

PORT OF THE ISLANDS CID

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

JUNE 7, 2024

Contents

Existing Rates for Utility Service	1
Customer Statistical Profile	2
Revenue Requirements	3
Net Revenue Requirements	7
Comparison of Monthly Rates	9
Financial Considerations and Performance	12
Debt Service Coverage	12
Operating Fund (Working Capital) Balance	13
Proposed Rates for Utility Service	14
Conclusions and Recommendations	18

Tables

Table 1	Projected Revenue Requirements – Combined Water and Wastewater System	[*]
Table 1A	Projected Revenue Requirements – Water System.....	[*]
Table 1B	Projected Revenue Requirements – Wastewater System	[*]
Table 1C	Projected Operating Results and Debt Service Coverage	[*]
Table 1D	Projected Cash Flow and Interest Income.....	[*]
Table 2A	Summary of Water System Billing Determinants and Determination of Rate Revenues from Existing Rates – Fiscal Year 2024.....	[*]
Table 2B	Summary of Water System Billing Determinants and Determination of Rate Revenues from Existing Rates – Forecast Period	[*]
Table 2C	Summary of Irrigation System Billing Determinants and Determination of Rate Revenues from Existing Rates – Fiscal Year 2024.....	[*]
Table 2D	Summary of Irrigation System Billing Determinants and Determination of Rate Revenues from Existing Rates – Forecast Period	[*]
Table 3A	Summary of Wastewater System Billing Determinants and Determination of Rate Revenues from Existing Rates – Fiscal Year 2024.....	[*]
Table 3B	Summary of Wastewater System Billing Determinants and Determination of Rate Revenues from Existing Rates – Forecast Period	[*]
Table 4	Presentation of Other Operating Revenues for Forecast Period.....	[*]
Table 5	Projected Operating Expenses – Combined Water and Wastewater System	[*]
Table 5A	Presentation of Test Year 2024 Operating Expenses.....	[*]
Table 5B	Projected Operating Expenses – Combined Water and Wastewater System – Escalation Factors.....	[*]
Table 6	Projected Capital Improvement Plan and Funding Forecast.....	[*]

Figures

Figure 1	Revenue Requirements.....	3
Figure 2	Comparison of Monthly Single-family Water and Wastewater Bill – 4,000 Gallons of Water Usage	10
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.....	11
Figure 4	NACWA Annual Change in Cost of Clean Water.....	12
Figure 5	Ending Cash Balances – Operating/Capital Fund.....	13

[*] 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^[1] 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.

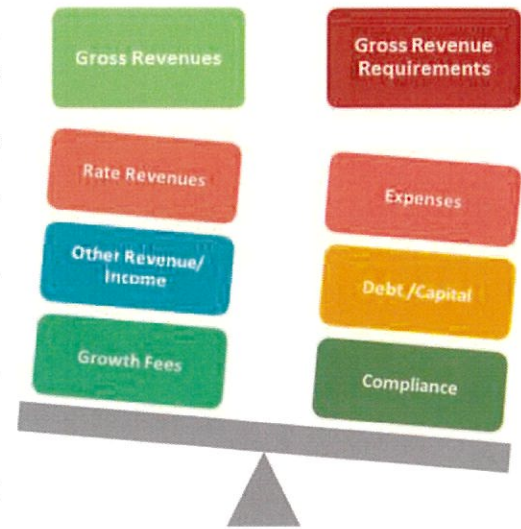
Revenue Requirements

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:

- 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).

Figure 1 – Revenue Requirements



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%

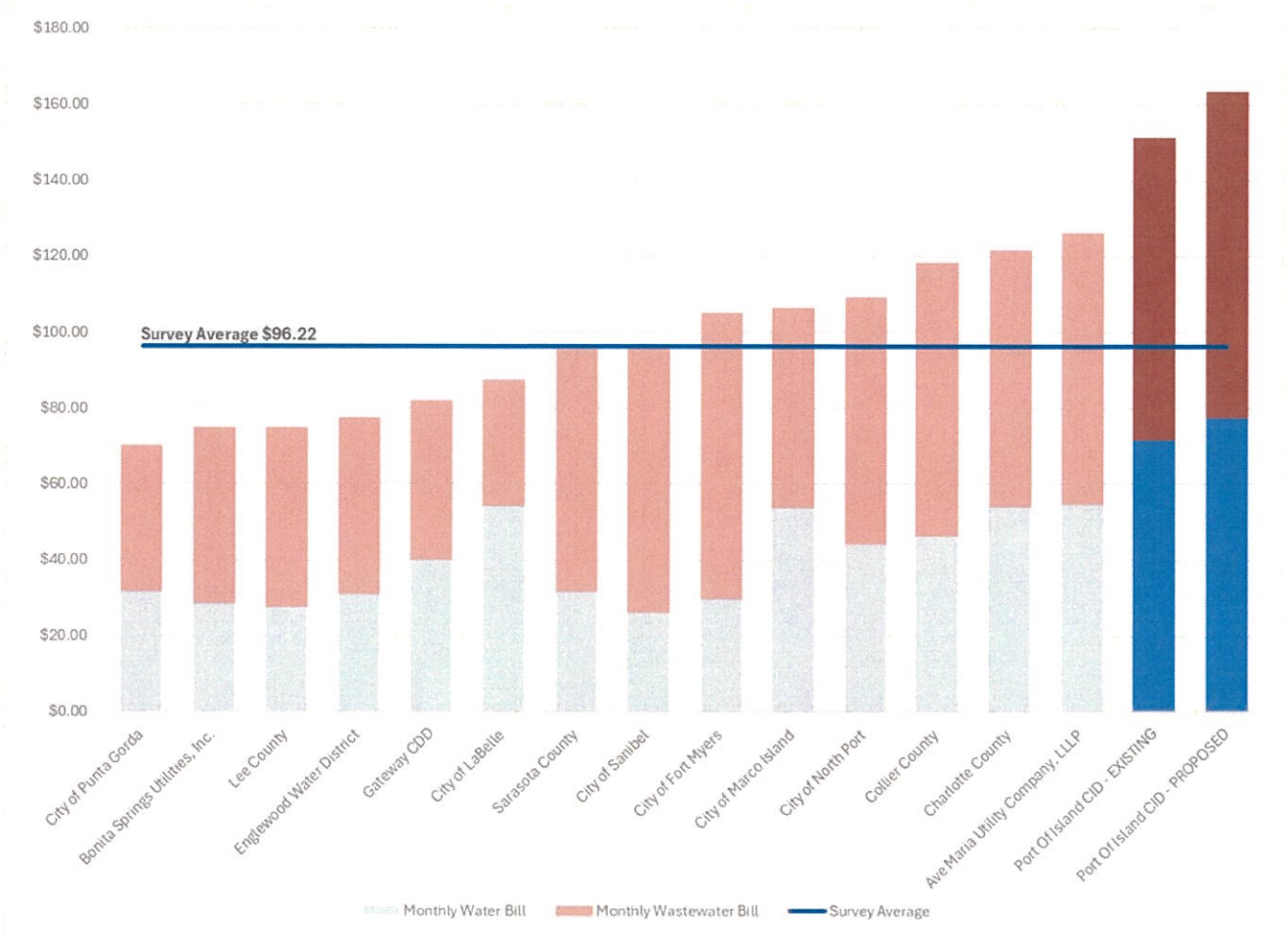
[1] The price index would be in addition to the fixed rate adjustments and is applied to equally to all service areas by utility type and was assumed to be 3.0% per year for the Forecast Period.
 [2] For the Forecast Period, the Price Index and identified other fixed rate adjustments were assumed to be placed into effect on October 1st of each respective Fiscal Year.

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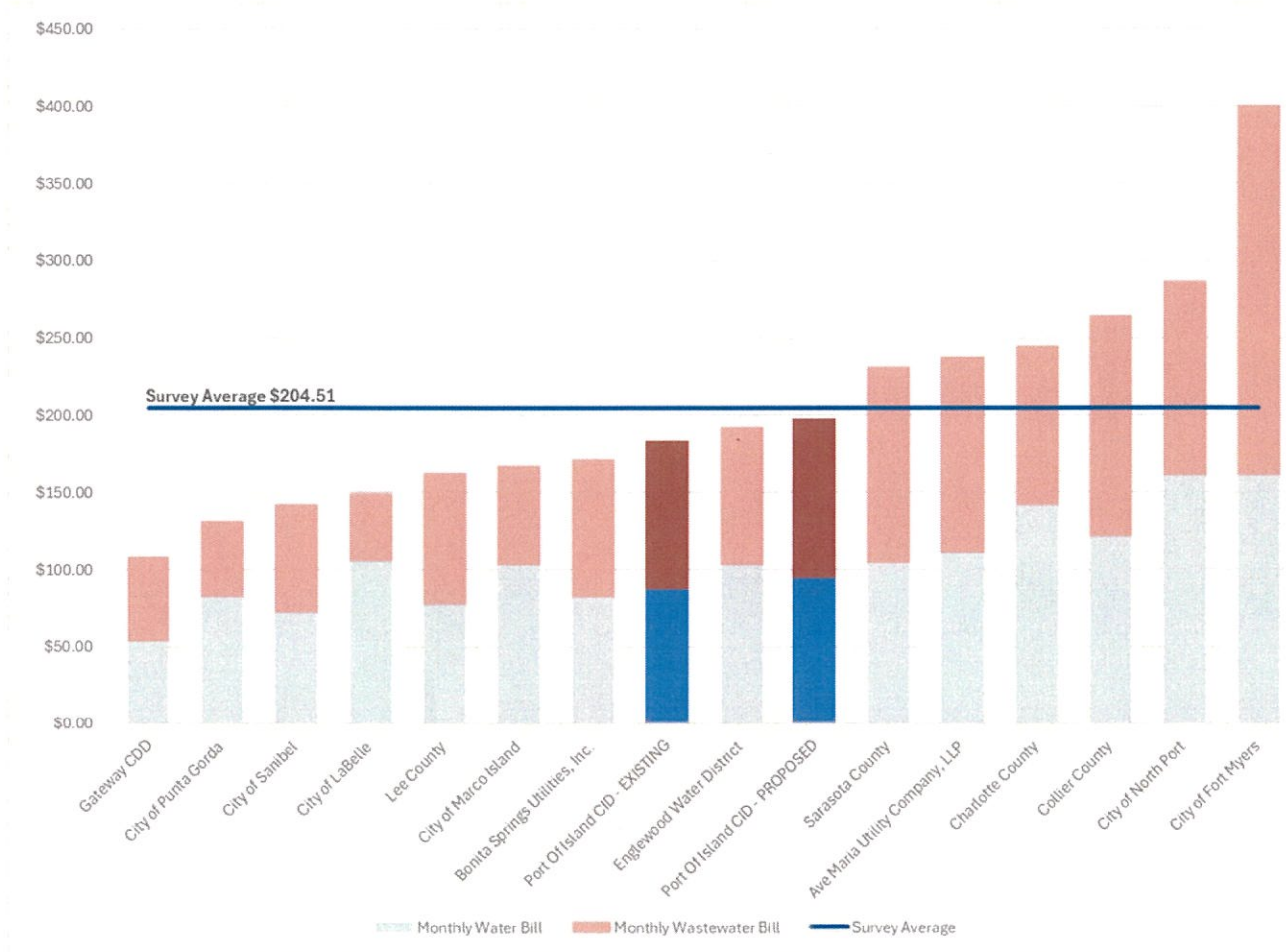
Figure 2 – Comparison of Monthly Single-family Water and Wastewater Bill – 4,000 Gallons of Water Usage



