

July 6, 2012  
GAI Proj. # A120676.00

Mr. Scott Krawczuk, Acting Public Works Director  
City of Sanibel  
800 Dunlop Road  
Sanibel, FL 33957

**Subject: Sewer Expansion Feasibility Study – Historical Analysis**

Dear Mr. Krawczuk:

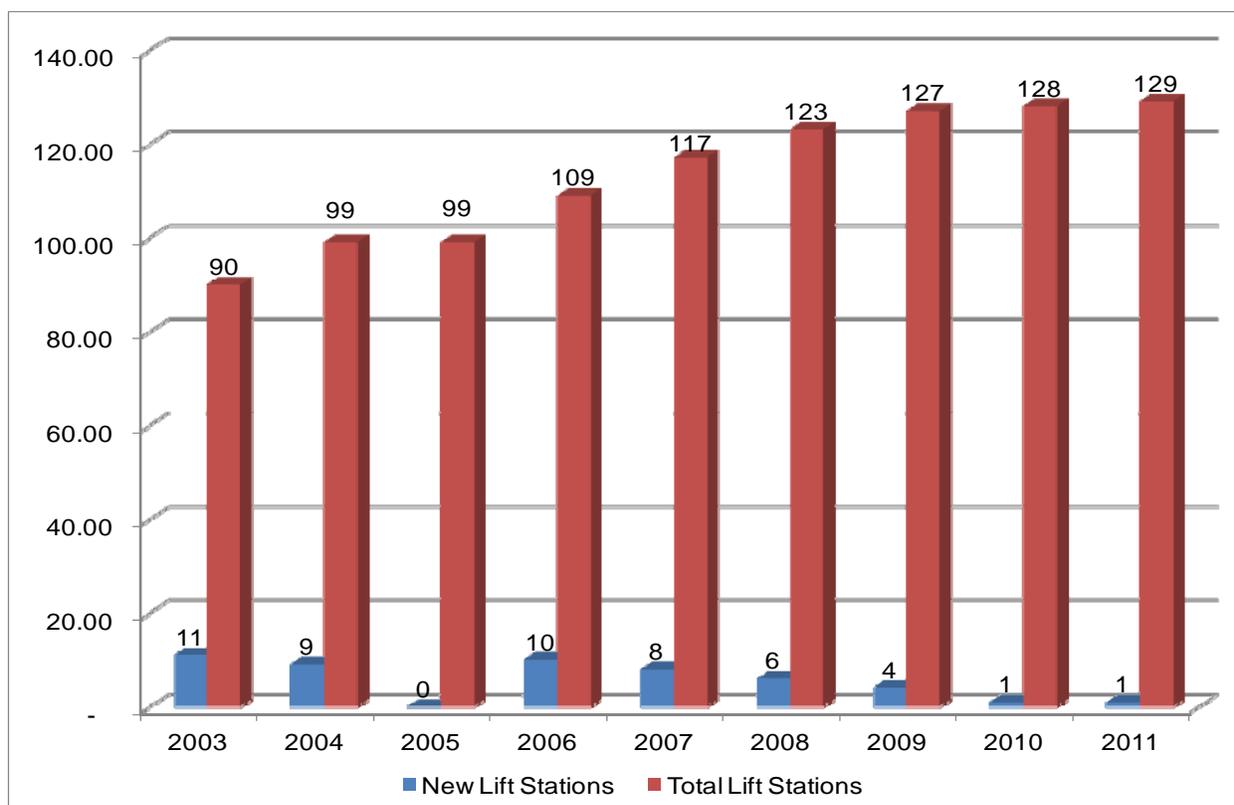
GAI Consultants, Inc. (GAI) is pleased to present herein the Historical Analysis (the “Report”) for the Sewer System (the “System” or “Utility”) authorized by the City of Sanibel (the “City”). This Report discusses the historical aspects of the System including an analysis of operating revenues, expenditures, and customer growth for Fiscal Years 2003 through 2011 (the “Study Period”) based on audited financial results as presented in the City’s Comprehensive Annual Financial Reports.

## **1.0 BACKGROUND**

Until the early 1970s, domestic wastewater treatment on Sanibel Island consisted of septic tanks and small “self-contained” treatment facilities, or package plants serving individual developments. The Island’s first centralized wastewater facility, known as the Jamestown-Beachview Central Wastewater System was established in 1974. This system was sold to Mariner Properties, Inc. in 1977 and then subsequently sold to Sanibel Sewer System Ltd. Partners in 1984. The Sanibel Sewer System was then acquired by the City of Sanibel in August 1991. In conjunction with this acquisition, it was determined that a comprehensive wastewater master plan should be completed in order for the City to best assess future wastewater needs and goals. In addition, a second water reclamation facility (WRF), the Wulfert Point WRF, was constructed on the northwest end of the island by the Sanctuary, as a provision of its developer’s permit and was subsequently donated to the City.

Since the acquisition of the system in 1991 and the completion of the initial Wastewater Master Plan in October 1992, the City has systematically taken the necessary planning and implementation steps to expand and improve the wastewater system. These steps have included the preparation of two additional planning studies, an update of the

Wastewater Master Plan in 1994, and the preparation of the Wastewater Facilities Plan in 1997 and subsequent updates to that Facilities Plan in 1998 and 2000. The City has been proceeding with the capital expansion program presented in the Wastewater Facilities Plan, which is designed to increase wastewater collection, transmission, treatment, and disposal services to a significant portion of the land area within the City limits. The extension of treatment services on the Island can be best illustrated by the increasing number of lift stations over the Study Period. As shown on **Table 1** and in **Chart 1**, there has been a 63% increase in the number of lift stations (50 added over the Study Period).



**Chart 1. New and Cumulative Lift Stations**

This capital expansion program is collectively referred to as the Sewer Expansion Program (the “Program”). Phase V, the most recent phase of the project to be completed, included the connection of 191 Equivalent Residential Units (ERUs) in Sanibel Bayous and 108 ERUs in Blind Pass Condos in July 2008. **Figure 1**, as provided by the City, presents the location of each of the phases of the Program.

Additionally, in 1991, the City adopted an automatic increase each year of three (3)

percent (3.0%) on all rates, fees, and charges. The purpose of this adjustment is to offset the effects of inflation and for the long-term financial sustainability of the Utility System.

## **2.0 SEWER EXPANSION PROGRAM**

### **2.1 Capital Costs**

The Preliminary Cost Estimate for the Program, as identified in the 1998 Water Facilities Plan Update was \$40.18 million. This was based on initial pre-bid, pre-construction estimates as developed for the Utility by the City's Consulting Engineer (Hartman & Associates, Inc.). Currently, the City has incurred Capital Costs for the Program of \$62.67 million with pending costs of \$3.42 million, for total Program Costs of \$66.09 million as detailed on **Schedule 1**.

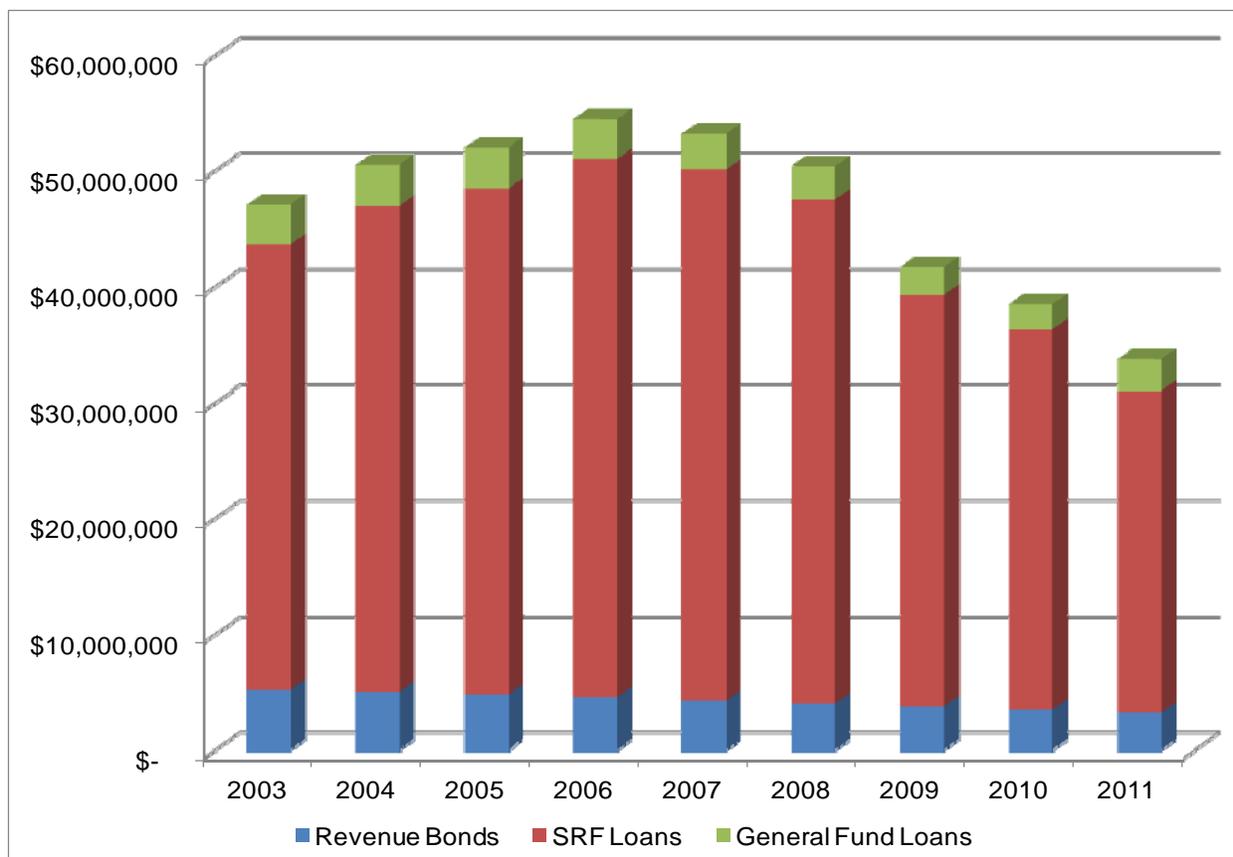
As shown on **Schedule 1**, capital costs have increased by \$25.91 million or 64.5% from the pre-bid, pre-construction initial estimate in 1998. These Program cost increases are primarily attributable to the following:

