

**Florida Governmental Utility Authority
Presentation**

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fgua
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Questions




- Do all water purveyors have a CCC Program?



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Questions



- Do all water purveyors have a CCC Program?
- Of those that do, how many water purveyors actively enforce CCC Programs in Florida?

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Wrongfully Accused



- Larger utilities are not immune
 - Large public utility system in Florida struggled with E. coli outbreak in drinking water system
 - The backflow department identified a cross connection and presented it as a potential source of contamination
 - Mayor publicly declared cross connection was the cause of the outbreak
 - Cross connection was eventually ruled out as cause of contamination

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Wrongfully Accused



- Larger utilities are not immune
 - Lab was under FBI surveillance for weeks
 - Further investigations revealed E. coli was not the result of a cross connection at all and was in fact the result of recent modifications to the treatment process at the municipal drinking water facility

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Presentation Objectives



- Describe Governmental Utility Authority (GUA) concept authorized under Florida Law
- Explain unique “Portable” statewide Florida Governmental Utility Authority (FGUA)
- Provide a poor water quality, private-to-public utility purchase turnaround case study
- Helpful discussion and answer questions

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The Governmental Utility Authority (GUA) Concept



- Separate utility authorities are authorized under Section 163.01(7)(g)1, Florida Statutes
- The GUA is an innovative home rule mechanism
- GUA's are governed by a locally-appointed Board
- Participating local governments have control over the GUA but do not incur any liability for debt or operations
- The GUA is a multi-jurisdictional entity for utility ownership, operation and management

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Florida GUA Principal Powers



- Acquire, construct, own, operate, manage, improve and expand public facilities
- Provide for mandatory connections
- Levy rates, fees and charges
- Acquire land and rights and interests for utility
- Apply for, receive, and accept State, Federal Grants
- Issue bonds and other indebtedness
- Impose, collect and enforce special assessments

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Principal Requirements to Form and Modify GUA



- Two or more government entities
- Interlocal agreement
- Consent of "host" governments to acquire
- Appointment of Board Member (non-elected)

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Potential Motivations for Joining or Creating a GUA



- Improve infrastructure, customer service and finances
- Alternative mechanism of public ownership
- Provide critical utility resources to local governments
- Maintain benefit of current or future equity in utility systems
- Allows dedicated focus on utility issues

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Advantages of a GUA



- Enables local government to better influence service quality of current system(s) and maintain control (seat on Board of Directors)
- Places no burden on local government financial resources
- Having independent bonding capacity; assets and debt remain solely the responsibility of the GUA and would not adversely affect the local government's credit
- Increased transparency

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Advantages of a GUA (Cont.)



- Bargaining power and potential enhanced credit
- Future system improvements financed on a tax-exempt basis
- Economies of scale
- Dedicated attention to improving utility customer service

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Political Advantage

- Participating governments can structure inter-local agreement based on local policy preferences
 - Regulate Rates
 - Approve CIP
 - Set service standards
 - Require extensive customer outreach
 - Local governments can acquire assets at any time

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FGUA – A Successful GUA

- The Florida Governmental Utility Authority (FGUA) was formed in 1999 through an interlocal agreement between Brevard, Lee, Polk and Sarasota Counties
- Growth to almost \$450 million in assets
- Over \$300 million in improvements to facilities owned since the FGUA's inception
- Successfully acquired, improved and transitioned systems to Sarasota, Brevard, Citrus and Hillsborough Counties, as well as TOHO Water Authority

Visit FGUA.com

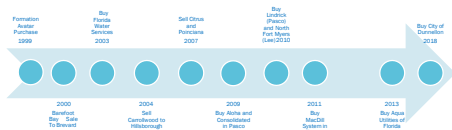
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FGUA Characteristics

- \$87.5 million annual operating budget and \$62.1 million CIP
- No employees:
 - Fully contracted management services/owner's representative (Government Services Group, Inc.)
 - Fully contracted operations, maintenance, customer service and billing (U.S. Water)
 - Contracted outside counsel

