

CITY OF NEW PORT RICHEY

UTILITY VALUATION for the
LAKEWOOD VILLAS ULILITY SYSTEM



FINAL VALUATION

January 2016
Revised October 2016



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1.0 PURPOSE and BACKGROUND

The City of New Port Richey (City) is currently evaluating the potential to acquire the Lakewood Villas Utility System, a privately held water utility within city limits. The Lakewood Villas Utility System is a community of predominately single family homes constructed in the late 1960's. The Lakewood Villas Utility System is located east of Rowan Rd. south of Massachusetts Ave. (see attached **figure**). The Lakewood Villas Utility System currently uses two on-site wells for source water that serve 443 customers¹. A 6-inch metered connection with the City's potable water system is located at the intersection of Massachusetts Ave. and Lingo Ct. and serves as an emergency water supply source. In addition to the emergency connection with the City, the Lakewood Villas Utility System is connected to the adjacent Orangewood Utility System. This interconnection between the two private utilities can be used to send water in either direction; therefore serving as an emergency water source to each other.

The private utility is responsible for the supply, treatment and the distribution system. Due to the size of the Lakewood Villas Utility System, the private utility is required to prepare and submit an annual report to the Florida Public Service Commission. A copy of the annual report for 2014 is attached as **Appendix A**.

The following report provides information on the Lakewood Villas Utility System, including revenue, expense and maintenance history, regulatory requirements and the utility valuation which is based on three (3) main approaches, an asset valuation approach, an income valuation approach, and a comparable sales valuation approach.

¹ The number of utility customers was obtained from the 2014 Annual Report for Class C Water and/or Wastewater Facilities. The number of utility customers listed in the billing data provided by the utility owner is less.

2.0 ASSET VALUATION

The asset valuation approach determines the current value of the infrastructure installed and includes the development of an infrastructure inventory and a condition assessment of the infrastructure.

2.1 EXISTING UTILITY INFRASTRUCTURE

The following information is based on data provided by the City and data provided by the owner of the Lakewood Villas Utility System.

The Lakewood Villas Utility System includes approximately 9,190 lf of 2-inch diameter Schedule 40 PVC pipe, valves and fittings; approximately 9,170 lf of 3-inch diameter Schedule 40 PVC pipe, valves and fittings; and approximately 12,200 lf of 6-inch diameter Schedule 40 PVC pipe, valves and fittings. There is a small section of galvanized pipe as well. The pipe routes are reflected in the "Lakewood Villas Potable Water Distribution System" drawing included as **Appendix B**. This drawing does not indicate the presence of any fire hydrants.

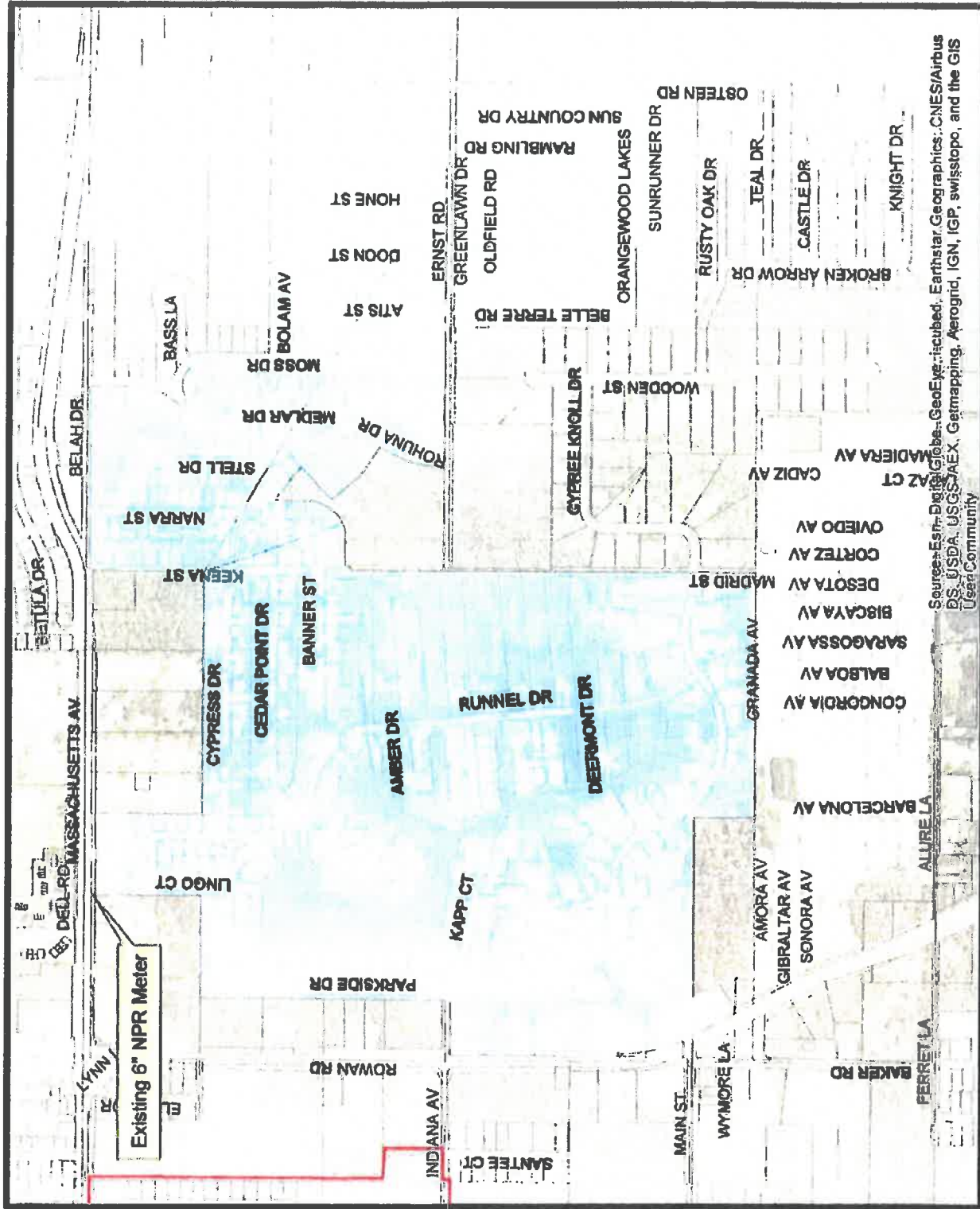


Lakewood Villas PSC Utility Area

Legend

Lakewood Villas PSC Utility Service Areas

City Limits



Sources: Esri, DigitalGlobe, GeoEye, Earthstar, Geographic, CNES/Airbus
DS, USDA, USGS, EAEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS
User Community

(** This map is provided for information purposes only. All features included are subject to field verification and survey. **)

NPR Public Works Division, 6420 Pine Hill Rd., Port Richey, FL 34668

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NOT TO SCALE

The Lakewood Villas Utility System includes two (2) active groundwater wells and a water treatment facility located off of Cypress Circle. The wells are used for public supply with a SWFWMD permitted (No. 20007299.006) capacity of 95,300 gpd. Per information obtained from the SWFWMD permit, Well No.1 has a 6-inch casing and Well No.2 has a 4-inch casing, with both wells approximately 150 feet deep. A copy of the SWFWMD permit is included as **Appendix C**. The average withdrawal from both wells since 2012 has been under 80,000 gpd. The water treatment plant includes a 2000 gallon hydropneumatic tank and a chemical feed system that feeds sodium hypochlorite for disinfection. The chemical feed is housed in a CMU block building². There is third monitoring well on-site, which according to the SWFWMD, has been decommissioned.

The City has a metered 6-inch connection located at the intersection of Massachusetts Ave. and Lingo Ct. While this currently exists as an emergency connection to provide water to the Lakewood Villas Utility System, this connection can be used by the City as its primary water supply connection should the City acquire the Lakewood Villas Utility System.

² A 2000 gal. tank is shown in the 1990 record drawing provide by the utility owner; however, a 1000 gal. tank is called out in the annual reports submitted to the Public Service Commission. One 6-inch well and one 4-inch well are identified in the SWFWMD permit; however both wells are referred to as 4-inch wells in the 1990 record drawing and the annual report.

2.2 CONDITION OF EXISTING INFRASTRUCTURE

The condition assessment is limited to a review of available data, including maintenance history, age of the infrastructure, and estimated useful life remaining. While it is possible to visually inspect the chemical feed equipment, the building and the hydropneumatic tank, these items would not be an asset to the City should the City acquire the Lakewood Villas Utility System since the City would supply water through the 6-inch connection with the City's potable water system is located at the intersection of Massachusetts Ave. and Lingo Ct.

When contacted, the owner of the Lakewood Villas Utility System indicated that only minor maintenance has been required. This is supported by the repair expenses reported in the utility's past five Annual Reports to the Public Service Commission which range from \$1,963 to \$12,590.

The homes served by the Lakewood Villas Utility System were constructed in the late 1960's. Assuming the potable water distribution system was constructed at the same time equates to the age of the Lakewood Villas Utility System Utility System to be approximately 48 years. Water distribution pipe has a useful life that ranges from 15 to over 100 years, depending on the type of material and the environment³. For the purpose of this valuation, we have assumed a useful life of 55 years⁴. Therefore, the remaining useful life of the distribution pipe is approximately 7 years. (Note that the useful life is based on industry average. The estimated useful life remaining is not intended to imply that once this time has passed the asset will fail; but instead there is an increased potential

for failure. The City currently has several areas where the water distribution system has surpassed its industry standard useful life.)

Industry standards recommend water meters be replaced every 10 years. While the utility owner indicated that water meters have been replaced, records were not provided that detail how many meters have been replaced and how old the current meters are. Therefore, for the purpose of this valuation, we have assumed a remaining useful life of 5 years for all the water meters. (This is similar to assuming half the meters have a remaining useful life greater than 5 years, and half have a remaining useful life less than 5 years.)

Chemical feed systems commonly used for sodium hypochlorite typically have a useful life ranging from 5 to 10 years. The age of the chemical feed system is not known; however, it is unlikely that the existing chemical feed equipment is the original chemical feed equipment. Therefore, for the purpose of this valuation, we have assumed a remaining useful life of 5 years.

Typical useful life for well pumping equipment is approximately 10 years⁵. Again, the age of the well pumps are not known; and again, it is unlikely that the existing well pumps are the original pumps. Therefore, for the purpose of this valuation, we have assumed a remaining useful life of 5 years.

Useful life for hydropneumatic tanks is 10 years⁵. The age of the tank installed at the Lakewood Villas Utility System is not known. However, the utility owner provided a Water Tank Inspection report from April 2013 that evaluates the condition of this tank (**Appendix D**). This report indicates that the hydropneumatic tank is greater than 15 years old. That being the case, the remaining useful life would be zero. However, the Water Tank Inspection report also states "The tank overall appearance is very good. Inlets and outlets are tight with no visible cracking along the welded seam lines. There are no leaks on this tank at this time." This report also notes that the interior of the tank was not accessible at the time of inspection. Therefore, it is possible that there is an accumulation of rust on the interior walls of tank. While metal thickness was measured, the original thickness of the tank walls was not provided to compare the measured thickness to. With only this limited information to go by, we have assumed a remaining life of 5 years.

³ USEPA *The Facts about Sustainable Water Infrastructure*.

⁴ AWWA *Buried No Longer: Confronting America's Water Infrastructure Challenge*

⁵ USEPA *Taking Stock of Your Water System. A Simple Asset Inventory for Very Small Drinking Water Systems*.

2.3 REPLACEMENT COSTS

Replacement cost for the existing infrastructure is calculated as follows.

| Description | Units | Unit Cost | Extended Cost |
|--|-----------|-------------|--------------------|
| 2" pipe/fittings/valves | 9190 lf | \$20 per lf | \$183,800 |
| 3" pipe/fittings/valves | 9070 lf | \$30 per lf | \$272,100 |
| 6" pipe/fittings/valves | 12,200 lf | \$45 per lf | \$549,000 |
| Water services (not including water meter) | 443 ea | \$600 ea | \$265,800 |
| Water service meter | 443 ea | \$300 ea | \$132,900 |
| Chemical feed system | 1 ea | \$1,500 ea | \$1,500 |
| Well pump | 2 ea | \$2,500 ea | \$5,000 |
| Hydropneumatic Tank | 1 ea | \$25,000 ea | \$25,000 |
| Total | | | \$1,435,100 |

2.4 DEPRICIATED VALUE

A straight line depreciation was used to calculate the current value of the existing Lakewood Villas Utility System infrastructure. The calculation assumed the asset cost of \$1,270,700 for the distribution pipe and water services, no salvage value, a 55 year useful life, and a placed in service date of January 1969. The resulting depreciated value at the end of year 2015 is \$184,829⁶. An asset cost of \$132,900 was assumed for the water service meters, no salvage value, and a 5 year remaining useful. The resulting depreciated value for the water service meters with 5 year remaining useful life is \$66,450. A combined asset cost of \$31,500 was assumed for the chemical feed equipment, well pumps and hydropneumatic tank, no salvage value, and a 5 year remaining useful life. The resulting depreciated value for the chemical feed equipment, well pumps and hydropneumatic tank with 5 year remaining useful life is \$15,750. The total depreciated value for the Lakewood Villas Utility System infrastructure at the end of year 2015 is \$267,029.

⁶ The previous report which was used for the negotiated offer considered a depreciation value at the end of year 2015.

2.5 OTHER CONSIDERATIONS

Should the City decide to acquire the Lakewood Villas Utility System, the City will need to replace the existing water service meters with the City's standard smart meter in order for the water services to be connected to the City's automatic meter reading (AMR) program.

In addition, should the City decide to acquire this utility system, the existing wells, chemical feed system, hydropneumatic tank, and associated building will need to be decommissioned as the City will supply potable water to the Lakewood Villas distribution system through the 6-inch metered connection located at the intersection of

Massachusetts Ave. and Lingo Ct. The decommissioning or abandonment of the wells will need to be permitted and performed in accordance with the SWFWMD requirements.

3.0 INCOME VALUATION

The income valuation approach estimates the value of the potential earnings from the existing infrastructure, taking into account the annual operation and maintenance costs.

