

# PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY

FY 2011 Budget Workshop  
Renewal & Replacement Fund Sufficiency Analysis

April 7, 2010





# Introduction

- Utility System Bond Resolution Requirements

*“...for the purpose of paying the cost of extensions, improvements or additions to, or the replacement or renewal of capital assets of, the System, or extraordinary repairs of the System...”* <sup>[1]</sup>

*“...on the date of calculation, an amount of money equal to (1) five percent of the Gross Revenues for the preceding Fiscal Year or (2) such greater or lesser amount as may be certified to the Issuer by the Consulting Engineers as an amount appropriate for the purposes of this Resolution.”* <sup>[2]</sup>

Note:

[1] Taken from Section 4.04 (5) of the Utility System Bond Resolution.

[2] As defined in Section 1.01 of the Utility System Bond Resolution.

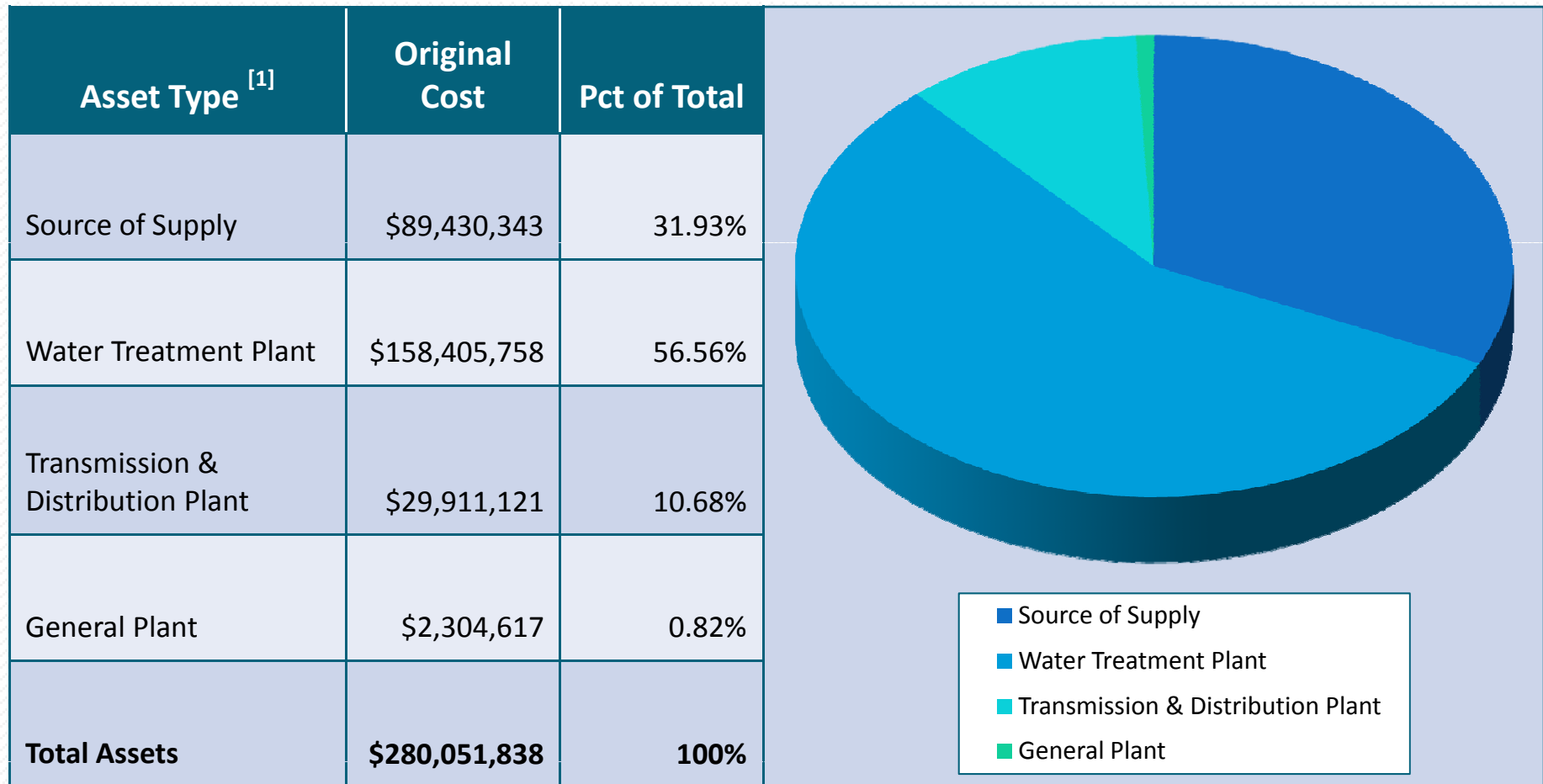


# Purpose of Sufficiency Analysis

- Determine the funds required to be transferred to the Renewal & Replacement (R&R) Account
- Methodology
  - Determination of the Authority's current assets, original purchase cost and date of purchase
  - Evaluate useful service lives for the various asset categories
  - Evaluate the estimated cost for replacement of all of the assets and the year of replacement



# PRMRWSA Fixed Asset Values



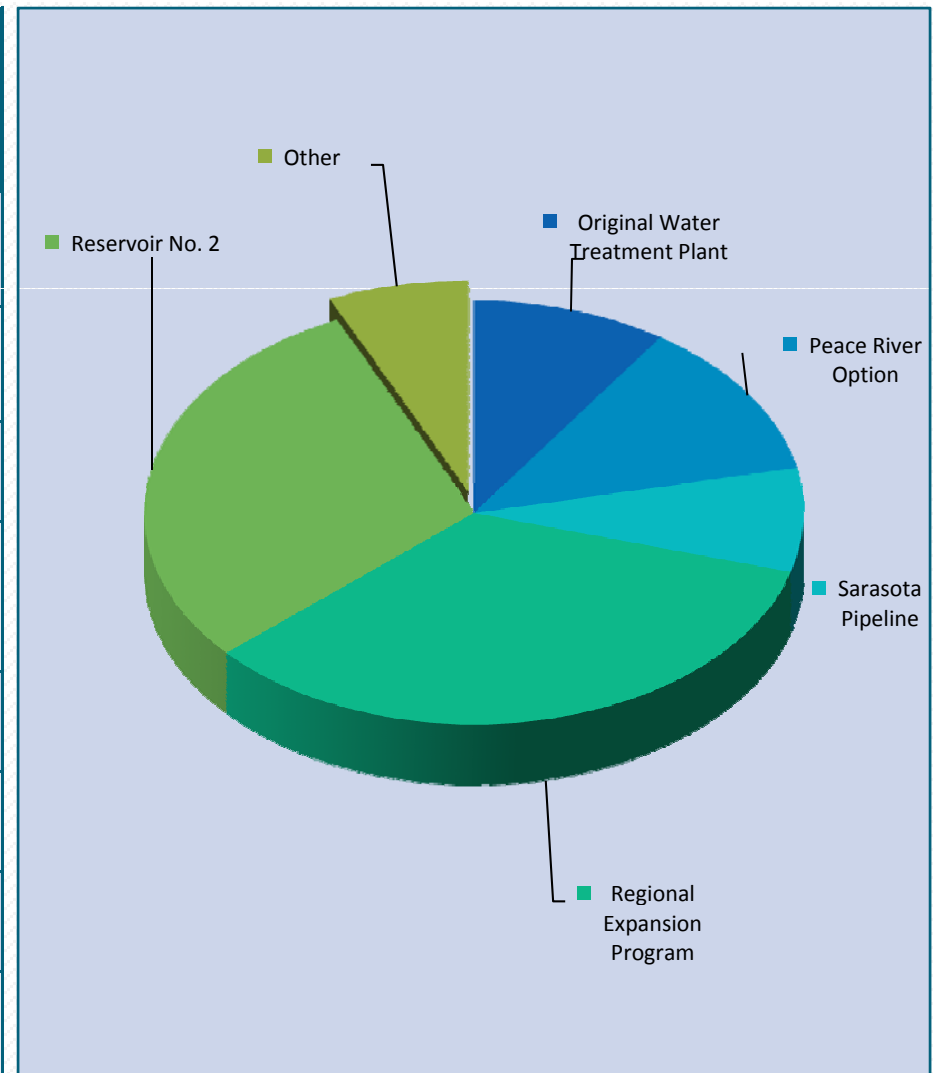
Note:

[1] Based on the Florida Public Service Commission's rule 25-30.140 regarding the depreciation of water and wastewater plant assets.