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FGUA Evolution Timeline



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FGUA Transaction History

Transaction Year	Purchase/Sale	Utility / Utility System	County / Counties
1999	Purchase	Avetair Utilities (Florida Cities Water Co. & Poinciana Utilities)	Brevard, Collier, Hillsborough, Lee, Osceola, Polk & Sarasota
2000	Sale	Barefoot Bay	Brevard
2002	Sale	Sarasota	Sarasota
2003	Purchase	Florida Water Services Corporation	Citrus, Lee
2004	Sale	Carrollwood	Hillsborough
2007	Sale	Citrus	Citrus
2007	Sale	Poinciana	Osceola, Polk
2009	Purchase	Aloha Utilities	Pasco
2009	Purchase	Consolidated Systems	Pasco
2010	Purchase	Lindrick Service Corporation	Pasco
2010	Purchase	North Fort Myers Utilities	Lee, Collier
2011	Purchase	MacDill AFB Systems	Hillsborough
2012	Purchase	Mad Hatter Utilities	Pasco
2013	Purchase	Aquia Utilities Florida	Alachua, Citrus, Hardee, Lake, Lee, Marion, Orange, Pasco, Polk, Seminole, Volusia, Putnam
2017	Sale	Golden Gate Utilities	Collier
2018	Purchase	Dunnellon Utility Systems	Marion

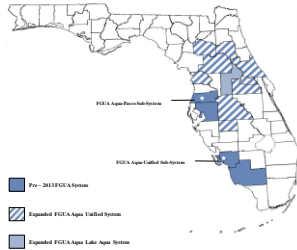
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FGUA Evolution Timeline



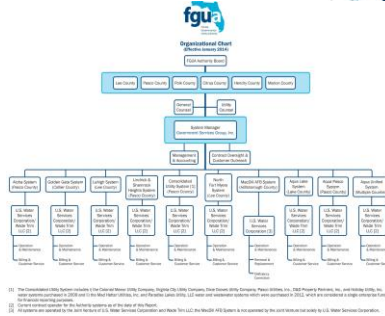
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FGUA Footprint



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Current FGUA Structure



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The Better Water – Aloha Story

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Aloha Highlights

- Aloha Utilities was founded in 1970 serving communities in and around New Port Richey, including the Trinity area
- The system consists of 12,152 water and 11,809 wastewater customers in over 13 square miles
- Customer's serious water quality complaints, including black, foul odor and corrosive water became increasingly escalated for Aloha Utilities in the mid 1990's



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Aloha Highlights, Environmental Problems



Taken February 2009

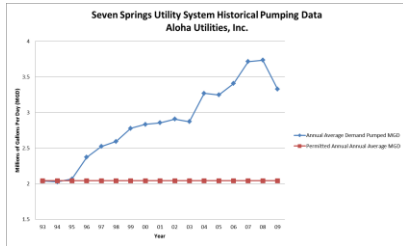
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Aloha Highlights, Environmental Problems

- Aloha Utilities was being fined by the Southwest Florida Water Management District for over-pumping from its wells

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Aloha Highlights, Environmental Problems



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Aloha Highlights, The Customer Problem

- The Committee for Better Water Now (CBWN) was formed as a customer advocacy group to seek resolution to water quality



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Aloha Highlights, The Customer Problem

- Highly galvanized, organized to take fight to County Commission, Public Service Commission (PSC) and legislators
- County government lacked regulatory authority
- Resources of owner diminished effectiveness of fines by Southwest Florida Water Management District (SWFWMD)

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Aloha Highlights

- Customers found PSC largely unresponsive
- County and owner could not reach terms for county purchase

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The Intergovernmental Solution

- Pasco County took lead to recruit a special purpose (utility) unit of government to act on its behalf
- Florida Governmental Utility Authority (FGUA) became the County partner
- FGUA Interlocal Agreement & authorization of potential acquisition approved by the Pasco County Board of County Commissioners on 2/27/08

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FGUA and Pasco County Aloha Milestones

- Comprehensive assessment of Aloha System deficiencies performed and corrective capital plan developed by FGUA with county involvement
- Negotiations to acquire concluded with purchase in February 2009
- Organized customers advocated for purchase and rate increases of 40% to acquire and to fix problems

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FGUA Initial System Corrective Actions



- New piping for system looping (eliminate dead-ends)
- System-Wide and Localized Flushing
- Reduced pumping from worst wells and improved well-site water treatment
- Rapid, personal response with dedicated community service "ombudsman" to address customer concerns
- Corrosion Control Improvements

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FGUA Permanent Long Term Correction of Water Quality



- Five county interconnections for supply to supplement well production for requirement beyond permit limitations
- Raw water connections from eight wells to new treatment plant
- Construct advanced water treatment plant with:
 - Aeration and odor control to strip hydrogen sulfide
 - Filtration to remove particulates, organics and iron