- The effluent line's modification to the deep well site for dual use so that irrigation water can be provided for customers along the line's route. This change included the addition of irrigation pumps, a 1.5 MG storage tank, laterals, and pressure reducing valves.
- The addition of odor control and noise abatement equipment as well as an upgrade to the pretreatment structure of mechanically cleaned bar screens.
- The modification to chlorine facilities and the chlorine feed system.
- The additional cost to construct facilities during the time weight restrictions were imposed on the Causeway.
- The escalating construction costs consistent with all building construction costs in Florida during the building boom up to 2006. Preliminary design estimates did not take into consideration this excessive inflation on construction costs.
- The modifications to Master Pump Station 3 including a generator, housing architecturally designed for compatibility with the neighborhood, and odor control equipment.

- The costs associated with acquiring, purchasing, and condemning utility easements on private roads.
- The costs associated with delays from the Citizen's Advisory Committee, procurement of easements, Causeway issues, and hurricanes.
- The plant modifications based on recommendations from the Citizen's Advisory Committee (Fiscal Year 2000) to utilize a modified two-plant option (originally to be one-plant option of the 2.5 MGD Donax Plant). These modifications included upsizing the transmission piping and modifying Master Pump Stations 1 & 2 to accommodate flow reversal. This decision was made primarily for emergency treatment for limited flow transfers from the Donax Plant, if treatment and/or transmission disruption occurs.
- Based on recommendations by LCEC for energy savings and surge protection, power factor correction devices and later variable frequency drives (VFDs) were installed on all four plant blowers, irrigation pumps, and deep well disposal pumps.

## 2.2 Funding

The City has utilized the State Revolving Fund (SRF) Loan Program through the Florida Department of Environmental Protection (FDEP) to fund the majority of the Sewer Expansion Program. SRF Loans typically have lower interest rates than Bonds and Bank Loans. The interest rate on these outstanding SRF Loans is approximately 3.0%. In addition to the SRF Loans, \$3.5 million of the City's pooled cash was used to fund construction and improvements of the reuse system including the deep well and transmission to the deep well. The City also has outstanding Revenue Bonds that were used for acquisition of the system assets and other system improvements prior to the start of the Sewer Expansion Program. **Chart 2** below shows the outstanding debt service by type for the Study Period as detailed on **Schedule 2**.



**Chart 2. Outstanding Debt Service**

### 2.3 Repayment Sources

The Program has been designed to equitably recover facility improvements through a series of customer and property owner charges. When the Program commenced, the City elected to dedicate \$20.4 million from Ad Valorem Taxes to assist with pollution control activities, which benefit all residents of the City. In addition, each property owner in each Phase of the Program is required to pay, as improvements are completed, their appropriate fees, charges, and/or assessments from the following:

1. Plant Connection Fee based on facility costs for treatment and disposal expansion necessary to provide capacity for new connections.
2. Transmission Charge based on facility costs for transmission facilities required to serve the wastewater discharges from each property.

3. Special Assessment based on a percent of the gravity sewer line facility costs.
4. User Rates and Charges that provide operating revenues necessary to provide stability and bridge any shortfall resulting from the set funding requirements.

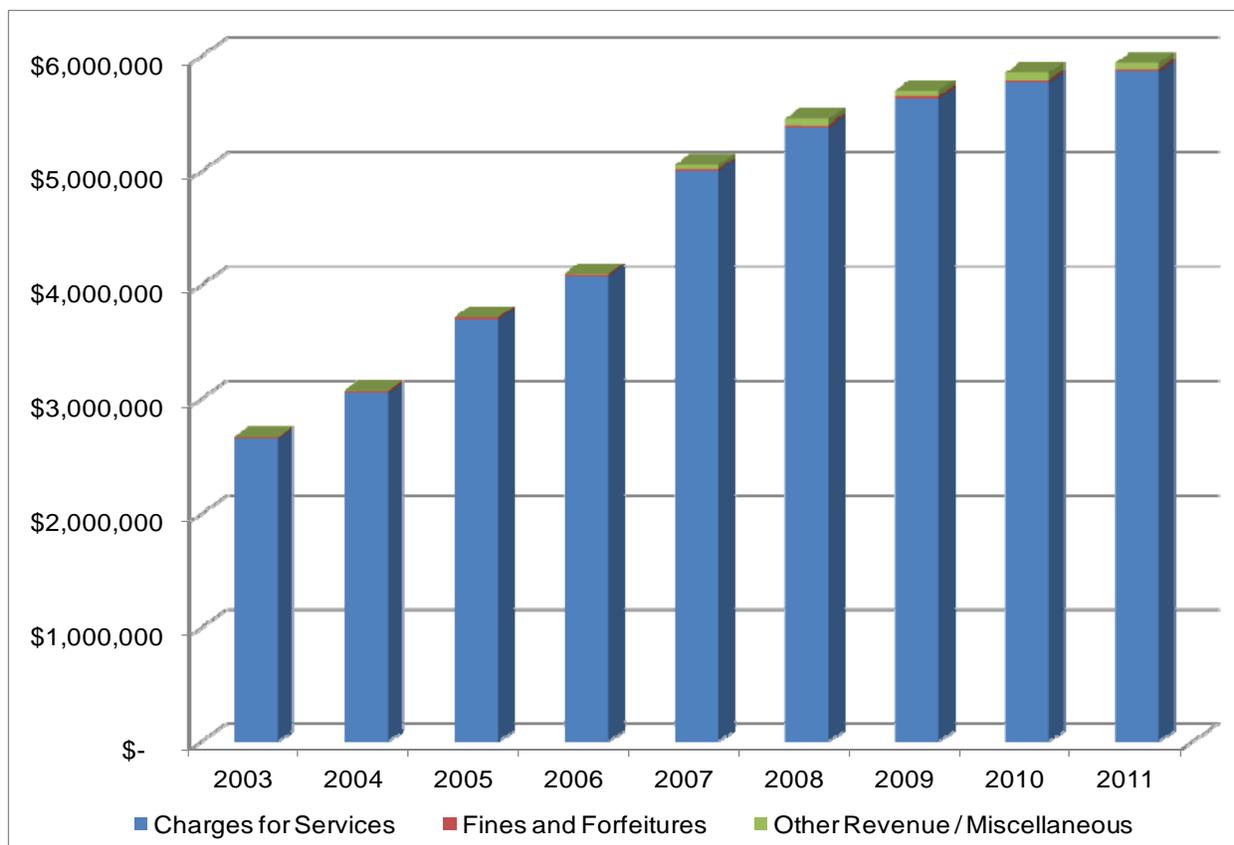
When the Program was initially undertaken, Special Assessments, Transmission Charges, and Connection Fees were anticipated to pay for approximately 50% of the capital costs of the Program with the remaining 50% to be funded through the use of Ad Valorem Taxes. The difference in Program Costs experienced by the City as the program has matured has resulted in the use of User Rates and Charges to supplement Ad Valorem Taxes to fund the remaining 50% of the Program.

### **3.0 ANNUAL OPERATING RESULTS**

The financial and operating results discussed in **Section 3**, are based on information contained in the City's Comprehensive Annual Financial Reports for Fiscal Years 2003 through 2011, as well as information provided by City Staff.

