



# **Seminole County, Florida Credit Presentation**

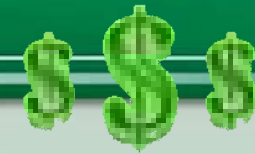
Water and Sewer Revenue  
Bonds, Series 2010

# Table of Contents



<u>TAB</u>		<u>Page</u>
I.	<b>Introductions and Purpose.....</b>	<b>3</b>
II.	<b>Overview of Seminole County, Florida.....</b>	<b>6</b>
	A. Economic Overview.....	9
	B. Financial Overview .....	22
III.	<b>Water and Sewer System .....</b>	<b>43</b>
	A. System Overview .....	44
	B. Capital Improvement Plan.....	54
	C. Financial Operations.....	59
	D. Utility Series 2010/Financing and Legal Provisions.....	67
IV.	<b>Closing Comments.....</b>	<b>72</b>
<b>Appendix:</b>		
1.	.....Additional County Information	





## **I. Introduction and Purpose**

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# Introductions

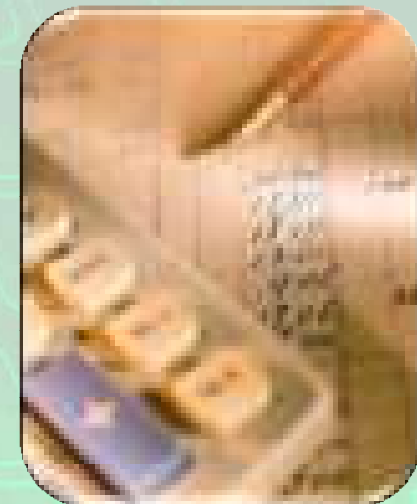


- ***Seminole County, Florida: Issuer***  
**Bob Dallari, Commissioner - Chairman**  
**Brenda Carey, Commissioner - Vice Chairman**  
**Lisa Spriggs, Director of Fiscal Services**  
**Andrew Neff, Director of Environmental Services**  
**Robert Briggs, Financial Manager of Environmental Services**
- ***First Southwest Company: Financial Advisor***  
**Gary Akers, Senior Vice President**
- ***Citigroup Global Markets: Lead Underwriter***  
**Michael Baldwin, Director**  
**George Leung, Director**

# Purpose for Credit Overview

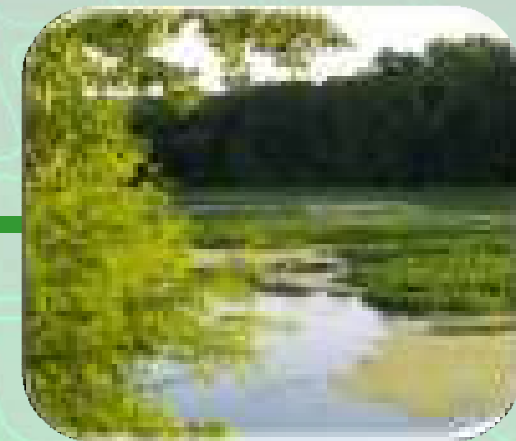


- *Provide Overview of Countywide Financial Status*
- *Seeking ratings for Water and Sewer Enterprise Fund*
  - February/March issuance of Water and Sewer Revenue Bonds, Series 2010
  - Review Utility System's financial position, Capital Improvement Plan and legal provisions for the Bonds





## **II. Overview of Seminole County, Florida**





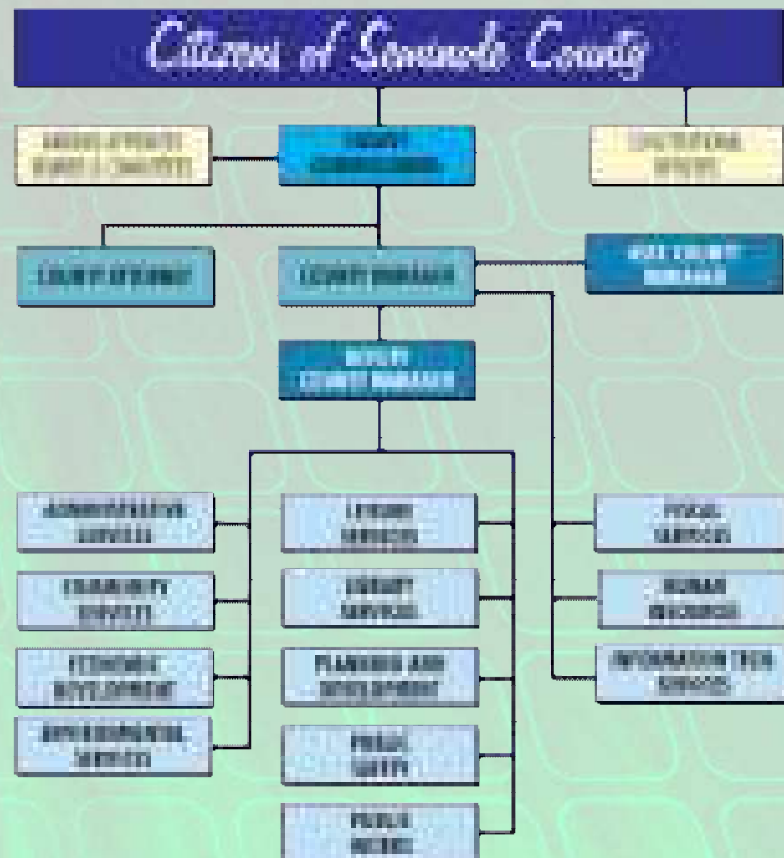
# Introduction: *Strong Fundamentals Support County's Financial Position*



- ***Healthy Economic Base***
  - Diversified and stable tax base
  - Above average wealth
- ***Sound Financial Condition***
  - Favorable record of operations
  - Adequate reserves maintained
- ***Conservative Management Practices***
  - Focus on fiscal sustainability through long-range planning
  - Institutionalized financial policies
  - Public input in decision making
- ***Moderate Debt Levels***
  - Well structured for rapid retirement
  - Allows flexibility for future debt

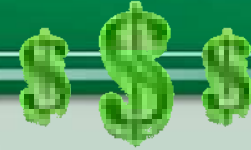


# Seminole County Government

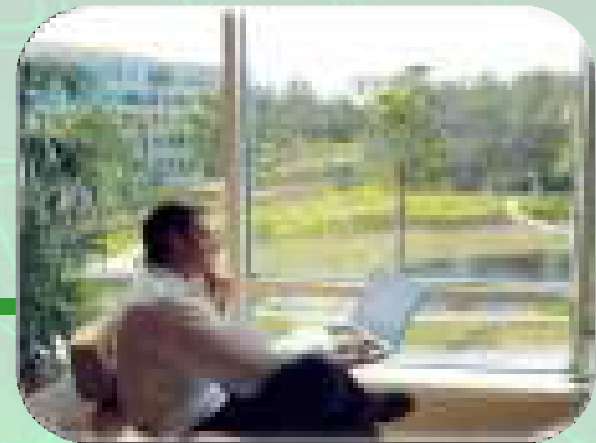


- ★ Charter Government
- ★ Strong Citizen Input
- ★ Strong Elected Official / Management Relations
- ★ Focus on Infrastructure and Essential Community Services
- ★ Strong Voters Support





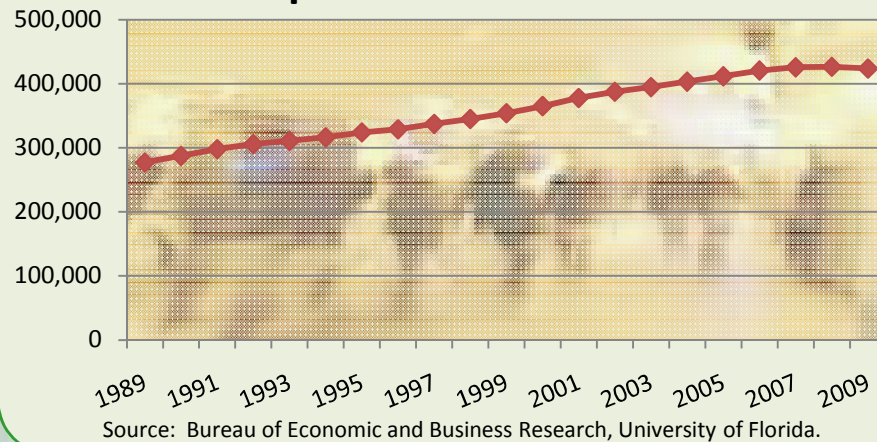
## **IIA. Economic Overview**



# Seminole County's Economy: *Population/Age*



**Population 1989 - 2009**



## **Age Distribution**

0 to 17	23%
18 to 24	9%
25 to 44	27%
45 to 64	30%
65+	12%

<b>County Median Age:</b>	<b>39.2</b>
State of Florida	
Median Age	41.9

Source: U.S. Census Bureau, 2008 estimate

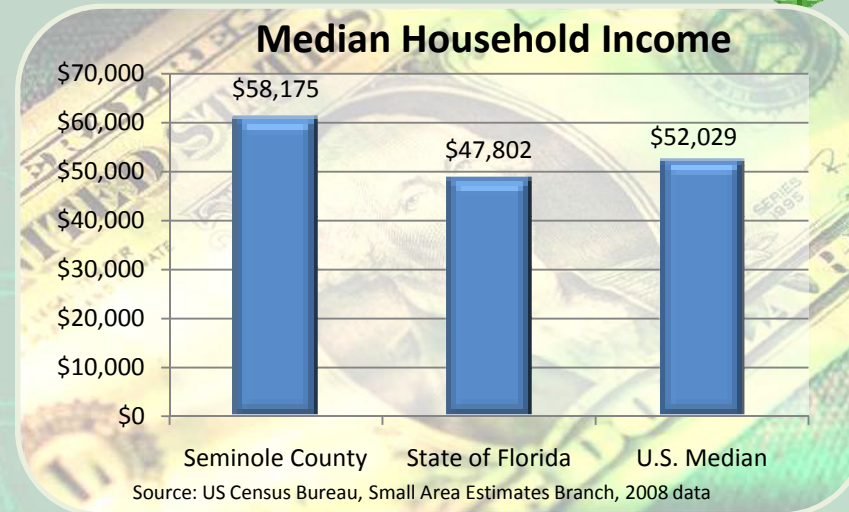
- ★ Healthy population and job growth has transformed Seminole County from a rural to a diverse community
- ★ 2.1% average annual increase in population over the last 20 years
- ★ Favorable mix of population, development and industry growth
- ★ Good management and planning accommodate financial pressures
- ★ Composition of the County's population is favorable

# Seminole County's Economy: *Wealth*



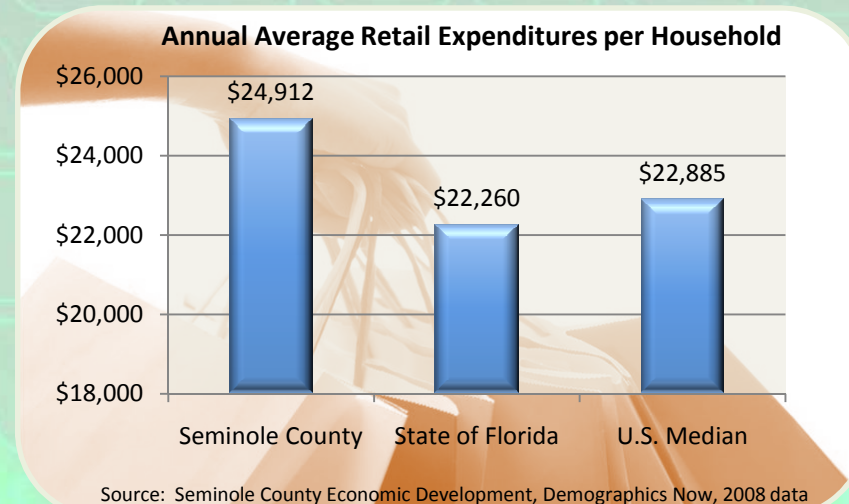
## ★ *Median Household Income*

- 5<sup>th</sup> highest among Florida counties
- Consistently in the top 5 over the last 10 years
- 122% of Statewide median
- 112% of U.S. median



## ★ *Annual Average Retail Expenditures*

- 5<sup>th</sup> highest among Florida counties
- 111% of Statewide median
- 109% of U.S. median





# Seminole County's Economy: *Employment*



County's unemployment rate lowest in the Orlando Metropolitan Statistical Area (MSA) and lower than the State