# PRMRWSA Fixed Asset Values

Asset Name	Original Cost	Pct of Total
Original Water Plant (1991 Acquisition)	\$26,645,305	9.5%
Peace River Option (Expansion 2001)	\$33,932,291	12.1%
Sarasota Interconnect	\$22,018,722	7.9%
Regional Expansion Program (Expansion 2009)	\$95,298,926	34.0%
Reservoir No. 2	\$82,979,638	29.6%
<b>Subtotal Assets</b>	<b>\$260,874,881</b>	<b>93.2%</b>
All Other	\$19,176,957	6.8%
<b>Total Assets</b>	<b>\$280,051,838</b>	<b>100.0%</b>





# Inventory Condition Evaluation

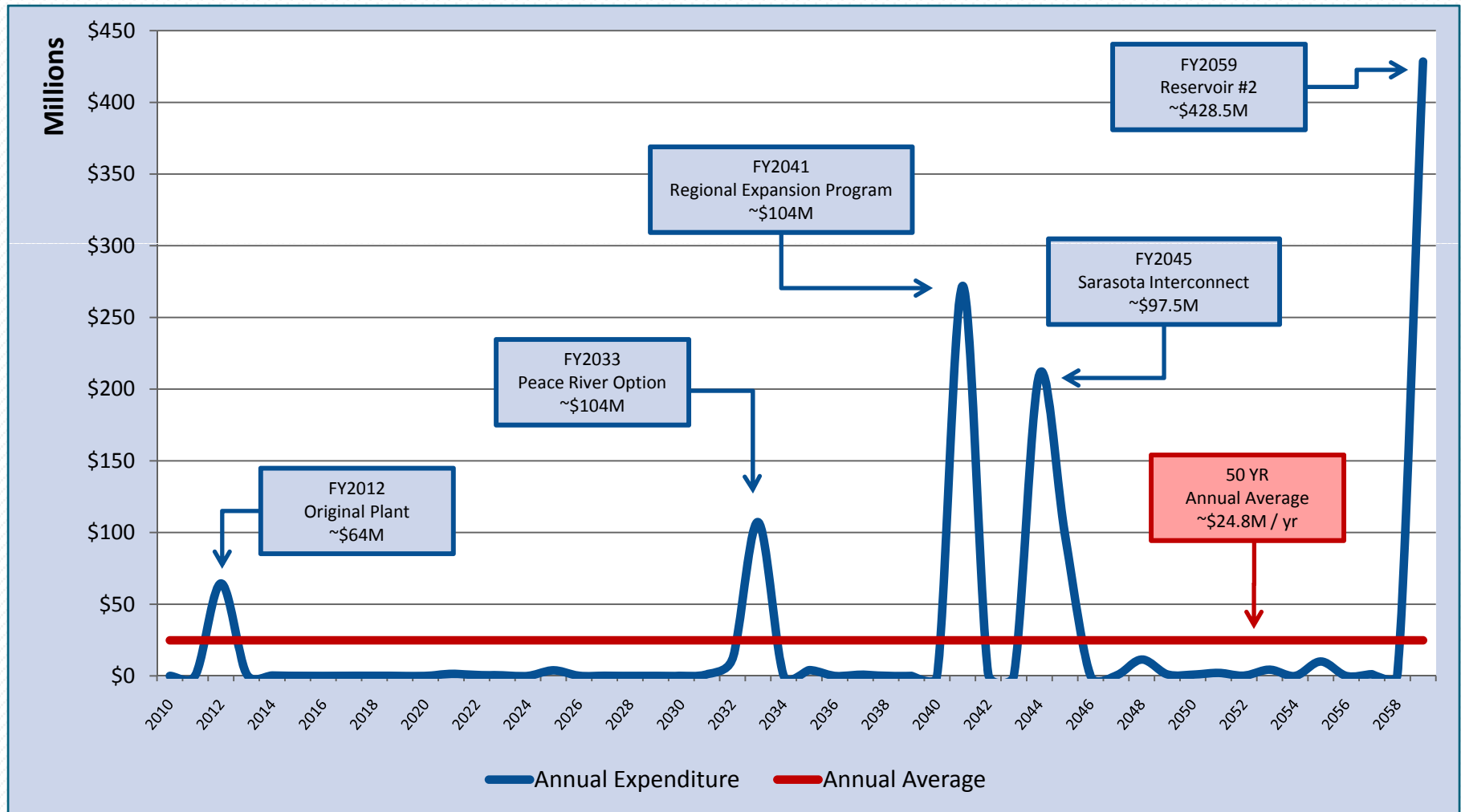
	<b>Renewal &amp; Replacement Sufficiency Analysis</b>
	Peace River Manasota Regional Water Supply Authority
	Peace River Facility
	Inventory Condition Evaluation