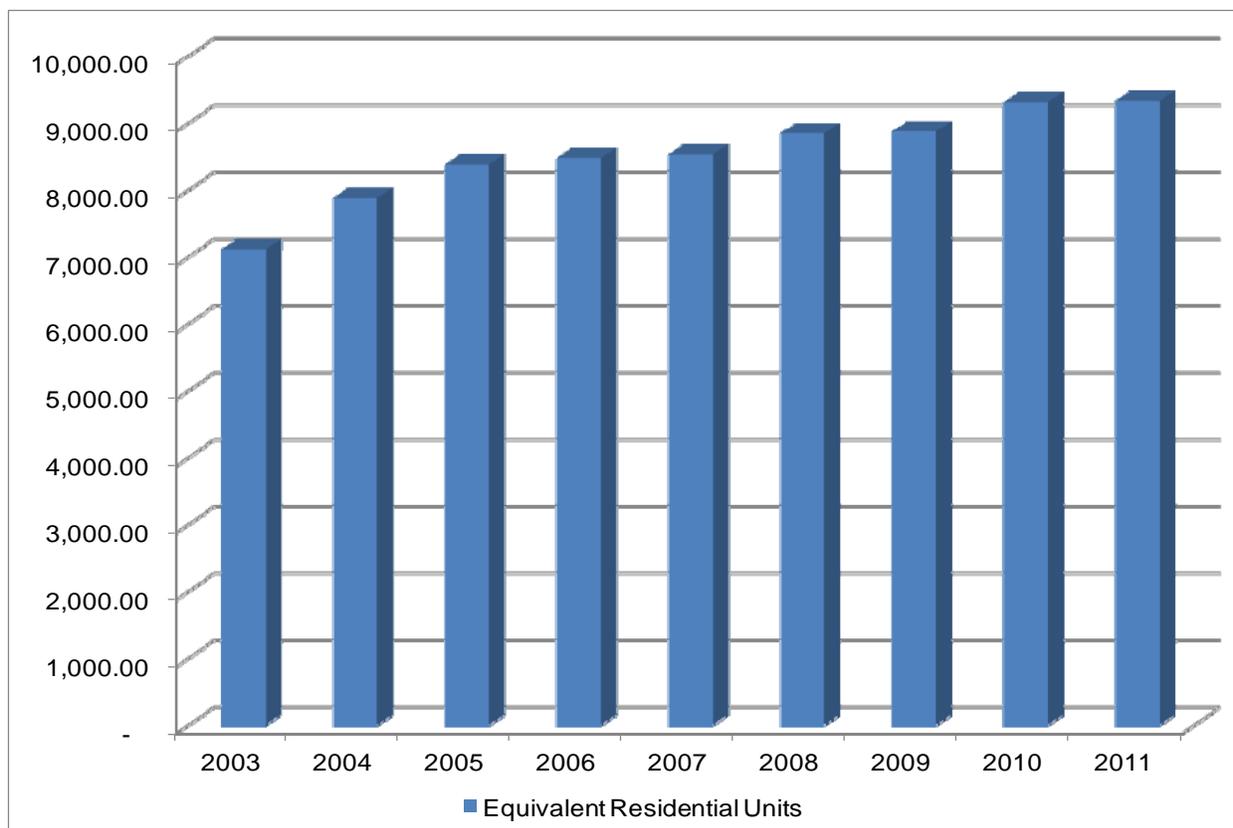
#### **3.1 Operating Revenues**

The Utility's Operating Revenues are comprised of Charges for Services, Fines and Forfeitures, and Other Revenue/Miscellaneous. Charges for Services is the main source of revenue and includes charges for sewer service as well as charges for the sale of effluent (reuse). The Utility began selling reuse in 2004 and for Fiscal Year 2011 generated \$292,893 in reuse revenues representing 5% of the total charges for services of \$5,857,675 as shown on **Schedule 3**. Total Operating Revenues by source are shown on **Chart 3** below as detailed on **Schedule 3**. Total Operating Revenues for the Study Period have increased from \$2,658,452 in FY 2003 to \$5,937,048 in FY 2011.



**Chart 3. Operating Revenues**

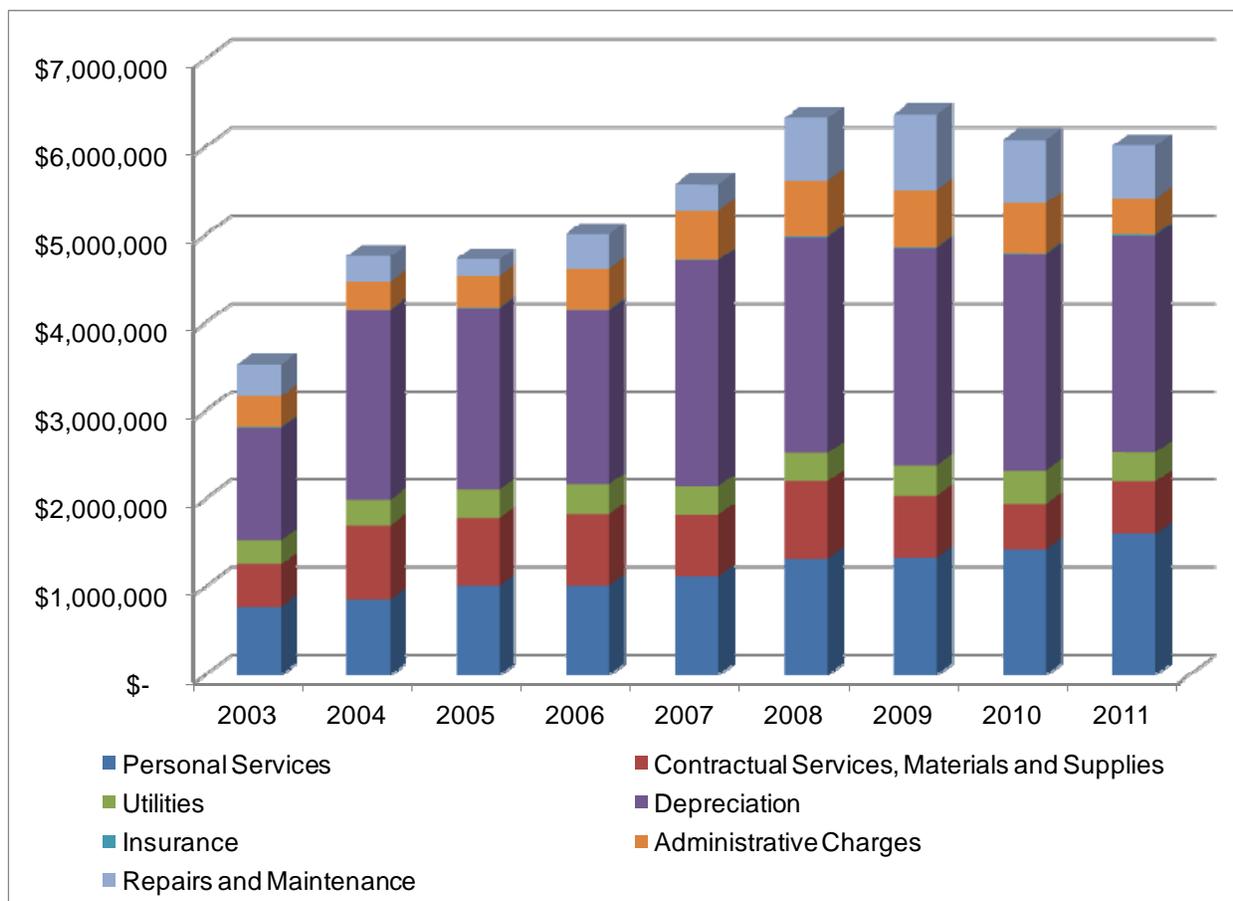
The growth shown in Operating Revenues is due to annual rate adjustments as well as customer growth. Customers of the Utility System are expressed as Sewer Equivalent Residential Units (ERUs) which converts non-residential customers to a residential equivalent. As shown on **Chart 4** below and summarized from **Table 1**, ERUs have increased from 7,106 in FY 2003 to 9,323 in FY 2011.