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The Results



- Concurrent projects completed on schedule and under budget – meeting commitments to all stakeholders
- Superior water quality was achieved with plant subsequently recognized with an "Outstanding Project" award from the Florida Institute of Consulting Engineers
- Customer water quality complaints dropped from 100 in July 2009 to 15 in January 2012

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The Results



Taken March 2012

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Customer Feedback



- "You provide an example of what a great water utility can offer all of its customers"
- "Thank you for professionalism, expertise, dedication and commitment to the customers"
- "You and your team are showing the community what a well-run water company looks like"

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Publicity



- "Aloha Utilities customers finally get their wish: good, clean water"
St. Petersburg Times
8/24/2011
- "The long fight for better water is almost over for residents of Seven Springs"
St. Petersburg Times
8/24/2011
- "Seven Springs' long wait for odorless, clear water almost over"
St. Petersburg Times;
tampabay.com 8/23/2011

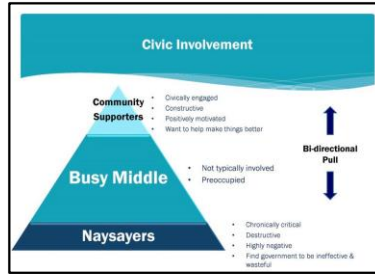
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Take Away Summary

- Don't give up exploring alternative solutions
- Innovative solutions are often needed for the toughest problems
- Parochial and provincial thinking often an impediment
- Bold political leadership is needed to break through
- Effective intergovernmental partnership brings strength and economy to public service challenges

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Take Away Summary



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Key Results

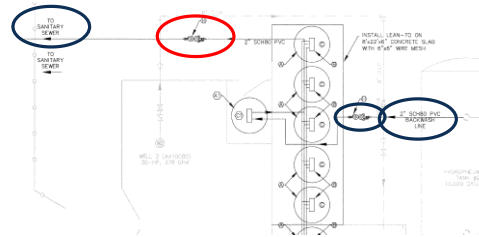
- Higher performance standards
- Customer "Ombudsman" available to back-up CSR's at 5 regional offices
- Face to face outreach
- Elimination of all regulatory compliance and service quality issues (e.g. rusty water)
- 74% of customers satisfied or very satisfied with FGUA service
- Strong credit

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FINISHED FILES ARE THE RESULT OF YEARS OF SCIENTIFIC STUDY COMBINED WITH THE EXPERIENCE OF MANY YEARS...

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Is CCC Still Important?



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Developing CCC Policy

- USW and GSG engaged by FGUA to provide an assessment of the existing CCC policies
- FGUA numerous acquisitions throughout Florida spanned multiple counties
- The CCC plans varied widely, lacked uniformity and standardization across the FGUA

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Developing CCC Policy



- The assessment team elected to focus on Pasco and Lee County initially due to the large customer base in both counties
- The assessment team developed a questionnaire that was used to provide a direct comparison of each respective policy

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Developing CCC Policy



- The initial assessment and comparison of policies provided the FGUA with a foundation to develop a statewide plan that incorporates host government standardizations while also meeting the needs of the FGUA

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Developing CCC Policy



- The team also considered multiple configuration of assemblies, devices and installations during the assessment
- Ultimately the team selected a device and configuration currently utilized and recommended by Pinellas County

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Developing CCC Policy



- Challenges unique to the FGUA in developing a statewide policy
 - Multiple County / Host Governments
 - Diverse installations within individual counties
 - Consolidation of existing policy's and standards
 - Statewide rate considerations
 - Commercial device selection inconsistent

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Developing CCC Policy



- By example, in the FGUA Pasco County systems installations vary widely:
 - In Terra Bella RPZ's have been required
 - In Twin Lakes backflow devices have been installed in a secondary meter boxes
 - In Oak Groves "jumbo" meter boxes were required
 - Metered fire connections
 - Unmetered fire connections

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Developing CCC Policy



- Low cost installation
- Multiple Configuration Options
- Low impact installation
- Lowest water pressure head loss in industry
- Ease of continued maintenance
- Residential non-reclaimed customers bears installation
- Utility absorbs ongoing costs for maintenance

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Developing CCC Policy

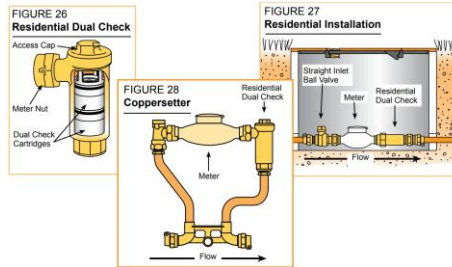


- The Ford retro-setter recommended by Pinellas County provided the FGUA with several advantages in the residential installations



