

**Coral Springs  
Improvement District**

**Agenda**

**July 23, 2018**



# Coral Springs Improvement District

July 16, 2018

Board of Supervisors  
Coral Springs Improvement District

Dear Board Members:

The public hearing of the Board of Supervisors of the Coral Springs Improvement District will be held on July 23, 2018 at 4:00 p.m. at the Courtyard by Marriott, 620 N. University Drive, Coral Springs, Florida. Following is the advance agenda for the meeting.

1. Roll Call
2. Public Hearing to Consider Adoption of Methodology for the Levy and Collection of Non Ad Valorem Assessments for the Operation and Repair of the District's Stormwater Management System, Resolution 2018-14
3. Supervisors' Requests
4. Adjournment

Any supporting documents not included in the agenda package will be distributed at the meeting. If you have any questions prior to the meeting, please contact me.

Sincerely,

Kenneth Cassel/sd  
District Manager

cc: District Staff  
Terry Lewis  
Seth Behn  
Rick Olson  
Beverley Servé  
Stephen Bloom

## **Second Order of Business**



## TECHNICAL MEMORANDUM

**Stantec Consulting Services, Inc**

200 Business Park Circle, Suite 101  
St. Augustine, FL 32095

Telephone: (904) 247-0787  
Facsimile: (904) 241-7708

---

**DATE:** May 14, 2018  
**TO:** Ken Cassel, District Manager  
**FROM:** Michael Burton, Vice President – Stantec Consulting Services  
**RE:** General Fund Assessment Fee Study – Final Report

---

**INTRODUCTION:** Stantec Consulting Services, Inc. has completed an analysis for the Coral Springs Improvement District, Florida (the District) in which we updated the General Fund Assessment Fee methodology and rate structure.

---

### **A. BACKGROUND**

The District has historically operated, maintained, improved, and expanded its stormwater drainage system throughout the District through the General Fund budget. All operating and capital costs for the system have been funded by revenues generated through an assessment program. The current assessment program is administered on a per-acre basis at \$151.46 per acre for all property classes. Due to increasing costs necessary to operate, maintain and repair the District stormwater management system and recognition of an outdated assessment methodology, the District engaged Stantec Consulting Services, Inc. to prepare a General Fund Assessment Fee Study.

Florida law governing special assessments sets forth two basic requirements: (1) the service and facilities paid for by the assessments must convey a special benefit to the real property subject to the assessment, and (2) the total amount imposed must be fairly and reasonably apportioned among the affected properties (*City of Boca Raton v. State*, 595 So.2D 25 (Fla. 1992)). Local governments have wide discretion in determining whether a service conveys special benefit and whether the costs and benefits are fairly and reasonably apportioned. Florida courts have repeatedly determined that stormwater services convey the special benefit necessary for funding by special

---

assessment. Furthermore, the Florida Supreme Court has upheld apportionment of stormwater assessments based on impervious surface area. See Sarasota County v. Sarasota Church of Christ, Inc., 667 So.2d 180 (Fla. 1996).

## **B. FEE CALCULATION**

This section presents a summary of the analysis conducted in order to create the General Fund Assessment Fee ("Fee"):

### **Base Data**

The following sources of data provided by the District were relied upon in the conduct of the analysis:

1. A property database including all parcels within District limits, as provided by the Broward County Property Appraiser (BCPA).
2. The FY 2018 General Fund operating budget and project-specific 10-year capital improvement program, as provided by the District.

### **Assumptions**

The primary assumptions included in the analysis are as follows:

#### **Projection of Operations and Maintenance Costs**

Cost escalation factors for each expense line item were identified through review with District staff and applied in each year of the projection period, beginning in FY 2019. The weighted average escalation for all operating expenses averages approximately 2.58% throughout the projection period. Schedule 1 of Appendix A details the expense projections based upon the FY 2018 Budget.

#### **Capital Improvement Funding**

District staff identified approximately \$12.85 million in capital improvement expenditures for FY 2018 – FY 2027 for necessary system improvements to upgrade safety and efficiency and to repair substantial hurricane damage. An inflation factor of 2.65% was applied to projects beginning in FY 2020 (based upon recent increases observed in the Engineering News Record - Construction Cost Index). All projects are expected to be cash-funded. The assumed capital spending is presented in project-level detail on Schedule 2 of Appendix A.

## Net Revenue Requirement

The analysis relies upon the establishment of a Net Revenue Requirement (NRR) for the Fee to recover all of the costs associated with the management of the stormwater system through the General Fund. This was accomplished through review of the current operating budget with Staff to ensure all expenses were included. The General Fund's 10-year capital improvement plan (CIP) for FY 2018 – FY 2027 was also reviewed to ensure accuracy and sufficient maintenance of the system. In order to structure the Fee to recover the stormwater system costs at a consistent level, the average annual CIP funding, \$1.43M, was used to calculate the NRR.

In addition, due to recent, powerful hurricanes that have caused significant damage and costs to the fund; the District expressed the goal of creating a hurricane preparedness reserve fund requiring a contribution of \$3 million over a three year period. A level contribution to achieve this goal was included in the NRR. A 5% allowance for early payment discounts and non-collections, a 2% estimation for Tax Collector's Expense, and in the first year of the projection period (FY 2018), the estimated costs for administering the First Class mailing notices of the Fee adoption were included. Appendix A contains the supporting schedules with the above costs defined in line-item detail, and Table 1 on the following page summarizes the calculation of the NRR:

**Table 1**

### Calculation of the Revenue Requirement

| <b>Operating Expenses</b>          | <b>FY 2019</b>      | <b>FY 2020</b>      | <b>FY 2021</b>      | <b>FY 2022</b>      | <b>FY 2023</b>      |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Personnel Services                 | \$ 637,334          | \$ 656,454          | \$ 676,148          | \$ 696,432          | \$ 717,325          |
| Operations & Maintenance           | \$ 662,631          | \$ 677,209          | \$ 692,108          | \$ 707,334          | \$ 722,895          |
| Capital Outlay                     | \$ 48,903           | \$ 49,979           | \$ 51,078           | \$ 52,202           | \$ 53,350           |
| Hurricane Reserve Contribution     | \$ 1,000,000        | \$ 1,000,000        | \$ 1,000,000        | \$ -                | \$ -                |
| <b>Total Operating Expenses</b>    | <b>\$ 2,348,868</b> | <b>\$ 2,383,642</b> | <b>\$ 2,419,333</b> | <b>\$ 1,455,968</b> | <b>\$ 1,493,571</b> |
| 10-Year Average Annual CIP         | \$ 1,449,840        | \$ 1,449,840        | \$ 1,449,840        | \$ 1,449,840        | \$ 1,449,840        |
| <b>Total General Fund Expenses</b> | <b>\$ 3,798,708</b> | <b>\$ 3,833,482</b> | <b>\$ 3,869,174</b> | <b>\$ 2,905,808</b> | <b>\$ 2,943,411</b> |
| Plus: Mailing                      | \$ 0.75             | \$ 9,020            | \$ -                | \$ -                | \$ -                |
| Plus: Tax Collector's Expense      | 2.0%                | \$ 76,000           | \$ 77,000           | \$ 58,000           | \$ 59,000           |
| Plus: Early Payment & Credits      | 5.0%                | \$ 190,000          | \$ 192,000          | \$ 193,000          | \$ 147,000          |
| <b>Gross Revenue Requirement</b>   | <b>\$ 4,073,729</b> | <b>\$ 4,102,482</b> | <b>\$ 4,139,174</b> | <b>\$ 3,108,808</b> | <b>\$ 3,149,411</b> |
| Less: Other Operating Revenues     | \$ (45,900)         | \$ (45,900)         | \$ (45,900)         | \$ (45,900)         | \$ (45,900)         |
| <b>Net Revenue Requirement</b>     | <b>\$ 4,027,829</b> | <b>\$ 4,056,582</b> | <b>\$ 4,093,274</b> | <b>\$ 3,062,908</b> | <b>\$ 3,103,511</b> |

## Equivalent Residential Unit

Since the General Fund exclusively houses the costs associated with operating the stormwater management system, each property's Fee needs to be based on the benefit derived from the operation and maintenance of the District's stormwater system.

The single factor that is the most correlated to the benefit from the system is impervious surface area. Therefore, the appropriate criterion for apportionment of stormwater management system costs identified above to properties within the District is impervious surface area.

Our firm conducted an analysis to define an Equivalent Residential Unit (ERU), in terms of impervious surface per ERU, so costs may be apportioned fairly between residential and non-residential properties. Using the property database we defined the impervious surface of the buildings and miscellaneous improvements located on each parcel within the District. Table 2 below shows the ERU is defined as the average impervious surface area observed for all single-family parcels within the District, which is 3,834 square feet of impervious surface area.

**Table 2**

**Equivalent Residential Unit (ERU)**

|   |              |              |
|---|--------------|--------------|
| Average Single-Family Building Impervious Area      | 2,478        | Sq Ft        |
| Average Single-Family Extra Feature Impervious Area | 1,355        | Sq Ft        |
| <b>Equivalent Residential Unit</b>                  | <b>3,834</b> | <b>Sq Ft</b> |
| Single Family Home =                                | 1            | ERU          |

**ERU Apportionment**

In order to fairly distribute the costs based on ERUs, the properties within the District were separated into two classes: Residential and Non Residential. A tiered Residential rate structure was used to allocate ERUs by a factor correlating to total impervious surface area within tiers, or ranges, of impervious surface area per parcel. A statistical analysis was performed to establish four tiers that would represent one standard deviation above and below the estimated average impervious surface area, as well as two standard deviations above the average for the larger outlier parcels. Each tier was assigned an ERU factor based on their midpoint in proportion to Tier 2, which includes the average impervious surface area for all single-family parcels. Since multi-family) residential dwelling units (including condominium parcels) have less surface area in proportion to single-family residential dwelling units they were assigned the Tier 1 ERU of 0.40 for each residential dwelling unit contained on the parcel. This Table 3 below summarizes the results of the statistical analysis to create residential impervious surface tiers:

Table 3

Equivalent Residential Unit Tiers

| Tier  | ERU  |
|---|------|
| Tier 1 (0 - 3,100 impervious surface sq ft)     | 0.40 |
| Tier 2 (3,101 - 4,600 impervious surface sq ft) | 1.00 |
| Tier 3 (4,601 - 6,200 impervious surface sq ft) | 1.40 |
| Tier 4 (6,201+ impervious surface sq ft)        | 1.81 |

**Non Residential ERU Apportionment**

In order to fairly distribute the costs to the Non Residential properties within the District, the impervious surface area estimated for each parcel is divided by one ERU, or 3,834 square feet, to arrive at the total ERUs apportioned.

