an explanation of the shift from a non-ad valorem tax
20 system to billing. Ms. Hansen explained that the topic has been addressed in three to
21 five prior meetings. Mr. McNamee encouraged her to review past meeting recordings.
22 Mr. Kish added that some residents have expressed interest in having the County take
23 over the water treatment plant. However, for that to happen, billing must align with the
24 County's system, which does not utilize the non-ad valorem method. Ms. Hansen
25 offered to speak with Ms. Fernandez by phone to further explain anything

26 **APPROVAL OF MINUTES - MAY 2025**

27 **The minutes were approved as presented on a MOTION by Mr. Baird, a second by**
28 **Mr. Kish, and all in favor.**

29 **UTILITY OPERATIONS SUMMARY**

30 Mr. Gilinsky reported that all operations were conducted in accordance with contractual
31 and regulatory requirements. All wastewater and water distribution standards were met,
32 and the reuse system continued to operate as intended. The station on the canal was

1 running on two pumps. 1.68 million gallons of wastewater were received and treated, 3
2 million gallons of potable water were produced, and 11.5 million gallons of reuse water
3 were distributed. A total of 950 gallons of chlorine was used. All pump and lift stations
4 were inspected, and odor control checks were performed. Work continued on previously
5 approved plant upgrades. Several crushed valve boxes were replaced throughout the
6 community. The installation of the disc filter was completed and has been online since
7 the 15th of last month. Additional maintenance included flushing hydrants, repairing a
8 broken garage door, and calibrating all water and wastewater meters. There were no
9 accidents or OSHA-reportable incidents.

10 **MANAGER'S REPORT**

11 **A. Utility Rate Schedule**

12 All necessary steps related to the change in the utility rate structure are underway. Ms.
13 Brakefield distributed the Notices of Proposed Rule Amendment and a separate Notice
14 of Adoption for the revised utility rates. Three notices will be published in the legal
15 section of the newspaper and also posted on the District's website. These include the
16 Notice of Rule Development, the second Notice of Rulemaking, and the Public Hearing
17 Notice, which will coincide with the budget adoption meeting currently recommended for
18 August 15th. At the next meeting, a workshop will be scheduled to review the proposed
19 rule amendment, followed by an action item during the July meeting to move forward
20 with the process. A third notice, outlining the rate change, will be included with the utility
21 bill that residents receive on August 29th. The revised utility rates will be formally
22 adopted on September 19th following both the workshop and public hearing, and the
23 new rates will take effect approximately two weeks later, on October 1st, to align with
24 the start of the new fiscal year. Ms. Brakefield briefly reviewed the distributed
25 documents. Mr. McNamee requested that the notices and the redlined version of the
26 proposed amendments showing all changes be posted on the District's website, which
27 Mr. Dorrill confirmed.

28 **B. Raw Water Replacement Bid Schedule**

29 The District is in the process of soliciting bids for the replacement of the raw water main
30 that runs to the well field and was damaged as a result of Hurricane Ian. Working
31 through the District's engineer, a bid package has been prepared for the replacement of
32 the raw water main that connects the well to the utility system. The engineer's estimate
33 for the project is approximately \$1.4 million. FEMA requires actual bid figures to move
34 forward with the grant approval process, and the District expects to receive this
35 information within the next 60 to 90 days. Mr. McNamee thanked Mr. Truckey and Mr.

1 Carter for their continued commitment to pursuing FEMA grant funding. Mr. Truckey
2 reported that a \$76,000 grant has progressed to the payment stage, with a check
3 expected soon. Additionally, a separate \$89,000 grant for the SCADA system, which
4 had previously been delayed, is also moving toward payment.

5 **C. Arsenic and Lead Assessment**

6 In order to renew the operating permits for the utility plant, additional analysis was
7 required for the wastewater facility. Specifically, the permit included a condition that
8 further testing be conducted on lead and arsenic levels in certain monitoring wells
9 located within the community and adjacent to the effluent storage pond. The results
10 indicated that there are no actionable levels of arsenic or lead exceeding Florida
11 Department of Environmental Protection (DEP) standards. It is important to note that
12 both arsenic and lead identified in the analysis are naturally occurring substances
13 commonly found in Florida soils. The report also considered the historical presence of a
14 trap and skeet sporting facility in the area, which contributed to higher levels of these
15 substances in the soil.

16 Mr. McNamee explained that MI Homes pulled out of the deal with Mr. Case specifically
17 because of the original testing done with lead and arsenic levels. Since this new data
18 shows that the other testing was inaccurate, he is interested in pursuing the original
19 testing company for compensation for damages and money lost from that deal falling
20 through. The Board was in agreement. Mr. Dorrill made a note to follow up with
21 hydrologist to better understand the chain of custody sampling techniques. If they are
22 going to pursue a claim against the former company responsible for quarterly
23 monitoring, he wants to be better informed.

24 **FINANCIALS - APRIL 2025**

25 Mr. Dorrill reported that as of the end of April, the District had \$5,360,000 in cash on
26 hand—approximately \$4 million in the operating/general fund and \$1,459,000 in the
27 utility fund. The District also holds \$7.8 million in fixed assets, net of depreciation,
28 bringing total assets to \$13.3 million. Significant efforts have been made to reduce
29 outstanding receivables on the utility side, with the current receivables balance down to
30 just \$10. Mr. Dorrill and Mr. McNamee commended the accounting staff for their
31 diligence in that. Accounts payable totaled \$119,000. The District received nearly
32 \$13,000 in interest earnings for the month with \$90,000 year-to-date. A total of \$49,735
33 was collected in special assessments that would have been delinquent, including
34 associated fees and penalties. Year-to-date assessment collections are nearing 90%.

1 Although the District is currently \$300,000 under budget year-to-date, this variance is
2 expected to level out as capital improvement projects continue to be implemented.

3 **The financials were accepted as presented on a MOTION by Mr. Kish, a second by**
4 **Mr. Truckey, and all in favor.**

5 **ATTORNEY'S REPORT**

6 **A. Co-Counsel Discussion**

7 The Board discussed seeking a second legal opinion regarding the ERC O&M transfer.
8 An engagement letter was received from Leo Salvatori outlining the proposed scope of
9 work, with a billing rate of \$485 per hour. While Mr. Salvatori has staff who bill at lower
10 rates, it is assumed he would handle the majority of the work himself at that rate. Mr.
11 Kish inquired whether an estimate of hours could be provided; however, Ms. Brakefield
12 noted that Mr. Salvatori likely would not be able to provide one. Mr. McNamee
13 recommended tabling the item to allow the Board time to review the engagement letter,
14 and all members were in agreement. Mr. Dorrill suggested placing a \$5,000 cap on the
15 background analysis to avoid further delays. Mr. McNamee requested that the focus be
16 placed specifically on Parcel 13 and Mr. Case backing out, emphasizing that the
17 broader ERC issue is more complex and potentially costly. He recommended the
18 District attempt to work through the larger issue internally and consult Mr. Salvatori only
19 with targeted questions to help manage expenses. Mr. Truckey supported proceeding
20 with the second opinion, specifically on the Lindsay Case Parcel 13 agreement. He also
21 requested an estimate, and Ms. Brakefield said she would inquire, although it may not
22 be possible to obtain one.

23 **Mr. Baird made a MOTION to engage the Salvatori Law Firm solely for default**
24 **action associated with Parcel 13 with a cap of \$5,000. Ms. Hansen made a second**
25 **and, all were in favor.**

26 **B. PrepMac Settlement**

27 On June 16, a docket sounding was held with the judge. A joint motion to continue the
28 trial was filed by Ms. Brakefield and Mr. Decosta, and the request was granted. The trial
29 docket is now scheduled for September 2nd through September 19th, with no further
30 continuances expected. This schedule provides some flexibility to attempt settlement
31 before trial. A settlement offer has been received from Mr. Decosta, and Ms. Brakefield
32 is requesting a closed-door session to discuss the offer and a proposed response.

1 Mr. McNamee is working closely with Mr. Prephan to reach a settlement, aiming to limit
2 attorney fees through an agreement. The settlement proposal they have discussed
3 essentially asks the District to revert assessments to the levels in place the previous
4 year, with boat docks assessed at 0.25 and liveboards at 0.5, with the rates held for
5 ten years. Mr. McNamee expressed concern that such a long-term commitment may not
6 be feasible and is unsure whether that is a dealbreaker for Mr. Prephan. If the District
7 were to agree to the 0.25 and 0.5 rates, Mr. McNamee would propose adding a third
8 category for commercial-use docks, which have a significantly greater impact and
9 should not be treated as residential.

10 Mr. Truckey opposed reverting the rates, as they are equal now based on usage factors
11 such as road impact. Ms. Hansen supports maintaining the professionally prepared rate
12 study previously commissioned. Mr. Baird and Mr. Truckey favor keeping the rate at 1.0,
13 while Mr. Kish, Mr. McNamee, and Ms. Hansen support the 0.25 and 0.5 categories.

14 Ms. Brakefield emphasized the importance of minimizing litigation expenses and the
15 need to reach a comprehensive agreement. With only one more meeting before trial,
16 the District must either settle, or she must prepare for trial. The trial is expected to last
17 one to two full days, resulting in significant attorney fees. If settlement is not reached, a
18 previously canceled deposition will need to be rescheduled.

19 To facilitate negotiations, a closed-door session was recommended to address
20 settlement terms and develop a counteroffer. Ms. Brakefield will contact Mr. Decosta
21 after the meeting to communicate the Board's direction. If the Board's intent is to pursue
22 settlement and hold a closed session, she will inform him accordingly. Both parties are
23 motivated to avoid further legal expenses, and Ms. Brakefield remains optimistic the
24 matter can be resolved outside the courtroom.

25 The Board agreed to hold a closed-door session. Mr. Dorrill suggested scheduling it for
26 9:00 a.m. before the next regular meeting, with the public meeting to begin as close to
27 9:30 a.m. as possible. He also requested Ms. Brakefield prepare the required legal
28 notice for the closed-door session.

29 C. SFWMD Payment

30 A \$50,000 check was received from SFWMD for the easement agreement payment.

31 **Mr. McNamee made MOTION to allow Mr. Dorrill to move forward with the notices**
32 **of rule development and rulemaking. Mr. Kish made the second and all were in**
33 **favor.**

1 **Mr. Kish made a MOTION to reschedule the budget adoption hearing to August 15**
2 **meeting and amend the previously adopted resolution to reflect that. Mr. Baird**
3 **made the second and all were in favor.**

4 **ENGINEER'S REPORT**

5 No report was given at this time.

6 **OLD BUSINESS**

7 No old business was discussed at this time.

8 **NEW BUSINESS**

9 **SUPERVISORS' REQUEST**

10 **A. Discuss Replacing the Water Pipe Under Highway 41 Bridge**

11 Discussion on the replacement of the water pipe under the HWY 41 bridge. The
12 previous engineering firm estimated the cost to repaint the pipe at approximately
13 \$150,000. Mr. McNamee suggested obtaining a current proposal. Mr. Brown will be
14 asked to confirm the estimate or provide a detailed probable cost. Additionally he will be
15 asked to inspect the pipe to determine if the repair is urgent or can be deferred.

16 **B. Discuss Road Repaving on Newport Dr.**

17 Regarding road paving on Newport Drive, the project may be eligible for grant funding.
18 Mr. Truckey will investigate potential eligibility for the Brick Grant or LMS Grant. Mr.
19 Truckey recommended exploring the possibility of piggybacking on the county's street
20 work contracts by using their approved vendors and pricing. Mr. Dorrill noted that,
21 similar to how the District piggybacks on the banking services agreement, Mr. Brown
22 could identify which contractors currently hold contracts with the Board of County
23 Commissioners for milling, resurfacing, and striping. This would allow the District to
24 access unit prices through those contracts.

25 **C. Addressing Concerns Posted on Nextdoor**

26 Regarding Nextdoor, residents with questions are encouraged to bring their concerns
27 directly to the Board instead of posting opinions on the platform. Ms. Hansen and Mr.
28 Truckey are happy to take phone calls from community members. Mr. Truckey
29 encouraged residents to engage constructively, not just complain, but to be part of the
30 solution. Mr. McNamee stated that he is no longer willing to sell his commercial parcel
31 to the District due to the egregious claims that have been made about him on Nextdoor.

1 He also shared that he invests a significant amount of his own resources into
2 maintaining the community without any reimbursement.

3 **D. Discuss Cleaning All Storm Drainage in POI**

4 Stormwater drainage compliance is under review, as the county is initiating an
5 assessment to ensure compliance with regulations. The District is currently not fully
6 compliant. A recent engineer's report clarified which stormwater drainage areas the CID
7 is responsible for, and which fall under HOA or single-family homeowner responsibility.
8 Ms. Hansen stated that to ensure a fair assessment, drainage plans are needed for
9 areas outside CID responsibility. Coordination is essential because some drainage
10 systems are conflicting. She continued that having comprehensive drainage plans for all
11 areas will enable better coordination, even if the District does not assume responsibility
12 for certain sections. The Board needs to review and agree on how to manage this. Mr.
13 McNamee noted that funds are available in reserves, and the work simply needs to be
14 completed.

15 **E. Soliciting a New Law Firm**

16 Mr. Truckey asked how much notice would need to be given to the current law firm if the
17 Board decided to engage new legal counsel. Ms. Brakefield responded that while there
18 are no Florida Bar noticing requirements, sufficient notice would be required to wrap up
19 pending matters and ensure a smooth transfer of records. She noted that it may be
20 practical to wait until the PrepMac lawsuit is resolved before making a transition. Mr.
21 Truckey acknowledged ongoing concerns with the current firm's responsiveness and
22 follow-through, and recommended beginning the process of searching for new legal
23 representation. He did thank Ms. Brakefield for the excellent work she has been doing in
24 place of Mr. Pires and Mr. Lombardo. Mr. Dorrill suggested that the Board wait until the
25 end of the summer, after the complex utility rate notices have been issued, the final
26 budget has been adopted, and the PrepMac lawsuit has concluded. Mr. Dorrill noted
27 that there are only two firms in Collier County that perform this kind of work and anyone
28 in Fort Myers or coming from the other coast is going to charge a lot in fees to show up
29 at meetings or will only participate virtually.

30 Ms. Brakefield shared that she has seen other Districts have a running list of action
31 items. Essentially it is a chart with the date that direction was given, what direction was
32 given, and further comments. She suggested that it may help with items slipping
33 through the cracks and staying on track.

F. Community Center

Mr. Kish, who had previously opposed the idea of a community center, expressed that he is now open to the concept after reviewing the Surgeon General's report on the growing epidemic of loneliness and social isolation. He noted that the District will need a designated space to store generators, which currently have to be brought in from Naples. A facility could serve this practical purpose while also functioning as a community center and potentially as a hurricane safety shelter. He suggested it is something worth considering for the future, emphasizing that loneliness has serious negative impacts on public health. Mr. McNamee noted that he has suggested purchasing Orchid Cove's community center for full community use but Orchid Cove's board strongly opposed that idea and recently sent him a letter stating as much.

PUBLIC COMMENTS

Unidentified Resident – Shared that Nextdoor is a social media platform, and drawing attention to posts there can unintentionally amplify them. She also asked if assessments will be going down with the reevaluation of water bills. It was confirmed that they will be decreasing on the utility side, not the O&M side.

Lisa, a resident of 166 Sunset Cay, emphasized the importance of bringing questions and concerns directly to the Board rather than posting on Nextdoor. She reminded everyone that POI is a community and should function as one, with open and respectful communication.

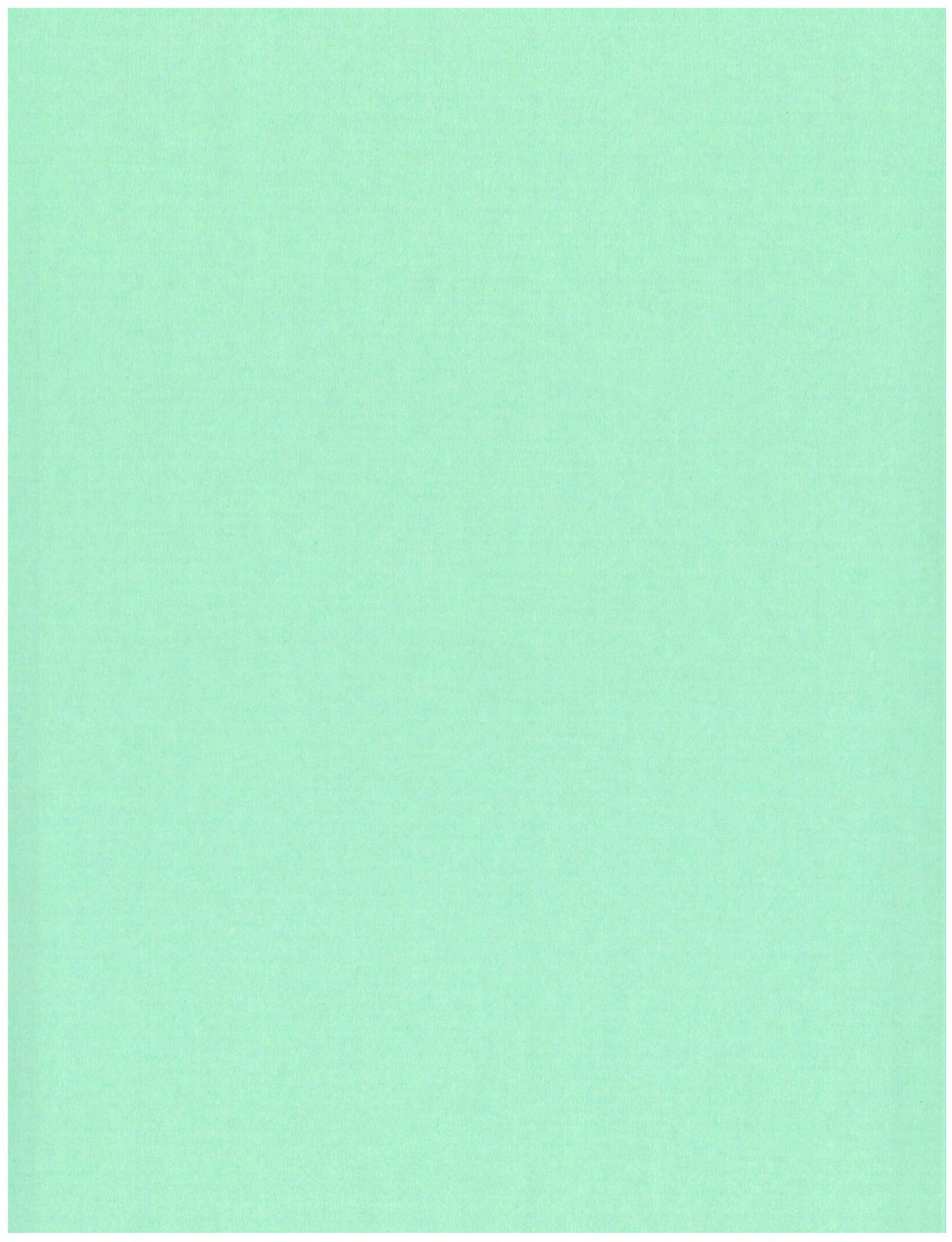
Ron emphasized the importance of fostering a strong sense of community and expressed his belief that a community center would further enhance the value of the District. He also thanked Mr. Kish for highlighting its significance.

Steve Gunther – Orchid Cove – Mr. Gunther clarified that he was speaking as a resident, not as a member of the Orchid Cove Board. Over the years, he has supported the Board and believes they are doing a great job. In response to Mr. McNamee, Mr. Gunther shared his personal opinion that the Orchid Cove facility was built to serve the needs of Orchid Cove specifically, not the broader Port of the Islands community, and he does not believe it is adequate to support the entire District population. He added that the letter may have been interpreted with the wrong tone and encouraged not taking vocal individuals too personally, especially given that relatively few people attend the meetings which is a shame.

