

**CITY OF MELBOURNE, FLORIDA**  
**STATEMENT OF NET POSITION**  
**WATER AND SEWER SYSTEM ENTERPRISE FUND**  
**SEPTEMBER 30, 2016**

**ASSETS**

## Current assets:

Cash and cash equivalents	\$ 1,350
Cash and cash equivalents, restricted	5,897,468
Equity in pooled investments	57,403,290
Equity in pooled investments, restricted	102,598
Receivables - trade	
Billed (net of allowance of \$285,000)	5,030,323
Unbilled	3,740,713
Interest receivable	107,301
Interest receivable, restricted	1,662
Inventory	1,125,612

Total current assets	73,410,317
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## Noncurrent assets:

## Restricted assets:

Cash and cash equivalents	3,726,000
Equity in pooled investments	1,199,562
Investments, at fair value	4,599,553

Total noncurrent restricted assets	9,525,115
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Net pension asset	142,847
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## Capital assets:

## Nondepreciable:

Land	3,094,971
Construction in progress	13,951,106

## Depreciable:

Buildings	81,453,548
Improvements other than buildings	246,709,960
Machinery and equipment	14,446,437
Intangibles, computer software	363,416
Less accumulated depreciation/amortization	(209,893,509)

Total capital assets, net of accumulated depreciation/amortization	150,125,929
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Total noncurrent assets	159,793,891
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Total assets	233,204,208
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**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows, pensions	4,675,001
Deferred amount on advance refunding	2,968,460

Total deferred outflows	7,643,461
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**LIABILITIES**

## Current liabilities

Accounts payable	4,210,460
Accrued payroll expenses	199,579
Due to other governments	1,965,069
Compensated absences	363,098

## Current liabilities payable from restricted assets:

Accounts payable	692
Accrued interest payable	1,064,542
State Revolving Fund loan payable	514,124
Revenue bonds payable	4,850,000

Total current liabilities	<u>13,167,564</u>
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## Noncurrent liabilities:

Customer deposits payable from restricted assets	3,738,391
Compensated absences	352,790
State Revolving Fund loan payable	10,139,913
Other post employment benefits	3,060,521
Net pension liability	9,377,757
Revenue bonds payable, net of unamortized premium and discount	98,000,644

Total noncurrent liabilities	<u>124,670,016</u>
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Total liabilities	<u>137,837,580</u>
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**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows, pensions	<u>1,353,660</u>
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**NET POSITION**

Net investment in capital assets	55,437,513
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## Restricted for:

Debt service	9,814,840
Renewal and replacement	250,000
Capital improvements	612,556

Unrestricted	<u>35,541,520</u>
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Total net position	<u><u>\$ 101,656,429</u></u>
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**CITY OF MELBOURNE, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**WATER AND SEWER SYSTEM ENTERPRISE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**OPERATING REVENUES**

Water sales (net of bad debt of \$3,604)	\$ 30,980,416
Sewer charges (net of bad debt of \$2,402)	20,815,294
Other revenues	<u>2,294,277</u>
Total operating revenues	<u>54,089,987</u>

**OPERATING EXPENSES**

Salaries, wages and employee benefits	12,722,739
Contractual services, materials and supplies	17,898,064
Depreciation and amortization	<u>9,826,872</u>
Total operating expenses	<u>40,447,675</u>

Operating income	<u>13,642,312</u>
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**NONOPERATING REVENUES (EXPENSES)**

Investment earnings	617,807
Interest expense	(4,278,638)
Debt issue expense	(316,253)
Gain on sale/disposal of assets	<u>26,252</u>
Total nonoperating expenses	<u>(3,950,832)</u>

Income before contributions and transfers	9,691,480
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Capital contributions	1,806,946
Transfers out	<u>(3,062,937)</u>

