

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

RECEIVED-FPSC  
12 APR 16 PM 2:32  
COMMISSION  
CLERK

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**DATE:** April 16, 2012  
**TO:** Ann Cole, Commission Clerk, Office of Commission Clerk  
**FROM:** Todd M. Brown, Regulatory Analyst IV, Division of Economic Regulation  
**RE:** Docket No. 110200-WU - Application for increase in water rates in Franklin County by Water Management Services, Inc.

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The attached documents were hand delivered to the Division of Economic Regulation on Friday, April 13, 2012. Please incorporate the attached pro forma land and additional expenses documents into the docket file.

DOCUMENT NUMBER DATE  
02308 APR 16 12  
FPSC-COMMISSION CLERK

**WATER MANAGEMENT SERVICES, INC.**

250 John Knox Rd. # 4  
Tallahassee, FL 32303  
(850) 668-0440 Fax (850) 577-0441

MEMO

HAND DELIVERY

TO: Todd Brown

FROM: Gene D. Brown

DATE: April 13, 2012

RE: Docket No. 110200-WU  
Application for increase in water rates in Franklin County by  
Water Management Services, Inc.  
**PROFORMA LAND AND ADDITIONAL EXPENSES**

**PROFORMA LAND**

In response to your questions regarding WMSI's proforma land on Schedule A-3 of our MFR's, I am submitting the following responses which track the questions in OPC's Interrogatory No. 8:

- (a) The allocation of \$52,789 for pumping plant is the \$50,000 cost of the one acre site for well no. 5, together with a prorated portion of the closing costs, which total \$26,500. The allocation of \$448,711 for treatment plant consists of \$425,000 for the 7 lots on St. George Island for all of the island improvements together with a prorata share of the \$26,500 of closing costs.
- (b) Please refer to the schedule of water system improvements on pages 1 and 2 of section C of the plans and specifications attached as exhibit "B" to the testimony of Les Thomas. Items 2.a, 2.b, 2.c, 2.d, 2.e, 2.f, 2.g, 2.h, 2.i, 3 and 5 will all be constructed on the 7 lots to be acquired on St. George Island. Items 6 and 7 regarding the 5<sup>th</sup> well will be constructed on the one acre parcel to be acquired in Eastpoint.
- (c) There is no room to build the new facilities on the land where the existing facilities are located.

FILE NUMBER - DATE

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FPSC-COMMISSION CLERK

- (d) The company looked seriously at two other sites, but decided on the site referenced in the MFR's because of price and proximity to the existing plant. The company also investigated the value of the property, including a conference with an appraiser who had reviewed the value of the property to be acquired. Regarding the well site, the company negotiated with the owner of the land, and reached the lowest price possible for the one acre tract.
- (e) Dean Development, LLC, Lafayette Properties Partnership, LLP, and TCPCO, LLC, for the island property and Ben Watkins for the well site at Eastpoint.
- (f)

Cost of 7 lots on St. George Island	-	\$425,000
Cost of one acre site at Eastpoint	-	\$ 50,000
Closing Costs for both parcels	-	<u>\$ 26,500</u>
Total		\$501,500
- (g) Attached is a copy of the contract on the island site. The NFWFMD has required WMSI to move the site of the 5<sup>th</sup> well, and WMSI is now negotiating with Ben Watkins who also owns the land where the District now wants the well to be built. The price for the new site will not be more than \$50,000, but could be less, in which case you will be immediately notified.
- (h) The legal description of the island property is shown by the attached contract. It includes 7 lots that are 25' x 135'. The well site will be one acre which will be surveyed before a legal description is prepared. Also attached is the proposed contract for the one acre lot which would be selected in the area required by NFWFMD.
- (i) The land where the existing facilities will continue to be used for office operations, maintenance and storage of equipment and parts. The ground storage tank will be converted to a maintenance shop and indoor storage facility.