- 1 Ms. Brakefield shared that Mr. Lombardo has not yet received the engineer's report. In
2 light of the action items being discussed, she requested that a copy be sent to him if
3 there is anything he needs to address.

4 **ADJOURNMENT**

- 5 The next meeting will be on July 18, 2025, at 9:30 a.m. **On a MOTION by Mr. Baird**
6 **and a second by Ms. Hansen, with all in favor, the meeting was adjourned at 11:44**
7 **a.m.**





*Florida Utility
Solutions*

PORT OF THE ISLANDS CID

JUNE 2025

MONTHLY PLANT OPERATIONS REPORT

JULY 18TH, 2025 BOARD MEETING

Wastewater Plant

**Received and treated
3.81 million gallons in
June**

Water Plant

**Produced and
distributed 2.51 million
gallons in June**

REUSE

**Distributed 8.78 million
gallons in June**



FLORIDA UTILITY SOLUTIONS

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www.floridautilitysolutions.com

Summary

Operations at the facilities throughout the month were in accordance with contract and regulatory requirements.

Items Requiring Approval

We would ask your consideration and approval of the following:

| Request | Impact | Est. Cost |
|---------|--------|-----------|
| | | |
| | | |

Operations

- **Compliance**

All Wastewater Plant requirements were met.

All Water distribution requirements were met.

- **Reuse Pump Station Status:**

Reuse Pump System functioning properly for outgoing pressure at plant.

Station on canal operating on 2 pumps and not communicating. Generator does not run.

- **Performance metrics:**

Wastewater Treatment Plant

- 3.81 million gallons of wastewater received and treated in June

Water Treatment

- Produced and distributed 2.51 million gallons in June

Reuse

- Distributed 8.78 million gallons in June

| Performance Metrics | Current Month June 2025 | Prior Month May 2025 |
|----------------------------|------------------------------------|---------------------------------|
| Wastewater treated | 2,991,099 | 1,679,424 |
| Sludge disposed - gallons | 0 | 0 |
| Reuse Water Pumped | 8,776,076 | 11,145,670 |
| Odor Complaints | 0 | 0 |
| Number of line breaks | 0 | 0 |
| Auto Flushers Flushed | 9 | 9 |
| Meters Read | 864 | 0 |
| Meters Re-read | 15 | 0 |
| Consumables | Current Month | Prior Month |
| Chlorine Usage | 780 | 950 |
| Water Usage Complaints | 0 | 0 |

Maintenance and Repair

Preventive Maintenance

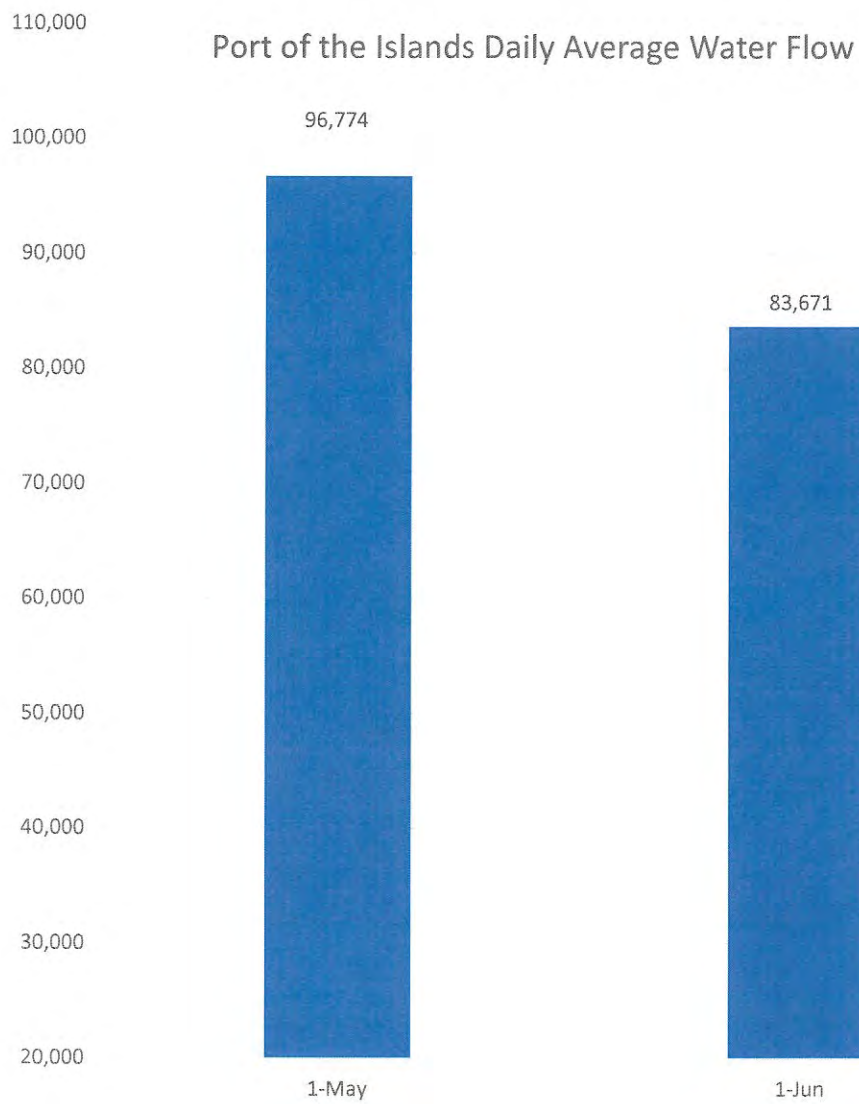
- Inspected all pump stations weekly
- Odor control weekly checks performed
- Work continues on plant upgrades and repairs that were previously approved

Additional Maintenance

- Replaced crushed valve boxes
- Finished install of new disc filter and put into service
- Flushed fire hydrants
- Repaired garage door
- Had plant meters calibrated

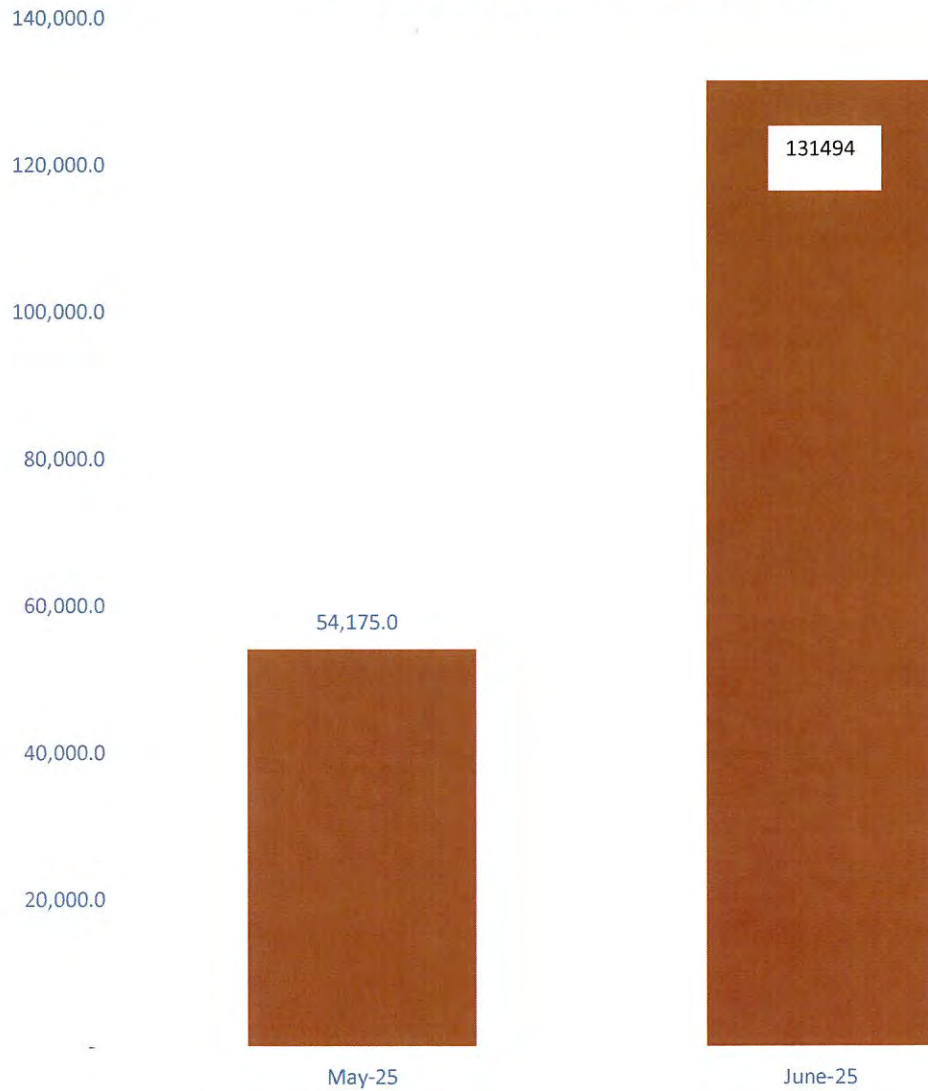
Health & Safety

- Zero LTIs and OSHA recordable incidents occurred during the month
- Safety training includes daily tailgate talks concerning daily events –confined space, lightning safety, seatbelts, housekeeping, and other safety related concerns



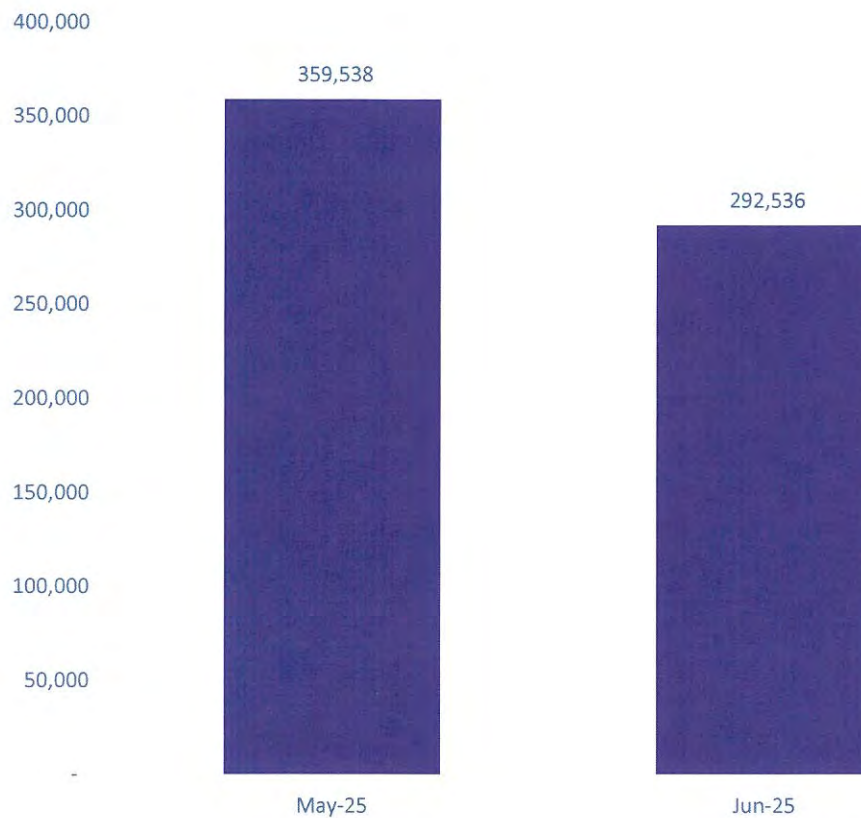
Port of the Islands Drinking Water Monthly Flow Average

Port of the Islands Wastewater Average Daily Flow

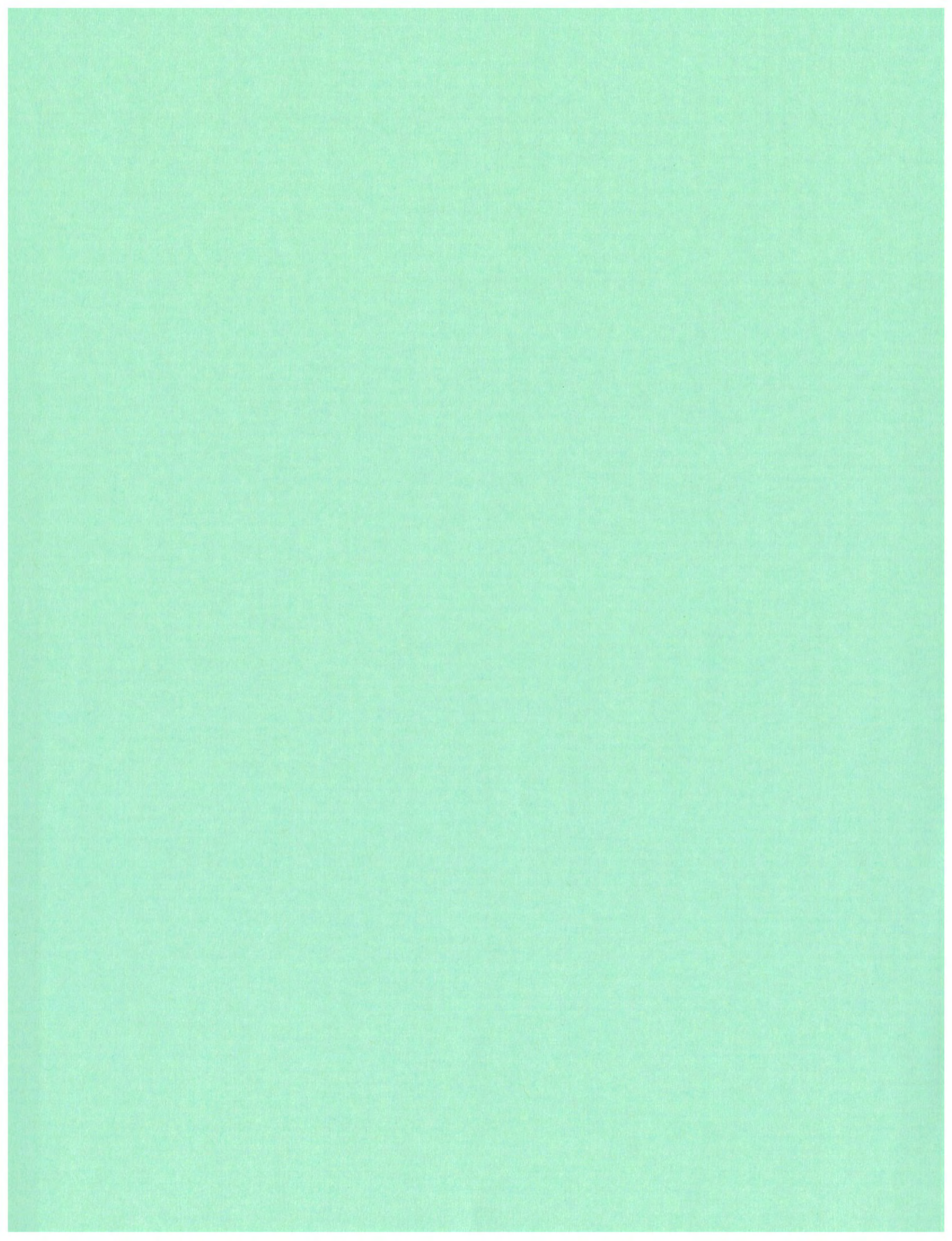


Port of the Islands Wastewater Monthly Flow Average

Port of the Islands Reuse Average Daily Flow



Port of the Islands Reuse Monthly Flow Average



PORT OF THE ISLANDS CID

2024 Revenue Sufficiency and Rate Analysis – Water, Wastewater, and Irrigation Systems

JUNE 7, 2024

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[*] Tables located at the end of this report.

PORT OF THE ISLANDS COMMUNITY IMPROVEMENT DISTRICT – RATE REPORT

The Port of the Islands Community Improvement District (the “District”) water, wastewater, and irrigation utility system (the “System”) is a public enterprise, which: i) produces and distributes potable and irrigation water; and ii) provides for the collection and disposal of wastewater within its designated utility service areas. The District’s System is established as a utility enterprise fund. As such, the System should have revenues equal to the costs of the services provided, and the District should attempt to establish rates that are always sufficient to cover the cost of operating, maintaining, repairing, and financing the water, wastewater and irrigation system (“System”) expenditures and funding needs.

Existing Rates for Utility Service

The District currently bills for utility service recognizing two (2) cost-recovery components, which include: i) a base facility charge that is included on the property tax bill and billed directly to property owners as a non-ad valorem assessment as allowed by Florida Statutes, Chapter 197; and ii) a usage or flow charge that is based on meters located at the various accounts served by the utility.

The following is a summary of the current rates in effect as of October 1, 2023 (Fiscal Year 2024):

Schedule of Fiscal Year 2024 Monthly Utility Rates for Service [1]

| | Potable Water Service | Wastewater Service | Irrigation Service |
|--|-----------------------|--------------------|--------------------|
| Basic Monthly Rate: | | | |
| Base Facility Charge (Non-ad Valorem Assessment – Expressed Monthly) [1] | \$58.46 | \$58.46 | n/a |
| Consumption Charge (Bi-monthly): | | | |
| Charge per 1,000 Gallons (All Gallons): | \$3.38 | \$6.94 | n/a |
| Tier 1 [3] | n/a | n/a | \$1.45 |
| Tier 2 [3] | n/a | n/a | 2.18 |
| Tier 3 [3] | n/a | n/a | 2.90 |
| Tier 4 [3] | n/a | n/a | 3.64 |
| Tier 5 [3] | n/a | n/a | 4.36 |

Table footnotes on following page.

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Table footnotes:

- [1] The base facility charge was allocated uniformly between the potable water and wastewater systems.
 [2] Billed at 75% of the potable water usage.
 [3] Bi-monthly residential-related and monthly commercial-related irrigation water tiers are different by customer class or type and are as follows:

| | Consumption Blocks – Expressed in Gallons | | |
|--------|--|--|--|
| | Bi-monthly Single-family Residential (per Account) | Bi-monthly Multi-family Residential (per Unit) | Monthly Hotel, Commercial, and RV Customer (per Account) |
| Tier 1 | 0 to 20,000 | 0 to 12,000 | 0 to 12,000 |
| Tier 2 | 20,001 to 40,000 | 12,001 to 24,000 | 12,001 to 24,000 |
| Tier 3 | 40,001 to 60,000 | 24,001 to 36,000 | 24,001 to 36,000 |
| Tier 4 | 60,001 to 80,000 | 36,001 to 48,000 | 36,001 to 48,000 |
| Tier 5 | Over 80,000 | Over 48,000 | Over 48,000 |

Customer Statistical Profile

The following is a summary of the current equivalent residential connections^{III} served by the System:

Estimated ERCs Served – Estimated Fiscal Year 2023

| Description | ERCs |
|--|------|
| ERCs Billed – Non-ad Valorem Assessment [1][2] | 743 |
| ERCs Calculated – Meter Equivalents [3] | 731 |

[1] ERCs applicable to both water and wastewater utility service.
 [2] The ERCs for non-ad valorem assessment based on current 2024 Tax Roll values and reflect a 1.0 factor for single-family homes, 0.8 factor for master-metered residential units; and a factor based on estimated customer attributes / demands for commercial (non-residential) customers.
 [3] ERCs for meter basis predicated on meter equivalent factors used by the Florida Public Service Commission, Collier County (in the regulation of franchised utilities), and other public utilities in the development of rates and is based on maximum water demands by meter size based on information as published by the American Water Works Association. The base facility charge is not billed on a meter equivalency basis at this time.