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



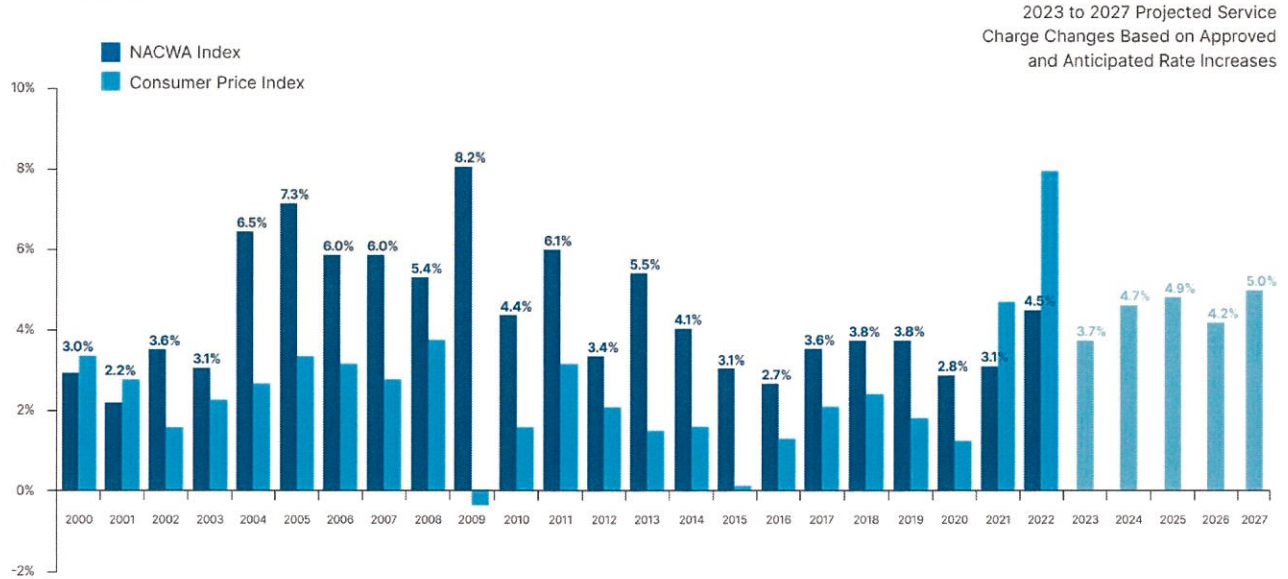
As can be seen above, when recognizing an allowance for discretionary water use for irrigation demands, the District rates appear to be more comparable to the other surveyed utilities.

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, other 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 1.20x to 1.35x the annual debt payment for a small system.

We have recognized a minimum debt service coverage ratio of 2.0x 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]

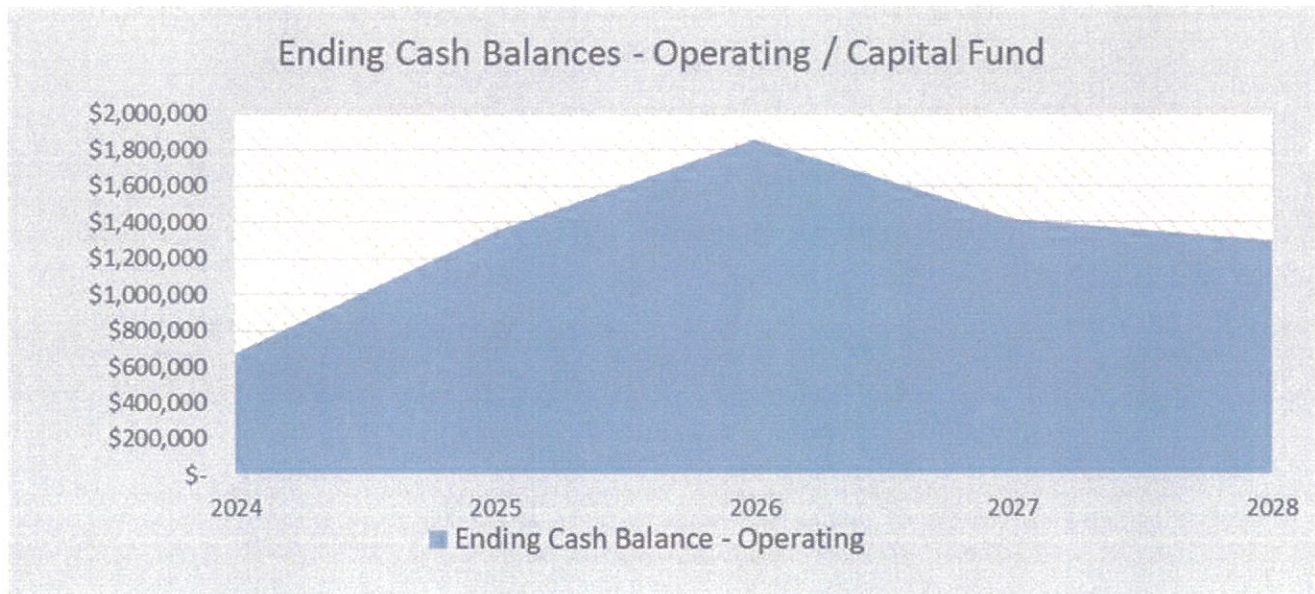
Fiscal Year	Minimum Target – 200% [1]	Minimum Target Met
2025	n/a	n/a
2026	3.59%	Yes
2027	4.09%	Yes
2028	2.57%	Yes

[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:

1. 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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Tables

Table 1	Projected Revenue Requirements – Combined Water and Wastewater System
Table 1A	Projected Revenue Requirements – Water System
Table 1B	Projected Revenue Requirements – Wastewater System
Table 1C	Projected Operating Results and Debt Service Coverage
Table 1D	Projected Cash Flow and Interest Income
Table 2A	Summary of Water System Billing Determinants and Determination of Rate Revenues from Existing Rates – Fiscal Year 2024
Table 2B	Summary of Water System Billing Determinants and Determination of Rate Revenues from Existing Rates – Forecast Period
Table 2C	Summary of Irrigation System Billing Determinants and Determination of Rate Revenues from Existing Rates – Fiscal Year 2024
Table 2D	Summary of Irrigation System Billing Determinants and Determination of Rate Revenues from Existing Rates – Forecast Period
Table 3A	Summary of Wastewater System Billing Determinants and Determination of Rate Revenues from Existing Rates – Fiscal Year 2024
Table 3B	Summary of Wastewater System Billing Determinants and Determination of Rate Revenues from Existing Rates – Forecast Period
Table 4	Presentation of Other Operating Revenues for Forecast Period
Table 5	Projected Operating Expenses – Combined Water and Wastewater System
Table 5A	Presentation of Test Year 2024 Operating Expenses
Table 5B	Projected Operating Expenses – Combined Water and Wastewater System – Escalation Factors
Table 6	Projected Capital Improvement Plan and Funding Forecast