3.1 HISTORIC REVENUE INFORMATION

The water revenues for the Lakewood Villas Utility System for the 6 year period from 2009 through 2014 are shown in the table below. Information reflected in this table was obtained from several sources provided by the utility owner.

| BILLING PERIOD | Per Annual Report submitted to the Public Service Commission | | Per spreadsheets furnished by L.W.V. Utility Owner | |
|----------------|--|----------------------------|--|----------------------------|
| | GALLONS USED (x1000) ⁷ | WATER REVENUE ⁸ | GALLONS USED (x1000) | WATER REVENUE ⁹ |
| 2009 | 21,960 | \$100,500 | N/A | N/A |
| 2010 | 21,148 | \$95,656 | 15,543 | \$65,908 |
| 2011 | 23,641 | \$90,146 | 17,803 | \$76,310 |
| 2012 | 23,641 | \$90,146 | 19,107 | \$79,676 |
| 2013 | 24,757 | \$93,044 | 19,079 | \$81,220 |
| 2014 | 21,177 | \$93,364 | 19,791 | \$87,368 |

⁷ Gallons used equals "water sold to customers" per the Annual Reports.

⁸ Water revenue equals "total gross revenue" per the Annual Reports.

⁹ Additional billings for other charges (delinquency fees) not included. Note that the number of customers identified in the spreadsheets was less than the number of customers identified in the Annual Reports.

3.2 HISTORIC OPERATION AND MAINTENANCE INFORMATION

The operation and maintenance expenses for Lakewood Villas Utility System, as reported to the State of Florida Public Service Commission in the utility system's Annual Report for Class C Water and/or Wastewater Facilities for the prior six (6) years are summarized below. Note that the costs to operate and maintain the utility system have been separated from what we have classified as "overhead" costs.

| Account Name | 2014 | 2013 | 2012/2011 ¹⁰ | 2010 | 2009 |
|------------------------------|-----------------|-----------------|-------------------------|------------------|------------------|
| Purchased Water | \$3,220 | \$2,829 | \$2,402 | \$2,534 | \$2,831 |
| Purchased Power | \$4,591 | \$4,248 | \$5,001 | \$7,296 | \$6,586 |
| Chemicals | \$1,463 | \$1,378 | \$1,329 | \$1,308 | \$1,475 |
| Materials & Supplies | \$5,040 | \$1,210 | \$2,201 | \$3,409 | \$5,246 |
| Repairs | \$7,456 | \$1,963 | \$4,735 | \$12,590 | \$10,861 |
| Contract Services - Operator | \$1,375 | \$5,900 | \$5,900 | \$0 | \$7,275 |
| Subtotal (Facilities) | \$23,145 | \$17,528 | \$21,568 | \$27,137 | \$34,274 |
| Salaries & Wages (Officer) | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 |
| Contract Services - CPA | \$1,284 | \$1,200 | \$1,200 | \$2,724 | \$1,325 |
| Rents | \$3,884 | \$5,136 | \$7,704 | \$7,865 | \$7,704 |
| Transportation Expense | \$619 | \$1,935 | \$3,241 | \$2,481 | \$1,895 |
| Insurance | \$4,650 | \$8,670 | \$2,113 | \$6,403 | \$2,114 |
| Misc. Expenses | \$6,189 | \$6,845 | \$4,899 | \$6,528 | \$4,839 |
| Bad Debt Expense | \$0 | \$0 | \$753 | \$923 | \$1,027 |
| Subtotal (Overhead) | \$66,626 | \$73,786 | \$69,910 | \$76,924 | \$68,904 |
| Total | \$89,771 | \$91,314 | \$91,478 | \$104,061 | \$103,178 |

¹⁰ Same fees were reported to the Florida Public Service Commission for both calendar years

3.3. PROJECTED REVENUE INFORMATION

Projected revenue was determined using the City's FY 2017 standard outside residential rates for a 5/8-inch service connection with an annual 4% increase in the base charge and the consumption charge (per the City, the billing charge and the "TBW charge" are not subject to the annual increase).

- Monthly base charge of \$10.95
- Billing charge of \$1.05
- Tampa Bay Water (TBW) charge of \$0.49/1000 gal
- Tiered consumption charge
 - Tier 1 – up to 5,000 gallons at \$3.49 per thousand
 - Tier 2 – 5,001 to 10,000 gallons at \$4.48 per thousand
 - Tier 3 – 10,001 to 15,000 gallons at \$6.16 per thousand
 - Tier 4 – 15,001 to 20,000 gallons at \$8.67 per thousand
 - Tier 5 – 20,001 gallons and above at \$12.45 per thousand

The average monthly water usage per metered customer is less than 5000 gallons. therefore, the Tier 1 consumption rate was used for calculating revenue.

The average annual water use for the Lakewood Villas Utility System for the period 2010 – 2014 was 22,720,666 gallons. Using this average annual water use through FY 2024 (based on the remaining useful life of the water distribution pipe)¹¹, the projected revenue is calculated at \$1,333,419.57.

3.4 OPERATIONAL COSTS

Operational cost was estimated based on City's annual operating budget for the water treatment plant, \$3.2 million, and the water distribution division, \$975,000. The total water production for fiscal year 2014 was 1,896.52 million gallons, or an average of 5.2 mgd. Using this flow, the operational cost per gallon treated and distributed was calculated to be \$0.0022/gallon. To estimate operating costs for subsequent years, the operational cost per gallon was increased in proportion to the projected cash outflow increase in the Water and Sewer Revenue Sufficiency Analysis Report prepared for the City by Burton & Associates, or approximately 3% per year.

Using the average annual water use for the Lakewood Villas Utility System for the period 2009 -2014¹¹, the projected operational cost through FY 2024 is calculated at approximately \$457,078.

¹¹ "Water sold to customers" per the Annual Reports.

3.5 CAPITAL COSTS

In addition to the operational costs, the income valuation needs to consider capital costs that will be incurred by the City when acquiring the Lakewood Villas Utility System. As previously noted, the City will need to replace the existing water service meters with the City's standard smart meter in order for the water services to be connected to the City's automatic meter reading (AMR) program. With an estimated installed cost of \$500 per smart meter, the cost to replace all 443 meters is estimated at \$221,500.

The City will also incur the cost to decommission the exiting water treatment plant and wells. The estimated cost to abandon and cap the wells, remove the chemical feed equipment and hydropneumatic tank, and demolish the existing CMU building is approximately \$10,000.

3.6 INCOME VALUATION

In order to calculate the income valuation a time period needs to be selected for which the potential income from operating the utility is calculated. For the income valuation of the Lakewood Villas Utility System, a period of 7 years was selected which correlates with the 7 years of remaining useful life for the water distribution pipe plus one year to account for the time since the initial negotiated offer. The income value was determined from the summation of the present worth of the projected annual revenues minus the projected annual operating costs minus the capital expenditure for the meter replacement using a discount rate of 1.5%.

The calculated income valuation is \$585,944.

Present Value of Annual Income from the Sale of Water to Lakewood Villas

| Year | Annual Revenue | Operating Cost | Present Value |
|--------------------|-----------------------|-----------------------|----------------------|
| 2017 | \$ 145,791.95 | \$ 51,112 | \$ 93,280.58 |
| 2018 | \$ 151,296.16 | \$ 52,706 | \$ 95,698.17 |
| 2019 | \$ 157,020.54 | \$ 54,360 | \$ 98,176.46 |
| 2020 | \$ 162,973.90 | \$ 56,077 | \$ 100,716.24 |
| 2021 | \$ 169,165.39 | \$ 57,862 | \$ 103,318.19 |
| 2022 | \$ 175,604.54 | \$ 59,718 | \$ 105,983.04 |
| 2023 | \$ 182,301.25 | \$ 61,633 | \$ 108,725.01 |
| 2024 | \$ 189,265.84 | \$ 63,610 | \$ 111,546.05 |
| Sum | | | \$ 817,443.74 |
| minus Capital Cost | | | \$ 231,500.00 |
| Income Value | | | \$ 585,943.74 |

Note that the above valuation assumes that the Lakewood Villas Utility System is debt free and that the current utility owner will assume all delinquent charges.

4.0 COMPARABLE SALES

The comparable sales approach looks at recent sales of similar utilities in the region. A search for recent sales of utility system yielded several in the Tampa Bay region, including a couple in Pasco County. However, the utilities sold were significantly larger than the Lakewood Villas Utility System. Two of these sales included wastewater infrastructure, which is not part of the Lakewood Villas Utility System. Several of the utility system sales are summarized below.

Leigh Acres – valued at \$34,000,000

- 12,866 water customers, 10,321 wastewater customers
- 16 wells, 2 WTPs, 6 storage tanks, 196 miles of water mains
- 1 WWTP, 64 lift stations, 103 miles of gravity sewers, 49 miles of force mains
- 10 miles of reclaimed water distribution mains

Lindrick Utility – valued at \$16,800,000

- 2,825 water customers, 2,550 wastewater customers
- 8 wells
- 19 lift stations
- Service area 3.24 sq. miles

Consolidated (Anclote, Angus Valley, Colonial Manor, Dixie Groves, Virginia City, Westwood) – valued at \$4,250,000

- 2,378 water customers, 0 wastewater customers
- 6 wells, 6 hydropneumatic tanks, 24 miles of water mains

Since the size of these utilities is significantly larger than the Lakewood Villas Utility System, the use of comparable sales in the utility valuation is less reliable than the other two valuation methods and therefore will not be used.

5.0 SUMMARY UTILITY VALUATION

Two approaches were considered to determine the value of the Lakewood Villas Utility System, an asset valuation approach and an income valuation approach. The comparable sales valuation approach was not considered for the reasons previously stated.

Using the asset valuation approach, a value of \$267,029 was determined for the Lakewood Villas Utility System. Using the income valuation approach, a value of \$585,944 was determined for the Lakewood Villas Utility System.

The final value should be based on a weighted value of the two methods and depend on the assumptions made with each approach. For example, the asset valuation did not include a detailed examination of the buried infrastructure, instead relying on industry standard expected life of the material and equipment. For the Lakewood Villas Utility System, we used the following weighted factors to determine the utility valuation.

- Weighted factor for the asset valuation approach used is 25%. The condition of the buried infrastructure, i.e. pipe, fittings, valves, service lines, etc. is based on the industry standard expected life of the material and equipment.
- Weighted factor for the income valuation approach used is 75%. The projected revenues are based on known water rates and historic water usage. The operating costs are also based on historic costs.

Using the above noted weighted factors, the summary utility valuation is \$506,215.

$$(\$267,029 \times 0.25) + (\$585,944 \times 0.75) = \$506,215.25.$$

Appendix A

2014 Annual Report of the Lakewood Villas (LWV) Utilities, Inc.

LWV14AR

CLASS "C"

WATER AND/OR WASTEWATER UTILITIES

(Gross Revenue of Less Than \$150,000 Each)

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ANNUAL REPORT

WU135-14-AR

L W V UTILITIES, INC.

Exact Legal Name of Respondent

152-W

Certificate Number(s)

Submitted To The

STATE OF FLORIDA



RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
15 MAY 26 AM 9:55
DIVISION OF
ACCOUNTING & FINANCE

PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2014

Form PSC/WAW 6 (Rev. 12/99)

DECEMBER 31, 2014

UTILITY NAME: L W V UTILITIES, INC.

INCOME STATEMENT

| Account Name | Ref. Page | Water | Wastewater | Other | Total Company |
|--|------------|-------------------|-----------------|-----------------|-------------------|
| Gross Revenue: | | | | | |
| Residential_____ | | \$ 92,117 | \$ _____ | \$ _____ | \$ 92,117 |
| Commercial_____ | | _____ | _____ | _____ | _____ |
| Industrial_____ | | _____ | _____ | _____ | _____ |
| Multiple Family_____ | | _____ | _____ | _____ | _____ |
| Guaranteed Revenues__ | | _____ | _____ | _____ | _____ |
| Other (Specify)_Misc Fees | | 1,247 | _____ | _____ | 1,247 |
| Total Gross Revenue____ | | \$ 93,364 | \$ _____ | \$ _____ | \$ 93,364 |
| Operation Expense (Must tie to pages W-3 and S-3)T:S29 | W-3 S-3 | 89,771 | | | |
| | | \$ 0 | \$ _____ | \$ _____ | \$ 0 |
| Depreciation Expense S:W44 | F-5 | 2,946 | | | 2,946 |
| CIAC Amortization Expense_ | F-8 | (446) | | | (446) |
| Taxes Other Than Income__ | F-7 | 9200 | | | 9,200 |
| Income Taxes_____ | F-7 | | | | |
| Total Operating Expense | | \$ 101,471 | \$ _____ | \$ _____ | \$ 101,471 |
| Net Operating Income (Loss) | | \$ (8,107) | \$ _____ | \$ _____ | \$ (8,107) |
| Other Income: | | | | | |
| Nonutility Income_____ | | \$ _____ | \$ _____ | \$ _____ | \$ 0 |
| _____ | | _____ | _____ | _____ | _____ |
| Other Deductions: | | | | | |
| Miscellaneous Nonutility Expenses_____ | | _____ | \$ _____ | \$ _____ | \$ _____ |
| Interest Expense_____ | | _____ | _____ | _____ | _____ |
| _____ | | _____ | _____ | _____ | _____ |
| _____ | | _____ | _____ | _____ | _____ |
| Net Income (Loss) | | \$ (8,107) | \$ _____ | \$ _____ | \$ (8,107) |

UTILITY NAME: **L W V UTILITIES, INC.**YEAR OF REPORT
DECEMBER 31, 2014

COMPARATIVE BALANCE SHEET

| ACCOUNT NAME | Reference Page | Current Year | Previous Year |
|--|----------------|--------------|---------------|
| Assets: | | | |
| Utility Plant in Service (101-105) ----- | F-5,W-1,S-1 | \$ 118805 | \$ 118805 |
| Accumulated Depreciation and Amortization (108) ----- | F-5,W-2,S-3 | 106121 | 103175 |
| Net Utility Plant ----- | | \$ 12684 | \$ 15630 |
| Cash ----- | | 1103 | 901 |
| Customer Accounts Receivable (141) ----- | | | 0 |
| Other Assets (Specify): ----- | | | |
| NON UTILITY PROPERTY ----- | | | |
| MISC. DEFERRED DEBITS ----- | | | |
| ----- | | | |
| ----- | | | |
| Total Assets ----- | | \$ 13787 | \$ 16531 |
| Liabilities and Capital: | | | |
| Common Stock Issued (201) ----- | F-6 | 500 | 500 |
| Preferred Stock Issued (204) ----- | F-6 | | |
| Other Paid in Capital (211) ----- | | 11890 | 11890 |
| Retained Earnings (215) ----- | F-6 | -206114 | -198007 |
| Proprietary Capital (Proprietary and partnership only) (218) ----- | F-6 | | |
| Total Capital ----- | | \$ -193724 | \$ -185617 |
| Long Term Debt (224) ----- | F-6 | \$ | \$ |
| Accounts Payable (231) ----- | | 4322 | 4119 |
| Notes Payable (232) ----- | | | |
| Customer Deposits (235) ----- | | 6187 | 8701 |
| Accrued Taxes (236) ----- | | | |
| Other Liabilities (Specify) ----- | | | |
| Loan from officer ----- | | 192229 | 184109 |
| ----- | | | |
| ----- | | | |
| Advances for Construction ----- | | | |
| Contributions in Aid of Construction - Net (271-272) ----- | F-8 | 4773 | 5219 |
| Total Liabilities and Capital ----- | | \$ 13787 | \$ 16531 |

