



Feasibility Report Series 2024 Bonds

St. Lucie West Services District

July 8, 2024

Scenario – Bond Projects



Cost of Expansion

Description	Estimated Cost
Design Engineering	\$1,910,000
Construction Cost	33,628,000
Construction Engineering	<u>1,357,500</u>
Total Cost of Expansion	\$36,895,500

Key Assumptions

- Estimates Provided By District’s Consulting Engineer - June 2024
- Construction Schedule = FY-2025 – FY-2026
- Portion of Design Engineering Funded From Connection Fees
- Remaining Funding From Proposed Series 2024 Bonds

Forecast Assumptions



Key Assumptions

- Proposed Trust Indenture
 - Modified “Debt Service Coverage” Test
 - Modified R&R Minimum Funding Requirement
 - Modified Definition of Gross Revenues
- FY-2024 YTD Growth Estimates (May ERCs / Sales)
- Reserve CDD Assumed to Extend Existing Agreement (No Disconnection in 2029)
- FY-2025 Proposed Operating Budget
- Current WTP Expansion Project Cost Estimate
- Bond Estimate (Provided By Financial Advisor [MBS]) (April 2024)
 - Proposal for 20-Year Repayment Schedule
 - Refinancing of Existing Bonds
 - Provides Funding for Capital Projects

Trust Indenture Requirements



Key Requirements

- Revised Debt Service Coverage Calculation
- Single Test (Previously 2 Part Test) – Removed Redundant Provisions
- Net Revenues = 110% of Annual Debt Service + Required Transfers (R&R, Reserve Account, Conn. Fee Repayments)
- Modified R&R Funding Calculation (Excluded Connection Fee Revenues)
- Inclusion of AFPI Revenues in Gross Revenues
- Test Prepared For Historical Period (FY2019-FY2023) & Forecast Period (FY2024-FY2029)



Historical Debt Service Coverage

Description	2019	2020	2021	2022	2023
Gross Revenues	\$9,287,214	\$9,720,659	\$9,726,356	\$9,898,996	\$10,926,278
Less: Operating Expenses	<u>(\$5,029,030)</u>	<u>(\$5,119,016)</u>	<u>(\$5,268,735)</u>	<u>(\$5,490,203)</u>	<u>(\$6,322,738)</u>
Net Revenues	\$4,258,184	\$4,601,643	\$4,457,621	\$4,408,793	\$4,603,540
Annual Debt Service	\$2,600,454	\$2,605,326	\$2,597,445	\$2,588,049	\$2,582,146
Debt Coverage Allowance	260,045	260,533	259,745	258,805	258,215
Required Transfers (R&R)	<u>464,098</u>	<u>477,261</u>	<u>483,435</u>	<u>492,179</u>	<u>537,817</u>
Requirement – Trust Indenture	\$3,324,597	\$3,343,120	\$3,340,625	\$3,339,033	\$3,378,178
Calculated Ratio	128.08%	137.65%	133.44%	132.04%	136.27%
Required Ratio	100.00%	100.00%	100.00%	100.00%	100.00%



Recommended Rate Adjustments

Fiscal Year	Price Index	Additional	Total Rate Adjustment
2025	2.5%	6.5%	9.0%
2026	2.5%	6.5%	9.0%
2027	2.2%	1.3%	3.5%
2028	2.2%	1.3%	3.5%
2029	<u>2.2%</u>	<u>1.3%</u>	<u>3.5%</u>
Cumulative	12.1%	17.9%	31.7%

- Current Recommendation Includes Fiscal Year 2029 (Previous Scenarios Ended with FY2028)
- Potential To Reduce Future Rate Adjustments From Reserve CDD Negotiations, Additional Growth, & Reduced Expenses After WTP Upgrades