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Table 1

Port of Islands Community Improvement District
2024 Revenue Sufficiency Analysis

Projected Revenue Requirements - Combined Water and Wastewater System

Line No.	Description	Fiscal Year Ending September 30				
		2024	2025	2026	2027	2028
	Operations and Maintenance Expense [1]					
1	Personnel Services	\$ 126,900	\$ 132,760	\$ 138,880	\$ 145,260	\$ 151,960
2	Operating Expenses	687,900	718,770	750,340	783,190	817,580
3	Total Operation and Maintenance Expenses	\$ 814,800	\$ 851,530	\$ 889,220	\$ 928,450	\$ 969,540
	Other Revenue Requirements					
	Debt Service Payments					
4	Existing Debt	\$ -	\$ -	\$ -	\$ -	\$ -
5	Additional Debt	-	-	250,600	250,600	433,531
6	Total Debt Service Payments	\$ -	\$ -	\$ 250,600	\$ 250,600	\$ 433,531
7	Deposits to Renewal and Replacement (Capital) Fund	\$ -	\$ -	\$ -	\$ -	\$ -
8	Rate Revenue Used for Capital	-	-	-	-	-
9	Other Expenditures	-	-	-	-	-
10	Transfers-Out to Operating / Capital Reserves	667,339	813,833	667,764	791,233	693,153
11	Total Other Revenue Requirements	\$ 667,339	\$ 813,833	\$ 918,364	\$ 1,041,833	\$ 1,126,684
12	Total Gross Revenue Requirements	\$ 1,482,139	\$ 1,665,363	\$ 1,807,584	\$ 1,970,283	\$ 2,096,224
	Less Other Operating Revenue, Income, and Transfers-In					
13	Other Operating Revenue / (Expense)	\$ (34,510)	\$ 4,000	\$ 4,114	\$ 20,740	\$ 21,370
14	Interest Income	10,900	12,600	16,600	16,900	14,600
15	Transfers in From Operating Reserves	-	-	-	-	-
16	Transfers in from General Fund	-	-	-	-	-
17	Net Revenue Requirements	\$ 1,505,749	\$ 1,648,763	\$ 1,786,870	\$ 1,932,643	\$ 2,060,254
	Existing Rate Revenues					
18	Total System Rate Revenue Before Current Year Adjustments	\$ 1,505,749	\$ 1,511,080	\$ 1,516,401	\$ 1,542,989	\$ 1,569,577
19	Existing Revenue Surplus/ (Deficiency)	\$ -	\$ (137,683)	\$ (270,469)	\$ (389,654)	\$ (490,677)
20	Percent of Revenues	0.00%	-9.11%	-17.84%	-25.25%	-31.26%
21	Cumulative Prior Year Rate Adjustment %	0.00%	0.00%	8.00%	16.64%	24.22%
22	Prior Year Rate Adjustments	\$ -	\$ -	\$ 121,312	\$ 256,753	\$ 380,151
23	Total Applicable Rate Revenue	\$ 1,505,749	\$ 1,511,080	\$ 1,637,713	\$ 1,799,742	\$ 1,949,728
	Current Year Rate Adjustments					
24	Inflationary Index	0.00%	3.00%	3.00%	3.00%	3.00%
25	Additional Rate Adjustment	0.00%	5.00%	5.00%	3.50%	2.00%
26	Total Proposed Rate Adjustment	0.00%	8.00%	8.00%	6.50%	5.00%
27	Effective Month	-	12.00	12.00	12.00	12.00
28	% of Current Year Effective	0.0%	100.0%	100.0%	100.0%	100.0%
29	Total Revenue From Current Year Rate Adjustments	\$ -	\$ 137,683	\$ 149,157	\$ 132,901	\$ 110,526
30	Total Revenue From Adjusted Rates	\$ 1,505,749	\$ 1,648,763	\$ 1,786,870	\$ 1,932,643	\$ 2,060,254
	Proposed Revenue Surplus/ (Deficiency)					
31	Amount	\$ -	\$ -	\$ -	\$ -	\$ -
32	Percent of Proposed Rate Revenue	0.00%	0.00%	0.00%	0.00%	0.00%

Table 1A

Port of Islands Community Improvement District
2024 Revenue Sufficiency Analysis

Projected Revenue Requirements - Water System

Line No.	Description	Fiscal Year Ending September 30				
		2024	2025	2026	2027	2028
	Operations and Maintenance Expense [1]					
1	Personnel Services	\$ 63,450	\$ 66,380	\$ 69,440	\$ 72,630	\$ 75,980
2	Operating Expenses	348,400	364,430	380,310	396,930	414,280
3	Total Operation and Maintenance Expenses	\$ 411,850	\$ 430,810	\$ 449,750	\$ 469,560	\$ 490,260
	Other Revenue Requirements					
	Debt Service Payments					
4	Existing Debt	\$ -	\$ -	\$ -	\$ -	\$ -
5	Additional Debt	-	-	175,000	175,000	302,745
6	Total Debt Service Payments	\$ -	\$ -	\$ 175,000	\$ 175,000	\$ 302,745
7	Deposits to Renewal and Replacement (Capital) Fund	-	-	-	-	-
8	Water Rates Used for Capital	-	-	-	-	-
9	Other Expenditures	-	-	-	-	-
10	Transfers-Out to Operating / Capital Reserves	429,152	495,727	380,419	446,168	363,231
11	Total Other Revenue Requirements	\$ 429,152	\$ 495,727	\$ 555,419	\$ 621,168	\$ 665,976
12	Total Gross Revenue Requirements	\$ 841,002	\$ 926,537	\$ 1,005,169	\$ 1,090,728	\$ 1,156,236
	Less Other Operating Revenue, Income, and Transfers-In					
13	Other Operating Revenue / (Expense)	\$ 3,550	\$ 2,000	\$ 2,057	\$ 10,370	\$ 10,685
14	Interest Income	6,000	7,000	9,200	9,400	8,100
15	Transfers in From Operating Reserves	-	-	-	-	-
16	Transfers in from General Fund	-	-	-	-	-
17	Net Revenue Requirements	\$ 831,452	\$ 917,537	\$ 993,912	\$ 1,070,958	\$ 1,137,451
	Existing Rate Revenues					
18	Water Rate Revenue Before Current Year Adjustments	\$ 621,516	\$ 624,069	\$ 626,618	\$ 639,371	\$ 652,124
19	Irrigation Rate Revenue Before Current Year Adjustments	\$ 209,936	\$ 209,950	\$ 209,950	\$ 209,950	\$ 209,950
20	Existing Revenue Surplus/ (Deficiency)	\$ -	\$ (83,518)	\$ (157,344)	\$ (221,637)	\$ (275,377)
21	Percent of Revenues	0.00%	-13.38%	-25.11%	-34.66%	-42.23%
22	Cumulative Prior Year Rate Adjustment % - Water	0.00%	0.00%	8.00%	16.64%	24.22%
	Cumulative Prior Year Rate Adjustment % - Irrigation	0.00%	0.00%	8.00%	16.64%	24.22%
23	Prior Year Rate Adjustments - Water	\$ -	\$ -	\$ 50,129	\$ 106,391	\$ 157,944
23	Prior Year Rate Adjustments - Irrigation	\$ -	\$ -	\$ 16,796	\$ 34,936	\$ 50,850
24	Total Applicable Rate Revenue	\$ 831,452	\$ 834,019	\$ 903,493	\$ 990,648	\$ 1,070,868
	Current Year Rate Adjustments					
25	Inflationary Index	0.00%	3.00%	3.00%	3.00%	3.00%
26	Additional Rate Adjustment - Water	0.00%	5.00%	5.00%	3.50%	2.00%
27	Additional Rate Adjustment - Irrigation	0.00%	5.00%	5.00%	3.50%	2.00%
28	Total Proposed Rate Adjustment - Water	0.00%	8.00%	8.00%	6.50%	5.00%
	Total Proposed Rate Adjustment - Irrigation	0.00%	8.00%	8.00%	6.50%	5.00%
29	Effective Month	12	12	12	12	12
30	% of Current Year Effective	100.00%	100.00%	100.00%	100.00%	100.00%
31	Total Revenue From Current Year Rate Adjustments - Water	\$ -	\$ 66,722	\$ 72,279	\$ 64,392	\$ 53,543
32	Total Revenue From Current Year Rate Adjustments - Irrigation	\$ -	\$ 16,796	\$ 18,140	\$ 15,918	\$ 13,040
33	Total Revenue From Adjusted Rates	\$ 831,452	\$ 917,537	\$ 993,912	\$ 1,070,958	\$ 1,137,451
	Proposed Revenue Surplus/ (Deficiency)					
34	Amount	\$ -	\$ -	\$ -	\$ -	\$ -
35	Percent of Rate Revenue	0.00%	0.00%	0.00%	0.00%	0.00%

[1] Amounts shown derived from Table 5.