Change in net position	8,435,489
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Total net position, October 1	<u>93,220,940</u>
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Total net position - September 30	<u><u>\$ 101,656,429</u></u>
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**CITY OF MELBOURNE, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**WATER AND SEWER SYSTEM ENTERPRISE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Water and Sewer System
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 54,081,598
Cash payments to suppliers for goods and services	(16,675,215)
Cash payments for employee services	(12,519,573)
Deposits received	947,653
Deposits returned	(1,002,739)
Cash received from lessees	31,674
Other operating revenues	3,183
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Net cash provided by operating activities	24,866,581
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers out	(3,062,937)
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Net cash used by noncapital financing activities	(3,062,937)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(12,602,798)
Principal paid on revenue bond maturities and lease obligations	(4,897,911)
Principal paid on State Revolving Fund loan	(234,079)
Proceeds from State Revolving Fund loan	4,947,725
Bond refundings	(2,290,914)
Interest paid on revenue bonds and lease obligations	(4,096,116)
Cash received from impact fees	1,776,480
Proceeds from sale of capital assets	97,190
Repayment of General fund advance	(569,744)
Capital grants and contributions	4,232
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Net cash used by capital and related financing activities	(17,865,935)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investment securities	(25,330,674)
Proceeds from sale and maturities of investment securities	27,009,062
Interest on investments	567,750
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Net cash provided by investing activities	2,246,138
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Net increase in cash and cash equivalents	6,183,847
Cash and cash equivalents at October 1	62,146,421
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Cash and cash equivalents at September 30	\$ 68,330,268

**CITY OF MELBOURNE, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**WATER AND SEWER SYSTEM ENTERPRISE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**  
(Continued)

	Water and Sewer System
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 13,642,312
Adjustments not affecting cash:	
Depreciation and amortization	9,826,872
Deferred outflows, pensions	(2,549,752)
Deferred inflows, pensions	(650,823)
Changes in assets and liabilities:	
Receivables, trade	26,502
Inventory	(54,804)
Net pension asset	166,554
Net pension liability	3,513,762
Accounts payable	1,127,113
Accrued payroll expenses	(374,243)
Due to other governments	150,506
Deposits	(55,086)
Other post employment benefits	97,668
Net cash provided by operating activities	<u>\$ 24,866,581</u>
<b>NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Contributions from developers	\$ 15,984
Contributions from governmental funds	10,250
2012 W&S bond capitalized interest	276,945
State Revolving Fund capitalized interest	57,086
Bond refundings	16,458
Total non-cash capital and related financing activities	<u>\$ 376,723</u>
<b>NON-CASH INVESTING ACTIVITIES</b>	
Increase in fair value of investments	<u>\$ 18,392</u>
Cash and cash equivalents reconciliation:	
Current assets:	
Cash and cash equivalents	\$ 1,350
Cash and cash equivalents, restricted	5,897,468
Equity in pooled investments	57,403,290
Equity in pooled investments, restricted	102,598
Noncurrent assets:	
Cash and cash equivalents, restricted	3,726,000
Equity in pooled investments, restricted	1,199,562
Cash and cash equivalents at September 30	<u>\$ 68,330,268</u>

# City of Melbourne



Financial Services Department  
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## SECONDARY MARKET DISCLOSURE For the Year Ended September 30, 2016

### General

The City of Melbourne is required to provide ongoing disclosure for holders of its Water and Sewer Refunding Revenue Bonds, Series 2002B, Water and Sewer Improvement Revenue Bonds, Series 2007B, Water and Sewer Refunding and Improvement Revenue Bonds, Series 2012, Water and Sewer Refunding Revenue Bonds, Series 2013 and Water and Sewer Refunding Revenue Bond, Series 2014, Water and Sewer Refunding Revenue Bonds, Series 2016A and Water and Sewer Refunding Revenue Bonds, Series 2016B. Rule 15c2-12 promulgated by the Securities and Exchange Commission requires ongoing disclosure for bonds sold on or after July 3, 1995. This report provides financial and operational data as required by the Continuing Disclosure Certificate.

The City owns, operates, and maintains the Water and Sewer System. Potable water is provided to two different service areas, one being the “Mainland,” consisting of all areas west of the Indian River, and the other being the “Beach,” consisting of all areas east of the west boundary of the Indian River. The System also recognizes two service areas, both located on the Mainland and identified as either being inside the incorporated limits of the City or outside the incorporated limits.

### Existing Water System

The City presently provides water service to a customer base of approximately 150,000 persons. This service covers the municipal limits of the City (population of 80,419), plus wholesale service to West Melbourne, and retail service to Melbourne Village, Melbourne Beach, Indian Lake Shores, Indian Harbour Beach, Palm Shores, and a portion of unincorporated Brevard County.