**Chart 4. Equivalent Residential Units (ERUs)**

### 3.2 Operating Expenses

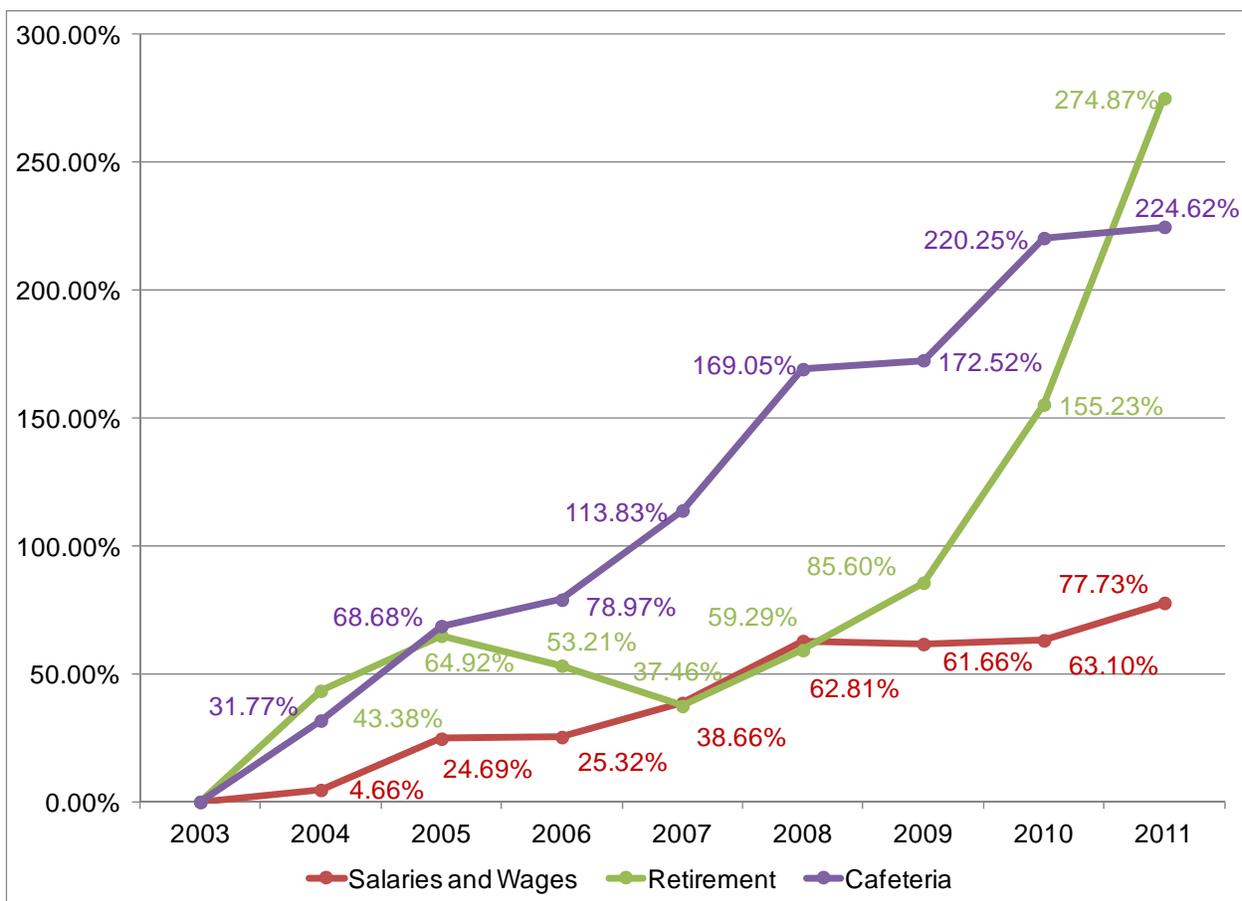
The Utility's Operating Expenses are comprised of Personal Services; Contractual Services, Materials and Supplies; Utilities; Depreciation; Insurance; Administrative Charges; and Repairs and Maintenance. Total Operating Expenses by source are shown on **Chart 5** below as detailed on **Schedule 3**. Total Operating Expenses have ranged from \$3,528,968 in FY 2003 to a high of \$6,371,402 in FY 2009 and were \$6,011,999 in FY 2011. The largest single Operating Expense Category is Depreciation, followed by Personal Services. **Table 1** provides a summary of the total operating expenses as summarized from **Schedule 3**. As shown on **Table 1**, operating expenses, exclusive of depreciation, have gone from \$2,252,211 in FY 2003 to \$3,548,471 in FY 2011.



**Chart 5. Operating Expenses**

- **Depreciation** – Depreciation has ranged from \$1,276,757 in FY 2003 to \$2,463,528 in FY 2011.
- **Personal Services** – Personal Services is comprised of Salaries and Wages, Overtime, Special Pay, FICA Match, Worker’s Compensation, and Unemployment Compensation; Retirement; and Cafeteria Benefits. The breakdown for each of these categories is detailed on **Schedule 4**. Total Salaries and Wages have increased from \$631,542 in FY 2003 to \$1,122,430 in FY 2011, a 77.73% increase. During that same time period, Retirement Benefits have increased from \$67,659 to \$253,631, a 274.87% increase and Cafeteria Benefits have increased from \$68,229 to \$221,482, a 224.62% increase. As these numbers indicate, the increased costs in Personal Services can primarily be attributed to the increases in Retirement and Cafeteria Benefits. **Chart 6** depicts the percentage increases in Personal Services by Major Category.

In addition to the detailed Personal Services Costs, the City tracks Full-Time Equivalent Employees (FTEs). This combines all full-time, part-time and administrative charge back hours and represents them as full-time employee equivalents based on standard full-time work week. As shown on **Table 1**, FTEs for the City's Utility Department have decreased from 19 in FY 2003 to 18.33 in FY 2011. Additionally, it should be noted that starting in FY 2011, the FTE number includes 0.25 FTEs for an accountant position transferred to the sewer fund from the finance department and 1.18 FTEs transferred from the public works department to the sewer fund to reflect work being done for this fund.



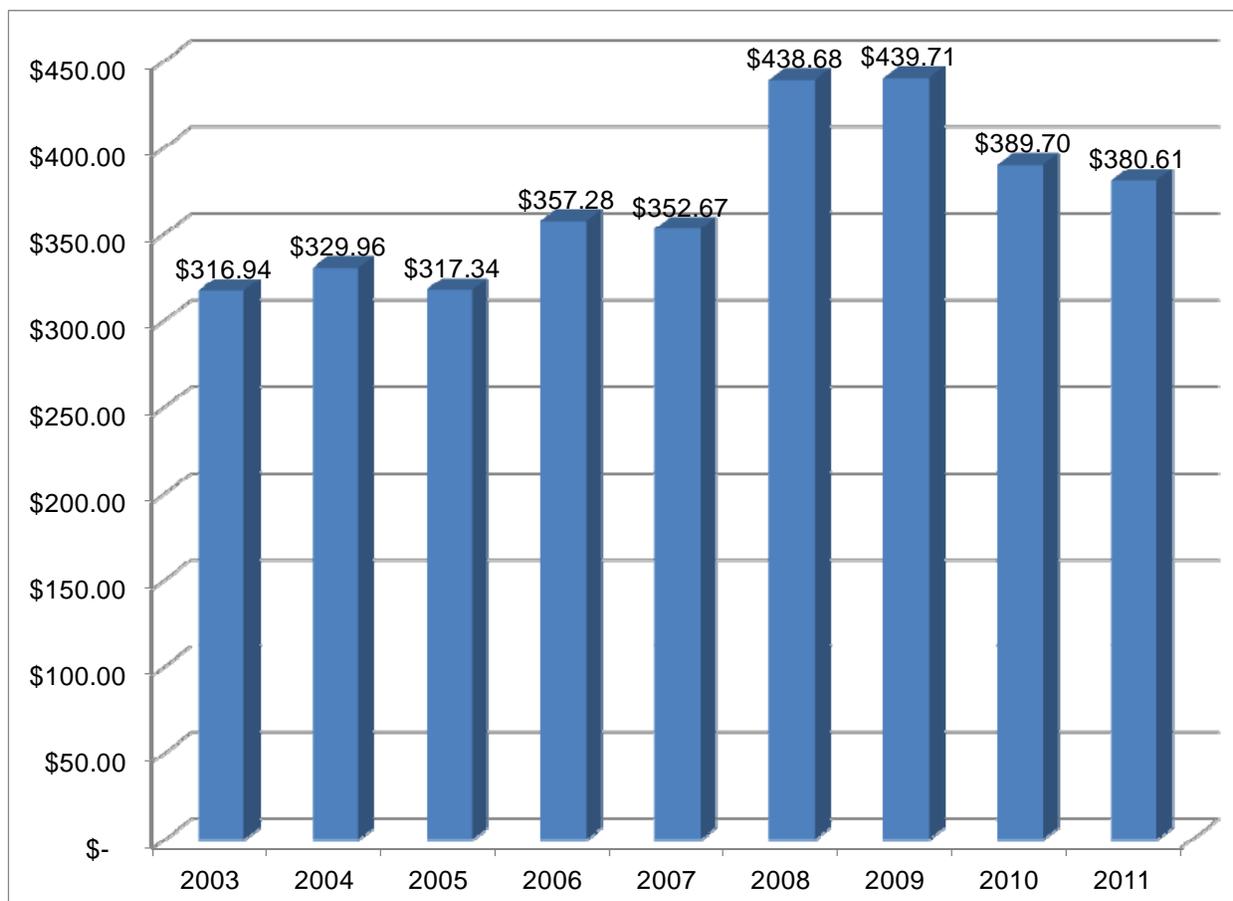
**Chart 6. Personal Services Growth Percentages**

- **Repairs and Maintenance** – Repairs and Maintenance costs have ranged from \$365,391 in FY 2003 to \$605,930 in FY 2011. Part of the Repairs and Maintenance Costs are associated with a Repairs and Maintenance Program undertaken by the Utility to address Infiltration and Inflow (I/I) issues throughout the older portions of

the System. Excessive I/I results in more flows being treated at the wastewater plant which results in higher chemical and power costs. The effects of the last several years of studies and repair work in key areas for I/I have shown a reduction in the average daily flows since 2008, when the most recent phase connected. As shown on **Table 1**, average daily sewer treatment went from 1,506 thousand gallons per day in FY 2008 to 1,122 thousand gallons per day in FY 2011. There are additional factors that influence flows such as occupancy rates and rainfall, making cost savings related to the I/I repairs difficult to estimate. Adding to this difficulty is the short time-period since the I/I repair work in key areas has been completed. While the exact cost savings relative to the I/I repair work is difficult to calculate, the savings expected from the reduction in flows is fairly straight forward. As estimated by City Staff, the cost savings to treat and transport each one-hundred thousand gallons per day is \$182,500 per year.

- **Contractual Services, Materials, and Supplies** – Contractual Services, Materials and Supplies costs have ranged from \$482,717 in FY 2003 to \$594,912 in FY 2011.
- **Administrative Charges** – Administrative Charges include indirect cost allocations for non-utility City Staff time such as the Finance Staff, City Manager, IT, etc.; general insurance; building overhead, etc. Administrative Charges have ranged from \$354,249 in FY 2003 to \$405,049 in FY 2011.
- **Utilities** – Utilities costs have ranged from \$272,647 in FY 2003 to \$329,801 in FY 2011.
- **Insurance** – Insurance costs have ranged from \$9,777 in FY 2003 to \$16,076 in FY 2011.