The estimated billed flows for potable water, irrigation, and wastewater service assumed for the study was based on detailed billing information received from the District's System Manager is summarized below:

Estimated Usage Billed for Service – Estimated Fiscal Year 2023

| Description | Water | Wastewater | Irrigation |
|--|--------|------------|------------|
| Billed Usage per Utility (000s of Gallons) | 29,632 | 22,037 | 100,315 |
| ERCs Served (All Classes of Service) – Meter Equivalents [1] | 731 | 731 | 731 |
| Monthly Billed Flow per Meter Equivalent [1] | 3,460 | 2,512 | 11,436 |

The estimated billing statistics shown above were relied upon in the development of the financial forecast and in the development of proposed rates for service.

[1] Equivalent Residential Connection (ERC) represents allocated demand for a single-family residential customer.

Revenue Requirements

The foundation of the study and the primary objective of the utility rates are to reasonably recover the full or identified cost of providing service, including the cost of infrastructure investment, and compliance with covenants associated with the issuance of any outstanding / future bonds and identified or adopted fiscal policies / targets. In developing the Financial Forecast and the corresponding revenue sufficiency evaluation, the determination of the rate revenue requirements was based on the Cash Needs approach that is commonly used by public utilities throughout the industry. The approach generally supports the budget / cash flow determination needs of the System.

As you can see on Figure 1, the various components of cost associated with operating and maintaining a publicly owned utility system, as well as the cost of financing the renewal and replacement of facilities and capital improvements for upgrades and expansion and maintaining compliance with the covenants of outstanding loans and identified or adopted policy are generally referred to as the utility cash revenue requirements. The sum of these cost components, after adjusting for other income and other operating revenues available to the utility, represents the net revenue requirements of the utility system (the “net revenue requirements”). The net revenue requirements for this revenue sufficiency analysis were predicated on a forecast of System costs for the current Fiscal Year 2024 and the subsequent four- (4) fiscal year period ending September 30, 2028 (i.e., Fiscal Years 2024 through 2028 referred to as the “Forecast Period”), which included the cost components described as follows:

Figure 1 – Revenue Requirements



- Operating Expenses: These expenses include the cost of contract services for the daily operation and management of the System, utilities, chemicals, sludge disposal, operating supplies, repair and maintenance, professional services, and other costs necessary for the daily operation and maintenance of the System.
- Capital Reinvestment: Capital reinvestment includes the annual deposits to be made from rates to fund ongoing renewals, replacements, improvements, and betterments not financed by the issuance of debt obligations.
- Debt Service: Debt service includes the principal of and interest on the District's currently any outstanding and anticipated additional (future) debt or loan obligations payable from the net operating revenues of the System.
- Other Revenue Requirements: This component of cost includes any other funding requirements from rates including, but not limited to, payments and transfers to reserves for future year expenditures and to promote the overall creditworthiness of the System (limit financial risk).

The projected net revenue requirements, as shown on Tables 1, 1A, and 1B at the end of the report are based upon certain assumptions, considerations, and analyses, which included the following:

1. Projected revenues from current rates and charges for the System were based on i) the schedule of rates and charges currently in effect as adopted by the District Board of Supervisors ("Board"); and ii) an allowance for System growth in ERCs served based on discussions with the System Manager. The projection of revenues is shown on Tables 2A through 2D for the potable water and irrigation water utility systems and Tables 3A and 3B for the wastewater system. The following is a summary of the utility rate revenues by utility system:

Projected Rate Revenue from Existing Rates – For the Forecast Period [1]

| Fiscal Year | Water | Wastewater | Irrigation | Total |
|-------------|-----------|------------|------------|-------------|
| 2024 | \$621,516 | \$674,297 | \$209,936 | \$1,505,749 |
| 2025 | 624,069 | 677,061 | 209,950 | 1,511,080 |
| 2026 | 626,618 | 679,833 | 209,950 | 1,516,401 |
| 2027 | 639,371 | 693,668 | 209,950 | 1,542,989 |
| 2028 | 652,124 | 707,503 | 209,950 | 1,569,577 |

[1] Amounts shown derived from Tables 2A through 2D and Tables 3A and 3B at end of this report.

2. The System receives other revenue from System operations, primarily from connection fees from System growth. The projections of the other revenues are summarized on Table 4.
3. Projected operating expenses were based on the adopted Fiscal Year 2024 budget for the utility system, which was subsequently escalated for the Forecast Period. Tables 5, 5A, and 5B present the projected operating expenses assumed for water and wastewater utility systems (irrigation water is assumed to be included as a component expense of the water and wastewater systems) for the Forecast Period. The projection was based on the System 2024 Budget as adopted by the District Board, which were allocated between the water and wastewater systems as shown on Table 5A, and subsequently escalated for the Forecast Period based on a variety of escalation factors (reference is made to Table 5B) for the remainder of the Forecast Period. A summary of the projected operating expenses for the Forecast Period is summarized below:

Projected Operating Expenses – For the Forecast Period [1]

| Fiscal Year | Water | Wastewater | Total |
|-------------|-----------|------------|-----------|
| 2024 | \$411,850 | \$402,950 | \$814,800 |
| 2025 | 430,810 | 420,720 | 951,530 |
| 2026 | 449,750 | 439,370 | 889,120 |
| 2027 | 469,560 | 458,790 | 928,350 |
| 2028 | 490,260 | 479,280 | 969,540 |

[1] Amounts shown derived from Tables 5, 5A, and 5B at end of this report; amounts include irrigation system operating expenses.

4. An annual allowance for bad debt expenses has been included as a component of the operating expenses and is recognized to account for a certain amount of revenues being considered as uncollectible and written off throughout the year. A bad debt ratio estimated at approximately 0.15% of sales revenues was applied to the level of sales revenues projected for the Forecast Period to estimate the amount of expense to be recognized. This expense item for the System was estimated to average approximately \$2,100 annually during the Forecast Period.
5. An average contingency allowance of approximately 5.0% of total operating expenses was recognized in each fiscal year of the Forecast Period. The allowance has been included to recognize unknown or unplanned expenditures that may occur in each Fiscal Year and to recognize potential changes in the revenues that may occur due to weather, conservation, and other factors. This expense item for the System was estimated to average approximately \$38,800 annually during the Forecast Period.
6. Although considered a System operating expense for financial reporting purposes, depreciation and amortization expenses have not been recognized as an operation and maintenance expense since such amounts represent non-cash expenses. As discussed further in this report, an allowance for the funding of capital expenditures / major maintenance is recognized as a revenue requirement to be funded from rates.
7. A significant issue for the District deals with the need to fund a significant amount of capital expenditures in the next five (5) years and beyond. This is an issue being faced by many public utilities in southwest Florida as well as regionally and nationally. Table 6 provides a summary of the capital improvement plan ("CIP") recognized in the development of the financial forecast and rate implementation plan. The CIP was based on engineering master planning documents, discussions with the System Manager, and included an allowance for inflation on the estimated capital costs until the year of construction (the initial capital cost estimates were reflected in 2024 dollars). As can be seen on Table 6, the estimated CIP totals \$6,265,000 for the Forecast Period and is summarized below:

Projected Capital Improvement Plan – For the Forecast Period [1]

| Fiscal Year | Water | Wastewater | Total |
|-------------|-------------|-------------|-------------|
| 2024 | \$361,500 | \$692,500 | \$1,054,000 |
| 2025 | 2,251,100 | 820,600 | 3,071,700 |
| 2026 | 2,033,800 | 285,200 | 2,316,000 |
| 2027 | 1,112,100 | 934,100 | 2,046,200 |
| 2028 | 263,900 | 549,800 | 813,700 |
| Total CIP | \$6,022,400 | \$3,282,200 | \$9,304,600 |

[1] Amounts shown derived from Table 6 end of this report; amounts include irrigation system capital expenditure needs.

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8. A capital Funding plan was developed to finance the CIP as summarized above and shown on Table 6. The funding plan includes a blend of capital re-investment or funding from operations (rates—referred to as “Pay-As-You-Go or PAYGO” funding) and the issuance of debt / loans. The capital funding plan is included on Table 6 and is summarized below:

Projected Capital Improvement Funding Plan – For the Forecast Period [1]

| Fiscal Year | PAYGO Funding | Debt / Loan Funding | Total Funding Amount |
|----------------|---------------|---------------------|----------------------|
| 2024 | \$1,054,000 | \$0 | \$1,054,000 |
| 2025 | 141,600 | 2,930,100 | 3,071,700 |
| 2026 | 161,200 | 2,157,800 | 2,316,000 |
| 2027 | 1,230,400 | 815,800 | 2,046,200 |
| 2028 | 813,700 | 0 | 813,700 |
| Total CIP – \$ | \$3,400,900 | \$5,903,700 | \$9,304,600 |
| Total CIP – % | 36.6% | 63.4% | 100.0% |

[1] Amounts shown derived from Table 6 end of this report; amounts include irrigation system capital expenditure needs.

As can be seen above, it has been assumed that 63.4% of the CIP will be funded from the issuance of new debt / loans, which is proposed to be secured from rate revenues, which would include non-ad valorem assessment revenues, which is dependent on the District’s cost recovery objectives.

9. There currently is no outstanding debt allocated to the System. It has been assumed that the District would secure a loan from a local bank, through the State Revolving Fund (“SRF”) loan program administered by the Florida Department of Environmental Protection, or through some other lending program (referred to as the “Series 2024 Loan”). With respect to the determination of the repayment requirements of the Series 2024 Loan, it was assumed that i) the loan would be in the principal amount of \$9,295,000 to fund a deposit to a project fund of \$5,903,700; ii) issuance costs to secure the loan would equal two percent (2%) of the project cost to be financed; iii) interest expense for the first year of the loan would be funded from loan proceeds (referred to as “capitalized interest”) and for the next two (2) years of the loan would reflect interest only payments with no principal repayment to allow for the phase-in rate adjustments and to complete the projects; iv) after the interest-only payment period, a repayment schedule equal to level debt payments for the remainder of the term of the loan assumed to be 22 years (a total term of 25 years for the loan); and v) no requirement to fund a debt service reserve fund from loan proceeds. It was assumed that the loan would be issued on or about October 1, 2024 for the purposes of this study (note that the recognition of the capitalized interest component of the financing defers debt payments until Fiscal Year 2026 to provide the District flexibility in the funding of the program). Based on these assumptions, the annual loan repayment requirement assumed for the Forecast Period funded from System revenues was estimated as follows:

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Projected Debt Repayment – For the Forecast Period [1]

| Fiscal Year | Annual Debt Payments from Rates |
|-------------|---------------------------------|
| 2024 | \$0 |
| 2025 | 0 |
| 2026 | 250,600 |
| 2027 | 250,600 |
| 2028 | 433,531 |

Net Revenue Requirements

The projected net revenue requirements for the System are presented on Tables 1, 1A, and 1B and are summarized below and were based upon: i) the customer and sales forecast; ii) the existing rates for service; iii) the operating expense assumptions as previously discussed; and iv) the capital improvement expenditure and assumed funding plan as identified by the District and funding analysis assumed herein all as discussed throughout this report.

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The purpose of the development of the Net Revenue Requirements is to determine the required level of revenue from monthly user rates necessary to meet the financial obligations of the System. Summarized below are the projected net revenue requirements and overall recommended rate adjustments for the System for the Forecast Period:

Projected System Net Revenue Requirements – For the Forecast Period

| Description | Fiscal Year Ending September 30, | | | | |
|---|----------------------------------|-------------|-------------|-------------|-------------|
| | 2024 | 2025 | 2026 | 2027 | 2028 |
| Total Operating and Maintenance Expenses | \$814,800 | \$851,530 | \$889,120 | \$928,350 | \$969,540 |
| Total Debt Service Payments from Rates | --- | --- | 250,600 | 250,600 | 433,531 |
| Capital / Operating Reserve Deposits from Rates | 667,000 | 788,000 | 883,600 | 961,600 | 1,209,531 |
| Gross Revenue Requirements | 1,481,800 | \$1,639,530 | \$1,772,720 | \$1,889,950 | \$2,179,071 |
| Less Income / (Expenses) | (23,610) | 16,600 | 20,514 | 37,240 | 35,070 |
| Net Revenue Requirements | \$1,505,410 | \$1,622,930 | \$1,752,206 | 41,852,710 | \$2,144,001 |
| Revenues from Existing Rates | \$1,505,749 | \$1,511,080 | \$1,516,401 | \$1,542,989 | \$1,569,577 |
| Projected Surplus / (Deficiency) | \$339 | (\$111,850) | (\$235,805) | (\$309,721) | (\$574,424) |
| % of Rate Revenues | 0.02% | (7.4%) | (15.55%) | (20.07%) | (36.60%) |
| Additional Rate Adjustments: | | | | | |
| Price Index Inflation Adjustment | 0.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| Additional Fixed Rate Adjustment | 0.00% | 5.00% | 5.00% | 3.50% | 2.00% |
| Total Combined Rate Adjustment | 0.00% | 8.00% | 8.00% | 6.50% | 5.00% |
| Revenue from Current Period Rate Adjustments | \$0 | \$137,683 | \$149,157 | \$132,901 | \$110,526 |
| Revenue from Prior Period Rate Adjustments | 0 | 0 | 121,312 | 256,753 | 380,151 |
| Total Revenue with Rate Adjustments | \$0 | \$137,683 | \$270,469 | \$389,654 | \$490,677 |
| Net Surplus / (Deficiency) After Rate Adj. | \$339 | \$25,833 | \$34,764 | \$80,233 | \$(82,847) |
| Percent of Total Rate Revenues | 0.02% | 1.57% | 1.95% | 4.15% | (4.02%) |

In the development of the financial forecast regarding the adequacy of the existing and anticipated rates to fully fund the System net revenue requirements for the Forecast Period, we did not recognize any price index application in the determination of the existing rates but included the index as a component of the additional rate adjustments. As can be seen above and shown in more detail on Tables 1, 1A, and 1B, the existing System rate revenues, even when including the price index rate adjustments, are anticipated to not be sufficient to adequately fund the identified net revenue requirements of for the respective service area and provide funds to

meet the identified financial benchmarks in support of maintaining a favorable utility credit. It is recommended that the rates be adjusted i) by the application of the price index rate adjustments, which was assumed to be 3.0% per year for the Forecast Period; plus ii) an additional fixed rate adjustment to provide additional funds to fund the increases in operating expenses due to inflation, increased debt service costs associated with capital infrastructure financing, increased deposits to fund PAYGO capital reinvestment, and contribute to the maintenance of a reasonable fiscal position for the System.

Based on the identified net revenue requirements and the current rate relationships for the System, the following rate phasing plan is identified for the District's consideration. As can be seen below, it is recommended that higher upfront rate adjustments are necessary due the immediate need to improve cash flow, accrue additional capital-related funds, and place the System in a position to secure external financing to fund a portion of the capital plan.

Identified Average System Annual Percent Rate Adjustments – For the Forecast Period

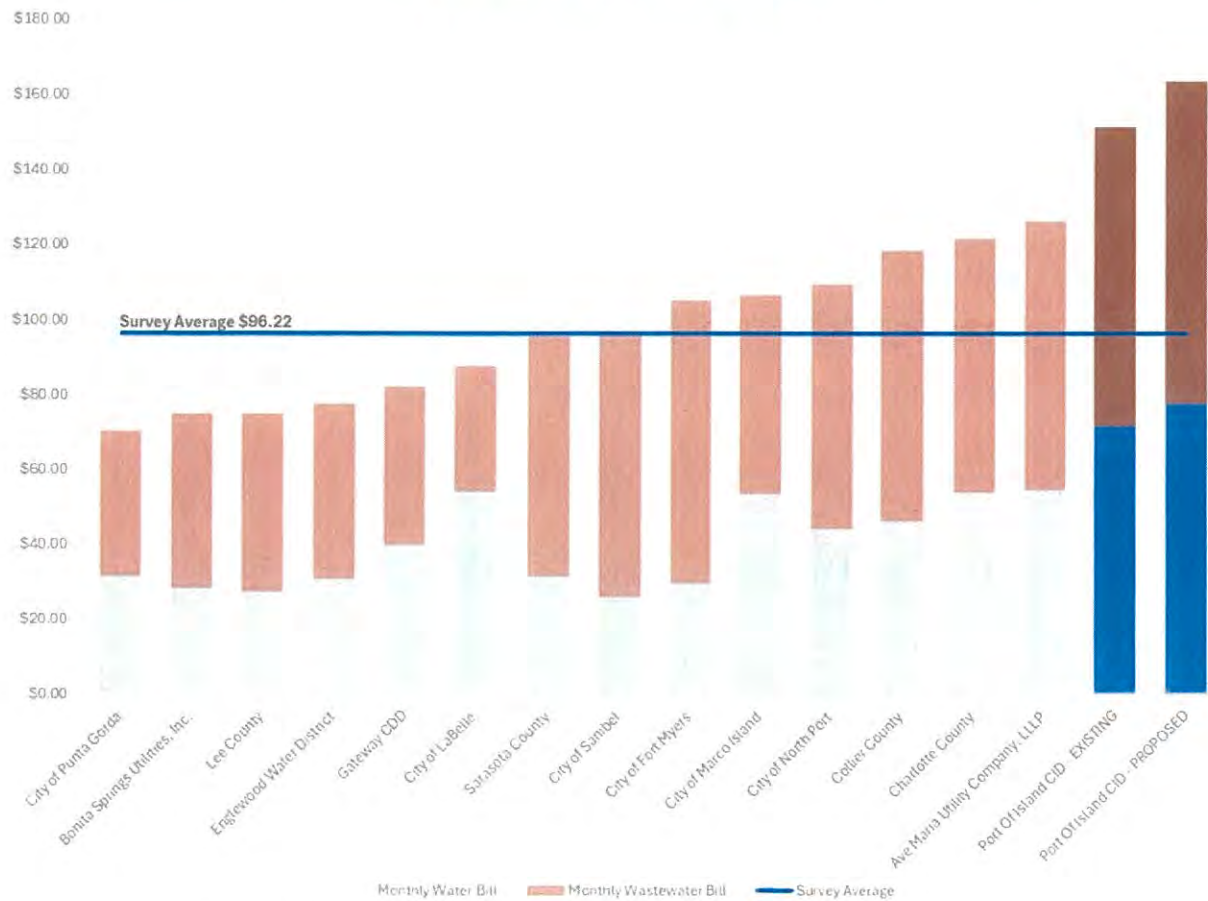
| Description | Fiscal Year Ending September 30, | | | | |
|---|----------------------------------|-------|-------|-------|-------|
| | 2024 | 2025 | 2026 | 2027 | 2028 |
| Price Index Rate Adjust. [1][2] | 0.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| Additional Fixed Rate Adjustments: [2] | | | | | |
| Water System | 0.00% | 5.00% | 3.50% | 3.50% | 2.00% |
| Wastewater System | 0.00% | 5.00% | 5.00% | 3.50% | 2.00% |
| Irrigation System | 0.00% | 5.00% | 5.00% | 3.50% | 2.00% |
| Effective Composite Rate Adjustments (Total Utility Service): | | | | | |
| Combined Index and Fixed Rate Adjustments | 0.00% | 8.00% | 8.00% | 6.50% | 5.00% |
| <p>[1] The price index would be in addition to the fixed rate adjustments and is applied to equally to all service areas by utility type and was assumed to be 3.0% per year for the Forecast Period.</p> <p>[2] For the Forecast Period, the Price Index and identified other fixed rate adjustments were assumed to be placed into effect on October 1st of each respective Fiscal Year.</p> | | | | | |

Comparison of Monthly Rates

To provide additional information to the District regarding existing and proposed rate levels, a survey of other neighboring utilities levels of monthly user rates charged to residential single-family 5/8" metered customers for water and wastewater service compiled and is included on following figures. The first comparison is for a residential customer using 4,000 gallons of potable water service, which is the typical domestic water use for customer served by the System. It is also typical of the average single-family water use for the other surveyed utilities based on our experience. The combined water and wastewater comparison is shown on Figure 2 below:

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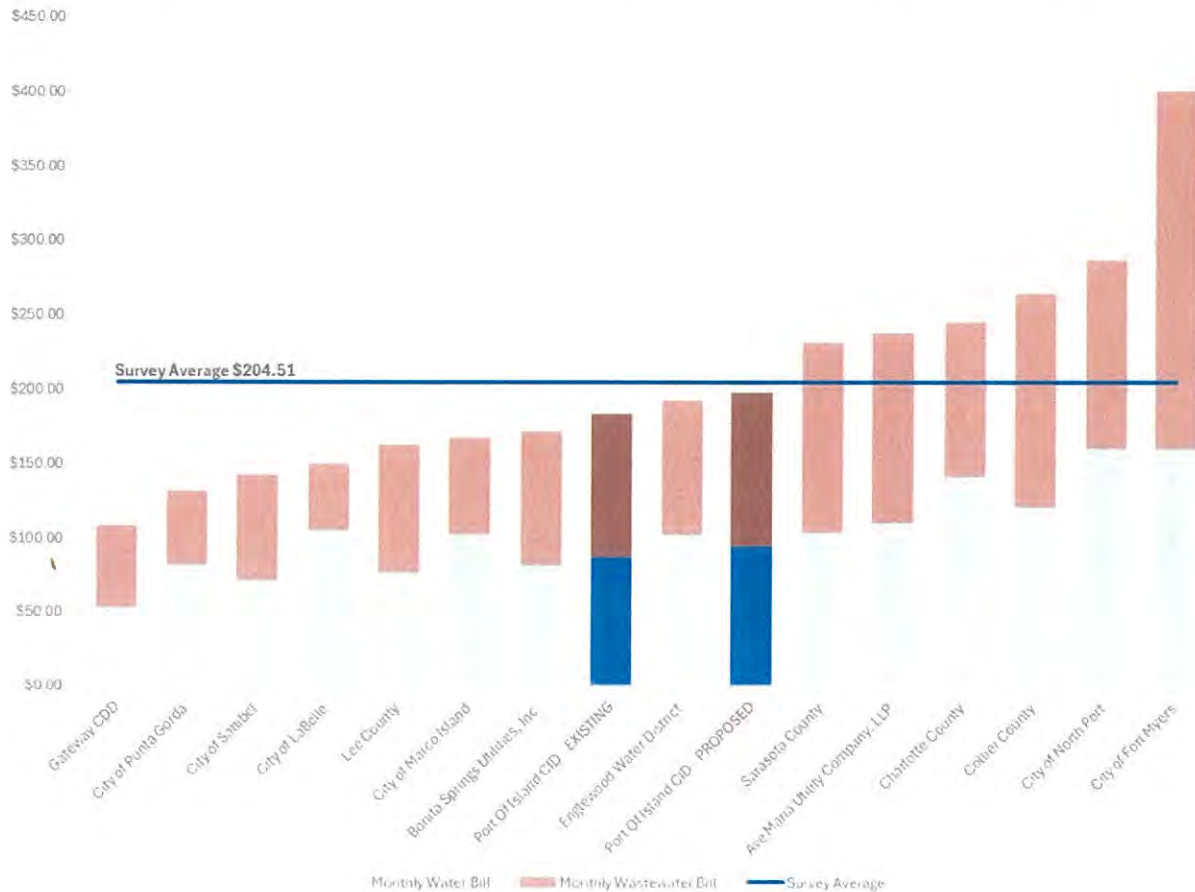
Figure 2 – Comparison of Monthly Single-family Water and Wastewater Bill – 4,000 Gallons of Water Usage



As can be seen on Figure 2, the District existing and proposed rates are the highest for domestic water and wastewater service. However, the District also provides irrigation service on a System wide basis that the other utilities do not provide, which is a higher level of service. Assuming a total monthly water use of 15,000 gallons (consisting of 4,000 gallons of domestic use and 11,000 gallons of irrigation alternative water use), the District utility rates appear to be more comparable as shown on Figure 3 below (it is assumed that the irrigation service would not be separately metered but would be combined with the potable water flow, which would be most typical and that wastewater usage charges for the other surveyed utilities would apply):

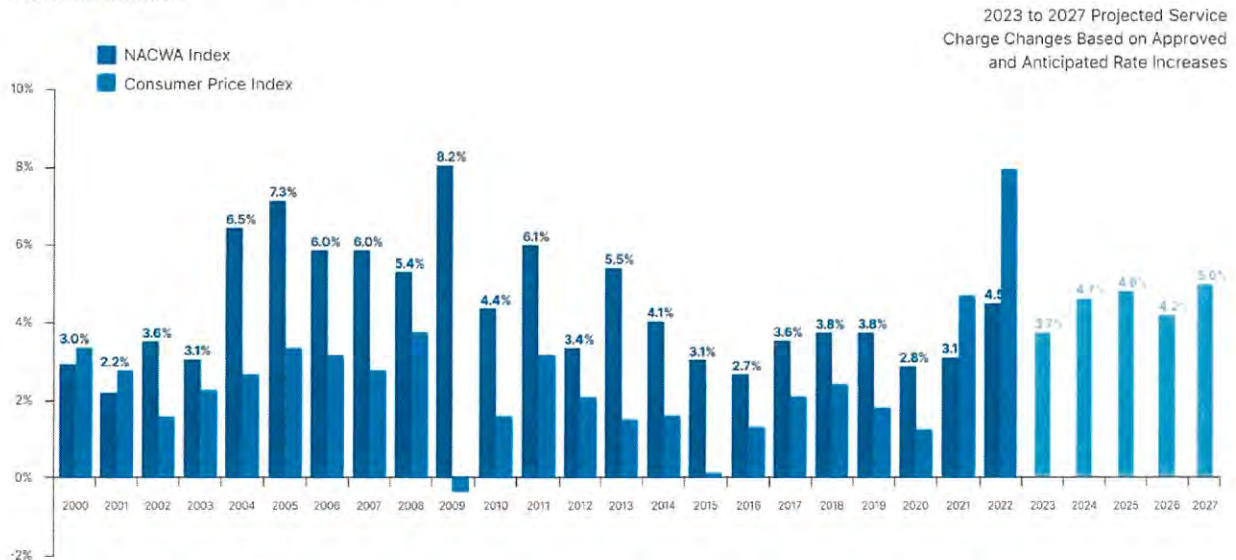
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Figure 3 – Comparison of Monthly Single-family Water and Wastewater Bill at 4,000 Gallons of Domestic Water and 11,000 Gallons of Irrigation Water Usage



As can be seen above, when recognizing an allowance for discretionary water use for irrigation demands, the District rates appear to be more comparable to the other surveyed utilities.

It should be noted that most of the utilities shown in the comparison above are planning rate adjustments to be made effective during the next 12 months. If one were to recognize the anticipated rate adjustments for the other surveyed utilities, the comparison would become more favorable for the District. The need to increase rates for utility service is an issue in both Florida and nationally based on our conversations with several other utilities in Florida and information published on a national perspective regarding the needs for future rate adjustments. The table below provides a national indication of the recent trends in rate adjustments (referred to as the NACWA Index, which is based on a composite of 174 utilities serving 104 million people) as compared to the consumer price index, all as published by the National Association of Clean Water Agencies ("NACWA"). As can be seen below, NACWA reports that the adjustments to rates has most recently outpaced inflation for many years and a forecast in rate adjustments ranging from 3.0% to 4.6% over the next five (5) years is anticipated (note that this is a 2023 comparison, the most recent year has not been published at this time). The projected increases for the District utility system over the next three (3) fiscal years as shown above is representative to the projected increases as identified by NACWA and tends to illustrate the overall general reasonableness in the rate adjustments being proposed for the District's System.

Figure 4 –NACWA Annual Change in Cost of Clean Water**Annual Change in Cost of Clean Water**
Index vs. Inflation

Financial Considerations and Performance

Included as part of the development of the financial forecast and the review of the overall sufficiency of System revenues is an evaluation of the projected financial position of the System. This evaluation includes the development of certain ratios and the review of financial performance indicators to evaluate “where the System is anticipated to be financially.” The analysis includes a series of charts and figures prepared to provide the District a visual representation of the financial and statistical trends in the selected financial ratios or benchmarks anticipated for the System over the Forecast Period. The following is a brief description of the financial ratios evaluated by Raftelis on behalf of the System.

Debt Service Coverage

As previously mentioned, it is anticipated that the District will need to secure external financing to fund a portion of the CIP. Generally, as a condition of the borrowing, an agreement between the borrower (District) and the lender will be required to delineate the terms and covenants of the borrower. This agreement may be in the form of a bond resolution or trust indenture, bank loan agreement, loan agreement with the Florida Department of Environmental Protection, or some other form of agreement. Usually, the agreement will have a rate covenant that requires that the Net Revenues of the System (i.e., total revenues from operations less operating expenses) will be in excess of the debt payment by a minimum amount (referred to as “debt coverage”). A common minimum debt coverage ratio would range between 1.20× to 1.35× the annual debt payment for a small system.

We have recognized a minimum debt service coverage ratio of 2.0× annual debt service payment for the financial forecast. This is considered as a strong coverage ratio by the credit rating agencies (e.g., Moody’s Investor Service, Fitch Ratings, etc.) and is a positive target for a small system such as the District as it positions itself to borrow monies in the near future. Table 1C at the end of this Report summarizes the ability of the

projected System Net Revenues to meet the targeted rate coverage ratio. As can be seen on Table 1C and as summarized below and assuming the full implementation of the rate plan identified in this report, it appears that the proposed rates will provide sufficient resources to meeting the operations and maintenance expense requirements of the System, fund the projected capital needs as identified in the District's capital improvement plan, and provide an adequate debt coverage ratio to attract external funding for CIP financing activities.

As can be seen on Table 1C at the end of this Study and as shown below, it is anticipated that the Net Revenues derived from System operations will be sufficient to meet the rate covenant requirements as defined in the Bond Resolution assuming the continued implementation of the District-approved rate phasing plan.

Projected Debt Service Coverage – Forecast Period [1]

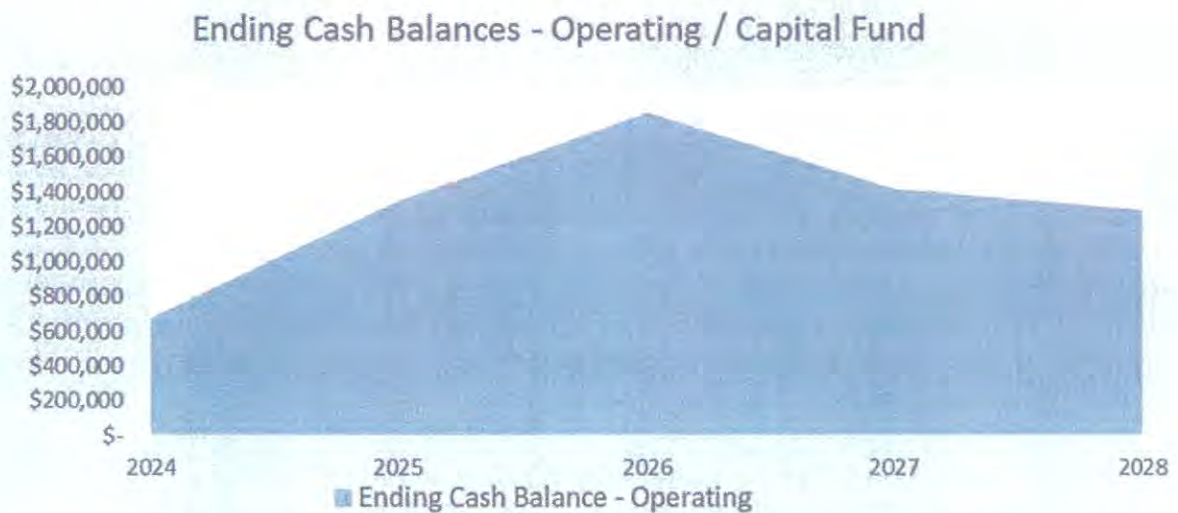
| Fiscal Year | Minimum Target – 200% [1] | Minimum Target Met |
|-------------|---------------------------|--------------------|
| 2025 | n/a | n/a |
| 2026 | 3.59% | Yes |
| 2027 | 4.09% | Yes |
| 2028 | 2.57% | Yes |

[1] The minimum target is recommended by Raftelis to maintain or promote a favorable bond credit rating.

Operating Fund (Working Capital) Balance

An important component of the evaluation of the System is the resulting ending Working Capital / Operating Reserves cash or liquidity position of the System since it indicates the ability of the utility to fund short-term unforeseen expenditures or revenue shortfalls and reduces the overall financial risk of the utility. The estimated cash flow (deposits and withdrawals) to the account are shown in detail on Table 1D at the end of this report.

Figure 5 – Ending Cash Balances – Operating/Capital Fund



As can be seen above and assuming the implementation of the recommended rate adjustments, the Operating / Capital Reserve cash balances for the System are anticipated to achieve the targeted ending cash balance over the Forecast Period, which was set at a minimum target of 250 days of operating expenses for the purposes of this evaluation. The targeted 250 days operating reserve balance is generally looked as being favorable by credit rating agencies but is considered as being at the lower end of the days of cash (note that it does not include capital funds). Any unrestricted funds above the minimum target level would be available for any System purpose, including increased major maintenance or additional capital project funding that may periodically occur, and also serves as a hedge in case of any extraordinary event that may occur that would affect operations or rate revenue collectability (e.g., a significant storm event).

Proposed Rates for Utility Service

The District currently charges the base facility (fixed) charge as a non-ad valorem assessment as provided by Florida Statutes, Chapter 197. This charge currently accounts for approximately 70% of the total rate revenue of the System. The District Board is considering adjusting this method of cost recovery from a non-ad valorem assessment that is billed to property owners to a meter-based system that is billed to the customers of the System on a basis consistent with the billing of the water and wastewater flow charges. In many instances the utility account and the owner of the property are consistent (primarily in the single-family residential and commercial customer service types) but there are many property owners that do not directly receive a utility bill that pay the base facility charge (primarily master-metered accounts such as condominiums where the units are separately owned but the utility flow charges are billed to a Home Owners Association or its equivalent).

In the establishment of the proposed meter-based rate alternative, the following assumptions were made:

- The current base charge cost recovery (i.e., the non-ad valorem assessment) would be allocated between water and wastewater on an equal (50% / 50%) basis and no base charge would be allocated to the irrigation system at this time (no detailed fixed asset data was available to provide a basis for the allocation of costs among all utilities so an equal allocation among the primary utilities was assumed).
- The base charges would be based on the size of the meter serving the current customer account and would recognize certain meter equivalent factors predicated on the instantaneous demand relationships of the meters, which is used by the Florida Public Service Commission and the Collier County Water and Wastewater Authority in the regulation of non-exempt private utilities and many public utilities throughout the State. This rate structure is also consistent with the current structure used by Collier County for its retail customers served by the Collier County Water-Wastewater District (the "County Utility"). The meter equivalent factors would be as follows:

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Meter Equivalent Factors

| Meter Size | Meter Equivalent Factor [1] |
|------------|-----------------------------|
| 5/8-inch | 1.0 |
| 3/4-inch | 1.5 |
| 1-inch | 2.5 |
| 1 1/2-inch | 5.0 |
| 2-inch | 8.0 |
| 3-inch | 15.0 |
| 4-inch | 25.0 |
| 6-inch | 50.0 |
| 8-inch | 80.0 |
| 10-inch | 115.0 |

[1] Meter equivalent factors based on instantaneous demand relationships (gallons per minute) based on information published by the American Water Works Association.

- The amount of base charge revenue to be recovered from the meter-base facility charges would be designed to recover the same amount of revenue as currently being recovered before the application of any discount for early payment as provided by Florida Statutes (a “revenue-neutral” rate adjustment). This rate structure modification would then be subject to the additional rate adjustments as previously discussed in this report to fully recover the cost of providing utility service.
- Because there is a separate irrigation system that provides alternative water for discretionary irrigation water use, all potable water is considered to be used for domestic (indoor, essential) use. As such there is no wastewater cap for residential service or flow reduction percentage to reduce billed wastewater flows for an outdoor (non-sewer) use adjustment for the other customer classes.
- The ERCs currently being billed as non-ad valorem assessment when compared to the application of the meter equivalent factors to the meters currently in service is relatively close as shown below:
 - Actual ERCs assessed on 2024 Property Tax Bill = 743
 - Estimated ERCs based on Meter Equivalent Factors = 731
- The master-metered accounts and the commercial accounts have the same service applicability provisions and should have the same rate structure for all utility services, including irrigation water service. The application of the irrigation rates currently for commercial service should be applied to the master metered residential accounts.

Based on these rate design parameters, the following bi-monthly potable water and wastewater rates were developed based on the meter-equivalency approach:

Schedule of Bi-monthly Alternative Rates for Service – Meter Equivalent Basis [1]

| | Potable Water Rates | Wastewater Rates |
|---|---------------------|------------------|
| Single-family Residential Service: | | |
| Base Facility Charge – per Meter: | | |
| Meter Size: | | |
| 5/8-inch | \$128.38 | \$128.38 |
| 3/4-inch | 192.56 | 128.38 |
| 1-inch | 320.94 | 128.38 |
| 1 1/2-inch | 641.90 | 128.38 |
| 2-inch | 1,027.03 | 128.38 |
| Consumption Charge – per 1,000 Gallons: | | |
| All Metered Potable Water Gallons | \$3.65 | \$7.50 |
| Master Metered Residential and Commercial: | | |
| Base Facility Charge – per meter: | | |
| Meter Size: | | |
| 5/8-inch | \$128.38 | \$128.38 |
| 3/4-inch | 192.56 | 192.56 |
| 1-inch | 320.94 | 320.94 |
| 1 1/2-inch | 641.90 | 641.90 |
| 2-inch | 1,027.03 | 1,027.03 |
| 3-inch | 1,925.68 | 1,925.68 |
| 4-inch | 3,209.47 | 3,209.47 |
| 6-inch | 6,418.95 | 6,418.95 |
| 8-inch | 10,270.31 | 10,270.31 |
| 10-inch | 14,763.58 | 14,763.58 |
| Consumption Charge – per 1,000 Gallons: | | |
| All Metered Potable Water Gallons | \$3.65 | \$7.50 |

Based on these rate design parameters, the following monthly irrigation water rates were developed:

Schedule of Fiscal Year 2025 Monthly Water Rates for Service [1]

| Irrigation Service | |
|--|--------|
| Base Facility Charge (Non-ad Valorem Assessment – Expressed Monthly) [1] | n/a |
| Charge per 1,000 Gallons (All Gallons): | |
| Tier 1 [1] | \$1.57 |
| Tier 2 [1] | 2.35 |
| Tier 3 [1] | 3.13 |
| Tier 4 [1] | 3.93 |
| Tier 5 [1] | 4.71 |

[1] Water Tiers by service type are summarized below:

| | Consumption Blocks – Expressed in Gallons | |
|--------|--|---|
| | Bi-monthly Single-family Residential (per Account) | Monthly Multi-family Residential and Commercial Service (per Account) |
| Tier 1 | 0 to 20,000 | 0 to 10,000 |
| Tier 2 | 20,001 to 40,000 | 10,001 to 20,000 |
| Tier 3 | 40,001 to 60,000 | 20,001 to 30,000 |
| Tier 4 | 60,001 to 80,000 | 30,001 to 40,000 |
| Tier 5 | Over 80,000 | Over 40,000 |

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There are certain advantages and disadvantages in converting the base facility charge from non-ad valorem charge to a meter based or equivalent charge. These advantages and disadvantages is summarized below for the Board's consideration:

