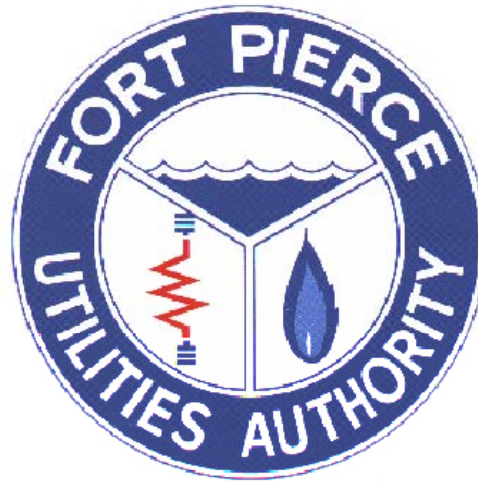


# The Fort Pierce Utilities Authority



## Capital Improvement Charge Analysis

September 8, 2006



Public Resources Management Group, Inc.  
*Utility, Rate, Financial and Management Consultants*



# Capital Improvement Charge Analysis

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## ❖ Background

- 📖 Funding utility system growth with impact fee reduces the need for borrowing by providing an additional capital funding source
  - “Growth pays for Growth”
  
- 📖 Proper impact fee levels reduce the burden of expansion costs on existing rate payers; however, fees cannot create a windfall to existing users



# Capital Improvement Charge Analysis

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## ❖ Florida Impact Fee Act

📖 Florida Legislature created Section 163.31801 of the Florida Statutes on June 14, 2006 governing impact fees

- Requires the calculation of impact fees be based on the most recent and localized data
- Provides for accounting and reporting of impact fee revenues and expenditures in a separate fund
- Limits administrative charges for the collection of impact fees to actual costs
- Requires 90 days notice before imposing a new or amended impact fee



# Capital Improvement Charge Analysis

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## ❖ Impact Fee Methodology

- 📖 Impact Fees can only be used to provide funding for capital expenditures or debt service for the expansion of the water system to meet the needs of population growth
- 📖 Impact Fees should not be used to fund capital needs related to deficiencies in the existing system or pay for any operating costs
- 📖 Impact Fees should be based on reasonable level of service standards that meet the needs of customers
- 📖 Impact Fees, generally, should be comparable with those charged by similar jurisdictions



# Capital Improvement Charge Analysis

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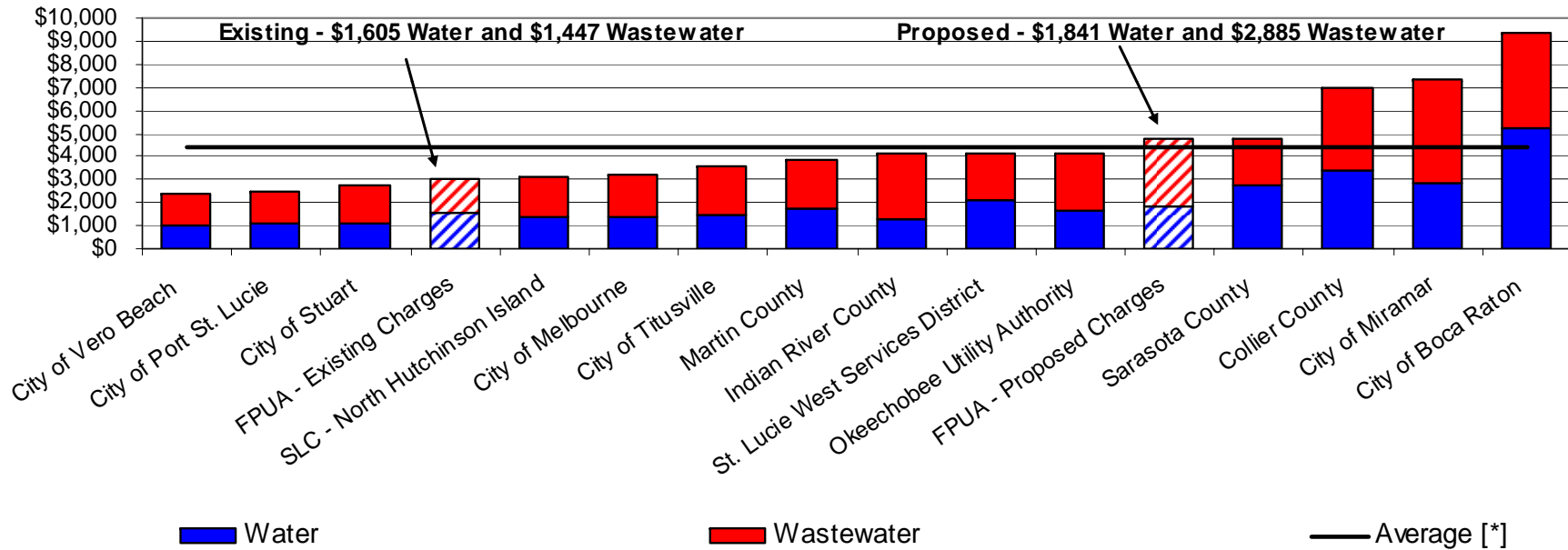
## ❖ Cost Methodology

- 📖 Recover the cost of treatment and backbone transmission
  - Considered a “System Cost”
  - All customers generally benefit from facilities
- 📖 Amounts based on existing capital plan
- 📖 Investment in recent system expansions and other existing assets estimated at historical cost



# Capital Improvement Charge Comparison

## Comparison of the Typical Residential Impact Fees - Per ERC



[\*] Excludes FPUA



# Guaranteed Revenue Charges

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- ❖ Increase the existing GRCs
  - 📖 Water System - \$6.67 to \$8.77 per month
  - 📖 Wastewater System - \$8.80 to \$13.75 per month
  - 📖 GRCs are payable twelve (12) months after execution of the developer agreement when connection has not been made to the water and/or wastewater systems
  
- ❖ The forecast proposes a new fee to accrue GRCs (AGRCs) payable to the Authority at the time the Capital Improvement Charges are paid
  - 📖 AGRCs are proposed to accrue beginning February 2007, and are adjusted monthly to a maximum amount occurring January 2012
  - 📖 Revenues derived from AGRCs are unrestricted and are considered operating revenues