The City’s two water production facilities consist of the Lake Washington Surface Water Production Facility with a production capacity of 20 million gallons per day (MGD) and the Reverse Osmosis Water Production Facility, with a production capacity of 5 MGD.

The City’s water distribution system consists of approximately 149 miles of six (6) to 36-inch diameter transmission mains, and about 730 miles of two (2) to six (6)-inch diameter distribution mains.

The top ten water customers of the System are:

Customer	Annual Revenue
City of West Melbourne <sup>(1)</sup>	\$3,221,135
Holmes Regional Medical Center	387,947
Florida Institute of Technology	298,764
School Board of Brevard County	238,466
DW MLB H LLC	90,448
We Harbours LLC	88,959
Harris Corporation	88,266
Northrop Grumman Systems Corp	82,471
Eastern Florida State College	81,594
Prestige AB Ready Mix of Melbourne	81,330

(1) Pursuant to a bulk water sales agreement.

The table below summarizes the historical customer base and water demands for the City's water system service area.

Historic Water Flows (MGD)			
Year	Number of Accounts <sup>(1)</sup>	Average Day Demand	Maximum Day Demand
2012	56,934	15.5	17.2
2013	57,162	15.6	17.6
2014	57,487	15.7	17.5
2015	57,766	16.2	21.0
2016	58,108	16.3	18.8

(1) Average number of accounts for each of the fiscal years ended September 30.

### Existing Sewer System

The City currently owns and operates an extensive collection and transmission system. The System consists of approximately 258 miles of gravity and 57 miles of force collection mains, 94 lift stations, an inverted siphon and two (2) influent pump stations. The collection/transmission system transports the wastewater to two (2) wastewater treatment plants; the David B. Lee Water Reclamation Facility (the "D.B. Lee WRF" with a permitted capacity of 7.0 MGD) and the Grant Street Water Reclamation Facility (the "Grant Street WRF" with a permitted capacity of 5.5 MGD).

The top ten sewer customers of the System are:

Customer	Annual Revenue
Holmes Regional Medical Center	\$ 579,597
Florida Institute of Technology	445,501
School Board of Brevard County	210,191
We Harbours LLC	132,813
Harris Corporation	130,971
Northrop Grumman Systems Corp	122,084
Eastern Florida State College	122,009
Manufactured Home Communities	118,941
Northland Caribbean Isle LLC	111,193
Rockwell-Collins	110,167

The table below summarizes the historical wastewater flows.

Historic Wastewater Flows (MGD)				
Year	Number of Accounts <sup>(1)</sup>	D.B.Lee WRF	Grant Street WRF	Total Combined Flows
2012	28,764	3.85	3.29	7.14
2013	28,878	3.86	3.06	6.92
2014	29,026	3.98	3.46	7.44
2015	29,132	4.36	3.46	7.82
2016	29,250	4.19	3.57	7.76

(1) Average number of accounts for each of the fiscal years ended September 30.

### Existing Reclaimed Water System

The City currently owns and operates a reclaimed water production and distribution system. The System consists of two reclaimed water production facilities, and approximately 34 miles of various sized reclaimed water distribution mains. In regards to reclaimed water production, the David B. Lee Water Reclamation Facility (the “D.B. Lee WRF”) has a production capacity of 4.0 MGD, while the Grant Street Water Reclamation Facility (the “Grant Street WRF”) has a production capacity of 2.0 MGD. The public access approved reclaimed water is applied via spray irrigation to City golf courses, City parks, commercial green space, medians/rights-of-way and residential areas. As of September 30, 2016, there were 682 accounts in the reclaimed water system, of which 470 were residential.

The table below summarizes the historical reclaimed water flows.

Historic Reclaimed Water Flows (MGD)				
Year	Number of Accounts <sup>(1)</sup>	D.B.Lee WRF	Grant Street WRF	Total Combined Flows
2012	641	1.29	0.92	2.21
2013	645	1.61	0.58	2.19
2014	648	1.76	0.52	2.28
2015	651	1.74	0.44	2.18
2016	682	1.69	0.44	2.13

(1) Average number of accounts for each of the fiscal years ended September 30.