Advantages Comparison for Change in Base Facility Cost Recovery Methodology

| Advantages to Non-ad Valorem Assessment | Advantage to Meter Based Rate |
|--|--|
| <ul style="list-style-type: none"> Charge has same payment status as Property Taxes so Collection Rate is High – Promotes Revenue Stability and Predictability Reduced bad debt write-offs due to high probability of collection when compared to Meter Based Rate application; eliminates any seasonality issues since full base charge recovered regardless of occupancy of property Current Rate application, limited disruption to customers Data to support conversion may not be fully reliable due to System Manager transition; may be best to maintain status quo to accumulate more data to evaluate impacts to customers in future Increased financial risk due to unknown changes in water use by customers once bills fully consolidated | <ul style="list-style-type: none"> Common Utility Rate Structure and Consistent with FPSC and Collier County rate making criteria; consistent with County Retail rate structure (favorable from a County Utility acquisition standpoint if considered in future by parties) Utility bill fully tied to service – better link of full service to customer requiring service Can implement a change in rates or a water restriction surcharge (if SFWMD imposes restrictions on water withdrawals) at any time; assessment rates cannot be changed except once per year |

Conclusions and Recommendations

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

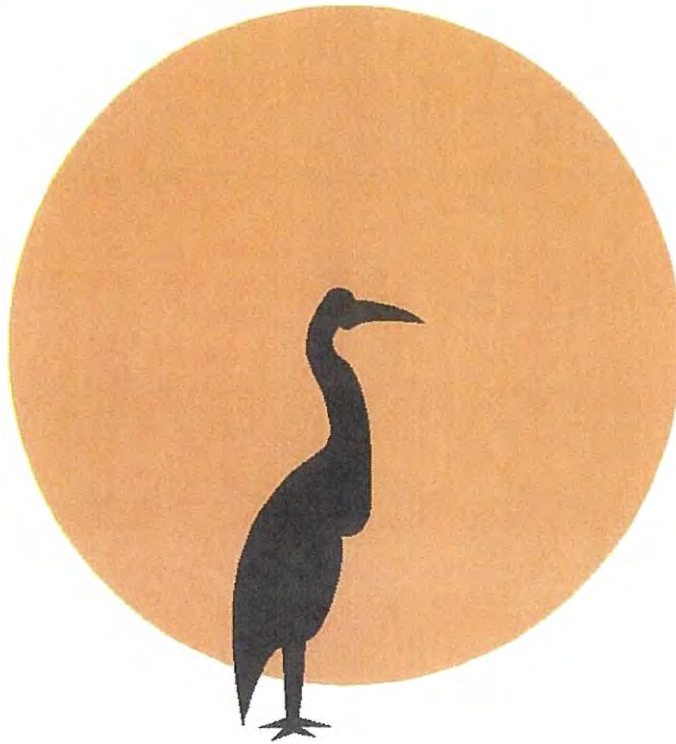
- I. The current existing rates for the water and wastewater system are projected to not be sufficient to meet the identified net revenue requirements (System expenditures and funding requirements) during the Forecast Period ending with the Fiscal Year 2028. Based on the Financial Forecast results, the current observations are that a recommendation to the District Board to adopt a four- (4) year additional price index and fixed rate implementation or phasing plan be adopted. The increase in rates above what is currently in effect are considered necessary to:
 - a. Recover increased Operating Expenses associated with the impacts of high inflation and increased construction costs (both from a repair and maintenance perspective and capital construction perspective), which has been significantly higher than the levels assumed in the development of prior capital master plans, budget plans, and rates;
 - b. Provide dedicated annual transfers to fund capital expenditures for the renewal, replacement, betterment, and upgrade of System assets to limit the amount of debt financing and long-term costs to the System, which will promote ongoing rate stability;

- c. Provide sufficient funds necessary to issue new debt for the System and to meet anticipated rate covenant requirements associated with loans secured to finance certain capital improvements to the System;
 - d. Maintain targeted unrestricted operating / capital cash (fund balance) reserves within the System to limit the risk to the utility due to unforeseen changes in revenues, the incurrence of unexpected operating or capital expenditures, and to promote the financial stability of the System; and
 - e. Attempt to promote the overall creditworthiness of the System and maintain a stable credit rating, which is necessary to obtain financing at the lowest possible cost and is a measure of rate sustainability.
2. Adopt the meter-based rates as delineated in this report if the District Board wants to consolidate rates charged to the ultimate customer and have a rate structure consistent with Collier County and as advocated by the FPSC.

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PORT OF THE ISLANDS
COMMUNITY IMPROVEMENT DISTRICT



RULES OF PROCEDURE
AMENDMENTS TO
SECTION 4 WATER AND SEWER UTILITY RULES

Section 4 WATER AND SEWER UTILITY RULES

| | |
|------|--|
| 4.1 | Introduction..... |
| 4.2 | Definitions..... |
| 4.3 | General |
| 4.4 | Application for Service..... |
| 4.5 | Withholding Service..... |
| 4.6 | Limitations of Use..... |
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| 4.11 | Adjustment of Bills: Meter Readings, and inspections..... |
| 4.12 | Access to Premises |
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| 4.18 | Maintenance and Standards..... |
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| 4.20 | All Water through Meters..... |
| 4.21 | Meter Testing |
| 4.22 | Damaging, Tampering with, etc. Facilities of Utility Plant or System..... |
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| 4.26 | General, Declaration or Policy..... |
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| 4.28 | Inspection..... |
| 4.29 | Transfer of Contributed Property Bills of Sale..... |
| 4.30 | Improvement and Extensions of the Water Distribution and Wastewater Collection Systems and Utility Inspection Fees..... |
| 4.31 | Refundable Advances |
| 4.32 | Voluntary Water Service Suspension..... |

Section 5 EQUIVALENT RESIDENTIAL CONNECTIONS

| | |
|-----|--|
| 5.1 | Transfer of Equivalent Residential Connections Between Properties |
| 5.2 | Method of Determining the Equivalent Residential Connection necessary for Development To Utilize the District's Potable Water and Wastewater System..... |

Section 4 WATER AND SEWER UTILITY RULE

Purpose. The purpose of this Water And Sewer Utility Rule in Section 4 of the Rules (the "Utility Rule") is to establish comprehensive regulations pertaining to water and wastewater utilities owned and operated by the District; including but not limited to providing for the

for any purpose, located on the consumer's side of "point of delivery", whether such installation is owned outright by a consumer or by contract, lease or otherwise.

Day or days: Unless a different method of calculation is specifically stated, shall mean and refer to a calendar day or calendar days

Developer: Any person, corporation, or other legally recognized entity who engages in the business of making improvements to or upon real property located within or without the District as owner or legally constituted agent for the owner of such real property.

District: The District as defined in Section 1.1 of the Rules.

Easements: Rights of ingress, egress, dedications, rights of way, conveyances or other property interests necessary or incidental to the installation, extension, repair, maintenance, construction or re-construction of District's utility system or any components thereof, over, under or upon consumer's property or property of a third party.

Engineer: The appointed or retained District Engineer or the District or authorized representatives or consultant.

Finance Director: The District Treasurer or their designee.

Fire District: means the Greater Naples Fire Rescue District or other fire district having jurisdiction within the boundaries of the District.

Irrigation Water: As used herein, means water that is utilized for irrigating landscaping or vegetation.

Main: Shall refer to pipe, conduit or other facility installed to convey water or wastewater service from individual laterals or to other mains.

Meter Fee: Those fees and charges established by the District required to be paid by a consumer as a condition precedent to the interconnection of District's utility system with a consumer's property. These fees are established to defray the cost of the meter, the installation thereof, related appurtenances, administrative charges, and labor required by the District for interconnection to the District's facilities.

Off Site Facilities: Those components of water distribution and wastewater collection facilities located outside consumer's property with facilities of the District, in accordance with the size required by the District.

On Site Facilities: Those components of water distribution and wastewater collection facilities located upon consumer's "property".

Point of Delivery: The point where the District pipes are connected with the pipes of the consumer. Unless otherwise indicated, point of delivery for water shall be at the discharge side of the backflow preventer. Unless otherwise indicated point of delivery for wastewater service shall be at the upstream connection of a clean-out placed at or about the edge of public right of

Water: As used herein, unless otherwise indicated or stated, means and refers to both potable water and irrigation water.

4.3 General

It is the policy of the District and the requirements of this Utility Rule that there is not permitted the individual installation and use of any private wells or septic tanks without the express written consent of the District. Property owners are advised that as part of the District's utility system there is or will be a District's utility system including the irrigation distribution facilities and to take proper caution to ensure that there is not permitted a cross connect between the irrigation lines and the potable water service line. Prior to the connection of the irrigation and potable service lines to each residential or commercial user the Utility Director shall be notified in writing not less than 72 hours prior to such connection so that an inspection can be made.

In the absence of a specific valid written agreement to the contrary, these regulations and Utility Rules apply without modification or change to each and every property and to each and every consumer to whom the District renders service.

4.4 Application for Service

Service shall be furnished only upon signed application accepted by District and the conditions of such application are binding upon the consumer as well as upon the District. The terms, conditions and provisions of this Utility Rule are incorporated into and made a part of each application. To obtain service, application shall be made at the District in the place or places designated by the Finance Director. Applications are accepted by the District with the understanding that there is no obligation on the part of the District to render service other than that which is then available from its existing water production and distribution equipment and service lines, and from its existing wastewater treatment collection, transmission and treatment facilities. The applicant shall furnish to the District at the time of making application the name of the applicant, the ownership or other interest in or to the property or location and the legal description or street address at which service is to be rendered.

Application for service required by firms, partnerships, associations, corporations and others, shall be tendered only by duly authorized parties. When service is rendered under agreement or agreements entered into between the District and an agent of the principal, the use of such service by the principal shall constitute full and complete ratification by the principal of the agreement or agreements entered into between the District and an agent of the principal under which such service is rendered.

At the time of application for service the applicant shall pay the fees, rates and charges identified on the then current Schedule "B" for the connection fee as well as any and all other

and court costs. In addition, unauthorized use may result in appropriate criminal prosecution by District.

4.8 Consumer Deposits

Before rendering service, a deposit in the amount(s) listed on the then current Schedule " " to secure the payment of bills and any expenses incurred by District is required and, upon payment, the District shall give the consumer a non-negotiable and non-transferable deposit receipt. Such deposit shall bear no interest and shall remain with the District until termination of service. Deposits shall be made in accordance with the rate schedules of the District in effect at the time of payment. Upon final settlement of a consumer's account, the deposit may be applied by District to any account balance due and any remaining balance of the deposit will be refunded upon surrender to the District of the applicable deposit receipt or when the receipt cannot be produced, upon adequate identification. The District may require additional deposits for consumers whose services have been previously disconnected due to non-payment as a condition to resumption of and continued service.

4.9 Billing

Bills for service shall be rendered periodically at intervals not to exceed ninety (90) days as directed by the Board of Supervisors by Resolution, and shall be due when rendered. A bill shall be deemed rendered when mailed United States mail, postage prepaid, or when delivered to the consumer's address shown on the application for service. No partial payment of any bill rendered will be accepted by District unless authorized by the Finance Director in writing indicating the reason therefor, such as a contested billing, consumption, or hardship.

4.10 Delinquent Billing: Liens in Favor of District, Procedures for Contesting Charges

To the extent authorized by Florida law, delinquent utility rates, fees and charges shall be deemed liens upon the real property or premises and may be foreclosed as provided by law. All statements and billings for utility services shall be due when rendered and deemed delinquent if not paid within twenty (20) days of the date rendered and the utility service subject to termination. If a statement or billing remains unpaid and a new billing is rendered, the statement or billing will include the uncollected delinquent balance, listed as a "prior balance" in addition to the current charges. No service will be discontinued for a balance due equal to or less than one month's minimum charge. All utility bills shall be paid on or before the due date to avoid discontinuance of service.

A reminder notice will be mailed by the District on the 21st day after the statement or billing is rendered indicating a cutoff date which shall be no less than ten (10) days from the date of the

determine their condition and accuracy and as a basis for periodic billings. If a consumer requests an inspection or re-reading of a meter, the District may impose and collect a service charge or fee therefor in accordance with Schedule "D".

4.12 Access to Premises

As a condition to providing service, the consumer shall grant to the District or its authorized agents or employees access to consumer's property during all reasonable hours and, in the event of an emergency, at any time, for the purposes of reading meters or maintaining, inspecting, repairing, installing or removing District's property, and for any other purposes incident to performance under or termination of any agreement with a consumer or such consumer's predecessor in interest or use of the facilities or services made accessible to the District by the consumer or to be relocated by the District.

4.13 Inspection of Consumer's Installation

District reserves the right to inspect and approve any consumer installation prior to providing service and from time to time thereafter to ensure compliance with applicable laws, ordinances, this Utility Rule, policies and procedures of the District; and rules and regulations affecting such installation or the provision of utility services. No changes or increases in any consumer installation which will adversely affect or materially affect proper operation of District utility system shall be made by a consumer. Consumer shall be responsible for the cost of making changes or repairs resulting from any unauthorized alteration, and the District may require payment or reimbursement therefor as a condition to continued service.

4.14 Protection of District Property

In the event of any damage to District property located upon consumers' property which arise out of any act or omission of consumer or consumer's agents, employees or independent contractors, the cost of repairs or replacement shall be the responsibility of the consumer, and full payment or reimbursement to District therefor may be conditions imposed by District for the continuation of service.

4.15 Change of Occupancy, Termination or Transfer of Services

It shall be the obligation of the consumer to notify the District in writing of any change of occupancy, or other circumstances for which termination, or transfer of service is requested, and consumer shall be ~~responsible~~ pay the required deposit(s) and pay for all outstanding service charges and fees incurred to the date upon which written ~~or personal~~ notification is received by District.

Consumers shall have separate meters for irrigation purposes only. Owners of Public Pools, Public Swimming Pools or Commercial Swimming Pools may request separate meters for such pools. The meter to be furnished by the District shall be sized to be compatible with the existing line and main sizes according to District standards and specifications at the consumer's expense. The consumer shall be required to provide a proper service connection and service line in accordance with the District standards and specifications. Meter sizes, other than those originally specified or intended, shall be as approved by the District Engineer and the District Utilities Director.

4.20 All Water Through Meters

That portion of the consumer's installation for water service shall be arranged so that all water service shall pass through the meter. No person shall make or cause to be made any connection with, any main, service pipe, or other pipes, appliances or appurtenance used for or in connection with the District's water system in such manner as to cause to be supplied water from such plant to any faucet or other outlet whatsoever without such water passing through a meter provided by the District and used for measuring and registering the quantity of water passing through the same, or make or cause to be made, without the consent of the District, any connection with any such plant or any main, pipe service pipe or other instrument or appliance connected with such plant in such manner as to take or use, without the consent of the District, any water.

4.21 Meter Testing

The District reserves the right to remove the meter and check, repair, or replace it at any time at no cost to the consumer. Should a consumer desire his meter to be checked at any time, he may have this work done by submitting a written request accompanied by a fee in accordance with the rate schedules of the District in effect at the time of such testing. Should the meter be tested and found to be registering over two percent (2%) more than is actually used, the immediately preceding four (4) months service bill will be adjusted accordingly, the meter will be repaired or replaced, and the fee returned. In any other case, the amount of the fee shall be retained by the District to defray the cost of testing.

4.22 Damaging, Tampering with, Etc. Facilities of Utility Plant or System

No person shall: damage or knowingly cause to be damaged any meter or water or wastewater pipe or fittings connected with or belonging to a District water or wastewater system, or tamper or meddle with any meter or other appliance or any part of such system in such manner as to cause loss or damage to the District; prevent any meter installed for registering water from registering the quantity which otherwise would pass through the same; alter the index or break

When fire line valves or connections are used in case of fire or for any other reason whatsoever, the consumer shall immediately notify the District and Fire District and the District shall forthwith reseal the used valves or connections.

4.24 Termination of Service

All utility service shall be pursuant to proper permit or application, which procedure accords the District the opportunity to provide for orderly expansion of facilities and regulation thereof in a manner calculated to ensure continuous service to all consumers. Inherent in this obligation is the governmental prerogative of necessity to terminate consumption which is averse to the continuous, orderly and uninterrupted operation and maintenance of its utility service. Accordingly, the District reserves the right by unilateral act in its sole discretion to refuse service, or to terminate service temporarily, or to discontinue service in all instances when conditions exist which would constitute an emergency of public concern, or when the providing of any service would constitute a threat to the safety, health or welfare of consumers generally or a significant portion of the consumer population, or when required to do so by order or act of appropriate governmental agencies. When discontinuance or termination of service can be remedied by an act of the consumer, District shall provide notice of remedial action to the consumer in order that service may be continued uninterrupted. Acts considered to be remedial by the consumer, and for which service may be temporarily terminated, discontinued or interrupted are the following;

- (a) Failure to pay all required rates, fees and charges.
- (ab) Failure to pay required deposits for service.
- (bc) Failure of consumer to meet provisions of agreements with the District.
- (cd) Failure to correct deficiencies in piping or other components upon consumer's property after reasonable notice thereof.
- (de) Use of service for any other property or purpose than described in the permit or application.
- (ef) When requested by consumer, in which case resumption of service shall be accomplished in accordance with the then current District policy, ~~as herein provided.~~

In addition to the other rights of the District to refuse service, terminate service temporarily, or to discontinue service outlined in the Utility Rule, the District reserves the right by unilateral act in its sole discretion to refuse service, terminate service temporarily, or to discontinue service without notice under the following circumstances:

- (a) Causing, or allowing to exist, a hazardous condition with respect to the location, use of, or access to any utility service or component.
- (b) Alteration or modification of any transmission or metering component or device used in providing any utility service to the consumer. Any such unauthorized use, if fraudulent,

and responsibility to amend its schedules of rates, fees charges and contributions from time to time, as outlined in the Utility Rule to ensure the perpetuation of service.

4.27 Easements and Rights of Way

As a prerequisite to the construction of any water distribution or wastewater collection system proposed to be connected to the facilities of District, a property owner or developer shall agree to grant to District such easements or rights of way corresponding with the installation of the proposed facilities. Such grant or conveyance shall be in the form and with a content acceptable to the District. Such conveyances shall be made without cost to the District. District reserves the right to require such easement or right of way to the point at which the meter is proposed to be installed or at the point of delivery of service, being the point at which the facilities of District joins with consumers. Such easements and right of way shall be conveyed and accepted upon completion, approval and acceptance of the work done by a property owner or developer.

4.28 Inspection

The District shall inspect the installation of all water distribution or wastewater collection facilities installed by a property owner or developer or their contractors, which facilities are proposed to be transferred to District for ownership, operation and control.

Such inspections are intended to assure that water and wastewater lines and/or lift stations are installed in accordance with District approved designs and plans and are further consistent with the criteria and specifications governing the kind and quality of such installation. Representatives of the District may be present at tests of component parts of water distribution or wastewater collection systems for the purpose of determining that the system, as constructed, conforms to District's criteria for exfiltration, infiltration, pressure testing, line and grade. Such tests will be performed by a property owner or developer or their contractor, but only under the direct supervision of the engineer of record or authorized inspector. The results of such testing shall be certified by the engineer of record. The District shall be notified in writing at least 72 hours prior to any inspections or testing performed in accordance with these regulations.

4.29 Transfer of Contributed Property

Each Developer who has constructed portions of the water distribution and wastewater collection system prior to interconnection with District's existing facilities, shall sell or convey, as may be agreed between the parties, such component parts of water distribution and wastewater collection system to District by bill of sale in form satisfactory to the District, together with such evidence as may be required by District that the water distribution and wastewater collection system proposed to be transferred to District is free of all liens and encumbrances.

award same in accordance with the provisions of Chapter 287 Florida Statutes and Chapter 190 Florida Statutes for the construction of the subdivision facilities. The award will be contingent upon the developer advancing to the District funds in the amount of the accepted bid plus 25% for engineering, legal and contingencies. Upon the completion of the subdivision facilities, any monies remaining will be returned to developer within 30 days of receipt of the engineer's certification of completion.

2) Developer may choose his own engineer to design the subdivision facilities in accordance with District rules and regulations and in accordance with the District's design criteria and submit same to the District for review which upon the submittal, developer will pay to the District permit review fees in accordance with Schedule "C."