## 2009 Unemployment Rates

*(Not Seasonally Adjusted)*

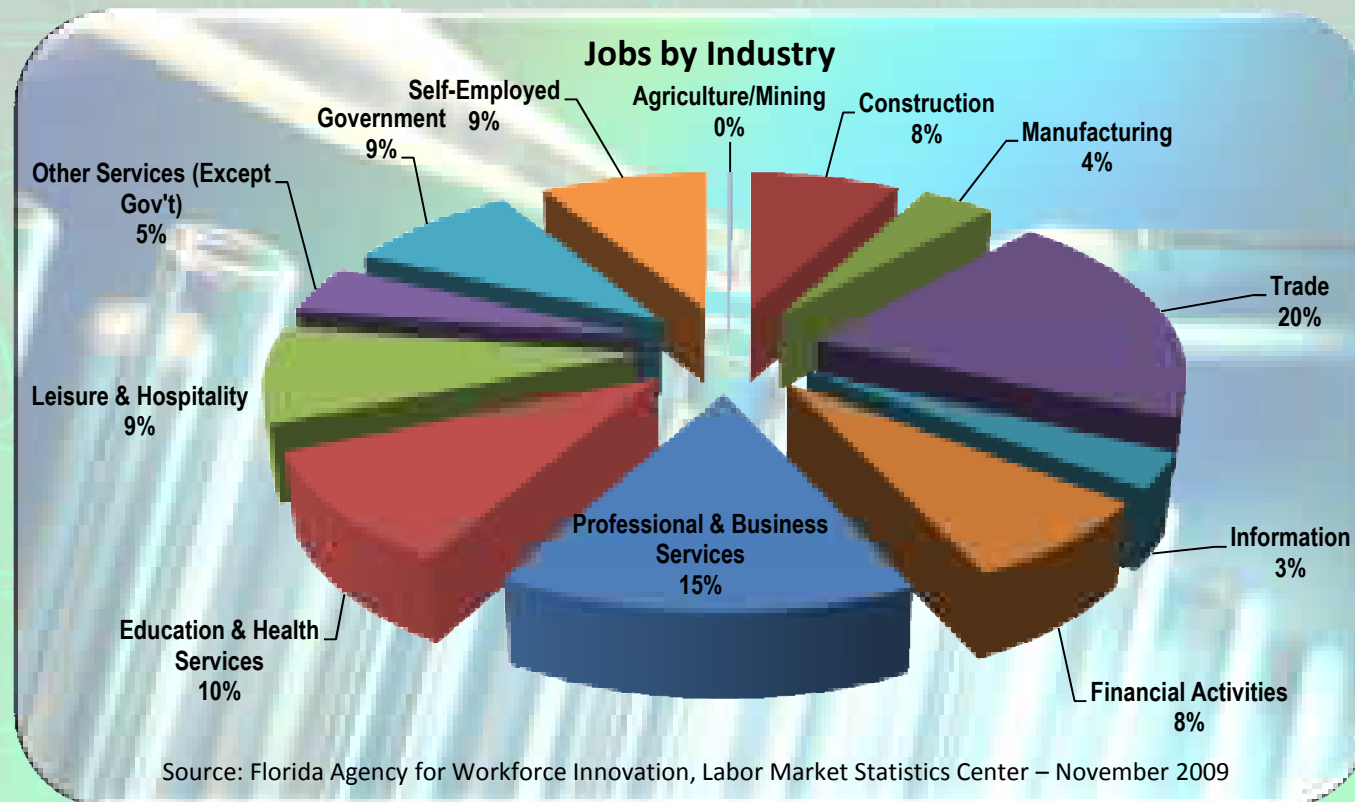
	<b>Orlando Metropolitan Statistical Area (MSA)</b>							
	Seminole	Orange	Osceola	Lake	Volusia	Brevard	Statewide	U.S.
Annual Average	<b>10.0%</b>	<b>10.7%</b>	<b>11.7%</b>	<b>11.4%</b>	<b>11.2%</b>	<b>10.8%</b>	<b>10.5%</b>	<b>9.3%</b>
December 2009	<b>10.9%</b>	<b>11.8%</b>	<b>13.3%</b>	<b>12.7%</b>	<b>12.5%</b>	<b>12.1%</b>	<b>11.6%</b>	<b>9.7%</b>

Source: Florida Agency for Workforce Innovation, Labor Market Statistics Center, Local Area Unemployment Statistics Program, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics

# Seminole County's Economy: *Industry*



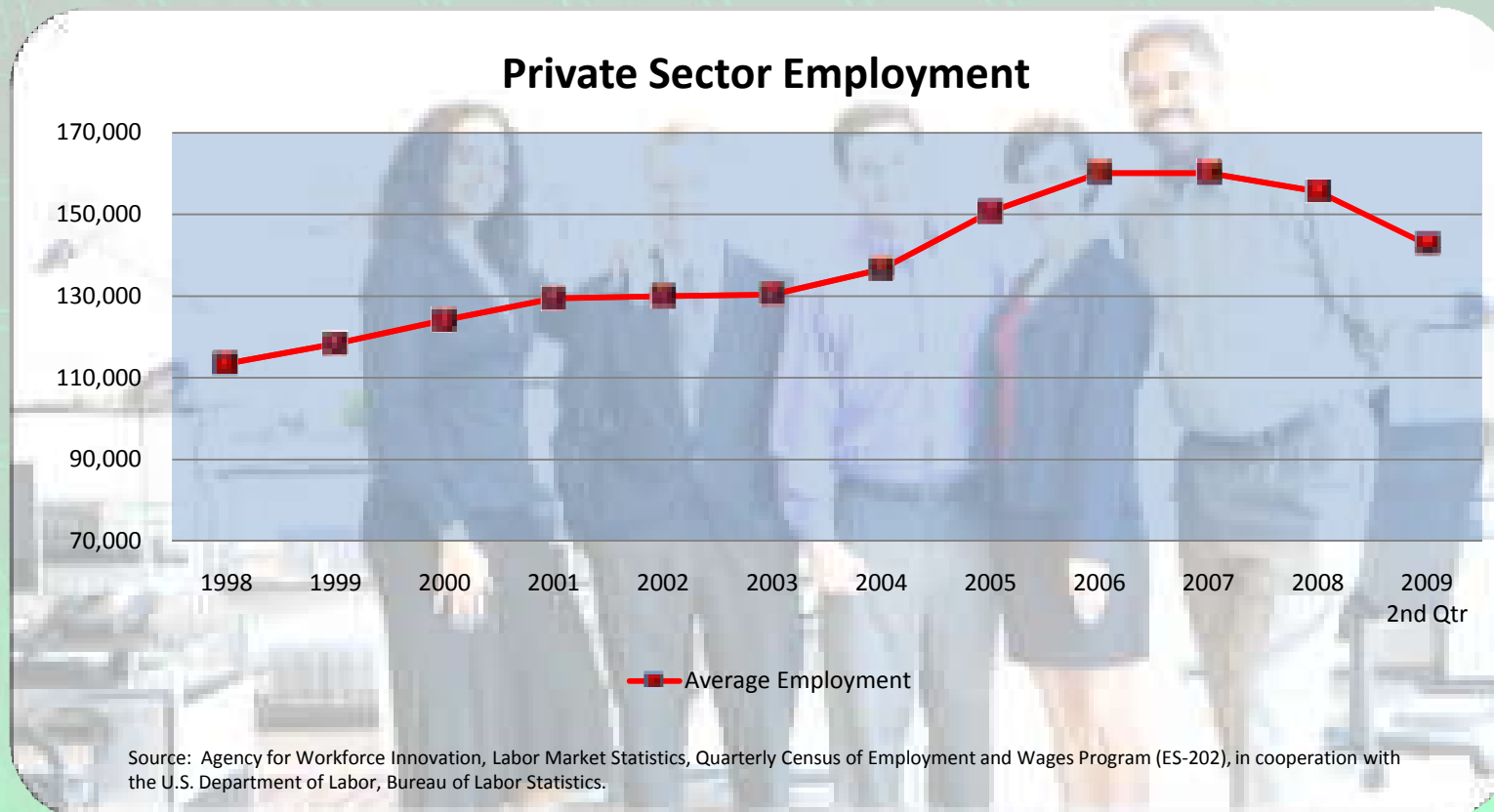
- ★ The County is a regional employment center with a diversified mix of high-value, high-wage industry sectors
- ★ No one dominant employer or industry
- ★ Information, education & health services are projected as fastest growing industries



# Seminole County's Economy: *Employment*

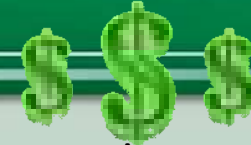


- ★ 2008 private sector employment levels remain above 2005, and have experienced only a slight decrease (2.86%) in the last 2 years
- ★ Average salary has increased from \$34,976 to \$38,434 over the last 5 years.

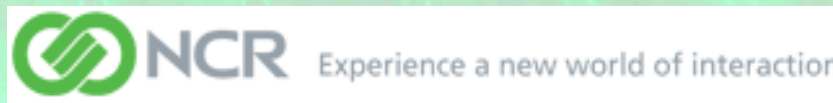




# Seminole County's Economy: *Employment*



- ★ Seminole County is home to various long-standing and established companies
- ★ In FY 2008/09, Seminole County's Economic Development efforts relocated or expanded existing operations of several businesses to the County
  - ➔ 11 New Businesses/Expansions
  - ➔ 902 Jobs Created
  - ➔ \$22.9 Million Capital Investment
  - ➔ 520,361 Square Footage Leased or Purchased
  - ➔ \$55,416 Average Annual Salary of the new jobs



# Seminole County's Economy: *Employment*



- ★ Seminole County has consistently created new jobs over the last 5 years
- ★ While job trend has decreased, average salaries of jobs created has increased by 27%

## Economic Development: New Jobs and Average Salary



Fiscal Year	# of Projects	Jobs Created	Average Salary	Capital Investment	Square Footage
2008-09	11	902	\$55,416	\$22.9M	520,361
2007-08	11	1,060	\$52,066	\$44.3M	327,353
2006-07	16	1,355	\$35,987	\$54.9M	595,197
2005-06	13	1,060	\$42,640	\$84.2M	532,511
2004-05	14	2,560	\$43,602	\$59.5M	354,115

# Seminole County's Economy: *Residential*



## History of Residential Home Sales Price Data

	2004	2005	2006	2007	2008	2009
Single Family Home						
Average Sales Price	\$223,400	\$280,300	\$312,400	\$305,800	\$267,200	\$216,000
% Change		25%	11%	-2%	-13%	-19%
Multi Family Home						
Average Sales Price	\$109,800	\$150,700	\$165,200	\$170,500	\$135,400	\$75,500
% Change		37%	10%	3%	-21%	-44%

Note: The average sales price includes qualified and distressed sales.

Source: Seminole County's Property Appraiser



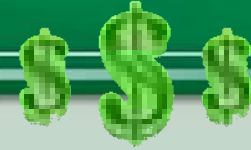
# Seminole County's Economy: *Distressed Sales*



Seminole County Lis Pendens		
Year	Filed	Completed
2005	1,376	156
2006	1,590	99
2007	2,831	519
2008	6,850	1,042
2009	8,950	2,675

- ★ Approximately 60% of sales occurring in the Orlando MSA are either short sales or foreclosures
- ★ Despite the increase in Lis Pendens filed, the Orlando MSA inventories are 34% lower than last year
- ★ Seminole County's sales of existing homes are up 28% compared to last year
- ★ 2009 4<sup>th</sup> quarter days on the market average 96 days, a 18% decrease compared to the beginning of the year
- ★ 60% of homes sold in Seminole County were over \$140,000 compared to 46% in neighboring MSA counties

# Seminole County's Economy: *Public Education*



## K-12

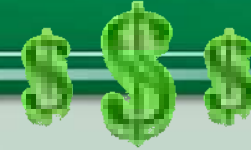
- **Newsweek** ranked high schools in the top 5% in the nation
- SAT scores continually exceed state and national average
- 91.1% graduation rate
- 95% of schools were rated as A or B schools by the State
- Over 46% of teachers have a doctorate, specialist, or master's degree, exceeding the national average

## College

- **Seminole State College** is the 9<sup>th</sup> largest of the 28 Public Community Colleges in Florida.
- Seminole State's DirectConnect program with the **University of Central Florida** provides local access to several university programs



# Seminole County's Economy: *Airport*



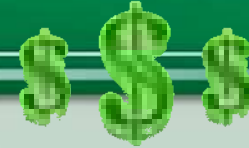
## **Orlando Sanford International Airport (OSIA) compared with other aviation facilities:**

- ★ In 2008, OSIA served more than 1.8 million passengers
- ★ Traffic is split 42% international and 58% domestic
- ★ Highest load factors of any U.S. airport for flights to/from Europe
- ★ Among the top 15 U.S. Ports of Entry for non-resident international arrivals
- ★ 6<sup>th</sup> busiest airport in Florida in 2008 based on number of movements
- ★ Airport Commerce Park:
  - ➔ 395 acres
  - ➔ 110 properties
  - ➔ 94% occupancy
  - ➔ More than \$5 million annual revenue

