

FLORIDA UTILITY SERVICES 1, LLC
3336 GRAND BLVD. SUITE 102
HOLIDAY, FL. 34690
863-904-5574

November 16, 2016

Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL. 32399

RE: Docket # 160218

Dear Commission Clerk:

Enclosed Please a copy of a compensation survey for the above docket file.

On behalf of the utility,



Mike Smallridge

RECEIVED- FPSC
2016 NOV 17 PM 2:25
COMMISSION
CLERK

FLORIDA UTILITY SERVICES 1, LLC

3336 GRAND BOULEVARD • SUITE 102 • HOLIDAY, FLORIDA 34690
352-302-7406 • MIKE@FUS1LLC.COM

Florida Utility Services 1, LLC has engaged OCBOA Consulting, LLC to conduct a salary study based on the 2016 AWWA compensation survey for Rural Water and Wastewater Utilities and other PSC documents.

The results of the compensation study are enclosed. Florida Utility Services 1, LLC requests the following salaries be approved in this docket.

Mike – President/Chief Operating Officer	\$93,800
Dan- Chief Financial Officer	\$ 55, 500
Jackie- Operation Supervisor/Maint. Tech.	\$ 39,000
Zach- Maintenance Tech.	\$ 37,900
Evelyn- Office Manager/ CSR	\$ 39,500
Elizabeth- CSR	\$ 34,000

MEMBERS:
JEFFERY SMALL
JASON SMITH



9525 GRAYSTOKE LANE
ORLANDO, FLORIDA 32817
(407) 377-5400

OCBOA Consulting, LLC

November 8, 2016

Michael Smallridge
Florida Utility Services 1, LLC
3336 Grand Blvd.
Suite 102
Holiday, FL 34690

OCBOA Consulting, LLC (OCBOA) is pleased to provide the following summary with recommendations on Florida Utility Services 1, LLC (FUS1) current salary compensation levels.

Summary of Proposal and Methodology:

OCBOA conducted a comprehensive compensation study for the employees currently working for FUS1 and one new proposed position.¹ The study involved obtaining, current job information from FUS1 for each employee, Florida Public Service Commission (FPSC) documents related to FUS1 owned or managed utility's that addressed employee compensation, 2016 American Water Works Association (AWWA) Compensation Survey for Rural Water and Wastewater Utilities, and FPSC documents related to the use of AWWA Compensation Surveys to evaluate salary levels in utility rate proceedings. The focus of our study was to develop a competitive salary range for FUS1 employees that encompass established FPSC policies using the 2016 AWWA industry benchmarks for employee compensation.

Compensation Survey Results:

A competitive average salary range was developed using the 2016 AWWA Compensation Survey for each FUS1 position. See Tables 1-1 and 1-2 that follow. The use of average salary ranges for evaluating salary levels is consistent with the FPSC practice in multiple rate case proceedings.²

- The minimum average salary range was used for evaluating new or entry level employees that perform the minimum skills required for the respective position.
- The median average salary range was used for evaluating established employees that have obtained and generally perform the skills required for the respective position.
- The maximum average salary range was used for evaluating officers and executive level employees that have obtained and perform the advanced skills required for the respective position.

¹ See Appendix 1 for a list of FUS1 employee positions with duties.

² See Appendix 2 for a list of FPSC documents reviewed.

Table 1-1

Position	Current Salary	Proposed Average Annual Salary		
		Minimum	Median	Maximum
President Chief Operating Office	\$60,000	\$66,265	\$79,144	\$93,823
Chief Financial Officer	\$53,040	\$43,583	\$51,100	\$59,560
Operations Supervisor/ Maintenance Technician	\$33,488	\$39,876	\$47,882	\$56,867
Maintenance Technician	\$33,488	\$37,977	\$45,602	\$54,159
Office Manager/ Customer Service	\$37,440	\$32,122	\$39,528	\$48,176
Customer Service	\$30,160	\$30,592	\$37,646	\$45,882
Customer Billing (Proposed new PT position & salary)	\$8,424	no data available		

Table 1-2

Position	Current Salary	Proposed Average Annual Salary		
		Minimum	Median	Maximum
President Chief Operating Office	\$28.50	\$31.86	\$38.05	\$45.11
Chief Financial Officer	\$25.50	\$20.95	\$24.57	\$28.63
Operations Supervisor/ Maintenance Technician	\$16.10	\$19.17	\$23.02	\$27.34
Maintenance Technician	\$16.10	\$18.26	\$21.92	\$26.04
Office Manager/ Customer Service	\$18.00	\$15.44	\$19.00	\$23.16
Customer Service	\$14.50	\$14.71	\$18.10	\$22.06
Customer Billing (Proposed new PT position & salary)	\$8.10	no data available		

The tables above represent the average competitive range of salaries for each FUS1 employee position based on our review. The average salaries were determined using data from the 2016 AWWA Compensation Survey based on the position descriptions, assigned duties and responsibilities that was provided for each FUS1 employee.³ The shaded cells represent our recommended average salary range based on the actions exhibited in prior FPSC orders.

