KUTAKROCK

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September 6, 2022

Via Certified Mail and Electronic Mail

Gran Paradiso Property Owners Association, Inc.
Attn: Joseph Herbert
1819 Main Street #610
Sarasota, Florida 34236
jherbert@nhlslaw.com

RE: Gran Paradiso Irrigation Water Matters

Dear Mr. Herbert,

The West Villages Improvement District (the "**District**") appreciates you reaching out on behalf of the Gran Paradiso Property Owners Association, Inc. (the "**Association**"). After reviewing your correspondence, it is apparent that the Association must lack or not be adequately familiar with all the facts, information, and documents pertinent to the District's irrigation program. The District and its staff and legal team are certainly open to meeting with you to discuss these matters. However, due to the significant discrepancies that appear to exist between the District and Association's understanding of the irrigation program, the District respectfully requests that you first review the enclosed and other materials and provide a detailed explanation of the basis for any continuing dispute regarding the issues addressed herein prior to our scheduling of such meeting.

Further, please note we do not agree with your letter's characterization of the District's efforts or actions in this matter. The District has consistently been responsive to inquiries and provided factual, informative, and professional responses to questions it has received in an effort to help inform the Association and broader community.

As an initial matter, we would like to address your incorrect statement that the District has threatened to terminate the *Amended and Restated Irrigation Agreement for the Delivery and Use of Irrigation Quality Water*, dated December 16, 2020 between the District and the Association (the "**Irrigation Agreement**") as some retaliatory act. Far from it. For many months the District has been attempting to work with the Association to revise the irrigation allocations set forth in its Irrigation Agreement and to address the Association's extensive over-use of irrigation water, which is far in excess of the average annual daily quantities allocated in such agreement.

The District has since that time diligently, thoroughly, and courteously responded to extensive inquiries and requests for information and documents by the Association and the Association's Board of Directors ("**BOD**") relative to these irrigation matters. The District, due to the research conducted in order to provide responses to the Association and the BOD, discovered errors in the AGMOD calculation for Gran Paradiso (discussed further below) and thereafter

promptly notified the Association in May 2022 of 1) the need to revise the irrigation allocation in the Irrigation Agreement, and 2) the District's desire to amend rather than terminate the Irrigation Agreement in order to ensure compliance with AGMOD-related Southwest Florida Water Management District ("**SWFWMD**") permit requirements (the "**Permit**").

The District has repeatedly stated that it desires to resolve these issues in a manner that does not involve 1) either party having to incur the expense of litigation, or 2) termination of the Irrigation Agreement. The District appreciates the Association's recent submittal of a water conservation plan which is currently under review by District staff, and hopes that review of the plan will reflect that its implementation will bring the Association's irrigation use rates into line with its corrected AGMOD allocation. **However, an amendment to the AGMOD allocation in the Irrigation Agreement remains necessary to ensure compliance with SWFWMD Permit requirements and the Association must continue to proceed in due course to ensure the Association implements measures to bring its irrigation use into line with its corrected AGMOD allocation.**

In sum, the reality of the situation is simple:

1. The District is required by the SWFWMD Permit to make its irrigation allocations based on the AGMOD system.

2. The AGMOD allocation in the current Irrigation Agreement is inaccurate and overstated.

3. The Association has been over-using its allocation of limited water resources. The 12-month running average of consumption through July is 646,918 GPD, when the Irrigation Agreement only provides for 593,200 GPD.[1]

4. Gran Paradiso is the only community in the District that is not operating within its 12-month rolling average AGMOD allocation.[2]

5. The Irrigation Agreement provides for 1) amendment by the approval of both the District and the Association, or 2) termination by the District if the Association is not complying with the terms and conditions of the agreement. Such conditions include that use of irrigation water must be consistent with local, state, and federal regulations, permits, and government regulations (*see* ¶¶ 6.A; 6.D.) and that the Association, as Customer, will only withdraw irrigation water in quantities greater

[1] Note that the accurate AGMOD allocation for Gran Paradiso is **547,200 GPD,** which results in an even higher delta between permitted water usage and actual water usage.

[2] Note: for complete transparency, the Marketplace development was recently over its monthly AGMOD allocation due to a mainline break, which is outside the control of the customer and was promptly repaired upon determination of the break by the customer.

than its average annual daily allocation when necessitated by adverse weather conditions or unforeseen circumstances that justify such an exceedance (¶ 10).

6. Even despite the Association clearly not complying with the terms and conditions of the Irrigation Agreement, the District desires to amend the Irrigation Agreement in lieu of termination to correct the overstated AGMOD allocation and desires to work cooperatively with the Association to reign in consistent abuse of irrigation water resources.

7. Three months have passed since the District made the Association aware of the incorrect AGMOD allocation in the Irrigation Agreement, and a substantially longer period of time has passed since the District made the Association aware of its consistent over-use of irrigation resources.

8. The Irrigation Agreement requires the Association to indemnify the District for any enforcement action taken against it arising from the Association's failure to comply with the SWFWMD Permit.

While the District is committed to being a collaborative community partner, there is no room to give on the above matters. Continued refusal to execute an amendment to the Irrigation Agreement to correct the Association's AGMOD allocation and to bring irrigation water usage into line with such allocation leave the District with few collaborative options to ensure it is protecting its rights and meeting its obligations.

District Rates and Charges

Your claim that the District improperly imposed and collected the 2018 irrigation rates (hereinafter, the "**Rates**"), in contravention of Section 7 of the *Irrigation Quality Water Use Agreement*, dated February 10, 2009 between the District and the Association, as amended (the "**Prior Irrigation Agreement**") is incorrect.

You are correct that the Prior Irrigation Agreement provides that District rates, fees, and charges for irrigation shall exclude any capital costs for the initial design and construction of the irrigation infrastructure both within Gran Paradiso and for other customers. However, the capital recovery fee charged by the District is not utilized for capital costs related to the initial design and construction of the irrigation infrastructure within any development within the District. This is undisputed and is clearly outlined in both the District's *Irrigation Rate Study* presentation (the "**Rate Presentation**")[3] to the District's Board of Supervisors (the "**Board**") and its *Irrigation Rate Analysis- Final Report*, dated September 10, 2018 (the "**Rate Study**").[4] In case you have not had a chance to review these documents, we have enclosed copies with this letter.

[3] Particularly, see slide 4 of the Rate Presentation.
[4] Particularly, see page 7 of the Rate Study.

You are also correct that the Agreement provides that District rates, fees, and charges for irrigation water shall exclude any mark up in the cost of reclaimed water charged to the District by its providers. However, the District does not charge a markup for reclaimed water that it receives from its suppliers. This is also undisputed and is also clearly outlined in the Rate Study[5] and the Rate Presentation.[6]

Of additional note, you assert without explanation or support that the District's Prior Irrigation Agreement somehow violates section 720.309(1), *Florida Statutes*, because the agreement is not fair or reasonable. However, the facts demonstrate the opposite. The District determined the Irrigation Rates after procuring a comprehensive ratemaking study from an industry leader in the development of utility fee schedules and feasibility studies for government utility providers, with more than 20 years of experience. The Irrigation Rates were ultimately determined after compiling raw data on costs for water supply, system operating costs, and capital repair/replacement costs, among others. The Board then adopted the Irrigation Rates in September 2018, but only after 1) presentation of both the Rate Presentation and the Rate Study to the Board at a public meeting, and 2) a public hearing soliciting input from the general public. There has been no factual information provided by the Association to indicate that the Irrigation Rates are anything but fair and reasonable.

AGMOD Allocations

The District sympathizes that your client may have some criticism of the manner in which the AGMOD software system generates irrigation allocations for the community. However, the District does not have the ability to calculate and allocate irrigation allocations using a system other than AGMOD to determine Gran Paradiso- or any other development's- irrigation allocations as the SWFWMD Permit requires the District to utilize the AGMOD system. Note that the requirement is applicable to all SWFWMD permittees, not just the District. As a result, if the Association believes that they have identified a better way to calculate the irrigation allocations, the District suggests that it contact SWFWMD- which governs the management of water resources to over 7,000 permittees in 16 different counties throughout the region- to encourage it to adopt their calculation method in lieu of AGMOD.

Conservation Plan

The District is required by its own *Water Conservation Plan* to ensure that all customers receiving irrigation water from it prepare and submit their own development-specific water conservation plans. Compliance with the *Water Conservation Plan* is a condition of the District's SWFWMD Permit.

In conjunction with the research and resources utilized to respond to the Association's voluminous questions and records requests this year, District staff identified that it had inadvertently not received development-specific water conservation plans from its existing

[5] Particularly, see page 7 of the Rate Study.
[6] Particularly, see slide 4 of the Rate Presentation.

customers. District staff thereafter diligently distributed written notices to all existing customers, including the Association, requesting the prompt completion and submission of their plans and has notified SWFWMD of its efforts to promptly remedy this matter. The District has recently confirmed receipt of the Association's water conservation plan for the Gran Paradiso community and appreciates the Association's diligence and prompt attention to this important matter. District staff is currently reviewing the draft plan to ensure compliance with the Permit and will be in touch with Mr. Glunt with any additional information needed or comments to the draft plan.