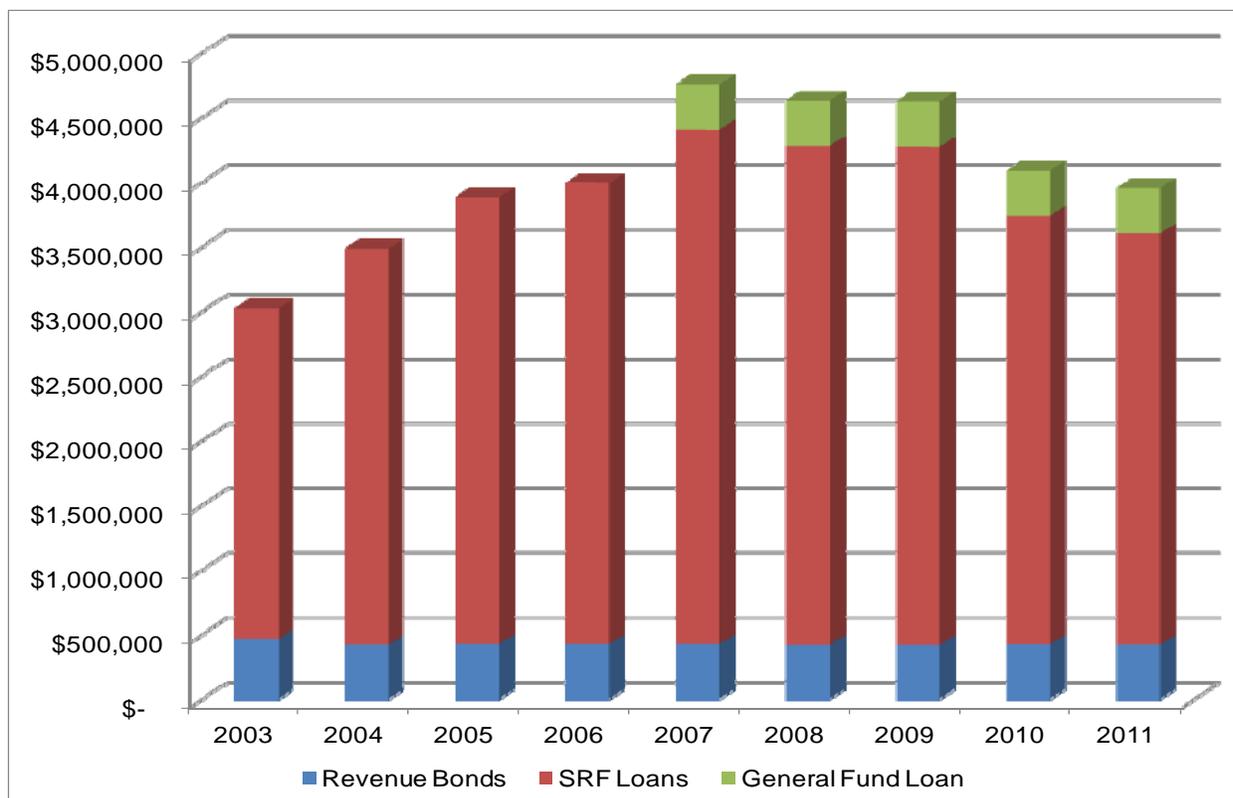
When discussing utility system expenses, an informative metric is the dollar amount of Operations and Maintenance Expense spent per ERU. **Chart 7** shows the Operations and Maintenance Expense less depreciation per ERU as detailed on **Table 1**.



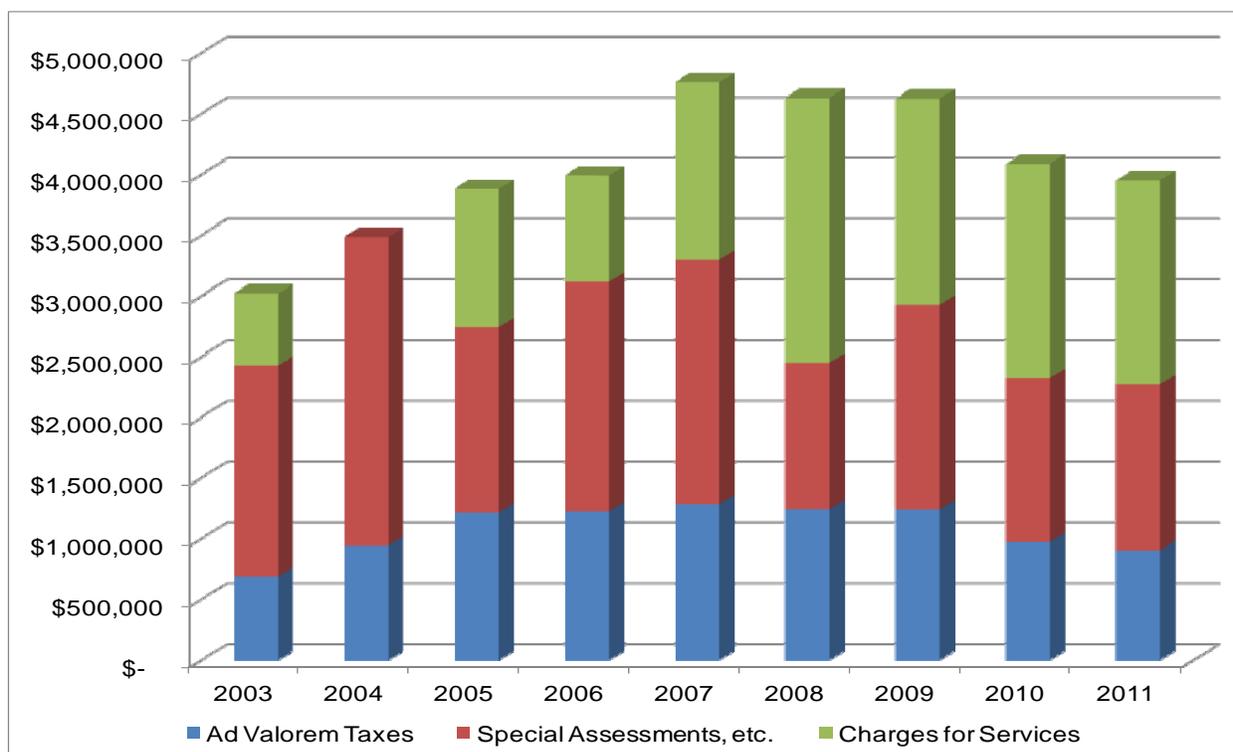
**Chart 7. Total Operations and Maintenance Expenses (less depreciation) Per ERU**

### 3.3 Debt Service Payment

As previously discussed, the Utility has utilized three (3) primary sources for capital funding: 1) Revenue Bonds, 2) SRF Loans, and 3) Loans from the City's General Fund. Annual payments on the Debt Service are shown below on **Chart 8** as detailed on **Schedule 2**. Debt Service payments have ranged from \$3,018,803 in FY 2003 to \$3,950,560 in FY 2011. **Chart 9** depicts the repayment sources associated with the annual debt service payments as summarized from **Schedule 2**.



**Chart 8. Debt Service Payments**



**Chart 9. Debt Service Payment Funding Sources**

#### 4.0 RATE ADJUSTMENTS

As previously discussed, the actual Program Costs are 64.5% higher than the pre-bid, pre-construction initial estimate in 1998. As the costs have escalated, the City has had to raise rates in excess of inflation to fund the Program. These additional rate increases above inflation were 12% in 2005 (15% total rate increase) and 17% in 2007 (20% total rate increase). One of the main reasons for the additional increase in 2005 was due to the hurricanes in FY 2004 and potential impacts of regulatory changes on the System, prompting the City to establish restricted reserve funds for these purposes in FY 2005. A factor in the 2007 rate increase was the previously discussed General Fund Loan of approximately \$3.5 million of the City's pooled cash to fund construction and improvements of the reuse system, including the deep well injection system. Starting in FY 2007, the City Council adopted a 10-year repayment schedule for these advances with a \$350,000 payment budgeted annually (this amount has been adjusted to \$275,000 beginning in FY 2012).

After completion of the 2009 Feasibility Study, the City paid off the SRF Debt Service associated with the Phase IIA project utilizing available balances in the ad valorem tax fund, associated debt service reserve fund, and other unrestricted cash. This was recommended as an option to the City as it helped mitigate the amount of the FY 2010 rate increase that would have been needed to meet coverage requirements of the then outstanding debt. Since that time, the City has paid down additional debt service, when resources are available, to continue to mitigate the rate increases needed to meet coverage. The funds for paying down the debt service primarily come from prepaid assessments. The repayment schedule for the assessment program was set at 20 years to match typical debt service requirements on loans. As shown on **Table 1**, there are a substantial number of customers that have prepaid their assessments, thereby allowing the City to pay off associated debt.

For FY 2011, the City Council elected to not adopt the 3.0% inflationary adjustment to the Sewer Rates and Charges. The rate increases for the Study Period are shown on **Table 1**. **Schedule 5** presents the historic results for the National Consumer Price Index for all Urban Consumers from 1982 through 2011, based on the average annual index. As shown, the historical 30-year average of the Consumer Price Index is 3.07%, which supports the 3.0% annual automatic rate increase adopted in 1991.