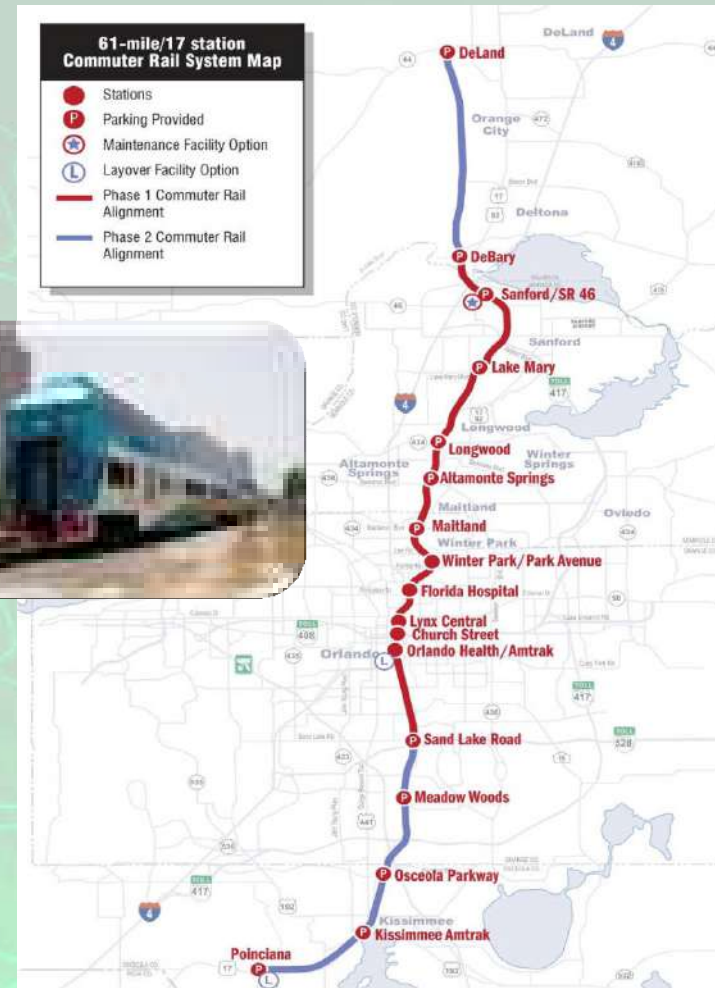




# Seminole County's Economy: *Commuter Rail*



- ★ Seminole County recognizes need to anchor region in global marketplace through ability to move people and goods with 4 stations located in Seminole County
- ★ Commuter Rail enhances a multi-modal approach to transportation in Central Florida
- ★ Additional benefits include:
  - ➔ New commercial businesses near County's four stations
  - ➔ Enhanced property values near stations
  - ➔ New jobs created from construction and new businesses





## **II.B. Financial Overview**



# Financial Overview: Highlights



## ★ Financial Practices

- ✓ Conservative Financial Management Practices
- ✓ Long-term Planning Perspective
- ✓ Consistent History of Favorable Budgetary Results
- ✓ Reserves Maintained at a Consistently High Level

## ★ Tax Burden

- ✓ Countywide Tax Rate of 4.90 mills of a Possible 10 mills
- ✓ Utility Tax Rate is 4% of a Possible 10%
- ✓ Gas Tax Levied at 7 cents of a Possible 12 cents
- ✓ Voter Approved Sales Tax and Property Tax

## ★ Debt Burden

- ✓ Total Debt Service is Manageable at 5% of Countywide Budget
- ✓ Sales Tax Revenue Coverage is 2.7 times Debt Service Requirements
- ✓ Gas Tax Revenue Coverage is 2.8 times Debt Service Requirements
- ✓ Non-Self Supporting Revenue Debt is only 4% of General Operating Revenue





# Financial Overview: *Capital Improvement Funding*



- ★ History of pay-as-you-go funding for general government services
- ★ Penny Infrastructure Sales Tax: Voters approved a penny sales tax in 1991 and again in 2001, financing the majority of the County's transportation needs

## Pay-as-You-Go Projects Capital Outlay

Category	Actual					Budget
	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10
Transportation	\$43,427,074	\$55,081,507	\$86,965,399	\$46,605,545	\$40,425,957	\$92,232,939
Fire Fund	2,046,166	3,396,634	4,752,022	3,236,397	3,824,578	9,006,584
General Government	10,930,342	17,215,139	18,430,625	14,407,894	11,245,778	16,455,675
Total	\$56,403,581	\$75,693,280	\$110,148,046	\$64,249,836	\$55,496,312	\$117,695,198

# Financial Overview: *Financial Policies*



## County Administrative Code Section 22.5 (J)

### • **Conservative Fund Balance Policy**

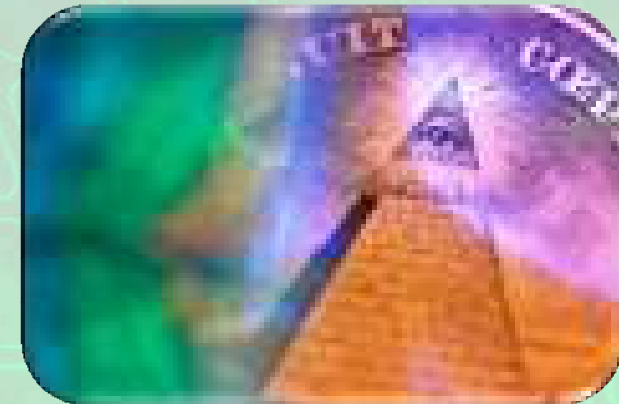
★ **Established range of 5% to 10% of operating revenues for tax supported funds**

★ **Surplus fund balance use restricted to:**

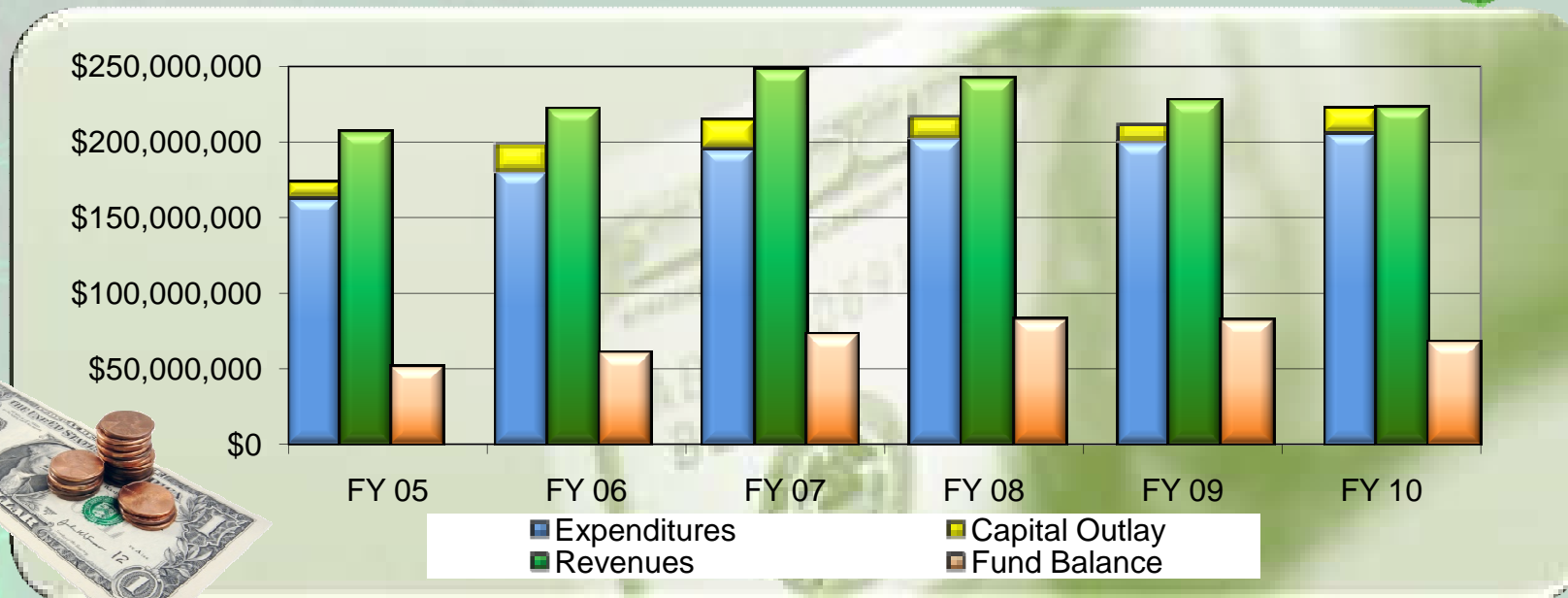
- *Unforeseen emergencies or unanticipated revenue shortfall*
- *Debt reduction or avoidance*
- *Tax stabilization*
- *Capital replacement*
- *One-time capital needs*

★ **Shortfall restoration mechanisms:**

- *Appropriation of at least 20% of minimum level during next annual budget*
- *A written plan to restore within a reasonable timeframe*



# Financial Overview: *General Fund Trend*



Year	Revenues	Expenditures	Capital Outlay	Fund Balance	Fund Balance as a % of Revenue
Actual 2005	\$206,932,586	\$162,939,144	\$10,930,342	\$51,419,296	24.85%
Actual 2006	\$221,599,337	\$180,603,914	\$17,215,139	\$60,237,416	27.18%
Actual 2007	\$247,909,458	\$195,516,817	\$18,430,625	\$72,815,023	29.37%
Actual 2008	\$242,137,369	\$202,102,748	\$14,407,894	\$82,642,687	34.13%
Unaudited 2009	\$227,626,496	\$199,833,019	\$11,245,778	\$82,018,071	36.03%
Budget 2010	\$222,761,535	\$206,107,941	\$16,455,675	\$67,533,983	30.32%



# Financial Overview: *General Revenue Funds*



## Proactive Financial Planning

### ★ Expenditure Reductions

- *Service Level Reductions*
- *Operational Efficiencies*

### ★ Revenue Stabilization Measures

- *Millage Rate*
- *Water and Sewer Rate*
- *Tourist Development Tax Rate*

### ★ Economic Stabilization Reserve

- *Established to offset tax reform and slowing economy*
- *\$47.5 million or 21% of General Fund Revenues*
- *Created in 2007*



# Financial Overview: *General Revenue Funds*



Revenue Impact Since FY 06	
Property Taxes*	\$-15.4M
Sales Taxes (State Shared)	-11.5M
Gas Taxes (State Shared and Local)	-1.8M
Other Fees and Sources of General Revenue	-8.1M
<b>Economic Decline (-13% Revenue Impact)</b>	<b>-36.8M</b>
<b>Property Tax Reform* (-12% Revenue Impact)</b>	<b>-33.2M</b>
<b>General Operating Revenue Impact (25%)</b>	<b>\$-70.0M</b>

\* Based on final 2009 property tax roll.

# Financial Overview: *General Revenue Funds*



## Summary of Budget Status

Fiscal Year 2008 & 2009 Expenditure Reductions	<b>\$24.5M</b>
Fiscal Year 2010 Expenditure Reductions	<b>29.4M</b>
<b>Total Net Expenditure Reductions</b>	<b>53.9M</b>
<b>General Operating Revenue Impact</b>	<b>-70.0M</b>
<b>Tax Rate Adjustment/Other Revenue</b>	<b>12.5M</b>
<b>Budgetary Status*</b>	<b>-\$3.6M</b>

\*Budgetary basis is conservative with all expenditures at 100%, actual results are anticipated to achieve balance between operational revenues and expenditures.