### Water Rates

The rate charged for potable water service to each customer shall consist of a monthly service charge based on the number of equivalent residential connections (ERCs) determined by the city periodically for the premise which shall serve as the minimum bill, and a gallonage charge for each unit of one thousand (1,000) gallons or portion thereof. Such charges are due and payable on a monthly basis. The rates are charged based on the customer’s location. Customers located within the city limits of the City are charged the inside City rate. Customers located outside the city limits of the City are charged the outside City rate.

Effective Date	Rate per ERC – All Customers	
	Inside City	Outside City
October 1, 2015	\$ 8.00	\$ 8.80
October 1, 2016	8.00	8.80
October 1, 2017	8.44	9.28

In addition to the above established service charge, each customer pays a monthly gallonage charge per unit for each one thousand (1,000) gallons, or portion thereof, of water passed through the customer’s service meter in accordance with the schedule set forth below:

Effective Date	Inside City	Outside City
October 1, 2015	\$ 4.57	\$ 5.02
October 1, 2016	4.57	5.02
October 1, 2017	4.82	5.30



### Sewer Rates

The rate charged for sewer service to each customer shall consist of a monthly service charge based on the number of equivalent residential connections (ERCs) being served at such connection as determined by the city periodically for the premise which shall serve as the minimum bill, and a gallonage charge for each unit of one thousand (1,000) gallons or portion thereof. The rates charged are based on the customer's location. Customers located within the city limits pay the inside City rate. Customers located outside the city limits pay the outside City rate.

<u>Effective Date</u>	<u>Rate per ERC – All Customers</u>	
	<u>Inside City</u>	<u>Outside City</u>
October 1, 2015	\$ 11.83	\$ 14.78
October 1, 2016	11.83	14.78
October 1, 2017	12.48	15.59

Each customer connected to the City's sewer system to whom a monthly bill is rendered for water furnished by the water works system of the City pays a charge per one thousand (1,000) gallons, or portion thereof, of water passed through the water meter for sewer services in accordance with the schedule set forth below:

<u>Effective Date</u>	<u>Inside City</u>	<u>Outside City</u>
October 1, 2015	\$ 6.85	\$ 8.56
October 1, 2016	6.85	8.56
October 1, 2017	7.22	9.03

### Reclaimed Water Rates

All existing customers of reclaimed water who have active accounts on May 1, 2008, shall be charged a monthly service charge as follows:

<u>Reclaimed Water Service Fees for Customers Active on May 1, 2008</u>		
<u>Effective Date</u>	<u>Rate for first ½ acre</u>	<u>Rate per acre of previous area (after first ½ acre)</u>
October 1, 2015	\$ 13.70	\$ 54.80
October 1, 2016	13.70	54.80
October 1, 2017	14.50	58.00

The rate charged for all new customers of reclaimed water after May 1, 2008 shall consist of a monthly service charge and a monthly gallonage charge. The rates for a ¾ meter in which 15,000 gallons are included in the service charge are as follows:

<u>Reclaimed water system rate for new customers</u>	
<u>Effective Date</u>	<u>Monthly service charge</u>
October 1, 2015	\$ 8.55
October 1, 2016	8.55
October 1, 2017	9.00

In addition to the above established service charge, each customer shall pay a monthly gallonage charge for each 1,000 gallons, or a portion thereof, of reclaimed water that passes through the customer's service meter that is over and above the gallonage allocation as follows:

<u>Gallonage Charges</u>	
<u>Effective Date</u>	<u>Monthly gallonage charge</u>
October 1, 2015	\$ .57
October 1, 2016	.57
October 1, 2017	.60

Each customer requesting reclaimed water service from the City shall, prior to the installation of a flow meter for each connection to the reclaimed water main, pay the following amounts to defray the cost of the service provided:

Meter Size (Inches)	Reclaimed Water Connection Charge
¾	\$ 250
1	475
1-1/2	850
2	1,600
Over 2 inches	To be determined by the City on an individual basis

The full amount of the connection charge provided above must be paid prior to connection of each unit to the City's reclaimed water system. The meter shall be adequately sized to service the customer irrigation system.