Table 1B

Port of Islands Community Improvement District
2024 Revenue Sufficiency Analysis

Projected Revenue Requirements - Wastewater System

Line No.	Description	Fiscal Year Ending September 30				
		2024	2025	2026	2027	2028
	Operations and Maintenance Expense [1]					
1	Personnel Services	\$ 63,450	\$ 66,380	\$ 69,440	\$ 72,630	\$ 75,980
2	Operating Expenses	339,500	354,340	370,030	386,260	403,300
3	Total Operation and Maintenance Expenses	\$ 402,950	\$ 420,720	\$ 439,470	\$ 458,890	\$ 479,280
	Other Revenue Requirements					
	Debt Service Payments					
4	Existing Debt	\$ -	\$ -	\$ -	\$ -	\$ -
5	Additional Debt	-	-	75,600	75,600	130,786
6	Total Debt Service Payments	\$ -	\$ -	\$ 75,600	\$ 75,600	\$ 130,786
7	Deposits to Renewal and Replacement (Capital) Fund	-	-	-	-	-
8	Water Rates Used for Capital	-	-	-	-	-
9	Placeholders	-	-	-	-	-
10	Transfers-Out to Operating Reserves	238,187	318,106	287,345	345,065	329,922
11	Total Other Revenue Requirements	\$ 238,187	\$ 318,106	\$ 362,945	\$ 420,665	\$ 460,708
12	Total Gross Revenue Requirements	\$ 641,137	\$ 738,826	\$ 802,415	\$ 879,555	\$ 939,988
	Less Other Operating Revenue, Income, and Transfers-In					
13	Other Operating Revenue / (Expense)	\$ (38,060)	\$ 2,000	\$ 2,057	\$ 10,370	\$ 10,685
14	Interest Income	4,900	5,600	7,400	7,500	6,500
15	Transfers in From Operating Reserves	-	-	-	-	-
16	Transfers in from General Fund	-	-	-	-	-
17	Net Revenue Requirements	\$ 674,297	\$ 731,226	\$ 792,958	\$ 861,685	\$ 922,803
	Existing Rate Revenues					
18	Wastewater Rate Revenue Before Current Year Adjustments	\$ 674,297	\$ 677,061	\$ 679,833	\$ 693,668	\$ 707,503
19	Existing Revenue Surplus/ (Deficiency)	\$ -	\$ (54,165)	\$ (113,125)	\$ (168,017)	\$ (215,300)
20	Percent of Revenues	0.00%	-8.00%	-16.64%	-24.22%	-30.43%
21	Cumulative Prior Year Rate Adjustment %	0.00%	0.00%	8.00%	16.64%	24.22%
22	Prior Year Rate Adjustments	\$ -	\$ -	\$ 54,387	\$ 115,426	\$ 171,357
23	Total Applicable Rate Revenue	\$ 674,297	\$ 677,061	\$ 734,220	\$ 809,094	\$ 878,860
	Current Year Rate Adjustments					
24	Inflationary Index	0.00%	3.00%	3.00%	3.00%	3.00%
25	Additional Rate Adjustment	0.00%	5.00%	5.00%	3.50%	2.00%
26	Total Proposed Rate Adjustment	0.00%	8.00%	8.00%	6.50%	5.00%
27	Effective Month	12	12	12	12	12
28	% of Current Year Effective	100.00%	100.00%	100.00%	100.00%	100.00%
29	Total Revenue From Current Year Rate Adjustments	\$ -	\$ 54,165	\$ 58,738	\$ 52,591	\$ 43,943
30	Total Revenue From Adjusted Rates	\$ 674,297	\$ 731,226	\$ 792,958	\$ 861,685	\$ 922,803
	Proposed Revenue Surplus/ (Deficiency)					
31	Amount	\$ -	\$ -	\$ -	\$ -	\$ -
32	Percent of Rate Revenue	0.00%	0.00%	0.00%	0.00%	0.00%

[1] Amounts shown derived from Table 5.

Table 1C

**Port of Islands Community Improvement District
2024 Revenue Sufficiency Analysis**

Projected Operating Results and Debt Service Coverage

Line No.	Description	Fiscal Year Ending September 30				
		2024	2025	2026	2027	2028
	Operations and Maintenance Expense [1]					
1	Water / Irrigation Use Rate Revenue	\$ 831,452	\$ 917,537	\$ 993,912	\$ 1,070,958	\$ 1,137,451
2	Wastewater Use Rate Revenue	674,297	731,226	792,958	861,685	922,803
3	Total Sales Revenue	\$ 1,505,749	\$ 1,648,763	\$ 1,786,870	\$ 1,932,643	\$ 2,060,254
4	Other Operating Revenue / (Expense)	\$ (34,510)	\$ 4,000	\$ 4,114	\$ 20,740	\$ 21,370
5	Unrestricted Interest Income	10,900	12,600	16,600	16,900	14,600
6	Total Gross Revenues	\$ 1,482,139	\$ 1,665,363	\$ 1,807,584	\$ 1,970,283	\$ 2,096,224
	Operating Expenses					
7	Water System	411,850	430,810	449,750	469,560	490,260
8	Wastewater System	402,950	420,720	439,470	458,890	479,280
9	Total Operating Expenses	\$ 814,800	\$ 851,530	\$ 889,220	\$ 928,450	\$ 969,540
10	Net Revenue Margin	45.0%	48.9%	50.8%	52.9%	53.7%
11	Net Revenues	\$ 667,339	\$ 813,833	\$ 918,364	\$ 1,041,833	\$ 1,126,684
	Annual Debt Service					
	Senior Lien					
12	Existing Senior Debt	\$ -	\$ -	\$ -	\$ -	\$ -
13	Total Existing Senior Debt	\$ -	\$ -	\$ -	\$ -	\$ -
14	Proposed Senior Lien	\$ -	\$ -	\$ 250,600	\$ 250,600	\$ 433,531
15	Total Proposed Senior Debt	\$ -	\$ -	\$ 250,600	\$ 250,600	\$ 433,531
	Subordinate Lien					
16	Existing Subordinate Debt	\$ -	\$ -	\$ -	\$ -	\$ -
17	Total Existing Subordinate Debt	\$ -	\$ -	\$ -	\$ -	\$ -
18	Proposed Subordinate Lien	\$ -	\$ -	\$ -	\$ -	\$ -
19	Total Proposed Subordinate Debt	\$ -	\$ -	\$ -	\$ -	\$ -
20	Total Existing and Proposed Debt Service	\$ -	\$ -	\$ 250,600	\$ 250,600	\$ 433,531
	Overall / All-In Debt Service Coverage					
21	Net Revenues	\$ 667,339	\$ 813,833	\$ 918,364	\$ 1,041,833	\$ 1,126,684
22	Total Annual Debt Service - Senior and Subordinate	\$ -	\$ -	\$ 250,600	\$ 250,600	\$ 433,531
23	Coverage Ratio - Calculated	0.00%	0.00%	366.47%	415.74%	259.89%
24	Coverage Ratio - Minimum Target	200.00%	200.00%	200.00%	200.00%	200.00%

Table 1D

**Port of Islands Community Improvement District
2024 Revenue Sufficiency Analysis**

Projected Cash Flow and Interest Income

Line No.	Description	Fiscal Year Ending September 30				
		2024	2025	2026	2027	2028
Ending Balance Cash Summary						
1	Operating / Capital Fund	\$ 674,996	\$ 1,347,229	\$ 1,853,793	\$ 1,414,626	\$ 1,294,080
2	Debt Service Reserve Fund	-	-	-	-	-
3	Total Projected Year-end Balance	\$ 674,996	\$ 1,347,229	\$ 1,853,793	\$ 1,414,626	\$ 1,294,080
OPERATING / CAPITAL FUND						
4	Beginning Balance	\$ 1,061,657	\$ 674,996	\$ 1,347,229	\$ 1,853,793	\$ 1,414,626
5	Transfers In - Operating Transfer	667,339	813,833	667,764	791,233	693,153
6	Transfers In - from Renewal and Replacement Fund	-	-	-	-	-
	Transfers In - from Debt Service Reserve	-	-	-	-	-
7	Total Transfers In to Fund	\$ 667,339	\$ 813,833	\$ 667,764	\$ 791,233	\$ 693,153
8	Transfers Out - CIP	1,054,000	141,600	161,200	1,230,400	813,700
9	Transfers Out - Operations	-	-	-	-	-
10	Transfers Out - Renewal and Replacement Fund	-	-	-	-	-
11	Total Transfers Out of Fund	1,054,000	141,600	161,200	1,230,400	813,700
12	Transfer In / (Out) - Surplus / (Deficiency)	-	-	-	-	-
13	Interest Rate	S 1.25%	1.25%	1.00%	1.00%	1.00%
14	Interest Income on Fund	\$ 10,900	\$ 12,600	\$ 16,000	\$ 16,300	\$ 13,500
15	Use of Interest Income to Fund Revenue Requirements	U \$ 10,900	\$ 12,600	\$ 16,000	\$ 16,300	\$ 13,500
16	Ending Balance	\$ 674,996	\$ 1,347,229	\$ 1,853,793	\$ 1,414,626	\$ 1,294,080
17	Target - Days of Operating Expenses	250	250	250	250	250
18	Target Minimum Available Cash	\$ 558,082	\$ 583,240	\$ 609,055	\$ 635,925	\$ 664,068
	Target Minimum Cash Balance Met - Yes or No	Yes	Yes	Yes	Yes	Yes
19	Calculated Days of Operating Expenses	302	577	761	556	487
SINKING FUND						
20	Sinking Fund Deposit	\$ -	\$ -	\$ 250,600	\$ 250,600	\$ 433,531
21	Average Balance (25% of Annual Debt Service)	-	-	62,650	62,650	108,383
22	Interest Rate	S 1.25%	1.25%	1.00%	1.00%	1.00%
23	Interest Income on Fund	\$ -	\$ -	\$ 600	\$ 600	\$ 1,100
24	Use of Interest Income to Fund Revenue Requirements	U \$ -	\$ -	\$ 600	\$ 600	\$ 1,100
DEBT SERVICE RESERVE FUND						
25	Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -
26	Transfers In - New Bonds	-	-	-	-	-
27	Transfers Out - Release of Reserve for Final Payments	-	-	-	-	-
28	Interest Rate	S 1.25%	1.25%	1.00%	1.00%	1.00%
29	Interest Income on Fund	\$ -	\$ -	\$ -	\$ -	\$ -
30	Use of Interest Income to Fund Revenue Requirements	U \$ -	\$ -	\$ -	\$ -	\$ -
31	Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -
INTEREST INCOME SUMMARY						
32	Unrestricted Interest Income	U \$ 10,900	\$ 12,600	\$ 16,600	\$ 16,900	\$ 14,600
33	Restricted Interest Income	R -	-	-	-	-
34	Total Interest Income	\$ 10,900	\$ 12,600	\$ 16,600	\$ 16,900	\$ 14,600

Table 2C

Port of Islands Community Improvement District
2024 Revenue Sufficiency Analysis

Summary of Irrigation System Billing Determinants and Determination of Rate Revenues from Existing Rates - Fiscal Year 2024