In response to your inquiry about whether the Association is contractually required to comply with the preparation and submission of a water conservation plan, note that paragraph 6.A. of the Irrigation Agreement provides "that use of the Irrigation Quality Water shall be consistent with all local, state, and federal regulations, permits, and other applicable governmental regulations." In addition, paragraph 6.D. states that the Association "shall comply with all Federal, State and local rules, regulations, orders, or permits of any kind relative to the use and distribution of the Irrigation Quality Water." As a result, the Association is required to comply with this requirement of the Permit, among others.

Unit 3 Operations and Maintenance Budget for FY 2023

Regarding the District's budgeting and allocation of expenses among its various units of development, note that there were increases in both legal and engineering expenses for Unit 3, which serves the Gran Paradiso community, included in the FY 2023 budget that was reviewed and approved by the District's Board after public hearing at its August meeting. These increases were recommended by staff due to the significant increased volume of professional services provided to Unit 3 for FY 2022 to date. As the Association is aware from their own budgeting practices, when preparing the budget for the next upcoming fiscal year it is sound and prudent to review yearly actuals to-date in order to determine an appropriate budget for the upcoming year.

Expounding a bit on the numbers, the current legal services budget for FY 2022 is $15,000 (as it has been for many years without the need for an increase). However, Unit 3 has incurred more than $50,000 in legal fees to date for FY 2022. Similarly, the current engineering services budget for Unit 3 for FY 2022 is $13,000, however Unit 3 has already incurred more than $30,000 in engineering fees this fiscal year. These expenses for professional services have continuously increased throughout the current budget year, largely due to the implementation and oversight of the infrastructure maintenance agreement between the District and the Association, responses to an increased number of public records requests, and requests, research, and coordination on irrigation matters specific to Gran Paradiso that do not affect the entirety of the District's irrigation system or customers.

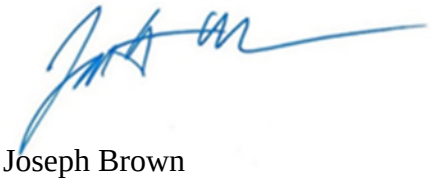
With regards to your suggestion that any increases to Unit 3 instead be allocated to Unit 6 reflects a misunderstanding of the purpose of these units. Unit 6 was established to oversee the provision of the irrigation utility to all property within the District (excluding Islandwalk). Thus, matters that are appropriately allocated to Unit 6 are those that affect the entire system and all customers. Recent examples include revising the standard irrigation use agreement, distributing

letters to all existing customers regarding the need for a development-specific water conservation plan, interfacing with SWFWMD relative to the Permit, professional and field services related to SWFWMD-required inspections and certifications, etc., as these tasks benefit the entire irrigation system.

Conversely, and as stated above, the entirety of the professional services expenses incurred by Unit 3 to date in FY 2022 are related to matters only affecting Gran Paradiso. As a result, it is appropriate to include those costs within the budget for Unit 3. While no one likes budget increases, it's important to keep in mind that the District's allocation of expenses solely related and required by a particular development is a matter of fairness. For example, if we do not allocate expenses in this manner then arguably expenses related solely to other developments in other units could be allocated to Unit 3, which would be patently unfair.

We hope that the forgoing information and response has been helpful. We look forward to hearing from you and continuing to seek a cooperative partnership with the Association.

Sincerely,



Joseph Brown
Lindsay Whelan
Counsel to the West Villages Improvement District

cc (via e-mail): Association Board of Directors:
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Enclosures

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Joseph M. Herbert
(941) 954-4691
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Trial Practice and Dispute Resolution Group

August 15, 2022

VIA ELECTRONIC MAIL

West Village Improvement District
Attn: Lindsay Whelan (WVID Legal Counsel)
19503 S West Villages Parkway, #A3
Venice, FL 34292
Lindsay.Whelan@KutakRock.com

Subject: ***Multiple Transmittal Letters to GP POA***

Dear Ms. Whelan:

Please accept this correspondence on behalf of our client, GRAN PARADISO PROPERTY OWNERS ASSOCIATION, INC. ("GP POA") for matters associated with the contracts, provision of services, and costs associated with irrigation water to the Gran Paradiso Community. My clients hope to come to a mutually acceptable agreement and avoid litigation, if possible, as will be further explained herein.

I am in receipt of transmittal letters sent related to the "Gran Paradiso Irrigation Quality Water Reserved Allocation" and the "Water Conservation Plan", as well as your responses to certain GP POA emails related to overcharges incurred by the GP POA, well availability fees, and reserved allocations.

My clients attempted to schedule a face-to-face meeting with the staff of WVID, which was then turned into a public meeting without any prior notification to my clients. In fact, they only became aware of it several days before the meeting after seeing it on the WVID website with no agenda provided. This meeting then became, as I understand it, primarily an opportunity for WVID staff and contractors to present the WVID'S "point of view" to influence the public as opposed to discussing the issues related to irrigation for which the GP POA requested the meeting to begin with.

Based upon my review and understanding of agreements related to Irrigation Quality Water, executed between WVID and the GP POA (from February 2009 and December 2020) and the Resolution adopted by WVID in 2018 establishing updated Irrigation Quality Water Rates and Fees, there appears to be a clear and definitive discrepancy between what my clients have been billed versus the terms of the agreement in effect at the time. These overcharges are further exacerbated from the time frame between the December 2020 agreement to present, without regard to the fact that it appears to me that this agreement would likely be void in violation of Florida Statutes § 720.309 as an extended duration contract executed before changeover that is neither fair nor reasonable.

I have reviewed the responses you have provided to the GP POA related to their inquiries and have some concerns about the positions expressed therein. An example of this is your highlighting of "Section 7. WVID's AUTHORITY TO SET RATES, FEES, AND CHARGES". However, your highlighting of the section providing that "WVID reserves the right to set and adjust rates, fees and charges for the provision of Irrigation Quality Water and the Reserved AADF" mistakenly omitted reference to the most relevant portions of the remainder of Section 7:

> . . . . provided that such fees, rates, or charges and any such adjustment in fees, rates or charges for this Customer may included operating costs such as the Reclaimed Water providers costs, maintenance and repair costs, and power costs for the WVID Distribution System including the Unit 3 pump station and Pond but shall exclude any capital surcharges involving the initial design, installation and construction of the Exempted Capital Facilities or any new capital costs incurred for or on behalf of other users of Irrigation Quality Water and shall not include any mark up in the cost of Reclaimed Water charged to WVID by the Reclaimed Water provider(s).

It is important to note as an example that the greater than 100% markup of existing reclaimed water provider costs in itself is patently unreasonable, not to mention the "capital recovery fee" or the "well availability fee" being charged the GP POA currently, all of which is invalid based upon the agreement.

As it relates to Reserved Average Annual Daily Flow, this is a capacity calculated by an AGMOG study, based upon average precipitation, soil type, and use. It is an estimate of irrigation requirements and does not consider a multitude of variables, including but not limited to precipitation that is less than the average calculated in AGMOD study. Furthermore, the capacity defined in a SWFWMD permit is for groundwater withdrawal and does not penalize a permit holder for using Alternative Water Sources (AWS). In fact, AWS are encouraged and promoted over groundwater withdrawal. This is further evidenced by the fact that WVID is not required report total AWS usage to SWFWMD.

As stated in the opening of this correspondence, my clients are committed to coming to a mutually agreeable resolution to all the issues and are currently preparing a conservation plan, only because they are good stewards of the environment, not because WVID made a commitment in its application to SWFWMD for the permit. To my knowledge, there is no agreement between WVID and GP POA that obligates the GP POA to prepare a conservation plan, nor has there been any request of WVID by SWFWMD to provide such a document. If there is such agreement, I would ask that your office forward same so that I might have the opportunity to review it.

Additionally, it has been brought to my attention that WVID is budgeting $100,000 to Unit 3 for legal expenses associated with irrigation within Gran Paradiso, resulting in an increase of approximately $50 per homeowner for the 2022/2023 operating expenses component of their CDD obligation. All legal costs associated with irrigation must be budgeted to Unit 6, as all revenues and expenses associated with providing Quality Irrigation Water have been allocated to Unit 6 since its inception in 2018. Budgeting legal fees for irrigation to Unit 3, when all payments that

the GP POA has made to WVID have been allocated to Unit 6 is clearly improper WVID should consider this notice of same.

The continued threat of terminating the agreement based upon my client's bringing information to WVID's attention seems retaliatory and beneath the WVID'S office. My clients have been very professional and cordial in trying to resolve these issues to date, as I understand. Making WVID aware of errors in its billing, updating of agreements, passing resolutions in conflict with existing agreements, and overcharging residents, such as my clients (over $330,000 by our math at this stage in the analysis) does not justify the threat of terminating quality irrigation water and is something we will remedy with injunctive relief if necessary to prevent widespread damage to those areas served by the irrigation water.

Please reach out to advise me of your availability to discuss these outstanding issues in what we hope is part of the process of reaching a mutually-beneficial and amicable outcome or with any questions you may have in this regard.

Sincerely,

Norton, Hammersley, Lopez & Skokos, P.A.