### Water Impact Fees

Each customer requesting capacity from the City's water system shall, prior to the installation of the connection to the water main, pay the following amounts to provide service to properties or customers and to all customers presently connected to the City's water system when additional development, structural changes, additions or changes in permitted use shall result in an additional impact to the City's water system. Water impact fees shall not be transferable from one property to another property.

(1) Single-family residence: All development which is considered an individually metered residential unit shall be considered one (1) ERC. The water impact fee per one (1) ERC shall be one thousand five hundred forty dollars (\$1,540).

(2) Multiple-family, condominium, mobile home trailer and motor home parks, including all related facilities not having individual water meter connections, or other multiple living units or developments of mobile-type homes: The water impact fees for each living unit served by a master meter shall be determined in accordance with the following schedule. If the development served by the master meter includes individually metered non-residential use, then the water impact fee for such individually metered non-residential use will be determined in addition to the applicable water impact fees as shown below for this customer designation.

	ERC Factor per Living Unit	Water Impact Fee
Duplex (1 or 2 Bedrooms)	0.833	\$ 1,283
Duplex (3 or more Bedrooms)	1.000	1,540
Multifamily (1 Bedroom)	0.583	898
Multifamily (efficiency less than 500 sq. ft.)	0.500	770
Multifamily (2 Bedrooms)	0.833	1,283
Multifamily (3 Bedrooms)	1.000	1,540
Mobile Home (1 or 2 Bedrooms)	0.667	1,027
Mobile Home (3 or more Bedrooms)	0.833	1,283

(3) Hotels and motels not having individual water connections: The water impact fees for each unit that is not individually metered shall be considered as 0.75 ERC's per unit. The water impact fee per each unit shall be one thousand one hundred fifty-five dollars (\$1,155) per unit.

(4) Housing for older persons not having individual water connections: The water impact fees for each unit of housing as defined by Florida Statute 760.29, as amended from time to time, that is not individually metered shall be considered as 0.75 ERC's per unit. The water impact fee per unit of housing shall be one thousand one hundred fifty-five dollars (\$1,155) per unit.

(5) Commercial customers: For all commercial and non-residential connections not specifically identified in one of the classifications listed above, the water impact fees shall be based on the average dependable daily capacity for the development of property identified by the applicant and as certified for the applicant

by a registered Florida Professional Engineer using the city's potable water concurrency standards in Article IV, Chapter 3, Section 3.46 of Appendix D, Land Development Code and as approved by the city expressed on a gallons per day basis multiplied by \$6.417 per gallon of capacity. In no event will the water impact fee charged to a commercial customer property be less than one thousand five hundred forty dollars (\$1,540). For each commercial customer that is presently connected to the city's water system that constructs structural changes, additions, or changes in permitted use of such property that shall result in additional capacity impact to the city's water system, the water impact fee shall be based on the net increase in the average dependable daily capacity for the structural changes, additions, or changes in permitted use as determined above expressed on a gallons per day basis multiplied by \$6.417 per gallon of capacity.

To the extent that the average daily flow for a commercial connection during any consecutive twelve month period is greater than the average dependable daily capacity for which water impact fees have been paid, an additional water impact fee shall be assessed for the excess flow calculated in accordance with this section. No refund or credit shall be afforded to the owner of the property in the event that diminution of use occurs.

(6) Each customer requesting water service from the City shall, prior to the installation of a flow meter for each connection to the water main, pay the following amounts to defray the cost of the service provided:

<u>Meter Size (Inches)</u>	<u>Water Connection Charge</u>
3/4	\$ 250
1	475
1-1/2	850
2	1,600
Over 2 inches	To be determined by the City on an individual basis

The full amount of the connection charge provided above must be paid prior to connection of each unit to the City's water system. The City reserves the right to determine the meter size that will be required for the service requested.

### **Sewer Impact Fees**

Each customer requesting capacity from the City's sewer system shall, prior to connection to the system pay the following amounts to provide service to properties and on all properties presently connected to the City's sewer system when structural changes, additions or changes in permitted use shall result in an additional impact to the City's sewer system. Sewer impact fees will not be transferable from one property to another property.

(1) Single-family residence: All development which is considered an individually metered residential unit shall be considered as one (1) ERC. The sewer impact fee per ERC shall be two thousand two hundred ten dollars (\$2,210).

