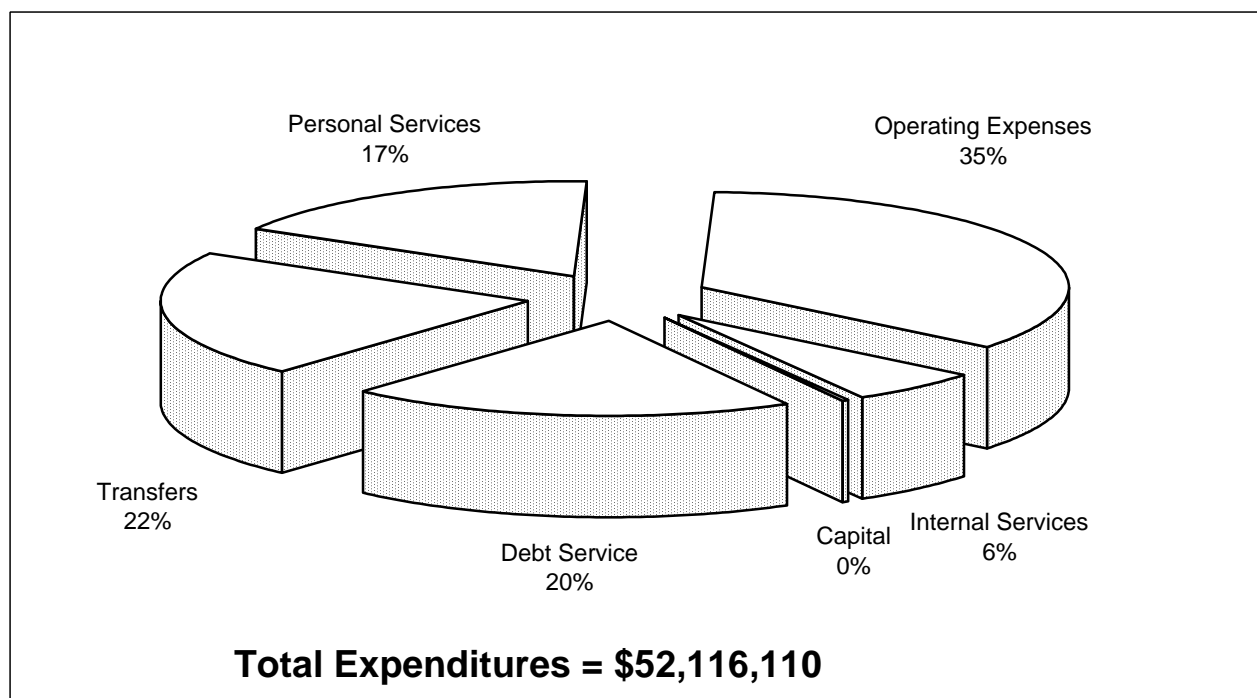


Water & Sewer Fund Expenditures by Type



Water & Sewer revenues are generated primarily from user fees for sale of water and sewer service.

Both water and sewer rates were increased 7% effective January 1, 2004, and will be increased 7% on October 1, 2004. Future increases will be determined in conjunction with an on-going independent rate study that is reviewing the City's long-range plan, operations and rate structures. These increases are necessary to provide funding to maintain compliance with debt service coverage requirements and to support over \$137 million of capital improvement projects to expand the reclaimed water system, and upgrade the water pollution control and wastewater collection systems. These projects are necessary due to a combination of aging facilities and regulatory requirements.

The Water & Sewer Fund supports 57 full time equivalent positions for water operations (a decrease of one representing a transfer to the Wastewater Collection program), 112 FTE positions for Sewer operations (an increase of 1.0 FTE representing a transfer from the Water Supply program) and 6.0 FTE's for Public Utilities Administration (the same as the 2003/04 budget) in the Public Works Administration/Public Utilities Department. Only 17% of fund expenditures are personnel related. Operating expenses account for 35% of the fund expenditures, of which \$7,407,150 represents the estimate for purchase of water from Pinellas County, is the greatest expense. Debt Service at \$10,179,480 accounts for interest and principal payments on outstanding water and sewer construction bonds, \$296,570 of payments on lease purchased equipment and \$112,560 of interest that must be paid on utility deposits.

Transfers are composed of \$7,465,430 to the Capital Improvement Program for additions and repairs and line relocations throughout the water, sewer, reclaimed water system; \$1,760,630 of payments in lieu of taxes to the General Fund (4.5% of the prior year's gross revenues); and \$2,073,690 to the Utility Renewal and Replacement Fund as a reserve for future maintenance of the system, as required by bond covenants. Anticipated revenues for fiscal year 2004/05, which include the use of \$835,000 of accumulated impact fees and \$4,483,260 of fund reserves, equal anticipated expenditures. Fiscal year end 9/30/2003 financial statements reflect a net income of approximately \$4,542,280.