³ See Appendix 3 for calculations and references.

Additional Information:

FUS1 current salary level, as of June 30, 2016, is approximately \$256,040 which includes the anticipated new billing position. This salary level is \$2,912 above the \$253,128 salary level that was reviewed and approved for FUS1 employees in the Crestridge and Holiday Gardens Staff Assisted Rate Cases (SARC) with a test year ending September 30, 2014.⁴ Your salary, as president and COO, was reviewed and approved in the Pinecrest SARC with a test year ending September 30, 2012.⁵

At the time of the Crestridge and Holiday Gardens SARC's, FUS1 managed or owned six utility systems serving approximately 1,810 customers. Currently, FUS1 manages or owns nine utility systems serving approximately 1,954 customers, as of September 30, 2016. This represents a customer base increase of approximately 7.96 percent with no change in staffing.⁶ FUS1's desire to add a part-time customer billing position appears reasonable based on FUS1's customer growth and because it will maintain an employee to customer ratio of approximately 1 employee for each 300 utility customers.⁷

Additionally, FUS1's desire to reclassify and include management and supervisory responsibilities for Evelyn and Jackie's positions, appear reasonable based on FUS1 growth since September 2014. The salary survey that we have provided incorporates these new responsibilities for the two positions.

OCBOA has provided a recommended salary range for each position based on our review of the materials cited above. The actual salary for each position should be determined by you and may include other factors that were beyond the scope of our review, such as an employee's length of service and their actual job performance.

Thank you for allowing us to provide this service.

Sincerely,



Jeffery Small
OCBOA Consulting, LLC
Managing Member

⁴ See Commission Order Nos. PSC-15-0588-PAA-WU and PSC-15-0592-PAA-WU.

⁵ See Commission Order No. PSC-13-0320-PAA-WU.

⁶ See Appendix 4 for a list of FUS1 utility systems.

⁷ See Appendix 4 for calculation.

Appendix 1

Florida Utility Services 1, LLC: Allocation of Employee Time

EMPLOYEE	YEARS OF SERVICE	
	FUS1	INDUSTRY
1. Evelyn Alicia	2	8
90% Customer Service Representative		
5% Office Manager: Orders Supplies Coordinates Customer Refunds, Etc.		
5% Deposits: Makes Electronic Deposits of Customer Payments		
2. Elizabeth Jones	1	3
90% Customer Service Representative		
5% Making Deposits		
5% Coordinates 811 Locates		
3. Dan Walsh (CFO)	4	40
60% Maintains Books and Records of All Companies		
35% Paying Vendor Bills, Payroll, and Allocations		
5% Preparing Annual Reports, Index Adjustments, and Other Filings		
4. Jackie Love (Operations Supervisor)	6	25
50% Maintenance and Repairs		
40% Disconnects and Reconnects		
10% Supervises all Projects		
5. Zach Rupe (Service Tech)	1	1
50% Maintenance and Repairs		
40% Disconnects and Reconnects		
10% Equipment Maintenance and Repairs		
6. Part-time Person		
45% Prepares Monthly Customer Billings		
45% Prepares Monthly Cut-Off Notices		
10% Prepares Other Mailings		