Joseph M. Herbert, Esq.

cc (via electronic mail):

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Stantec

West Villages Improvement District

Irrigation Rate Analysis – Final Report

September 10, 2018

Stantec

September 10, 2018

Mr. Todd Wodraska
District Manager
2501A Burns Road
Palm Beach Gardens, FL 33410

Re: Irrigation Rate Analysis – Final Report

Dear Mr. Wodraska,

Stantec Consulting Services Inc. is pleased to present this Final Report of the Irrigation Rate Analysis (Study) that we performed for the West Villages Improvement District (District). We appreciate the fine assistance provided by you and all of the members of the District staff who participated in this Study.

If you or others at the District have any questions, please do not hesitate to call me at (813) 204-3331 or email me at andrew.burnham@stantec.com. We appreciate the opportunity to be of service to the District and look forward to working with you again in the near future.

Sincerely,

Andrew J. Burnham
Vice President

777 S. Harbour Island Blvd., Suite 600
Tampa, Florida 33602
Office: (813) 204-3331
andrew.burnham@stantec.com

Enclosure

TABLE OF CONTENTS

1. INTRODUCTION

Stantec Consulting Services Inc. (Stantec) has conducted an irrigation rate analysis (Study) for the West Villages Improvement District (District). This report presents the objectives, approach, methodologies, source data, assumptions, as well as the findings and recommendations of the Study.

1.1 BACKGROUND

The District is a special purpose local government located in Sarasota County, Florida. The District was created in 2004 and is responsible for providing multiple services, including irrigation water, to an area of over 11,000 acres. As it relates to irrigation service, the District is expected to supply non-potable irrigation water to the single-family and multifamily residential communities within the District so that the communities themselves can then distribute and use the water for their irrigation needs. In addition, the District will also likely serve some commercial and recreational customers (including the new Atlanta Braves training facility) with non-potable irrigation water. The District anticipates securing its full water supply needs from a variety of sources, including groundwater, storm water, and reclaimed water purchases from Sarasota County and the City of North Port.

While the District presently provides irrigation water to a very limited portion of its service area, the rate of development within the District is increasing. As such, it is now appropriate for the District to consider its future cost requirements and recovery strategies for irrigation service over its entire service area. As such, Stantec was retained to develop an initial system-wide irrigation service cost recovery strategy and rate structure based on the projected costs and demands at build-out for a defined portion of the District's service area (consisting of Unit 6, excluding Islandwalk). A map identifying the portion of the service area of the District used as the basis of this Study is included on Schedule 1 of Appendix A of this report.

1.2 OBJECTIVES

The principal objectives of the Study are as follows:

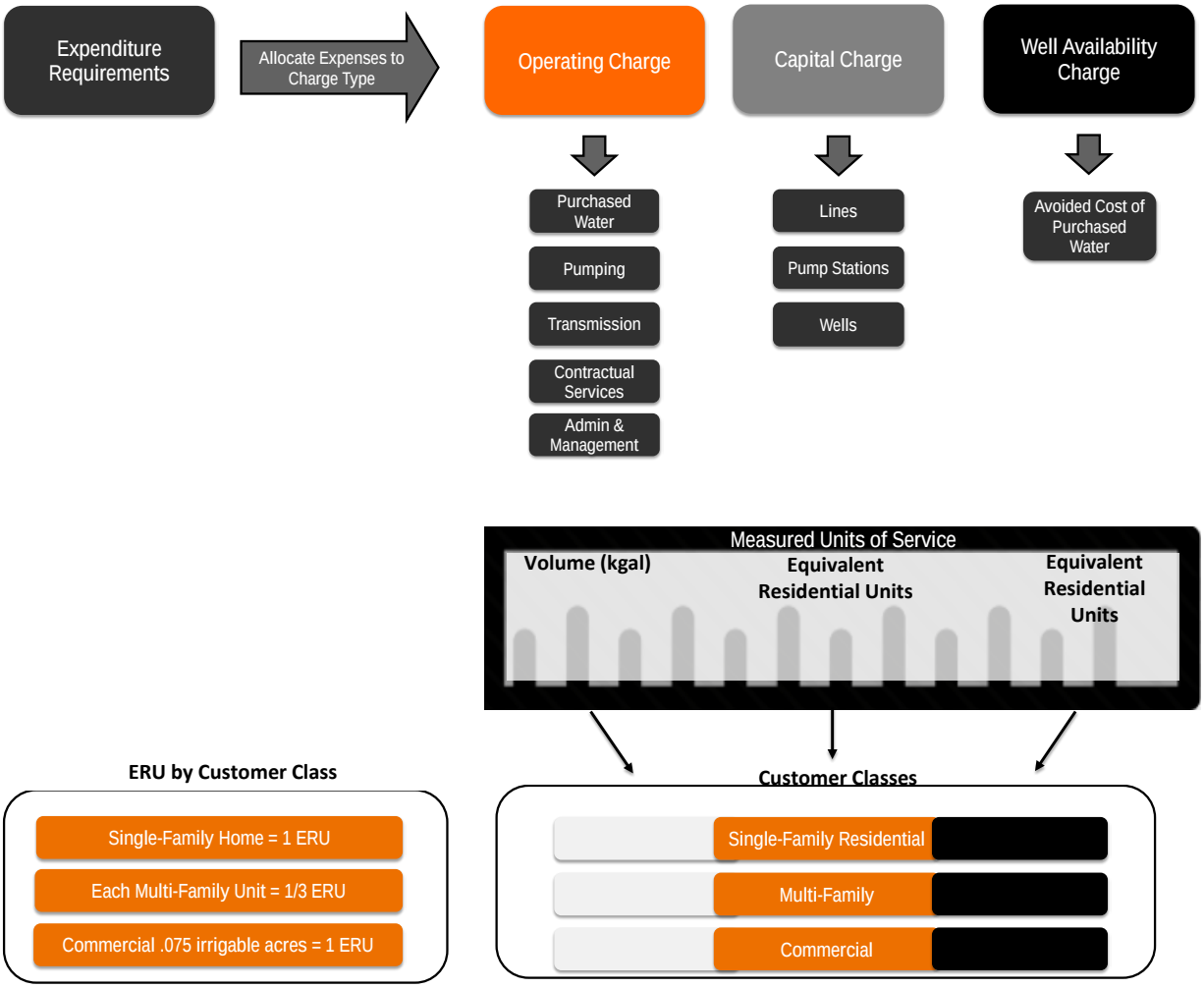
Expenditure Requirements – Estimate the projected costs to operate and maintain the District's irrigation system and supply irrigation water at build-out for the defined portion of its service area.

Develop Rates – Determine an appropriate rate structure and subsequently calculate recommended rates to recover the projected revenue requirements based upon the billing units of the defined area.

1.3 FRAMEWORK & METHODOLOGY

The general approach that Stantec utilized for this analysis is summarized in Figure 1. Stantec projected total expenditure requirements for the identified portion of the service area of the District at build-out, allocated the requirements to charge types based upon their function, identified the respective units of service for each customer class, and then calculated specific rates for each charge type.

Figure 1-1 – Rate Study Framework



2. EXPENDITURE REQUIREMENTS

2.1 DESCRIPTION

Stantec used information provided by the District and knowledge of local reclaimed water systems to estimate the annual cost to the District (in current day dollars) of delivering irrigation water to its customers and operating a financially sustainable utility for the defined portion of its service area at build out conditions. The source data, assumptions, and results of this analysis are presented below.

2.2 SOURCE DATA

Non-Potable Irrigation Supply and Demands

Stantec largely relied upon the District's Supporting Documentation for their Water Use Permit (WUP) Renewal Application prepared in February 2018 for estimated irrigable area, water demands, and source of supply by village and customer class. Additional information was provided by the District for estimates of residential and multi-family dwelling units at build-out for the area included in the Study.

Operating Expenses

Expenses for purchased water were determined using the estimate of reclaimed water volumes to be purchased from Sarasota County and the City of North Port needed to meet total projected irrigation water demands, as well as the projected unit cost to purchase the water from each agency. Estimated annual costs for pumping and system maintenance were based upon current observed unit cost data from recent irrigation rate analyses for Southwest Florida public utilities (such as the cities of Cape Coral, Fort Myers, Naples, and Venice). Similarly, other expense allowances for professional and contract services as well as administration and management are based upon our industry experience with public agencies as part of recent rate studies performed for their water, sewer, and irrigation systems.

Capital Assets

The District provided a detailed inventory of current and planned capital assets necessary to provide irrigation water to the defined portion of its service area reflected in this Study, including original costs, year in service, and expected useful life. This information was used to calculate the estimated annual depreciation expense for the District's assets that represents the amount of funds that the District should set aside annually for future asset replacement. A complete list of assets is included on Schedule 4 of Appendix A, and it is important to note that this Study does not include costs for funding of the original irrigation system infrastructure based upon our understanding that those costs have been and will continue to be funded outside of the District's irrigation system.

2.3 ASSUMPTIONS

Service Area Analyzed

This Study is based upon projected unit costs and volumes at full build-out for the District's Unit 6, excluding Islandwalk, distinguished into three areas; Primary Irrigation Lakes (PIL) 1, 2, and 3. Table 2-1 below summarizes the villages included in this analysis by PIL.