# Financial Overview: *Property Tax Rate*



- ★ Conservative financial management enabled County to maintain its low millage rate
- ★ **FY 2007/08:** HB1B legislation resulted in a millage reduction of 5% below the roll-back rate adjusted for Community Redevelopment Districts and reduced tax revenue by \$20.6M
- ★ **FY 2008/09:** Amendment 1 exemptions reduced tax revenue by \$13.0M, Tax rate adjusted retaining \$5.4M
- ★ **FY 2009/10:** Tax rate was adjusted resulting in \$10.5M
- ★ The average annual tax bill for a single family home is a very modest \$2,631.
  - ➔ The Countywide millage portion is \$643



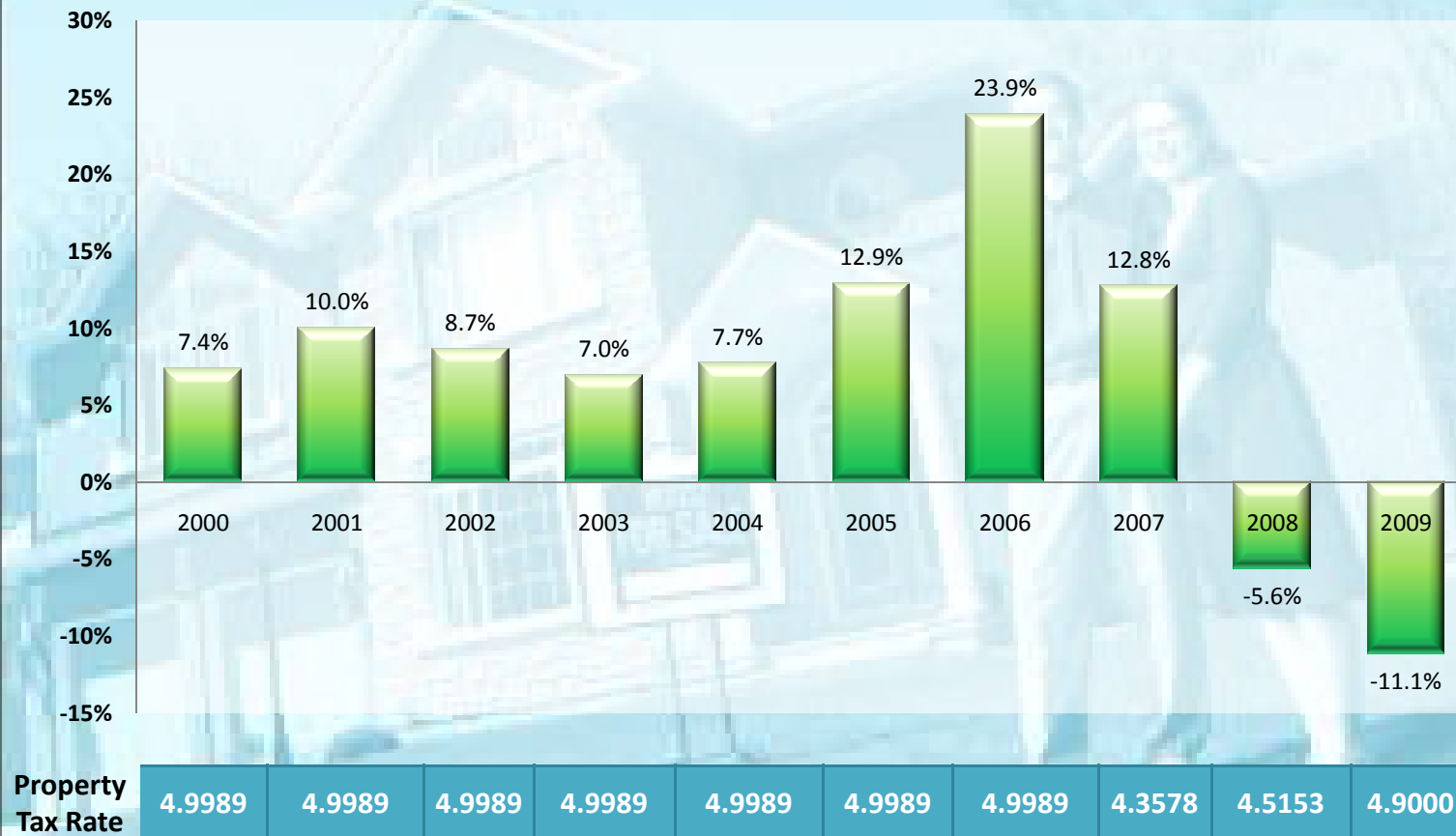
## Property Tax History

Fiscal Year	Tax Rate
2010	4.9000
2009	4.5153
2008	4.3578
2000-2007	4.9989
1999	5.1579
1995-1998	5.1638

# Financial Overview: *Taxable Valuations*



## PERCENT CHANGE OVER PREVIOUS YEAR



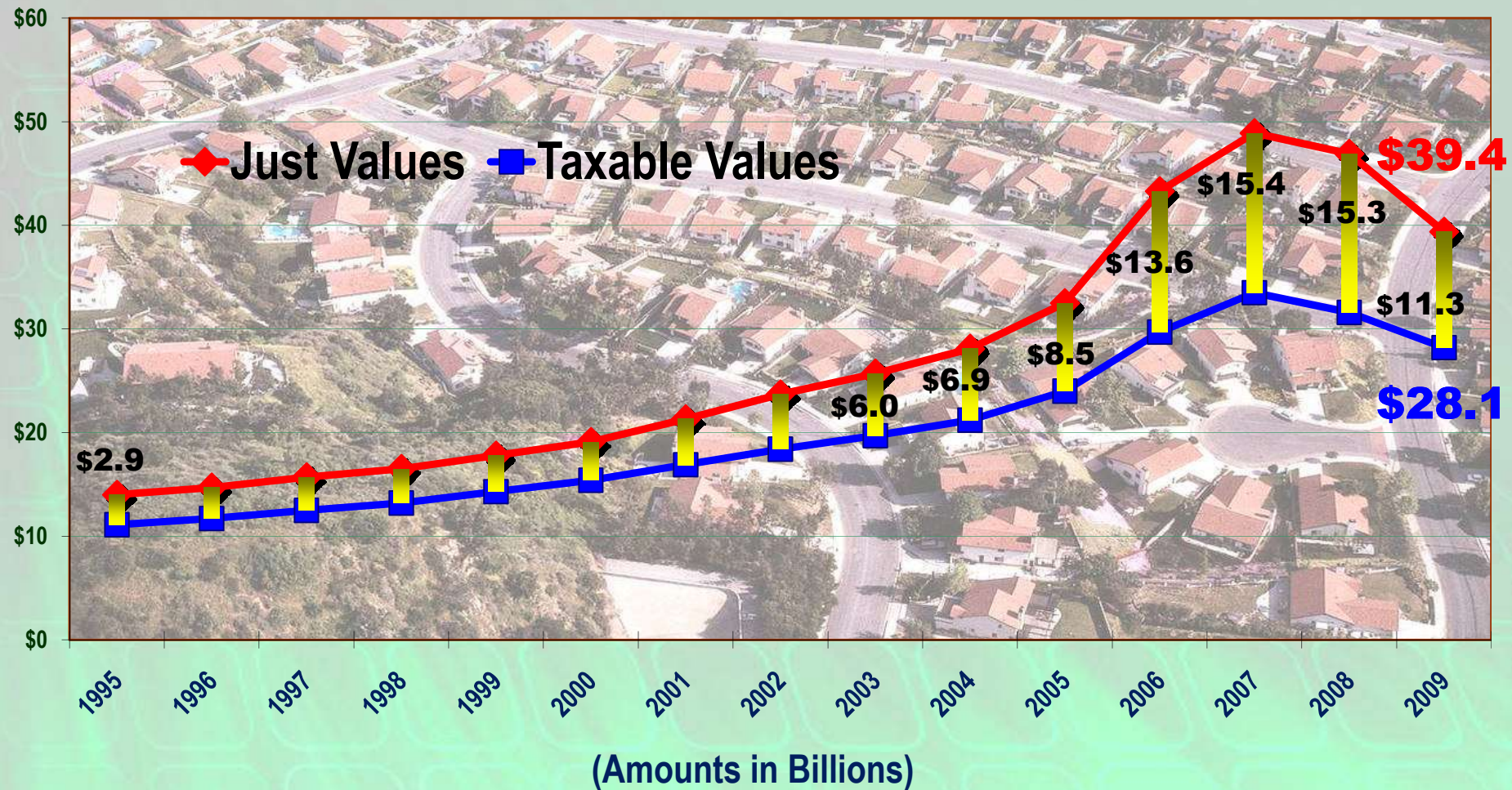
# Financial Overview: *Taxable Valuations*



Tax Year	Existing Property	New Construction	Total Valuation
2009	-12.3%	1.2%	-11.1%
2008	0.1% <i>Amendment 1 Exemptions</i> -7.8%	2.1%	0.0% <i>Amendment 1 Exemptions</i> -5.6%
2007	9.4%	3.4%	12.8%
2006	19.7%	4.2%	23.9%
2005	9.9%	3.0%	12.9%
2004	4.7%	3.0%	7.7%



# Financial Overview: *Property Valuation*



# Financial Overview: *Single Family Residential*



Tax Year	2004	2005	2006	2007	2008 (Amendment 1)	2009 (Market)
<b>"SAVE OUR HOMES" DIFFERENTIAL</b>	\$2.8B	\$4.1B	\$8.4B	\$9.9B	\$7.2B	<b>\$3.4B</b>
<b>HOMESTEAD EXEMPTIONS</b>	\$2.6B	\$2.6B	\$2.6B	\$2.8B	<b>\$5.1B</b>	\$5.0B
<b>"SAVE OUR HOMES" TAX VALUE</b>	\$14.0M	\$20.8M	\$42.2M	\$43.3M	\$32.4M	\$16.7M

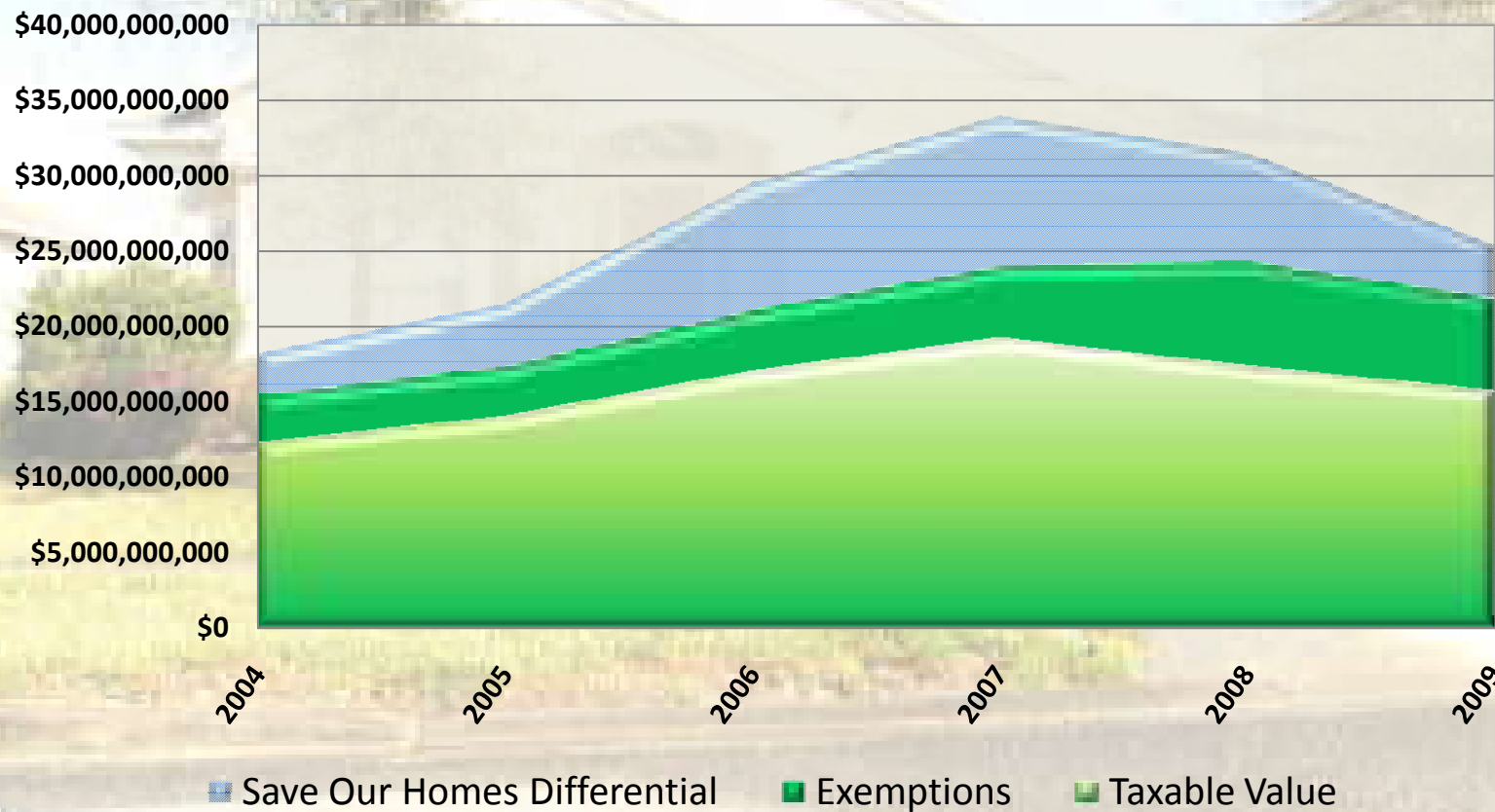
Save Our Homes differential offsets up to a 9% change in market value.