Upon the completion of the design and approval of same by the District, developer may contract directly with a company who has knowledge and expertise in the installation of water distribution and wastewater collection facilities to install the subdivision facilities. District shall be notified in writing prior to the commencement of construction and will make periodic inspections of the work. Developer agrees to pay to the District such fees as District may currently have in effect to defray the costs of such inspections.

4.31 Refundable Advances

The District may require a refundable advance by developer to further temporarily defray the cost of any off-site extension of water and/or wastewater mains and pumping stations necessary to connect the developer's property with the terminus of the District's water and wastewater facilities adequate in size to provide service to the subject property. However, this Utility Rule recognizes instances in which a developer may be required to advance the hydraulic share applicable to other undeveloped property in order that offsite facilities may be constructed to serve developer's property and at the same time be sized in accordance with the District's master plan. All amounts expended by developer, over and above developer's hydraulic share for offsite facilities shall be refunded to developer in accordance with the terms and conditions of a refunding agreement which the District will execute with developer. The refund agreement shall provide for a plan of refund based upon the connection of other properties, to the extent of their hydraulic share, which properties will be served by the offsite facilities installed by developer. Notwithstanding the provisions of this section, the District will limit the life of such refund agreement to a term of not more than five (5) years after which time any portion of the refund not made to developer by the terms and conditions of the refund agreement will have lapsed and thereafter, such refund agreement will be cancelled. In no event shall developer recover an amount greater than the difference between the capitalized cost of such offsite improvements

Specific Authority: 190.011(5); 190.012; 190.031; 190.035
Law Implemented: 190.011(5); 190.012; 190.031; 190.035

5.1.2 Procedure. Transfer of Utility Equivalent Residential Connections Between Properties.

It is recognized that the development potential of property ~~subject to assessments for irrigation water, potable water, and wastewater utility capacity~~ may change and that certain discrete tax parcels may develop in a manner that requires actual service greater or less than the number of Utility Equivalent Residential Connections ("UERCs") originally attributed or allocated to the parcels. As such, the following procedures for requesting the transfer of UERCs are provided.

1. Procedure to Request Transfer of Utility ERCs Between Parcels Under Common Ownership:

The owner of any tax parcel ~~subject to assessments for UERCs~~ shall have the right to make application to the District to sever all or any portion of the UERCs from the tax parcel and transfer such UERCs to other tax parcels within the District that are in common ownership with such tax parcel, in the following manner:

- A. The owner shall provide an attorney's affidavit in certification of the following, which affidavit shall be submitted with the Application described below:
 - i. The affidavit is given as an inducement to the District to transfer UERCs.
 - ii. The identity and current address of the record title holder to the tax parcel from which the UERCs are to be transferred, with a copy of the instrument by which the property owner acquired title, specifying the recording information within the Official Records of Collier County, Florida for that document.
 - iii. The identity of the record title holder to the tax parcel to which the UERCs are to be transferred, with a copy of the instrument by which the property owner acquired title, specifying the recording information within the Official Records of Collier County, Florida for that document.
 - iv. The Collier County Property Appraiser's tax identification number/parcel number of the tax parcel from which the UERCs are to be transferred.
 - v. The identity and current address of any other entity or person, corporate or natural, who has any interest in the property from which the UERCs will be transferred, whether such interest is equitable or legal, including mortgage holders of record, if any.
- B. The owner shall submit an Application to Transfer UERCs in form and substance

- B. The owner shall submit an Application to Acquire and Transfer UERCs in form and substance satisfactory to the District, which shall be executed by all parties with interest in the parcels, with the formality necessary to record a Deed in the Public Records. The Application shall describe the purposes and basis for the request and be accompanied by an economic analysis as to the impact on the District's utility system and the financial position of the District if the Application were to be approved.
- C. The owner shall pay to the District an application fee equal to the estimated amount of legal and engineering fees to be incurred to review the requested UERC transfer; which amount will be credited against the final amount of legal and engineering fees incurred. This is for purpose of covering the District's professional services costs for reviewing and processing the Application.
- D. In addition, if the Application is approved, the owner shall, as a condition of approval, prepay, or cause to be prepaid an amount established and set by the Board per District Owned UERC transferred to the property.
- E. For purposes of this Rule:
 - (i) District Owned UERCs shall mean those six UERCs associated with parcels 74890000602 and 74890000301 and the UERCs previously apportioned to parcels 01058920005 and 01058920500; together with any other ERCs transferred to, acquired by or allocated to the District.

3. Procedure to Request Transfer of Utility ERCs Between Parcels Under Separate Ownership

The owner of any tax parcel ~~subject to assessments for UERCs~~ may make application to the District to sever all or any portion of the UERCs from the tax parcel and transfer such UERCs to other tax parcels within the District that are under separate ownership from such tax parcel, in the following manner:

- A. The owner of the property from which the UERCs will be transferred shall provide an attorney's affidavit in certification of the following:
 - (i) The affidavit is given as an inducement to the District to transfer UERCs.
 - (ii) The identity and current address of the record title holder to the tax parcel from which the UERCs are to be transferred, with a copy of the instrument by which the property owner acquired title, specifying the recording information within the Official Records of Collier County, Florida for that document.
 - (iii) The Collier County Property Appraiser's tax identification number/parcel

4. Procedure to Transfer Utility Equivalent Residential Connections To the District

The owner of any tax parcel ~~subject to assessments for UERCs~~ shall have the right to make application to the District to transfer to the District UERCS held or possessed by such owner of a tax parcel or tax parcels within the District. Any such property owner who desires to transfer to the District UERCS held or possessed by such owner may make application therefor in the following manner:

- A. The owner of the property from which the UERCs will be severed and transferred shall provide an attorney's affidavit in certification of the following, which affidavit shall be submitted with the Application described below:
 - (i) The affidavit is given as an inducement to the District to transfer UERCs.
 - (ii) The identity of the record title holder to the tax parcel to which the UERCs are to be transferred, with a copy of the instrument by which the property owner acquired title, specifying the recording information within the Official Records of Collier County, Florida for that document.
 - (iii) The Collier County Property Appraiser's tax identification number/parcel number of the tax parcel to which the UERCs are to be transferred.
 - (iv) The identity and address of any other entity or person, corporate or natural, who has any interest in the property to which the UERCs will be transferred, whether such interest is equitable or legal, including mortgage holders of record, if any.
- B. The owner shall submit an Application to Transfer UERCs in form and substance satisfactory to the District, which shall be executed by all parties with interest in the parcels, with the formality necessary to record a Deed in the Public Records. The Application shall describe the purposes and basis for the request and be accompanied by an economic analysis as to the impact on the District's utility system and the financial position of the District if the Application were to be approved.

5. District's Actions Upon Receipt of Application to Transfer Utility ERCS

Upon receipt of an Application to Transfer Utility ERCs (referred to as the "Application"), the District shall take the following actions:

- A. The District Manager shall transmit a copy of the Application to the District Engineer and the District Attorney.
- B. The District's Attorney will review the Application to determine whether all

A. The District owns, operates and maintains potable water production and distribution facilities and wastewater collection and treatment facilities providing services to the properties within the boundaries of the District.

B. Each property that is provided services by the District or which has the availability of services was assigned a specific number of Utility Equivalent Residential Units (UERCs) for utilities services (water and wastewater) as its allocation of capacity within the District's systems.

C. The number of UERCs available in the District assigned to each property is established by the District Board and establishes a limit on the system capacity that the District can commit to each property within the District.

D. From time to time the District is asked to provide a letter of utility concurrency to Collier County as part of the County's review of development projects within the District.

E. The allocation of utility service between the various properties was based on a methodology that assigned a numerical equivalency (for utilities services purposes) between various types of development anticipated to incur on the property at the time that the District was established, and the facilities were constructed. Other uses were assigned a portion of a UERC based upon the original methodology of usage.

F. General Fund supported operations include, but are not limited to most non-water and sewer operations, including road maintenance, irrigation, CID common area landscape maintenance, storm water, and general administrative expenses. The General Fund benefits received by properties in the District ~~will be~~ are determined by a separate assessment methodology that has been adopted by the Board.

E.F. A single-family residential unit was assigned the value of 1.0 UERC. The following table identifies the equivalency of planned uses compared to that for a single-family residential unit.

| ENTITY | Water/Sewer |
|---------------------------------------|-------------|
| Single Family Residential Unit | 1.0 UERC |
| Multifamily Residential Unit | 0.8 UERC |
| Recreational Vehicle Residential Unit | 0.4 UERC |
| Hotel Room or Suite | 0.6 UERC |
| Restaurant Seat | 0.2 UERC |

- D. Any modifications to docks and boat slips may result in change in water/sewer utility usage categories~~assessments~~. Engineer shall utilize the following references in forming his opinion relative to boat sizes associated with slips, as deemed appropriate.
- "Design: Small Craft Berthing Facilities," UFC-4-152-07 (14 July 2009, change 1 September 2012), Department of Defense.
 - "Guidelines for Marina Berthing Facilities," (July 2005), State of California.
- E. In the event that the owner of a subject property does not agree with the evaluation performed by the District Engineer then they may petition the District's Board of Supervisors and present evidence for an alternative ~~assessment~~ UERC for the proposed type of establishment to be developed.
- F. This rule and the determination of utility capacity is not intended to and does not affect the number of "ERCs" assigned to a property for purposes of allocating operation and maintenance expense or the apportionment of the duty to pay any non-ad valorem special assessments for operations and maintenance or debt service. Whether a property utilizes any or all the utility capacity assigned to the property or not it will continue to be subject to the same level of non-ad valorem assessments, unless and until a transfer of ERCs is made from one property to another and the District's Board of Supervisors accepts an amended methodology reapportioning the duty to pay the assessments.

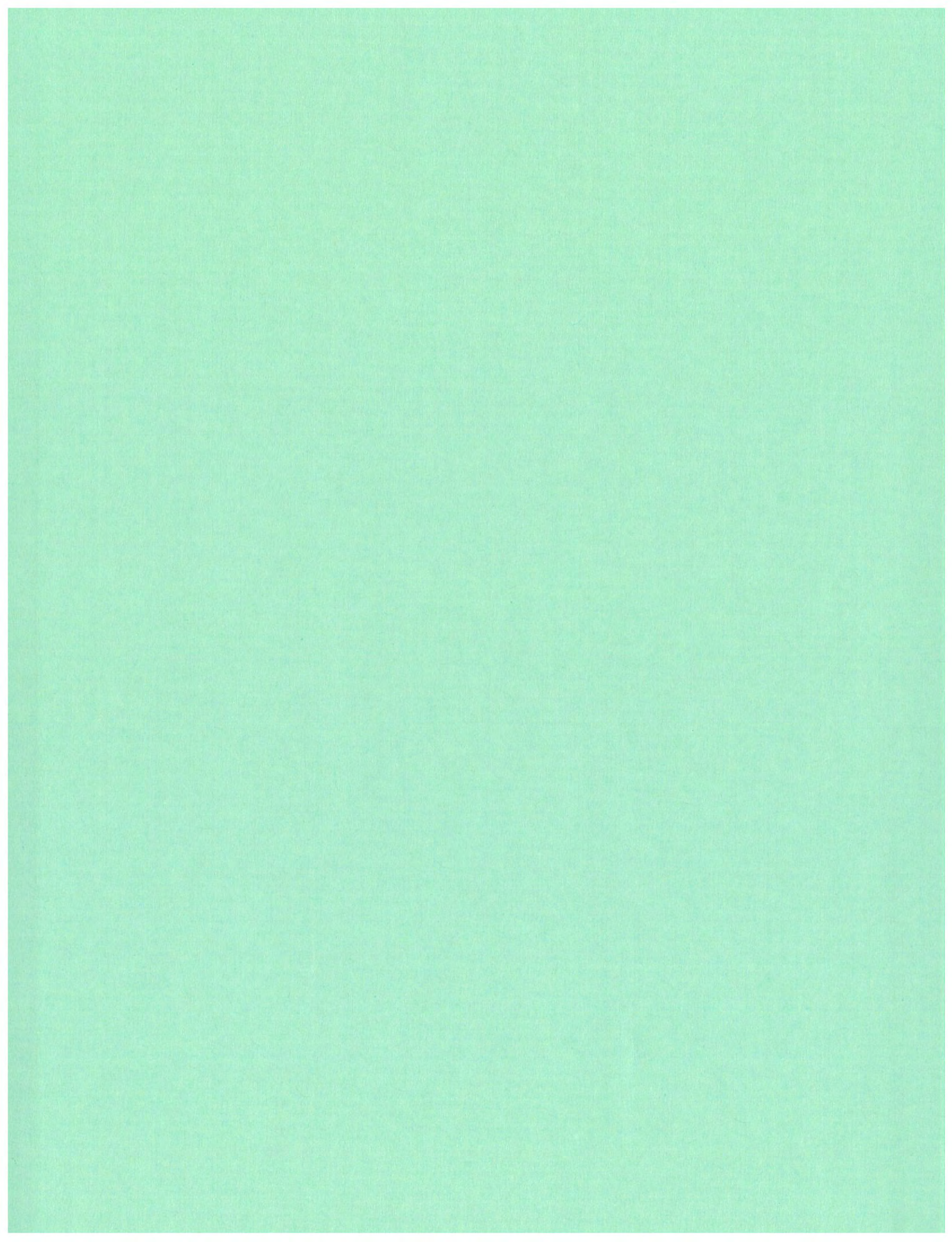
Section 7 WATER RESTRICTION SURCHARGE

In addition to the rates, fees and charges imposed as outlined in Schedules "A", "B", "C" and "D", during periods when Collier County imposes Water Restriction Surcharges in conjunction with the South Florida Water Management District Water Shortage Plan, the District will also impose Water Restriction Surcharges in order to promote additional levels of water conservation. The amount of the surcharge shall be calculated by taking the consumption charge as determined using the conservation rates for the appropriate consumer class outlined in the schedules of rates, fees and charges in Schedules "A", "B", "C" and "D", and multiplying times the appropriate "flow charge rate adjustment percentage". This amount will then be added to the consumer's irrigation bill during these periods of declared water shortage.

| Water Shortage | Percent Reduction Goal | Flow Charge Rate |
|----------------|------------------------|------------------|
|----------------|------------------------|------------------|

NOTICE OF RULEMAKING AND PUBLIC HEARING OF PORT OF THE ISLANDS COMMUNITY DEVELOPMENT DISTRICT [POCID] TO CONSIDER AND ADOPT AMENDMENTS TO THE RULES OF THE PORT OF THE ISLANDS COMMUNITY IMPROVEMENT DISTRICT

Notice is hereby given that the Board of Supervisors ("Board") of the Port of the Islands Community Improvement District ("District") will hold a Public Hearing on Friday, August 15, 2025, at 9:30 a.m., or as soon thereafter as can be heard, at the Orchid Cove Clubhouse, 25005 Peacock Lane, Naples, FL 34114. In accord with Chapters 120 and 190, Florida Statutes, the District hereby gives the public notice of its intent to adopt its proposed Amendments to the District's Rules. Prior notice of rule development was published in the Naples Daily News on **INSERT**. The purpose of the Public Hearing is to receive public comment and/or objections to proposed Amendments to the District's Rules consisting of various additions, deletions and/or changes. The purpose of the proposed Amendments to the District's Rules includes, but is not limited, updating, substantially amending and revising the District's rules, regulations, procedures, processes, policies, rates, fees and charges relating to water/sewer utility service, water/sewer utility facilities, and utility service assessments. The purpose and effect of the proposed Amendments to the District's Rules is to provide for efficient and effective operations of the District. In accord with Chapters 120 and 190, Florida Statutes, the District hereby gives the public notice of its intent to adopt its proposed Amendments to the District's Rules. A copy of the proposed Amendments to the District's Rules may be obtained by contacting the District Manager at 5672 Strand Court Suite 1, Naples, FL 34110; Phone: 239-592-9115; Fax: 239-561-1350; or by email to office@dmgfl.com. The public hearing will be conducted pursuant to Chapter 190 and Section 120.54, F.S. of the Florida Statutes. The District has not prepared a summary of the District's statement of the estimated regulatory costs. Specific legal authority for the Rules and proposed Amendments to the rules includes Sections 190.011(5), 190.011(2), 190.011(9), 190.011(10), 190.011(15), 190.012(1)(b), 190.012(2) 190.012(3), 190.035, 190.036, 190.037, 190.041, 120.54, and 120.81, Florida Statutes (2024). The specific laws implemented in the proposed Amendments to the District's Rules include, but are not limited to Sections 190.011(5), 190.011(10), 190.011(15), 190.012(1)(b), 190.012(3), 190.035, 190.036, 190.037, 190.041, Florida Statutes (2024). Any person that wishes to provide the District with a proposal for a lower cost regulatory alternative as provided by Section 120.541(1), F.S., must do so in writing to the District Manager within 21 days after publication of this notice. The meeting/hearing is open to the public and will be conducted in accordance with the provisions of Florida Law for Community Improvement Districts. The meeting/hearing may be continued to a date, time, and place to be specified on the record at the hearing without additional notice. There may be an occasion when one or more Supervisors or District staff may participate by remote connection technology. In accordance with the Provisions of the American Disabilities Act, any person requiring special accommodations at this meeting/hearing because of a disability or physical impairment should contact the District Office at 239-690-7100 at least forty-eight (48) hours prior to the hearing; and, if hearing or speech impaired, please contact the Florida Relay Service at 1-800-955-8771 or 1-800-955-8770, at least forty-eight (48) hours prior to the date of the meeting/hearing. Each person who decides to appeal any decision by the Board with respect to any matter considered at the meeting/Public Hearing is advised that they will need a record of proceedings and that accordingly, they may need to ensure that a verbatim record of the proceedings is made, including the testimony and evidence upon which such appeal is to be based.



**AMENDMENT TO SECTION 4 OF THE RULES OF THE PORT OF THE
ISLANDS COMMUNITY IMPROVEMENT DISTRICT AMENDING UTILITY RATES,
SCHEDULES**

STATEMENT OF ESTIMATED REGULATORY COSTS

1.0 Introduction:

The Port of the Islands Community Improvement District is proposing amending Section 4 (the "Rule") of its Rules of Procedure. Section 4 was initially adopted by the Board of Supervisors on May 15, 2015 and was revised on April 20, 2018 and April 1, 2022. Section 4.25 pertains to Amendments to the Rate Schedule. Schedule A is for Water, Wastewater, and Irrigation Rates, Fees and Charges. A Resolution amending rate schedules and the schedule shall be attached.

The purpose of this amendment is to amend Section 4 of the District's Rules relating to Water And Wastewater Regulations; Establishing Rates And Charges For Utility Service (the "Rule"); amending and adding definitions, requirements, regulations, text, policies, procedures, processes, rates, fees and charges relating to and for utility services and water and wastewater utility facilities and providing for an effective date.

The Port of the Islands Community Improvement District ("POICID"), located in Collier County, Florida, will hold a public hearing on August 15, 2025, in Florida, for the purpose of hearing public comment and objections to the adoption of Amendment XI to Section 4 of the Rules of the Port of the Islands Community Development District pursuant to Section 120.54 and Section 190.035, Florida Statutes.

The purpose of the amendment to the Rule is to amend the current utility rates and specifically to replace the existing non-ad-valorem revenue with a new base charge and rates. Specific legal authority for the proposed rule and Rule amendments includes Sections 190.011(5),(10),(15), 190.012(1)(b), 190.012(3), 190.035, 190.037, 190.041, 120.54, and 120.81, Florida Statutes (2024). The law implemented includes Sections 190.011(5),(10),(15), 190.012(1)(b), 190.012(3), 190.035, 190.037, 190.041, and Ch. 64-555.360, F.A.C.

Prior to amending any rule other than an emergency rule, an agency is encouraged to prepare a statement of estimated regulatory costs of the proposed Rule, as provided by Section 420.541 of the Florida Statutes.