(2) Multiple-family, condominium, mobile home trailer and motor home parks, including all related facilities not having individual sewer connections, or other multiple living units or developments of mobile type homes: The sewer impact fees for each living unit serviced by a master meter shall be determined in accordance with the following schedule. If the development served by the master meter includes individually metered non-residential use, then the sewer impact fee for such non-residential use will be determined in addition to the applicable sewer impact fees as shown on the next page for this customer designation.

	<u>ERC Factor per Living Unit</u>	<u>Sewer Impact Fee</u>
Duplex (1 or 2 Bedrooms)	0.833	\$ 1,841
Duplex (3 or more Bedrooms)	1.000	2,210
Multifamily (1 Bedroom)	0.583	1,288
Multifamily (efficiency less than 500 sq. ft.)	0.500	1,105
Multifamily (2 Bedrooms)	0.833	1,841
Multifamily (3 or more Bedrooms)	1.000	2,210
Mobile Home (1 or 2 Bedrooms)	0.667	1,474
Mobile Home (3 or more Bedrooms)	0.833	1,841

(3) Hotels and motels not having individual sewer connections: The sewer impact fee for each unit that is not individually metered shall be considered as 0.75 ERC's per unit. The sewer impact fee per each unit shall be one thousand six hundred fifty eight dollars (\$1,658) per unit.

(4) Housing for older persons not having individual sewer connections: The sewer impact fees for each unit of housing as defined by Florida Statute 760.29, as amended from time to time, that is not individually metered shall be considered as 0.75 ERC's per unit. The sewer impact fee per each unit of housing shall be one thousand six hundred fifty-eight dollars (\$1,658) per unit.

(5) Commercial customers: For all commercial and non-residential connections not specifically identified in one of the classifications listed above, the sewer impact fees shall be based on the average dependable daily capacity for the development or property identified by the applicant and as certified for the applicant by a registered Florida Professional Engineer using the city's potable water concurrency standards in Article IV, Chapter 3 of Appendix D, Land Development Code and as approved by the city expressed on a gallons per day basis multiplied by \$9.208 per gallon of capacity. In no event will the sewer impact fee charged to a commercial customer property be less than two thousand two hundred ten dollars (\$2,210). For each commercial customer that is presently connected to the city's system that constructs structural changes, additions or changes in permitted use of such property that shall result in an additional capacity impact to the city's sewer system, the sewer impact fee shall be based on the net increase in the average dependable daily capacity for the structural changes, additions, or changes in permitted use as determined above expressed on a gallons per day basis multiplied by \$9.208 per gallon of capacity.

To the extent that the average daily flow for a commercial connection during a consecutive twelve month period is greater than the average dependable daily capacity for which sewer impact fees have been paid, an additional sewer impact fee shall be assessed for the excess flow calculated in accordance with this section. No refund or credit shall be afforded to the owner of the property in the event that a diminution of use occurs.

(6) Each customer requesting sewer service from the City shall be required to pay to the City an amount equal to the actual cost as determined by the City as incurred for any modification or extension of the sewer system required to provide sewer service to the property requiring such service. The minimum charge to be billed by the City for the cost of a sewer connection is one hundred dollars (\$100), regardless of meter size. The payment of the sewer connection charges shall be in addition to the payment of the sewer impact fees.

**Comparison of Water and Sewer Rates (as of October 1, 2016)**

Service Provider	Water charge					Sewer charge					Combined water and sewer charge				
	0 Gallons	2,000 Gallons	5,000 Gallons	10,000 Gallons	15,000 Gallons	0 Gallons	2,000 Gallons	5,000 Gallons	10,000 Gallons	15,000 Gallons	0 Gallons	2,000 Gallons	5,000 Gallons	10,000 Gallons	15,000 Gallons
City of Melbourne	\$8.00	\$17.14	\$30.85	\$53.70	\$76.55	\$11.83	\$25.53	\$46.08	\$80.33	\$114.58	\$19.83	\$42.67	\$76.93	\$134.03	\$191.13
Brevard County	15.70	15.70	25.52	54.51	90.16	20.21	28.75	41.56	62.91	71.45	35.91	44.45	67.08	117.42	161.61
City of Cocoa	14.34	20.30	29.24	55.06	88.80	13.86	27.00	46.71	79.56	92.70	28.20	47.30	75.95	134.62	181.50
City of Palm Bay	13.80	21.08	32.00	55.65	84.80	20.25	31.35	48.00	75.75	75.75	34.05	52.43	80.00	131.40	160.55
City of Titusville	9.50	15.66	24.90	48.00	78.75	13.84	28.50	50.49	87.14	123.79	23.34	44.16	75.39	135.14	202.54
City of Vero Beach	13.60	15.26	17.75	31.65	45.55	19.89	27.07	37.84	55.79	73.74	33.49	42.33	55.59	87.44	119.29
City of West Melbourne	13.88	26.38	45.63	79.03	114.43	13.87	23.73	38.52	63.17	87.82	27.75	50.11	84.15	142.20	202.25