Table 2-1 – Summary of Service Area Analyzed[1]

Service Area	Village
PIL 1	US 41, WV Pkwy, Village D, E, F, G and Braves Facility, River Rd Office Park, Sarasota School Board, SMH, and Village B
PIL 2	Village H, I, J, K and L
PIL 3	Village A (Gran Paradiso and NW Commercial Quadrant)

Non-Potable Irrigation Demands

Total residential demand is based on an estimate of the number of single-family (defined as a residential property with 2 units or less) and multi-family equivalent residential units (ERU), and an estimated 10,000 gallons (or 10 kgal) of irrigation use per month. This level of demand per ERU is consistent with actual experienced residential demands of the Gran Paradiso development within the District. Commercial, recreational, and roadway demands are based on estimates presented in the WUP Application Supporting Documentation. The estimated non-potable water irrigation demands by customer class are presented in Schedule 2 of Appendix A, and total approximately 5.5 million gallons per day (mgd).

Sources of Supply

The estimated supply of non-potable irrigation water by source were provided to the District in the WUP Application Supporting Documentation and are used to determine the annual cost to purchase water from each source. Additional supporting detail is provided in Schedule 2 of Appendix A.

Irrigable Area

Estimated irrigable area by PIL, as well as by village and customer class within each PIL, was provided in the WUP Application Supporting Documentation. A combination of irrigable area (for commercial and recreational customers) and dwelling units (for single-family and multi-family residential customers) is utilized to calculate total ERUs by customer class. Schedule 2 in Appendix A summarizes the total irrigable area for the defined area reflected in this Study.

[1] Table 3.1 from the Draft Supporting Documentation for the WUP Application prepared in February 2018.

Equivalent Residential Units

Stantec used the estimated irrigable area and projected residential units to determine an average irrigable area per single-family residential unit of 0.075 acres. This assumption was validated through discussions with the District regarding the size of typical residential lots and irrigable area per single-family lot. ERUs were then calculated for the commercial and recreational customer classes based upon irrigable acreage[2] divided by the single-family average of 0.075 acres. Based upon the expected demands and irrigable area identified for potential multi-family properties, it was determined that multi-family units will likely use one third as much reclaimed water per unit as a single-family home. Therefore, each multi-family dwelling unit represents 1/3 of an ERU for purposes of this Study. There are about 16,800 ERUs projected at build-out as shown in Schedule 2 of Appendix A which provides the projected ERUs by customer class.

Operating Expenses

Operating expenses for a utility district such as WVID include costs for maintenance of assets, pumping water, purchasing water, contractual and professional services, as well as administrative and management costs. While some costs are known (such as current rates for purchased water), others were estimated based upon observed unit costs from studies Stantec performed for other utility systems.

While not specifically included, to the extent that expenses may be less than present projections, it would allow the District to begin building an operating reserve balance. Reserve balances for utility systems are funds set aside for a specific cash flow requirement, financial need, project, task, or legal covenant. These balances are maintained in order to meet short-term cash flow requirements and, at the same time, minimize the risk associated with meeting the financial obligations and continued operational and capital needs under adverse conditions. The level of reserves maintained by a utility is an important component and consideration of developing a utility system multi-year financial management plan. The rationale related to the maintenance of adequate reserves is twofold. First, it helps to assure a utility that it will have adequate funds available to meet its financial obligations during unusual periods (i.e. when revenues are unusually low and/or expenditures are unusually high). Second, it provides funds that can be used for emergency repairs or replacements to the system that can occur as a result of natural disasters or unanticipated system failures. The municipal ratings agencies and industry groups like the American Water Works Association have published guidance as to considerations and reserve levels for water resource utilities like that of the District. Based upon that guidance and our industry experience

[2] Irrigable acreage for commercial properties will be calculated based upon 16% of the net developable area (gross land area less major roadway right-of-way and wetland areas) for each parcel, while recreational parcels (including golf courses, parks, athletic facilities, etc.) will be based upon specific estimates of irrigable area performed by a Professional Engineer. The District at its discretion reserves the right to evaluate irrigable area for specific parcels.

with similar systems, we would suggest the District target at minimum operating reserve balance equal to 6 months of annual operating expenses. It is important to note that such an operating should be established separately from cash balances collected specifically for future capital replacement.

A summary of projected operating expenses for the defined area at build out conditions is summarized in Table 2-2. Additional detail and assumptions are provided in Schedule 3 of Appendix A.

Table 2-2 – Projected Annual Operating Expenses at Build Out

Description	Amount (Current $)
Purchased Water Expense	$ 593,125
Other Operating Expense	
Pumping	248,700
Transmission	155,381
Contractual/Professional Services	99,721
Administration & Management	149,581
Total	**$ 1,246,507**

Capital Costs

This portion of the revenue requirement funds the annual renewal & replacement costs of capital assets projected to be incurred by the District. Although the initial supply and distribution infrastructure has and will be funded by other resources, the District maintains the responsibility to maintain and replace this infrastructure. As such, an amount equal to the annual depreciation on existing and projected assets in service is included for purposes of determining the future capital cost requirements of the District. A listing of existing and planned assets was provided in current day dollars, resulting in an annual depreciation expense of approximately $250,000 per year for the defined area reflected in this Study.

Well Availability Costs

The District will secure long-term rights to existing and future wells and associated groundwater supply in the service area from developers by written agreement. If the District doesn't have access to this groundwater supply, it would otherwise have to find an alternative source to supply a portion of the irrigation water demands of its customers. For the District, that would likely be in the form of additional purchased reclaimed water from the City of North Port. As such, it is anticipated that the agreement for the use of the groundwater supply rights and wells of developers will include a cost, and that cost has been estimated to be equal to the estimated City of North Port bulk reclaimed water rate for purposes of this Study. The reclaimed water rate from the City of North Port was estimated based on the known reclaimed water rate from Sarasota County, adjusted to account for the rate differential between Sarasota County and the City of North Port retail rates. Based on 10,000 gallons of water use per month per ERU, the well availability cost is estimated at about $750,000 per year as shown in Schedule 5 of Appendix A.

2.4 RESULTS

The resulting annual revenue requirement is shown in Table 2-3. This represents the amount of revenue that is needed to provide quality service to the District's customers and manage, operate, and maintain the system prudently. It is important to note that this revenue requirement is based on the projected needs of the system at build-out, and that annual expenses and revenues will vary depending on how much of the system has been developed.

Table 2-3 – Projected Annual Expenditure Requirements at Build Out

Description	Amount (Current $)
Operating Expenses	$ 1,246,507
Capital Costs	251,627
Well Availability Costs	756,195
Total Requirements	**$ 2,254,329**

3. RATE STRUCTURE AND RATE CALCULATIONS

As part of this analysis, Stantec developed a recommended rate structure for the District based upon industry best practices and the allocation of expenditure requirements to various charges as outlined in Figure 1-1 herein. Common practice is a two-part rate structure comprised of both fixed and variable charges, which recognizes that utilities have substantial investments in capital related costs and other fixed costs that are incurred year-round to maintain a state of readiness to meet the demands of their customers whenever they may occur. As such, the recommended rate structure outlined herein consists of fixed components assessed per ERU (a Capital Charge and a Well Availability Charge) as well as a variable component (Operating Rate) that would be billed per 1,000 gallons of metered water delivered by the District. The calculation of these components is summarized in the following subsections.

3.1 OPERATING RATE

The types of costs to be recovered through the operating rate consist of purchased water costs, pumping expenses, system maintenance requirements, contractual and professional service costs, as well as administrative and management expenses of the District (which would include the establishment of appropriate reserves). The Operating Rate is equal to the total operating and maintenance expenditure requirements previously summarized in Section 2 divided by the projected billed volume, which excludes irrigation demands for the roadways of the District. Roadways demands are not included because the volume used for the irrigation of landscape and other irrigable areas along roadways are considered common areas maintained for the benefit of everyone throughout the District. The Operating Rate is charged per 1,000 gallons of water delivered by the District. Schedule 3 of Appendix A summarizes the operating rate calculation. As can be seen, there is a second-tier rate which will be applied to District customer's usage that exceeds 1.5 times their estimated irrigation demands as an incentive to conserve water resources.

3.2 CAPITAL CHARGE

The capital charge is based on the cost to replace the system's capital assets represented by the District's projected annual depreciation expense for its current and planned water supply and distribution infrastructure. The charge will be recovered as a fixed monthly rate per ERU that the customer represents. Schedule 5 of Appendix A summarizes the capital charge rate calculation, while Schedule 4 includes a detailed listing of all the assets providing the basis of the annual depreciation expense.

3.3 WELL AVAILABILITY CHARGE

The well availability charge is based on the projected groundwater/well availability expenditure requirements identified herein. The charge will be recovered as a fixed monthly rate per ERU. Schedule 6 of Appendix A summarizes the well availability charge calculation.

3.4 COST CALCULATION

The total monthly cost for a typical single-family residence is shown in the table below. To determine the monthly cost for a non-single family residential customer, an estimate of ERUs needs to be made based on the irrigable area of the customer, or the net developable area, to which an average ratio of irrigable to net area can be applied. Sample cost calculations for commercial and recreational customers are shown in Schedule 7 of Appendix A of this report.