F_5

UTILITY NAME; L W V UTILITIES, INC.

| |
|-------------------------------------|
| YEAR OF REPORT DECEMBER 31, 2014 |
|-------------------------------------|

GROSS UTILITY PLANT

| Plant Accounts: (101 - 107) inclusive | Water | Wastewater | Plant other Than Reporting Systems | Total |
|--|------------------|-------------|---|------------------|
| Utility Plant in Service ----- | \$ <u>118805</u> | \$ _____ | \$ _____ | \$ <u>118805</u> |
| Construction Work in ----- | _____ | _____ | _____ | 0 |
| Other (Specify) _____ | _____ | _____ | _____ | 0 |
| _____ | _____ | _____ | _____ | 0 |
| _____ | _____ | _____ | _____ | 0 |
| Total Utility Plant _____ | \$ <u>118805</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>118805</u> |

ACCUMULATED DEPRECIATION (A/D) AND CIAC AMORTIZATION OF UTILITY PLANT

| Account 108 | Water | Wastewater | Other than Reporting Systems | Total |
|---|------------------|------------|------------------------------------|------------------|
| Balance First of Year _____ | \$ <u>103175</u> | \$ _____ | \$ _____ | \$ <u>103175</u> |
| <u>Add Credits During Year:</u> | | | | |
| Accruals charged to depreciation account _____ | \$ <u>2946</u> | \$ _____ | \$ _____ | \$ <u>2946</u> |
| Salvage _____ | _____ | _____ | _____ | 0 |
| Other Credits (specify) _____ | _____ | _____ | _____ | 0 |
| _____ | _____ | _____ | _____ | 0 |
| Total Credits _____ | \$ <u>2946</u> | \$ _____ | \$ _____ | \$ <u>2946</u> |
| <u>Deduct Debits During Year:</u> | | | | |
| Book cost of plant retired _____ | \$ _____ | \$ _____ | \$ _____ | \$ <u>0</u> |
| Cost of removal _____ | _____ | _____ | _____ | 0 |
| Other debits (specify) _____ | _____ | _____ | _____ | 0 |
| _____ | _____ | _____ | _____ | 0 |
| Total Debits _____ | \$ _____ | \$ _____ | \$ _____ | \$ <u>0</u> |
| Balance End of Year _____ | \$ <u>106121</u> | \$ _____ | \$ _____ | \$ <u>106121</u> |

CAPITAL STOCK (201 - 204)

| | Common Stock | Preferred Stock |
|---|--------------|-----------------|
| Par or stated value per share _____ | 1 | |
| Shares authorized _____ | 500 | |
| Shares issued and outstanding _____ | 500 | |
| Total par value of stock issued _____ | 500 | |
| Dividends declared per share for year _____ | 0 | |

RETAINED EARNINGS (215)

| | Appropriated | Un-Appropriated |
|--|--------------|-----------------|
| Balance first of year _____ | \$ _____ | \$ -198007 |
| Changes during the year (Specify): NEW LOSS | | -8107 |
| _____ | | |
| _____ | | |
| Balance end of year _____ | \$ _____ | \$ -206114 |

PROPRIETARY CAPITAL (218)

| | Proprietor Or Partner | Partner |
|------------------------------------|-----------------------|----------|
| Balance first of year _____ | \$ _____ | \$ _____ |
| Changes during the year (Specify): | | |
| _____ | | |
| _____ | | |
| Balance end of year _____ | \$ _____ | \$ _____ |

LONG TERM DEBT (224)

| Description of Obligation (Including Date of Issue and Date of Maturity): | Interest | | Principal per Balance Sheet Date |
|---|----------|------------|----------------------------------|
| | Rate | # of Pymts | |
| LOAN FROM OFFICER | | | \$ 192229 |
| _____ | | | |
| Total _____ | | | \$ 192229 |

F-7

UTILITY NAME: L W V UTILITIES, INC.

YEAR OF REPORT
DECEMBER 31, 2014

TAXES ACCRUED (236)

| (a) | Water (b) | Wastewater (c) | Other (d) | Total (e) |
|--------------------------------|--------------|-------------------|--------------|--------------|
| Income taxes | | | | |
| Federal income tax (payroll) _ | \$ 4600 | \$ _____ | \$ _____ | \$ 4600 |
| State income tax _____ | _____ | _____ | _____ | 0 |
| Taxes other than income | | | | |
| State ad valorem tax _____ | _____ | _____ | _____ | _____ |
| Local property tax _____ | 231 | _____ | _____ | 231 |
| Regulatory assessment fee _ | 4202 | _____ | _____ | 4202 |
| Other (specify) CORP RENE. | 150 | _____ | _____ | 150 |
| SWFWMD | 0 | _____ | _____ | 0 |
| OTHER (occup lic,tangible) | 17 | _____ | _____ | 17 |
| Total Taxes Accrued _ | \$ 9200 | \$ _____ | \$ _____ | \$ 9200 |

PAYMENTS FOR SERVICES RENDERED BY OTHER THAN EMPLOYEES

Report all information concerning outside rate, management, construction, advertising, labor relations, public relations, or other similiar professional services rendered the respondent for which aggregate payments during the year to any corporation, partnership, individual, or organization of any kind whatever amounting to \$500 or more.

| Name of Recipient | Water Amount | Wastewater Amount | Description of Service |
|-----------------------|-----------------|----------------------|------------------------------------|
| PASCO TESTING | \$ 6020 | \$ _____ | Operation of plant |
| | \$ _____ | \$ _____ | Meter readings, repairs, maintance |
| | \$ _____ | \$ _____ | billing, 24 hour maint. service |
| UTILITY EQUIP SERVICE | \$ 1375 | \$ _____ | Operation of Plant & repairs |
| | \$ _____ | \$ _____ | |
| | \$ _____ | \$ _____ | |
| | \$ _____ | \$ _____ | |
| | \$ _____ | \$ _____ | |
| | \$ _____ | \$ _____ | |
| | \$ _____ | \$ _____ | |
| | \$ _____ | \$ _____ | |
| | \$ _____ | \$ _____ | |

CONTRIBUTIONS IN AID OF CONSTRUCTION (271)

| (a) | Water (b) | Wastewater (c) | Total (d) |
|---|--------------|-------------------|--------------|
| 1) Balance first of year _____ | \$ 17850 | \$ _____ | \$ 17850 |
| 2) Add credits during year _____ | _____ | _____ | 0 |
| 3) Total _____ | 17850 | _____ | 17850 |
| 4) Deduct charges during the year _____ | _____ | _____ | _____ |
| 5) Balance end of year _____ | 17850 | _____ | 17850 |
| 6) Less Accumulated Amortization _____ | 13077 | _____ | 13077 |
| 7) Net CIAC _____ | \$ 4773 | \$ _____ | \$ 4773 |

ADDITIONS TO CONTRIBUTIONS IN AID OF CONSTRUCTION DURING YEAR (CREDITS)

| Report below all developers or contractors agreements from which cash or property was received during the year. | Indicate "Cash" or "Property" | Water | Wastewater |
|---|-------------------------------|-----------------------|------------|
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| Sub-total _____ | _____ | \$ _____ | \$ _____ |
| Report below all capacity charges, main extension charges and customer connection charges received during the year. | | | |
| Description of Charge | Number of Connections | Charge per Connection | |
| _____ | _____ | \$ _____ | \$ _____ |
| _____ | _____ | _____ | _____ |
| Total Credits During Year (Must agree with line # 2 above.) _____ | | \$ _____ | \$ _____ |

ACCUMULATED AMORTIZATION OF CIAC

| | Water | Wastewater | Total |
|--|----------|------------|----------|
| Balance First of Year _____ | \$ 12631 | \$ _____ | \$ 12631 |
| Add Credits During Year: _____ | 446 | _____ | 446 |
| Deduct Debits During Year: _____ | _____ | _____ | 0 |
| Balance End of Year (Must agree with line #6 above.) _____ | \$ 13077 | \$ _____ | \$ 13077 |

**WATER
OPERATING
SECTION**

WATER UTILITY PLANT ACCOUNTS

| Acct. No. (a) | Account Name (b) | Previous Year (c) | Additions (d) | Retirements (e) | Current Year (f) |
|---------------|---|-------------------|---------------|-----------------|------------------|
| 301 | Organization ----- | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 302 | Franchises ----- | _____ | _____ | _____ | _____ |
| 303 | Land and Land Rights ----- | 1000 | _____ | _____ | 1000 |
| 304 | Structures and Improvements ----- | _____ | _____ | _____ | 0 |
| 305 | Collecting and Impounding Reservoirs ----- | _____ | _____ | _____ | _____ |
| 306 | Lake, River and Other Intakes ----- | _____ | _____ | _____ | _____ |
| 307 | Wells and Springs ----- | 8186 | _____ | _____ | 8186 |
| 308 | Infiltration Galleries and Tunnels ----- | _____ | _____ | _____ | _____ |
| 309 | Supply Mains ----- | _____ | _____ | _____ | 0 |
| 310 | Power Generation Equipment ----- | _____ | _____ | _____ | 0 |
| 311 | Pumping Equipment ----- | 16241 | _____ | _____ | 16241 |
| 320 | Water Treatment Equipment ----- | 2975 | _____ | _____ | 2975 |
| 330 | Distribution Reservoirs and Standpipes ----- | 7818 | _____ | _____ | 7818 |
| 331 | Transmission and Distribution Lines ----- | 59130 | _____ | _____ | 59130 |
| 333 | Services ----- | 6113 | _____ | _____ | 6113 |
| 334 | Meters and Meter Installations ----- | 17342 | _____ | _____ | 17342 |
| 335 | Hydrants ----- | _____ | _____ | _____ | _____ |
| 339 | Other Plant and Miscellaneous Equipment ----- | _____ | _____ | _____ | _____ |
| 340 | Office Furniture and Equipment ----- | _____ | _____ | _____ | _____ |
| 341 | Transportation Equipment ----- | _____ | _____ | _____ | _____ |
| 342 | Stores Equipment ----- | _____ | _____ | _____ | _____ |
| 343 | Tools, Shop and Garage Equipment ----- | _____ | _____ | _____ | _____ |
| 344 | Laboratory Equipment ----- | _____ | _____ | _____ | _____ |
| 345 | Power Operated Equipment ----- | _____ | _____ | _____ | _____ |
| 346 | Communication Equipment ----- | _____ | _____ | _____ | _____ |
| 347 | Miscellaneous Equipment ----- | _____ | _____ | _____ | _____ |
| 348 | Other Tangible Plant ----- | _____ | _____ | _____ | _____ |
| | Total Water Plant ----- | \$ 118805 | \$ 0 | \$ 0 | \$ 118805 |

ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT - WATER

| Acct. No. (a) | Account (b) | Average Service Life in Years (c) | Average Salvage in Percent (d) | Depr. Rate Applied (e) | Accumulated Depreciation Balance Previous Year (f) | Debits (g) | Credits (h) | Accum. Depr. Balance End of Year (f-g+h=i) (i) |
|---------------|---|-----------------------------------|--------------------------------|------------------------|--|------------|-------------|--|
| 304 | Structures and Improvements | | % | % | \$ 0 | | | \$ 0 |
| 305 | Collecting and Impounding Reservoirs | | % | % | | | | |
| 306 | Lake, River and Other Intakes | | % | % | | | | |
| 307 | Wells and Springs | 40 | % | 2.5 % | 8568 | | 205 | 8773 |
| 308 | Infiltration Galleries & Tunnels | | % | % | | | | |
| 309 | Supply Mains | | % | % | | | | 0 |
| 310 | Power Generating Equipment | | % | % | | | | 0 |
| 311 | Pumping Equipment | 40 | % | 2.5 % | 4177 | | 406 | 4583 |
| 320 | Water Treatment Equipment | 40 | % | 2.5 % | 3189 | | 75 | 3264 |
| 330 | Distribution Reservoirs & Standpipes | 40 | % | 2.5 % | 6870 | | 195 | 7065 |
| 331 | Trans. & Dist. Mains | 40 | % | 2.5 % | 58008 | | 1478 | 59486 |
| 333 | Services | 40 | % | 2.5 % | 6513 | | 153 | 6666 |
| 334 | Meter & Meter Installations | 40 | % | 2.5 % | 15850 | | 434 | 16284 |
| 335 | Hydrants | | % | % | | | | |
| 339 | Other Plant and Miscellaneous Equipment | | % | % | | | | |
| 340 | Office Furniture and Equipment | | % | % | | | | |
| 341 | Transportation Equipment | | % | % | | | | |
| 342 | Stores Equipment | | % | % | | | | |
| 343 | Tools, Shop and Garage Equipment | | % | % | | | | |
| 344 | Laboratory Equipment | | % | % | | | | |
| 345 | Power Operated Equipment | | % | % | | | | |
| 346 | Communication Equipment | | % | % | | | | |
| 347 | Miscellaneous Equipment | | % | % | | | | |
| 348 | Other Tangible Plant | | % | % | | | | |
| | Totals | | | | \$ 103175 | \$ 0 | \$ 2946 | \$ 106121 * |

* This amount should tie to Sheet F-5.