Projected Debt Service Coverage



Description	2024	2025	2026	2027	2028	2029
Gross Revenues	\$12,131,354	\$13,242,311	\$16,405,568	\$14,570,822	\$15,099,913	\$15,655,156
Less: Operating Expenses	<u>(\$7,514,991)</u>	<u>(\$8,024,839)</u>	<u>(\$8,248,579)</u>	<u>(\$8,470,980)</u>	<u>(\$8,736,562)</u>	<u>(\$8,940,950)</u>
Net Revenues	\$4,616,363	\$5,217,471	\$8,156,989	\$6,099,842	\$6,363,352	\$6,714,207
Annual Debt Service	\$2,574,555	\$2,552,786	\$4,607,005	\$4,608,180	\$4,610,530	\$4,609,530
Debt Coverage Allowance	257,456	255,279	460,701	460,818	461,053	460,953
Required Transfers (R&R)	<u>537,817</u>	<u>551,704</u>	<u>611,356</u>	<u>718,758</u>	<u>726,954</u>	<u>753,241</u>
Requirement – Trust Indenture	\$3,369,828	\$3,359,768	\$5,679,062	\$5,787,756	\$5,798,537	\$5,823,724
Calculated Ratio	136.99%	155.29%	143.63%	105.39%	109.74%	115.29%
Required Ratio	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%



Future Goals To Improve Debt Coverage

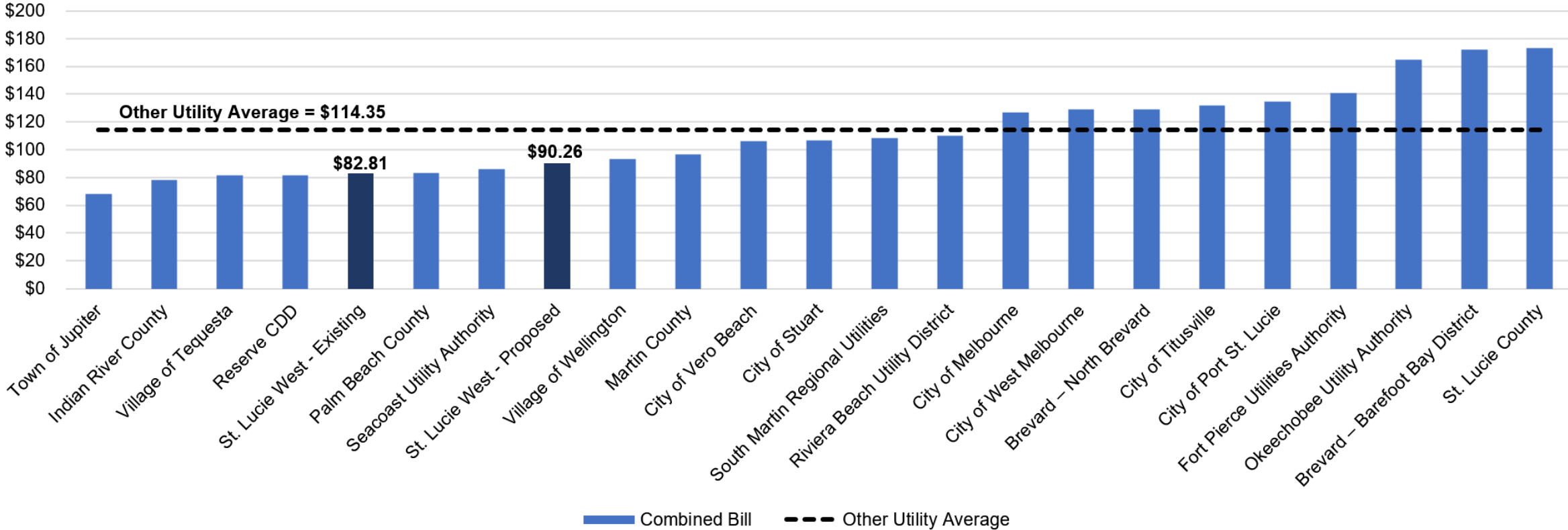
Areas of Focus

- Continue Reserve CDD Negotiations
 - Resiliency Projects Included in Bonds without Reserve CDD Revenue Funding
- Continue Monitoring Growth
 - Forecast Based on Known Capacity Requests / Limited Future Growth
- Monitor Operating Expense Reductions Post Project Completion
 - No Reductions Assumed in Forecast
- Monitor WTP and Resiliency Project Costs
 - Potential Savings (e.g., Design Estimate vs. Actual Bids)



Rate Comparison – Residential Service

Comparison of Monthly Residential Bill Assuming 3,000 Gallon of Water and Wastewater Service and 5,000 Gallons of Irrigation Service





Thank you!

Ryper Water Analytics

Ryan Smith

Ryan@Ryperwater.com

(407) 537-9878