**Impervious Surface Estimates**

Based upon the data from the Broward County Property Appraiser, impervious surface area was estimated to determine ERUs allocated to each property. Each Non Residential parcel was apportioned ERUs as described above. Residential parcels were grouped into Tiers as defined above based upon the impervious surface area estimated and then assigned the corresponding ERU factor for the tier into which they were grouped. Table 4 on the following page presents the summary of the ERUs apportioned based on the estimates and the apportionment procedures outlined in previous sections.

Table 4

Apportioned ERUs

| Class           | ERUs          |
|-----------------|---------------|
| Residential     | Tier 1 2,327  |
| Residential     | Tier 2 3,469  |
| Residential     | Tier 3 3,038  |
| Residential     | Tier 4 740    |
| Non Residential | 4,851         |
| <b>Total</b>    | <b>14,426</b> |

### Calculation of Annual Fee per ERU

The apportioned ERUs and the Net Revenue Requirement referenced in the previous sections were used to calculate a General Fund Assessment Fee. Table 5 on the following page shows the calculation of the Fee per ERU based on the assumptions outlined throughout this section. The Fee is shown on an annual basis. The table also presents the total billed revenue net of required exemptions of governmental owned properties.

**Table 5**

#### Allocation of Revenue Requirement

|   |           |                  |
|---|-----------|------------------|
| Net Revenue Requirement                 | \$        | 4,027,829        |
| Cost Recovery                           |           | 100.0%           |
| <b>Adjusted Net Revenue Requirement</b> | <b>\$</b> | <b>4,027,829</b> |
| Divided by: Total Allocated ERUs        |           | 14,426           |
| <b>Annual Assessment Rate per ERU</b>   | <b>\$</b> | <b>279.21</b>    |
| <br>                                    |           |                  |
| <b>Adjusted Net Revenue Requirement</b> | <b>\$</b> | <b>4,027,829</b> |
| Less: Exemptions                        |           | (177,873)        |
| <b>Net Billed Revenue</b>               | <b>\$</b> | <b>3,849,956</b> |
| % of Revenue Requirement                |           | 95.6%            |

Table 6 presents the General Fund Assessment Fee applied to each property in the Residential property class based upon assigned Tier:

**Table 6**

#### Fee by Tier

| Residential Tier                                | ERU  | Assessment |
|---|------|------------|
| Tier 1 (0 - 3,100 impervious surface sq ft)     | 0.40 | \$ 111.68  |
| Tier 2 (3,101 - 4,600 impervious surface sq ft) | 1.00 | \$ 279.21  |
| Tier 3 (4,601 - 6,200 impervious surface sq ft) | 1.40 | \$ 390.89  |
| Tier 4 (6,201+ impervious surface sq ft)        | 1.81 | \$ 505.37  |

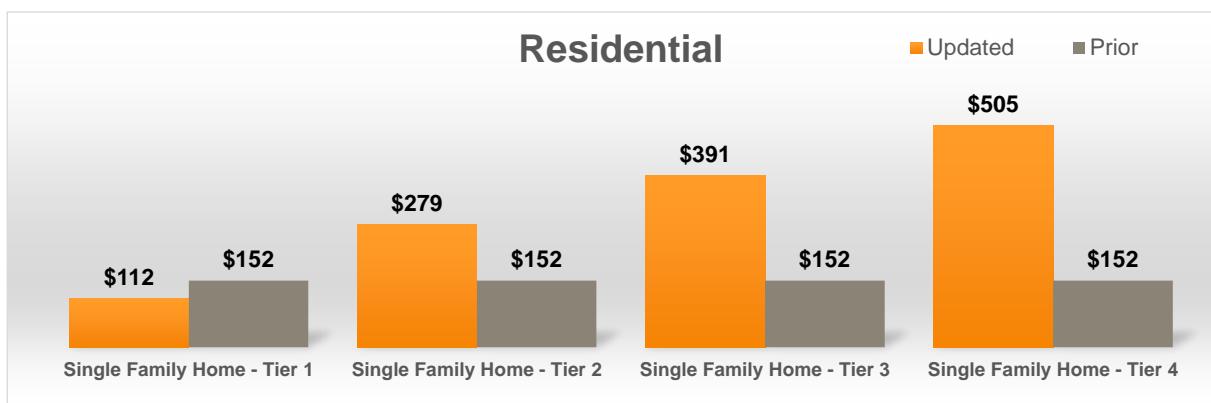
Table 7 on the following page presents the General Fund Fee applied to both sample Residential and Non-Residential properties, along with a comparison to the fee from the previous assessment methodology.

Table 7

Fee Impact Examples

| Parcel Type                   | Impervious Area | ERUs  | Rate      | New Annual Fee | Prior Annual Fee | Annual Change \$ |
|-------------------------------|-----------------|-------|-----------|----------------|------------------|------------------|
| Residential Dwelling - Tier 1 | 1,947           | 0.40  | \$ 279.21 | \$ 112         | \$ 152           | \$ (40)          |
| Residential Dwelling - Tier 2 | 3,423           | 1.00  | \$ 279.21 | \$ 279         | \$ 152           | \$ 127           |
| Residential Dwelling - Tier 3 | 5,449           | 1.40  | \$ 279.21 | \$ 391         | \$ 152           | \$ 239           |
| Residential Dwelling - Tier 4 | 6,792           | 1.81  | \$ 279.21 | \$ 505         | \$ 152           | \$ 354           |
| Small Apartment Building      | 9,354           | 2.00  | \$ 279.21 | \$ 558         | \$ 152           | \$ 407           |
| Large Apartment Building      | 178,965         | 75.20 | \$ 279.21 | \$ 20,997      | \$ 2,580         | \$ 18,416        |
| Retail/Office                 | 21,261          | 5.55  | \$ 279.21 | \$ 1,550       | \$ 152           | \$ 1,398         |
| Big Box Store                 | 188,748         | 49.24 | \$ 279.21 | \$ 13,748      | \$ 1,821         | \$ 11,927        |
| Restaurant                    | 55,191          | 14.40 | \$ 279.21 | \$ 4,021       | \$ 152           | \$ 3,869         |
| Car Dealership                | 187,133         | 48.81 | \$ 279.21 | \$ 13,628      | \$ 1,214         | \$ 12,414        |

The following graphs also feature the impact of the new Fee on the property examples:



## **C. CONCLUSIONS & RECOMMENDATIONS**

Based upon the analyses presented herein, we have reached the following conclusions and recommendations regarding the District's General Fund Assessment Fee Program conducted for the General Fund:

### **Conclusions**

1. As a result of both age and several hurricanes, the CSID stormwater-flood control system has been significantly damaged or compromised causing the District to utilize a substantial portion of its financial reserves to repair or restore the system.
2. Restoring the system to its historic level of flood protection will increase the property value of the benefitted properties by providing flood protection generally, possibly lowering insurance costs and ensuring an enhanced measure of flood protection during hurricane events.
3. The assessment will also allow the District to replenish its reserves for repair or restoration of the system following future hurricanes further benefitting properties within the District
4. The analysis of the General Fund's Net Revenue Requirement and impervious surface area estimates reveals that the full cost recovery Assessment Fee would be \$279.21 Per ERU Annually or \$23.27 per ERU monthly, assuming 100% cost recovery for the Stormwater services provided by District.
5. A tiered User Fee structure is the most fair and equitable way to assess the Residential parcels in the District, while Non Residential parcels should be assessed per ERU.
6. The methodology utilized has been recognized by Florida courts as a methodology that equitably distributes the cost of the proposed assessments to all specially benefitted property within the District.

### **Recommendations**

1. The District should consider adopting a General Fund Assessment Fee up to the full-cost recovery rate structure identified herein, along with the tiered structure for charging Residential properties and the specified rate per ERU for Non Residential properties.

2. The District should continue to review the financial performance of the Fund on an annual basis and evaluate the adequacy of its revenues to meet ongoing expenses. Doing so will allow for the recognition of updated revenue and expense information, as well as changes in economic conditions.

If you have any question or would like to discuss this Technical Memorandum, please do not hesitate to call me at (904) 247-0787.

Sincerely,



Michael E. Burton  
Vice President

#### DISCLAIMER

*This document was produced by Stantec Consulting Services, Inc. ("Stantec") for the Coral Springs Improvement District, FL and is based on a specific scope agreed upon by both parties. In preparing this report, Stantec utilized information and data obtained from the District or public and/or industry sources. Stantec has relied on the information and data without independent verification, except only to the extent such verification is expressly described in this document. Any projections of future conditions presented in the document are not intended as predictions, as there may be differences between forecasted and actual results, and those differences may be material.*

*Additionally, the purpose of this document is to summarize Stantec's analysis and findings related to this project, and it is not intended to address all aspects that may surround the subject area. Therefore, this document may have limitations, assumptions, or reliances on data that are not readily apparent on the face of it. Moreover, the reader should understand that Stantec was called on to provide judgments on a variety of critical factors which are incapable of precise measurement. As such, the use of this document and its findings by the District should only occur after consultation with Stantec, and any use of this document and findings by any other person is done so entirely at their own risk.*