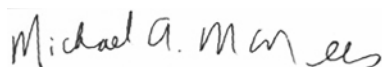
Data prepared by City of Melbourne Financial Services

Historical Bond Service Coverage

	For Fiscal Years Ending September 30				
	2012	2013	2014	2015	2016
<b>Revenues</b>					
Water sales	\$ 27,195,156	\$ 27,275,917	\$ 28,638,534	\$ 30,412,363	\$ 30,984,020
Sewer charges	18,100,459	18,083,757	19,292,642	20,527,181	20,817,696
Other revenues	2,364,142	2,337,345	2,376,670	2,822,167	2,324,743
Interest income	327,653	244,091	205,354	320,993	594,555
<b>Total Operating Revenues<sup>(1)</sup></b>	<b>47,987,410</b>	<b>47,941,110</b>	<b>50,513,200</b>	<b>54,082,704</b>	<b>54,721,014</b>
<b>Operating Expense</b>					
Salaries, wages and employee benefits	10,497,766	10,736,349	11,393,580	11,359,207	12,208,739
Other post employment benefits	535,072	311,038	325,603	97,197	97,668
Contractual services, materials, supplies	17,086,649	17,832,927	15,667,680	16,804,502	17,904,070
<b>Total Operating Expense<sup>(1)</sup></b>	<b>28,119,487</b>	<b>28,880,314</b>	<b>27,386,863</b>	<b>28,260,906</b>	<b>30,210,477</b>
<b>Net Operating Income<sup>(1)</sup></b>	<b>19,867,923</b>	<b>19,060,796</b>	<b>23,126,337</b>	<b>25,821,798</b>	<b>24,510,537</b>
<b>Available Impact Fees<sup>(1)</sup></b>	<b>670,444</b>	<b>915,102</b>	<b>1,107,032</b>	<b>1,449,373</b>	<b>1,780,591</b>
<b>Available for Debt Service</b>	<b>\$ 20,538,367</b>	<b>\$ 19,975,898</b>	<b>\$ 24,233,369</b>	<b>\$ 27,271,171</b>	<b>\$ 26,291,128</b>
<b>Annual Debt Service Requirement</b>					
Series 2002A	\$ 4,247,650	\$ -	\$ -	\$ -	\$ -
Series 2002B	-	1,805,000	1,465,000	3,455,000	3,455,000
Series 2004	2,323,105	1,604,725	1,602,200	-	-
Series 2007A	878,021	876,796	875,536	879,268	711,890
Series 2007B	1,667,750	1,665,150	1,666,750	1,667,350	1,190,375
Series 2012	-	1,739,378	2,238,894	483,694	482,694
Series 2013	-	331,302	525,412	1,040,413	1,039,962
Series 2014	-	-	25,519	949,194	953,156
Series 2016A	-	-	-	-	451,872
Series 2016B	-	-	-	-	170,767
<b>Total Debt Service</b>	<b>\$ 9,116,526</b>	<b>\$ 8,022,351</b>	<b>\$ 8,399,311</b>	<b>\$ 8,474,919</b>	<b>\$ 8,455,716</b>
<b>Coverage</b>					
Net Revenue 100% Test	218%	238%	275%	305%	290%
With Impact Fees 115% Test	225%	249%	289%	322%	311%

(1) Calculated according to bond ordinance and therefore not consistent with GAAP.

Respectfully submitted,



Michael A. McNees  
City Manager