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Developing CCC Policy



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Developing CCC Policy



- Thermal Expansion Considerations
 - Diverse installation of backflow devices
 - Range of years in home construction
- Freeze Protection
 - Large geographic service area requires consideration for freeze protection

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Developing CCC Policy



- Commercial specific considerations
 - Device ownership
 - Testing of devices
 - Service interruptions
 - Commercial Survey
 - Proactive
 - Change in ownership or account
 - Awareness level – triggered inspections
 - Fire flow device

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Developing CCC Policy



- Software Selection
 - Backflow Solutions Inc. (www.backflow.com)
 - Fee per test provides FGUA with equitable allocation of costs
 - Annual testing notices



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Developing CCC Policy

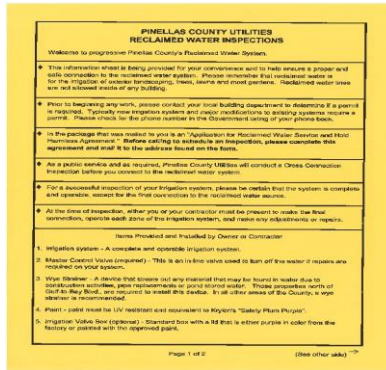


- FGUA Advantages
 - Maintain statewide list of testers
 - Maintain a list of questionable testers
 - Shared with others

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Cross Connection Investigations: January 2004 - January 2005



- 57 Potential Cross Connections were Investigated
- 20 were Found to be Actual Cross Connections

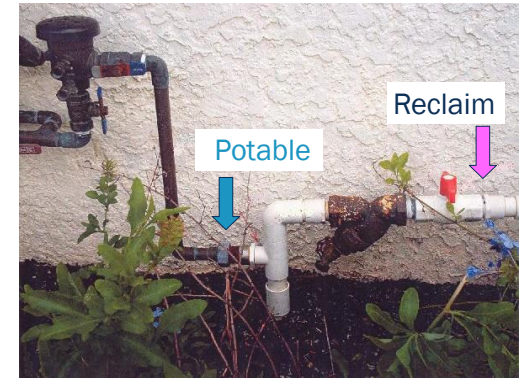
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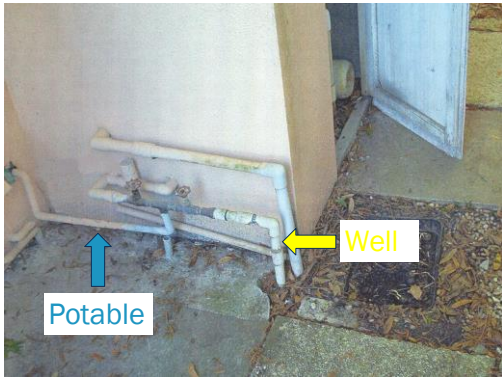
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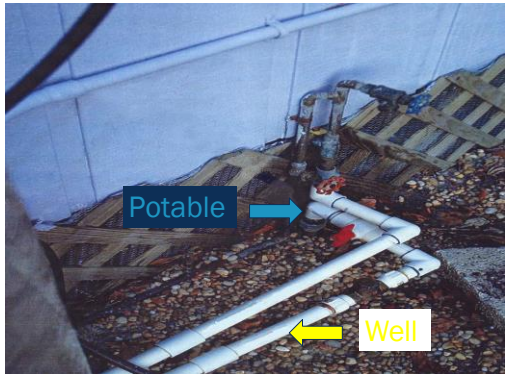
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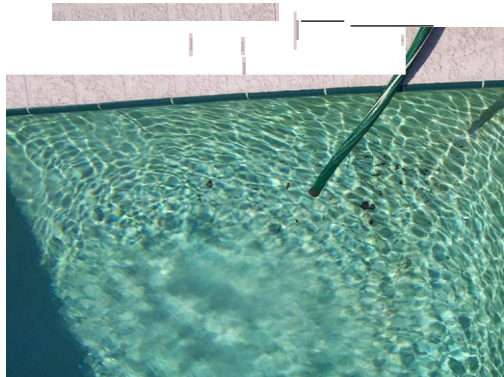
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Questions/Discussion

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