**ADDITIONAL EXPENSES**

Regarding additional expenses, the new well site required by NFWFMD will require 4,560 feet of additional 8" C900 pvc because the site is located much further north than the site included in our bid documents as referenced in the MFR's. This will cost an additional \$132,240, based upon \$29 per lineal foot which is the same proforma cost for this 8" line that is included in our low bid as attached to the testimony of Les Thomas filed in this case. Also, we lost our "free" storage area for the hydra-platform. The storage area we are now renting costs WMSI \$321 per month, which will continue indefinitely.

Please let me know if you need any additional documentation regarding these additional expenses which we would like to have the Commission consider in setting our rates.

cc: Martin S. Friedman, Esq./with enclosures

## CONTRACT OF SALE

BEN WATKINS, the "Seller" will sell, and WATER MANAGEMENT SERVICES, INC., the "Buyer," will buy the following property:

1 Acre on Plum Street, Eastpoint, FL, as shown on attached plat.

(exact location to be determined)

on the following terms and conditions:

1. Purchase Price. The purchase price will be \$\_\_\_\_\_ cash at closing.
2. Closing Date. The closing will be held on or before one year from date at a time and place determined by the Buyer based upon construction financing as described below.
3. Closing Costs. The Sellers will pay for the documentary stamps on the deed and any Seller's attorney's fees. The Buyer will pay all recording costs and expenses in connection with the financing, including title insurance and buyer's attorney's fees.
4. Prorations. All taxes for the year of closing will be prorated between the Sellers and the Buyer as of the date of closing.
5. Conveyance. Conveyance shall be by general warranty deed, free and clear of all encumbrances except recorded covenants and other restrictions that allow the property to be used for its intended purpose, i.e., construction of a commercial well to serve water to St. George Island.
6. Access to Property. During the term of this contract, the Buyer will have access to the property for the purpose of engineering, surveying and any other activities necessary to the planning, zoning and financing of the above-referenced improvements. Applications for any necessary governmental approvals, such as zoning and DEP permits, may be processed by the Buyer under the authority of this contract.

7. Contingencies. The Sellers and the Buyer understand and agree that this contract will be void and neither party will have any liability to the other unless and until the following contingencies are met:

A. Approval by the Florida Public Service Commission of increased rates that are adequate to allow the Buyer to obtain the necessary financing to pay for the property and the above-referenced well and related approvals;

B. Approval by the necessary governmental authorities, including Franklin County and the Florida Department of Environmental Protection, to allow the Buyer to construct the improvements on the property; and

C. An adequate financing commitment to provide the Buyer with the funds necessary to buy the property and construct the well and related improvements.

The Buyer and the Sellers will cooperate to meet these contingencies so that this contract can be closed as soon as possible, but not more than one year from date. If it becomes clear to Buyer that these contingencies cannot be met, the Buyer will promptly notify the Sellers in writing and this contract shall be cancelled.

In Witness Whereof, the parties have signed this contract on this \_\_\_\_\_ day of April, 2012.