WATER OPERATION AND MAINTENANCE EXPENSE

| Acct. No. | Account Name | Amount |
|-----------|---|------------|
| 601 | Salaries and Wages - Employees | \$ |
| 603 | Salaries and Wages - Officers, Directors, and Majority Stockholders | 50000 |
| 604 | Employee Pensions and Benefits | 0 |
| 610 | Purchased Water | 3220 |
| 615 | Purchased Power | 4591 |
| 616 | Fuel for Power Production | |
| 618 | Chemicals | 1463 |
| 620 | Materials and Supplies | 5040 |
| 630 | Contractual Services: | |
| | Billing | |
| | OPERATOR | 1375 |
| | Repairs | 7456 |
| | CPA | 1284 |
| 640 | Rents | 3884 |
| 650 | Transportation Expense | 619 |
| 655 | Insurance Expense | 4650 |
| 665 | Regulatory Commission Expenses (Amortized Rate Case Expense) | |
| 670 | Bad Debt Expense | 0 |
| 675 | Miscellaneous Expenses (Bank, Postage, Telephone, etc) | 6189 |
| | Total Water Operation And Maintenance Expense | \$ 89771 * |

* This amount should tie to Sheet F-3.

WATER CUSTOMERS

| Description (a) | Type of Meter ** (b) | Equivalent Factor (c) | Number of Active Customers | | Total Number of Meter Equivalents (c x e) (f) |
|--|-------------------------|--------------------------|----------------------------|--------------------|--|
| | | | Start of Year (d) | End of Year (e) | |
| 5/8" | D | 1.0 | 438 | 438 | 438 |
| 3/4" | D | 1.5 | 2 | 2 | 3 |
| 1" | D | 2.5 | 3 | 3 | 7.5 |
| 1 1/2" | D,T | 5.0 | | | |
| 2" | D,C,T | 8.0 | | | |
| 3" | D | 15.0 | | | |
| 3" | C | 16.0 | | | |
| 3" | T | 17.5 | | | |
| 4" | D,C | 25.0 | | | |
| 4" | T | 30.0 | | | |
| 6" | D,C | 50.0 | | | |
| 6" | T | 62.5 | | | |
| Other (Specify): | | | | | |
| Unmetered Customers | | | | | |
| ** D = Displacement C = Compound T = Turbine | | | Total | | |
| | | | 443 | 443 | 448.5 |

UTILITY NAME: **L W V UTILITIES, INC.**

YEAR OF REPORT
DECEMBER 31, 2014

PUMPING AND PURCHASED WATER STATISTICS

| (a) | Water Purchased For Resale (Omit 000's) (b) | Finished Water From Wells (Omit 000's) (c) | Recorded Accounted For Loss Through Line Flushing Etc. (Omit 000's) (d) | Total Water Pumped And Purchased (Omit 000's) [(b)+(c)-(d)] (e) | Water Sold To Customers (Omit 000's) (f) |
|----------------|--|---|--|--|---|
| January | 0 | 1993 | 201 | 1792 | 1763 |
| February | 0 | 1926 | 188 | 1738 | 1907 |
| March | 0 | 2172 | 343 | 1829 | 1665 |
| April | 0 | 2073 | 371 | 1702 | 1581 |
| May | 0 | 2565 | 474 | 2091 | 1841 |
| June | 0 | 2384 | 296 | 2088 | 1802 |
| July | 0 | 2423 | 437 | 1986 | 1795 |
| August | 0 | 2505 | 307 | 2198 | 1877 |
| September | 0 | 2380 | 182 | 2198 | 1955 |
| October | 0 | 2306 | 161 | 2145 | 1465 |
| November | 0 | 2224 | 351 | 1873 | 1875 |
| December | 0 | 2267 | 251 | 2016 | 1651 |
| Total for Year | 0 | 27218 | 3562 | 23656 | 21177 |

If water is purchased for resale, indicate the following:

Vendor CITY OF NEW PORT RICHEY and ORANGWOOD LAKE SERVICES
Point of delivery MASS AVE. AT CYPRESS KNOLL DR. INTERCONNECT

If water is sold to other water utilities for redistribution, list names of such utilities below:

Advisor Enterprises Water Utility.

MAINS (FEET)

| Kind of Pipe (PVC, Cast Iron, Coated Steel, etc.) | Diameter of Pipe | First of Year | Added | Removed or Abandoned | End of Year |
|---|------------------|---------------|-------|----------------------|-------------|
| Unknown, PVC, Gal Steel | 2, 3, 4, & 6 | Unknown | None | None | UNKNOWN |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

UTILITY NAME:

L W V UTILITIES, INC.

YEAR OF REPORT
DECEMBER 31, 2014

**WELLS AND WELL PUMPS
(If Available)**

| (a) | (b) | (c) | (d) | (e) |
|--|-------|-------|-----------------------------|-----|
| Year Constructed _____ | 1960 | 1965 | | |
| Types of Well Construction and Casing _____ | Steel | STEEL | | |
| Depth of Wells _____ | 150 | 150 | | |
| Diameters of Wells _____ | 4 | 4 | | |
| Pump - GPM _____ | | | | |
| Motor - HP _____ | 7.5 | 7.5 | | |
| Motor Type * _____ | Sub. | Sub. | | |
| Yields of Wells in GPD _____ | 186 M | 158M | | |
| Auxiliary Power _____ | NPR | NPR | AND ORANGEWOOD LAKES UTILIT | |
| * Submersible, centrifugal, etc. | | | | |

RESERVOIRS

| (a) | (b) | (c) | (d) | (e) |
|-------------------------------|--------|-----|-----|-----|
| Description (steel, concrete) | Steel | | | |
| Capacity of Tank _____ | 1000 | | | |
| Ground or Elevated _____ | Ground | | | |

HIGH SERVICE PUMPING

| (a) | (b) | (c) | (d) | (e) |
|---|-----|-----|-----|-----|
| Motors | | | | |
| Manufacturer _____ | | | | |
| Type _____ | | | | |
| Rated Horsepower _____ | | | | |
| Pumps | | | | |
| Manufacturer _____ | | | | |
| Type _____ | | | | |
| Capacity in GPM _____ | | | | |
| Average Number of Hours Operated Per Day _____ | | | | |
| Auxiliary Power _____ | | | | |

UTILITY NAME; **L W V UTILITIES, INC.**

YEAR OF REPORT
DECEMBER 31, 2014

SOURCE OF SUPPLY

| List for each source of supply (Ground, Surface, Purchased Water etc.) | | | |
|--|--------|--|--|
| Gals. per day of source | 230000 | | |
| Type of Source | WELLS | | |

WATER TREATMENT FACILITIES

| List for each Water Treatment Facility: | | | |
|--|---|--------------|--|
| Type | Liquid Chlor | Liquid Chlor | |
| Make | | | |
| Gals. per day capacity | 24000 | 115000 | |
| High service pumping Gallons per minute | | | |
| Reverse Osmosis | | | |
| Lime Treatment | | | |
| Unit Rating | | | |
| Filtration | | | |
| Pressure Sq. Ft. | | | |
| Gravity GPD/Sq.Ft. | | | |
| Disinfection | | | |
| Chlorinator | Yes | Yes | |
| Ozone | | | |
| Other | | | |
| Auxiliary Power | CITY OF N.P.R. AND ORANGEWOOD LAKE SERVICES | | |

UTILITY NAME: L W V UTILITIES, INC.

YEAR OF REPORT
DECEMBER 31, 2014

SYSTEM NAME: L W V UTILITIES, INC.

GENERAL WATER SYSTEM INFORMATION

Furnish information below for each system. A separate page should be supplied where necessary.

1. Present ERC's * the system can efficiently serve. _____ 148
2. Maximum number of ERCs * which can be served. _____ 250
3. Present system connection capacity (in ERCs *) using existing lines. _____ 250
4. Future connection capacity (in ERCs *) upon service area buildout. _____ 250
5. Estimated annual increase in ERCs *. _____ 0
6. Is the utility required to have fire flow capacity? _____ no
If so, how much capacity is required? _____
7. Attach a description of the fire fighting facilities. _____ none
8. Describe any plans and estimated completion dates for any enlargements or improvements of this system.

_____ none
9. When did the company last file a capacity analysis report with the DEF LONG AGC 19??
10. If the present system does not meet the requirements of DEP rules, submit the following:
 - a. Attach a description of the plant upgrade necessary to meet the DEP rules.
 - b. Have these plans been approved by DEP? _____
 - c. When will construction begin? _____
 - d. Attach plans for funding the required upgrading.
 - e. Is this system under any Consent Order with DEP? _____
11. Department of Environmental Protection ID # _____ 6511034
12. Water Management District Consumptive Use Permit # _____ 20007299.02
 - a. Is the system in compliance with the requirements of the CUP? _____ yes
 - b. If not, what are the utility's plans to gain compliance? _____

* An ERC is determined based on one of the following methods:
(a) If actual flow data are available from the preceding 12 months:
Divide the total annual single family residence (SFR) gallons sold by the average number of single family residents (SFR) gallons sold by the average number of single family residence customers for the same period and divide the result by 365 days.
(b) If no historical flow data are available use:
ERC = (Total SFR gallons sold (omit 000/365 days/350 gallons per day).

WASTEWATER OPERATING SECTION

Note: This utility is a water only service; therefore, Pages S-1 through S-6 have been omitted from this report.

Appendix B

Lakewood Villas Potable Water Distribution System

Appendix C

**SWFWMD Water Use Permit
Permit No. 20 00799.006**



An Equal
Opportunity
Employer

Bartow Service Office
170 Century Boulevard
Bartow, Florida 33830-7700
(863) 534-1448 or
1-800-492-7862 (FL only)

Sarasota Service Office
6750 Fruitville Road
Sarasota, Florida 34240-9711
(941) 377-3722 or
1-800-320-3503 (FL only)

Tampa Service Office
7601 Highway 301 North
Tampa, Florida 33637-6759
(813) 985-7481 or
1-800-836-0797 (FL only)

Southwest Florida Water Management District

2379 Broad Street, Brooksville, Florida 34604-6899
(352) 796-7211 or 1-800-423-1476 (FL only)
SUNCOM 628-4150 TDD only 1-800-231-6103 (FL only)
On the Internet at: WaterMatters.org

January 07, 2014

James C Weeks
7552 Congress Street Suite 3
New Port Richey, FL 34653

Subject: **Notice of Intended Agency Action Letter**
General Water Use Permit
Permit No.: 20 007299.006
Project Name: LWV Utilities
County: Pasco

Dear Permittee(s):

Your Water Use Permit has been approved contingent upon no objection to the District's action being received by the District within the time frames described in the enclosed Notice of Rights.

The information received by the District will be kept on file to support the District's determination regarding your application. This information is available for viewing or downloading through the District's Application and Permit Search Tools located at www.WaterMatters.org/permits.

The District's action in this matter only becomes closed to future legal challenges from members of the public if such persons have been properly notified of the District's action and no person objects to the District's action within the prescribed period of time following the notification. The District does not publish notices of intended agency action. If you wish to limit the time within which a person who does not receive actual written notice from the District may request an administrative hearing regarding this action, you are strongly encouraged to publish, at your own expense, a notice of intended agency action in the legal advertisement section of a newspaper of general circulation in the county or counties where the activity will occur. Publishing notice of intended agency action will close the window for filing a petition for hearing. Legal requirements and instructions for publishing notice of intended agency action, as well as a noticing form that can be used is available from the District's website at www.WaterMatters.org/permits/noticing. If you publish notice of intended agency action, a copy of the affidavit of publishing provided by the newspaper should be sent to the District's Tampa Service Office, for retention in the File of Record for this agency action.

Please be advised that the Governing Board has formulated a water shortage plan referenced in a Standard Water Use Permit Condition (Exhibit A) of your permit, and will implement such a plan during periods of water shortage. You will be notified during a declared water shortage of any change in the conditions of your Permit or any suspension of your Permit, or of any restriction on your use of water for the duration of any declared water shortage. Please further note that water conservation is a condition of your Permit and should be practiced at all times.

If you have any questions or concerns regarding your permit or any other information, please contact the Water Use Permit Bureau in the Tampa Service Office.

Sincerely,

Darrin Herbst, P.G.
Bureau Chief
Water Use Permit Bureau
Regulation Division

Enclosures: Approved Permit
Notice of Rights

**SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
WATER USE PERMIT
GENERAL
PERMIT NO. 20 007299.006**

PERMIT ISSUE DATE: January 07, 2014

EXPIRATION DATE: January 07, 2024

The Permittee is responsible for submitting an application to renew this permit no sooner than one year prior to the expiration date, and no later than the end of the last business day before the expiration date, whether or not the Permittee receives prior notification by mail. Failure to submit a renewal application prior to the expiration date and continuing to withdraw water after the expiration date is a violation of Chapter 373, Florida Statutes, and Chapter 40D-2, Florida Administrative Code, and may result in a monetary penalty and/or loss of the right to use the water. Issuance of a renewal of this permit is contingent upon District approval.

TYPE OF APPLICATION: Renewal
GRANTED TO: James C Weeks
7552 Congress Street Suite 3
New Port Richey, FL 34653

PROJECT NAME: LWV Utilities
WATER USE CAUTION AREA(S): Northern Tampa Bay
COUNTY: Pasco

| TOTAL QUANTITIES AUTHORIZED UNDER THIS PERMIT (in gallons per day) | |
|---|-------------|
| ANNUAL AVERAGE | 95,300 gpd |
| PEAK MONTH ¹ | 128,700 gpd |

¹ Peak Month: Average daily use during the highest water use month.

ABSTRACT:

This is a renewal with modification of an existing water use permit for public supply use. The authorized quantities are a decrease from those previously permitted. The annual average quantity decreased from 115,000 gallons per day (gpd) to 95,300 gpd, and the peak month quantity decreased from 142,000 gpd to 128,700 gpd. The decrease in quantities is due to more accurate information regarding per capita usage. Quantities are based on a projected population of 993 persons at a per capita rate of 96 gallons per capita per day. District ID Nos. 1 and 2 are ganged together and therefore pumpage and meter readings for both withdrawals are submitted only under District ID No. 1. This permit is located in the Northern Tampa Bay Water Use Caution Area.

Special conditions include those that require the Permittee to continue to record and report monthly meter readings; maintain a water conserving rate structure; continue to implement the District-approved water conservation plan; and cap withdrawals that are not in use.