## Appendix

Schedule 1 – Projection of Operating Expenses

Schedule 2 – Capital Improvement Program

## Schedule 1 - Projection of Operating Expenses

## Appendix

| Type                            | Description                                  | FY 2018<br>Budget  | FY 2019<br>Projected | FY 2020<br>Projected | FY 2021<br>Projected | FY 2022<br>Projected | FY 2023<br>Projected | FY 2024<br>Projected | FY 2025<br>Projected | FY 2026<br>Projected | FY 2027<br>Projected | FY 2028<br>Projected | Escalation<br>Factor |
|---------------------------------|--|--------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Personnel Services              | Supervisor Fees                              | \$ 7,200           | \$ 7,416             | \$ 7,638             | \$ 7,868             | \$ 8,104             | \$ 8,347             | \$ 8,597             | \$ 8,855             | \$ 9,121             | \$ 9,394             | \$ 9,676             | 3.0%                 |
| Personnel Services              | Salaries and Wages                           | \$ 145,441         | \$ 149,804           | \$ 154,298           | \$ 158,927           | \$ 163,695           | \$ 168,606           | \$ 173,664           | \$ 178,874           | \$ 184,240           | \$ 189,768           | \$ 195,461           | 3.0%                 |
| Personnel Services              | Special Pay                                  | \$ 266             | \$ 274               | \$ 282               | \$ 291               | \$ 299               | \$ 308               | \$ 318               | \$ 327               | \$ 337               | \$ 347               | \$ 357               | 3.0%                 |
| Personnel Services              | FICA Taxes                                   | \$ 11,678          | \$ 12,028            | \$ 12,389            | \$ 12,761            | \$ 13,144            | \$ 13,538            | \$ 13,944            | \$ 14,362            | \$ 14,793            | \$ 15,237            | \$ 15,694            | 3.0%                 |
| Personnel Services              | Pension Expense                              | \$ 15,999          | \$ 16,479            | \$ 16,973            | \$ 17,483            | \$ 18,007            | \$ 18,547            | \$ 19,104            | \$ 19,677            | \$ 20,267            | \$ 20,875            | \$ 21,501            | 3.0%                 |
| Personnel Services              | Health Insurance                             | \$ 35,857          | \$ 36,933            | \$ 38,041            | \$ 39,182            | \$ 40,357            | \$ 41,568            | \$ 42,815            | \$ 44,100            | \$ 45,423            | \$ 46,785            | \$ 48,189            | 3.0%                 |
| Personnel Services              | Worker's Compensation Ins                    | \$ 410             | \$ 422               | \$ 435               | \$ 448               | \$ 461               | \$ 475               | \$ 490               | \$ 504               | \$ 519               | \$ 535               | \$ 551               | 3.0%                 |
| Operations & Maintenance        | Engineering Fees                             | \$ 30,000          | \$ 30,660            | \$ 31,335            | \$ 32,024            | \$ 32,728            | \$ 33,448            | \$ 34,184            | \$ 34,936            | \$ 35,705            | \$ 36,490            | \$ 37,293            | 2.2%                 |
| Operations & Maintenance        | Legal Fees                                   | \$ 36,000          | \$ 36,792            | \$ 37,601            | \$ 38,429            | \$ 39,274            | \$ 40,138            | \$ 41,021            | \$ 41,924            | \$ 42,846            | \$ 43,789            | \$ 44,752            | 2.2%                 |
| Operations & Maintenance        | Special Consulting Service                   | \$ 79,992          | \$ 81,752            | \$ 83,550            | \$ 85,388            | \$ 87,267            | \$ 89,187            | \$ 91,149            | \$ 93,154            | \$ 95,204            | \$ 97,298            | \$ 99,439            | 2.2%                 |
| Operations & Maintenance        | Annual Audit                                 | \$ 7,850           | \$ 8,023             | \$ 8,199             | \$ 8,380             | \$ 8,564             | \$ 8,752             | \$ 8,945             | \$ 9,142             | \$ 9,343             | \$ 9,548             | \$ 9,758             | 2.2%                 |
| Operations & Maintenance        | Actuarial Computation-OPE                    | \$ 435             | \$ 445               | \$ 454               | \$ 464               | \$ 475               | \$ 485               | \$ 496               | \$ 507               | \$ 518               | \$ 529               | \$ 541               | 2.2%                 |
| Operations & Maintenance        | Management Fees                              | \$ 55,644          | \$ 56,868            | \$ 58,119            | \$ 59,398            | \$ 60,705            | \$ 62,040            | \$ 63,405            | \$ 64,800            | \$ 66,226            | \$ 67,683            | \$ 69,172            | 2.2%                 |
| Operations & Maintenance        | Telephone Expense                            | \$ 3,175           | \$ 3,245             | \$ 3,316             | \$ 3,389             | \$ 3,464             | \$ 3,540             | \$ 3,618             | \$ 3,697             | \$ 3,779             | \$ 3,862             | \$ 3,947             | 2.2%                 |
| Operations & Maintenance        | Postage                                      | \$ 636             | \$ 650               | \$ 664               | \$ 679               | \$ 694               | \$ 709               | \$ 725               | \$ 741               | \$ 757               | \$ 774               | \$ 791               | 2.2%                 |
| Operations & Maintenance        | Printing & Binding                           | \$ 1,200           | \$ 1,226             | \$ 1,253             | \$ 1,281             | \$ 1,309             | \$ 1,338             | \$ 1,367             | \$ 1,397             | \$ 1,428             | \$ 1,460             | \$ 1,492             | 2.2%                 |
| Operations & Maintenance        | Administrative Building Costs                | \$ 12,000          | \$ 12,264            | \$ 12,534            | \$ 12,810            | \$ 13,091            | \$ 13,379            | \$ 13,674            | \$ 13,975            | \$ 14,282            | \$ 14,596            | \$ 14,917            | 2.2%                 |
| Operations & Maintenance        | Insurance                                    | \$ 1,140           | \$ 1,165             | \$ 1,191             | \$ 1,217             | \$ 1,244             | \$ 1,271             | \$ 1,299             | \$ 1,328             | \$ 1,357             | \$ 1,387             | \$ 1,417             | 2.2%                 |
| Operations & Maintenance        | Legal Advertising                            | \$ 2,000           | \$ 2,044             | \$ 2,089             | \$ 2,135             | \$ 2,182             | \$ 2,230             | \$ 2,279             | \$ 2,329             | \$ 2,380             | \$ 2,433             | \$ 2,486             | 2.2%                 |
| Operations & Maintenance        | Computer Expense/Technolo                    | \$ 29,400          | \$ 30,047            | \$ 30,708            | \$ 31,383            | \$ 32,074            | \$ 32,779            | \$ 33,501            | \$ 34,238            | \$ 34,991            | \$ 35,761            | \$ 36,547            | 2.2%                 |
| Operations & Maintenance        | Digital Record Management                    | \$ 1,000           | \$ 1,022             | \$ 1,044             | \$ 1,067             | \$ 1,091             | \$ 1,115             | \$ 1,139             | \$ 1,165             | \$ 1,190             | \$ 1,216             | \$ 1,243             | 2.2%                 |
| Operations & Maintenance        | Office Supplies                              | \$ 7,125           | \$ 7,282             | \$ 7,442             | \$ 7,606             | \$ 7,773             | \$ 7,944             | \$ 8,119             | \$ 8,297             | \$ 8,480             | \$ 8,666             | \$ 8,857             | 2.2%                 |
| Operations & Maintenance        | Dues, Subscriptions, et al                   | \$ 8,300           | \$ 8,483             | \$ 8,669             | \$ 8,860             | \$ 9,055             | \$ 9,254             | \$ 9,458             | \$ 9,666             | \$ 9,878             | \$ 10,096            | \$ 10,318            | 2.2%                 |
| Operations & Maintenance        | Promotional Expense                          | \$ 4,800           | \$ 4,906             | \$ 5,014             | \$ 5,124             | \$ 5,237             | \$ 5,352             | \$ 5,469             | \$ 5,590             | \$ 5,713             | \$ 5,838             | \$ 5,967             | 2.2%                 |
| Personnel Services              | Salaries & Wages                             | \$ 257,579         | \$ 265,306           | \$ 273,266           | \$ 281,464           | \$ 289,907           | \$ 298,605           | \$ 307,563           | \$ 316,790           | \$ 326,293           | \$ 336,082           | \$ 346,165           | 3.0%                 |
| Personnel Services              | Special Pay                                  | \$ 813             | \$ 837               | \$ 863               | \$ 888               | \$ 915               | \$ 942               | \$ 971               | \$ 1,000             | \$ 1,030             | \$ 1,061             | \$ 1,093             | 3.0%                 |
| Personnel Services              | FICA Taxes                                   | \$ 19,704          | \$ 20,295            | \$ 20,904            | \$ 21,531            | \$ 22,177            | \$ 22,842            | \$ 23,528            | \$ 24,233            | \$ 24,960            | \$ 25,709            | \$ 26,481            | 3.0%                 |
| Personnel Services              | Pension Expense                              | \$ 28,334          | \$ 29,184            | \$ 30,060            | \$ 30,961            | \$ 31,890            | \$ 32,847            | \$ 33,832            | \$ 34,847            | \$ 35,893            | \$ 36,969            | \$ 38,079            | 3.0%                 |
| Personnel Services              | Health Insurance                             | \$ 81,220          | \$ 83,657            | \$ 86,166            | \$ 88,751            | \$ 91,414            | \$ 94,156            | \$ 96,981            | \$ 99,890            | \$ 102,887           | \$ 105,974           | \$ 109,153           | 3.0%                 |
| Personnel Services              | Worker's comp Ins                            | \$ 14,270          | \$ 14,698            | \$ 15,139            | \$ 15,593            | \$ 16,061            | \$ 16,543            | \$ 17,039            | \$ 17,550            | \$ 18,077            | \$ 18,619            | \$ 19,178            | 3.0%                 |
| Operations & Maintenance        | Water Quality Testing                        | \$ 2,400           | \$ 2,453             | \$ 2,507             | \$ 2,562             | \$ 2,618             | \$ 2,676             | \$ 2,735             | \$ 2,795             | \$ 2,856             | \$ 2,919             | \$ 2,983             | 2.2%                 |
| Operations & Maintenance        | Communications-Radios/Cellphones             | \$ 1,272           | \$ 1,300             | \$ 1,329             | \$ 1,358             | \$ 1,388             | \$ 1,418             | \$ 1,449             | \$ 1,481             | \$ 1,514             | \$ 1,547             | \$ 1,581             | 2.2%                 |
| Operations & Maintenance        | Electric                                     | \$ 1,411           | \$ 1,442             | \$ 1,474             | \$ 1,506             | \$ 1,539             | \$ 1,573             | \$ 1,608             | \$ 1,643             | \$ 1,679             | \$ 1,716             | \$ 1,754             | 2.2%                 |
| Operations & Maintenance        | Insurance                                    | \$ 15,180          | \$ 15,514            | \$ 15,855            | \$ 16,204            | \$ 16,561            | \$ 16,925            | \$ 17,297            | \$ 17,678            | \$ 18,067            | \$ 18,464            | \$ 18,870            | 2.2%                 |
| Operations & Maintenance        | R&M - General                                | \$ 53,410          | \$ 54,585            | \$ 55,786            | \$ 57,013            | \$ 58,267            | \$ 59,549            | \$ 60,859            | \$ 62,198            | \$ 63,567            | \$ 64,965            | \$ 66,394            | 2.2%                 |
| Operations & Maintenance        | R&M - Culvert Inspection & Cleaning R&M - Cc | \$ 69,500          | \$ 71,029            | \$ 72,592            | \$ 74,189            | \$ 75,821            | \$ 77,489            | \$ 79,194            | \$ 80,936            | \$ 82,716            | \$ 84,536            | \$ 86,396            | 2.2%                 |
| Operations & Maintenance        | R&M - Vegetation Management                  | \$ 50,000          | \$ 51,100            | \$ 52,224            | \$ 53,373            | \$ 54,547            | \$ 55,747            | \$ 56,974            | \$ 58,227            | \$ 59,508            | \$ 60,817            | \$ 62,155            | 2.2%                 |
| Operations & Maintenance        | Oper Supplies • General                      | \$ 1,025           | \$ 1,048             | \$ 1,071             | \$ 1,094             | \$ 1,118             | \$ 1,143             | \$ 1,168             | \$ 1,194             | \$ 1,220             | \$ 1,247             | \$ 1,274             | 2.2%                 |
| Operations & Maintenance        | Oper Supplies • Chemicals                    | \$ 113,346         | \$ 115,840           | \$ 118,388           | \$ 120,993           | \$ 123,654           | \$ 126,375           | \$ 129,155           | \$ 131,997           | \$ 134,900           | \$ 137,868           | \$ 140,901           | 2.2%                 |
| Operations & Maintenance        | Oper Supplies • Uniform Rental               | \$ 1,760           | \$ 1,799             | \$ 1,838             | \$ 1,879             | \$ 1,920             | \$ 1,962             | \$ 2,005             | \$ 2,050             | \$ 2,095             | \$ 2,141             | \$ 2,188             | 2.2%                 |
| Operations & Maintenance        | Oper Supplies • Motor Fuels                  | \$ 54,694          | \$ 55,897            | \$ 57,127            | \$ 58,384            | \$ 59,668            | \$ 60,981            | \$ 62,323            | \$ 63,694            | \$ 65,095            | \$ 66,527            | \$ 67,991            | 2.2%                 |
| Operations & Maintenance        | Dues, Licenses, Schools                      | \$ 3,672           | \$ 3,753             | \$ 3,835             | \$ 3,920             | \$ 4,006             | \$ 4,094             | \$ 4,184             | \$ 4,276             | \$ 4,370             | \$ 4,466             | \$ 4,565             | 2.2%                 |
| Capital Outlay                  | Capital Outlay-Equipment                     | \$ 47,850          | \$ 48,903            | \$ 49,979            | \$ 51,078            | \$ 52,202            | \$ 53,350            | \$ 54,524            | \$ 55,723            | \$ 56,949            | \$ 58,202            | \$ 59,483            | 2.2%                 |
| <b>Total Operating Expenses</b> |  | <b>\$1,314,988</b> | <b>\$1,348,868</b>   | <b>\$1,383,642</b>   | <b>\$1,419,333</b>   | <b>\$1,455,968</b>   | <b>\$1,493,571</b>   | <b>\$1,532,168</b>   | <b>\$1,571,786</b>   | <b>\$1,612,454</b>   | <b>\$1,654,198</b>   | <b>\$1,697,050</b>   |                      |