List of FPSC Documents Reviewed

Docket	Order	Date	System	Discussion
021228-WS	PSC-03-1342-PAA-WS	11/24/03	Service Management Systems, Inc. (SARC)	Utility President/General Manager salary set at AWWA average rate for all managers in the 1998 compensation survey.
030423-WU	PSC-04-0356-PAA-WU	04/05/04	Residential Water Systems, Inc. (Over Earnings)	Utility Vice President salary set at AWWA average rate for office/management function in the 1998 compensation survey adj for inflation.
050862-WU	PSC-07-0604-PAA-WU	07/30/07	County-Wide Utility Company, Inc. (SARC)	Utility President/General manager salary set at AWWA average rate for Water Operations Manager in the 2003 compensation survey.
070601-WU	PSC-08-0309-PAA-WU	05/13/08	Orangeland Water Supply (SARC)	Utility salaries were imputed for 2 employees based on the appropriate salary levels from the 2003 compensation study. They were indexed up to 2007.
080715-WU	PSC-09-0587-PAA-WU	08/31/09	CWS Communities, LP (SARC)	Utility Manager salary request approved. It was below the average rate for managers in the 2008 compensation survey.
090230-WU	PSC-10-0126-PAA-WU	03/03/10	Camachee Island Company, Inc. (SARC)	Utility salaries for 4 employees set at AWWA average rate for respective job duties in the 2008 compensation survey
090477-WU	PSC-10-0380-PAA-WU	06/15/10	Alturas Utilities, Inc. (SARC)	Utility contract managers compensation set at allocation of 4 job classifications average rate in the 2008 compensation survey.
120078-SU	PSC-13-0126-PAA-SU	03/14/13	TKCB (SARC)	Utility President salary set at AWWA average rate for accounting manager/controller position in the 2008 compensation survey.
120152-WS	PSC-13-0187-PAA-WS	05/02/13	Pluris Wedgefield, Inc. (F&S RC)	Utility salaries for 3 employees set at AWWA average rate for respective job duties in the 2011 compensation survey.

List of FPSC Documents Reviewed

Docket	Order	Date	System	Discussion
120268-WU	PSC-13-0320-PAA-WU	07/12/13	Pinecrest Utilities, Inc. (SARC)	Utility officer salary approved because it was below the average salary rate for respective duties in the 2012 compensation survey.
120270-SU	PSC-13-0327-PAA-SU	07/16/13	West Lakeland Wastewater, LLC (SARC)	Utility officer salary approved because it was below the average salary rate for respective duties in the 2012 compensation survey.
130010-WS	PSC-13-0611-PAA-WS	11/19/13	Ni Florida, LLC (F&S RC)	Utility salaries for 9 corporate employees reduced to maximum limit for respective job duties in the 2012 compensation survey.
120209-WS	PSC-14-0025-PAA-WS	01/10/14	Utilities, Inc. of Florida (F&S RC)	Utility salaries for 20 corporate employees reduced to maximum limit for respective job duties in the 2012 compensation survey.
130265-WU	PSC-14-0626-PAA-WU	10/29/14	Little Gasparilla Water Utility, Inc. (SARC)	Utility salaries for 3 employees set at AWWA average rate for respective positions in the 2012 compensation survey.
130178-SU	PSC-15-0142-PAA-SU	03/26/15	Crooked Lake Park Sewerage Company (SARC)	Utility salaries for office manager approved because it was below the average salary rate for respective duties in the 2012 compensation survey. Maintenance worker salary level of \$11/hr approved based on prior Commission precedent.
140217-WU	PSC-15-0535-PAA-WU	11/19/15	Cedar Acres, Inc. (SARC)	Utility Finance manager salary set at AWWA average minimum rate in the 2012 compensation survey
140177-WU	PSC-15-0588-PAA-WU	12/29/15	Holiday Gardens Utilities, LLC (SARC)	Established rate base and set rates. Reviewed and approved FUS1 salary levels.
140175-WU	PSC-15-0592-PAA-WU	12/30/15	Crestridge Utilities, LLC (SARC)	Established rate base and set rates. Reviewed and approved FUS1 salary levels.
Shaded area indicates a FUS1, LLC managed or owned utility system.				

Determination of 2016 AWWA Average Compensation Range

Name	Title	Current Salary		AWWA Annual Salary			AWWA Hourly Salary		
		Annual	Hourly	Min	Mid	Max	Min	Mid	Max
Mike	President / Chief Operating Officer	\$60,000	\$28.85	\$66,265	\$79,144	\$93,823	\$31.86	\$38.05	\$45.11
Dan	Chief Financial Officer	\$53,040	\$25.50	\$43,583	\$51,100	\$59,560	\$20.95	\$24.57	\$28.63
Jackie	Operations Supervisor /Maint. Technician	\$33,488	\$16.10	\$39,876	\$47,882	\$56,867	\$19.17	\$23.02	\$27.34
Zach	Maintenance Technician	\$33,488	\$16.10	\$37,977	\$45,602	\$54,159	\$18.26	\$21.92	\$26.04
Evelyn	Office Manager/Customer Service	\$37,440	\$18.00	\$32,122	\$39,528	\$48,176	\$15.44	\$19.00	\$23.16
Elizabeth	Customer Service	\$30,160	\$14.50	\$30,592	\$37,646	\$45,882	\$14.71	\$18.10	\$22.06
Current Total		\$247,616							
New	Customer Billing (part time @1,040 hrs.)	\$8,424	\$8.10	no data available					
Anticipated Total		\$256,040							

The salary ranges were developed using data from the 2016 AWWA Compensation Survey with the following additional information.