Line No.	Description	Irrigation - Fiscal Year 2024					Existing Rates	Rate Revenue
		Estimated 2023 Billing Deter. [1]	Adjustments to Summary	Allowance for Growth / Change	Billing Deter. for FY 2024			
Utility Rate Revenues - Fiscal Year 2024								
Irrigation System - Base Charge Revenue								
1	Residential 5/8-inch	225	-	-	225	\$ -	\$ -	
2	Residential 3/4-inch	-	-	-	-	-	-	
3	Residential 1-inch	-	-	-	-	-	-	
4	Residential 1 1/2-inch	-	-	-	-	-	-	
5	Residential 2-inch	-	-	-	-	-	-	
6	Residential 3-inch	-	-	-	-	-	-	
7	Residential 4-inch	-	-	-	-	-	-	
8	Tier 1	16,866	-	-	16,866	1.45	\$ 24,456	
9	Tier 2	10,895	-	-	10,895	2.18	23,751	
10	Tier 3	6,332	-	-	6,332	2.90	18,363	
11	Tier 4	3,013	-	-	3,013	3.64	10,967	
12	Tier 5	3,876	-	-	3,876	4.36	16,899	
13	Multi-Family 5/8-inch	867	-	-	867	\$ -	\$ -	
14	Multi-Family 3/4-inch	-	-	-	-	-	-	
15	Multi-Family 1-inch	-	-	-	-	-	-	
16	Multi-Family 1 1/2-inch	-	-	-	-	-	-	
17	Multi-Family 2-inch	-	-	-	-	-	-	
18	Multi-Family 3-inch	-	-	-	-	-	-	
19	Multi-Family 4-inch	-	-	-	-	-	-	
20	Tier 1	41,054	-	-	41,054	1.45	\$ 59,528	
21	Tier 2	8,426	-	-	8,426	2.18	18,369	
22	Tier 3	1,558	-	-	1,558	2.90	4,518	
23	Tier 4	436	-	-	436	3.64	1,587	
24	Tier 5	8	-	-	8	4.36	35	
25	Commercial 5/8-inch	10	-	-	10	\$ -	\$ -	
26	Commercial 3/4-inch	-	-	-	-	-	-	
27	Commercial 1-inch	-	-	-	-	-	-	
28	Commercial 1 1/2-inch	-	-	-	-	-	-	
29	Commercial 2-inch	-	-	-	-	-	-	
30	Commercial 3-inch	-	-	-	-	-	-	
31	Commercial 4-inch	-	-	-	-	-	-	
32	Tier 1	396	-	-	396	1.45	\$ 574	
33	Tier 2	396	-	-	396	2.18	863	
34	Tier 3	361	-	-	361	2.90	1,047	
35	Tier 4	311	-	-	311	3.64	1,132	
36	Tier 5	6,387	-	-	6,387	4.36	27,847	
37	Total Base Charge Revenues					\$	-	
38	Billed Sales (without Non-Revenue Irrigation Flows) - Kgal	100,315	-	-	100,315	\$	209,936	
39	Total Calculated Revenues					\$	209,936	
40	Adjustment Factor						0.00%	
41	Rate Revenues Recognized for Analysis					\$	209,936	

Table 2D

Port of Islands Community Improvement District
2024 Revenue Sufficiency Analysis

Summary of Irrigation System Billing Determinants and Determination of Rate Revenues from Existing Rates - Forecast Period

Line No.	Fiscal Year Reference	Description	Bill Frequency	Existing Rates	2024			2025			2026			2027			2028		
					Rate Revenue [1]	Growth / Change	Billing Determinants	Rate Revenue	Growth / Change	Billing Determinants	Rate Revenue	Growth / Change	Billing Determinants	Rate Revenue	Growth / Change	Billing Determinants	Rate Revenue	Growth / Change	Billing Determinants
Irrigation System - Base Charge Revenue																			
2		Residential 5/8-inch		\$	-	-	225	\$	-	-	225	\$	-	-	225	\$	-	-	
3		Residential 3/4-inch		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4		Residential 1-inch		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5		Residential 1 1/2-inch		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6		Residential 2-inch		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
7		Residential 3-inch		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8		Residential 4-inch		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9		Multi-Family 5/8-inch		\$	-	-	867	\$	-	-	867	\$	-	-	867	\$	-	-	
10		Multi-Family 3/4-inch		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11		Multi-Family 1-inch		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12		Multi-Family 1 1/2-inch		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
13		Multi-Family 2-inch		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14		Multi-Family 3-inch		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
15		Multi-Family 4-inch		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
16		Commercial 5/8-inch		\$	-	-	10	\$	-	-	10	\$	-	-	10	\$	-	-	
17		Commercial 3/4-inch		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18		Commercial 1-inch		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
19		Commercial 1 1/2-inch		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
20		Commercial 2-inch		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
21		Commercial 3-inch		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
22		Commercial 4-inch		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
23		Total Base Charge Revenues		\$	-	-	\$	94,429	-	-	\$	94,429	-	-	\$	94,429	-	-	
Irrigation System - Volumetric Charge Revenue																			
Residential																			
24		Tier 1		41.15%	1.45	\$	24,456		16,864	\$	24,453		16,864	\$	24,453		16,864	\$	24,453
25		Tier 2		26.58%	2.18		23,747		10,893		23,747		10,893		23,747		10,893		23,747
26		Tier 3		15.45%	2.80		18,362		6,332		18,362		6,332		18,362		6,332		18,362
27		Tier 4		7.35%	3.64		10,964		3,012		10,964		3,012		10,964		3,012		10,964
28		Tier 5		9.46%	4.36		16,899		3,877		16,903		3,877		16,903		3,877		16,903
29		Total Usage					40,982		94,429		40,982		94,429		40,982		94,429		40,982
Multi-Family																			
30		Tier 1		79.74%	1.45	\$	59,528		41,052	\$	59,525		41,052	\$	59,525		41,052	\$	59,525
31		Tier 2		16.37%	2.18		18,372		8,428		18,372		8,428		18,372		8,428		18,372
32		Tier 3		3.05%	2.90		4,518		1,560		4,524		1,560		4,524		1,560		4,524
33		Tier 4		0.85%	3.64		1,587		438		1,593		438		1,593		438		1,593
34		Tier 5		0.02%	4.36		35		10		45		10		45		10		45
35		Total Usage					51,482		84,059		51,482		84,059		51,482		84,059		51,482
Commercial																			
36		Tier 1		5.04%	1.45	\$	574		396	\$	574		396	\$	574		396	\$	574
37		Tier 2		5.04%	2.18		863		396		863		396		863		396		863
38		Tier 3		4.60%	2.90		1,047		361		1,047		361		1,047		361		1,047
39		Tier 4		3.96%	3.64		1,132		311		1,132		311		1,132		311		1,132
40		Tier 5		81.35%	4.36		27,847		6,387		27,846		6,387		27,846		6,387		27,846
41		Total Usage					7,851		31,462		7,851		31,462		7,851		31,462		7,851
42		Billed Sales (without Non-Revenue Irrigation Flows) - Kgal					209,936		\$	209,950		\$	209,950		\$	209,950		\$	209,950
43		Total Calculated Revenues					209,936		\$	209,950		\$	209,950		\$	209,950		\$	209,950
44		Adjustment Factor					0.00%				0.00%				0.00%				0.00%
45		Rate Revenues Recognized for Analysis					209,936		\$	209,950		\$	209,950		\$	209,950		\$	209,950

[1] Derived from Table 2C.

Table 2A

Port of Islands Community Improvement District
2024 Revenue Sufficiency Analysis

Summary of Water System Billing Determinants and Determination of Rate Revenues from Existing Rates - Fiscal Year 2024

Line No.	Description	Water - Fiscal Year 2024					Rate Revenue
		Estimated 2023 Billing Deter. [1]	Adjustments to Summary	Allowance for Growth / Change	Billing Deter. for FY 2024	Existing Rates	
Utility Rate Revenues - Fiscal Year 2024							
	Water System - Base Charge Revenue Assessed ERCs	743	-	-	743	\$ 116.92	\$ 521,361
	Calculated Accounts						
1	5/8-inch	-	673	-	673	\$ 118.87	\$ 479,994
2	3/4-inch	-	-	-	-	178.30	-
3	1-inch	-	2	-	2	297.17	3,566
4	1 1/2-inch	-	1	-	1	594.35	3,566
5	2-inch	-	6	-	6	950.95	34,234
6	3-inch	-	-	-	-	1,783.04	-
7	4-inch	-	-	-	-	2,971.73	-
8	Total Base Charge Revenues						\$ 521,360
9	Billed Sales (without Non-Revenue Water Flows) - Kgal	29,632	-	-	29,632	\$ 3.38	\$ 100,156
10	Total Calculated Revenues						\$ 621,516
11	Adjustment Factor						0.00%
12	Rate Revenues Recognized for Analysis						\$ 621,516

Table 2B

Part of Islands Community Improvement District
2024 Revenue Sufficiency Analysis

Summary of Water System Billing Determinants and Determination of Rate Revenues from Existing Rates - Forecast Period

Line No.	Fiscal Year Reference	Description	Existing Rates	2024			2025			2026			2027			2028			
				Rate Revenue [1]	Growth / Change	Billing Determinants	Rate Revenue	Growth / Change	Billing Determinants	Rate Revenue	Growth / Change	Billing Determinants	Rate Revenue	Growth / Change	Billing Determinants	Rate Revenue	Growth / Change	Billing Determinants	
2		Water System - Base Charge Revenue																	
3		5/8-inch	\$ 118.87	\$ 479,994	3	676	\$ 482,134	3	679	\$ 484,274	15	694	\$ 494,972	15	709	\$ 505,670			
4		3/4-inch	178.30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5		1-inch	297.17	3,566	2	3,566	3,566	2	3,566	3,566	2	3,566	3,566	2	3,566	3,566	2	3,566	
6		1 1/2-inch	594.35	3,566	1	3,566	3,566	1	3,566	3,566	-	1	3,566	3,566	1	3,566	3,566	1	3,566
7		2-inch	950.95	34,234	6	34,234	34,234	6	34,234	34,234	-	6	34,234	34,234	6	34,234	34,234	6	34,234
8		3-inch	1,788.04	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8		4-inch	2,971.73	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9		Total Base Charge Revenues		\$ 521,360		\$ 523,500		\$ 525,640		\$ 527,780		\$ 530,000		\$ 532,220		\$ 534,440		\$ 536,660	
10		Total Assessment Revenue	\$ 116.92	\$ -	-	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	
11		Billed Sales (without Non-Revenue Water Flows) - Kgal	\$ 3.38	\$ 100,156		29,754	\$ 100,978		29,875	\$ 100,978		30,483	\$ 103,033		31,091	\$ 105,088		\$ 107,143	
12		Total Calculated Revenues		\$ 621,516		\$ 624,069		\$ 626,618		\$ 629,171		\$ 631,724		\$ 634,277		\$ 636,830		\$ 639,383	
13		Adjustment Factor		0.00%		0.00%	0.00%		0.00%	0.00%		0.00%	0.00%		0.00%	0.00%		0.00%	
14		Rate Revenues Recognized for Analysis		\$ 621,516		\$ 624,069		\$ 626,618		\$ 629,171		\$ 631,724		\$ 634,277		\$ 636,830		\$ 639,383	

[1] Derived from Table 2A.