## Schedule 2 - Capital Improvement Program

## Appendix

| Description                                       | FY 2018             | FY 2019             | FY 2020             | FY 2021             | FY 2022             | FY 2023             | FY 2024             | FY 2025             | FY 2026             | FY 2027             | FY 2028             |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| PS # 1..Engine/Gearhead/Pump                      | \$ -                | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           |
| PS # 2..Engine/Gearhead/Pump                      | \$ -                | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           |
| Culvert Replacement                               | \$ -                | \$ 100,000          | \$ 100,000          | \$ 100,000          | \$ 100,000          | \$ 100,000          | \$ 100,000          | \$ 100,000          | \$ 100,000          | \$ 100,000          | \$ 100,000          |
| Pump Stations..roofs                              | \$ -                | \$ 10,000           | \$ 10,000           | \$ 10,000           | \$ 10,000           | \$ 10,000           | \$ 10,000           | \$ 10,000           | \$ 10,000           | \$ 10,000           | \$ 10,000           |
| Concrete pad on pump intake side-PS 1 & 2         | \$ -                | \$ 27,778           | \$ 27,778           | \$ 27,778           | \$ 27,778           | \$ 27,778           | \$ 27,778           | \$ 27,778           | \$ 27,778           | \$ 27,778           | \$ 27,778           |
| Canal bank restoration...locations 2 thru 5       | \$ -                | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          |
| Canal bank restoration..locations 6 thru 10       | \$ -                | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          |
| FY 2018 Budgeted CIP                              | \$ 1,140,000        | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |
| <b>Total Capital Improvement Program</b>          | <b>\$ 1,140,000</b> | <b>\$ 1,284,978</b> |
| Cumulative Inflation <sup>(1)</sup>               | 1.00                | 1.00                | 1.03                | 1.05                | 1.08                | 1.11                | 1.14                | 1.17                | 1.20                | 1.23                | 1.27                |
| <b>Total Adjusted Capital Improvement Program</b> | <b>\$ 1,140,000</b> | <b>\$ 1,284,978</b> | <b>\$ 1,319,075</b> | <b>\$ 1,354,077</b> | <b>\$ 1,390,008</b> | <b>\$ 1,426,893</b> | <b>\$ 1,464,756</b> | <b>\$ 1,503,624</b> | <b>\$ 1,543,523</b> | <b>\$ 1,584,481</b> | <b>\$ 1,626,526</b> |
| <b>10-Year Average Annual CIP <sup>(2)</sup></b>  | <b>\$ 1,449,794</b> |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |

(1) Inflation based on the ENR Construction Cost Index is applied to the capital improvement projects beginning in FY 2020.

(2) The 10-year average annual CIP is used for the calculation of the net revenue requirement and is based on the estimated capital spending for FY 2019 - FY 2028 provided by staff.

RESOLUTION 2018-14

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE CORAL SPRINGS IMPROVEMENT DISTRICT PROVIDING FOR ADOPTION OF METHODOLOGY FOR THE LEVY AND COLLECTION OF NON-AD VALOREM ASSESSMENTS FOR MAINTENANCE, OPERATION AND REPAIR OF THE DISTRICT'S STORMWATER MANAGEMENT SYSTEM, PROVIDING FOR THE LEVY AND COLLECTION OF NON-AD VALOREM RATES FOR FISCAL YEAR 2018-2019, PROVIDING FOR THE CONTINUATION OF THE ASSESSMENTS AND POTENTIAL ADJUSTMENTS FROM YEAR TO YEAR, PROVIDING FOR CERTIFICATION OF THE STORMWATER MAINTENANCE NON-AD VALOREM ASSESSMENTS USING THE UNIFORM TAX BILL COLLECTION METHOD, PROVIDING FOR SEVERABILITY, PROVIDING AN EFFECTIVE DATE.

WHEREAS, pursuant to Chapter 298, Florida Statutes, Sections 197.3632, et. seq., Florida statutes and Chapter 2004-469, Laws of Florida, the Coral Springs Improvement District (the "District") Board of Supervisors (the "Board") has the power and statutory authority to levy and collect non-ad valorem assessments for the purposes of maintenance, operation and repair of the District stormwater management system, and

WHEREAS, pursuant to Chapter 298, Florida Statutes, Sections 197.3632 et. seq. Florida Statutes and Chapter 2004-469, Laws of Florida, the Board has authority to adopt resolutions updating and modifying the methodology by which the Board determines an equitable and fair method of apportioning non-ad valorem assessments among all specially benefitted property owners within the District, and

WHEREAS, stormwater management non-ad valorem assessments provide funding for the District to maintain, operate and repair the District's stormwater management system which protects all property within the District from floods and property damage that would undoubtedly occur during tropical storms or hurricanes, and

WHEREAS, all non-exempt residential and non-residential property within the District is specially benefitted by the maintenance, operation and repair of the District stormwater management system in that such property's values in the District are enhanced, flood insurance may be obtained at lower rates, and flood-related damage to residential, commercial and institutional property is minimized, and

WHEREAS, Stantec Consulting Services, Inc. ("Stantec"), is a national consulting firm which specializes in developing methodologies that apportion non-ad valorem assessments, impact fees and other charges that are fair and equitable to the owners of property to be assessed for the provision of public services and facilities by local governments. Stantec was retained by the

District to develop a methodology and recommend stormwater assessments for benefitted property within the District, and

WHEREAS, Stantec has prepared a Technical Memorandum dated May 14, 2018 adopted and incorporated herein as Exhibit #1, providing a methodology for the equitable apportionment of assessments to residential and non-residential properties within the District based upon a certain amount of impervious area denominated as an “Equivalent Residential Unit” (ERU), and

WHEREAS, the Stantec report recommends non-ad valorem stormwater assessments for all non-exempt residential and non-residential properties within the District based upon the number of ERUs within a specific property which will generate in aggregate \$3,849,956 annually for the maintenance, operation and repair of the District stormwater system, and

WHEREAS, the benefits received by non-exempt residential and non-residential properties within the District will exceed the amount of these of the stormwater assessments in all classes of benefitted properties.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE CORAL SPRINGS IMPROVEMENT DISTRICT SERVING AS THE GOVERNNG BOARD OF THE DISTRICT, TO WIT:

#### SECTION 1 – BENFITS

1.01 Non-ad valorem assessments for the purpose of maintenance, operation and repair of the District’s stormwater management system provide a special benefit to non-exempt residential and non-residential properties such as flood protection and increased property values as confirmed by governing Florida case law.

1.02 The proposed Stantec methodology and recommended assessments based upon ERUs is fair and equitable and has also been approved numerous times in Florida case law.

#### SECTION 2 – CORAL SPRINGS IMPROVEMENT DISTRICT STORMWATER MAINTENANCE ASSESSMENTS

2.01 The Board of Supervisors adopts and approves the proposed Stantec Technical Memorandum recommending a methodology for the equitable apportionment of assessment of stormwater non-ad valorem assessments to benefitted residential and non-residential properties within the District.

2.02 Pursuant to Chapter 298, Florida Statutes and Section 197.3632 et seq., Florida Statutes, does hereby adopt and approve the ERU standards and rates recommended by the Stantec Technical Memorandum.

2.03 For fiscal year 2018-2019, the Board of Supervisors does hereby levy and adopt an ERU assessment value of \$\_\_\_\_\_ per ERU. For future fiscal years, the ERU assessment value

may be increased up to the maximum ERU assessment value recommended by the Stantec Technical Memorandum.

2.04 Pursuant to Section 197.3632 et. seq., the Board of Supervisors authorizes the use of the Uniform Tax Bill Collection Method for the collection of District non-ad valorem assessments to be collected by the Broward County Tax Collector.

#### SECTION 3 – CONFLICTS

3.01 If there is any conflict between the provisions of this Resolution and any other resolution or portions thereof, the provisions of this Resolution shall prevail to the extent of such conflict.

#### SECTION 4 – SEVERABILITY

4.01 If any section, subsection, clause, phrase or portion of this Resolution is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions.