# Financial Overview: *Residential Property*



## Residential Property Valuation





# Financial Overview: *Single Family Residential*



## **Average Home Values**

### **Just**

### **Taxable**

2004

\$159,468

\$112,332

2005

\$183,526

\$125,566

2006

\$241,075

\$148,438

2007

\$268,672

\$163,938

2008

\$245,664

\$146,202\*

2009

\$199,744

\$131,253

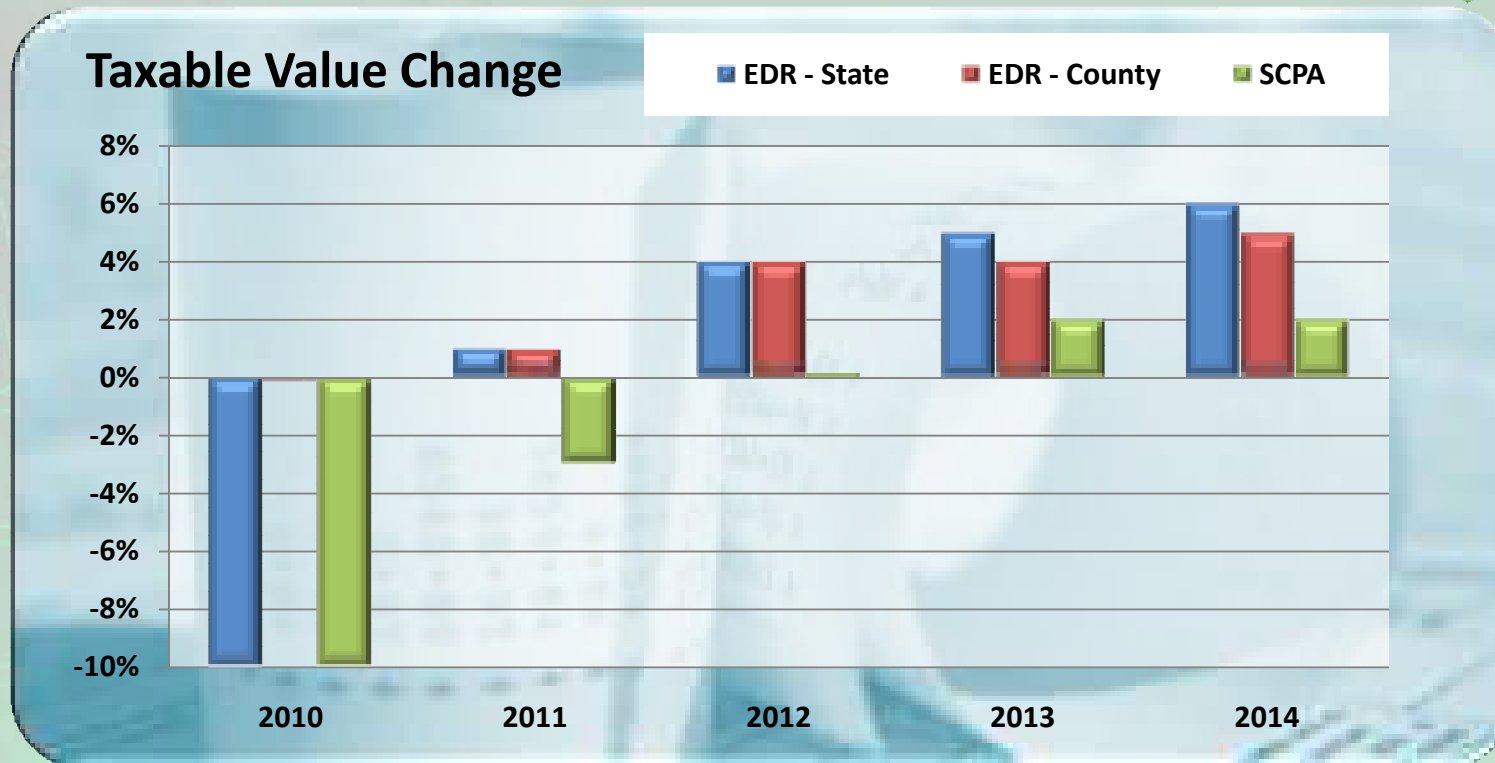
**Change from  
2008 to 2009**

**-18.7%**

**-10.2%**

\* Amendment 1 – additional 25K homestead exemption

# Financial Overview: *Taxable Value Projections*



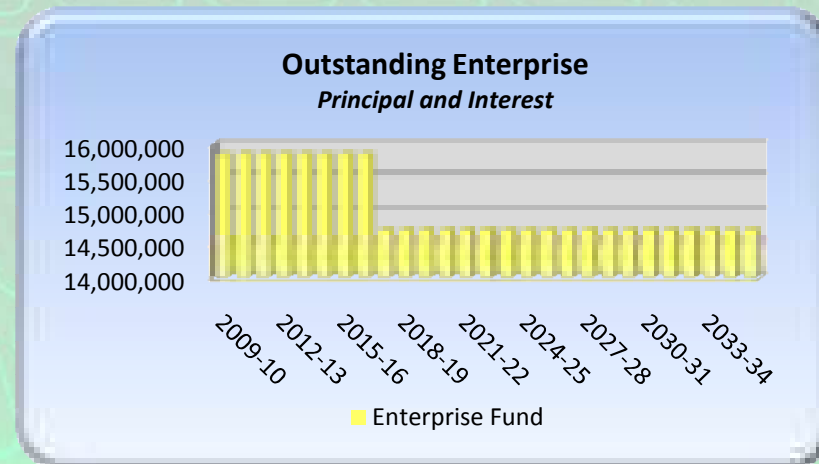
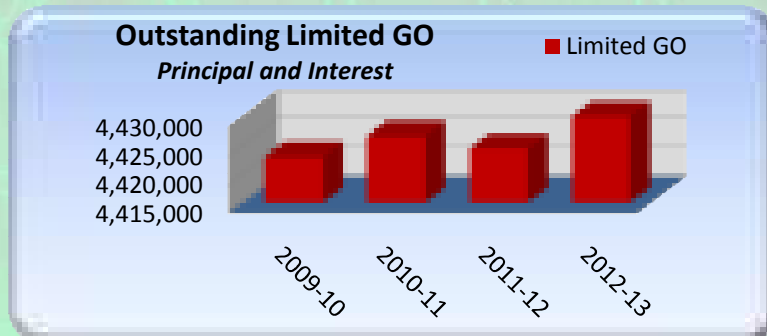
***The State's Office of Economic & Demographic Research (EDR) does taxable value projections. EDR projects that Seminole County's taxable value will not decline in 2010 like the rest of the state (State -10%; Seminole < -1%). The Seminole County Property Appraiser (SCPA) has projected a decline of 10%, therefore Seminole County's revenue estimates are conservative.***

# Financial Overview: *Debt Profile*



- ★ Debt levels are modest and affordable
- ★ Limited GO and Special Obligation debt per capita is \$285
- ★ Special Obligation debt is 4% of general operating revenues

Security	Outstanding Principal
Limited General Obligation	\$16,270,000
Special Obligation	\$104,725,000
Enterprise Fund	\$223,205,000





# Financial Overview: *Trend in Limited General Obligation Revenues*



- ★ A millage rate of 0.25 was approved by the voters
- ★ If fully levied, debt service coverage is 1.9X maximum annual debt service
- ★ Millage rate of 0.1451 is currently levied
- ★ No additional debt issuance planned

Fiscal Year	Debt Service	Millage Rate	*Revenue Generated	Reserves
				\$1,635,207
2009-10	\$4,422,935	0.14510	\$3,950,686	\$1,162,958
2010-11	\$4,426,514	0.16822	\$4,122,144	\$858,588
2011-12	\$4,424,344	0.16822	\$3,998,488	\$432,732
2012-13	\$4,431,219	0.16822	\$3,998,488	\$0

\* Revenue generated is at 96%.

# Financial Overview: *Trend in State Shared Sales Tax Revenues*



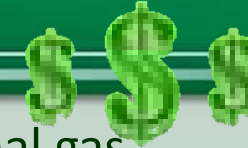
- ★ Debt service coverage based on 2009 collections is 2.7X maximum annual debt service
- ★ No additional debt issuance planned



Fiscal Year	Actual Revenue	Percent Change
2008-09	\$19,458,951	-14.6%
2007-08	\$22,787,521	-8.4%
2006-07	\$24,879,717	-8.4%
2005-06	\$27,152,816	6.1%
2004-05	\$25,599,807	13.6%
2003-04	\$22,531,320	5.1%
2002-03	\$21,447,466	3.2%
2001-02	\$20,782,899	7.8%
2000-01	\$19,271,379	-0.4%
1999-00	\$19,339,935	5.7%

This table represents actual Half-Cent Sales Tax Revenues for fiscal years 1999-00 through 2008-09.

# Financial Overview: *Trend in Gas Tax Revenues*



- ★ Debt service coverage based on 2009 constitutional gas tax collections is 2.8X maximum annual debt service
- ★ No additional debt issuance planned

County Fiscal Year	Actual Revenue		Overall Percent Change
	Constitutional	All Others	
2008-09	\$3,587,296	\$10,988,503	-3.83%
2007-08	\$3,646,293	\$11,510,413	-2.44%
2006-07	\$3,819,742	\$11,716,196	-0.90%
2005-06	\$3,776,538	\$11,900,937	-0.54%
2004-05	\$3,734,202	\$12,027,789	8.07%
2003-04	\$3,503,462	\$11,081,605	9.41%
2002-03	\$3,082,062	\$10,248,040	3.09%
2001-02	\$2,972,298	\$9,958,816	2.42%
2000-01	\$3,189,423	\$9,436,557	1.35%
1999-00	\$3,052,675	\$9,404,938	3.10%
10-Year Average			1.97%

This table represents actual Constitutional, Local Option, County and Voted 9<sup>th</sup> Cent Gas Tax revenues for fiscal years 1999-00 through 2008-09.



# Financial Overview: *Trend in Solid Waste Revenues*



- ★ Debt service coverage based on 2009 collections is 3.0X maximum annual debt service
- ★ No additional debt issuance planned

(amounts expressed in thousands)

Fiscal Year	Debt Service	Net Revenues	Debt Service Coverage
*2008-09	\$1,139	\$4,456	3.91
2007-08	\$1,144	\$4,990	4.36
2006-07	\$1,138	\$3,436	3.02
2005-06	\$1,138	\$6,062	5.33
2004-05	\$1,144	\$9,428	8.24
2003-04	\$1,386	\$5,556	4.01
2002-03	\$1,832	\$5,939	3.24
2001-02	\$1,837	\$6,172	3.36
2000-01	\$1,833	\$6,313	3.44
1999-00	\$1,893	\$5,042	2.66

\*2008-09 net revenues are unaudited.



## **III. Seminole County Water & Sewer System**



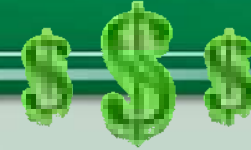


## **III A. Water & Sewer System Overview**





# System Overview and Governance



## *Utility System*

- ★ County operates both water and sewer treatment systems
- ★ Improvements to existing water & sewer treatment systems are underway
- ★ County owned and operated facilities are further enhanced by agreements with municipal and private utility providers through interconnects
- ★ Fee structure for water and sewer is competitive
- ★ The County's water supply plan is to develop an alternate source of potable water supply
- ★ Interconnect agreements exist with Orange County, Utilities, Inc. and the cities of Altamonte Springs, Casselberry, Lake Mary, Longwood, Oviedo and Sanford in the County



## *System Governance*

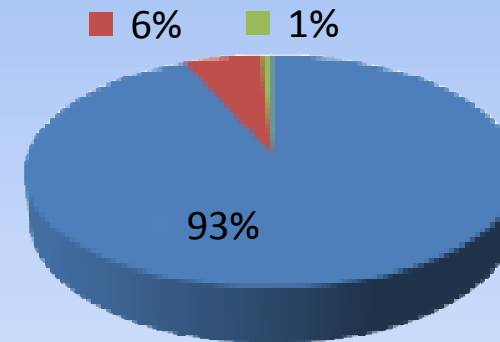
- ★ Governed by Seminole County, Florida and administered by the Environmental Services Department
- ★ Rate increases are approved by a majority vote of the Board of County Commissioners

# System Overview: *Utility Service Area*



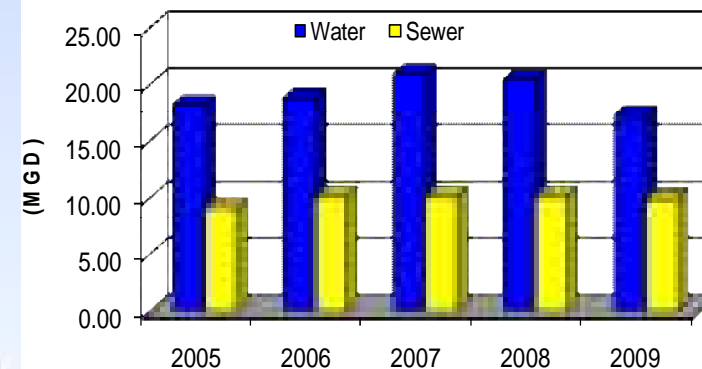
- ★ The system is divided into four geographical service areas: Southeast, Southwest, Northeast and Northwest.
- ★ The System serves an aggregate geographic area of approximately 160 square miles (roughly 46% of the county's land area).
- ★ A significant portion of the Water System's customer base is residential; providing for a diverse customer base of 40,620 residential (93%), 2,550 business (5.9%) and 345 other (1.2%) for a total of 43,515 customers.
- ★ The County's wastewater system serves approximately 31,316 customers of which 93% are residential and 7% are commercial.
- ★ On average, the County experienced 12.3% annual System growth from 1979-2004. Present trend estimates are 1-2.5% through the 2015 planning horizon.