WATER USE TABLE (in gpd)

| <u>USE</u> | <u>ANNUAL AVERAGE</u> | <u>PEAK MONTH</u> |
|-------------------|----------------------------------|------------------------------|
| Public Supply | 95,300 | 128,700 |

USE TYPE

Fire Fighting/Testing

Line Flushing

Residential Single Family

PUBLIC SUPPLY:

Population Served: 993

Per Capita Rate: 96 gpd/person

WITHDRAWAL POINT QUANTITY TABLE

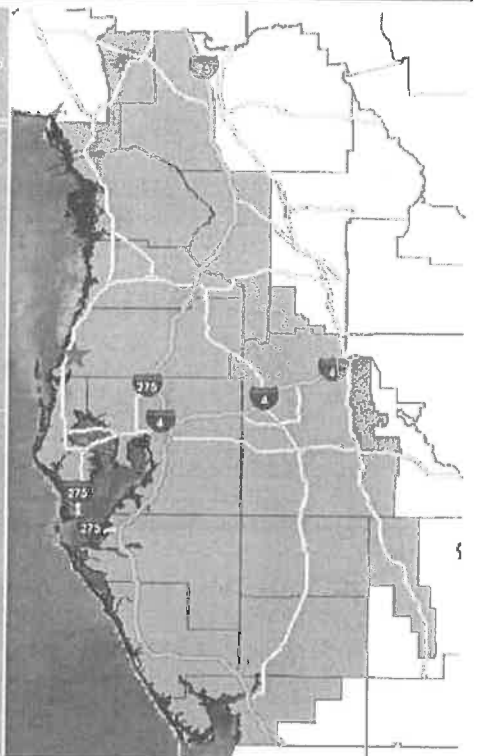
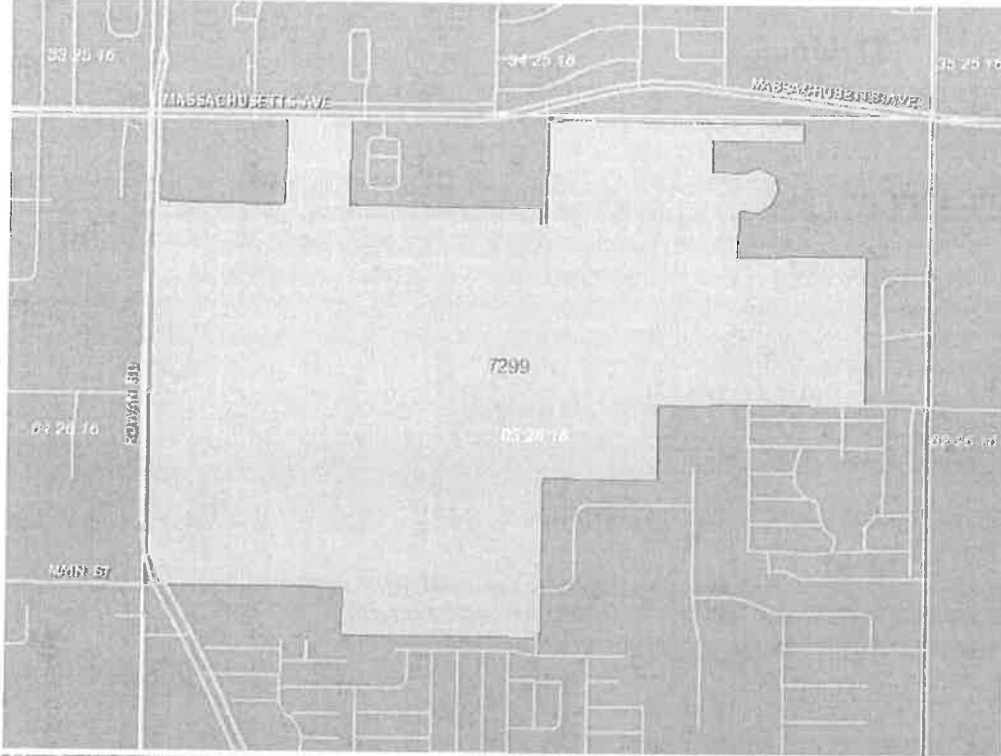
Water use from these withdrawal points are restricted to the quantities given below:

| <u>I.D. NO.</u> <u>PERMITTEE/</u> <u>DISTRICT</u> | <u>DIAM</u> <u>(in.)</u> | <u>DEPTH</u> <u>TTL./CSD.FT.</u> <u>(feet bls)</u> | <u>USE DESCRIPTION</u> | <u>AVERAGE</u> <u>(gpd)</u> | <u>PEAK</u> <u>MONTH</u> <u>(gpd)</u> |
|---|-----------------------------|--|------------------------|--------------------------------|---|
| 1 / 1 | 6 | 150 / 100 | Public Supply | 75,300 | 101,700 |
| 2 / 2 | 4 | 150 / 100 | Public Supply | 20,000 | 27,000 |

WITHDRAWAL POINT LOCATION TABLE

| <u>DISTRICT I.D. NO.</u> | <u>LATITUDE/LONGITUDE</u> |
|--------------------------|-------------------------------|
| 1 | 28° 15' 24.50"/82° 41' 39.21" |
| 2 | 28° 15' 24.61"/82° 41' 39.31" |

Location Map
James C Weeks
WUP No. 20 007299.006



Legend

- DIDs
- WUP Boundary
- 2011 Natural Color Imagery

PASCO COUNTY

Southwest Florida
Water Management District



STANDARD CONDITIONS:

The Permittee shall comply with the Standard Conditions attached hereto, incorporated herein by reference as Exhibit A and made a part hereof.

SPECIAL CONDITIONS:

1. All reports and data required by condition(s) of the permit shall be submitted to the District according to the due date(s) contained in the specific condition. If the condition specifies that a District-supplied form is to be used, the Permittee should use that form in order for their submission to be acknowledged in a timely manner. The only alternative to this requirement is to use the District Permit Information Center (www.swfwmd.state.fl.us/permits/epermitting/) to submit data, plans or reports online. There are instructions at the District website on how to register to set up an account to do so. If the report or data is received on or before the tenth day of the month following data collection, it shall be deemed as a timely submittal.

All mailed reports and data are to be sent to:

Southwest Florida Water Management District
Tampa Service Office, Water Use Permit Bureau
7601 U.S. Hwy. 301 North
Tampa, Florida 33637-6759

Submission of plans and reports: Unless submitted online or otherwise indicated in the special condition, the original and two copies of each plan and report, such as conservation plans, environmental analyses, aquifer test results, per capita annual reports, etc. are required.

Submission of data: Unless otherwise indicated in the special condition, an original (no copies) is required for data submittals such as crop report forms, meter readings and/or pumpage, rainfall, water level, evapotranspiration, or water quality data.
(499)

2. The Permittee shall incorporate all economically, technically and environmentally feasible water conserving measures into all processes, including reducing water losses, recycling and reuse. The Permittee shall promote water conservation in all components of water use, including water conservation among their customers, use water-efficient irrigation practices, and use of drought-tolerant landscaping.(285)
3. Within 90 days of the replacement of any or all withdrawal quantities from ground water or surface water bodies with an Alternative Water Supply, the Permittee shall apply to modify this permit to place equal quantities of permitted withdrawals from the ground and/or surface water resource on standby. The standby quantities can be used in the event that some or all of the alternative source is not available.(363)
4. The Permittee shall immediately implement the District-approved water conservation plan that was submitted in support of the application for this permit. Conservation measures that the Permittee has already implemented shall continue, and proposed conservation measures shall be implemented as proposed in the plan. (449)
- ~~5. The Permittee shall investigate the feasibility of using reclaimed water as a water source and submit a report describing the feasibility to the Water Use Permit Bureau, by January 1, 2019. The report shall contain an analysis of reclaimed water sources for the area, including the relative location of these sources to the Permittee's property, the quantity of reclaimed water available, the projected date(s) of availability, costs associated with obtaining the reclaimed water, and an implementation schedule for reuse, if feasible. Infeasibility shall be supported with a detailed explanation. If the use of reclaimed water is determined to be feasible by the Permittee or by the District, then the Permittee shall submit an application to modify this water use permit to include reclaimed water as a source of water. The modification application shall include a date when the reclaimed water will be available and shall indicate a proposed reduction in permitted quantities. If the permit application is not submitted by the Permittee, the District may reduce, following notice to the Permittee, the quantities authorized with this permit to account for the availability of reclaimed water.~~

(458)

6. Any wells not in use, and in which pumping equipment is not installed shall be capped or valved in a water tight manner in accordance with Chapter 62-532.500(3)(a)(4), F.A.C.(568)
7. The following withdrawal facilities shall continue to be maintained and operated with existing, non-resettable, totalizing flow meter(s) or other measuring device(s) as approved by the Water Use Permit Bureau Chief: District ID No. 1, Permittee ID No. 1. Meter reading and reporting, as well as meter accuracy checks every five years shall be in accordance with instructions in Exhibit B, Metering Instructions, attached to and made part of this permit.(719)
8. The quantities included in the permit are based on an average per capita rate of 96. By rule, the per capita rate in any given year shall not exceed 150 gpd. However, failure to maintain, on average, the per capita rate on which the permitted quantity is based could result in noncompliance with the terms of the permit. (67)

40D-2
Exhibit A

WATER USE PERMIT STANDARD CONDITIONS

1. The Permittee shall provide access to an authorized District representative to enter the property at any reasonable time to inspect the facility and make environmental or hydrologic assessments. The Permittee shall either accompany District staff onto the property or make provision for access onto the property.
2. When necessary to analyze impacts to the water resource or existing users, the District shall require the Permittee to install flow metering or other measuring devices to record withdrawal quantities and submit the data to the District.
3. The District shall collect water samples from any withdrawal point listed in the permit or shall require the permittee to submit water samples when the District determines there is a potential for adverse impacts to water quality.
4. A District identification tag shall be prominently displayed at each withdrawal point that is required by the District to be metered or for which withdrawal quantities are required to be reported to the District, by permanently affixing the tag to the withdrawal facility.
5. The Permittee shall mitigate to the satisfaction of the District any adverse impact to environmental features or off-site land uses as a result of withdrawals. When adverse impacts occur or are imminent, the District shall require the Permittee to mitigate the impacts. Adverse impacts include the following:
 - A. Significant reduction in levels or flows in water bodies such as lakes, impoundments, wetlands, springs, streams or other watercourses; or
 - B. Damage to crops and other vegetation causing financial harm to the owner; and
 - C. Damage to the habitat of endangered or threatened species.
6. The Permittee shall mitigate, to the satisfaction of the District, any adverse impact to existing legal uses caused by withdrawals. When adverse impacts occur or are imminent, the District shall require the Permittee to mitigate the impacts. Adverse impacts include the following:
 - A. A reduction in water levels which impairs the ability of a well to produce water;
 - B. Significant reduction in levels or flows in water bodies such as lakes, impoundments, wetlands, springs, streams or other watercourses; or
 - C. Significant inducement of natural or manmade contaminants into a water supply or into a usable portion of an aquifer or water body.
7. Notwithstanding the provisions of Rule 40D-1.6105, F.A.C., persons who wish to continue the water use permitted herein and who have acquired ownership or legal control of permitted water withdrawal facilities or the land on which the facilities are located must apply to transfer the permit to themselves within 45 days of acquiring ownership or legal control of the water withdrawal facilities or the land.
8. If any of the statements in the application and in the supporting data are found to be untrue and inaccurate, or if the Permittee fails to comply with all of the provisions of Chapter 373, Florida Statutes (F.S.), Chapter 40D, Florida Administrative Code (F.A.C.), or the conditions set forth herein, the Governing Board shall revoke this permit in accordance with Rule 40D-2.341, F.A.C., following notice and hearing.
9. Issuance of this permit does not exempt the Permittee from any other District permitting requirements.
10. The Permittee shall cease or reduce surface water withdrawal as directed by the District if water levels in lakes fall below the applicable minimum water level established in Chapter 40D-8, F.A.C., or rates of flow in streams fall below the minimum levels established in Chapter 40D-8, F.A.C.
11. The Permittee shall cease or reduce withdrawal as directed by the District if water levels in aquifers fall below the minimum levels established by the Governing Board.
12. The Permittee shall not deviate from any of the terms or conditions of this permit without written approval by the District.

13. The Permittee shall practice water conservation to increase the efficiency of transport, application, and use, as well as to decrease waste and to minimize runoff from the property. At such time as the Governing Board adopts specific conservation requirements for the Permittee's water use classification, this permit shall be subject to those requirements upon notice and after a reasonable period for compliance.
14. The District may establish special regulations for Water-Use Caution Areas. At such time as the Governing Board adopts such provisions, this permit shall be subject to them upon notice and after a reasonable period for compliance.
15. In the event the District declares that a Water Shortage exists pursuant to Chapter 40D-21, F.A.C., the District shall alter, modify, or declare inactive all or parts of this permit as necessary to address the water shortage.
16. This permit is issued based on information provided by the Permittee demonstrating that the use of water is reasonable and beneficial, consistent with the public interest, and will not interfere with any existing legal use of water. If, during the term of the permit, it is determined by the District that the use is not reasonable and beneficial, in the public interest, or does impact an existing legal use of water, the Governing Board shall modify this permit or shall revoke this permit following notice and hearing.
17. All permits issued pursuant to these Rules are contingent upon continued ownership or legal control of all property on which pumps, wells, diversions or other water withdrawal facilities are located.

Exhibit B
Instructions

METERING INSTRUCTIONS

The Permittee shall meter withdrawals from surface waters and/or the ground water resources, and meter readings from each withdrawal facility shall be recorded on a monthly basis within the last week of the month. The meter reading(s) shall be reported to the Water Use Permit Bureau on or before the tenth day of the following month. The Permittee shall submit meter readings online using the Permit Information Center at www.swfwmd.state.fl.us/permits/epermitting/ or on District supplied scanning forms unless another arrangement for submission of this data has been approved by the District. Submission of such data by any other unauthorized form or mechanism may result in loss of data and subsequent delinquency notifications. Call the Water Use Permit Bureau in Tampa at (813) 985-7481 if difficulty is encountered.