#### SECTION 5 – EFFECTIVE DATE

5.01 This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED by the Board of Supervisors of the Coral Springs Improvement District this July 23, 2018.

---

Martin Shank, President

---

Kenneth Cassel, Assistant Secretary

APPROVED AS TO FORM:

---

Terry E. Lewis, District Attorney



## TECHNICAL MEMORANDUM

**Stantec Consulting Services, Inc.**  
200 Business Park Circle, Suite 101  
St. Augustine, FL 32095

Telephone: (904) 247-0787  
Facsimile: (904) 241-7708

---

**DATE:** May 14, 2018  
**TO:** Ken Cassel, District Manager  
**FROM:** Michael Burton, Vice President – Stantec Consulting Services  
**RE:** **General Fund Assessment Fee Study – Final Report**

---

**INTRODUCTION:** Stantec Consulting Services, Inc. has completed an analysis for the Coral Springs Improvement District, Florida (the District) in which we updated the General Fund Assessment Fee methodology and rate structure.

---

### **A. BACKGROUND**

The District has historically operated, maintained, improved, and expanded its stormwater drainage system throughout the District through the General Fund budget. All operating and capital costs for the system have been funded by revenues generated through an assessment program. The current assessment program is administered on a per-acre basis at \$151.46 per acre for all property classes. Due to increasing costs necessary to operate, maintain and repair the District stormwater management system and recognition of an outdated assessment methodology, the District engaged Stantec Consulting Services, Inc. to prepare a General Fund Assessment Fee Study.

Florida law governing special assessments sets forth two basic requirements: (1) the service and facilities paid for by the assessments must convey a special benefit to the real property subject to the assessment, and (2) the total amount imposed must be fairly and reasonably apportioned among the affected properties (*City of Boca Raton v. State*, 595 So.2D 25 (Fla. 1992)). Local governments have wide discretion in determining whether a service conveys special benefit and whether the costs and benefits are fairly and reasonably apportioned. Florida courts have repeatedly determined that stormwater services convey the special benefit necessary for funding by special

assessment. Furthermore, the Florida Supreme Court has upheld apportionment of stormwater assessments based on impervious surface area. See Sarasota County v. Sarasota Church of Christ, Inc., 667 So.2d 180 (Fla. 1996).

## **B. FEE CALCULATION**

This section presents a summary of the analysis conducted in order to create the General Fund Assessment Fee ("Fee"):

### **Base Data**

The following sources of data provided by the District were relied upon in the conduct of the analysis:

1. A property database including all parcels within District limits, as provided by the Broward County Property Appraiser (BCPA).
2. The FY 2018 General Fund operating budget and project-specific 10-year capital improvement program, as provided by the District.

### **Assumptions**

The primary assumptions included in the analysis are as follows:

#### **Projection of Operations and Maintenance Costs**

Cost escalation factors for each expense line item were identified through review with District staff and applied in each year of the projection period, beginning in FY 2019. The weighted average escalation for all operating expenses averages approximately 2.58% throughout the projection period. Schedule 1 of Appendix A details the expense projections based upon the FY 2018 Budget.

#### **Capital Improvement Funding**

District staff identified approximately \$12.85 million in capital improvement expenditures for FY 2018 – FY 2027 for necessary system improvements to upgrade safety and efficiency and to repair substantial hurricane damage. An inflation factor of 2.65% was applied to projects beginning in FY 2020 (based upon recent increases observed in the Engineering News Record - Construction Cost Index). All projects are expected to be cash-funded. The assumed capital spending is presented in project-level detail on Schedule 2 of Appendix A.

### Net Revenue Requirement

The analysis relies upon the establishment of a Net Revenue Requirement (NRR) for the Fee to recover all of the costs associated with the management of the stormwater system through the General Fund. This was accomplished through review of the current operating budget with Staff to ensure all expenses were included. The General Fund's 10-year capital improvement plan (CIP) for FY 2018 – FY 2027 was also reviewed to ensure accuracy and sufficient maintenance of the system. In order to structure the Fee to recover the stormwater system costs at a consistent level, the average annual CIP funding, \$1.43M, was used to calculate the NRR.

In addition, due to recent, powerful hurricanes that have caused significant damage and costs to the fund; the District expressed the goal of creating a hurricane preparedness reserve fund requiring a contribution of \$3 million over a three year period. A level contribution to achieve this goal was included in the NRR. A 5% allowance for early payment discounts and non-collections, a 2% estimation for Tax Collector's Expense, and in the first year of the projection period (FY 2018), the estimated costs for administering the First Class mailing notices of the Fee adoption were included. Appendix A contains the supporting schedules with the above costs defined in line-item detail, and Table 1 on the following page summarizes the calculation of the NRR:

**Table 1**

#### Calculation of the Revenue Requirement

| <b>Operating Expenses</b>          | <b>FY 2019</b>      | <b>FY 2020</b>      | <b>FY 2021</b>      | <b>FY 2022</b>      | <b>FY 2023</b>      |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Personnel Services                 | \$ 637,334          | \$ 656,454          | \$ 676,148          | \$ 696,432          | \$ 717,325          |
| Operations & Maintenance           | \$ 662,631          | \$ 677,209          | \$ 692,108          | \$ 707,334          | \$ 722,895          |
| Capital Outlay                     | \$ 48,903           | \$ 49,979           | \$ 51,078           | \$ 52,202           | \$ 53,350           |
| Hurricane Reserve Contribution     | \$ 1,000,000        | \$ 1,000,000        | \$ 1,000,000        | \$ 1,000,000        | \$ 1,000,000        |
| <b>Total Operating Expenses</b>    | <b>\$ 2,348,868</b> | <b>\$ 2,383,642</b> | <b>\$ 2,419,333</b> | <b>\$ 1,455,968</b> | <b>\$ 1,493,571</b> |
| 10-Year Average Annual CIP         | \$ 1,449,840        | \$ 1,449,840        | \$ 1,449,840        | \$ 1,449,840        | \$ 1,449,840        |
| <b>Total General Fund Expenses</b> | <b>\$ 3,798,708</b> | <b>\$ 3,833,482</b> | <b>\$ 3,869,174</b> | <b>\$ 2,905,808</b> | <b>\$ 2,943,411</b> |
| Plus: Mailing                      | \$ 0.75             | \$ 9,020            | \$ -                | \$ -                | \$ -                |
| Plus: Tax Collector's Expense      | 2.0%                | \$ 76,000           | \$ 77,000           | \$ 58,000           | \$ 59,000           |
| Plus: Early Payment & Credits      | 5.0%                | \$ 190,000          | \$ 192,000          | \$ 193,000          | \$ 145,000          |
| <b>Gross Revenue Requirement</b>   | <b>\$ 4,073,729</b> | <b>\$ 4,102,482</b> | <b>\$ 4,139,174</b> | <b>\$ 3,108,808</b> | <b>\$ 3,149,411</b> |
| Less: Other Operating Revenues     | \$ (45,900)         | \$ (45,900)         | \$ (45,900)         | \$ (45,900)         | \$ (45,900)         |
| <b>Net Revenue Requirement</b>     | <b>\$ 4,027,829</b> | <b>\$ 4,056,582</b> | <b>\$ 4,093,274</b> | <b>\$ 3,062,908</b> | <b>\$ 3,103,511</b> |

#### Equivalent Residential Unit

Since the General Fund exclusively houses the costs associated with operating the stormwater management system, each property's Fee needs to be based on the benefit derived from the operation and maintenance of the District's stormwater system.

The single factor that is the most correlated to the benefit from the system is impervious surface area. Therefore, the appropriate criterion for apportionment of stormwater management system costs identified above to properties within the District is impervious surface area.

Our firm conducted an analysis to define an Equivalent Residential Unit (ERU), in terms of impervious surface per ERU, so costs may be apportioned fairly between residential and non-residential properties. Using the property database we defined the impervious surface of the buildings and miscellaneous improvements located on each parcel within the District. Table 2 below shows the ERU is defined as the average impervious surface area observed for all single-family parcels within the District, which is 3,834 square feet of impervious surface area.

**Table 2**

**Equivalent Residential Unit (ERU)**

|   |              |              |
|---|--------------|--------------|
| Average Single-Family Building Impervious Area      | 2,478        | Sq Ft        |
| Average Single-Family Extra Feature Impervious Area | 1,355        | Sq Ft        |
| <b>Equivalent Residential Unit</b>                  | <b>3,834</b> | <b>Sq Ft</b> |
| Single Family Home =                                | 1            | ERU          |

**ERU Apportionment**

In order to fairly distribute the costs based on ERUs, the properties within the District were separated into two classes: Residential and Non Residential. A tiered Residential rate structure was used to allocate ERUs by a factor correlating to total impervious surface area within tiers, or ranges, of impervious surface area per parcel. A statistical analysis was performed to establish four tiers that would represent one standard deviation above and below the estimated average impervious surface area, as well as two standard deviations above the average for the larger outlier parcels. Each tier was assigned an ERU factor based on their midpoint in proportion to Tier 2, which includes the average impervious surface area for all single-family parcels. Since multi-family residential dwelling units (including condominium parcels) have less surface area in proportion to single-family residential dwelling units they were assigned the Tier 1 ERU of 0.40 for each residential dwelling unit contained on the parcel. This Table 3 below summarizes the results of the statistical analysis to create residential impervious surface tiers:

**Table 3**

**Equivalent Residential Unit Tiers**

| <b>Tier</b>                                     | <b>ERU</b> |
|---|------------|
| Tier 1 (0 - 3,100 impervious surface sq ft)     | 0.40       |
| Tier 2 (3,101 - 4,600 impervious surface sq ft) | 1.00       |
| Tier 3 (4,601 - 6,200 impervious surface sq ft) | 1.40       |
| Tier 4 (6,201+ impervious surface sq ft)        | 1.81       |

**Non Residential ERU Apportionment**

In order to fairly distribute the costs to the Non Residential properties within the District, the impervious surface area estimated for each parcel is divided by one ERU, or 3,834 square feet, to arrive at the total ERUs apportioned.

**Impervious Surface Estimates**

Based upon the data from the Broward County Property Appraiser, impervious surface area was estimated to determine ERUs allocated to each property. Each Non Residential parcel was apportioned ERUs as described above. Residential parcels were grouped into Tiers as defined above based upon the impervious surface area estimated and then assigned the corresponding ERU factor for the tier into which they were grouped. Table 4 on the following page presents the summary of the ERUs apportioned based on the estimates and the apportionment procedures outlined in previous sections.