Table 3A

Port of Islands Community Improvement District
2024 Revenue Sufficiency Analysis

Summary of Wastewater System Billing Determinants and Determination of Rate Revenues from Existing Rates - Fiscal Year 2024

Line No.		Wastewater - Fiscal Year 2024				Rate Revenue
		Estimated 2023 Billing Deter. [1]	Adjustments to Summary	Allowance for Growth / Change	Billing Deter. for FY 2024	
Utility Rate Revenues - Fiscal Year 2024						
	Wastewater System - Base Charge Revenue Assessed ERCs	743	-	-	743	\$ 116.92 \$ 521,361
	Calculated Accounts					
1	5/8-inch	673	-	-	673	\$ 118.87 \$ 479,994
2	3/4-inch	-	-	-	-	178.30 -
3	1-inch	2	-	-	2	297.17 3,566
4	1 1/2-inch	1	-	-	1	594.35 3,566
5	2-inch	6	-	-	6	950.95 34,234
6	3-inch	-	-	-	-	1,783.04 -
7	4-inch	-	-	-	-	2,971.73 -
8	Total Base Charge Revenues					\$ 521,360
9	Billed Sales (without Non-Revenue Water Flows) - Kgal	22,037	-	-	22,037	\$ 6.94 \$ 152,937
10	Total Calculated Revenues					\$ 674,297
11	Adjustment Factor					0.00%
12	Rate Revenues Recognized for Analysis					\$ 674,297

Table 3B

Port of Islands Community Improvement District
2024 Revenue Sufficiency Analysis

Summary of Wastewater System Billing Determinants and Determination of Rate Revenues from Existing Rates - Forecast Period.

Line No.	Fiscal Year Reference	Existing Rates	2024				2025				2026				2027				2028			
			Rate Revenue [1]	Growth / Change	Billing Determinants	Rate Revenue	Growth / Change	Billing Determinants	Rate Revenue	Growth / Change	Billing Determinants	Rate Revenue	Growth / Change	Billing Determinants	Rate Revenue	Growth / Change	Billing Determinants	Rate Revenue	Growth / Change	Billing Determinants	Rate Revenue	
2	Wastewater System - Base Charge Revenue	\$	118.87	\$	479,994	3	676	\$	482,134	3	679	\$	484,274	15	694	\$	494,972	15	709	\$	505,670	
3	Residential 5/8-inch		176.30		-	-	-		-	-	-		-	-	-		-	-	-		-	
4	Residential 3/4-inch		297.17		3,566	-	2		3,566	-	2		3,566	-	2		3,566	-	2		3,566	
5	Residential 1-inch		594.35		3,566	-	1		3,566	-	1		3,566	-	1		3,566	-	1		3,566	
6	Residential 1 1/2-inch		950.95		34,234	-	6		34,234	-	6		34,234	-	6		34,234	-	6		34,234	
7	Residential 2-inch		1,783.04		-	-	-		-	-	-		-	-	-		-	-	-		-	
8	Residential 3-inch		2,871.73		-	-	-		-	-	-		-	-	-		-	-	-		-	
9	Total Base Charge Revenues	\$	521,260		\$	523,500		\$	525,640		\$	536,338		\$	556,338		\$	547,036		\$	547,036	
10	Total Assessment Revenue	\$	116.92		\$	-		\$	-		\$	-		\$	-		\$	-		\$	-	
11	Billed Sales (without Non-Revenue Water Flows) - Kgal	\$	6.94		\$	152,937		\$	153,551		\$	154,193		\$	157,330		\$	160,467		\$	160,467	
12	Total Calculated Revenues	\$	674,297		\$	677,061		\$	679,833		\$	693,668		\$	707,503		\$	707,503		\$	707,503	
13	Adjustment Factor		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%	
13	Rate Revenues Recognized for Analysis	\$	674,297		\$	677,061		\$	679,833		\$	693,668		\$	707,503		\$	707,503		\$	707,503	

[1] Derived from Table 3A.

Table 4

Port of Islands Community Improvement District
2024 Revenue Sufficiency Analysis

Presentation of Other Operating Revenues for Forecast Period

Line No.	2024 Budget	Test Year 2024		Basis	Allocation Percentages		Allocation Amounts		
		Adjustments	2024		Water	Wastewater	Water	Wastewater	
Water and Sewer System									
1	\$	19,000	\$ (19,000)	\$	50.0%	50.00%	\$	-	-
2		85,000	(85,000)	- Salaries	50.0%	50.00%	-	-	-
3		125,000	(125,000)	- Salaries	50.0%	50.00%	-	-	-
4		155,000	(155,000)	- Salaries	50.0%	50.00%	-	-	-
5		7,000	-	7,000 Salaries	50.0%	50.00%	3,500	3,500	
6		1,042,738	(1,042,738)	- Salaries	50.0%	50.00%	-	-	-
7		420	(420)	- Salaries	50.0%	50.00%	-	-	-
8		-	-	- Salaries	50.0%	50.00%	-	-	-
9		-	-	- Salaries	50.0%	50.00%	-	-	-
10		(41,710)	-	(41,710) Salaries	50.0%	50.00%	(20,855)	(20,855)	
11		100	-	100 Salaries	50.0%	50.00%	50	50	
12		\$ (41,190)	\$ (420)	\$ (41,610)					

(h)

Table 4

Port of Islands Community Improvement District
2024 Revenue Sufficiency Analysis

Presentation of Other Operating Revenues for Forecast Period

Description	Reference	Projected				
		2024	2025	2026	2027	2028
WATER						
Interest Income	\$	- \$	- \$	- \$	- \$	-
Water Revenue		-	-	-	-	-
Sewer Revenue		-	-	-	-	-
Irrigation Revenue		-	-	-	-	-
Meter Fees		3,500	1,950	2,007	10,320	10,635
Special Assessments - Tax Collector		-	-	-	-	-
Interest - Tax Collector		-	-	-	-	-
Special Assessments - District Collected		-	-	-	-	-
Special Assessments - Doubtful Collection		-	-	-	-	-
Special Assessments - Discounts		-	-	-	-	-
ERC		-	-	-	-	-
Other Miscellaneous Revenues		50	50	50	50	50
Total Water Other Revenue	\$	3,550 \$	2,000 \$	2,057 \$	10,370 \$	10,685
WASTEWATER						
Interest Income	\$	- \$	- \$	- \$	- \$	-
Water Revenue		-	-	-	-	-
Sewer Revenue		-	-	-	-	-
Irrigation Revenue		-	-	-	-	-
Meter Fees		3,500	2,700	2,781	14,325	14,760
Special Assessments - Tax Collector		-	-	-	-	-
Interest - Tax Collector		-	-	-	-	-
Special Assessments - District Collected		-	-	-	-	-
Special Assessments - Doubtful Collection		-	-	-	-	-
Special Assessments - Discounts		-	-	-	-	-
ERC		-	-	-	-	-
Other Miscellaneous Revenues		50	50	50	50	50
Total Wastewater Other Revenue	\$	3,550 \$	2,750 \$	2,831 \$	14,375 \$	14,810