The meters shall adhere to the following descriptions and shall be installed or maintained as follows:

1. The meter(s) shall be non-resettable, totalizing flow meter(s) that have a totalizer of sufficient magnitude to retain total gallon data for a minimum of the three highest consecutive months permitted quantities. If other measuring device(s) are proposed, prior to installation, approval shall be obtained in writing from the Water Use Permit Bureau Chief.
2. The Permittee shall report non-use on all metered standby withdrawal facilities on the scanning form or approved alternative reporting method.
3. If a metered withdrawal facility is not used during any given month, the meter report shall be submitted to the District indicating the same meter reading as was submitted the previous month.
4. The flow meter(s) or other approved device(s) shall have and maintain an accuracy within five percent of the actual flow as installed.
5. Meter accuracy testing requirements:
 - A. For newly metered withdrawal points, the flow meter installation shall be designed for inline field access for meter accuracy testing.
 - B. The meter shall be tested for accuracy on-site, as installed according to the Flow Meter Accuracy Test Instructions in this Exhibit B, every five years in the assigned month for the county, beginning from the date of its installation for new meters or from the date of initial issuance of this permit containing the metering condition with an accuracy test requirement for existing meters.
 - C. The testing frequency will be decreased if the Permittee demonstrates to the satisfaction of the District that a longer period of time for testing is warranted.
 - D. The test will be accepted by the District only if performed by a person knowledgeable in the testing equipment used.
 - E. If the actual flow is found to be greater than 5% different from the measured flow, within 30 days, the Permittee shall have the meter re-calibrated, repaired, or replaced, whichever is necessary. Documentation of the test and a certificate of re-calibration, if applicable, shall be submitted within 30 days of each test or re-calibration.
6. The meter shall be installed according to the manufacturer's instructions for achieving accurate flow to the specifications above, or it shall be installed in a straight length of pipe where there is at least an upstream length equal to ten (10) times the outside pipe diameter and a downstream length equal to two (2) times the outside pipe diameter. Where there is not at least a length of ten diameters upstream available, flow straightening vanes shall be used in the upstream line.
7. Broken or malfunctioning meter:
 - ~~A. If the meter or other flow measuring device malfunctions or breaks, the Permittee shall notify the District within 15 days of discovering the malfunction or breakage.~~
 - B. The meter must be replaced with a repaired or new meter, subject to the same specifications given above, within 30 days of the discovery.
 - C. If the meter is removed from the withdrawal point for any other reason, it shall be replaced with another meter having the same specifications given above, or the meter shall be reinstalled within 30 days of its removal from the withdrawal. In either event, a fully functioning meter shall not be off the withdrawal point for more than 60 consecutive days.

- 8. While the meter is not functioning correctly, the Permittee shall keep track of the total amount of time the withdrawal point was used for each month and multiply those minutes times the pump capacity (in gallons per minute) for total gallons. The estimate of the number of gallons used each month during that period shall be submitted on District scanning forms and noted as estimated per instructions on the form. If the data is submitted by another approved method, the fact that it is estimated must be indicated. The reason for the necessity to estimate pumpage shall be reported with the estimate.
- 9. In the event a new meter is installed to replace a broken meter, it and its installation shall meet the specifications of this condition. The permittee shall notify the District of the replacement with the first submittal of meter readings from the new meter.

FLOW METER ACCURACY TEST INSTRUCTIONS

- 1. **Accuracy Test Due Date** - The Permittee is to schedule their accuracy test according to the following schedule:
 - A. For existing metered withdrawal points, add five years to the previous test year, and make the test in the month assigned to your county.
 - B. For withdrawal points for which metering is added for the first time, the test is to be scheduled five years from the issue year in the month assigned to your county.
 - C. For proposed withdrawal points, the test date is five years from the completion date of the withdrawal point in the month assigned to your county.
 - D. For the Permittee's convenience, if there are multiple due-years for meter accuracy testing because of the timing of the installation and/or previous accuracy tests of meters, the Permittee can submit a request in writing to the Water Use Permit Bureau Chief for one specific year to be assigned as the due date year for meter testing. Permittees with many meters to test may also request the tests to be grouped into one year or spread out evenly over two to three years.
 - E. The months for accuracy testing of meters are assigned by county. The Permittee is requested but not required to have their testing done in the month assigned to their county. This is to have sufficient District staff available for assistance.

| | |
|-----------|-----------------------------------|
| January | Hillsborough |
| February | Manatee, Pasco |
| March | Polk (for odd numbered permits)* |
| April | Polk (for even numbered permits)* |
| May | Highlands |
| June | Hardee, Charlotte |
| July | None or Special Request |
| August | None or Special Request |
| September | Desoto, Sarasota |
| October | Citrus, Levy, Lake |
| November | Hernando, Sumter, Marion |
| December | Pinellas |

* The permittee may request their multiple permits be tested in the same month.

- 2. **Accuracy Test Requirements:** The Permittee shall test the accuracy of flow meters on permitted withdrawal points as follows:
 - A. The equipment water temperature shall be set to 72 degrees Fahrenheit for ground water, and to the measured water temperature for other water sources.
 - B. A minimum of two separate timed tests shall be performed for each meter. Each timed test shall consist of measuring flow using the test meter and the installed meter for a minimum of four minutes duration. If the two tests do not yield consistent results, additional tests shall be performed for a minimum of eight minutes or longer per test until consistent results are obtained.
 - C. If the installed meter has a rate of flow, or large multiplier that does not allow for consistent results to be obtained with four- or eight-minute tests, the duration of the test shall be increased as necessary to obtain accurate and consistent results with respect to the type of flow meter installed.
 - D. The results of two consistent tests shall be averaged, and the result will be considered the test result for the meter being tested. This result shall be expressed as a plus or minus percent (rounded to the nearest one-tenth percent) accuracy of the installed meter relative to the test meter. The percent accuracy indicates the deviation (if any), of the meter being tested from the test meter.

3. **Accuracy Test Report:** The Permittees shall demonstrate that the results of the meter test(s) are accurate by submitting the following information within 30 days of the test:
- A. A completed Flow Meter Accuracy Verification Form, Form LEG-R.014.00 (07/08) for each flow meter tested. This form can be obtained from the District's website (www.watermatters.org) under "ePermitting and Rules" for Water Use Permits.
 - B. A printout of data that was input into the test equipment, if the test equipment is capable of creating such a printout;
 - C. A statement attesting that the manufacturer of the test equipment, or an entity approved or authorized by the manufacturer, has trained the operator to use the specific model test equipment used for testing;
 - D. The date of the test equipment's most recent calibration that demonstrates that it was calibrated within the previous twelve months, and the test lab's National Institute of Standards and Testing (N.I.S.T.) traceability reference number.
 - E. A diagram showing the precise location on the pipe where the testing equipment was mounted shall be supplied with the form. This diagram shall also show the pump, installed meter, the configuration (with all valves, tees, elbows, and any other possible flow disturbing devices) that exists between the pump and the test location clearly noted with measurements. If flow straightening vanes are utilized, their location(s) shall also be included in the diagram.
 - F. A picture of the test location, including the pump, installed flow meter, and the measuring device, or for sites where the picture does not include all of the items listed above, a picture of the test site with a notation of distances to these items. with a notation of distances to these items.

Darrin Herbst, P.G.

Authorized Signature
SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT

This permit, issued under the provision of Chapter 373, Florida Statutes and Florida Administrative Code 40D-2, authorizes the Permittee to withdraw the quantities outlined above, and may require various activities to be performed by the Permittee as described in the permit, including the Special Conditions. The permit does not convey to the Permittee any property rights or privileges other than those specified herein, nor relieve the Permittee from complying with any applicable local government, state, or federal law, rule, or ordinance.

Notice of Rights

ADMINISTRATIVE HEARING

1. You or any person whose substantial interests are or may be affected by the District's intended or proposed action may request an administrative hearing on that action by filing a written petition in accordance with Sections 120.569 and 120.57, Florida Statutes (F.S.), Uniform Rules of Procedure Chapter 28-106, Florida Administrative Code (F.A.C.) and District Rule 40D-1.1010, F.A.C. Unless otherwise provided by law, a petition for administrative hearing must be filed with (received by) the District within 21 days of receipt of written notice of agency action. "Written notice" means either actual written notice, or newspaper publication of notice, that the District has taken or intends to take agency action. "Receipt of written notice" is deemed to be the fifth day after the date on which actual notice is deposited in the United States mail, if notice is mailed to you, or the date that actual notice is issued, if sent to you by electronic mail or delivered to you, or the date that notice is published in a newspaper, for those persons to whom the District does not provide actual notice.
2. Pursuant to Subsection 373.427(2)(c), F.S., for notices of intended or proposed agency action on a consolidated application for an environmental resource permit and use of sovereignty submerged lands concurrently reviewed by the District, a petition for administrative hearing must be filed with (received by) the District within 14 days of receipt of written notice.
3. Pursuant to Rule 62-532.430, F.A.C., for notices of intent to deny a well construction permit, a petition for administrative hearing must be filed with (received by) the District within 30 days of receipt of written notice of intent to deny.
4. Any person who receives written notice of an agency decision and who fails to file a written request for a hearing within 21 days of receipt or other period as required by law waives the right to request a hearing on such matters.
5. Mediation pursuant to Section 120.573, F.S., to settle an administrative dispute regarding District intended or proposed action is not available prior to the filing of a petition for hearing.
6. A request or petition for administrative hearing must comply with the requirements set forth in Chapter 28.106, F.A.C. A request or petition for a hearing must: (1) explain how the substantial interests of each person requesting the hearing will be affected by the District's intended action or proposed action, (2) state all material facts disputed by the person requesting the hearing or state that there are no material facts in dispute, and (3) otherwise comply with Rules 28-106.201 and 28-106.301, F.A.C. Chapter 28-106, F.A.C. can be viewed at www.flrules.org or at the District's website at www.WaterMatters.org/permits/rules.
7. A petition for administrative hearing is deemed filed upon receipt of the complete petition by the District Agency Clerk at the District's Tampa Service Office during normal business hours, which are 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding District holidays. Filings with the District Agency Clerk may be made by mail, hand-delivery or facsimile transfer (fax). The District does not accept petitions for administrative hearing by electronic mail. Mailed filings must be addressed to, and hand-delivered filings must be delivered to, the Agency Clerk, Southwest Florida Water Management District, 7601 Highway 301 North, Tampa, FL 33637-6759. Faxed filings must be transmitted to the District Agency Clerk at (813) 987-6746. Any petition not received during normal business hours shall be filed as of 8:00 a.m. on the next business day. The District's acceptance of faxed petitions for filing is subject to certain conditions set forth in the District's Statement of Agency Organization and Operation, available for viewing at www.WaterMatters.org/about.

JUDICIAL REVIEW

1. Pursuant to Sections 120.60(3) and 120.68, F.S., a party who is adversely affected by District action may seek judicial review of the District's action. Judicial review shall be sought in the Fifth District Court of Appeal or in the appellate district where a party resides or as otherwise provided by law.
2. All proceedings shall be instituted by filing an original notice of appeal with the District Agency Clerk within 30 days after the rendition of the order being appealed, and a copy of the notice of appeal, accompanied by any filing fees prescribed by law, with the clerk of the court, in accordance with Rules 9.110 and 9.190 of the Florida Rules of Appellate Procedure (Fla. R. App. P.). Pursuant to Fla. R. App. P. 9.020(h), an order is rendered when a signed written order is filed with the clerk of the lower tribunal.

Appendix D

Water Tank Inspection for the Lakewood Villas Water Treatment Plant

PASCO TESTING LAB & SALES INC.

P.O. BOX 1064
NEW PORT RICHEY, FL
34656
Phone: 727-848-2591
Fax: 727-848-0003

4/24/13

Attn: James Weeks, LWV Utilities, Inc
From: Peter Dewhurst
Ref: Water Tank Inspection for Lakewood Villas Water Treatment Plant

The following comments reflect my inspection for your potable water tank:

Tank Exterior: This is a 5,000 Gal. horizontal hydro pneumatic pressure vessel filled by two wells on the property. The tank is painted white. Surface rust is not present. The tank overall appearance is very good. Inlets and outlets are tight with no visible cracking along the welded seam lines. There are no leaks on this tank at this time. There is one small patch at the bottom center and one large one on top in the center. The steel support cradles are well intact. This tank is in excess of 15 years old. There is a sight glass for this tank. There is a two inch blow off on this tank at the bottom. There is no pressure relief valve on the tank. There is a sampling port on the outbound side. There is an air release with a screen on the tank east end. There is no inspection plate (man way) on this tank. The original inspection plate was removed years ago after rusting. It was on the top center. The tank is inside a locked fence area.

Dimensions: 60" width x 240" length, end of seam to end of seam.

Thickness Measurements: Thickness for this tank ranged from a low of 0.232 to a high of 0.301. Thickness is measured in thousandths of an inch.

Tank Interior: The interior was not accessible. Any accumulation of rust on the interior walls was not confirmed. Considering the tank's age it is very likely that rust has accumulated over the entire interior.

Recommendations are as follows:

Paint the exterior as needed. Flush tank from its blow off at 6 month intervals. Install a Pressure Relief Valve at the tank top in the existing 2 inch threaded boss and screen the discharge opening. Work to be performed by operator or staff at low demand periods in the mid afternoon. Inspect tank metal thickness in 12 months.

Peter A. Dewhurst
President
Pasco Testing Lab & Sales, Inc.

Cc: Ray Bussman, P.E.







CITY OF NEW PORT RICHEY

UTILITY VALUATION for the SILVER OAKS UTILITY SYSTEM



FINAL VALUATION

January 2016

Revised October 2016



1365 Hamlet Ave
Clearwater, Florida 33756
Ph: 727/442-7196
Fax: 727/461-3827

1.0 PURPOSE and BACKGROUND

The City of New Port Richey (City) is currently evaluating the potential to acquire the Silver Oaks Utility System, a privately held water utility within city limits. The Silver Oaks Utility System is small neighborhood of fifty-one (51) single family homes constructed in the mid to late 1960's. The Silver Oaks Utility System is located east of Grand Boulevard north of Cecelia Dr. (see attached **figure**). Previously, water for this private utility came from a well located in the neighborhood. Per the owner of the utility, the well has been capped and abandoned with SWFWMD. The lot on which the well was located has since been sold. Currently the City is providing water at a bulk rate to the Silver Oaks Utility System. Water sold to the private utility is metered through a 2-inch meter located near Grand Boulevard and Ridgewood Drive. Beyond that connection point, the private utility is responsible for the distribution system.

The following report provides information on the Silver Oaks Utility System, including revenue, expense and maintenance history, regulatory requirements and the utility valuation which is based on three (3) main approaches, an asset valuation approach, an income valuation approach, and a comparable sales valuation approach.

2.0 ASSET VALUATION

The asset valuation approach determines the current value of the infrastructure installed and includes the development of an infrastructure inventory and a condition assessment of the infrastructure.

2.1 EXISTING UTILITY INFRASTRUCTURE

The following information is based on data provided by the City and data provided by the owner of the Silver Oaks Utility System.

The Silver Oaks Utility System includes approximately 2,450 lf of 6-inch diameter PVC pipe, valves and fittings; and approximately 2,370 lf of 2-inch diameter Schedule 40 PVC pipe, valves and fittings. The pipe routes are reflected in the "Silver Oaks Hill Water System" drawing 1 of 3 included as **Appendix A**. Note that while this drawing calls out two fire hydrants on Ridgewood Drive, the fire hydrants were not observed in the field.