**Table 4**

**Appportioned ERUs**

| <b>Class</b>    |        | <b>ERUs</b>   |
|-----------------|--------|---------------|
| Residential     | Tier 1 | 2,327         |
| Residential     | Tier 2 | 3,469         |
| Residential     | Tier 3 | 3,038         |
| Residential     | Tier 4 | 740           |
| Non Residential |        | 4,851         |
| <b>Total</b>    |        | <b>14,426</b> |

### Calculation of Annual Fee per ERU

The apportioned ERUs and the Net Revenue Requirement referenced in the previous sections were used to calculate a General Fund Assessment Fee. Table 5 on the following page shows the calculation of the Fee per ERU based on the assumptions outlined throughout this section. The Fee is shown on an annual basis. The table also presents the total billed revenue net of required exemptions of governmental owned properties.

**Table 5**

#### Allocation of Revenue Requirement

|   |           |                  |
|---|-----------|------------------|
| Net Revenue Requirement                 | \$        | 4,027,829        |
| Cost Recovery                           |           | 100.0%           |
| <b>Adjusted Net Revenue Requirement</b> | <b>\$</b> | <b>4,027,829</b> |
| Divided by: Total Allocated ERUs        |           | 14,426           |
| <b>Annual Assessment Rate per ERU</b>   | <b>\$</b> | <b>279.21</b>    |
| <br>                                    |           |                  |
| <b>Adjusted Net Revenue Requirement</b> | <b>\$</b> | <b>4,027,829</b> |
| Less: Exemptions                        |           | (177,873)        |
| <b>Net Billed Revenue</b>               | <b>\$</b> | <b>3,849,956</b> |
| % of Revenue Requirement                |           | 95.6%            |

Table 6 presents the General Fund Assessment Fee applied to each property in the Residential property class based upon assigned Tier:

**Table 6**

#### Fee by Tier

| <b>Residential Tier</b>                         | <b>ERU</b> | <b>Assessment</b> |
|---|------------|-------------------|
| Tier 1 (0 - 3,100 impervious surface sq ft)     | 0.40       | \$ 111.68         |
| Tier 2 (3,101 - 4,600 impervious surface sq ft) | 1.00       | \$ 279.21         |
| Tier 3 (4,601 - 6,200 impervious surface sq ft) | 1.40       | \$ 390.89         |
| Tier 4 (6,201+ impervious surface sq ft)        | 1.81       | \$ 505.37         |

Table 7 on the following page presents the General Fund Fee applied to both sample Residential and Non-Residential properties, along with a comparison to the fee from the previous assessment methodology.

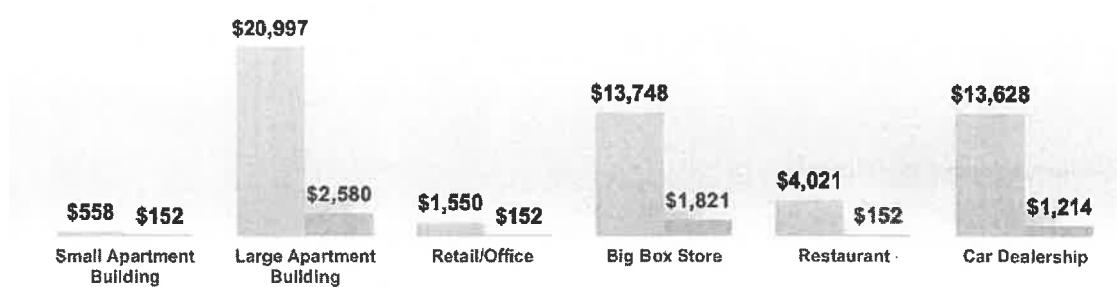
**Table 7**

Fee Impact Examples

| Parcel Type                   | Impervious Area | ERUs  | Rate      | New Annual Fee | Prior Annual Fee | Annual Change \$ |
|-------------------------------|-----------------|-------|-----------|----------------|------------------|------------------|
| Residential Dwelling - Tier 1 | 1,947           | 0.40  | \$ 279.21 | \$ 112         | \$ 152           | \$ (40)          |
| Residential Dwelling - Tier 2 | 3,423           | 1.00  | \$ 279.21 | \$ 279         | \$ 152           | \$ 127           |
| Residential Dwelling - Tier 3 | 5,449           | 1.40  | \$ 279.21 | \$ 391         | \$ 152           | \$ 239           |
| Residential Dwelling - Tier 4 | 6,792           | 1.81  | \$ 279.21 | \$ 505         | \$ 152           | \$ 354           |
| Small Apartment Building      | 9,354           | 2.00  | \$ 279.21 | \$ 558         | \$ 152           | \$ 407           |
| Large Apartment Building      | 178,965         | 75.20 | \$ 279.21 | \$ 20,997      | \$ 2,580         | \$ 18,416        |
| Retail/Office                 | 21,261          | 5.55  | \$ 279.21 | \$ 1,550       | \$ 152           | \$ 1,398         |
| Big Box Store                 | 188,748         | 49.24 | \$ 279.21 | \$ 13,748      | \$ 1,821         | \$ 11,927        |
| Restaurant                    | 55,191          | 14.40 | \$ 279.21 | \$ 4,021       | \$ 152           | \$ 3,869         |
| Car Dealership                | 187,133         | 48.81 | \$ 279.21 | \$ 13,628      | \$ 1,214         | \$ 12,414        |

The following graphs also feature the impact of the new Fee on the property examples:

**Non-residential**



**Residential**



## **C. CONCLUSIONS & RECOMMENDATIONS**

Based upon the analyses presented herein, we have reached the following conclusions and recommendations regarding the District's General Fund Assessment Fee Program conducted for the General Fund:

### **Conclusions**

1. As a result of both age and several hurricanes, the CSID stormwater-flood control system has been significantly damaged or compromised causing the District to utilize a substantial portion of its financial reserves to repair or restore the system.
2. Restoring the system to its historic level of flood protection will increase the property value of the benefitted properties by providing flood protection generally, possibly lowering insurance costs and ensuring an enhanced measure of flood protection during hurricane events.
3. The assessment will also allow the District to replenish its reserves for repair or restoration of the system following future hurricanes further benefitting properties within the District
4. The analysis of the General Fund's Net Revenue Requirement and impervious surface area estimates reveals that the full cost recovery Assessment Fee would be \$279.21 Per ERU Annually or \$23.27 per ERU monthly, assuming 100% cost recovery for the Stormwater services provided by District.
5. A tiered User Fee structure is the most fair and equitable way to assess the Residential parcels in the District, while Non Residential parcels should be assessed per ERU.
6. The methodology utilized has been recognized by Florida courts as a methodology that equitably distributes the cost of the proposed assessments to all specially benefitted property within the District.

### **Recommendations**

1. The District should consider adopting a General Fund Assessment Fee up to the full-cost recovery rate structure identified herein, along with the tiered structure for charging Residential properties and the specified rate per ERU for Non Residential properties.

2. The District should continue to review the financial performance of the Fund on an annual basis and evaluate the adequacy of its revenues to meet ongoing expenses. Doing so will allow for the recognition of updated revenue and expense information, as well as changes in economic conditions.

If you have any question or would like to discuss this Technical Memorandum, please do not hesitate to call me at (904) 247-0787.

Sincerely,



Michael E. Burton  
Vice President

#### DISCLAIMER

This document was produced by Stantec Consulting Services, Inc. ("Stantec") for the Coral Springs Improvement District, FL and is based on a specific scope agreed upon by both parties. In preparing this report, Stantec utilized information and data obtained from the District or public and/or industry sources. Stantec has relied on the information and data without independent verification, except only to the extent such verification is expressly described in this document. Any projections of future conditions presented in the document are not intended as predictions, as there may be differences between forecasted and actual results, and those differences may be material.

Additionally, the purpose of this document is to summarize Stantec's analysis and findings related to this project, and it is not intended to address all aspects that may surround the subject area. Therefore, this document may have limitations, assumptions, or reliances on data that are not readily apparent on the face of it. Moreover, the reader should understand that Stantec was called on to provide judgments on a variety of critical factors which are incapable of precise measurement. As such, the use of this document and its findings by the District should only occur after consultation with Stantec, and any use of this document and findings by any other person is done so entirely at their own risk.

