

A Brief Discussion of WHY We Need Partial Financing
For the Beach Sewer System in the Near Years

With the **approved** Beach Sewer Rates and the updated summary by Customer Type the currently **approved** Rates will produce the following Revenues in support of the Beach System:

<u>Fiscal Year</u>	<u>SFRU Rate</u>	<u>Revenues generated</u>
FY 2011-12	\$91.88/month	\$2,193,846
FY 2012-13	\$100.37/month	\$2,410,892
FY 2013-14	\$110.92/month	\$2,648,470
3 Year Total		\$7,253,208

From the Restudy Group's Zero-based analyses, the Beach Sewer System **requires** Revenues (funding) in the following amounts (below, the Rates required to achieve these funding needs **solely by ratepayer revenue** are shown for information):

<u>Fiscal Year</u>	<u>SFRU Rate</u>	<u>Revenues needed</u>
FY 2011-12	\$104.87/month	\$2,504,092
FY 2012-13	\$105.11/month	\$2,509,629
FY 2103-14	\$104.54/month	\$2,496,171
3 Year Total		\$7,509,892

Resulting Funding (shortfalls) or overages in Revenues generated to funding "needs" are:

<u>Fiscal Year</u>	<u>(Shortfall) or overage to needs</u>
FY 3011-12	(\$310,246)
FY 2012-13	(\$98,737)
FY 2013-14	\$152,299
3 Year Total	(\$256,684)

Clearly the Beach Sewer System Fund needs partial financing to accomplish the first two years of "needs". This should not surprise us for the current **approved rates** were based on a Model that included \$800,000 of partial financing over an 8 year term.

The actual amounts of funding depend on the interest rate charged and need to provide funding for the "needs" **and** the additional Debt Service.

The FY 2011-12 "needs" are driven by the SSMP with \$380,000 funding required that year. The FY 2012-13 "needs" are driven by the urgent need to re-engineer and accomplishing upgrade and new construction of the Marina and River Road Lift Stations.