2.2 CONDITION OF EXISTING INFRASTRUCTURE

As the existing utility system is below grade, the condition assessment is limited to a review of available data, including maintenance history, age of the infrastructure, and estimated useful life remaining.

System maintenance records are not available for the Silver Oaks Utility System. When contacted, the owner of the Silver Oaks Utility System indicated that maintenance has been limited to occasional repair of minor leaks and changing out residential water meters.

As previously indicated, the homes served by the Silver Oaks Utility System were constructed in the mid to late 1960's. Assuming the potable water distribution system was constructed at the same time equates to the age of the Silver Oaks Utility System to be approximately 49 years. Water distribution pipe has a useful life that ranges from 15 to over 100 years, depending on the type of material and the environment¹. For the purpose of this valuation, we have assumed a useful life of 55 years². Therefore, the remaining useful life of the distribution pipe is approximately 6 years. (Note that the useful life is based on industry average. The estimated useful life remaining is not intended to imply that once this time has passed the asset will fail; but instead there is an increased potential for failure. The City currently has several areas where the water distribution system has surpassed its industry standard useful life.)

Industry standards recommend water meters be replaced every 10 years. While the utility owner indicated that water meters have been replaced, records were not provided that detail how many meters have been replaced and how old the current meters are. Therefore, for the purpose of this valuation, we have assumed a remaining useful life of 5 years for all the water meters. (Note, this is similar to assuming half the meters have a remaining useful life greater than 5 years, and half have a remaining useful life less than 5 years.)

¹ USEPA *The Facts about Sustainable Water Infrastructure*

² AWWA *Buried No Longer: Confronting America's Water Infrastructure Challenge*

2.3 REPLACEMENT COSTS

Replacement cost for the existing infrastructure is calculated as follows.

| Description | Units | Unit Cost | Extended Cost |
|--|---------|-------------|------------------|
| 2" pipe/fittings/valves | 2370 lf | \$20 per lf | \$47,400 |
| 6" pipe/fittings/valves | 2450 lf | \$45 per lf | \$110,250 |
| Water services (not including water meter) | 51 ea | \$600 ea | \$30,600 |
| Water service meters | 51 ea | \$300 ea | \$15,300 |
| Total | | | \$203,550 |

2.4 DEPRICIATED VALUE

A straight line depreciation was used to calculate the current value of the existing Silver Oaks Utility System infrastructure. The calculation assumed the asset cost of \$188,250 for the distribution pipe and water services, no salvage value, a 55 year useful life, and a placed in service date of January 1968. The resulting depreciated value at the end of year 2015 is \$23,959³. An asset cost of \$15,300 was assumed for the water service meters, no salvage value, and a 5 year remaining useful life. The resulting depreciated value for the water service meters with 5 year remaining useful life is \$7,650. The total depreciated value for the Silver Oaks Utility System infrastructure at the end of year 2015 is \$31,609.

³ The previous report which was used for the negotiated offer considered a depreciation value at the end of year 2015.

2.5 OTHER CONSIDERATIONS

Should the City decide to acquire the Silver Oaks Utility System, the City will need to replace the existing water service meters with the City's standard smart meter in order for the water services to be connected to the City's automatic meter reading (AMR) program.

3.0 INCOME VALUATION

The income valuation approach estimates the value of the potential earnings from the existing infrastructure, taking into account the annual operation and maintenance costs.

3.1 HISTORIC REVENUE INFORMATION

The water revenues for the Silver Oaks Utility System for the 5 year period from 2010 through 2014 are shown in the table below. Information reflected in this table was obtained from the utility owner.

| BILLING PERIOD | GALLONS USED (x1000) | WATER REVENUE* |
|-----------------------|-----------------------------|-----------------------|
| 2010 | 1433 | \$13,606 |
| 2011 | 1682 | \$16,808 |
| 2012 | 1555 | \$16,892 |
| 2013 | 1726 | \$18,371 |
| 2014 | 1623 | \$18,475 |

*Note: Additional billings for other charges (delinquency fees) not included.

3.2 HISTORIC OPERATION AND MAINTENANCE INFORMATION

Maintenance records were not provided for the Silver Oaks Utility System. Per the utility owner, maintenance has been minor with repairs for minor leaks and changing out of meters.

3.3 PROJECTED REVENUE INFORMATION

Projected revenue was determined using the City's FY 2017 standard outside residential rates for a ⁵/₈-inch service connection with an annual 4% increase in the base charge and the consumption charge (per the City, the billing charge and the "TBW charge" are not subject to the annual increase).

- Monthly base charge of \$10.95
- Billing charge of \$1.05
- Tampa Bay Water (TBW) charge of \$0.49/1000 gal
- Tiered consumption charge
 - Tier 1 – up to 5,000 gallons at \$3.49 per thousand
 - Tier 2 – 5,001 to 10,000 gallons at \$4.48 per thousand
 - Tier 3 – 10,001 to 15,000 gallons at \$6.16 per thousand
 - Tier 4 – 15,001 to 20,000 gallons at \$8.67 per thousand
 - Tier 5 – 20,001 gallons and above at \$12.45 per thousand

The average monthly water usage per metered customer in the Silver Oaks Utility System is less than 5000 gallons. Therefore, the Tier 1 consumption rate was used for calculating revenue.

The average annual water use for the Silver Oaks Utility System for the period 2010 – 2014 was 1,603,800 gallons. Using this average annual water use through FY 2023 (based on the remaining useful life of the water distribution pipe)⁴, the projected revenue is calculated at \$103,791.55.

⁴ The previous report which was used for the negotiated offer considered 7 years remaining life based on acquisition of the utility in early 2016. Therefore we used a similar 7 year period in determining the income valuation.

3.4 OPERATIONAL COSTS

Operational cost was estimated based on City’s annual operating budget for the water treatment plant, \$3.2 million, and the water distribution division, \$975,000. The total water production for fiscal year 2014 was 1896.52 MG, or an average of 5.2 mgd. Using this flow, the operational cost per gallon treated and distributed was calculated to be \$0.0022/gallon. To estimate operating costs for subsequent years, the operational cost per gallon was increased in proportion to the projected cash outflow increase in the Water and Sewer Revenue Sufficiency Analysis Report prepared for the City by Burton & Associates, or approximately 3% per year.

Using the average annual water use for the Silver Oaks Utility System for the period 2010 -2014, the projected operational cost through FY 2023 is calculated at \$27,774.

3.5 CAPITAL COSTS

In addition to the operational costs, the income valuation needs to consider capital costs that will be incurred by the City when acquiring the Silver Oaks Utility System. As previously noted, the City will need to replace the existing water service meters with the City’s standard smart meter in order for the water services to be connected to the City’s automatic meter reading (AMR) program. With an estimated installed cost of \$500 per smart meter, the cost to replace all 51 meters is estimated at \$25,500.

3.6 INCOME VALUATION

In order to calculate the income valuation a time period needs to be selected for which the potential income from operating the utility is calculated. For the income valuation of the Silver Oaks Utility System, a period of 6 years was selected which correlates with the 6 years of remaining useful life for the water distribution pipe plus one year to account for the time since the initial negotiated offer. The income value was determined from the summation of the present worth of the projected annual revenues minus the projected annual operating costs minus the capital expenditure for the meter replacement using a discount rate of 1.5%.

The calculated income valuation is \$46,154.

Present Value of Annual Income from the Sale of Water to Silver Oaks

| Year | Annual Revenue | Operating Cost | Present Value |
|------|----------------|--------------------|---------------|
| 2017 | \$ 13,248.20 | \$ 3,608 | \$ 9,497.84 |
| 2018 | \$ 13,740.43 | \$ 3,720 | \$ 9,726.09 |
| 2019 | \$ 14,252.35 | \$ 3,837 | \$ 9,960.26 |
| 2020 | \$ 14,784.74 | \$ 3,958 | \$ 10,200.43 |
| 2021 | \$ 15,338.43 | \$ 4,084 | \$ 10,446.70 |
| 2022 | \$ 15,914.27 | \$ 4,215 | \$ 10,699.14 |
| 2023 | \$ 16,513.14 | \$ 4,351 | \$ 11,123.20 |
| | | Sum | \$ 71,653.66 |
| | | minus Capital Cost | \$ 25,500.00 |
| | | Income Value | \$ 46,153.66 |

Note that the above valuation assumes that the Silver Oaks Utility System is debt free and that the current utility owner will assume all delinquent charges.

4.0 COMPARABLE SALES

The comparable sales approach looks at recent sales of similar utilities in the region. A search for recent sales of utility system yielded several in the Tampa Bay region, including a couple in Pasco County. However, the utilities sold were significantly larger than the Silver Oaks Utility System. Two of these sales included wastewater infrastructure, which is not part of the Silver Oaks Utility System. Several of the utility system sales are summarized below.

Leigh Acres – valued at \$34,000,000

- 12,866 water customers, 10,321 wastewater customers
- 16 wells, 2 WTPs, 6 storage tanks, 196 miles of water mains
- 1 WWTP, 64 lift stations, 103 miles of gravity sewers, 49 miles of force mains
- 10 miles of reclaimed water distribution mains

Lindrick Utility – valued at \$16,800,000

- 2,825 water customers, 2,550 wastewater customers
- 8 wells
- 19 lift stations
- Service area 3.24 sq. miles

Consolidated (Anclote, Angus Valley, Colonial Manor, Dixie Groves, Virginia City, Westwood) – valued at \$4,250,000

- 2,378 water customers, 0 wastewater customers
- 6 wells, 6 hydropneumatic tanks, 24 miles of water mains

Since the size of these utilities is significantly larger than the Silver Oaks Utility System, the use of comparable sales in the utility valuation is less reliable than the other two valuation methods and therefore will not be used.

5.0 SUMMARY UTILITY VALUATION

Two approaches were considered to determine the value of the Silver Oaks Utility System, an asset valuation approach and an income valuation approach. The comparable sales valuation approach was not considered for the reasons previously stated.

Using the asset valuation approach, a value of \$31,609 was determined for the Silver Oaks Utility System. Using the income valuation approach, a value of \$46,154 was determined for the Silver Oaks Utility System.

The final value should be based on a weighted value of the two methods and depend on the assumptions made with each approach. For example, the asset valuation did not include a detailed examination of the buried infrastructure, instead relying on industry standard expected life of the material and equipment. For the Silver Oaks Utility System, we used the following weighted factors to determine the utility valuation.

- Weighted factor for the asset valuation approach used is 25%. The condition of the buried infrastructure, i.e. pipe, fittings, valves, service lines, etc. is based on the industry standard expected life of the material and equipment.
- Weighted factor for the income valuation approach used is 75%. The projected revenues are based on known water rates and historic water usage. The operating costs are also based on historic costs.

Using the above noted weighted factors, the summary utility valuation is \$42,518.

$$(\$31,609 \times 0.25) + (\$46,154 \times 0.75) = \$42,517.75.$$

CITY OF NEW PORT RICHEY

UTILITY VALUATION for the
BARBARA ANN ACRES ULILITY
SYSTEM



FINAL VALUATION

January 2016
Revised October 2016



1365 Hamlet Ave
Clearwater, Florida 33756
Ph: 727/442-7196
Fax: 727/461-3827

1.0 PURPOSE and BACKGROUND

The City of New Port Richey (City) is currently evaluating the potential to acquire the Barbara Ann Acres Utility System, a privately held water utility within city limits. The Barbara Ann Acres Utility System is small neighborhood of twenty-eight (28) single family homes constructed in the mid 1970's, located between Indiana Avenue and Florida Avenue (see attached **figure**). Currently the City is providing water at a bulk rate to the Barbara Ann Acres Utility System. Water sold to the private utility is metered through a 2-inch meter located at Indiana Avenue and Basil Lane. Beyond that connection point, the private utility is responsible for the distribution system.

The following report provides information on the Barbara Ann Acres Utility System, including revenue, expense and maintenance history, regulatory requirements and the utility valuation which is based on three (3) main approaches, an asset valuation approach, an income valuation approach, and a comparable sales valuation approach.

2.0 ASSET VALUATION

The asset valuation approach determines the current value of the infrastructure installed and includes the development of an infrastructure inventory and a condition assessment of the infrastructure.

2.1 EXISTING UTILITY INFRASTRUCTURE

The following information is based on data provided by the City and data provided by the owner of the Barbara Ann Acres Utility System.

The Barbara Ann Acres Utility System includes approximately 1,375 lf of 2-inch diameter Schedule 40 PVC pipe, valves and fittings. The pipe is installed along the east side of Basil Lane with branches running west behind the houses that front Indiana Avenue., Patty Court and Cradle Court. A blowoff is located at the west end of each of these branches, as well as at the southern end of Basil Lane. There are no fire hydrants.

2.2 CONDITION OF EXISTING INFRASTRUCTURE

As the existing utility system is below grade, the condition assessment is limited to a review of available data, including maintenance history, age of the infrastructure, and estimated useful life remaining.

System maintenance records are not available for the Barbara Ann Acres Utility System. When contacted, the owner of the Barbara Ann Acres Utility System indicated that maintenance has been limited to occasional repair of minor leaks and changing out residential water meters.