Table 5

Port of Islands Community Improvement District
2024 Revenue Sufficiency Analysis

Projected Operating Expenses - Combined Water and Wastewater System

Line No.	Description	Fiscal Year Ending September 30					
		2024	Escal Reference	2025	2026	2027	2028
Water Department							
Personal & Administration							
1	Board of Supervisors	\$ 3,000	Labor	\$ 3,140	\$ 3,290	\$ 3,440	\$ 3,600
2	Employment Taxes	200	Labor	210	220	230	250
3	Payroll Fees	250	Labor	270	290	310	330
4	ProfServ - Engineering	12,000	Labor	12,540	13,110	13,700	14,320
5	ProfServ - Legal Services	12,500	Labor	13,070	13,660	14,280	14,930
6	ProfServ - Management Consulting Services	22,500	Labor	23,520	24,580	25,690	26,850
7	ProfServ - Property Appraiser	-	Labor	-	-	-	-
8	Auditing Services	1,750	Labor	1,830	1,920	2,010	2,110
9	Postage and Freight	100	Labor	110	120	130	140
10	Rental - Meeting Room	-	Labor	-	-	-	-
11	Insurance - General Liability	5,500	Labor	5,750	6,010	6,290	6,580
12	Printing and Binding	100	Labor	110	120	130	140
13	Legal Advertising	500	Labor	530	560	590	620
14	Special Services	500	Labor	530	560	590	620
15	Utility Printing and Postage	2,500	Labor	2,620	2,740	2,870	3,000
16	Miscellaneous - Bank Charge	-	Ins-Health	-	-	-	-
17	Assessment Administration	-	Labor	-	-	-	-
18	Office Supplies	50	Labor	60	70	80	90
19	Telephone - Utility Operations	2,000	Labor	2,090	2,190	2,290	2,400
20	Total Personnel and Administration Services	\$ 63,450		\$ 66,380	\$ 69,440	\$ 72,630	\$ 75,980
Operating Expenses							
21	Miscellaneous - Hurricane	\$ -	Prof Serve	\$ -	\$ -	\$ -	\$ -
22	Utility - Electricity	35,000	Electric	36,050	37,130	38,250	39,400
23	Utility - New Connections	-	Prof Serve	-	-	-	-
24	Contracts - Utility Operations	182,500	Contract	191,630	201,220	211,290	221,860
25	Contracts - Utility Billing	17,000	Contract	17,850	18,750	19,690	20,680
26	Contracts - Generator Maintenance	500	Contract	530	560	590	620
27	R&M - Lift Station	-	Inflation	-	-	-	-
28	R&M - Potable Water Lines	10,000	Electric	10,300	10,610	10,930	11,260
29	R&M - Water Plant	40,000	Inflation	41,040	42,030	43,000	43,990
30	R&M - Wastewater Plant	-	Repair	-	-	-	-
31	R&M - Sewer Lines	-	Repair	-	-	-	-
32	R&M - Backflow Inspection	-	Inflation	-	-	-	-
33	R&M - Instrumentation	2,500	Inflation	2,570	2,640	2,710	2,780
34	Miscellaneous - Bad Debt	-	Ins-Property	-	-	-	-
35	Miscellaneous - License and Permits	500	Inflation	520	540	560	580
36	Compliance Sampling	10,000	Inflation	10,260	10,510	10,760	11,010
37	Chemicals - Water Operations	30,000	Inflation	30,780	31,520	32,250	33,000
38	Chemicals - Wastewater Operations	-	Inflation	-	-	-	-
39	Sludge Disposal	-	Inflation	-	-	-	-
40	Reserves - Water and & Sewer System	-	Eliminate	-	-	-	-
41	Bad Debt Allowance	1,000	Calculated	1,400	1,400	1,400	1,400
	Contingency	19,400	Calculated	21,500	23,400	25,500	27,700
	Reclass from Capital Improvement Plan	-	Calculated	-	-	-	-
42	Total Water Operating Expenses	\$ 348,400		\$ 364,430	\$ 380,310	\$ 396,930	\$ 414,280
43	Total Water Department Expenses	\$ 411,850		\$ 430,810	\$ 449,750	\$ 469,560	\$ 490,260

Table 5

Port of Islands Community Improvement District
2024 Revenue Sufficiency Analysis

Projected Operating Expenses - Combined Water and Wastewater System

Line No.	Description	Fiscal Year Ending September 30					
		2024	Escal Reference	2025	2026	2027	2028
Wastewater Department							
44	Board of Supervisors	\$ 3,000	Labor	\$ 3,140	\$ 3,290	\$ 3,440	\$ 3,600
45	Employment Taxes	200	Labor	210	220	230	250
46	Payroll Fees	250	Labor	270	290	310	330
47	ProfServ - Engineering	12,000	Labor	12,540	13,110	13,700	14,320
48	ProfServ - Legal Services	12,500	Labor	13,070	13,660	14,280	14,930
49	ProfServ - Management Consulting Services	22,500	Labor	23,520	24,580	25,690	26,850
50	ProfServ - Property Appraiser	-	Labor	-	-	-	-
51	Auditing Services	1,750	Labor	1,830	1,920	2,010	2,110
52	Postage and Freight	100	Labor	110	120	130	140
53	Rental - Meeting Room	-	Labor	-	-	-	-
54	Insurance - General Liability	5,500	Labor	5,750	6,010	6,290	6,580
55	Printing and Binding	100	Labor	110	120	130	140
56	Legal Advertising	500	Labor	530	560	590	620
57	Special Services	500	Labor	530	560	590	620
58	Utility Printing and Postage	2,500	Labor	2,620	2,740	2,870	3,000
59	Miscellaneous - Bank Charge	-	Ins-Health	-	-	-	-
60	Assessment Administration	-	Labor	-	-	-	-
61	Office Supplies	50	Labor	60	70	80	90
62	Telephone - Utility Operations	2,000	Labor	2,090	2,190	2,290	2,400
63	Total Personnel and Administration Services	\$ 63,450		\$ 66,380	\$ 69,440	\$ 72,630	\$ 75,980
Operating Expenses							
64	Miscellaneous - Hurricane	\$ -	Prof Serve	\$ -	\$ -	\$ -	\$ -
65	Utility - Electricity	35,000	Electric	36,050	37,130	38,250	39,400
66	Utility - New Connections	-	Prof Serve	-	-	-	-
67	Contracts - Utility Operations	182,500	Contract	191,630	201,220	211,290	221,860
68	Contracts - Utility Billing	17,000	Contract	17,850	18,750	19,690	20,680
69	Contracts - Generator Maintenance	500	Contract	530	560	590	620
70	R&M - Lift Station	10,000	Inflation	10,260	10,510	10,760	11,010
71	R&M - Potable Water Lines	-	Inflation	-	-	-	-
72	R&M - Water Plant	-	Inflation	-	-	-	-
73	R&M - Wastewater Plant	25,000	Inflation	25,650	26,270	26,880	27,500
74	R&M - Sewer Lines	5,000	Inflation	5,130	5,260	5,390	5,520
75	R&M - Backflow Inspection	-	Inflation	-	-	-	-
76	R&M - Instrumentation	2,500	Inflation	2,570	2,640	2,710	2,780
77	Miscellaneous - Bad Debt	-	Inflation	-	-	-	-
78	Miscellaneous - License and Permits	500	Constant	500	500	500	500
79	Compliance Sampling	10,000	Inflation	10,260	10,510	10,760	11,010
80	Chemicals - Water Operations	-	Inflation	-	-	-	-
81	Chemicals - Wastewater Operations	16,000	Inflation	16,420	16,820	17,210	17,610
82	Sludge Disposal	15,000	Inflation	15,390	15,760	16,130	16,510
83	Reserves - Water and & Sewer System	-	Inflation	-	-	-	-
84	Bad Debt Allowance	1,100	Calculated	1,100	1,200	1,200	1,200
85	Contingency	19,400	Calculated	21,000	22,900	24,900	27,100
86	Reclass from Capital Improvement Plan	-	Calculated	-	-	-	-
87	Total Wastewater Operating Expenses	\$ 339,500		\$ 354,340	\$ 370,030	\$ 386,260	\$ 403,300
88	Total Wastewater Department Expenses	\$ 402,950		\$ 420,720	\$ 439,470	\$ 458,890	\$ 479,280
89	Total Utility Operating Expenses	\$ 814,800		\$ 851,530	\$ 889,220	\$ 928,450	\$ 969,540

Table 5A

Port of Islands Community Improvement District
2024 Revenue Sufficiency Analysis

Presentation of Test Year 2024 Operating Expenses

Line No.	Description	Test Year 2024			Allocation Percentages		Allocation Amounts	
		2024 Budget	Adjustments	As Adjusted	Water	Wastewater	Water	Wastewater
Personal & Administration								
1	Board of Supervisors	\$ 6,000	\$ -	\$ 6,000	50.0%	50.00%	\$ 3,000	\$ 3,000
2	Employment Taxes	400	-	400	50.0%	50.00%	200	200
3	Payroll Fees	500	-	500	50.0%	50.00%	250	250
4	ProfServ - Engineering	24,000	-	24,000	50.0%	50.00%	12,000	12,000
5	ProfServ - Legal Services	25,000	-	25,000	50.0%	50.00%	12,500	12,500
6	ProfServ - Management Consulting Services	45,000	-	45,000	50.0%	50.00%	22,500	22,500
7	ProfServ - Property Appraiser	700	(700)	-	50.0%	50.00%	-	-
8	Auditing Services	3,500	-	3,500	50.0%	50.00%	1,750	1,750
9	Postage and Freight	200	-	200	50.0%	50.00%	100	100
10	Rental - Meeting Room	-	-	-	50.0%	50.00%	-	-
11	Insurance - General Liability	11,000	-	11,000	50.0%	50.00%	5,500	5,500
12	Printing and Binding	200	-	200	50.0%	50.00%	100	100
13	Legal Advertising	1,000	-	1,000	50.0%	50.00%	500	500
14	Special Services	1,000	-	1,000	50.0%	50.00%	500	500
15	Utility Printing and Postage	5,000	-	5,000	50.0%	50.00%	2,500	2,500
16	Miscellaneous - Bank Charge	-	-	-	50.0%	50.00%	-	-
17	Assessment Administration	25,000	(25,000)	-	50.0%	50.00%	-	-
18	Office Supplies	100	-	100	50.0%	50.00%	50	50
19	Telephone - Utility Operations	4,000	-	4,000	50.0%	50.00%	2,000	2,000
20	Total Personnel Services	\$ 152,600	\$ (25,700)	\$ 126,900			\$ 63,450	\$ 63,450
Water and Sewer Combined Service								
21	Miscellaneous - Hurricane	\$ -	\$ -	\$ -	50.0%	50.00%	\$ -	\$ -
22	Utility - Electricity	70,000	-	70,000	50.0%	50.00%	35,000	35,000
23	Utility - New Connections	-	-	-	50.0%	50.00%	-	-
24	Contracts - Utility Operations	365,000	-	365,000	50.0%	50.00%	182,500	182,500
25	Contracts - Utility Billing	34,000	-	34,000	50.0%	50.00%	17,000	17,000
26	Contracts - Generator Maintenance	1,000	-	1,000	50.0%	50.00%	500	500
27	R&M - Lift Station	10,000	-	10,000	0.0%	100.00%	-	10,000
28	R&M - Potable Water Lines	10,000	-	10,000	100.0%	0.00%	10,000	-
29	R&M - Water Plant	40,000	-	40,000	100.0%	0.00%	40,000	-
30	R&M - Wastewater Plant	25,000	-	25,000	0.0%	100.00%	-	25,000
31	R&M - Sewer Lines	5,000	-	5,000	0.0%	100.00%	-	5,000
32	R&M - Backflow Inspection	-	-	-	100.0%	0.00%	-	-
33	R&M - Instrumentation	5,000	-	5,000	50.0%	50.00%	2,500	2,500
34	Miscellaneous - Bad Debt	-	-	-	47.6%	52.38%	-	-
35	Miscellaneous - License and Permits	1,000	-	1,000	50.0%	50.00%	500	500
36	Compliance Sampling	20,000	-	20,000	50.0%	50.00%	10,000	10,000
37	Chemicals - Water Operations	30,000	-	30,000	100.0%	0.00%	30,000	-
38	Chemicals - Wastewater Operations	16,000	-	16,000	0.0%	100.00%	-	16,000
39	Sludge Disposal	15,000	-	15,000	0.0%	100.00%	-	15,000
40	Reserves - Water and & Sewer System	240,000	(240,000)	-	50.0%	50.00%	-	-
41	Bad Debt Allowance	-	2,100	2,100	47.6%	52.38%	1,000	1,100
42	Contingency	-	38,800	38,800	50.0%	50.00%	19,400	19,400
43	Total Water and Sewer Combined Service	\$ 887,000	\$ (199,100)	\$ 687,900			\$ 348,400	\$ 339,500
44	Total Department Expenses	\$ 1,039,600	\$ (224,800)	\$ 814,800			\$ 411,850	\$ 402,950