**Appendix**

**Schedule 1 – Projection of Operating Expenses**

**Schedule 2 – Capital Improvement Program**

Attachment 1 - Projection of Operating Expenses

A

| Type                     | Description                         | FY 2018    |            | FY 2019    |            | FY 2020    |            | FY 2021    |            | FY 2022    |            | FY 2023    |            | FY 2024    |            | FY 2025    |            | FY 2026    |            | FY 2027    |            | FY 2028    |            | Escalation Factor |
|--------------------------|-------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|
|                          |                                     | Budget     | Projected  | Projected  | Budget     | Projected  |            |                   |
| Personnel Services       | Supervision-Fees                    | \$ 7,450   | \$ 7,416   | \$ 7,630   | \$ 7,868   | \$ 8,104   | \$ 8,347   | \$ 8,597   | \$ 8,855   | \$ 9,121   | \$ 9,394   | \$ 9,676   | \$ 10,000  | \$ 10,327  | \$ 10,650  | \$ 11,000  | \$ 11,327  | \$ 11,650  | \$ 12,000  | \$ 12,327  | \$ 12,650  | \$ 13,000  | 3.0%       |                   |
| Personnel Services       | Salaries and Wages                  | \$ 145,441 | \$ 149,804 | \$ 154,295 | \$ 158,927 | \$ 163,695 | \$ 168,606 | \$ 173,664 | \$ 178,874 | \$ 184,240 | \$ 189,768 | \$ 195,461 | \$ 201,200 | \$ 207,037 | \$ 213,000 | \$ 219,037 | \$ 225,000 | \$ 231,037 | \$ 237,000 | \$ 243,037 | \$ 249,000 | \$ 255,037 | 3.0%       |                   |
| Personnel Services       | Special Pay                         | \$ 266     | \$ 274     | \$ 282     | \$ 291     | \$ 299     | \$ 308     | \$ 318     | \$ 327     | \$ 337     | \$ 347     | \$ 357     | \$ 367     | \$ 377     | \$ 387     | \$ 397     | \$ 407     | \$ 417     | \$ 427     | \$ 437     | \$ 447     | \$ 457     | 3.0%       |                   |
| Personnel Services       | FICA Taxes                          | \$ 11,678  | \$ 12,028  | \$ 12,389  | \$ 12,761  | \$ 13,144  | \$ 13,538  | \$ 13,944  | \$ 14,362  | \$ 14,793  | \$ 15,237  | \$ 15,694  | \$ 16,160  | \$ 16,627  | \$ 17,097  | \$ 17,573  | \$ 18,050  | \$ 18,527  | \$ 19,007  | \$ 19,483  | \$ 19,963  | \$ 20,440  | 3.0%       |                   |
| Personnel Services       | Pension Expense                     | \$ 15,999  | \$ 16,479  | \$ 16,973  | \$ 17,483  | \$ 18,007  | \$ 18,547  | \$ 19,104  | \$ 19,677  | \$ 20,267  | \$ 20,875  | \$ 21,501  | \$ 22,130  | \$ 22,800  | \$ 23,477  | \$ 24,153  | \$ 24,827  | \$ 25,501  | \$ 26,177  | \$ 26,851  | \$ 27,527  | \$ 28,199  | 3.0%       |                   |
| Personnel Services       | Health Insurance                    | \$ 35,857  | \$ 36,933  | \$ 38,041  | \$ 39,182  | \$ 40,357  | \$ 41,568  | \$ 42,815  | \$ 44,100  | \$ 45,423  | \$ 46,785  | \$ 48,189  | \$ 49,593  | \$ 50,997  | \$ 52,401  | \$ 53,805  | \$ 55,209  | \$ 56,613  | \$ 58,017  | \$ 59,421  | \$ 60,825  | \$ 62,229  | 3.0%       |                   |
| Personnel Services       | Worker's Compensation Ins           | \$ 410     | \$ 422     | \$ 435     | \$ 448     | \$ 461     | \$ 475     | \$ 490     | \$ 504     | \$ 519     | \$ 535     | \$ 551     | \$ 567     | \$ 583     | \$ 600     | \$ 616     | \$ 633     | \$ 650     | \$ 667     | \$ 684     | \$ 701     | \$ 718     | 3.0%       |                   |
| Operations & Maintenance | Engineering Fees                    | \$ 30,000  | \$ 30,660  | \$ 31,335  | \$ 32,024  | \$ 32,728  | \$ 33,448  | \$ 34,184  | \$ 34,936  | \$ 35,705  | \$ 36,490  | \$ 37,293  | \$ 38,100  | \$ 38,903  | \$ 39,705  | \$ 40,508  | \$ 41,301  | \$ 42,104  | \$ 42,907  | \$ 43,709  | \$ 44,512  | \$ 45,315  | 2.2%       |                   |
| Operations & Maintenance | Legal Fees                          | \$ 36,000  | \$ 36,792  | \$ 37,601  | \$ 38,429  | \$ 39,274  | \$ 40,138  | \$ 41,021  | \$ 41,924  | \$ 42,846  | \$ 43,759  | \$ 44,752  | \$ 45,765  | \$ 46,778  | \$ 47,791  | \$ 48,804  | \$ 49,817  | \$ 50,830  | \$ 51,843  | \$ 52,856  | \$ 53,869  | \$ 54,882  | 2.2%       |                   |
| Operations & Maintenance | Special Consulting Service          | \$ 79,992  | \$ 81,752  | \$ 83,550  | \$ 85,388  | \$ 87,267  | \$ 89,187  | \$ 91,149  | \$ 93,154  | \$ 95,204  | \$ 97,298  | \$ 99,439  | \$ 101,682 | \$ 103,925 | \$ 106,168 | \$ 108,411 | \$ 110,654 | \$ 112,897 | \$ 115,140 | \$ 117,383 | \$ 119,626 | \$ 121,869 | \$ 124,112 | 2.2%              |
| Operations & Maintenance | Annual Audit                        | \$ 7,850   | \$ 8,023   | \$ 8,199   | \$ 8,380   | \$ 8,564   | \$ 8,752   | \$ 8,945   | \$ 9,142   | \$ 9,343   | \$ 9,548   | \$ 9,758   | \$ 9,963   | \$ 10,168  | \$ 10,373  | \$ 10,578  | \$ 10,783  | \$ 10,988  | \$ 11,193  | \$ 11,398  | \$ 11,593  | \$ 11,798  | 2.2%       |                   |
| Operations & Maintenance | Actuarial Computation-OPE           | \$ 435     | \$ 445     | \$ 454     | \$ 464     | \$ 475     | \$ 485     | \$ 496     | \$ 507     | \$ 518     | \$ 529     | \$ 541     | \$ 553     | \$ 565     | \$ 577     | \$ 589     | \$ 601     | \$ 613     | \$ 625     | \$ 637     | \$ 649     | \$ 661     | 2.2%       |                   |
| Operations & Maintenance | Management Fees                     | \$ 55,644  | \$ 56,868  | \$ 58,119  | \$ 59,398  | \$ 60,705  | \$ 62,040  | \$ 63,405  | \$ 64,800  | \$ 66,226  | \$ 67,683  | \$ 69,172  | \$ 70,660  | \$ 72,147  | \$ 73,634  | \$ 75,121  | \$ 76,608  | \$ 78,095  | \$ 79,582  | \$ 81,071  | \$ 82,558  | \$ 84,047  | 2.2%       |                   |
| Operations & Maintenance | Telephone Expense                   | \$ 3,175   | \$ 3,245   | \$ 3,316   | \$ 3,389   | \$ 3,464   | \$ 3,540   | \$ 3,618   | \$ 3,697   | \$ 3,779   | \$ 3,862   | \$ 3,947   | \$ 4,030   | \$ 4,113   | \$ 4,196   | \$ 4,279   | \$ 4,362   | \$ 4,445   | \$ 4,528   | \$ 4,611   | \$ 4,694   | \$ 4,777   | 2.2%       |                   |
| Operations & Maintenance | Postage                             | \$ 636     | \$ 650     | \$ 664     | \$ 679     | \$ 694     | \$ 709     | \$ 725     | \$ 741     | \$ 757     | \$ 774     | \$ 791     | \$ 808     | \$ 825     | \$ 842     | \$ 859     | \$ 876     | \$ 893     | \$ 910     | \$ 927     | \$ 944     | \$ 961     | 2.2%       |                   |
| Operations & Maintenance | Printing & Binding                  | \$ 1,200   | \$ 1,226   | \$ 1,253   | \$ 1,281   | \$ 1,309   | \$ 1,338   | \$ 1,367   | \$ 1,397   | \$ 1,428   | \$ 1,460   | \$ 1,492   | \$ 1,523   | \$ 1,554   | \$ 1,585   | \$ 1,617   | \$ 1,648   | \$ 1,679   | \$ 1,711   | \$ 1,743   | \$ 1,775   | \$ 1,807   | 2.2%       |                   |
| Operations & Maintenance | Administrative Building Costs       | \$ 12,000  | \$ 12,264  | \$ 12,534  | \$ 12,810  | \$ 13,091  | \$ 13,379  | \$ 13,674  | \$ 13,975  | \$ 14,282  | \$ 14,596  | \$ 14,917  | \$ 15,230  | \$ 15,543  | \$ 15,856  | \$ 16,170  | \$ 16,483  | \$ 16,796  | \$ 17,110  | \$ 17,423  | \$ 17,736  | \$ 18,049  | 2.2%       |                   |
| Operations & Maintenance | Insurance                           | \$ 1,140   | \$ 1,165   | \$ 1,191   | \$ 1,217   | \$ 1,244   | \$ 1,271   | \$ 1,299   | \$ 1,328   | \$ 1,357   | \$ 1,387   | \$ 1,417   | \$ 1,447   | \$ 1,477   | \$ 1,507   | \$ 1,537   | \$ 1,567   | \$ 1,597   | \$ 1,627   | \$ 1,657   | \$ 1,687   | \$ 1,717   | 2.2%       |                   |
| Operations & Maintenance | Legal Advertising                   | \$ 2,000   | \$ 2,044   | \$ 2,089   | \$ 2,135   | \$ 2,182   | \$ 2,230   | \$ 2,279   | \$ 2,329   | \$ 2,380   | \$ 2,433   | \$ 2,486   | \$ 2,539   | \$ 2,589   | \$ 2,642   | \$ 2,695   | \$ 2,748   | \$ 2,798   | \$ 2,848   | \$ 2,898   | \$ 2,948   | \$ 2,998   | 2.2%       |                   |
| Operations & Maintenance | Computer Expense/Technolo           | \$ 29,400  | \$ 30,047  | \$ 30,708  | \$ 31,383  | \$ 32,074  | \$ 32,779  | \$ 33,501  | \$ 34,238  | \$ 34,991  | \$ 35,761  | \$ 36,547  | \$ 37,333  | \$ 38,120  | \$ 38,907  | \$ 39,694  | \$ 40,481  | \$ 41,268  | \$ 42,055  | \$ 42,842  | \$ 43,629  | \$ 44,416  | 2.2%       |                   |
| Operations & Maintenance | Digital Record Management           | \$ 1,000   | \$ 1,022   | \$ 1,044   | \$ 1,067   | \$ 1,091   | \$ 1,115   | \$ 1,139   | \$ 1,165   | \$ 1,190   | \$ 1,216   | \$ 1,243   | \$ 1,269   | \$ 1,295   | \$ 1,321   | \$ 1,347   | \$ 1,373   | \$ 1,400   | \$ 1,426   | \$ 1,452   | \$ 1,478   | \$ 1,504   | 2.2%       |                   |
| Operations & Maintenance | Office Supplies                     | \$ 7,125   | \$ 7,282   | \$ 7,442   | \$ 7,606   | \$ 7,773   | \$ 7,944   | \$ 8,119   | \$ 8,297   | \$ 8,480   | \$ 8,666   | \$ 8,857   | \$ 9,043   | \$ 9,230   | \$ 9,417   | \$ 9,604   | \$ 9,791   | \$ 9,978   | \$ 10,165  | \$ 10,352  | \$ 10,539  | \$ 10,726  | 2.2%       |                   |
| Operations & Maintenance | Dues, Subscriptions, et al          | \$ 8,300   | \$ 8,483   | \$ 8,669   | \$ 8,860   | \$ 9,055   | \$ 9,254   | \$ 9,458   | \$ 9,665   | \$ 9,878   | \$ 10,096  | \$ 10,318  | \$ 10,535  | \$ 10,758  | \$ 10,975  | \$ 11,192  | \$ 11,409  | \$ 11,626  | \$ 11,843  | \$ 12,059  | \$ 12,276  | \$ 12,493  | 2.2%       |                   |
| Operations & Maintenance | Promotional Expense                 | \$ 4,800   | \$ 4,906   | \$ 5,014   | \$ 5,124   | \$ 5,237   | \$ 5,352   | \$ 5,469   | \$ 5,590   | \$ 5,713   | \$ 5,838   | \$ 5,967   | \$ 6,094   | \$ 6,219   | \$ 6,346   | \$ 6,473   | \$ 6,599   | \$ 6,726   | \$ 6,853   | \$ 6,979   | \$ 7,106   | \$ 7,233   | 2.2%       |                   |
| Personnel Services       | Salaries & Wages                    | \$ 257,579 | \$ 265,306 | \$ 273,266 | \$ 281,464 | \$ 289,907 | \$ 298,605 | \$ 307,563 | \$ 316,790 | \$ 326,293 | \$ 336,082 | \$ 346,165 | \$ 356,348 | \$ 366,531 | \$ 376,714 | \$ 386,907 | \$ 397,090 | \$ 407,273 | \$ 417,456 | \$ 427,639 | \$ 437,822 | \$ 448,005 | 3.0%       |                   |
| Personnel Services       | Special Pay                         | \$ 813     | \$ 837     | \$ 863     | \$ 888     | \$ 915     | \$ 942     | \$ 971     | \$ 1,000   | \$ 1,030   | \$ 1,061   | \$ 1,093   | \$ 1,124   | \$ 1,154   | \$ 1,184   | \$ 1,214   | \$ 1,244   | \$ 1,274   | \$ 1,304   | \$ 1,334   | \$ 1,364   | 3.0%       |            |                   |
| Personnel Services       | FICA Taxes                          | \$ 19,704  | \$ 20,295  | \$ 20,904  | \$ 21,531  | \$ 22,177  | \$ 22,842  | \$ 23,528  | \$ 24,233  | \$ 24,960  | \$ 25,709  | \$ 26,481  | \$ 27,263  | \$ 28,044  | \$ 28,825  | \$ 29,606  | \$ 30,387  | \$ 31,168  | \$ 31,949  | \$ 32,729  | \$ 33,510  | \$ 34,291  | 3.0%       |                   |
| Personnel Services       | Pension Expense                     | \$ 28,334  | \$ 29,184  | \$ 30,060  | \$ 30,961  | \$ 31,890  | \$ 32,847  | \$ 33,832  | \$ 34,847  | \$ 35,893  | \$ 36,969  | \$ 38,079  | \$ 39,193  | \$ 40,307  | \$ 41,421  | \$ 42,535  | \$ 43,649  | \$ 44,763  | \$ 45,877  | \$ 46,991  | \$ 48,105  | \$ 49,223  | 3.0%       |                   |
| Personnel Services       | Health Insurance                    | \$ 81,220  | \$ 83,657  | \$ 86,166  | \$ 88,751  | \$ 91,414  | \$ 94,156  | \$ 96,981  | \$ 99,890  | \$ 102,887 | \$ 105,974 | \$ 109,153 | \$ 112,332 | \$ 115,511 | \$ 118,690 | \$ 121,869 | \$ 125,048 | \$ 128,227 | \$ 131,406 | \$ 134,585 | \$ 137,764 | \$ 140,943 | 3.0%       |                   |
| Personnel Services       | Worker's comp Ins                   | \$ 14,270  | \$ 14,698  | \$ 15,139  | \$ 15,593  | \$ 16,061  | \$ 16,543  | \$ 17,039  | \$ 17,530  | \$ 17,039  | \$ 17,530  | \$ 18,039  | \$ 18,530  | \$ 19,030  | \$ 19,530  | \$ 20,030  | \$ 20,530  | \$ 21,030  | \$ 21,530  | \$ 22,030  | \$ 22,530  | \$ 23,030  | 3.0%       |                   |
| Operations & Maintenance | Water Quality Testing               | \$ 2,400   | \$ 2,453   | \$ 2,507   | \$ 2,562   | \$ 2,618   | \$ 2,676   | \$ 2,735   | \$ 2,795   | \$ 2,856   | \$ 2,919   | \$ 2,983   | \$ 3,047   | \$ 3,111   | \$ 3,175   | \$ 3,239   | \$ 3,303   | \$ 3,367   | \$ 3,431   | \$ 3,495   | \$ 3,559   | \$ 3,623   | 2.2%       |                   |
| Operations & Maintenance | Communications-Radios/Cellphones    | \$ 1,272   | \$ 1,300   | \$ 1,329   | \$ 1,358   | \$ 1,388   | \$ 1,418   | \$ 1,449   | \$ 1,481   | \$ 1,514   | \$ 1,547   | \$ 1,581   | \$ 1,614   | \$ 1,646   | \$ 1,679   | \$ 1,711   | \$ 1,743   | \$ 1,775   | \$ 1,807   | \$ 1,839   | \$ 1,871   | \$ 1,903   | 2.2%       |                   |
| Operations & Maintenance | Electric                            | \$ 1,411   | \$ 1,442   | \$ 1,474   | \$ 1,506   | \$ 1,539   | \$ 1,573   | \$ 1,608   | \$ 1,643   | \$ 1,679   | \$ 1,716   | \$ 1,754   | \$ 1,791   | \$ 1,827   | \$ 1,864   | \$ 1,901   | \$ 1,938   | \$ 1,975   | \$ 2,012   | \$ 2,049   | \$ 2,086   | \$ 2,123   | 2.2%       |                   |
| Operations & Maintenance | Insurance                           | \$ 15,180  | \$ 15,514  | \$ 15,855  | \$ 16,204  | \$ 16,561  | \$ 16,925  | \$ 17,297  | \$ 17,678  | \$ 18,067  | \$ 18,446  | \$ 18,820  | \$ 19,198  | \$ 19,577  | \$ 19,956  | \$ 20,335  | \$ 20,714  | \$ 21,093  | \$ 21,472  | \$ 21,851  | \$ 22,229  | \$ 22,608  | 2.2%       |                   |
| Operations & Maintenance | R&M - General                       | \$ 53,410  | \$ 54,585  | \$ 55,786  | \$ 57,013  | \$ 58,267  | \$ 59,549  | \$ 60,859  | \$ 62,198  | \$ 63,567  | \$ 64,965  | \$ 66,394  | \$ 67,823  | \$ 69,251  | \$ 70,679  | \$ 72,107  | \$ 73,535  | \$ 74,963  | \$ 76,391  | \$ 77,819  | \$ 79,247  | \$ 80,675  | 2.2%       |                   |
| Operations & Maintenance | R&M - Culvert Inspection & Cleaning | \$ 69,500  | \$ 71,029  | \$ 72,592  | \$ 74,189  | \$ 75,821  | \$ 77,489  | \$ 79,194  | \$ 80,936  | \$ 82,716  | \$ 84,536  | \$ 86,396  | \$ 88,256  | \$ 90,114  | \$ 91,973  | \$ 93,832  | \$ 95,691  | \$ 97,550  | \$ 99,409  | \$ 101,268 | \$ 103,137 | \$ 105,006 | 2.2%       |                   |
| Operations & Maintenance | R&M - Vegetation Management         | \$ 50,000  | \$ 51,100  | \$ 52,224  | \$ 53,373  | \$ 54,547  | \$ 55,747  | \$ 56,974  | \$ 58,227  | \$ 59,508  | \$ 60,817  | \$ 62,155  | \$ 63,514  | \$ 64,873  | \$ 66,232  | \$ 67,591  | \$ 68,950  | \$ 70,308  | \$ 71,667  | \$ 73,026  | \$ 74,385  | \$ 75,744  | 2.2%       |                   |
| Operations & Maintenance | Oper Supplies - General             | \$ 1,025   | \$ 1,048   | \$ 1,071   | \$ 1,094   | \$ 1,118   | \$ 1,143   | \$ 1,168   | \$ 1,194   | \$ 1,220   | \$ 1,247   | \$ 1,274   | \$ 1,301   | \$ 1,328   | \$ 1,355   | \$ 1,382   | \$ 1,409   | \$ 1,436   | \$ 1,463   | \$ 1,490   | \$ 1,517   | \$ 1,544   | 2.2%       |                   |
| Operations & Maintenance | Oper                                |            |            |            |            |            |            |            |            |            |            |            |            |            |            |            |            |            |            |            |            |            |            |                   |