## 5.0 SUMMARY

Since the acquisition of the System in 1991, the City has worked to minimize rate shock and excessive rate increases by adopting an annual inflationary rate adjustment of 3.0% as well as seeking out low interest financing for its Sewer Expansion Program through the State Revolving Loan Fund as well as the General Fund. Where financially feasible, the City has made the decision to pay down a portion of this debt to minimize rate increases needed to meet the City's annual coverage requirements on the outstanding System debt.

We appreciate the opportunity to be of service in this matter and look forward to assisting the City with the completion of the Sewer Expansion Program.

Very truly yours,

**GAI Consultants, Inc.**



Tara L. Hollis, C.P.A., M.B.A.  
Environmental Group Manager

### Attachments

cc: Judie Zimomra, City of Sanibel  
Sylvia Edwards, City of Sanibel

## **TABLE, SCHEDULES AND FIGURE**

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**TABLE 1**  
**Summary Financial and Operating Data**  
**City of Sanibel**

Description	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Operating Revenues	\$ 2,658,452	\$ 3,068,264	\$ 3,713,482	\$ 4,096,335	\$ 5,051,569	\$ 5,445,307	\$ 5,694,967	\$ 5,850,009	\$ 5,937,048	
Operating Expenses Excluding Depreciation	\$ 2,252,211	\$ 2,599,767	\$ 2,656,467	\$ 3,024,699	\$ 3,003,673	\$ 3,875,735	\$ 3,897,626	\$ 3,624,996	\$ 3,548,471	
Depreciation	1,276,757	2,154,893	2,064,299	1,977,783	2,566,757	2,450,558	2,473,776	2,455,654	2,463,528	
Total Operating Expenses	\$ 3,528,968	\$ 4,754,660	\$ 4,720,766	\$ 5,002,482	\$ 5,570,430	\$ 6,326,293	\$ 6,371,402	\$ 6,080,650	\$ 6,011,999	
Operating Expenses Excluding Depreciation per ERU	\$ 316.94	\$ 329.96	\$ 317.34	\$ 357.28	\$ 352.67	\$ 438.68	\$ 439.71	\$ 389.70	\$ 380.61	
Annual Rate Increase	3.00%	3.00%	15.00%	3.00%	20.00%	3.00%	3.00%	3.00%	0.00%	
CPI	2.28%	2.66%	3.39%	3.23%	2.85%	3.84%	-0.36%	1.64%	3.14%	
Debt Service Paid	\$ 2,484,887	\$ 3,455,593	\$ 3,863,461	\$ 4,054,219	\$ 4,405,897	\$ 4,085,430	\$ 9,867,111	\$ 4,181,912	\$ 6,560,620	
Full Time Equivalents	19.00	21.00	20.00	18.00	17.25	17.00	17.00	16.57	18.33	
Average daily sewage treatment (thousands of gallons)	1,116.00	1,242.00	1,478.00	1,356.00	1,355.00	1,506.00	1,396.00	1,515.00	1,122.00	
Placement of new collection pipe (linear feet)	67,000.00	-	40,570.00	43,000.00	3,960.00	-	-	-	1,120.00	
New Lift Stations	11.00	9.00	-	10.00	8.00	6.00	4.00	1.00	1.00	
Total Lift Stations	90.00	99.00	99.00	109.00	117.00	123.00	127.00	128.00	129.00	
Sewer equivalent residential units (ERU) (1)	7,106.00	7,879.00	8,371.00	8,466.00	8,517.00	8,835.00	8,864.00	9,302.00	9,323.00	
Number of Financed Assessments Paid In Full	112.00	200.00	71.00	113.00	91.00	63.00	63.00	90.00	85.00	

Special Assessments	Financed Assessments				
	Total # of Assessed Properties	Prepaid Assessments	Initial	Paid In Full as of 9/30/11	Remaining on Installments
Phase 1	489	120	369	208	161
Phase 2A	58	4	54	26	28
Phase 2B	550	75	475	251	224
Phase 2C	720	133	587	296	291
Phase 3A	489	136	353	92	261
Phase 3B	346	64	282	60	222
Phase 5	295	52	243	22	221
Totals	2,947	584	2,363	955	1,408

Note: (1) New method of calculating ERUs in FY10 based upon estimated 240 gallons of wastewater generation per ERU

**SCHEDULE 1**  
**Sewer System Expansion Program**  
**Project Costs**  
**City of Sanibel**

	Project Costs (Million Dollars) (1)		
	Initial Plan 1998 (2)	Projects Completed	Projects Pending
Phase I			
Neighborhood Collection System	(3) \$ 6.23	\$ 6.39	
Phase IIA			
A Donax-Wulfert Point Water Reclamation Facility Transmission Main; Rabbit Road Collection System	\$ 2.76	\$ 6.60	
Phase II			
Donax Water Reclamation Facility Upgrade and Expansion	\$ 10.79	\$ 16.14	
Phase IIB			
Neighborhood Collection System: East Area of City	\$ 3.78	\$ 5.64	
Phase IIC			
Neighborhood Collection System: Gulf Drive Area	\$ 3.78	\$ 8.54	
Phase IIIA			
Neighborhood Collection System: West Area of City	\$ 7.06	\$ 6.54	
Phase IIIB			
Neighborhood Collection System: West Area of City	(4) \$ -	\$ 7.80	
Phase IV			
Neighborhood Collection System: Low Density Area	\$ -		\$ 1.42
Phase V			
Neighborhood Collection: Sanibel Bayous	(5) \$ -	\$ 0.56	
Effluent Disposal System	\$ 5.78	\$ 4.46	\$ 2.00
<b>Total Project Costs</b>	<b>\$ 40.18</b>	<b>\$ 62.67</b>	<b>\$ 3.42</b>

(1) Costs for Project Completed include costs capitalized by the City as well as costs associated with the acquisition of easements as provided by the City.

(2) Initial plan in 1998 not done in the same phases but shown for comparison purposes where they would fall based on work.

(3) Phase I was not shown in the 1998 initial plan but is included here as the decision was made to include the Phase I costs as part of the "plan".

(4) Previously referred to in one phase (Phase III).

(5) Not included in initial plan.

**SCHEDULE 2  
Debt Service  
City of Sanibel**

Description	Fiscal Year Ending September 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Outstanding Debt Service</b>									
Revenue Bonds (1)	\$ 5,243,332	\$ 5,054,392	\$ 4,833,446	\$ 4,604,875	\$ 4,287,269	\$ 4,038,193	\$ 3,784,120	\$ 3,520,045	\$ 3,250,970
State Revolving Fund Loans (1)	38,366,668	41,933,215	43,675,528	46,395,288	45,797,920	43,522,246	35,492,474	32,855,365	27,752,296
General Fund Loans (3)	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,150,000</u>	<u>2,800,000</u>	<u>2,450,000</u>	<u>2,100,000</u>	<u>2,750,000</u>
<b>Total Debt Service Outstanding</b>	<b>\$ 47,110,000</b>	<b>\$ 50,487,607</b>	<b>\$ 52,008,974</b>	<b>\$ 54,500,163</b>	<b>\$ 53,235,189</b>	<b>\$ 50,360,439</b>	<b>\$ 41,726,594</b>	<b>\$ 38,475,410</b>	<b>\$ 33,753,266</b>
<b>Total Debt Service Paid</b>									
Revenue Bonds (2)	\$ 463,874	\$ 417,409	\$ 422,409	\$ 422,209	\$ 421,909	\$ 416,509	\$ 415,839	\$ 419,651	\$ 417,241
SRF Loans (2)	2,554,929	3,067,095	3,457,383	3,568,556	3,981,472	3,860,245	3,854,687	3,315,304	3,183,319
General Fund Loan (3)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>
<b>Total</b>	<b>\$ 3,018,803</b>	<b>\$ 3,484,504</b>	<b>\$ 3,879,792</b>	<b>\$ 3,990,765</b>	<b>\$ 4,753,381</b>	<b>\$ 4,626,754</b>	<b>\$ 4,620,526</b>	<b>\$ 4,084,955</b>	<b>\$ 3,950,560</b>
<b>Repayment Sources</b>									
Ad Valorem Taxes (3)	\$ 688,799	\$ 944,883	\$ 1,215,848	\$ 1,225,068	\$ 1,285,188	\$ 1,242,655	\$ 1,239,878	\$ 970,185	\$ 904,190
Special Assessments, etc. (3)	1,738,785	2,539,621	1,524,891	1,886,892	2,010,321	1,206,139	1,686,480	1,352,555	1,366,404
Charges for Services (3)	<u>591,219</u>	<u>-</u>	<u>1,139,053</u>	<u>878,805</u>	<u>1,457,872</u>	<u>2,177,960</u>	<u>1,694,168</u>	<u>1,762,215</u>	<u>1,679,966</u>
<b>Total</b>	<b>\$ 3,018,803</b>	<b>\$ 3,484,504</b>	<b>\$ 3,879,792</b>	<b>\$ 3,990,765</b>	<b>\$ 4,753,381</b>	<b>\$ 4,626,754</b>	<b>\$ 4,620,526</b>	<b>\$ 4,084,955</b>	<b>\$ 3,950,560</b>

Notes:

- (1) Source: Comprehensive Annual Financial Report Statement of Net Assets.
- (2) Source: Comprehensive Annual Financial Report Notes to the Financial Statements.
- (3) Provided by City Staff.