Note: G= Good, A= Acceptable, P= Poor, NIS= Not in Service,

GC= Good or Acceptable With Correction of a Single Deficiency, S/B= Submerged or Buried

Item No.	Facility	Location	Item	Description	General Condition	Approx. Age as of 2010 Inspection (yrs)	Possible Replacement Time Frame	Remarks
2	WTP 1; Train 1	Solids Contact Unit No. 1	Drive Mechanism	85-foot Diameter, Contra-flow Mechanism	P	31	1-5	Replace
3	WTP 1; Train 1	Solids Contact Unit No. 1	Structural Components	Walkway and handrail	P	31	1-5	Replace
5	WTP 1; Train 1	Solids Contact Unit No. 2	Drive Mechanism	85-foot Diameter, Contra-flow Mechanism	P	31	1-5	Replace
6	WTP 1; Train 1	Solids Contact Unit No. 2	Structural Components	Walkway and handrail	P	31	1-5	Replace
9	WTP 1; Trains 1 & 2	Filter Building	Filter gallery	Chlorine Contact	GC	31	1-5	Repair corrosion damage
17	WTP 1; Trains 1 & 2	Adjacent to Filters	Backwash Valve No. 1	30" Butterfly Valve; Pneumatic Operator	P	31	1-5	Replace
18	WTP 1; Trains 1 & 2	Adjacent to Filters	Backwash Valve No. 2	30" Butterfly Valve; Pneumatic Operator	P	31	1-5	Replace
19	WTP 1; Trains 1 & 2	Adjacent to Filters	Backwash Valve No. 3	30" Butterfly Valve; Pneumatic Operator	P	31	1-5	Replace
20	WTP 1; Trains 1 & 2	Adjacent to Filters	Backwash Valve No. 4	30" Butterfly Valve; Pneumatic Operator	P	31	1-5	Replace
21	WTP 1; Trains 1 & 2	Adjacent to Filters	Backwash Valve No. 5	30" Butterfly Valve; Pneumatic Operator	P	31	1-5	Replace
22	WTP 1; Trains 1 & 2	Adjacent to Filters	Backwash Valve No. 6	30" Butterfly Valve; Pneumatic Operator	P	31	1-5	Replace
88	WTP 1-2; Trains 1-4	Operations Building	High Service Pump No. 7	7.92 MGD; 350 hp; Vertical Turbine	P	33	1-5	Replace
94	WTP 2; Trains 3-4	Rapid Mix Basin	Rapid Mix Unit No. 1	10 hp (Basin 5-feet square x 12-feet deep)	GC	10	1-5	Replace
95	WTP 2; Trains 3-4	Rapid Mix Basin	Rapid Mix Unit No. 2	10 hp (Basin 5-feet square x 12-feet deep)	GC	10	1-5	Replace
95	WTP 2; Trains 3-4	Flocculation Basin, 1st Stage	Flocculator No. 1	2 hp (Basin ~21' x 15' x 12-feet deep)	GC	10	1-5	Replace

# 50-Year R&R Requirements





# Observations & Recommendations

Observation	Recommendation
<ul style="list-style-type: none"><li>• Addition of \$178 million in assets during FY 2009</li></ul>	<ul style="list-style-type: none"><li>• Contributions to R&amp;R Fund needs to reflect the new assets</li></ul>
<ul style="list-style-type: none"><li>• 93% of total fixed assets are accounted for in 6 line items</li></ul>	<ul style="list-style-type: none"><li>• Identify discrete components within these line items in order to refine R&amp;R requirements to optimize financial planning</li></ul>
<ul style="list-style-type: none"><li>• Average contributions to the R&amp;R Fund are budgeted to be approximately \$1 million per year for FY 2010 – 2012 and does not meet future budgeted needs</li></ul>	<ul style="list-style-type: none"><li>• Contributions to R&amp;R Fund needs to more closely approximate the actual needs based on deterioration of critical assets</li></ul>



# Conclusions

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- The appropriate level of R&R Fund contributions can be refined by “unbundling” the most significant line items
- Based on available information, 5% of the previous year’s Gross Revenues is insufficient to meet system R&R needs without additional future funding sources
- Long-term financial planning and replacement timeline of assets is supported through a formal Asset Management Plan



Questions?