1.1 Purpose and Scope

The scope of this Statement of Estimated Regulatory Costs ("SERC") is limited to an evaluation of those factors pertinent to amending the Rule as outlined in Section 120.541(2), F.S.

1.2 Requirements for Statement of Estimated Regulatory Costs

Section 120.541(2), F.S., defines the elements a statement of estimated regulatory costs must contain:

(a) An economic analysis showing whether amending the Rule directly or indirectly:

1. Is likely to have an adverse impact on economic growth, private sector job creation or employment, or private sector investment in excess of \$1 million in the aggregate within five (5) years after the implementation of the Rule.

Amending the Rule will not have an adverse effect on economic growth, private sector job creation or employment, or private sector investment in excess of \$1 million in the aggregate within five (5) years after amending the Rule.

2. Is likely to have an adverse impact on business competitiveness, including the ability of persons doing business in the State to compete with persons doing business in other states or domestic markets, productivity, or innovation in excess of \$1 million in the aggregate within five (5) years after the implementation of the Rule; or

Amending the Rule will not have an adverse impact on business competitiveness in excess of \$1 million in the aggregate.

3. Is likely to increase regulatory costs, including any transactional costs, in excess of \$1 million in the aggregate within five (5) years after the implementation of the Rule.

Amending the Rule will not increase regulatory costs in excess of \$1 million in the aggregate.

(b) Good faith estimates of the number of individuals and entities likely to be required to comply with the Rule, together with a general description of the types of individuals likely to be affected by the Rule.

Amending the Rule will have an impact on consumer obligations relating to certain utility facilities and the rates, fees and charges for potable water, wastewater and irrigation water utility services of the Port of the Islands Community Improvement District levied on the estimated 743 ERC's (Equivalent Residential Connections).

(c) Good faith estimates of the cost to the agency, and to any other State and local government entities, of implementing and enforcing the amended Rule, and any anticipated effect on State or local revenues.

Amending the Rule, the District will have a reduction of \$21,000 in tax collector fees. Additionally, the cost to the agency is estimated at \$5,000 in staff time and billing vendor fees. There will be no effect on State or local

revenues as amending the Rule does not require local or State involvement.

- (d) Good faith estimates of the transactional costs likely to be incurred by individuals and entities, including local government entities, required to comply with the requirements of the Rule. As used in this section, "transactional costs" are direct costs that are readily ascertainable based upon standard business practices, and include filing fees, the cost of obtaining a license, the cost of equipment required to be installed or used or procedures required to be employed in complying with the Rule, additional operating costs incurred, the cost of monitoring and reporting, and any other costs necessary to comply with the Rule.

The only transactional costs likely to be incurred as a result of amending the Rule will be the costs of updating the District's utility billing system to reflect the amended rates, fee and charges for water, wastewater and irrigation water utility services, an online administrative program plus staff time to update all the forms, website and billing templates. These costs are anticipated not to exceed \$1,000.

- (e) An analysis of the impact on small businesses as defined by Section 288.703, F.S. and an analysis of the impact on small counties and small cities as defined in Section 120.52, F.S. The impact analysis for small businesses must include the basis for the agency's decision not to implement alternatives that would reduce adverse impacts on small businesses.

Amending the Rule will not have any significant impact on small businesses, small counties or small cities as defined in Section 120.52, F.S.

- (f) Any additional information that the agency determines may be useful.

No additional information was determined.

- (g) In the statement or revised statement, whichever applies, a description of any regulatory alternatives submitted under Section 120.0541(1)(a), F.S. and a statement adopting the alternative or a statement of the reasons for rejecting the alternative in favor of the proposed Rule.

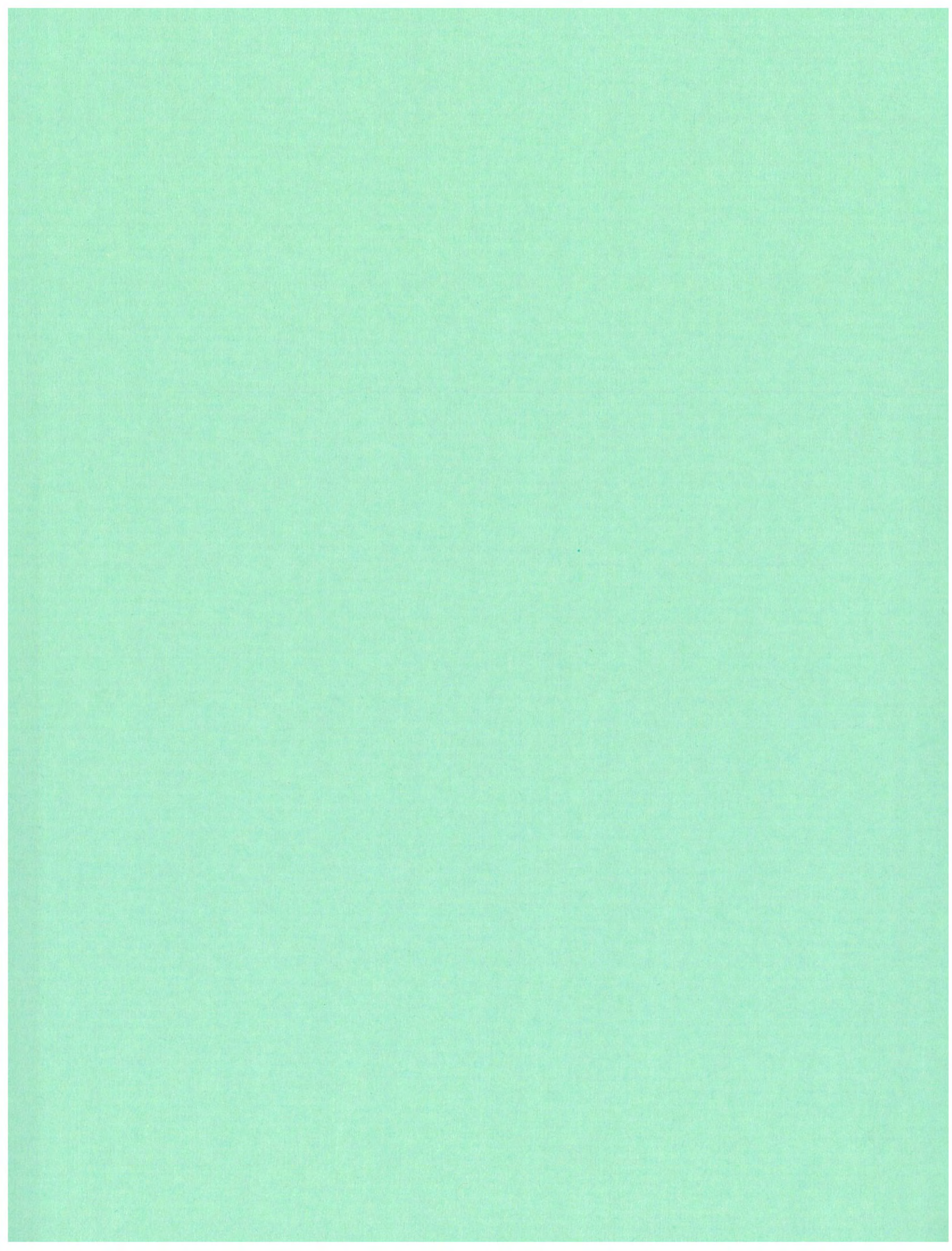
No written proposal, statement adopting an alternative or statement of the reasons for rejecting an alternative have been submitted.

Based upon the information provided herein, this Statement of Estimated Regulatory Costs supports amending Section 4 of the District's Rules relating to Water, Wastewater, and Irrigation Utility Rates.

Dorrill Management Group certifies that this SERC meets those requirements as established in Section 420.541 of the Florida Statutes.

Schedule of Bi-monthly Alternative Rates for Service – Meter Equivalent Basis [1]

| | Potable Water Rates | Wastewater Rates |
|---|---------------------|------------------|
| Single-family Residential Service: | | |
| Base Facility Charge – per Meter: | | |
| Meter Size: | | |
| 5/8-inch | \$128.38 | \$128.38 |
| 3/4-inch | 192.56 | 128.38 |
| 1-inch | 320.94 | 128.38 |
| 1 1/2-inch | 641.90 | 128.38 |
| 2-inch | 1,027.03 | 128.38 |
| Consumption Charge – per 1,000 Gallons | | |
| All Metered Potable Water Gallons | \$3.65 | \$7.50 |
| Master Metered Residential and Commercial: | | |
| Base Facility Charge – per meter: | | |
| Meter Size: | | |
| 5/8-inch | \$128.38 | \$128.38 |
| 3/4-inch | 192.56 | 192.56 |
| 1-inch | 320.94 | 320.94 |
| 1 1/2-inch | 641.90 | 641.90 |
| 2-inch | 1,027.03 | 1,027.03 |
| 3-inch | 1,925.68 | 1,925.68 |
| 4-inch | 3,209.47 | 3,209.47 |
| 6-inch | 6,418.95 | 6,418.95 |
| 8-inch | 10,270.31 | 10,270.31 |
| 10-inch | 14,763.58 | 14,763.58 |
| Consumption Charge – per 1,000 Gallons | | |
| All Metered Potable Water Gallons | \$3.65 | \$7.50 |



SCHEDULE A
WATER, WASTEWATER, AND IRRIGATION RATES, FEES AND CHARGES

POTABLE WATER

| | |
|--------------------------|--------|
| Commodity Rates | \$3.38 |
| <i>per 1,000 gallons</i> | |

WASTEWATER

| | |
|--|--------|
| Commodity Rates | \$6.94 |
| <i>per 1,000 gallons [at 75% of potable water usage]</i> | |

IRRIGATION WATER

Single Family Residential Irrigation Rate

BI-Monthly Consumption Tiers (per 1,000 gallons)

| | |
|-----------------------------|--------|
| 0 to 20,000 gallons | \$1.45 |
| 20,001 to 40,000 gallons | \$2.18 |
| 40,001 to 60,000 gallons | \$2.90 |
| 60,001 to 80,000 gallons | \$3.64 |
| Greater than 80,000 gallons | \$4.36 |

Multi-Family Residential Irrigation Rate

BI-Monthly Consumption Tiers (per 1,000 gallons)

| | |
|-----------------------------|--------|
| 0 to 12,000 gallons | \$1.45 |
| 12,001 to 24,000 gallons | \$2.18 |
| 24,001 to 36,000 gallons | \$2.90 |
| 36,001 to 48,000 gallons | \$3.64 |
| Greater than 48,000 gallons | \$4.36 |

HOTEL, COMMERCIAL, AND RV CUSTOMER CLASS IRRIGATION RATE

| | |
|-----------------------------|--------|
| 0 to 12,000 gallons | \$1.45 |
| 12,001 to 24,000 gallons | \$2.18 |
| 24,001 to 36,000 gallons | \$2.90 |
| 36,001 to 48,000 gallons | \$3.64 |
| Greater than 48,000 gallons | \$4.36 |

SCHEDULE B
NEW METER INSTALLATION AND CONNECTION FEES

| METER SIZE | WATER | SEWER | WATER BACKFLOW | IRRIGATION |
|---|--------------|--------------|---------------------------|-------------------|
| 3/4" (<i>single-family detached dwelling</i>) | \$750 | \$900 | \$500 | \$250 |
| 3/4" (<i>multi-family dwelling</i>) | \$450 | \$550 | \$500 | \$250 |
| 1" | \$1,750 | \$1,450 | Cost + \$200 | Cost + \$200 |
| 1 1/2" | \$3,500 | \$2,920 | Cost + \$200 | Cost + \$200 |
| 2" | \$6,000 | \$5,000 | Cost + \$200 | Cost + \$200 |
| 3" | \$14,000 | \$11,700 | Cost + \$200 | Cost + \$200 |
| 4" | \$21,000 | \$17,500 | Cost + \$200 | Cost + \$200 |
| 5" | \$21,000 | \$17,500 | Cost + \$200 | Cost + \$200 |
| 6" | \$45,000 | \$37,900 | Cost + \$200 | Cost + \$200 |

METER SIZING TABLE

| | | | | | | |
|-------------------------------|--------------|------------|------------|-------------|--------------|--------------|
| Demand Range (GPM) | 0 to 24 | 24.1 to 40 | 40.1 to 80 | 80.1 to 144 | 144.1 to 405 | 405.1 to 800 |
| Meter Size | 5/8" or 3/4" | 1" | 1 1/2" | 2" | 3" | 4" |

SCHEDULE C
PERMIT REVIEW FEES

Sanitary Sewer Collection Systems

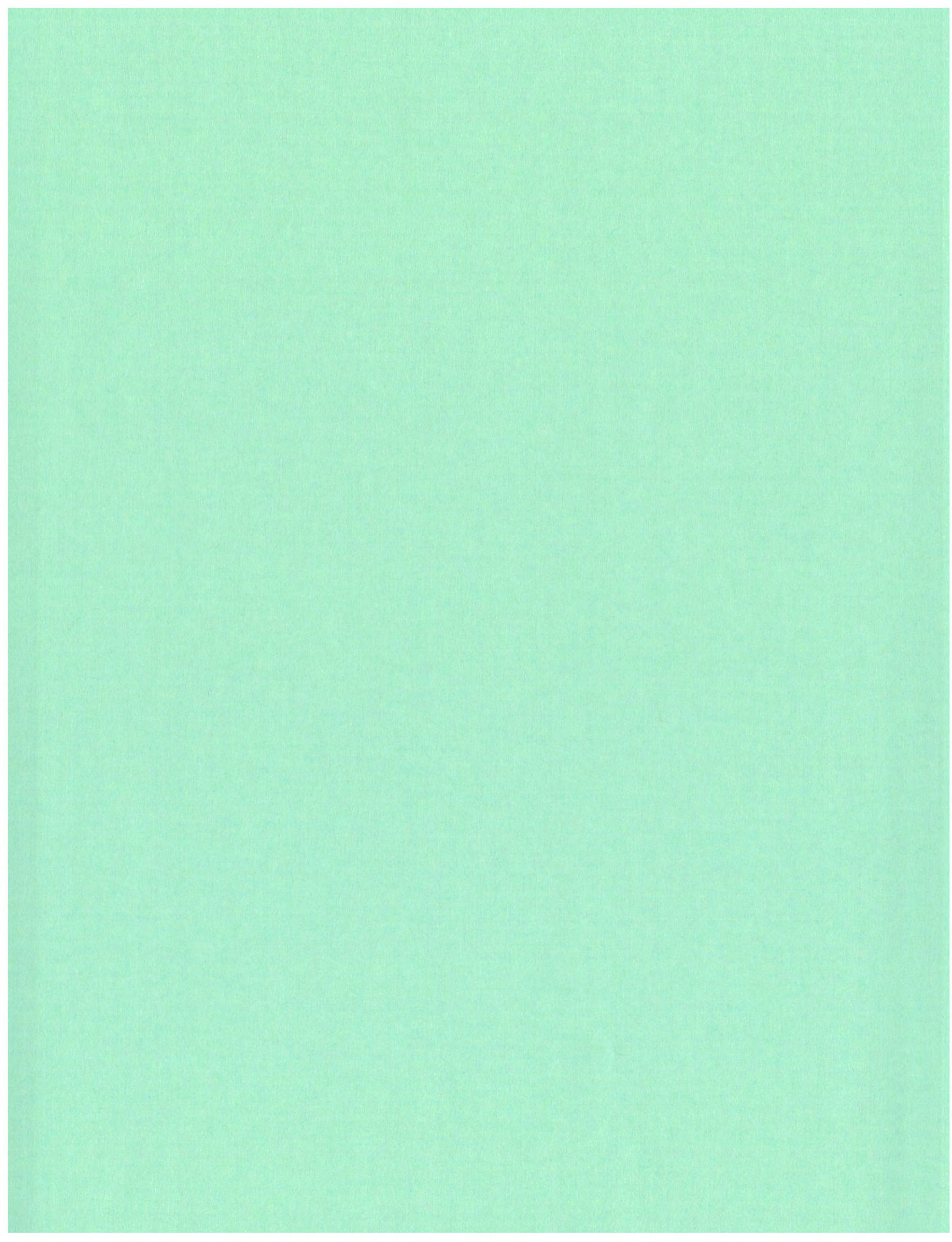
| | | |
|--|----------|-----------------|
| Gravity and Force Mains | \$0.05 | per linear foot |
| Manholes | \$8.00 | each |
| Pump Station and Lift Station Wetwells | \$20.00 | each plus |
| Motor Horsepower | | |
| 0 to 5 | \$25.00 | per pump |
| 5.1 to 14.9 | \$50.00 | per pump |
| 15.0 to 44.9 | \$75.00 | per pump |
| 45.0 to 64.9 | \$100.00 | per pump |
| 65.0 to 124.9 | \$125.00 | per pump |
| 125.0 to 199.9 | \$150.00 | per pump |
| 200.0 and Greater | \$200.00 | per pump |

Water & Irrigation/Fire Distribution Systems

| | | |
|-----------------------------|----------|-----------------|
| Mains 6" diameter or larger | \$0.03 | per linear foot |
| Mains less than 6" diameter | \$0.01 | per linear foot |
| Fire Hydrants | \$25.00 | per hydrant |
| Minimum Fee | \$250.00 | |

SCHEDULE D
MISCELLANEOUS UTILITY FEES AND CHARGES

| Description | Amount |
|--|--|
| Late Payment Fee | \$25 |
| Meter Re-Read Fee | \$10 |
| Turn-On (new account) | \$10 |
| Turn-On (non-payment) | \$10 |
| Turn-On/Off (existing account - greater than one annually) | \$10 |
| Meter Reinstallation Fee | \$50 |
| Reconnection Fee | \$25 |
| Non-Owner Deposit | \$150 |
| Returned Check Fee (declined payment) | \$50 |
| Meter Tampering Fee | \$50 |
| Replace or Repair Damaged Meter | \$100 + Costs |
| Special Trip Fee (normal business hours) | \$35 |
| Special Trip Fee (after hours) | \$50 |
| Temporary Meter / Backflow Deposit | \$500 (3/4" or smaller) \$1,000 (greater than 3/4") |
| Meter Accuracy Testing Fee (field) Refundable if meter is not within standards | \$150 |
| Meter Accuracy Testing Fee (manufacturer) Refundable if meter is not within standards | \$350 |



Port of the Islands CID

FINANCIAL STATEMENTS

May 31, 2025
(Unaudited)

Prepared by:
Dorrill Management Group Inc
5672 Strand Ct Suite 1
Naples, FL 34110-3343
Phone: 239-592-9115

Port of the Islands CID
Balance Sheet
As of May 31, 2025

Assets

| | Operating | Water and Sewer | Total |
|-----------------------------------|------------------------|------------------------|-------------------------|
| Current Assets | | | |
| Checking | \$ 3,932,229.92 | \$ 0.00 | \$ 3,932,229.92 |
| Checking - Water/Sewer | 0.00 | 1,506,241.06 | 1,506,241.06 |
| Undeposited Cash (WS) | 0.00 | 23,246.22 | 23,246.22 |
| Accounts Receivable | 0.00 | (774.37) | (774.37) |
| Due To/From 001/202 | 0.00 | 144,152.68 | 144,152.68 |
| Due To/From 001/202 | (144,152.68) | 0.00 | (144,152.68) |
| Prepaid Items | 20,158.75 | 20,158.75 | 40,317.50 |
| Total Current Assets | <u>3,808,235.99</u> | <u>1,693,024.34</u> | <u>5,501,260.33</u> |
| Property and Equipment | | | |
| Land | 583,847.00 | 599,674.85 | 1,183,521.85 |
| Irrigation | 0.00 | 7,970,676.65 | 7,970,676.65 |
| Equipment | 0.00 | 287,662.07 | 287,662.07 |
| Improvements - W/WS | 0.00 | 7,727,885.60 | 7,727,885.60 |
| Construction in Progress | 0.00 | 66,875.00 | 66,875.00 |
| Less Accumulated Depreciation | 0.00 | (9,394,648.74) | (9,394,648.74) |
| Net Property and Equipment | <u>583,847.00</u> | <u>7,258,125.43</u> | <u>7,841,972.43</u> |
| Total Assets | <u>\$ 4,392,082.99</u> | <u>\$ 8,951,149.77</u> | <u>\$ 13,343,232.76</u> |