Table 3-1 – Monthly Cost Calculation for Typical Single Family Residential Customer[3]

Description	
Equivalent Residential Units	1
Operating Rate	
Assumed Monthly Volume (gallons)	10,000
Operating Rate (per 1,000 gallons)	$0.66
Total Monthly Operating Charge	**$6.60**
Capital Charge	
ERUs	1
Capital Charge (per ERU)	$1.25
Total Monthly Capital Charge	**$1.25**
Well Availability Charge	
ERUs	1
Availability Charge (per ERU)	$3.75
Total Monthly Availability Charge	**$3.75**
Total Monthly Cost	**$11.60**

3.5 RATE ADJUSTMENTS

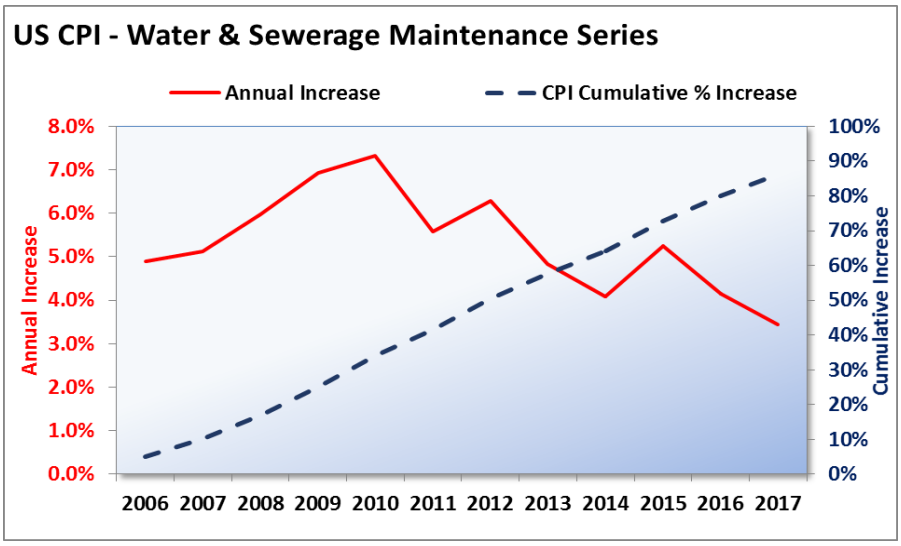
To account for inflationary and regulatory pressures on operating and capital costs, Stantec recommends that the District adopt an annual indexing policy that adjusts the rates identified in Table 3-1 at the beginning of each fiscal year by the greater of 5.5% (the 10-year average of the United States Consumer Price Index (CPI) – Water and Sewerage Maintenance Series[4]), or the year-over-year change in the U.S. CPI – Water & Sewerage Maintenance Series, unless the District takes action otherwise. This series of

[3] Projected average residential customer will use 10,000 gallons of non-potable irrigation per month.

[4] CPI: Water and Sewerage Maintenance index, Series ID: CUUR0000SEHG01

the CPI measures the change in water and sewer costs to a typical household and has increased by an average of approximately 5.5% per year over the past ten years as shown in Figure 3-1. This level of adjustment is in line with our recent experience in industry where many of our clients across the country are presently experiencing rate increase requirements in the range of 3% to 8% per year.

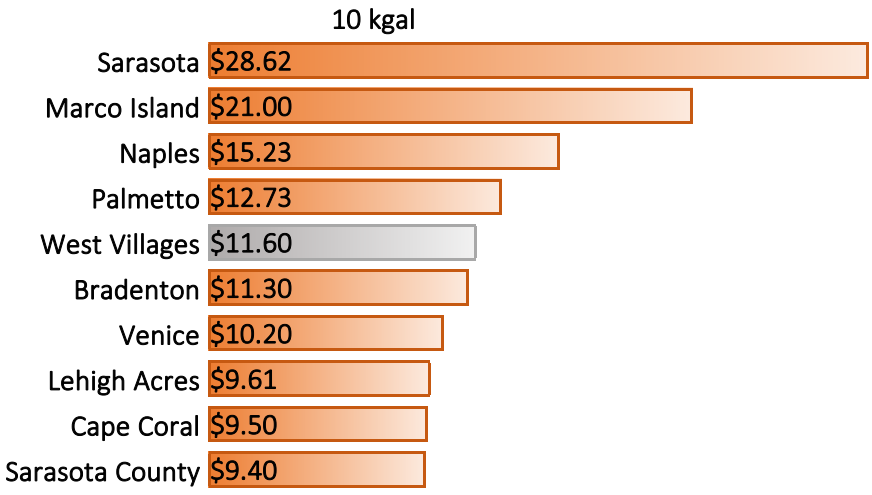
Figure 3-1 – Summary of Annual Water and Sewer Increases



3.6 RATE SURVEY

As part of the Study, we have performed a comparative survey of the current residential reclaimed water rates of other utilities in the District's general area. The survey reflects the monthly bill, inclusive of fixed and variable charges, for a customer with 10,000 gallons (10 kgal) of monthly irrigation water use.

Figure 3-2 – Monthly Residential Reclaimed Water Bill Comparison



4. CONCLUSIONS & RECOMMENDATIONS

This section presents a summary of the findings and recommendations of the Study for the District.

4.1 CONCLUSIONS & RECOMMENDATIONS

- Based upon the assumptions and base data as outlined in Appendix A and summarized herein for the selected portion of the service area analyzed, the rates calculated herein should be sufficient to meet the District's projected annual requirements of providing irrigation service.
- The District should adopt the rate structure and rates outlined herein for implementation in FY 2019 and establish an annual indexing policy that would adjust the rates at the beginning of each fiscal year by the greater of 5.5% or the year-over-year change in the U.S. CPI – Water & Sewerage Maintenance Series, unless the District takes action otherwise.
- The District should perform updates to the rate analysis periodically to evaluate the adequacy of its revenues and plan of annual rate increases to meet its actual costs. Doing so will allow for the incorporation of available and updated revenue and expense information (including capital replacement, maintenance, and purchased water requirements) as well as changes in economic conditions, water consumption, regulatory requirements, and other factors so that any necessary adjustments can be made to the rates recommended herein. This will allow the District to meet its financial requirements and minimize rate impacts to customers due to future events occurring differently than currently projected.

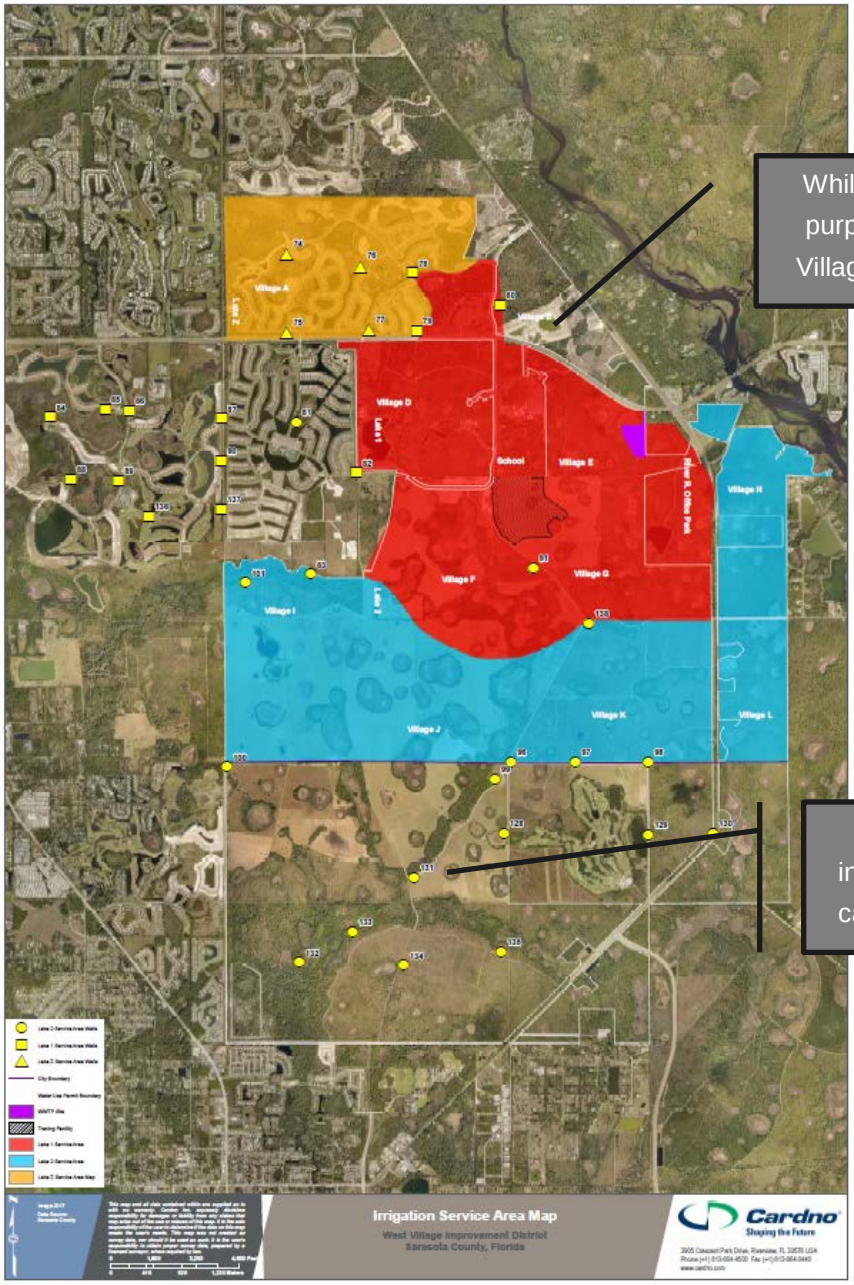
Disclaimer

This document was produced by Stantec Consulting Services, Inc. ("Stantec") for the West Villages Improvement District ("District") and is based on a specific scope agreed upon by both parties. Stantec's scope of work and services do not include serving as a "municipal advisor" for purposes of the registration requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act (2010) or the municipal advisor registration rules issued by the Securities and Exchange Commission. Stantec is not advising District, or any municipal entity or other person or entity, regarding municipal financial products or the issuance of municipal securities, including advice with respect to the structure, terms, or other similar matters concerning such products or issuances.