**SELLER**

\_\_\_\_\_  
BEN WATKINS

**BUYER**

WATER MANAGEMENT SERVICES, INC.,  
a Florida corporation

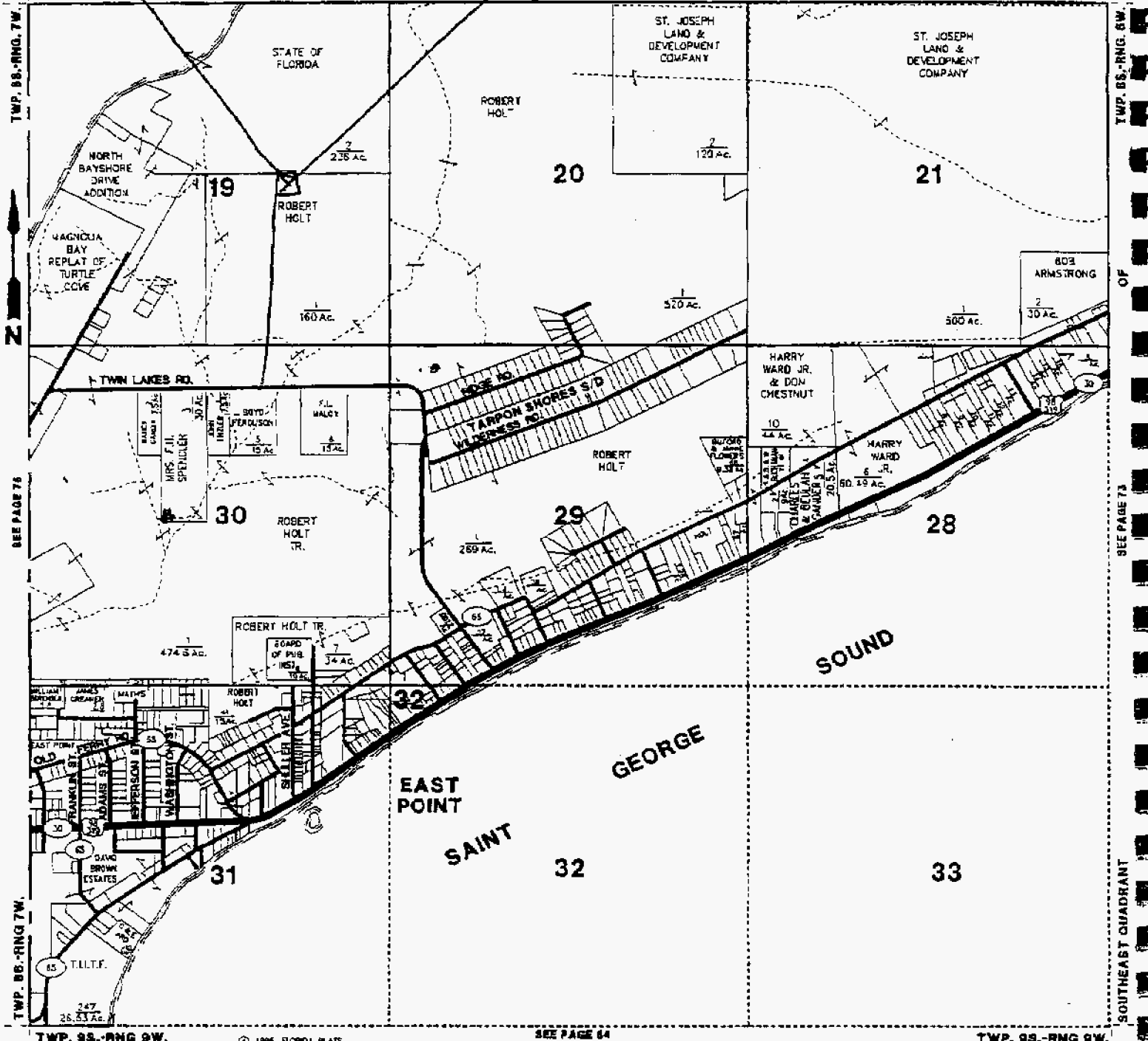
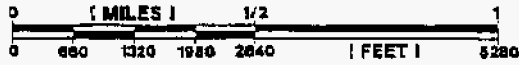
By: \_\_\_\_\_  
Gene D. Brown, as its President

**WATER MANAGEMENT SERVICES, INC.**  
**139 W. GULF BEACH DR.**  
**ST. GEORGE ISLAND, FL 32328**  
**(850) 927-2648 PHONE**  
**(850) 927-3395 FAX**

A TRACT OF LAND FRONTING 210 FT ON SMITH STREET AND 210 FT ON PLUM STREET BEING ONE ACRE MORE OR LESS LOCATED IN SECTION 19, TOWNSHIP 8 SOUTH, RANGE 6 WEST.

