Florida Governmental Utility Authority Presentation

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Cross Connection Control Program Administration

1

Questions

- Do all water purveyors have a CCC Program?

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

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

2

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

3

Questions

- Of those that do, how many water purveyors actively enforce CCC Programs in Florida?

4

5

6
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

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

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)

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

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

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
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

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

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

FGUA Transaction History

<table>
<thead>
<tr>
<th>Year</th>
<th>Transaction</th>
<th>Utility System</th>
<th>Counties</th>
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<tr>
<td>1999</td>
<td>Purchase</td>
<td>Avatar Utilities (Florida Cities Water Co &amp; Poinciana Utilities)</td>
<td>Brevard, Collier, Hillsborough, Lee, Osceola, Polk &amp; Sarasota</td>
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<td>Sale</td>
<td>Barefoot Bay</td>
<td>Brevard</td>
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<tr>
<td>2002</td>
<td>Sale</td>
<td>Sarasota Utilities</td>
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<td>2003</td>
<td>Purchase</td>
<td>Florida Water Services Corporation</td>
<td>Citrus, Lee</td>
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<td>Sale</td>
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<td>2007</td>
<td>Sale</td>
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<td>Aloha Utilities</td>
<td>Pasco</td>
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<td>2009</td>
<td>Purchase</td>
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<td>2010</td>
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<td>North Fort Myers Utilities</td>
<td>Lee, Collier</td>
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<td>MacDill AFB Systems</td>
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<td>2017</td>
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<td>Collier</td>
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<td>2018</td>
<td>Purchase</td>
<td>Dunnellon Utility Systems</td>
<td>Marion</td>
</tr>
</tbody>
</table>

FGUA Evolution Timeline

- 1999: Formation of FGUA
- 2000: Purchase of Avatar Utilities
- 2002: Sale of Barefoot Bay to Brevard
- 2003: Purchase of Florida Water Services Corporation
- 2004: Sale of Carrollwood to Hillsborough
- 2007: Sale of Citrus Utilities to Sarasota
- 2007: Sale of Poinciana Utilities to Osceola & Polk
- 2009: Purchase of Aloha Utilities
- 2009: Purchase of Consolidated Systems
- 2010: Purchase of Lindrick Service Corporation
- 2010: Purchase of North Fort Myers Utilities
- 2011: Purchase of MacDill AFB Systems
- 2012: Purchase of Mad Hatter Utilities
- 2013: Purchase of Aqua Utilities Florida
- 2017: Sale of Golden Gate Utilities
- 2018: Purchase of Dunnellon Utility Systems
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.

Aloha Highlights, Environmental Problems

- Aloha Utilities was being fined by the Southwest Florida Water Management District for over-pumping from its wells.
Aloha Highlights, Environmental Problems

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

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.

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).

Aloha Highlights

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

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.
## 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

## 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

## 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

## The Results

### Taken March 2012

## 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”

## 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
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

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

Is CCC Still Important?

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
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

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

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

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

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

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
Developing CCC Policy

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

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.

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

Developing CCC Policy

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

Developing CCC Policy

- FGUA Advantages
  - Maintain statewide list of testers
  - Maintain a list of questionable testers
  - Shared with others.
Cross Connection Investigations: January 2004 - January 2005

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