

Two Phase Utility Rate Increase August 2010 & January 2011

On July 27, 2010, the City of Pompano Beach City Commission approved the increase for water, wastewater and reuse as proposed. The Utility Rate Consultant conducted a water and wastewater rate study and found that rates needed to be increased to ensure future bond coverage and enterprise fund operational and maintenance expenses. A two step phased approach was selected by the Commission to minimize the impacts to our customers.

Water

In response to persistent drought conditions, the South Florida Water Management District ("District") And Broward County implemented a "Year-Round Landscape Irrigation Conservation Measures" which established permanent three-day irrigation watering for some parts of the District outside of water shortage orders. Broward County ("County") determined that two-day irrigation watering should be the maximum number of days and therefore enacted a year-round ordinance that was more stringent than the District's three-day watering rule. The County also restricted reuse water service between the hours of 10am to 4pm daily.

The residential customer using 10,000 gallons per month will see an 8.8% increase in August and 12.7% in January.

Wastewater

The City collects wastewater and transmits it to Broward County for treatment.. The treatment rates charged by Broward County increased 17.6%. The debt service component also increased 9%. The City increased its reserve capacity from 15.71 MGD to 17 MGD, which also contributed to the increase in treatment charges paid to Broward County. This additional capacity will ensure treatment for future City needs until 2030. The residential customer will see a 6% increase in August and 6.4% in January.

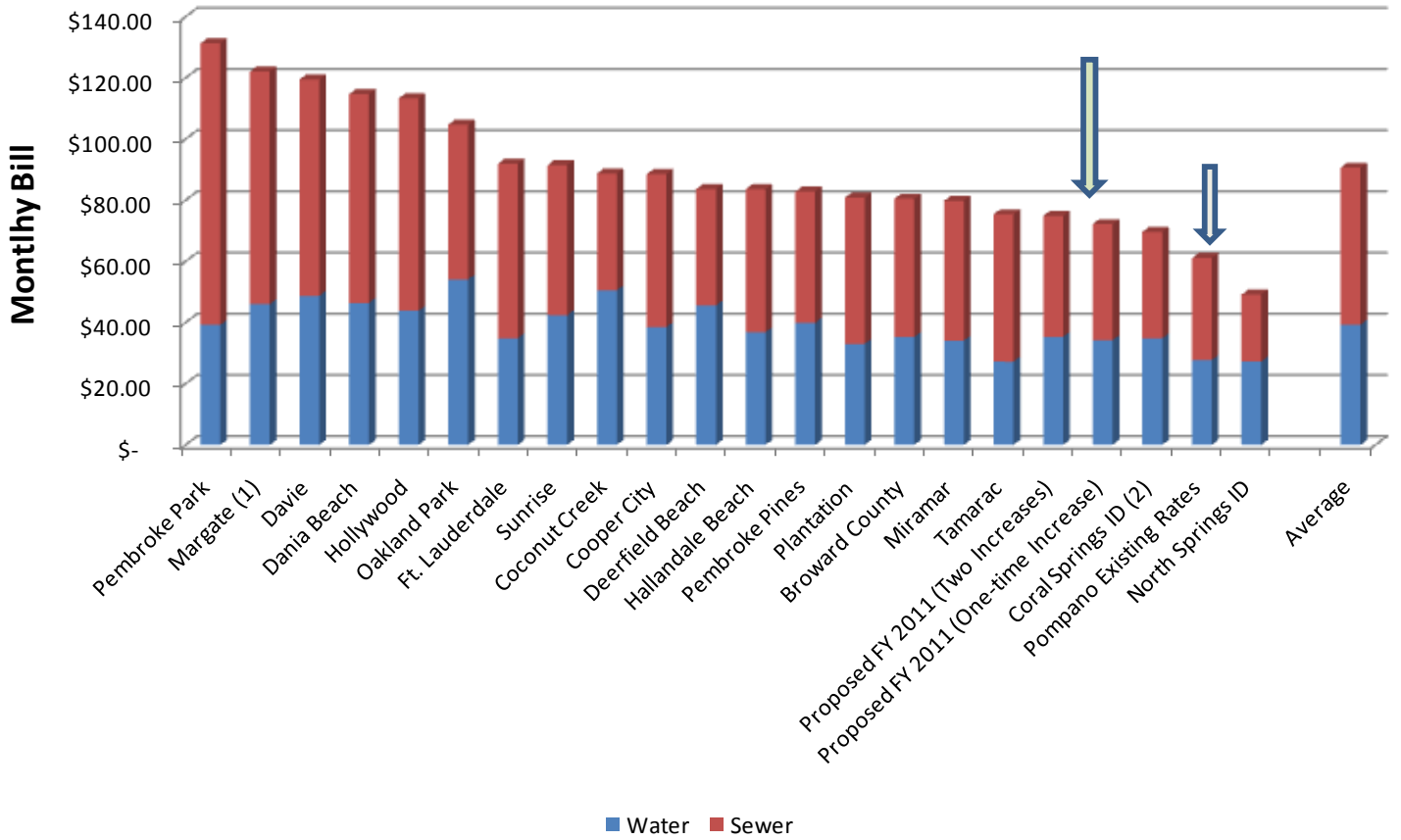
Reuse will be increased five percent and Stormwater will not be increased at this time.