In preparing this report, Stantec utilized information and data obtained from the District or public and/or industry sources. Stantec has relied on the information and data without independent verification, except only to the extent such verification is expressly described in this document. Any projections of future conditions presented in the document are not intended as predictions, as there may be differences between forecasted and actual results, and those differences may be material.

Additionally, the purpose of this document is to summarize Stantec's analysis and findings related to this project, and it is not intended to address all aspects that may surround the subject area. Therefore, this document may have limitations, assumptions, or reliances on data that are not readily apparent on the face of it. Moreover, the reader should understand that Stantec was called on to provide judgments on a variety of critical factors which are incapable of precise measurement. As such, the use of this document and its findings by the District should only occur after consultation with Stantec, and any use of this document and findings by any other person is done so entirely at their own risk.

APPENDIX A: SUPPORTING SCHEDULES



While not color-coded for the original purposes of the map, information for Village B was included in this analysis

Information for these areas was not included in the analysis, however rates calculated herein are intended to apply

Demand and Supply Forecast (gpd)

Projected Annual Demand at Build-Out (gpd)

Source: Draft WVID Supporting Information, Table 3.3, Table 3.8, Table 3.14.
Note: Residential demand based on estimate of 10 kgal/month per ERU.

Service Area	Commercial	Residential	Roadway	Total
PIL 3	**34,500**	**569,727**	**-**	**604,227**
Village A	34,500	569,727	-	
PIL 1	**253,200**	**1,985,027**	**267,000**	**2,505,227**
US 41	-	-	92,900	
WV Pkwy	-	-	48,800	
Village D	33,400	472,787	36,700	
Village E	15,700	210,164	17,100	
Village F	12,900	491,257	45,100	
Village G	6,500	473,443	26,400	
Village G (Braves Facility)	111,100		-	
River Rd Office Park	45,900	-	-	
Sarasota School Board	20,000	-	-	
SMH	7,700	-	-	
Village B		337,377		
PIL 2	**38,300**	**2,255,847**	**81,700**	**2,375,847**
Village H	13,900	292,131	1,000	
Village I	3,200	714,426	29,800	
Village J	8,300	511,694	31,000	
Village K	12,900	577,596	18,900	
Village L	-	160,000	1,000	
Total (gpd)	**326,000**	**4,810,601**	**348,700**	**5,485,301**
Total (kgal)	**118,990**	**1,755,869**	**127,276**	**2,002,135**
Percentage Billed				

Projected Source of Supply at Build Out (gpd)

Source: Draft WVID Supporting Information, Table 3.6, 3.11, 3.17

Englewood Water	Sarasota County	WVID WWTP	Annual Avg GW Supply	Total
250,000	**250,000**	**-**	**593,200**	**1,093,200**
-	**-**	**2,000,000**	**1,103,900**	**3,103,900**
-	**-**	**2,000,000**	**616,600**	**2,616,600**
250,000	**250,000**	**4,000,000**	**2,313,700**	**6,813,700**
91,250	**91,250**	**1,460,000**	**844,501**	**2,487,001**
100%	**100%**	**100%**	**100%**	

Schedule 2: Demand and Supply Forecast for Selected Portion of Service Area

Projected Irrigable Area at Build Out (acres)

Source: Draft WVID Supporting Information, Table 3.3, Table 3.8, Table 3.14.

Service Area	Commercial	Residential	Roadway	Total
PIL 3	**17.10**	**277.30**	**-**	**294.40**
Village A	17.10	129.90	-	147.00
Gran Paradiso		147.40		
PIL 1	**123.80**	**370.90**	**132.50**	**627.20**
US 41	-	-	46.10	46.10
WV Pkwy	-	-	24.20	24.20
Village D	16.60	95.10	18.20	129.90
Village E	7.80	51.40	8.50	67.70
Village F	6.40	103.20	22.40	132.00
Village G	3.20	40.00	13.10	56.30
Village G (Braves Facility)	53.30	-	-	53.30
River Rd Office Park	22.80	-	-	22.80
Sarasota School Board	9.90	-	-	9.90
SMH	3.80	-	-	3.80
Village B		81.20		
PIL 2	**19.00**	**543.70**	**40.60**	**603.30**
Village H	6.90	86.50	0.50	93.90
Village I	1.60	168.40	14.80	184.80
Village J	4.10	115.80	15.40	135.30
Village K	6.40	134.20	9.40	150.00
Village L	-	38.80	0.50	39.30
Total	**159.90**	**1,191.90**	**173.10**	**1,524.90**

Projected ERUs at Build Out

Source: West Villages Units and Average Closing Years

Equivalency:	Equivalency Factor per MF Unit	Irrigable Area per ERU	Irrigable Area per ERU
	0.333	0.075	0.075

Single Family Units	Multi-Family ERUs	Commercial ERUs	Recreational ERUs	Total ERUs
1,559	**179**	**228**	**-**	**1,966**
190	-	228		
1,369	179	-		
5,611	**443**	**940**	**711**	**7,705**
	-	-		
	-	-		
1,254	188	221		
641	-	104		
1,243	255	85		
1,444	-	43		
	-		711	
	-	304		
	-	132		
	-	51		
1,029	-			
6,697	**183**	**253**		**7,134**
891	-	92		
2,179	-	21		
1,469	92	55		
1,670	92	85		
488	-	-		
13,867	**805**	**1,421**	**711**	**16,804**

Operating Rate (per kgal)

Test Year Revenue Requirement

Purchased Water Expense

Source	Unit Cost	Units	Total Annual Cost
Englewood Water District (per kgal)	$ 0.17	91,250	$ 15,513
Sarasota County (per kgal)	$ 0.25	91,250	$ 22,813
City of North Port (per kgal) (1)	$ 0.38	1,460,000	$ 554,800

(1) Estimated rates relative

(1) Reflects estimate of future City of North Port reclaimed water rate to the District based upon current Sarasota County reclaimed water rate to the District adjusted based on the current observed differential between water and sewer rates of North Port as compared to Sarasota County.

Other Operating Expense

Source	Unit Cost	Units	Total Annual Cost
Pumping (per kgal)	$ 0.10	2,487,001	$ 248,700
Transmission (per linear ft)	$ 1.50	103,587	$ 155,381
Contractual/Professional Svcs	10%		$ 99,721
Admin & Management Cost	15%		$ 149,581

Operating Rate and Revenue Calculation

Operating Rate Calculation

Total Annual Operating Expense	$ 1,246,507
Total Annual Billed Volume (kgal)	1,874,859
Weighted Unit Operating Cost	**$ 0.66**

Operating Revenue Calculation

	Billed Volume (kgal)	Rate Multiplier	Rate	Revenue
Tier 1	1,874,859	1.0	$ 0.66	$ 1,237,407
Tier 2		2.0	$ 1.32	$ -