Water Customer Base - As of 9/30/2009



Historical Average Daily Demand

(Based on end of FY Sept 30)



# System Overview: *Regulation*



- ★ **Water is regulated by St. John's River Water Management District (SJRWMD), which issues consumptive use permits (CUP).**
  - 20-year CUP (23.71 MGD) issued in 2009 for groundwater consolidating service areas
  - 20-year CUP (5.5 MGD) issued in 2009 for surface water withdrawals (St. John's River)\*
- ★ **Wastewater is regulated by Florida Department of Environmental Protection (FDEP) by discharge permit**
  - All County water and wastewater facilities are operating under current valid permits
- ★ **County is in a regional Water Caution Use Area based on SJRWMD concerns for future groundwater withdrawals**
  - County plans are to locate future wells to avoid any potential negative impacts (i.e., drawdown of the groundwater table, wetlands or lakes)
  - Construction is underway on an alternative Surface Water Facility on the St. Johns River at the Yankee Lake WRF site to initially provide augmentation water for the reclaimed water system reducing irrigation demands of potable water through expansion of the reclaimed water program.



\*Administrative Law Judge approved permit, SJWMD issued permit, under appeal



# System Overview: *Current and Permitted Flows*



## Water Treatment Facilities Current and Permitted Flows

Water Treatment Facilities	Current ADF Flows (mgd)	Current Permitted Capacity (mgd)
Consolidated CUP	16.541	22.065 (23.71 in 2029)
PWS Wholesale	0.485	0.998
Individual CUPs	0.860	1.165
Surface water CUP	0.000	0.7 (5.5 in 2029)
<b>Total</b>	<b>17.886</b>	<b>24.928</b>

## Wastewater Treatment Facilities Current and Permitted Flows

Wastewater Treatment Facilities	Current ADF Flows (mgd)	Current Permitted Capacity (mgd)
Yankee Lake	2.167	3.500
Greenwood Lakes	1.934	3.500
County-Owned Plants	4.101	7.000
<b>Other Plants</b>		
City of Altamonte Springs	0.415	0.500
Orlando (Iron Bridge WPCF)	5.081	8.506
City of Sanford	0.079	0.424
Utilities, Inc.	0.000	0.150
<b>Total</b>	<b>9.676</b>	<b>16.580</b>



# System Overview: *Water Treatment Infrastructure*



## **Treatment Facilities**

- ★ 41 deep wells with aggregate water pumping capacity rated at 80.2 mgd feeding 15 water treatment plants dispersed throughout the County
- ★ Well pumping, cascade aeration, disinfection and storage

## **Source**

- ★ Current source of all potable water is groundwater from the Upper Floridan
- ★ Future source of water is surface water from St. John's River



## **Distribution**

- ★ 24 ground storage tanks with an average age of 15 years and capacity of 14 MG are in good to excellent condition
- ★ 541 miles of water mains, which average 20 years of age and in good to excellent condition

# System Overview: *Water Treatment Facilities*



# System Overview: *Wastewater Treatment Infrastructure*



## Treatment Facilities

- ★ Two wastewater plants with 7.0 mgd total permitted capacity
- ★ Wholesale capacity purchase agreements
  - Average term of 25 years
  - Additional reserved capacity through inter governmental agreements of 9.58 mgd
  - All agreements in force and facilities are maintained and operating efficiently



## Collection

- ★ Over 290 wastewater pumping stations which are serviced regularly and continuously monitored and controlled
- ★ 419 miles of gravity and force main sewers are in good to excellent condition



# System Overview: *Sewer Treatment Infrastructure*



## Effluent Disposal/Reuse

- ★ County produces highly treated wastewater to public access standards and sells to commercial and residential customers
- ★ Rapid Infiltration Basins maintained for non public access reuse
- ★ Wetland permit for wet weather discharge of reclaim/reuse water
- ★ June 2000, the County entered into agreements to provide 4.8 mgd of reclaimed water to the University of Central Florida and the City of Oviedo





# System Overview: *Sewer Treatment Facilities*





## **III B. Capital Improvement Plan**



# CIP Program Update: *Progress Since Oct 06*



## ★ 110 Projects Completed

- Yankee Lake Water Reclamation Facility (WRF) Upgrade Ph 1
- Residential Reclaimed Retrofit Ph 1

## ★ 9 Projects Under Construction

- Yankee Lake Surface Water Treatment Plant
- Greenwood Lakes Wastewater Treatment Facility Upgrade
- Residential Reclaimed Retrofit Ph 2

## ★ 17 Projects Under Design

- Markham Regional Water Treatment Plant Improvements
- Yankee Lake WRF Upgrade Ph 2A
- Residential Reclaimed Retrofits Ph 3 & 4





# CIP Program *is Forward-Looking*

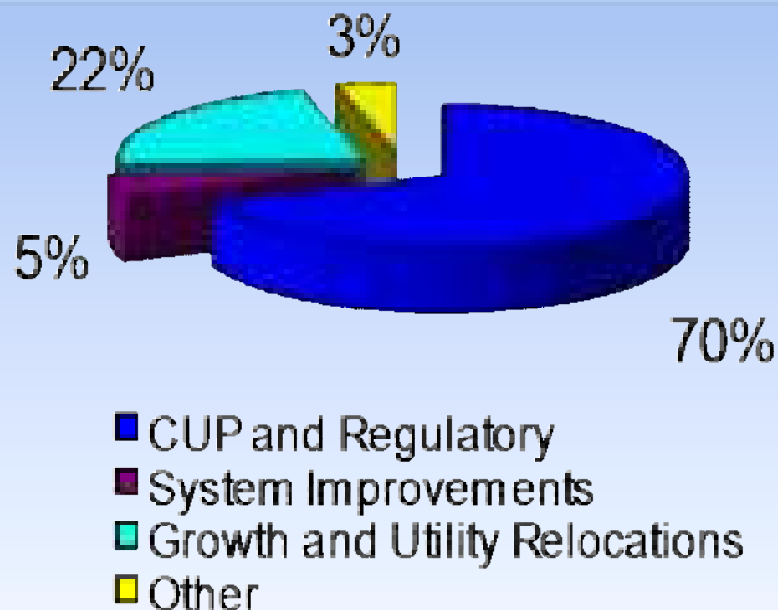


## ★ Reduction in construction costs:

- Construction prices on projects executed in FY 2008 – 2010 have benefitted from a competitive bidding market with an estimated \$24.9M in savings

## ★ Current CIP (FY 2010 – 2015) consists of 99 projects with capitalized expenditures of \$275 million

- Most urgent projects are CUP and Regulatory driven
- Does not include Potable Phase of Surface Water Supply Plant



# System Capital Improvement Plan



## Summary of CIP (FY ending September 30):

	FY10	FY11	FY12	FY13	FY14	FY15	Total
Water	\$64.64M	\$78.20M	\$16.53M	\$2.29M	\$1.05M	\$0.70M	\$163.41M
Sewer	\$34.04M	\$3.97M	\$6.40M	\$3.25M	\$3.77M	\$1.84M	\$53.27M
Reclaimed Water	\$36.60M	\$1.14M	\$17.63M	\$2.41M	\$0.08M	\$0.08M	\$57.94M
Total	\$135.28M	\$83.31M	\$40.56M	\$7.95M	\$4.90M	\$2.62M	\$274.62M

## Major Projects to be funded by Series 2010 Bonds:

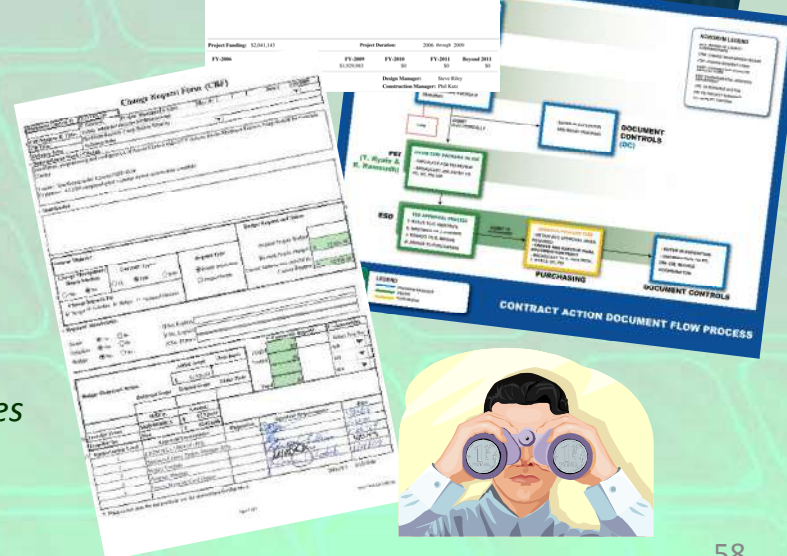
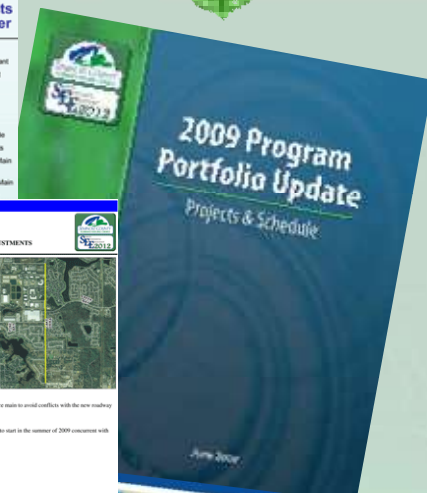
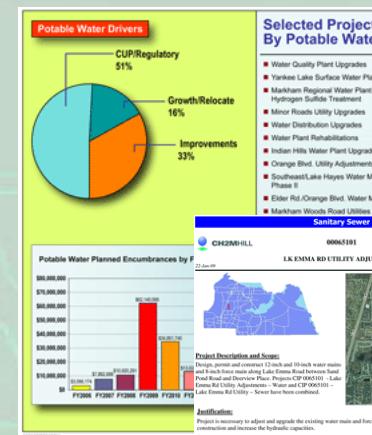
- ★ Water Treatment Facility Upgrades (Disinfection By-Product Reduction)
  - Markham Regional Water Treatment Facility
  - Southeast Regional Water Treatment Facility
  - Country Club Water Treatment Facility
  - Lynwood Water Treatment Facility

# CIP: Program Management Methods

## Ensure Successful CIP Planning



- ★ **Program Manager: CH2M HILL (Since 2006)**
- ★ **5-Year CIP Is Revalidated Each Year**
  - Full Review of Water & Sewer Capital Program Needs
  - Scope and Cost Validation of All Active/Future Projects
  - Reprioritization of Projects Based on Evaluation of Timing Requirements
  - 2010 Validation (Began Oct 09)
    - Reprioritized Most Critical Needs
    - All Projects Ranked By Priority Top-To-Bottom
    - Moved Most Critical, Regulatory Driven Projects Forward...Deferred Less Urgent Projects
- ★ **Continual Change Management Process**
  - Disciplined Monitoring and Management of Developments During CIP Execution
  - Ensures Adequate Review and Approval of Necessary Changes to Plan
  - Provides Accurate Tracking of Contract Actions
  - Program Able To Adapt To Changing Conditions/Priorities







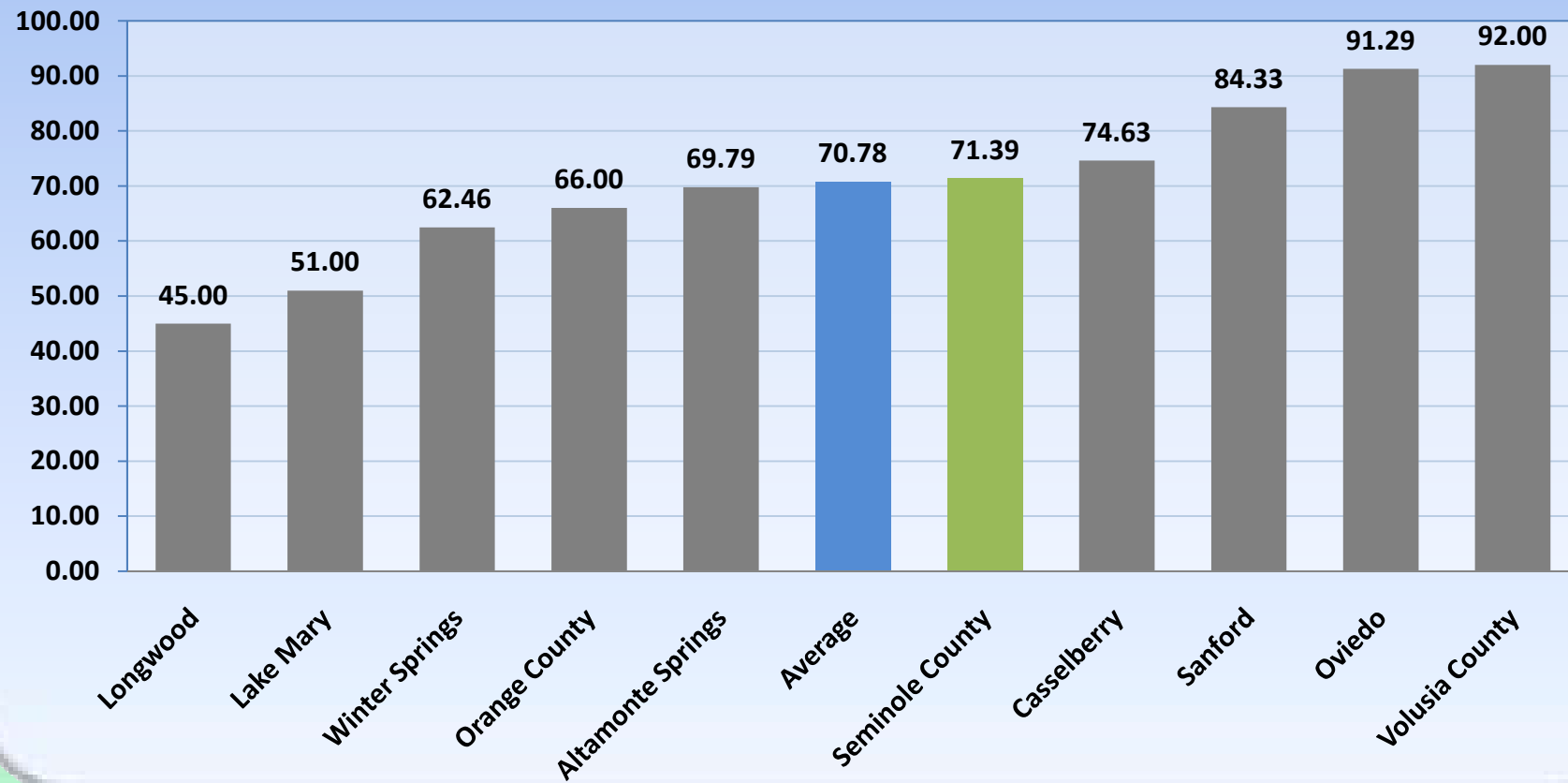
## **III C. Water & Sewer System Financial Operations**