Summary

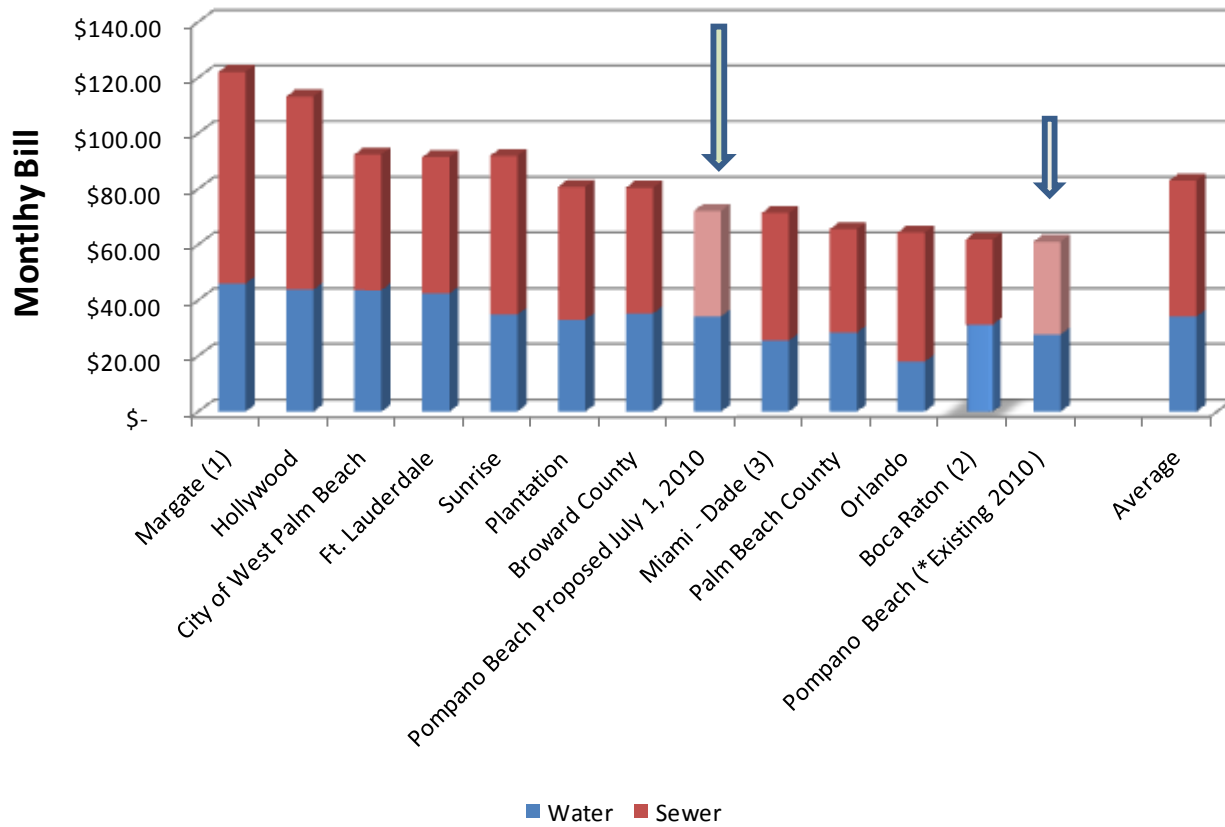
With these increases the Utility will continue to meet bond requirements and cover operational/maintenance costs preventing the continued drain on reserves. Broward County has 20 water/wastewater utilities. Pompano Beach will rank 17th in comparison with our neighboring Broward County utilities for water and wastewater charges after this

increase

Comparison of Combined Monthly Bill for Customer using 10 kgal



Comparison of Combined Monthly Bill for Customer using 10 kgal



* Without 18% Surcharge

- (1) Rates reflect rates that will be effective October 1, 2010
- (2) Sewer charge is by number of bathrooms. Assumed 2 bathrooms.
- (3) Rates reflect rates that will be effective April 1, 2010.