Table 5B

Port of Islands Community Improvement District
2024 Revenue Sufficiency Analysis

Projected Operating Expenses - Combined Water and Wastewater System - Escalation Factors

Line No.	Escalation Reference	Fiscal Year Ending September 30				
		2025	2026	2027	2028	
1	Inflation - Core CBO W/O Food and Energy CPI Index February 2024)	Inflation	1.0260	1.0240	1.0230	1.0230
2	High Inflation Escalator	High Inf	1.0360	1.0340	1.0330	1.0330
3	Labor Escalator	Labor	1.0450	1.0450	1.0450	1.0450
4	Life/Health/Disability Insurance Escalator	Ins-Health	1.0500	1.0500	1.0500	1.0500
5	Property Insurance Escalator	Ins-Property	1.1000	1.0500	1.0500	1.0500
6	Gasoline and Fuel Index	Fuel	1.0638	1.0638	1.0638	1.0638
7	Electrical Expense	Electric	1.0299	1.0299	1.0299	1.0299
8	Chemicals	Chemical	1.0288	1.0288	1.0288	1.0288
9	Professional Services	Prof Serve	1.0500	1.0500	1.0500	1.0500
10	Contract Ops	Contract	1.0500	1.0500	1.0500	1.0500
11	Constant	Constant	1.0000	1.0000	1.0000	1.0000
12	Elimination Factor	Eliminate	0.0000	0.0000	0.0000	0.0000
13	Repair & Maintenance	Repair	1.0666	1.0666	1.0666	1.0666
14	Capital Escalator - ENR Index (10 Yr Change)	Capital-ENR	1.0000	1.0340	1.0340	1.0340
15	Capital Escalator - Marginal	Capital-Marginal	1.0000	1.0100	1.0100	1.0100
16	Capital Escalator - High	Capital-High	1.0000	1.0500	1.0500	1.0500
17	Separate Calculation and Not Adjusted per Escalation Factor	Calculated	1.0000	1.0000	1.0000	1.0000
18	Water Rate Revenue	Water Rate	1.1035	1.0832	1.0775	1.0621
19	Wastewater Rate Revenue	WW Rate	1.0844	1.0844	1.0867	1.0709
20	ERC Growth	ERC	1.0041	1.0041	1.0204	1.0199

Table 6

Port of Islands Community Improvement District
2024 Revenue Sufficiency Analysis

Projected Capital Improvement Plan and Funding Forecast

Line No.	Funding Source	Inflation Factor	Fiscal Year Ending September 30					Total Forecast Period	
			2024	2025	2026	2027	2028		
Water System									
1	Replace Aquastore Finished Water Tank Dome	OpRes	ENR	\$ 322,000	\$ -	\$ -	\$ -	\$ -	\$ 322,000
2	Plant Facility Gate Replacement	OpRes	ENR	17,000	-	-	-	-	17,000
3	Fire Hydrant Removal – North Hotel	OpRes	ENR	4,000	-	-	-	-	4,000
4	Wellfield Raw Water Main Replacement (AC to HDPE)	New Debt 1 W	ENR	-	1,356,900	-	-	-	1,356,900
5	Water Storage Tank Addition (132,000 gal. Alternate)	New Debt 1 W	ENR	-	894,200	-	-	-	894,200
6	Water Storage Tank Addition (250,000 gal.)	New Debt 1 W	ENR	-	-	1,085,200	-	-	1,085,200
7	Fire/Irrigation High Service Pump Replacement	New Debt 1 W	ENR	-	-	383,500	-	-	383,500
8	Wellfield VFD's, Control Valves & Telemetering	New Debt 1 W	ENR	-	-	403,900	-	-	403,900
9	Water System High Service Pump Replacement	OpRes	ENR	-	-	-	314,900	-	314,900
10	Water System Isolation Valve Replacement	OpRes	ENR	-	-	-	472,300	-	472,300
11	Fire/Irrigation System Isolation Valve Replacement	OpRes	ENR	-	-	-	248,400	-	248,400
12	Plant Facility Existing Building Evaluation	OpRes	ENR	18,500	-	-	-	-	18,500
13	Facilities Conversion	OpRes	ENR	-	-	161,200	-	-	161,200
14	Plant Facility Existing Building Demolition/Renovation	OpRes	ENR	-	-	-	76,500	-	76,500
15	Orchid Cove Water Main Interconnect	OpRes	ENR	-	-	-	-	121,600	121,600
16	Orchid Cove Fire/Irrigation Main Interconnect	OpRes	ENR	-	-	-	-	142,300	142,300
17	Total Water System			\$ 361,500	\$ 2,251,100	\$ 2,033,800	\$ 1,112,100	\$ 263,900	\$ 6,022,400
Wastewater System									
18	Wastewater Disc Filter	OpRes	ENR	\$ 317,000	\$ -	\$ -	\$ -	\$ -	\$ 317,000
19	Wastewater Plant Aeration Piping Replacement	OpRes	ENR	305,000	-	-	-	-	305,000
20	Wastewater Pump Station Evaluation	OpRes	ENR	52,000	-	-	-	-	52,000
21	Second Effluent Disc Filter	New Debt 2 S	ENR	-	339,500	-	-	-	339,500
22	Wastewater Plant Bar Screen Replacement	New Debt 2 S	ENR	-	339,500	-	-	-	339,500
23	Wastewater Collection System Evaluation	OpRes	CPI	-	141,600	-	-	-	141,600
24	Wastewater Transmission System Isolation Valve Replacement	New Debt 2 S	CPI	-	-	127,100	-	-	127,100
25	Wastewater MBR Equipment Removal	OpRes	CPI	-	-	-	44,100	-	44,100
26	Wastewater Pump Station Rehabilitation	New Debt 2 S	CPI	-	-	-	815,800	-	815,800
27	Plant Facility Existing Building Evaluation	OpRes	CPI	18,500	-	-	-	-	18,500
28	Facilities Conversion	New Debt 2 S	CPI	-	-	158,100	-	-	158,100
29	Plant Facility Existing Building Demolition/Renovation	OpRes	CPI	-	-	-	74,200	-	74,200
30	Placeholder Project - RFC Adjustment	OpRes	CPI	-	-	-	-	549,800	549,800
31	Total Wastewater System Improvements			\$ 692,500	\$ 820,600	\$ 285,200	\$ 934,100	\$ 549,800	\$ 3,282,200
32	Total System Improvements			\$ 1,054,000	\$ 3,071,700	\$ 2,319,000	\$ 2,046,200	\$ 813,700	\$ 9,304,600
Capital Funding Plan									
33	Water Annual Revenues	WRev		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34	Wastewater Annual Revenues	SRev		-	-	-	-	-	-
35	Operating / Capital Reserves	OpRes		1,054,000	141,600	161,200	1,230,400	813,700	3,400,900
36	Capital (R&R) Account	CapAcct		-	-	-	-	-	-
37	Grants and Contributions	Contrib		-	-	-	-	-	-
38	New Debt 1 - Water Projects	New Debt 1 W		-	2,251,100	1,872,600	-	-	4,123,700
39	New Debt 1 - Wastewater Projects	New Debt 1 S		-	-	-	-	-	-
40	New Debt 2 - Water Projects	New Debt 2 W		-	-	-	-	-	-
41	New Debt 2 - Wastewater Projects	New Debt 2 S		-	679,000	285,200	815,800	-	1,780,000
42	New Debt 3 - Water Projects	New Debt 3 W		-	-	-	-	-	-
43	New Debt 3 - Wastewater Projects	New Debt 3 S		-	-	-	-	-	-
44	Unfunded Projects	Unfunded		-	-	-	-	-	-
45	Reclass to Water Operating Expenses	W OpEx		-	-	-	-	-	-
46	Reclass to Wastewater Operating Expenses	S OpEx		-	-	-	-	-	-
47	Total Capital funding Plan			\$ 1,054,000	\$ 3,071,700	\$ 2,319,000	\$ 2,046,200	\$ 813,700	\$ 9,304,600