# Financial Operations: *Residential Rate Comparison*



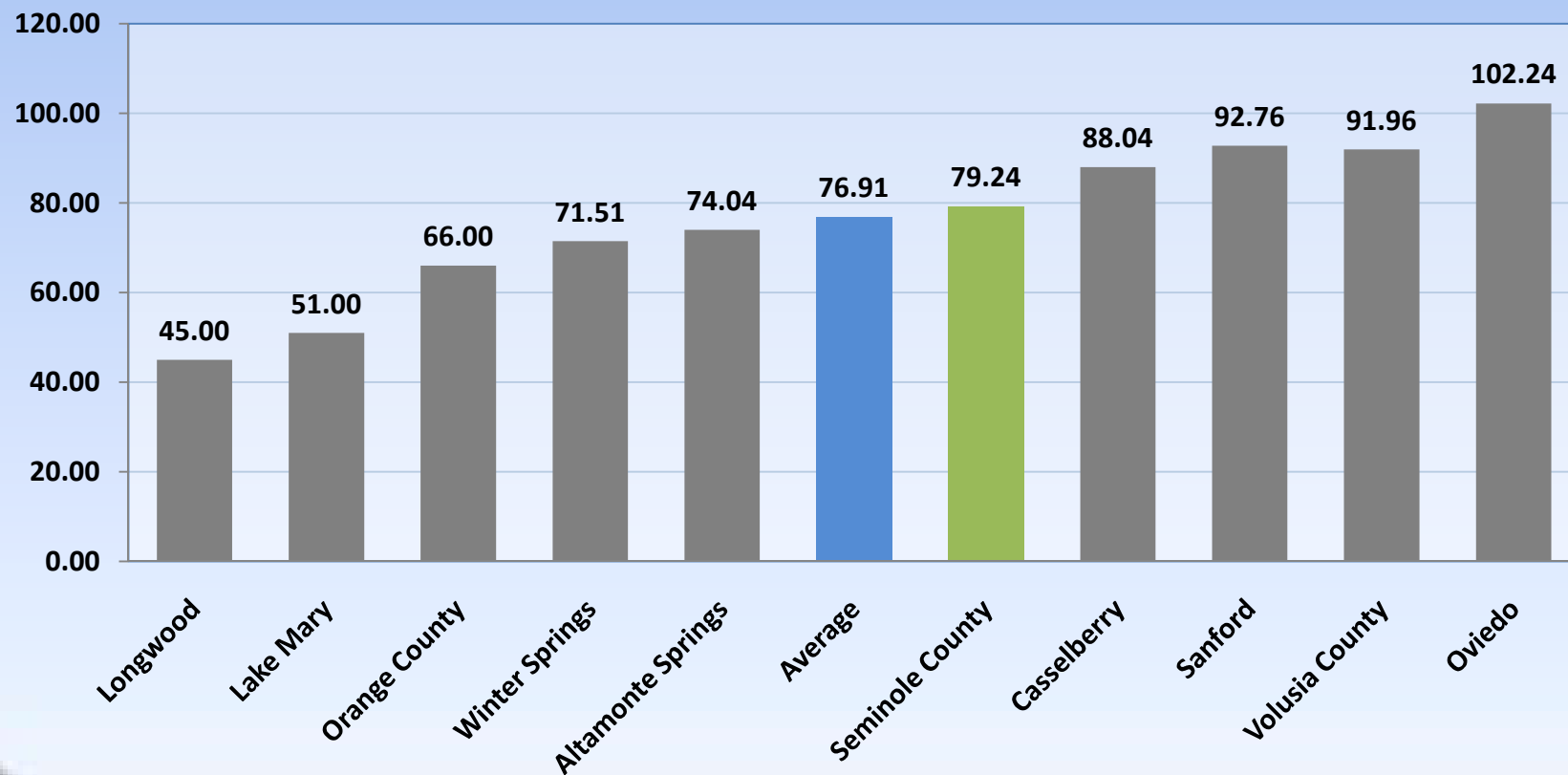
## Monthly Bill Comparison 10,000 Gallons 2010 Rates



# Financial Operations: *Residential Rate Comparison*



## Monthly Bill Comparison 10,000 Gallons 2011 Rates





# Financial Operations: *Adopted Rate Structure*



## WATER SERVICE CHARGES

	2009	2010	2011
Basic Service Charges	\$ 9.03	\$ 10.03	\$ 11.14
Volumetric Service Charges			
0 to 10,000	\$ 0.76	\$ 0.85	\$ 0.95
10,001 to 15,000	1.25	1.40	1.56
15,001 to 20,000	2.28	2.54	2.82
20,001 to 30,000	3.68	4.10	4.56
30,001 to 50,000	5.29	5.88	6.53
50,001 - Over	7.18	7.97	8.85

## Volumetric-Irrigation

0 to 10,000	\$ 1.25	\$ 1.40	1.56
10,001 to 20,000	2.28	2.54	2.82
20,001 to 30,000	3.68	4.10	4.56
30,001 to 50,000	5.29	5.88	6.53
50,001 - Over	7.18	7.97	8.85

## WASTEWATER SERVICE CHARGES

Basic	\$ 14.34	\$ 15.92	\$ 17.68
Volumetric	\$ 3.26	\$ 3.62	\$ 4.02

## RECLAIMED WATER SERVICE CHARGES

## Volumetric-Irrigation

0 to 10,000	\$ 0.50	\$ 0.56	0.63
10,001 to 20,000	0.84	0.94	1.05
20,001 to 30,000	1.37	1.53	1.70
30,001 to 50,000	2.27	2.52	2.80
50,001 - Over	3.07	3.41	3.79
Commercial	\$ 0.50	\$ 0.56	\$ 0.63

# Financial Operations: *Historical Data*



Description	2004	2005	2006	2007	2008	2009
Operating Revenues						
Charges for Service	\$ 30,377,569	\$ 31,918,866	\$ 34,316,364	\$ 40,024,287	\$ 39,035,418	\$ 39,636,557
Interest Earnings	1,350,144	1,555,510	2,650,455	3,528,556	2,602,172	1,664,133
Rate Stabilization Fund Adjustment	0	0	0	(2,900,000)	0	0
Total Operating Income	\$ 31,727,713	\$ 33,474,376	\$ 36,966,819	\$ 40,652,843	\$ 41,637,590	\$ 41,300,690
Operating Expenses						
Salaries, Wages and Benefits	\$ 4,706,373	\$ 5,351,143	\$ 6,075,553	\$ 6,842,346	\$ 6,973,916	\$ 6,607,027
Contract Services, Materials and Supplies	12,620,025	14,524,019	15,521,700	16,326,426	17,207,794	16,152,901
Total Operating Expenses	\$ 17,326,398	\$ 19,875,162	\$ 21,597,253	\$ 23,168,772	\$ 24,181,710	\$ 22,759,928
Net Revenues	\$ 14,401,315	\$ 13,599,214	\$ 15,369,566	\$ 17,484,071	\$ 17,455,880	\$ 18,540,762
Connection Fees	\$ 6,045,103	\$ 9,046,182	\$ 4,310,841	\$ 4,749,686	\$ 2,909,553	1,686,730
Debt Service						
1992 Series	\$ 4,553,110	\$ 4,548,585	\$ 4,549,085	\$ 4,552,125	\$ 4,548,400	\$ 4,552,300
1999 Series	2,541,208	368,705	371,020	367,070	372,350	366,625
2005 Series	0	2,133,710	2,036,968	2,035,618	2,039,268	2,037,768
2006 Series	0	0	0	6,271,668	7,758,561	7,764,361
Total Debt Service	\$ 7,094,318	\$ 7,051,000	\$ 6,957,073	\$ 13,226,481	\$ 14,718,579	\$ 14,721,054
Net Revenues and Connection Fees	\$ 20,446,418	\$ 22,645,396	\$ 19,680,407	\$ 22,233,757	\$ 20,365,433	\$ 20,227,492
Available for Debt service						
Test 1 - Net Revenues Only (1.10x Required)	2.03	1.93	2.21	1.32	1.19	1.26
Test 2 - Net Revenues and Connection Fees (1.25x Required)	2.88	3.21	2.83	1.68	1.38	1.37