Barbara Ann Acres PSC Utility Area

Legend

Barbara Ann Acres PSC Utility Service Areas

Potable Water Valves

Unknown Type

Type

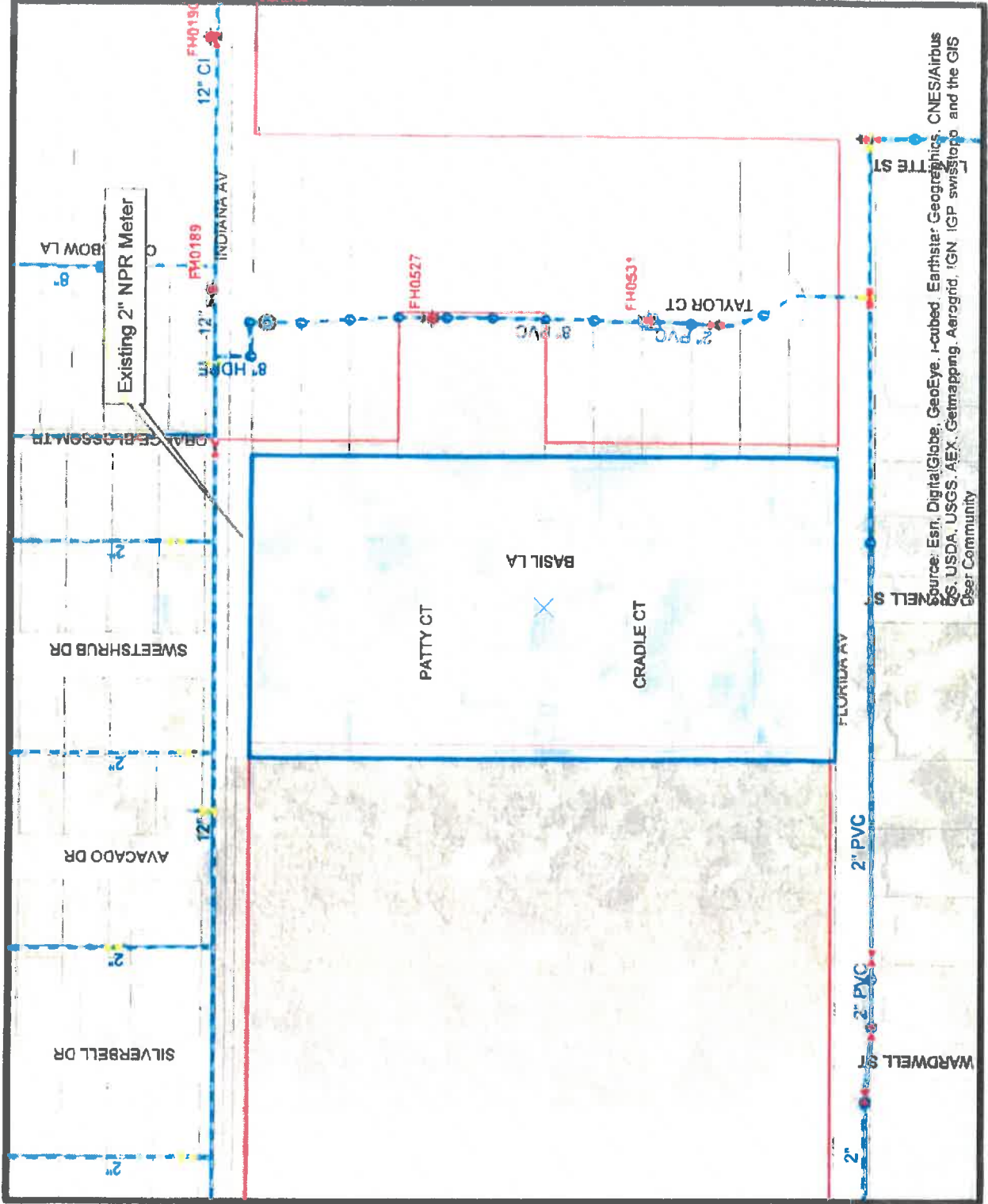
- ARV
- BLOW OFF
- GATE
- HYDRANT
- INLINE
- TAPPING

Potable Water Lines

NPR Water

Water Line (Abandoned)

City Limits



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus
 IGN, IGP swisstopo, and the GIS
 User Community

(** This map is provided for information purposes only. All features included are subject to field verification and survey **)
 NPR Public Works Division, 6420 Pine Hill Rd., Port Richey, FL 34668
 Phone - (727)841-4536 Fax - (727)841-4586
 NOT TO SCALE

As previously indicated, the homes served by the Barbara Ann Acres Utility System were constructed in the mid 1970's. Assuming the potable water distribution system was constructed at the same time equates to the age of the Barbara Ann Acres Utility System to be approximately 42 years. Water distribution pipe has a useful life that ranges from 15 to over 100 years, depending on the type of material and the environment¹. For the purpose of this valuation, we have assumed a useful life of 55 years². Therefore, the remaining useful life of the distribution pipe is approximately 13 years. (Note that the useful life is based on industry average. The estimated useful life remaining is not intended to imply that once this time has passed the asset will fail; but instead there is an increased potential for failure. The City currently has several areas where the water distribution system has surpassed its industry standard useful life.)

Industry standards recommend water meters be replaced every 10 years. While the utility owner indicated that water meters have been replaced, records were not provided that detail how many meters have been replaced and how old the current meters are. Therefore, for the purpose of this valuation, we have assumed a remaining useful life of 5 years for all the water meters. (Note, this is similar to assuming half the meters have a remaining useful life greater than 5 years, and half have a remaining useful life less than 5 years.)

¹ USEPA *The Facts about Sustainable Water Infrastructure*

² AWWA *Buried No Longer: Confronting America's Water Infrastructure Challenge*

2.3 REPLACEMENT COSTS

Replacement cost for the existing infrastructure is calculated as follows.

| Description | Units | Unit Cost | Extended Cost |
|--|---------|-------------|-----------------|
| 2" pipe/fittings/valves | 1375 lf | \$20 per lf | \$27,500 |
| Water services (not including water meter) | 28 ea | \$600 ea | \$16,800 |
| Water service meter | 28 ea | \$300 ea | \$8,400 |
| Total | | | \$52,700 |

2.4 DEPRICIATED VALUE

A straight line depreciation was used to calculate the current value of the existing Barbara Ann Acres Utility System infrastructure. The calculation assumed the asset cost of \$44,300 for the distribution pipe and water services, no salvage value, a 55 year useful life, and a placed in service date of January 1975. The resulting depreciated value for the distribution pipe and water services at the end of year 2015 is \$11,276³. An asset cost of \$8,400 was assumed for the water service meters, no salvage value, and a 5 year remaining useful life. The resulting depreciated value for the water service meters with 5 year remaining useful life is \$4,200. The total depreciated value for the Barbara Ann Acres Utility System infrastructure at the end of year 2015 is \$15,476.

³ The previous report which was used for the negotiated offer considered a depreciation value at the end of year 2015.

2.5 OTHER CONSIDERATIONS

Should the City acquire the Barbara Ann Acres Utility System, the City will need to replace the existing water service meters with the City's standard smart meter in order for the water services to be connected to the City's automatic meter reading (AMR) program.

3.0 INCOME VALUATION

The income valuation approach estimates the value of the potential earnings from the existing infrastructure, taking into account the annual operation and maintenance costs.

3.1 HISTORIC REVENUE INFORMATION

The water revenues for the Barbara Ann Acres Utility System for the 5 year period from 2010 through 2014 are shown in the table below. Information reflected in this table was obtained from the utility owner.

| BILLING PERIOD | GALLONS USED (x1000) | WATER REVENUE* |
|----------------|----------------------|----------------|
| 2010 | 981 | \$7,567 |
| 2011 | 958 | \$7,879 |
| 2012 | 1034 | \$8,177 |
| 2013 | 953 | \$8,160 |
| 2014 | 940 | \$8,272 |

*Note: Additional billings for lights and other charges (delinquency fees) not included.

3.2 HISTORIC OPERATION AND MAINTENANCE INFORMATION

An attempt was made to obtain historic maintenance data for the Barbara Ann Acres Utility System. However, the utility owner stated that maintenance has been minor; limited to repairs for minor leaks and occasional changing out of meters.

3.3 PROJECTED REVENUE INFORMATION

Projected revenue was determined using the City's FY 2017 standard outside residential rates for a ⁵/₈-inch service connection, with an annual 4% increase in the base charge and the consumption charge (per the City, the billing charge and the "TBW charge" are not subject to the annual increase).

- Monthly base charge of \$10.95
- Billing charge of \$1.05
- Tampa Bay Water (TBW) charge of \$0.49/1000 gal
- Tiered consumption charge
 - Tier 1 – up to 5,000 gallons at \$3.49 per thousand
 - Tier 2 – 5,001 to 10,000 gallons at \$4.48 per thousand

- Tier 3 – 10,001 to 15,000 gallons at \$6.16 per thousand
- Tier 4 – 15,001 to 20,000 gallons at \$8.67 per thousand
- Tier 5 – 20,001 gallons and above at \$12.45 per thousand

The average monthly water usage per metered customer in the Barbara Ann Acres Utility System is less than 5000 gallons. Therefore, the Tier 1 consumption rate was used for calculating revenue.

The average annual water use for the Barbara Ann Acres Utility System for the period 2010 – 2014 was 973,200 gallons. Using this average annual water use through FY 2030 (based on the remaining useful life of the water distribution pipe)⁴, the projected revenue is calculated at \$136,749.98.

⁴The previous report which was used for the negotiated offer considered 14 years remaining life based on acquisition of the utility in early 2016. Therefore we used a similar 14 year period in determining the income valuation.

3.4 OPERATIONAL COSTS

Operational cost was estimated based on City's annual operating budget for the water treatment plant, \$3.2 million, and the water distribution division, \$975,000. The total water production for fiscal year 2014 was 1896.52 million gallons, or an average of 5.2 mgd. Using this flow, the operational cost per gallon treated and distributed was calculated to be \$0.0022/gallon. To estimate operating costs for subsequent years, the operational cost per gallon was increased in proportion to the projected cash outflow increase in the Water and Sewer Revenue Sufficiency Analysis Report prepared for the City by Burton & Associates, or approximately 3% per year.

Again using the average annual water use for the Barbara Ann Acres Utility System for the period 2010 - 2014, the projected operational cost through FY 2030 is calculated at \$37,862.

3.5 CAPITAL COSTS

In addition to the operational costs, the income valuation needs to consider capital costs that will be incurred by the City when acquiring the Barbara Ann Acres Utility System. As previously noted, the City will need to replace the existing water service meters with the City's standard smart meter in order for the water services to be connected to the City's automatic meter reading (AMR) program. With an estimated installed cost of \$500 per smart meter, the cost to replace all 28 meters is estimated at \$14,000.

3.6 INCOME VALUATION

In order to calculate the income valuation a time period needs to be selected for which the potential income from operating the utility is calculated. For the income valuation of the Barbara Ann Acres Utility System, a period of 13 years was selected which correlates with the 13 years of remaining useful life of the water distribution pipe plus one year to account for the time since the initial negotiated offer. The income value was determined

from the summation of the present worth of the projected annual revenues minus the projected annual operating costs minus the capital expenditure for the meter replacement using a discount rate of 1.5%.

The calculated income valuation is \$73,873.

Present Value of Annual Income from the Sale of Water to Barbara Ann Acres

| Year | Annual Revenue | Operating Cost | Present Value |
|-------------|-----------------------|-----------------------|----------------------|
| 2017 | \$ 7,597.39 | \$ 2,189 | \$ 5,328.17 |
| 2018 | \$ 7,880.59 | \$ 2,258 | \$ 5,458.07 |
| 2019 | \$ 8,175.11 | \$ 2,328 | \$ 5,591.32 |
| 2020 | \$ 8,481.42 | \$ 2,402 | \$ 5,727.96 |
| 2021 | \$ 8,799.98 | \$ 2,478 | \$ 5,868.04 |
| 2022 | \$ 9,131.28 | \$ 2,558 | \$ 6,011.62 |
| 2023 | \$ 9,475.84 | \$ 2,640 | \$ 6,159.31 |
| 2024 | \$ 9,834.17 | \$ 2,725 | \$ 6,311.22 |
| 2025 | \$ 10,206.84 | \$ 2,812 | \$ 6,467.46 |
| 2026 | \$ 10,594.42 | \$ 2,902 | \$ 6,628.14 |
| 2027 | \$ 10,997.50 | \$ 2,995 | \$ 6,793.35 |
| 2028 | \$ 11,416.70 | \$ 3,091 | \$ 6,963.23 |
| 2029 | \$ 11,852.67 | \$ 3,190 | \$ 7,137.88 |
| 2030 | \$ 12,306.08 | \$ 3,293 | \$ 7,427.18 |
| | | Sum | \$ 87,872.95 |
| | | minus Capital Cost | \$ 14,000.00 |
| | | Income Value | \$ 73,872.95 |

Note that the above valuation assumes that the Barbara Ann Acres Utility System is debt free and that the current utility owner will assume all delinquent charges.

4.0 COMPARABLE SALES

The comparable sales approach looks at recent sales of similar utilities in the region. A search for recent sales of utility system yielded several in the Tampa Bay region, including a couple in Pasco County. However, the utilities sold were significantly larger than the Barbara Ann Acres Utility System. Two of these sales included wastewater infrastructure, which is not part of the Barbara Ann Acres Utility System. Several of the utility system sales are summarized below.

Leigh Acres – valued at \$34,000,000

- 12,866 water customers, 10,321 wastewater customers
- 16 wells, 2 WTPs, 6 storage tanks, 196 miles of water mains
- 1 WWTP, 64 lift stations, 103 miles of gravity sewers, 49 miles of force mains
- 10 miles of reclaimed water distribution mains

Lindrick Utility – valued at \$16,800,000

- 2,825 water customers, 2,550 wastewater customers
- 8 wells
- 19 lift stations
- Service area 3.24 sq. miles

Consolidated (Anclote, Angus Valley, Colonial Manor, Dixie Groves, Virginia City, Westwood) – valued at \$4,250,000

- 2,378 water customers, 0 wastewater customers
- 6 wells, 6 hydropneumatic tanks, 24 miles of water mains

Since the size of these utilities is significantly larger than the Barbara Ann Acres Utility System, the use of comparable sales in the utility valuation is less reliable than the other two valuation methods and therefore will not be used.

5.0 SUMMARY UTILITY VALUATION

Two approaches were considered to determine the value of the Barbara Ann Acres Utility System, an asset valuation approach and an income valuation approach. The comparable sales valuation approach was not considered for the reasons previously stated.

Using the asset valuation approach, a value of \$15,476 was determined for the Barbara Ann Acres Utility System. Using the income valuation approach, a value of \$73,873 was determined for the Barbara Ann Acres Utility System.

The final value should be based on a weighted value of the two methods and depend on the assumptions made with each approach. For example, the asset valuation did not include a detailed examination of the buried infrastructure, instead relying on industry standard expected life of the material and equipment. For the Barbara Ann Acres Utility System, we used the following weighted factors to determine the utility valuation.

- Weighted factor for the asset valuation approach used is 25%. The condition of the buried infrastructure, i.e. pipe, fittings, valves, service lines, etc. is based on the industry standard expected life of the material and equipment.
- Weighted factor for the income valuation approach used is 75%. The projected revenues are based on known water rates and historic water usage. The operating costs are also based on historic costs.

Using the above noted weighted factors, the summary utility valuation is \$59,274.

$$(\$15,476 \times 0.25) + (\$73,873 \times 0.75) = \$59,273.75$$