**SCHEDULE 3**  
**Historical Statement of Revenues and Expenses and Statement of Cash Flows**  
**City of Sanibel**

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>STATEMENT OF REVENUE AND EXPENSES</b>									
<b>Operating Revenue</b>									
Charges for Services	\$ 2,642,335	\$ 3,044,651	\$ 3,694,359	\$ 4,075,568	\$ 5,000,214	\$ 5,374,969	\$ 5,620,158	\$ 5,761,971	\$ 5,857,675
Licenses and Permits	-	-	-	-	-	-	-	-	-
Fines and Forfeitures	15,889	21,984	18,965	16,600	16,008	23,712	24,168	24,057	25,810
Other Revenue / Miscellaneous	228	1,629	158	4,167	35,347	46,626	50,641	63,981	53,563
<b>Total Operating Revenue</b>	<b>\$ 2,658,452</b>	<b>\$ 3,068,264</b>	<b>\$ 3,713,482</b>	<b>\$ 4,096,335</b>	<b>\$ 5,051,569</b>	<b>\$ 5,445,307</b>	<b>\$ 5,694,967</b>	<b>\$ 5,850,009</b>	<b>\$ 5,937,048</b>
<b>Operating Expenses</b>									
Personal Services	\$ 767,430	\$ 847,864	\$ 1,014,117	\$ 1,017,242	\$ 1,114,565	\$ 1,319,556	\$ 1,332,452	\$ 1,421,226	\$ 1,597,543
Contractual Services, Materials and Supplies	482,717	848,027	765,154	803,408	698,848	876,900	699,190	521,376	594,912
Utilities	272,647	292,954	322,319	340,288	325,201	319,070	344,860	378,328	329,801
Depreciation	1,276,757	2,154,893	2,064,299	1,977,783	2,566,757	2,450,558	2,473,776	2,455,654	2,463,528
Insurance	9,777	9,937	9,947	14,573	8,847	14,969	8,785	16,362	16,076
Administrative Charges	354,249	318,563	359,239	460,914	557,889	628,600	648,622	565,022	405,049
Repairs and Maintenance	365,391	282,422	185,691	388,274	298,323	716,640	863,717	722,682	605,090
<b>Total Operating Expenses</b>	<b>\$ 3,528,968</b>	<b>\$ 4,754,660</b>	<b>\$ 4,720,766</b>	<b>\$ 5,002,482</b>	<b>\$ 5,570,430</b>	<b>\$ 6,326,293</b>	<b>\$ 6,371,402</b>	<b>\$ 6,080,650</b>	<b>\$ 6,011,999</b>
<b>Operating Income (Loss)</b>	<b>\$ (870,516)</b>	<b>\$ (1,686,396)</b>	<b>\$ (1,007,284)</b>	<b>\$ (906,147)</b>	<b>\$ (518,861)</b>	<b>\$ (880,986)</b>	<b>\$ (676,435)</b>	<b>\$ (230,641)</b>	<b>\$ (74,951)</b>
<b>Non-Operating Revenue (Expense)</b>									
Taxes	\$ 1,344,129	\$ 1,263,404	\$ 925,113	\$ 1,019,678	\$ 1,131,789	\$ 1,175,625	\$ 1,244,143	\$ 1,241,407	\$ 1,007,540
Investment Earnings / Interest Income	275,731	126,047	288,691	501,917	722,714	250,225	(43,772)	407,100	261,116
Special Assessment Interest Income	60,830	260,110	176,247	703,054	5,566	325,772	345,676	306,914	315,670
Insurance Proceeds on Loss	2,424	-	-	-	-	-	-	-	-
Intergovernmental	-	3,807	50,000	-	555,312	155,966	-	-	-
Gain (loss) on Disposition of Equipment	8,270	-	-	-	537,412	11,640	-	-	13,196
Interest Expense and Fiscal Charges	(665,048)	(1,478,156)	(1,588,920)	(1,708,504)	(1,396,592)	(1,784,579)	(1,492,875)	(1,271,754)	(1,170,496)
<b>Total Non-Operating Revenue (Expenses)</b>	<b>\$ 1,026,336</b>	<b>\$ 175,212</b>	<b>\$ (148,869)</b>	<b>\$ 516,145</b>	<b>\$ 1,556,201</b>	<b>\$ 134,649</b>	<b>\$ 53,172</b>	<b>\$ 683,667</b>	<b>\$ 427,026</b>
<b>Change in Net Assets Before Contributions and Transfers</b>	<b>\$ 155,820</b>	<b>\$ (1,511,184)</b>	<b>\$ (1,156,153)</b>	<b>\$ (390,002)</b>	<b>\$ 1,037,340</b>	<b>\$ (746,337)</b>	<b>\$ (623,263)</b>	<b>\$ 453,026</b>	<b>\$ 352,075</b>
<b>Capital Contributions</b>	<b>\$ 4,290,064</b>	<b>\$ 200,578</b>	<b>\$ 4,801,626</b>	<b>\$ 134,637</b>	<b>\$ 100,952</b>	<b>\$ 686,775</b>	<b>\$ 1,912,990</b>	<b>\$ 61,500</b>	<b>\$ 106,327</b>
<b>Transfers In</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>175,002</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>\$ 4,445,884</b>	<b>\$ (1,310,606)</b>	<b>\$ 3,645,473</b>	<b>\$ (255,365)</b>	<b>\$ 1,138,292</b>	<b>\$ 115,440</b>	<b>\$ 1,289,727</b>	<b>\$ 514,526</b>	<b>\$ 458,402</b>
<b>Total Net Assets (Beginning of Year)</b>	<b>20,071,997</b>	<b>24,517,881</b>	<b>23,207,275</b>	<b>26,852,748</b>	<b>26,597,383</b>	<b>27,735,675</b>	<b>27,851,116</b>	<b>29,140,843</b>	<b>29,655,369</b>
<b>Total Net Assets (End of Year)</b>	<b>\$ 24,517,881</b>	<b>\$ 23,207,275</b>	<b>\$ 26,852,748</b>	<b>\$ 26,597,383</b>	<b>\$ 27,735,675</b>	<b>\$ 27,851,116</b>	<b>\$ 29,140,843</b>	<b>\$ 29,655,369</b>	<b>\$ 30,113,771</b>

**SCHEDULE 3**  
**Historical Statement of Revenues and Expenses and Statement of Cash Flows**  
**City of Sanibel**

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>STATEMENT OF CASH FLOWS</b>									
<b>Cash Flows from Operating Activities:</b>									
Cash received from customers	\$ 2,595,298	\$ 3,044,445	\$ 3,643,670	\$ 4,178,868	\$ 4,857,825	\$ 5,603,073	\$ 5,682,898	\$ 5,810,740	\$ 5,930,301
Cash payments to suppliers	(1,452,662)	(1,670,214)	(1,413,162)	(2,606,125)	(2,137,246)	(2,649,637)	(2,589,654)	(2,203,797)	(1,942,104)
Cash payments to employees	(785,047)	(837,973)	(1,000,168)	(1,036,263)	(1,114,431)	(1,297,316)	(1,304,546)	(1,428,085)	(1,565,142)
Net cash provided by operating activities	<u>357,589</u>	<u>536,258</u>	<u>1,230,340</u>	<u>536,480</u>	<u>1,606,148</u>	<u>1,656,120</u>	<u>1,788,698</u>	<u>2,178,858</u>	<u>2,423,055</u>
<b>Cash Flows from Non-Capital Financing:</b>									
Advances from other funds, net	(1,144,935)	2,059,826	(614,147)	(15,940)	(350,000)	(350,000)	(350,000)	(350,000)	650,000
Subsidy from local agency grants	-	3,808	50,000	-	(6,833)	718,111	-	-	-
Net cash provided (used) by noncapital financ	<u>(1,144,935)</u>	<u>2,063,634</u>	<u>(564,147)</u>	<u>(15,940)</u>	<u>(356,833)</u>	<u>368,111</u>	<u>(350,000)</u>	<u>(350,000)</u>	<u>650,000</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>									
Collection of taxes for bond debt service	1,344,129	1,263,404	925,113	1,019,678	1,131,789	1,175,625	1,244,143	1,241,407	1,007,540
Proceeds from debt issued	14,499,063	5,363,802	3,823,589	4,773,248	1,927,833	-	-	-	-
Capital contributions	192,785	200,578	163,137	134,637	100,952	861,777	470,333	61,500	106,327
Collection of special assessments	1,755,357	2,311,752	1,466,075	1,880,755	1,473,755	889,514	870,474	945,184	953,704
Acquisition and construction of capital assets	(8,710,140)	(6,603,062)	(2,564,643)	(3,983,135)	(2,126,098)	(2,027,892)	(148,539)	(142,150)	(188,396)
Payment to refunding escrow agent	(5,656,119)	-	-	-	-	-	-	-	-
Principal payments on debt	(1,569,671)	(2,047,255)	(2,341,276)	(2,343,119)	(2,842,807)	(2,524,749)	(8,304,772)	(2,922,109)	(5,393,069)
Interest paid	(915,216)	(1,408,338)	(1,522,185)	(1,711,100)	(1,563,090)	(1,560,681)	(1,562,339)	(1,259,803)	(1,167,551)
Premium paid for early bond redemption	(52,900)	-	-	-	-	-	-	-	-
Insurance Proceeds	-	-	-	-	-	-	-	-	-
Disposition of assets	-	-	-	-	537,412	11,640	-	-	17,982
Net cash provided (used) by capital and related financing activities	<u>887,288</u>	<u>(919,119)</u>	<u>(50,190)</u>	<u>(229,036)</u>	<u>(1,360,254)</u>	<u>(3,174,766)</u>	<u>(7,430,700)</u>	<u>(2,075,971)</u>	<u>(4,663,463)</u>
<b>Cash Flows from Investing Activities</b>									
Purchase of investments	-	37,655	-	-	-	(5,229,470)	(563,565)	(1,550,000)	(76,806)
Proceeds from sales and maturities of investm	63,193	-	15,904	8,731	6,629	-	5,122,402	255,772	179,720
Interest and dividends received	269,080	336,115	288,691	501,917	722,714	575,997	361,722	335,098	440,405
Net cash provided by investing activities	<u>332,273</u>	<u>373,770</u>	<u>304,595</u>	<u>510,648</u>	<u>729,343</u>	<u>(4,653,473)</u>	<u>4,920,559</u>	<u>(959,130)</u>	<u>543,319</u>
Net increase in cash and cash equivalents	432,215	2,054,543	920,598	802,152	618,404	(5,804,008)	(1,071,443)	(1,206,243)	(1,047,089)
Cash and cash equivalents-beginning	<u>7,360,802</u>	<u>7,793,017</u>	<u>9,847,560</u>	<u>10,768,158</u>	<u>11,570,310</u>	<u>\$ 12,188,714</u>	<u>6,384,705</u>	<u>5,313,262</u>	<u>4,107,019</u>
Cash and cash equivalents-ending	<u>\$ 7,793,017</u>	<u>\$ 9,847,560</u>	<u>\$ 10,768,158</u>	<u>\$ 11,570,310</u>	<u>\$ 12,188,714</u>	<u>\$ 6,384,706</u>	<u>\$ 5,313,262</u>	<u>\$ 4,107,019</u>	<u>\$ 3,059,930</u>