The AWWA Compensation Survey includes data for three ranges of survey participants , 1) All Participants, 2) Water Participants, and, 3) Water/Wastewater Participants. We used the data for All Participants because it provides the most comprehensive information that better corresponds with the operational structure of the FUS1 systems.

The All Participant range of the AWWA survey includes three levels of reported data, 1) Ownership/Management Type, 2) Population Size, and, 3) Total Employment. We used the data for Population Size because it provides the most comprehensive information that better corresponds with the operational structure of the FUS1 systems.

The Presidents salary range was calculated using the Rural System General Manager position because of the executive, financial and operational responsibilities required for this position.

The CFO salary range was calculated using the Rural System Bookkeeper position because of the financial accounting and reporting responsibilities required for this position.

The Operations Supervisor salary range was calculated using the Rural System Maintenance Technician position increased by 5% to reflect the additional supervisory responsibilities contemplated for this position.

The Office Managers salary range was calculated using the Rural System Accounting Clerk position increased by 5% to reflect the additional office management responsibilities contemplated for this position.

The Customer Service salary range was calculated using the Rural System Accounting Clerk position because of the billing, collection and customer service responsibilities required for this position.

The Utility contemplates adding a Customer Billing position due to the increased work load that is resulting from system acquisitions. No comparable salary scale for this type of position was included in the AWWA Compensation Survey.

AWWA Compensation Survey Salary Range (All Participants)

Position Description	Average Annual Salary			Average Hourly Salary		
	Minimum	Mid-Point	Maximum	Minimum	Mid-Point	Maximum
<i>R100 Rural System General Manager</i>						
By customer < 5,000	\$66,265	\$79,144	\$93,823	\$31.86	\$38.05	\$45.11
By Employment < 25	\$68,577	\$81,316	\$96,238	\$32.97	\$39.09	\$46.27
Responsible for office and field administration, planning, reporting and policy administration. Hires and terminates employees and determines compensation. Responsible for public relations and compliance policies. Reports directly to board of directors or city council and may supervise contract, office, plant, distribution and operations employees.						
<i>R150 Rural System Bookkeeper</i>						
By customer < 5,000	\$43,583	\$51,100	\$59,560	\$20.95	\$24.57	\$28.63
By Employment < 25	\$43,347	\$51,344	\$60,104	\$20.84	\$24.68	\$28.90
Responsible for maintaining the system's financial accounts. Typically pays vendor and utility bills, processes receivables and deposits and maintains accurate records of all financial transactions. Is not required to possess an accounting certificate.						
<i>R160 Rural System Accounting Clerk</i>						
By customer < 5,000	\$30,592	\$37,646	\$45,882	\$14.71	\$18.10	\$22.06
By Employment < 25	\$33,705	\$40,275	\$47,664	\$16.20	\$19.36	\$22.92
Responsible for assisting the bookkeeper or office manager with billing functions. May assist customers who pay in person by collecting cash and checks, processing credit cards, issuing receipts and fielding questions and complaints. May also collect and process meter readers' reports.						
<i>R200 Rural System Maintenance Technician</i>						
By customer < 5,000	\$37,977	\$45,602	\$54,159	\$18.26	\$21.92	\$26.04
By Employment < 25	\$38,988	\$45,988	\$53,735	\$18.74	\$22.11	\$25.83
Responsible for planning, scheduling, and performing preventative and regular maintenance work. May hold a state operator's license or operate water and wastewater components under supervision of a licensed operator. Must possess string working knowledge of line maintenance, valves, meters, chemicals, controls and other treatment equipment.						

Source: 2016 AWWA Compensation Survey of Rural Water and Wastewater Utilities serving populations under 10,000.
 Effective Date: March 2016 Date Published October 2016

Appendix 4

Utility Systems Managed/Owned by FUS1
September 2016

FUS1 Utility System		Customer Base @		
		09/30/14	09/30/16	Inc(Dec)
CCU	Charlie Creek	177	152	(25)
CRU	Crestridge	616	597	(19)
EMU	East Marion	100	103	3
HGU	Holiday Gardens	456	446	(10)
LFU	Lake Forest	-	61	61
MGU	McLeod Gardens (pending)	-	86	86
OLU	Orange Land Utilities (pending)	-	74	74
PCU	Pinecrest	147	128	(19)
WLU	West Lakeland	314	307	(7)
Total Customers		1,810	1,954	144
Actual/Requested Employee		6.0	6.5	0.5
Customer Base per Employee		302	301	1
Increase in customer base			7.96%	