Liabilities and Fund Balance

| | Operating | Water and Sewer | Total |
|---|------------------------|------------------------|-------------------------|
| Current Liabilities | | | |
| Accounts Payable | \$ 67,083.32 | \$ 0.00 | \$ 67,083.32 |
| Utility Customer Deposits | 0.00 | 16,100.00 | 16,100.00 |
| Total Current Liabilities | <u>67,083.32</u> | <u>16,100.00</u> | <u>83,183.32</u> |
| Long-Term Liabilities | | | |
| Total Long-Term Liabilities | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> |
| Total Liabilities | <u>67,083.32</u> | <u>16,100.00</u> | <u>83,183.32</u> |
| Fund Balances | | | |
| Unreserved Fund Balance | 3,671,829.35 | 8,425,409.10 | 12,097,238.45 |
| Retained Earnings | 653,170.32 | 509,640.67 | 1,162,810.99 |
| Total Fund Balance | <u>4,324,999.67</u> | <u>8,935,049.77</u> | <u>13,260,049.44</u> |
| Total Liabilities and Fund Balance | <u>\$ 4,392,082.99</u> | <u>\$ 8,951,149.77</u> | <u>\$ 13,343,232.76</u> |

Port of the Islands CID
Statement of Revenues & Expenses - OPERATIONS & MAINTENANCE
For the Period Ending
May 31, 2025

General Fund

| | Current Period | Current Period | YTD | YTD | | |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Actual | Budget | Actual | Budget | Variance | Annual Budget |
| Revenue | | | | | | |
| Interest Income | \$ 13,735 | \$ 12,500 | \$ 103,531 | \$ 100,000 | \$ 3,531 | \$ 150,000 |
| Special Assmnts- Tax Collector | 91,964 | 73,196 | 827,302 | 585,570 | 241,732 | 878,355 |
| Interest - Tax Collector | 0 | 25 | 701 | 200 | 501 | 300 |
| Special Assmnts-Discounts | 0 | (3,750) | 0 | (30,000) | 30,000 | (45,000) |
| Settlement Proceeds | 22,500 | 0 | 22,500 | 0 | 22,500 | 0 |
| Other Miscellaneous Revenues | 0 | 0 | 2,823 | 0 | 2,823 | 0 |
| Total Revenue | 128,199 | 81,971 | 956,857 | 655,770 | 301,087 | 983,655 |
| Expenses | | | | | | |
| Administrative | | | | | | |
| P/R-Board Of Supervisors | 500 | 500 | 4,000 | 4,000 | 0 | 6,000 |
| Employment Taxes | 38 | 38 | 306 | 300 | 6 | 450 |
| P/R - Processing Fees | 37 | 42 | 187 | 333 | (146) | 500 |
| County Property Tax | 0 | 0 | 26,080 | 0 | 26,080 | 0 |
| Profserv-Engineering | 0 | 2,083 | 40,679 | 16,667 | 24,012 | 25,000 |
| Profserv-Legal Services | 15,357 | 2,083 | 25,946 | 16,667 | 9,279 | 25,000 |
| Profserv-Mgmt Consulting Serv | 3,877 | 3,875 | 31,115 | 31,000 | 115 | 46,500 |
| Profserv-Property Appraiser | 0 | 225 | 2,763 | 1,800 | 963 | 2,700 |
| Auditing Services | 0 | 292 | 6,600 | 2,333 | 4,267 | 3,500 |
| Rentals & Leases | 105 | 58 | 873 | 467 | 406 | 700 |
| Postage And Freight | 18 | 42 | 339 | 333 | 6 | 500 |
| Insurance - General Liability | 0 | 1,000 | 10,078 | 8,000 | 2,078 | 12,000 |
| Insurance - Worker's Compensation | 0 | 0 | 2,000 | 0 | 2,000 | 0 |
| Printing & Binding | 0 | 17 | 0 | 133 | (133) | 200 |
| Legal Advertising | 177 | 417 | 1,636 | 3,333 | (1,697) | 5,000 |
| Special Services | 1,258 | 500 | 15,717 | 4,000 | 11,717 | 6,000 |
| Tax Collector Fee | 1,839 | 583 | 16,546 | 4,667 | 11,879 | 7,000 |
| Misc-District Website | 46 | 300 | 1,246 | 2,400 | (1,154) | 3,600 |
| Annual District Filing Fee | 0 | 15 | 0 | 117 | (117) | 175 |
| Total Administrative | 23,252 | 12,070 | 186,111 | 96,550 | 89,561 | 144,825 |

Unaudited

Port of the Islands CID
Statement of Revenues & Expenses - OPERATIONS & MAINTENANCE
For the Period Ending
May 31, 2025

General Fund

| | Current Period | Current Period | YTD | YTD | | |
|---|----------------|----------------|---------------|---------------|----------------|----------------|
| | Actual | Budget | Actual | Budget | Variance | Annual Budget |
| <u>Operations & Maintenance</u> | | | | | | |
| Contracts-Field Services | 0 | 417 | 5,852 | 3,333 | 2,519 | 5,000 |
| Electricity-Streetlighting | 2,861 | 2,500 | 22,696 | 20,000 | 2,696 | 30,000 |
| R&M-Renewal & Replacement | 0 | 417 | 0 | 3,333 | (3,333) | 5,000 |
| R&M-Grounds | 0 | 2,083 | 6,999 | 16,667 | (9,668) | 25,000 |
| Misc-Hurricane | 750 | 0 | 750 | 0 | 750 | 0 |
| R&M-Storm Water Drainage | 0 | 417 | 520 | 3,333 | (2,813) | 5,000 |
| Total Operations & Maintenance | 3,611 | 5,834 | 36,817 | 46,666 | -9,849 | 70,000 |
| <u>Landscape & Irrigation</u> | | | | | | |
| Contracts-Landscape | 0 | 7,833 | 55,211 | 62,667 | (7,456) | 94,000 |
| Utility-Irrigation | 2,559 | 1,250 | 11,811 | 10,000 | 1,811 | 15,000 |
| R&M-Irrigation | 650 | 833 | 12,443 | 6,667 | 5,776 | 10,000 |
| Total Landscape & Irrigation | 3,209 | 9,916 | 79,465 | 79,334 | 131 | 119,000 |
| <u>Lakes & Ponds</u> | | | | | | |
| Contracts-Lakes | 0 | 167 | 1,295 | 1,333 | (38) | 2,000 |
| Total Lakes & Ponds | | 167 | 1,295 | 1,333 | -38 | 2,000 |
| <u>Roads & Sidewalks</u> | | | | | | |
| R&M-Signage | 0 | 25 | 0 | 200 | (200) | 300 |
| R&M-Roads & Alleyways | 0 | 833 | 0 | 6,667 | (6,667) | 10,000 |
| Total Roads & Sidewalks | | 858 | | 6,867 | -6,867 | 10,300 |
| <u>Mosquito Control</u> | | | | | | |
| Contracts-Mosquito Treatment | 0 | 417 | 0 | 3,333 | (3,333) | 5,000 |
| Contracts-Mosquito Spray | 0 | 833 | 0 | 6,667 | (6,667) | 10,000 |
| Total Mosquito Control | | 1,250 | | 10,000 | -10,000 | 15,000 |

Unaudited

Port of the Islands CID
Statement of Revenues & Expenses - OPERATIONS & MAINTENANCE
For the Period Ending
May 31, 2025

General Fund

| | Current Period | Current Period | YTD | YTD | | |
|--|----------------|----------------|----------------|----------------|------------------|----------------|
| | Actual | Budget | Actual | Budget | Variance | Annual Budget |
| <u>Capital Expenditures & Projects</u> | | | | | | |
| Capital Outlay - Landscape | 0 | 8,333 | 0 | 66,667 | (66,667) | 100,000 |
| Contingency | 0 | 10,752 | 0 | 86,013 | (86,013) | 129,020 |
| Capital Reserve | 0 | 32,793 | 0 | 262,340 | (262,340) | 393,510 |
| Total Capital Expenditures & Projects | | 51,878 | | 415,020 | -415,020 | 622,530 |
| Total Expenditures | 30,072 | 81,973 | 303,688 | 655,770 | (352,082) | 983,655 |

Other Financing Sources (Uses)

Other Sources

Other Financing Sources (Uses)

Other Sources

Other Uses

| | | | | | | |
|-------------------------------|-----------|--------|------------|------|------------|------|
| Revenue (Over) Under Expenses | \$ 98,127 | \$ (2) | \$ 653,169 | \$ 0 | \$ 653,169 | \$ 0 |
|-------------------------------|-----------|--------|------------|------|------------|------|

Port of the Islands CID
Statement of Revenues & Expenses
For the Period Ending
May 31, 2025

Water/Sewer

| | Current Period | Current Period | YTD | YTD | | |
|------------------------------------|----------------|----------------|------------------|----------------|----------------|------------------|
| | Actual | Budget | Actual | Budget | Variance | Annual Budget |
| Revenue | | | | | | |
| Interest Income | \$ 5,064 | \$ 3,333 | \$ 37,410 | \$ 26,667 | \$ 10,743 | \$ 40,000 |
| Water Revenue | 10 | 8,333 | 54,492 | 66,667 | (12,175) | 100,000 |
| Sewer Revenue | 16 | 8,333 | 76,873 | 66,667 | 10,206 | 100,000 |
| Irrigation Fees | 260 | 12,917 | 123,917 | 103,333 | 20,584 | 155,000 |
| Meter Fees | 0 | 250 | 2,420 | 2,000 | 420 | 3,000 |
| Special Assmnts- Tax Collector | 109,175 | 86,895 | 966,965 | 695,159 | 271,806 | 1,042,738 |
| Interest - Tax Collector | 0 | 50 | 832 | 400 | 432 | 600 |
| Special Assmnts-Discounts | 0 | (3,476) | 15,167 | (27,807) | 42,974 | (41,710) |
| Other Miscellaneous Revenues | 2,491 | 417 | 11,452 | 3,333 | 8,119 | 5,000 |
| Less Returns and Allowances | 0 | 0 | (4,466) | 0 | (4,466) | 0 |
| Total Revenue | 117,016 | 117,052 | 1,285,062 | 936,419 | 348,643 | 1,404,628 |
| Expenses | | | | | | |
| Administrative | | | | | | |
| P/R-Board Of Supervisors | 500 | 500 | 4,000 | 4,000 | 0 | 6,000 |
| Employment Taxes | 38 | 33 | 306 | 267 | 39 | 400 |
| P/R - Processing Fees | 37 | 42 | 187 | 333 | (146) | 500 |
| Profserv-Engineering | 0 | 1,667 | 49,935 | 13,333 | 36,602 | 20,000 |
| Profserv-Legal Services | 15,357 | 2,083 | 25,629 | 16,667 | 8,962 | 25,000 |
| Profserv-Mgmt Consulting Serv | 3,877 | 3,875 | 31,014 | 31,000 | 14 | 46,500 |
| Profserv-Property Appraiser | 0 | 167 | 2,763 | 1,333 | 1,430 | 2,000 |
| Auditing Services | 0 | 333 | 5,100 | 2,667 | 2,433 | 4,000 |
| Postage And Freight | 0 | 17 | 0 | 133 | (133) | 200 |
| Insurance - General Liability | 0 | 1,000 | 10,078 | 8,000 | 2,078 | 12,000 |
| Printing & Binding | 0 | 17 | 0 | 133 | (133) | 200 |
| Legal Advertising | 0 | 100 | 0 | 800 | (800) | 1,200 |
| Special Services | 0 | 0 | 2,750 | 0 | 2,750 | 0 |
| Utility Billing Postage & Supplies | 87 | 0 | 2,047 | 0 | 2,047 | 0 |
| Misc-Assessmnt Collection Cost | 2,183 | 2,083 | 19,643 | 16,667 | 2,976 | 25,000 |
| Office Supplies | 23 | 58 | 459 | 467 | (8) | 700 |
| Telephone - Utility Operations | 318 | 333 | 2,528 | 2,667 | (139) | 4,000 |
| Total Administrative | 22,420 | 12,308 | 156,439 | 98,467 | 57,972 | 147,700 |

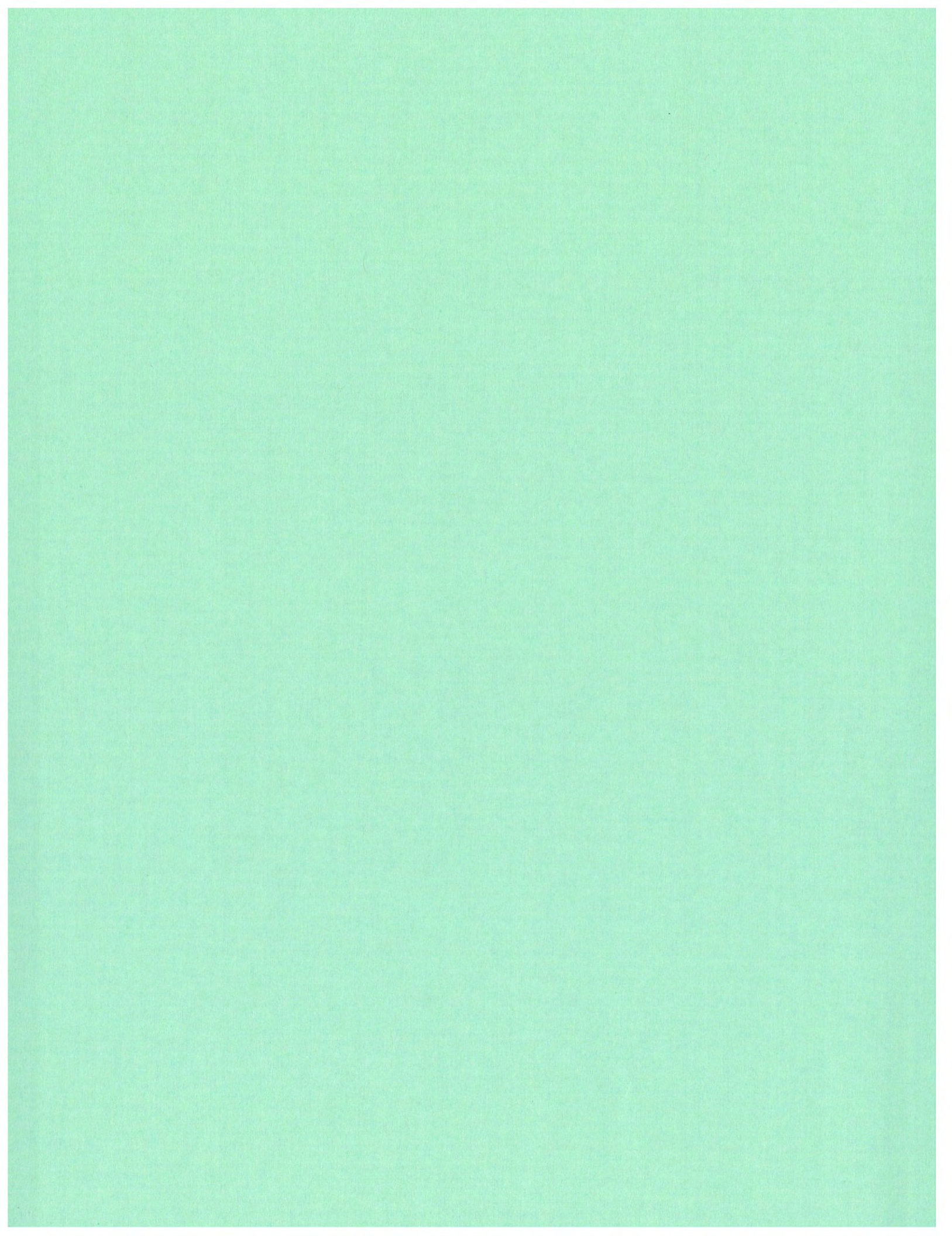
Unaudited

Port of the Islands CID
Statement of Revenues & Expenses
For the Period Ending
May 31, 2025

Water/Sewer

| | Current Period | Current Period | YTD | YTD | | |
|--|-------------------|----------------|-------------------|----------------|-------------------|------------------|
| | Actual | Budget | Actual | Budget | Variance | Annual Budget |
| Water-Sewer Comb Services | | | | | | |
| Utility - Electricity | 8,611 | 8,333 | 61,332 | 66,667 | (5,335) | 100,000 |
| Contracts-Utility Operations | 29,329 | 31,417 | 234,628 | 251,333 | (16,705) | 377,000 |
| Contracts-Utility Billing | 3,675 | 250 | 27,769 | 2,000 | 25,769 | 3,000 |
| Contracts-Generator Maint | 0 | 250 | 2,873 | 2,000 | 873 | 3,000 |
| R&M-Lift Station | 0 | 833 | 15,343 | 6,667 | 8,676 | 10,000 |
| R&M-Potable Water Lines | 1,855 | 1,000 | 7,266 | 8,000 | (734) | 12,000 |
| R&M-Water Plant | 0 | 3,333 | 45,957 | 26,667 | 19,290 | 40,000 |
| R&M-Waste Water Plant | 0 | 2,083 | 3,168 | 16,667 | (13,499) | 25,000 |
| R&M-Sewer Lines | 0 | 417 | 0 | 3,333 | (3,333) | 5,000 |
| R&M-Instrumentation | 0 | 417 | 4,996 | 3,333 | 1,663 | 5,000 |
| Misc-Licenses & Permits | 0 | 83 | 5,200 | 667 | 4,533 | 1,000 |
| Compliance Sampling | 1,392 | 1,667 | 11,133 | 13,333 | (2,200) | 20,000 |
| Chemicals-Water Operations | 149 | 2,917 | 15,775 | 23,333 | (7,558) | 35,000 |
| Chemicals-Wastewater Operations | 2,180 | 2,083 | 21,037 | 16,667 | 4,370 | 25,000 |
| Sludge Disposal | 0 | 1,667 | 16,065 | 13,333 | 2,732 | 20,000 |
| Reserves - Water & Sewer System | 0 | 20,000 | 0 | 160,000 | (160,000) | 240,000 |
| Total Water-Sewer Comb Services | 47,191 | 76,750 | 472,542 | 614,000 | -141,458 | 921,000 |
| Capital Expenditures & Projects | | | | | | |
| Capital Outlay | 56,279 | 20,833 | 65,680 | 166,667 | (100,987) | 250,000 |
| Capital Outlay-Utility Meter Replacement | 0 | 0 | 13,887 | 0 | 13,887 | 0 |
| Capital Outlay-WWTP | 0 | 0 | 66,875 | 0 | 66,875 | 0 |
| Contingency | 0 | 7,161 | 0 | 57,285 | (57,285) | 85,928 |
| Total Capital Expenditures & Projects | 56,279 | 27,994 | 146,442 | 223,952 | -77,510 | 335,928 |
| Total Expenditures | 125,890 | 117,052 | 775,423 | 936,419 | (160,996) | 1,404,628 |
| Revenue (Over) Under Expenses | \$ (8,874) | \$ 0 | \$ 509,639 | \$ 0 | \$ 509,639 | \$ 0 |

Unaudited



POICID Action Items – July

Task

Status

- | | |
|---|-----------|
| 1. Notice of Rule Development | Complete |
| 2. Notice of Rule Making | Complete |
| 3. Notice of Closed-Door Workshop and Budget Hearing | Complete |
| 4. Evaluation of Annual Paving Contracts, Collier County | Complete |
| 5. Evaluation of RFP for Community Security Assessment | |
| 6. Proposal of Possible Legal Settlement, PrepMac/ Alligator Boys | Scheduled |
| 7. SFWMD Easement | Complete |