**TWP. 8S.-RNG. 6W.**

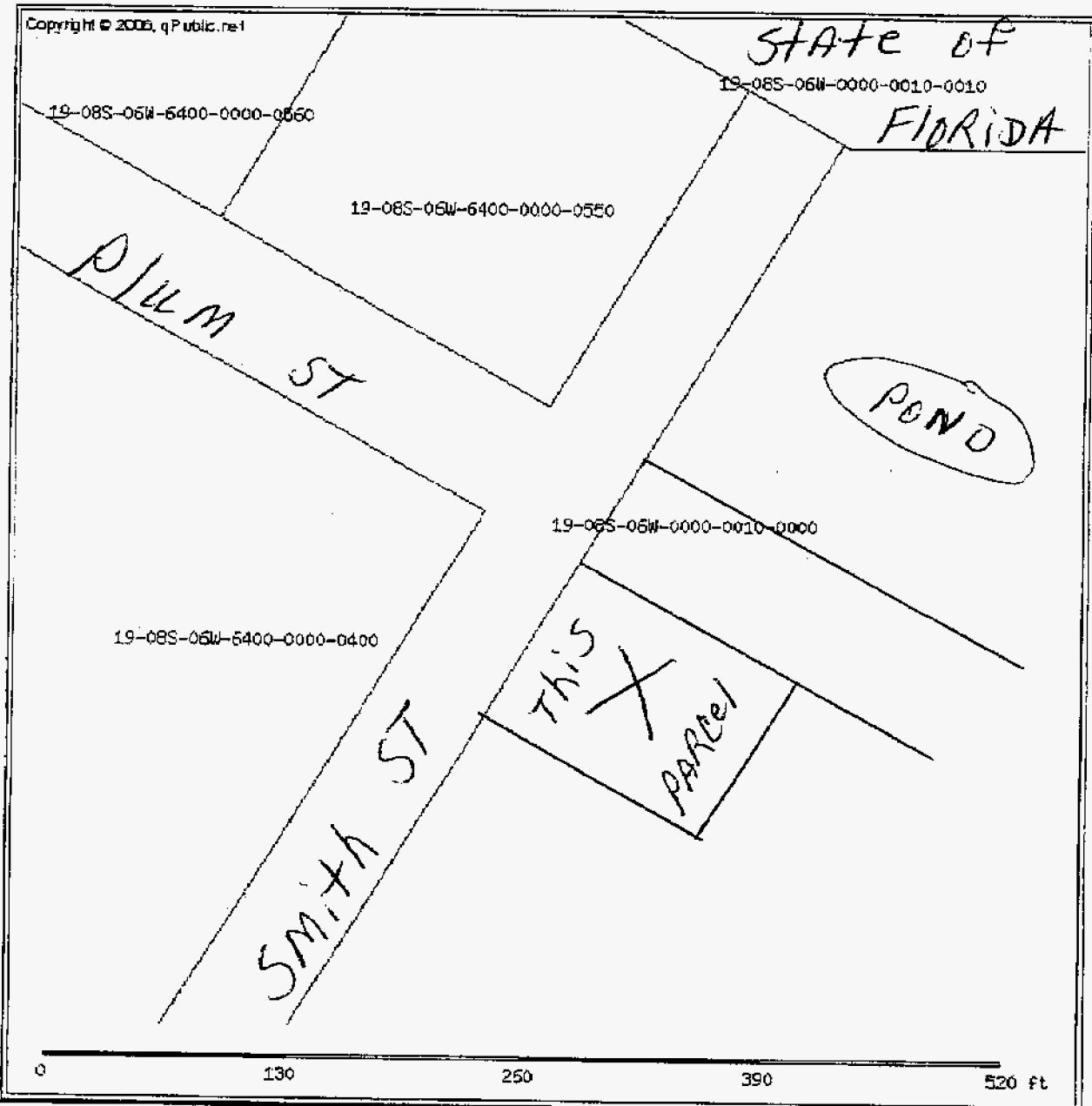
**SOUTHWEST QUADRANT  
FRANKLIN COUNTY, FLORIDA**



**DIAGRAM OF QUARTERED MAPS**

This is how each township is broken down, when quartered:

NORTHWEST QUARTER			NORTHEAST QUARTER			SOUTHWEST QUARTER			SOUTHEAST QUARTER		
6	5	4	3	2	1	19	20	21	22	23	24
7	8	9	10	11	12	30	29	28	27	26	25
18	17	16	15	14	13	31	32	33	34	35	36