# Financial Operations: *Projected Data*



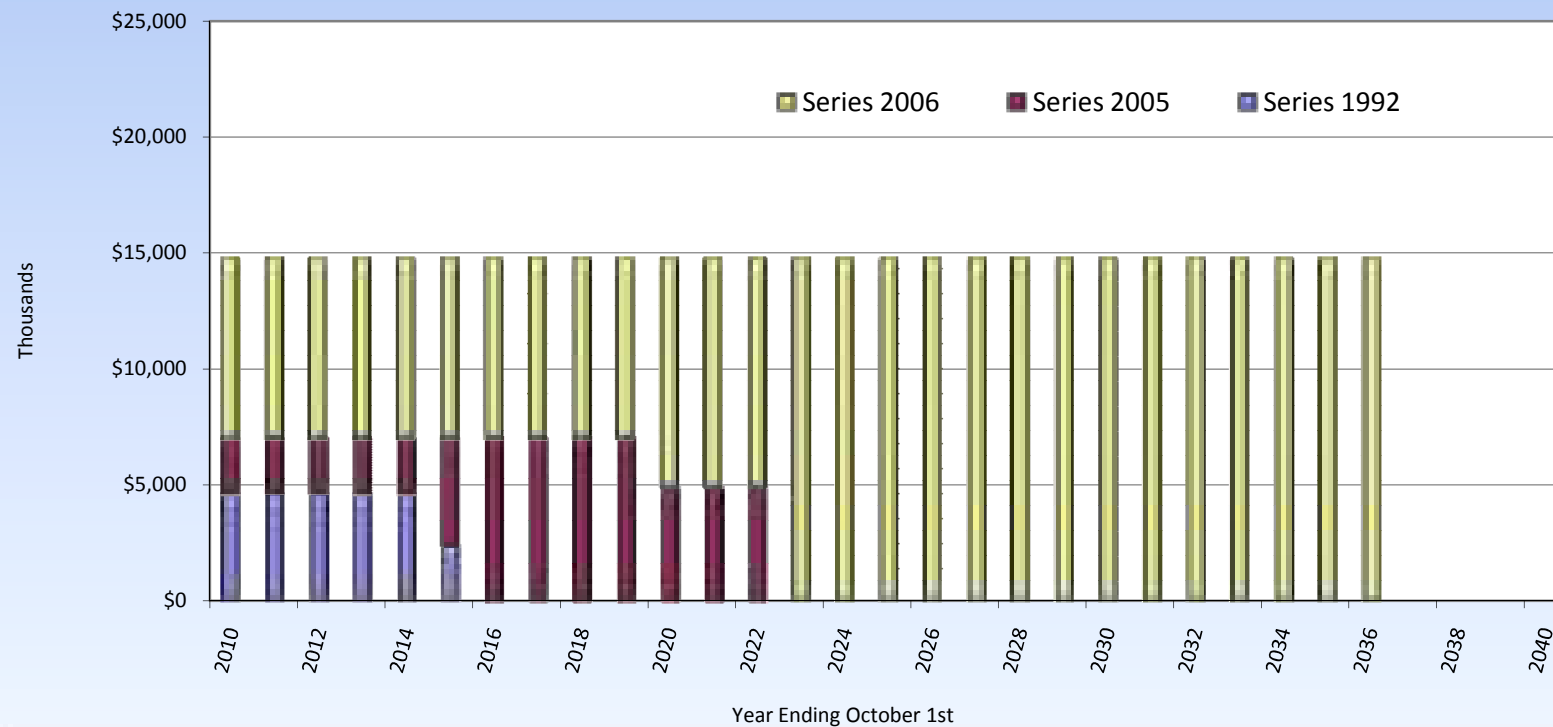
Description	2010	2011	2012	2013	2014	2015
<b>Operating Revenues</b>						
Charges for Service-Base	\$ 40,905,000	\$ 45,053,640	\$ 50,396,615	\$ 55,556,025	\$ 58,203,994	\$ 61,118,484
Rate Index Adjustment	0	0	1,500,644	1,646,918	1,716,088	1,797,602
Rate Increase	3,902,200	\$ 4,967,814	3,000,000	0	0	0
Interest Earnings	1,490,000	1,482,741	676,975	561,723	539,258	556,222
<b>Total Operating Income</b>	<b>\$ 46,297,200</b>	<b>\$ 51,504,195</b>	<b>\$ 55,574,234</b>	<b>\$ 57,764,666</b>	<b>\$ 60,459,341</b>	<b>\$ 63,472,309</b>
<b>Operating Expenses</b>						
Salaries, Wages and Benefits	\$ 6,423,647	\$ 6,705,120	\$ 7,163,774	\$ 7,533,187	\$ 7,848,598	\$ 8,123,299
Contract Services, Materials and Supplies	19,182,404	20,735,436	23,216,682	24,563,783	26,332,430	28,099,787
<b>Total Operating Expenses</b>	<b>\$ 25,606,051</b>	<b>\$ 27,440,556</b>	<b>\$ 30,380,456</b>	<b>\$ 32,096,970</b>	<b>\$ 34,181,028</b>	<b>\$ 36,223,086</b>
<b>Net Revenues</b>	<b>\$ 20,691,149</b>	<b>\$ 24,063,639</b>	<b>\$ 25,193,778</b>	<b>\$ 25,667,696</b>	<b>\$ 26,278,312</b>	<b>\$ 27,249,223</b>
Water	140,000	142,100	144,232	146,756	149,691	152,684
Wastewater	600,000	609,000	618,135	628,952	641,531	654,362
Connection Fees	\$ 740,000	\$ 751,100	\$ 762,367	\$ 775,708	\$ 791,222	\$ 807,047
<b>Debt Service</b>						
1992 Series	\$ 4,550,400	\$ 4,552,400	\$ 4,552,400	\$ 4,552,400	\$ 4,552,400	\$ 4,552,400
1999 Series	0	0				
2005 Series	2,301,269	2,328,819	2,404,899	2,402,280	2,405,380	2,398,200
2006 Series	7,864,761	7,839,961	7,760,161	7,765,786	7,761,061	7,766,201
2010 Series	0	4,088,480	4,088,180	4,087,780	4,090,905	4,092,711
2012 Series	0	0	404,775	1,214,325	1,214,325	1,214,325
<b>Total Debt Service</b>	<b>\$ 14,716,430</b>	<b>\$ 18,809,660</b>	<b>\$ 19,210,415</b>	<b>\$ 20,022,571</b>	<b>\$ 20,024,071</b>	<b>\$ 20,023,837</b>
<b>Net Revenues and Connection Fees Available for Debt service</b>	<b>\$ 21,431,149</b>	<b>\$ 24,814,739</b>	<b>\$ 25,956,145</b>	<b>\$ 26,443,404</b>	<b>\$ 27,069,535</b>	<b>\$ 28,056,269</b>
<b>Test 1 - Net Revenues Only (1.10x Required)</b>	<b>1.41</b>	<b>1.28</b>	<b>1.31</b>	<b>1.28</b>	<b>1.31</b>	<b>1.36</b>
<b>(Test 2 - Net Revenues and Connection Fees 1.25x Required)</b>	<b>1.46</b>	<b>1.32</b>	<b>1.35</b>	<b>1.32</b>	<b>1.35</b>	<b>1.40</b>



# Financial Operations: *Outstanding Utility Debt Service*



Principal Amounts Outstanding (FYE 2009)	
Series 2006 Bonds	\$154,165,000
Series 2005 Bonds	40,465,000
Series 1992 Bonds	20,840,000
<b>Totals</b>	<b>\$215,470,000</b>



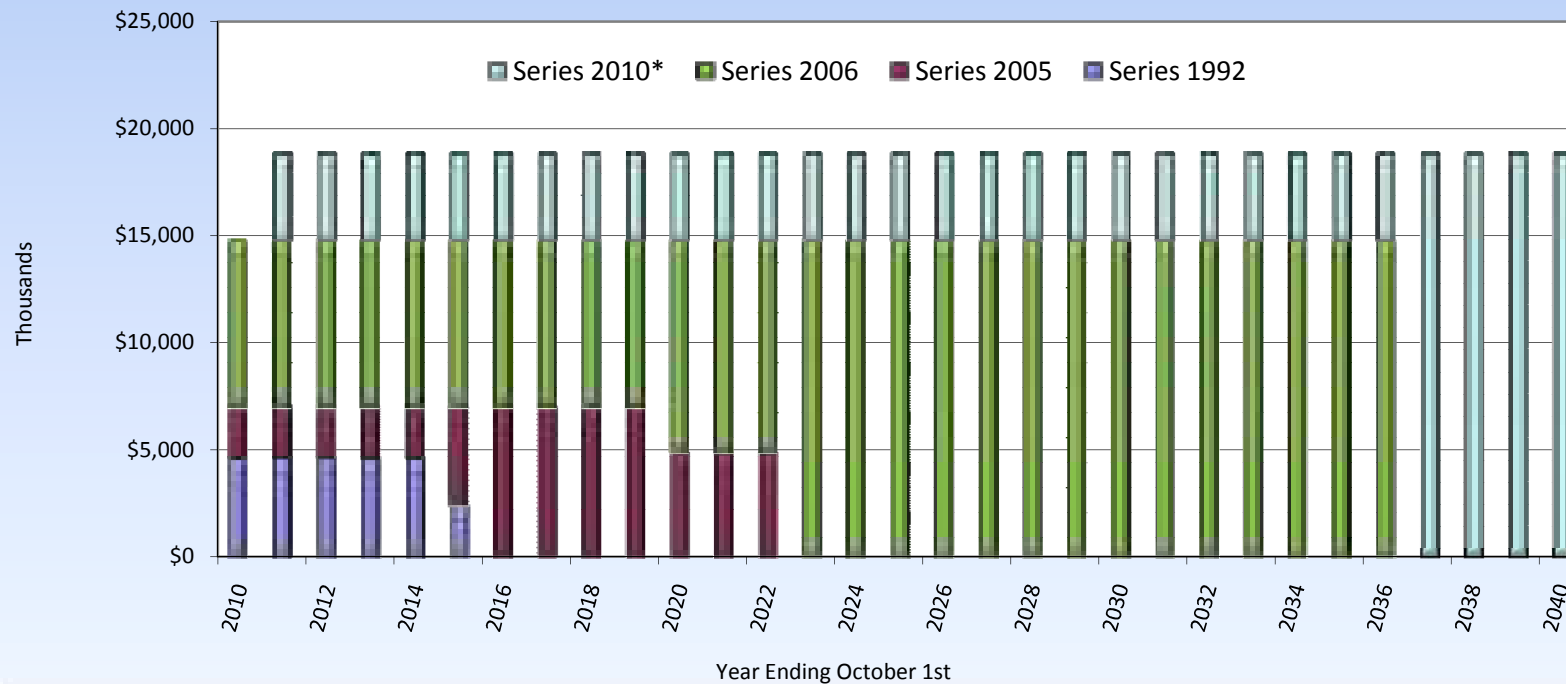
# Financial Operations: *Post Series 2010* *Financing*



**Principal Amounts Outstanding (Post 2010 Issuance)**

Series 2010 Bonds*	\$77,960,000
Series 2006 Bonds	154,165,000
Series 2005 Bonds	40,465,000
Series 1992 Bonds	20,840,000
<b>Totals</b>	<b>\$293,430,000</b>

\*Preliminary and subject to change.





## **III.D. Series 2010 Bonds Financing & Provisions**



# Series 2010 Revenue Bonds



## *Series 2010 Transaction Summary*

<b>Expected sale:</b>	<b>March 2010</b>
<b>Estimated Par Amount:</b>	<b>\$77,960,000</b>
<b>Final Maturity:</b>	<b>October 1, 2040</b>
<b>Construction Fund:</b>	<b>Net Funded</b>
<b>DSRF:</b>	<b>Cash Funded</b>
<b>Capitalized Interest:</b>	<b>Through September 30, 2010 only</b>



# Overview of Legal Provisions



## ***Rate Covenant***

- ★ The County shall fix, establish, maintain and collect such Rates and revise the same from time to time, whenever necessary, as will always provide in each Fiscal Year:
  - Net Revenues and any applicable Special Assessment proceeds adequate to pay at least 110% of (1) the Current Annual Debt Service Requirement due in such fiscal year and amounts required in the Reserve Fund and (2) any amounts required to be paid to the Water and sewer Connections Fee Fund
  - Net Revenues, Special Assessment Proceeds, Water and sewer Connection Fees adequate to pay 125% of the Annual Debt Service requirement due in such Fiscal Year

## ***Reserve Account Requirement***

- ★ Lesser of (1) Maximum Annual Debt Service or (2) 125% of Average Annual Debt Service or (3) another amount provided by the Supplemental Resolution
- ★ The Series 2009 Reserve Requirement will be fulfilled with a cash deposit



# Overview of Legal Provisions (cont'd)



## ***Security***

- ★ Pledged funds are defined in accordance with the Resolution and include Net Revenues, Connection Fees, and may include Special Assessment Proceeds and any other funds specifically pledged by the County

→ ***Net Revenues are Gross Revenues less operating expenses***

→ ***Gross Revenues do not include Government Grants, Connection Fees, Bond Proceeds, or moneys deposited from the Utility Reserve to the Rate Stabilization within 90 days following a Fiscal Year End which the County determines not to be Gross Revenues of such prior Fiscal Year***



# Financing Timetable



JANUARY						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

FEBRUARY						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28						

MARCH						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

	Task to Complete
<b>February 2</b>	<b>Meet with Rating Agencies</b>
February 12	Receive Ratings
February 23	Authorizing Resolution Approved by the Board
February 25	Print/Mail and Electronically Distribute POS
March 2	Pricing/Marketing of the Series 2010 Bonds
March 3	Execute Bond Purchase Agreement
March 10	Print/Mail and Electronically Distribute Final OS
March 16	Pre-Closing of Series 2010 transaction
March 17	Closing of Series 2010 transaction





## **IV. Closing Comments**

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# Closing Comments



## ★ **Seminole County's high quality credit is demonstrated by strengths in all key rating factors**

- ✓ Substantial, diversified economic base with well above average wealth indices
- ✓ Conservative and pro-active financial management
- ✓ Strong reserve policies and practices
- ✓ Low debt levels

## ★ **Water and Wastewater System Credit**

- ✓ Highly diversified and economically stable customer base
- ✓ Good financial margins maintained through programmed rate adjustments
- ✓ Competitive rate structure
- ✓ Manageable capital plan and bonding needs



## **APPENDIX**

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## **APPENDIX: Other Post Employment Benefits (OPEB) and Insurance**



### **★ OPEB**

- Health insurance is funded on a pay-as-you-go basis
- Florida Statutes, Section 112.0801 requires the County to offer retired employees health insurance benefits
- Retired employees pay their entire health insurance premium without a subsidy from the County
- Actuarially determined liability at 1/1/2008 is \$45M for the implicit rate subsidy of retiree coverage. This is based on the premises that the premiums the County pays for active employees is higher due to insurance company incorporating the costs of the older retired employees.



### **★ Property and Casualty Insurance**

- County maintains a risk management program, whereby the County pays for property and automobile claims up to a certain threshold, and an Excess Insurance Carrier pays the amount above the threshold. See attached chart.

# Self Insurance Program: *Risk Management* Proposal – January 1, 2010-2011



<u>PROPERTY</u>	<u>GL, AL, E&amp;O, EBL, EL</u>	<u>WC/EL</u>	<u>CRIME</u>
\$50M <i>Various Carriers</i>			
\$25M All Other Flood Zones			
\$5M Flood Zone A	<b>Lloyd's</b> \$4.9M Each Occurrence & Various Aggregates XS SIR  GL, AL, E&O, EBL, EL	<b>Arch Ins. Co.</b> Statutory XS \$500,000 \$2M EL	
Named Wind SIR 2% of Unit Sustaining Damage \$250,000 Minimum; \$5,000,000 Maximum		<b>Lloyd's</b> \$300,000 XS SIR	<b>Lloyd's</b> \$225,000 XS SIR
All Other Perils SIR \$100,000		SIR \$200,000	
			SIR \$25,000