Schedule 2 - Capital Improvement Program

Appendix

| Description                                       | FY 2018             | FY 2019             | FY 2020             | FY 2021             | FY 2022             | FY 2023             | FY 2024             | FY 2025             | FY 2026             | FY 2027             | FY 2028             |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| PS # 1.Engine/Gearhead/Pump                       | \$ -                | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           |
| PS # 2.Engine/Gearhead/Pump                       | \$ -                | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           | \$ 73,600           |
| Culvert Replacement                               | \$ -                | \$ 100,000          | \$ 100,000          | \$ 100,000          | \$ 100,000          | \$ 100,000          | \$ 100,000          | \$ 100,000          | \$ 100,000          | \$ 100,000          | \$ 100,000          |
| Pump Stations.roofs                               | \$ -                | \$ 10,000           | \$ 10,000           | \$ 10,000           | \$ 10,000           | \$ 10,000           | \$ 10,000           | \$ 10,000           | \$ 10,000           | \$ 10,000           | \$ 10,000           |
| Concrete pad on pump intake side-PS 1 & 2         | \$ -                | \$ 27,778           | \$ 27,778           | \$ 27,778           | \$ 27,778           | \$ 27,778           | \$ 27,778           | \$ 27,778           | \$ 27,778           | \$ 27,778           | \$ 27,778           |
| Canal bank restoration...locations 2 thru 5       | \$ -                | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          |
| Canal bank restoration...locations 6 thru 10      | \$ -                | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          |
| FY 2018 Budgeted CIP                              | \$ 1,140,000        | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |
| <b>Total Capital Improvement Program</b>          | <b>\$ 1,140,000</b> | <b>\$ 1,284,978</b> |
| Cumulative Inflation <sup>(1)</sup>               | 1.00                | 1.00                | 1.03                | 1.05                | 1.08                | 1.11                | 1.14                | 1.17                | 1.20                | 1.23                | 1.27                |
| <b>Total Adjusted Capital Improvement Program</b> | <b>\$ 1,140,000</b> | <b>\$ 1,284,978</b> | <b>\$ 1,319,075</b> | <b>\$ 1,354,077</b> | <b>\$ 1,390,008</b> | <b>\$ 1,426,893</b> | <b>\$ 1,464,756</b> | <b>\$ 1,503,624</b> | <b>\$ 1,543,523</b> | <b>\$ 1,584,481</b> | <b>\$ 1,626,526</b> |
| <b>10-Year Average Annual CIP <sup>(2)</sup></b>  | <b>\$ 1,449,794</b> |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |

(1) Inflation based on the ENR Construction Cost Index is applied to the capital improvement projects beginning in FY 2020.

(2) The 10-year average annual CIP is used for the calculation of the net revenue requirement and is based on the estimated capital spending for FY 2019 - FY 2028 provided by staff.