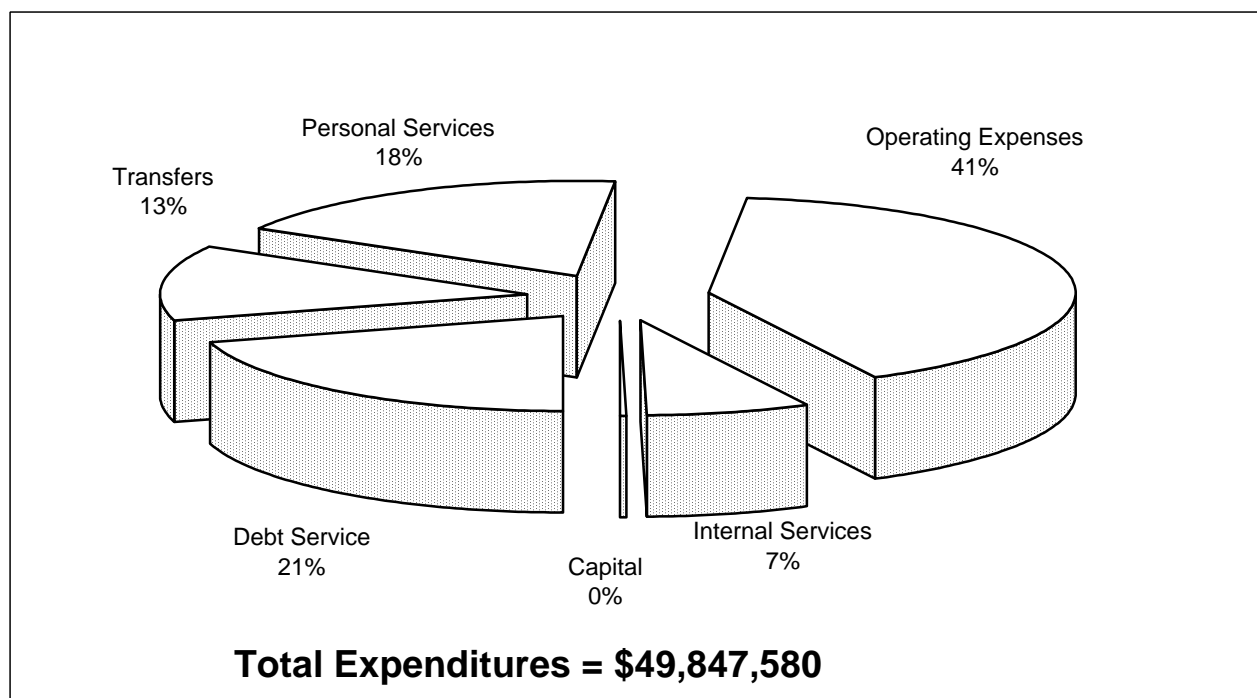


## Water & Sewer Fund Expenditures by Type



Water & Sewer revenues are generated primarily from user fees for sale of water and sewer service. Both water and sewer rates increase 7% effective October 1, 2005, and will be increased 6% on October 1, 2006, 2007 and 2008. Reclaimed water rates will increase 29.44% effective October 1, 2005 and will be restructured effective October 1 2006 with an average reclaimed water customer increase of 29.44% to be followed by subsequent increases of 6% on October 1, 2007 and 2008. These increases are necessary to provide funding to maintain compliance with debt service coverage requirements and to support the continuation of capital improvement projects needed to sustain the City's utility infrastructure and expand the reclaimed water system. 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, 112 FTE positions for Sewer operations and 6.0 FTE's for Public Utilities Administration, the same as the 2004/05 budget, in the Public Works Administration/Public Utilities Department. Only 18% of fund expenditures are personnel related. Operating expenses account for 41% of the fund expenditures, of which \$8,400,710 represents the estimated cost for purchase of water from Pinellas County. Debt Service expenditures of \$10,297,170 account for \$9,797,500 of interest and principal payments on outstanding water and sewer construction bonds, \$383,170 of payments on lease purchased equipment and \$116,500 of interest that must be paid on utility deposits.

Transfers include \$1,843,590 to the Capital Improvement Program, a decrease of \$5,621,840 and the primary reason the budget for the fund is less than fiscal year 2004/05. These transfers fund additions and repairs and line relocations throughout the water, sewer, reclaimed water system. Other transfers reflect \$2,358,030 of payments in lieu of taxes to the General Fund. At 5.5% of the prior year's gross revenues, the proposed percentage rate is 1% higher than the rate charged in previous years. Also included is a transfer of \$2,135,960 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 2005/06, which include the use of \$530,000 of accumulated impact fees are approximately \$51,781,310 and exceed anticipated expenditures by \$1,933,730. Fiscal year end 9/30/2004 financial statements reflect a net income of approximately \$6,303,370.