Summary of Facilities

Roadway	Description	Asset	Date Start	Date in Service	Quantity	Unit Cost	Total	Original Cost	Est. Useful Life	Annual Depreciation
S. West Villages Pkwy	US 41 to Portico Ave (2 lanes built 2010)	12" PVC Irrigation Main	12/1/2010	12/1/2011	975	$40.48	$39,468.00	$32,091.10	50	$642
S. West Villages Pkwy	Portico Ave to Playmore Rd (2 lanes built 2010)	12" PVC Irrigation Main	12/1/2010	12/1/2011	4,795	$40.48	$194,101.60	$157,822.36	50	$3,156
S. West Villages Pkwy	Playmore Rd to Manasota Beach Rd	12" PVC Irrigation Main	1/1/2018	1/1/2019	1,931	$40.48	$78,146.64	$80,491.04	50	$1,610
S. West Villages Pkwy	Playmore Rd to Manasota Beach Rd	12" PVC Irrigation Main	6/1/2019	5/31/2020	2,252	$40.48	$91,171.08	$96,723.40	50	$1,934
S. West Villages Pkwy	Playmore Rd to Manasota Beach Rd	12" PVC Irrigation Main	6/1/2022	6/1/2023	2,252	$40.48	91171.08	$105,692.27	50	$2,114
S. West Villages Pkwy	Manasota Beach Rd to Sarasota County Line	12" PVC Irrigation Main	12/1/2024	12/1/2025	5,870	$40.48	$237,617.60	$292,239.68	50	$5,845
S. West Villages Pkwy	Sarasota County Line to Key Way Rd	12" PVC Irrigation Main	12/1/2032	12/1/2033	3,080	$40.48	$124,678.40	$194,244.88	50	$3,885
S. West Villages Pkwy	Key Way Rd to River Road	12" PVC Irrigation Main	2/1/2018	2/1/2019	656	$40.48	$26,538.46	$27,334.62	50	$547
S. West Villages Pkwy	Key Way Rd to River Road	12" PVC Irrigation Main	5/1/2038	5/1/2039	7,955	$40.48	$322,018.40	$599,049.08	50	$11,981
Manasota Beach Rd	West Prop. Line to Island Walk Prop. Line	12" PVC Irrigation Main	12/1/2028	12/1/2029	5,435	$40.48	$220,008.80	$304,543.63	50	$6,091
Manasota Beach Rd	Island Walk Prop. Line to Preto Bvd	12" PVC Irrigation Main	12/1/2024	12/1/2025	2,500	$40.48	$101,200.00	$124,463.24	50	$2,489
Manasota Beach Rd	Preto Blvd to S. West Villages Pkwy	12" PVC Irrigation Main	12/1/2024	12/1/2025	7,145	$40.48	$289,229.60	$355,715.93	50	$7,114
Manasota Beach Rd	S. West Villages Pkwy to River Rd	12" PVC Irrigation Main	12/1/2027	11/30/2028	5,145	$40.48	$208,269.60	$279,896.93	50	$5,598
Manasota Beach Rd	River Rd to East Prop. Line (no date when 2 lanes built)	12" PVC Irrigation Main	5/1/2032	5/1/2033	2,730	$40.48	$110,510.40	$172,171.60	50	$3,443
Preto Blvd	US 41 to Portico Ave	12" PVC Irrigation Main	2/1/2018	2/1/2019	3,100	$40.48	$125,488.00	$129,252.64	50	$2,585
Preto Blvd	Portico Ave to Playmore Rd	12" PVC Irrigation Main	1/1/2018	1/1/2019	3,840	$40.48	$155,443.20	$160,106.50	50	$3,202
Preto Blvd	Playmore Rd to Manasota Beach Rd (1/3)	12" PVC Irrigation Main	4/1/2019	3/31/2020	1,783	$40.48	$72,189.33	$76,585.66	50	$1,532
Preto Blvd	Playmore Rd to Manasota Beach Rd (1/3)	12" PVC Irrigation Main	4/1/2021	4/1/2022	1,783	$40.48	$72,189.33	$81,249.73	50	$1,625
Preto Blvd	Playmore Rd to Manasota Beach Rd (1/3)	12" PVC Irrigation Main	4/1/2023	3/31/2024	1,783	$40.48	$72,189.33	$86,197.84	50	$1,724
Preto Blvd	Manasota Beach Rd to Road Segment 30	12" PVC Irrigation Main	12/1/2024	12/1/2025	951	$40.48	$38,496.48	$47,345.81	50	$947
Preto Blvd	Manasota Beach Rd to Road Segment 30	12" PVC Irrigation Main	12/1/2024	12/1/2025	2,219	$40.48	$89,825.12	$110,473.57	50	$2,209
Preto Blvd	Road Segment 30 to Sarasota County Line	12" PVC Irrigation Main	12/1/2028	12/1/2029	3,025	$40.48	$122,452.00	$169,502.21	50	$3,390
Preto Blvd	Sarasota County Line to Key Way Rd	12" PVC Irrigation Main	12/1/2032	12/1/2033	2,195	$40.48	$88,853.60	$138,431.01	50	$2,769
Preto Blvd	Key Way Rd to Gissinger Rd	12" PVC Irrigation Main	12/1/2034	12/1/2035	6,490	$40.48	$262,715.20	$434,228.20	50	$8,685
Preto Blvd	Gissinger Rd to S. Property Line	12" PVC Irrigation Main	12/1/2036	12/1/2037	2,825	$40.48	$114,356.00	$200,523.94	50	$4,010
Preto Blvd	S. Property Line to Pine Street	12" PVC Irrigation Main	12/1/2036	12/1/2037	2,700	$40.48	$109,296.00	$191,651.20	50	$3,833
Commons Ave	US 41 to Portico Ave	12" PVC Irrigation Main	3/1/2021	3/1/2022	638	$40.48	$25,806.00	$29,044.88	50	$581
Commons Ave	US 41 to Portico Ave	12" PVC Irrigation Main	3/1/2021	3/1/2022	638	$40.48	$25,806.00	$29,044.88	50	$581
Portico Ave	Preto Blvd to Commons Ave	12" PVC Irrigation Main	3/1/2024	3/1/2025	1,740	$40.48	$70,435.20	$86,626.41	50	$1,733
Portico Ave	Commons Ave to S. West Villages Pkwy	12" PVC Irrigation Main	3/1/2020	3/1/2021	2,635	$40.48	$106,664.80	$116,555.51	50	$2,331
TBD	US 41 to Playmore Rd	12" PVC Irrigation Main	3/1/2020	3/1/2021	2,390	$40.48	$96,747.20	$105,718.28	50	$2,114
TBD	US 41 to Playmore Rd	12" PVC Irrigation Main	3/1/2020	3/1/2021	2,390	$40.48	$96,747.20	$105,718.28	50	$2,114
Playmore Rd	Island Walk Prop. Line to Preto Bvd (2 lanes built 2010)	12" PVC Irrigation Main	12/1/2010	12/1/2011	955	$40.48	$38,658.40	$31,432.82	50	$629
Playmore Rd	Realign for baseball	12" PVC Irrigation Main	1/1/2018	1/1/2019	1,814	$40.48	$73,430.72	$75,633.64	50	$1,513
Playmore Rd	Preto Rd to S. West Villages Pkwy (2 lanes built 2010)	12" PVC Irrigation Main	12/1/2010	12/1/2011	2,845	$40.48	$115,165.60	$93,640.17	50	$1,873
Playmore Rd	S. West Villages Pkwy to Road Segment 25 (50%)	12" PVC Irrigation Main	1/1/2018	1/1/2019	992	$40.48	$40,156.16	$41,360.84	50	$827
Playmore Rd	S. West Villages Pkwy to Road Segment 25 (25%)	12" PVC Irrigation Main	12/1/2022	12/1/2023	1,984	$40.48	$80,312.32	$93,103.99	50	$1,862
Playmore Rd	S. West Villages Pkwy to Road Segment 25 (25%)	12" PVC Irrigation Main	12/1/2024	12/1/2025	1,984	$40.48	$80,312.32	$98,774.02	50	$1,975
Playmore Rd	Road Segment 25 to River Rd	12" PVC Irrigation Main	5/1/2024	5/1/2025	3,370	$40.48	$136,417.60	$167,776.44	50	$3,356
TBD	West Prop. Line to Preto Blvd	12" PVC Irrigation Main	5/1/2027	4/30/2028	5,425	$40.48	$219,604.00	$295,129.41	50	$5,903
Key Way Rd	West Prop. Line to Sarasota County Line	12" PVC Irrigation Main	5/1/2032	5/1/2033	2,570	$40.48	$104,033.60	$162,080.96	50	$3,242
Key Way Rd	Sarasota County Line to Preto Blvd	12" PVC Irrigation Main	5/1/2032	5/1/2033	6,060	$40.48	$245,308.80	$382,183.12	50	$7,644
Key Way Rd	Preto Blvd to S. West Villages Pkwy	12" PVC Irrigation Main	5/1/2034	5/1/2035	3,365	$40.48	$136,215.20	$225,142.97	50	$4,503
Gissinger Rd	Preto Blvd to River Rd	12" PVC Irrigation Main	5/1/2034	5/1/2035	5,480	$40.48	$221,830.40	$366,651.85	50	$7,333
River Rd	River Rd from West Villages Pkwy to US41	12" PVC Irrigation Main	5/1/2022	5/1/2023	9,000	$40.48	$364,320.00	$422,346.73	50	$8,447

Schedule 4: Summary of Existing and Projected Irrigation Infrastructure

Summary of Facilities

Roadway	Description	Asset	Date Start	Date in Service	Quantity	Unit Cost	Total	Original Cost	Est. Useful Life	Annual Depreciation
	Lake 2 - Irrigation Pump Station	Hoover - 3600 GPM Station			1	$350,000.00	$350,000.00	$10,697.33	20	$535
	Gran Paradiso Pump Station		12/1/2010	12/1/2011				$0.00	20	$0
	Lake 1 - Irrigation Pump Station	Hoover - 3600 GPM Station	5/1/2018	5/1/2018	1	$322,330.00	$322,330.00	$322,330.00	20	$16,117
	POC - Braves Irrigation Meter/Shutoff/Valve Assembly	Irrigation Meter/Shutoff/Valve Assembly	5/1/2018	5/1/2018	1	$35,418.96	$35,418.96	$35,418.96	20	$1,771
	POC - Irrigation Meter/Shutoff/Valve Assembly	Irrigation Meter/Shutoff/Valve Assembly				$35,418.96	$0.00	$0.00		
		Wells								
		Well 74		1/1/2018			$0.00	$0.00	10	$0
		Well 74 pumps		1/1/2018			$75,000.00	$75,000.00	10	$7,500
		Well 75		1/1/2016			$0.00	$0.00	10	$0
		Well 75 pumps		1/1/2016			$75,000.00	$70,694.69	10	$7,069
		Well 76		1/1/2019			$0.00	$0.00	10	$0
		Well 76 pumps		1/1/2019			$75,000.00	$77,250.00	10	$7,725
		Well 77		1/1/2020			$0.00	$0.00	10	$0
		Well 77 pumps		1/1/2020			$75,000.00	$79,567.50	10	$7,957
		Well 78		1/1/2021			$0.00	$0.00	10	$0
		Well 78 pumps		1/1/2021			$75,000.00	$81,954.53	10	$8,195
		Well 79		1/1/2022			$0.00	$0.00	10	$0
		Well 79 pumps		1/1/2022			$75,000.00	$84,413.16	10	$8,441
		Well 80		1/1/2019			$0.00	$0.00	10	$0
		Well 80 pumps		1/1/2019			$75,000.00	$77,250.00	10	$7,725
		Well 82		1/1/2018			$0.00	$0.00	10	$0
		Well 82 pumps		1/1/2018			$75,000.00	$75,000.00	10	$7,500
		Well 83		1/1/2027			$0.00	$0.00	10	$0
		Well 83 pumps		1/1/2027			$75,000.00	$97,857.99	10	$9,786
		Well 91		1/1/2027			$0.00	$0.00	10	$0
		Well 91 pumps		1/1/2027			$75,000.00	$97,857.99	10	$9,786
									Depreciation Sub-Total	$251,627