PARCEL INFORMATION TABLE	
Selected Parcel	19-08S-06W-6400-0000-0570
Acres	1
Property Use	SINGLE FAM
Land Use	
OWNERSHIP INFORMATION	
Name	CRUM JAMIE D & EMILY N
Mailing Address	113 PLUM STREET EASTPOINT, FL 32328
Situs/Physical Address	113 PLUM ST
VALUES	
Land Value	16,000



**CONTRACT OF SALE**

DEAN DEVELOPMENT, LLC, LAFAYETTE PROPERTIES PARTNERSHIP, LLP,  
and TCPCO, LLC, the "Sellers" will sell, and WATER MANAGEMENT SERVICES, INC., the  
"Buyer," will buy the following property:

Lots 24, 25, 26, 27, 28, 29 and 30, Block 6 West of St. George Island  
Gulf Beaches, Unit 1, as per map or plat thereof recorded in Plat Book 2,  
page 7, Public Records of Franklin County, Florida

on the following terms and conditions:

1. Purchase Price. The purchase price will be \$425,000 cash at closing.
2. Closing Date. The closing will be held on or before ~~one year from date~~ <sup>January 15, 2013</sup> at a time and place determined by the Buyer based upon construction financing as described below.
3. Closing Costs. The Sellers will pay for the documentary stamps on the deed and any Seller's attorney's fees. The Buyer will pay all recording costs and expenses in connection with the financing, including title insurance and buyer's attorney's fees.
4. Prorations. All taxes for the year of closing will be prorated between the Sellers and the Buyer as of the date of closing.
5. Conveyance. Conveyance shall be by general warranty deed, free and clear of all encumbrances except recorded covenants and other restrictions that allow the property to be used for its intended purpose, i.e., construction of a water tank and related utility improvements.
6. Access to Property. During the term of this contract, the Buyer will have access to the property for the purpose of engineering, surveying and any other activities necessary to the planning, zoning and financing of the above-referenced improvements. Applications for any necessary governmental approvals, such as zoning and DEP permits, may be processed by the



Buyer under the authority of this contract.

7. Contingencies. The Sellers and the Buyer understand and agree that this contract will be void and neither party will have any liability to the other unless and until the following contingencies are met:

A. Approval by the Florida Public Service Commission of increased rates that are adequate to allow the Buyer to obtain the necessary financing to pay for the property and the above-referenced tank and related approvals;

B. Approval by the necessary governmental authorities, including Franklin County and the Florida Department of Environmental Protection, to allow the Buyer to construct the improvements on the property; and

C. An adequate financing commitment to provide the Buyer with the funds necessary to buy the property and construct the ground storage tank and related improvements.

The Buyer and the Sellers will cooperate to meet these contingencies so that this contract can be closed as soon as possible, but not more than one year from date. If it becomes clear to Buyer that these contingencies cannot be met, the Buyer will promptly notify the Sellers in writing and this contract shall be cancelled.

In Witness Whereof, the parties have signed this contract on this 14 day of <sup>MARCH</sup> ~~October~~,  
2012  
2011.



**SELLERS**

DEAN DEVELOPMENT, LLC, a Florida  
Limited Liability Company

By: \_\_\_\_\_

As Its: Manager

LAFAYETTE PROPERTIES PARTNERSHIP,  
LLP, a Florida Limited Liability Partnership

By: \_\_\_\_\_

As Its: GENERAL PARTNER

TCPCO, LLC, a Florida Limited Liability  
Company

By: \_\_\_\_\_

As Its: MANAGING MEMBER

TNB FINANCIAL SERVICES, A DIVISION OF TROBANDVILLE  
NATIONAL BANK, CUSTODIAN F/B/O THOMAS W. ALLEN, IRA

BY: \_\_\_\_\_

**BUYER**

AS ITS: President - Trust Account

WATER MANAGEMENT SERVICES, INC.,  
a Florida corporation

By: \_\_\_\_\_

Gene D. Brown, as its President