Source: City of Sanibel Comprehensive Annual Financial Reports

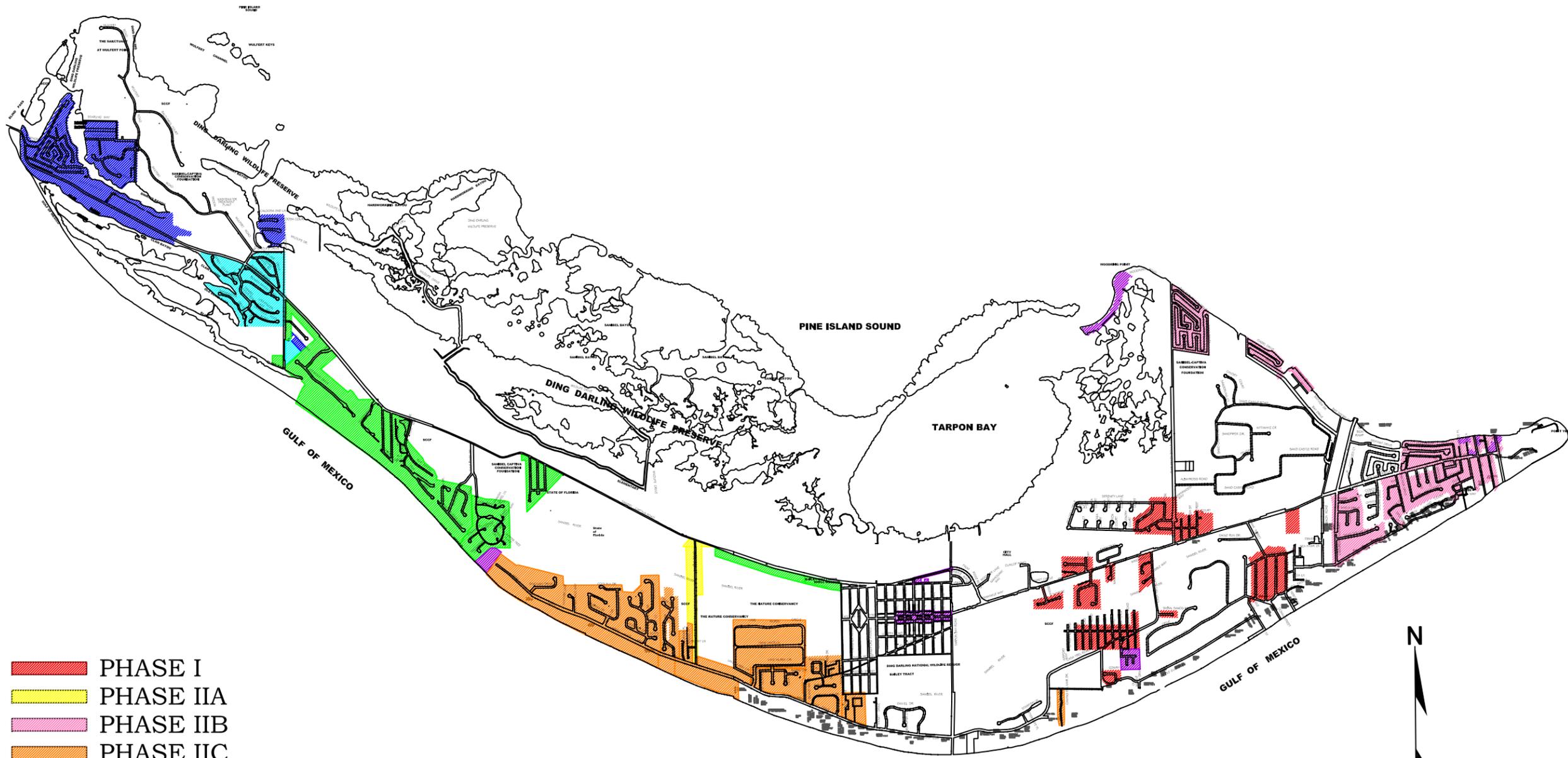
**SCHEDULE 4  
Personal Services Detail  
City of Sanibel**

Description	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
<b>PERSONAL SERVICES</b>										
Salaries & Wages										
Full-time*	\$ 549,372	\$ 576,602	\$ 688,752	\$ 687,187	\$ 737,418	\$ 838,299	\$ 813,091	\$ 805,640	\$ 896,973	
Part-time	-	-	-	2,156	-	6,477	8,356	31,839	33,953	
Salary Adjustments	-	-	-	-	-	-	-	-	-	
Requested positions	-	-	-	-	-	-	-	-	-	
Overtime	30,015	29,972	36,898	37,914	60,776	92,911	85,091	85,084	88,294	
Special Pay	1,377	1,840	3,203	4,171	9,932	12,359	17,356	22,729	12,812	
FICA Match	45,068	44,472	54,371	54,863	60,945	71,943	69,988	71,923	78,714	
Workers' Comp	5,710	4,696	4,222	3,805	6,593	6,080	27,055	12,823	11,684	
Unemployment Comp	-	3,364	-	1,375	-	147	-	-	-	
Subtotal Salaries and Wages	\$ 631,542	\$ 660,946	\$ 787,446	\$ 791,471	\$ 875,665	\$ 1,028,215	\$ 1,020,937	\$ 1,030,038	\$ 1,122,430	
Retirement	67,659	97,010	111,584	103,660	93,004	107,771	125,577	172,686	253,631	
Cafeteria Benefits	68,229	89,908	115,087	122,112	145,895	183,570	185,939	218,502	221,482	
<b>TOTAL PERSONAL SERVICES</b>	<b>\$ 767,430</b>	<b>\$ 847,864</b>	<b>\$ 1,014,117</b>	<b>\$ 1,017,243</b>	<b>\$ 1,114,565</b>	<b>\$ 1,319,556</b>	<b>\$ 1,332,453</b>	<b>\$ 1,421,226</b>	<b>\$ 1,597,543</b>	

Source: City of Sanibel Finance Department.

**SCHEDULE 5**  
**Historical National Consumer Price Index**  
**All Urban Consumers - U.S. City Average**

<b>Year</b>	<b>Index (Annual Average)</b>
1982	6.16%
1983	3.21%
1984	4.32%
1985	3.56%
1986	1.86%
1987	3.65%
1988	4.14%
1989	4.82%
1990	5.40%
1991	4.21%
1992	3.01%
1993	2.99%
1994	2.56%
1995	2.83%
1996	2.95%
1997	2.29%
1998	1.56%
1999	2.21%
2000	3.36%
2001	2.85%
2002	1.58%
2003	2.28%
2004	2.66%
2005	3.39%
2006	3.23%
2007	2.85%
2008	3.84%
2009	-0.36%
2010	1.64%
2011	3.14%
30-Year Average	3.07%



- PHASE I
- PHASE IIA
- PHASE IIB
- PHASE IIC
- PHASE IIIA
- PHASE IIIB
- PHASE IV LOW PRESSURE
- PHASE V SANIBEL BAYOUS



CITY OF SANIBEL UTILITY DEPARTMENT  
SANIBEL SEWER SYSTEM EXPANSION PROJECT

SCALE 1"=2000'

# PHASE MAP

Designed by:					
CHECKED	BY:	DATE:			
QC APPROVAL					
FILE:					
NO.	REVISIONS	DATE	DATE:		

DRAWING FILE  
phase map.dwg  
**FIGURE**  
**1**  
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