Capital Charge (monthly charge per ERU)

ERUs

	Residential ERUs	Multi-Family ERUs	Commercial ERUs	Recreational ERUs	Total ERUs
PIL 3	1,559	179	228	0	1,966
PIL 1	5,611	443	940	711	7,705
PIL 2	6,697	183	253	0	7,134
Total	**13,867**	**805**	**1,421**	**711**	**16,804**

Capital Costs

Annual Depreciation of Capital	$	251,627
Annual Capital Cost per ERU	$	14.97
Monthly Capital Cost per ERU	**$**	**1.25**

Well Availability Charge (monthly charge per ERU)

Well Availability Cost Estimate	

Average Volume per ERU	10
Alternative Water Supply Cost [(1)]	$ 0.375
Monthly Cost per ERU	$ 3.75

Total ERUs	16,804

Revenue Recovered	$ 756,195

(1) Reflects estimate of future City of North Port reclaimed water rate to the District based upon current Sarasota County reclaimed water rate to the District adjusted based on the current observed differential between water and sewer rates of North Port as compared to Sarasota County.

Bill Calculator

Bill Calculation for Single Family Residential

Equivalent Residential Unit	1

Operating Rate

Monthly Billed Volume (kgal)		10
Operating Rate (per kgal)	$	0.66
Total Monthly Operating Charge	$	6.60

Capital Rate

ERUs		1
Capital Charge (per ERU)	$	1.25
Total Monthly Capital Charge	$	1.25

Well Availability Charge

ERUs		1
Availability Charge (per ERU)	$	3.75
Total Monthly Availability Charge	$	3.75

Total Monthly Charge	**$**	**11.60**
Total Annual Charge	**$**	**139.17**

Bill Calculation for Commercial

Net Developable Area (sq. ft.)	40,000
Irrigable Area Estimate (acres)	0.147
ERU Estimate	2

Operating Rate

Monthly Billed Volume (kgal)		20
Operating Rate (per kgal)	$	0.66
Total Monthly Operating Charge	$	13.20

Capital Rate

ERUs		2
Capital Charge (per ERU)	$	1.25
Total Monthly Capital Charge	$	2.50

Well Availability Charge

ERUs		2
Availability Charge (per ERU)	$	3.75
Total Monthly Availability Charge	$	7.50

Total Monthly Charge	**$**	**23.20**
Total Annual Charge	**$**	**278.35**

Bill Calculation for Recreational

Irrigable Area (acres)	53
ERU Estimate	711

Operating Rate

Monthly Billed Volume (kgal)		3,333
Operating Rate (per kgal)	$	0.66
Total Monthly Operating Charge	$	2,199.78

Capital Rate

ERUs		711
Capital Charge (per ERU)	$	1.25
Total Monthly Capital Charge	$	887.20

Well Availability Charge

ERUs		711
Availability Charge (per ERU)	$	3.75
Total Monthly Availability Charge	$	2,666.25

Total Monthly Charge	**$**	**5,753.23**
Total Annual Charge	**$**	**69,038.82**

Rate Plan

Five Year Rate Adjustment Plan

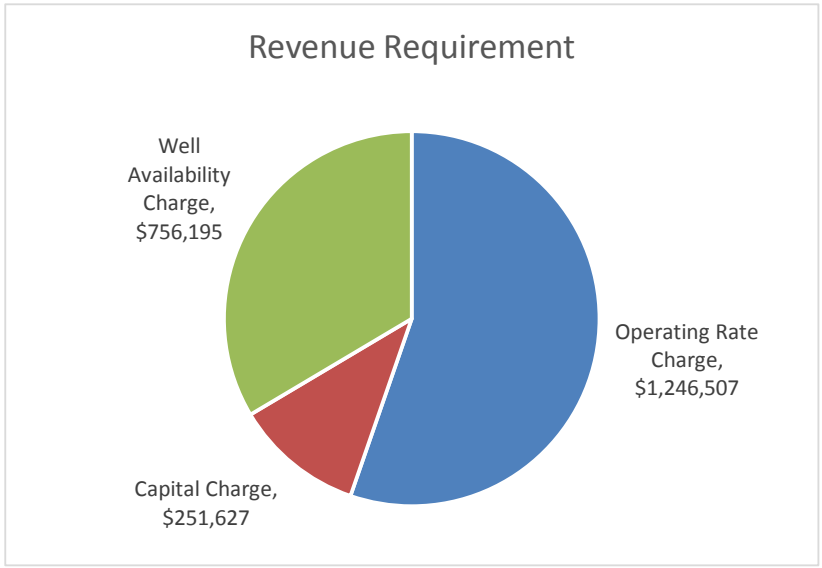
Water and Sewer CPI [(1)]	5.50%	5.50%	5.50%	5.50%	
	FY 2019	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
Operating Rate	$ 0.66	$ 0.70	$ 0.73	$ 0.77	$ 0.82
Capital Charge	$ 1.25	$ 1.32	$ 1.39	$ 1.47	$ 1.55
Well Availability Charge	$ 3.75	$ 3.96	$ 4.17	$ 4.40	$ 4.65

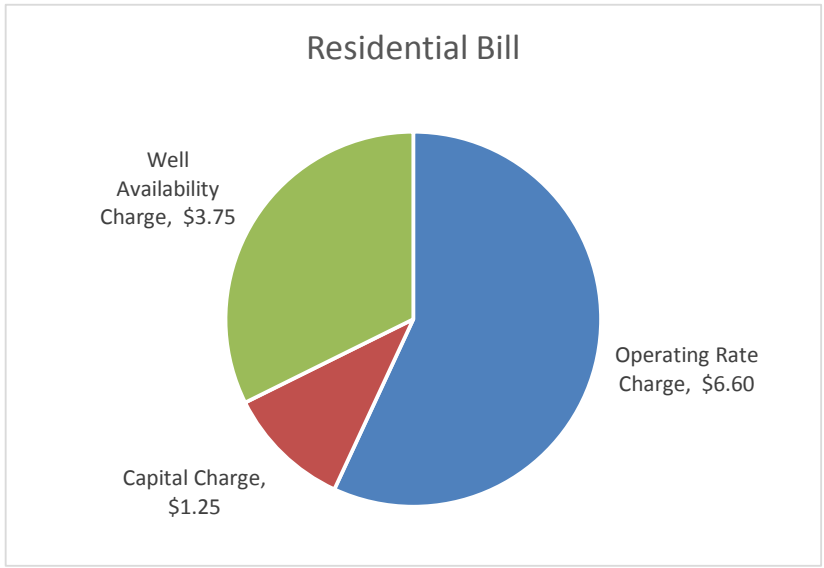
(1) Reflects 10-year average of US CPI Water and Sewer Maintenance Series.

Rate Components

	Revenue Requirement	Bill
Operating Rate Charge	$ 1,246,507	$ 6.60
Capital Charge	$ 251,627	$ 1.25
Well Availability Charge	$ 756,195	$ 3.75
Total	**$ 2,254,329**	**$ 11.60**

*Bill is based on 10,000 gallons of monthly water use and is intended to represent the monthly cost to a typical household





Reclaimed Rate Survey

Reclaimed Rate Comparison
Residential
10 kgal

Utility	Base Rate	Usage Rate	Total Reclaimed Rate	Rate per kgal	Note
Sarasota	$ 16.72	$ 11.90	$ 28.62	$ 1.19	
Marco Island	$ 3.00	$ 18.00	$ 21.00	$ 1.80	
Naples	$ 10.23	$ 5.00	$ 15.23	$ 0.50	
Palmetto	$ 12.73	$ -	$ 12.73	$ -	
West Villages	$ 5.00	$ 6.60	$ 11.60	$ 0.66	Base rate includes $1.25 capital charge and $3.75 well availability charge.
Bradenton	$ 5.20	$ 6.10	$ 11.30	$ 0.61	
Venice	$ -	$ 10.20	$ 10.20	$ 1.02	
Lehigh Acres	$ 3.41	$ 6.20	$ 9.61	$ 0.62	
Cape Coral	$ 9.50	$ -	$ 9.50	$ -	
Sarasota County	$ 5.00	$ 4.40	$ 9.40	$ 0.44	