

**SUNDSTROM  
& MINDLIN, LLP**  
Attorneys | Counselors



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January 10, 2025

Mr. Adam Teitzman, Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: NC Real Estate Projects, LLC dba Grenelefe Resort Utility, Inc.  
Application for staff assisted rate case

Dear Mr. Teitzman,

Pursuant to Section 367.0814, Florida Statutes, and Rule 25-30.455, Florida Administrative Code, I am filing the attached information on behalf of the above utility in order to seek interim and final increases in rates and service availability charges for the water and sewer systems operated by the utility in Polk County. Enclosed are the following items:

1. The "Outline of Request" detailing the interim rate, final rate and service availability charge, requests for the utility.
2. The staff assisted rate case application form as required under Rule 25-30.455(2), FAC.
3. An outline of the proposed capital addition and operational pro forma adjustments that the utility believes must be incorporated in any change in rates or service availability charges in order to ensure that the utility has the opportunity to recover its costs and earn a fair rate of return on its investment going forward. Recognition of these adjustments is key in that the utility has some of the lowest, if not the lowest, water and wastewater rates of any regulated utility in the state. The systems are in dire need of both immediate increases in water and wastewater rates and increases in service availability charges on both an interim and final basis.

If you need any further information or have any questions, please do not hesitate to contact me.

Sincerely,

SUNDSTROM & MINDLIN, LLP

*F. Marshall Deterding /brf*  
F. Marshall Deterding  
Of Counsel

FMD/brf  
Enclosures

NC Real Estate Projects, LLC d/b/a Grenelefe Utility

Application for Staff Assisted Rate Case

## Outline of Request

NC Real Estate Projects, LLC d/b/a Grenelefe Utility (“Grenelefe” or “Utility” or “Applicant”) is filing this Application for a Staff Assisted Rate Case in order to obtain the needed increases in water and wastewater rates for the systems which it operates in Polk County, Florida.

The current owners of the systems acquired them approximately 2 ½ years ago. Upon beginning to operate the systems, the Applicant determined that many items of the plant and facilities had been in service for many years beyond their useful lives. Many components of the system were in poor condition and in need of substantial maintenance and repair. Many aspects of operations including, regular maintenance, repairs and even billing, had been poorly managed for some time.

The new owners have begun the process of correcting operational, management, and equipment deficiencies and are well on their way to correcting the shortcomings in the system that were discovered over the first two years after taking over operation.

In addition to the many operational shortcomings discovered after acquisition, it was determined by the new owners that the rates for water and wastewater services had not been adjusted through a general rate increase request to the PSC in over 12 years. In addition to the losses that were immediately evident to the new owners, the required correction of several operational shortcomings and needed upgrades to the system further suggested that rate relief was urgently needed. The new owners also determined that rate relief would also be needed to cover the cost of improvements that the new owners were required to undertake immediately to correct shortcomings in the systems and to remain in compliance with existing and imminent regulatory requirements.

The Utility is therefore seeking in this Application the following:

**Immediate Interim rate relief** – The Utility is seeking immediate relief to cover its cost of operation as they currently exist including the new costs that it has incurred recently to correct operational shortcomings that it has discovered. Grenelefe requests that this includes the cost associated with the replacement of existing meters with an all new electronic read metering system that the utility believes is overdue to implement. All of the current meters are well past their useful lives and have not been adequately maintained or subject to a prudent meter change out or maintenance program. Therefore, this change is badly needed immediately. The Applicant stands ready to undertake and complete within 60 days of obtaining rate relief to cover such costs. The nature and amount of those costs is discussed in more detail on the attached list of proforma adjustments.

**Immediate Interim Service Availability Charges** – The utility is required to undertake immediately a substantial rebuild of its wastewater treatment plant at an estimated cost of over \$16.3 million. This construction is required by the Florida Department of Environmental Protection (FDEP) regulations as well as by the conditions of the Utility’s Wastewater Treatment Plant Operation Permit. The improvements represent facilities to be constructed within a reasonable time after the end of the test year that are used and useful in the public service. Such property is needed to serve current customers. The facilities to be constructed also represent environmental compliance costs as that term is defined under section 367.081 (2), Florida Statutes. Those facilities also are part of a Reuse project plan required or recommended pursuant to section 403.064, F.S.

Grenelefe anticipates that beginning immediately and continuing over the next several years, the additions of new customers will be at a much quicker pace than the utility has experienced historically.

The utility does not currently have plant capacity or connection charges approved by the PSC. The utility is preparing to undertake substantial required plant improvements that will likely result in the ultimate approval of plant capacity charges for all future customers. As such, in order to avoid inequities in the application of new plant capacity charges between those that connect in the next year and those that will connect after this SARC case is finalized, the Commission should authorize the collection of new and substantial plant capacity charges to be collected on an interim basis and held subject to refund until such time and final and permanent plant capacity charges can be established in this proceeding.

**Final Rate Relief approval** – The Utility is requesting rates to cover the cost of expenses of providing service including (a) Recovery of historic operating costs for the test year; (b) Recovery of proforma operating costs to recognize the changes in operating cost anticipated by the utility during the time final rates are expected to be in effect; (c) Depreciation & a return on investment in facilities operated by the Utility during the test year; (d) Depreciation & a return on investment in facilities to be constructed within a reasonable period of time after the end of the historic test year, property needed to serve current customers, property needed to serve customers 5 years after the end of the test year, Environmental Compliance costs, and facilities constructed as part of a Reuse project.

**Final Service Availability Charge Approval** – Establish appropriate service availability policy and charges in accordance with Commission rules which will include the investment in the water and wastewater plants and facilities outlined in the attached proforma projects.

FLORIDA PUBLIC SERVICE COMMISSION

APPLICATION FOR A  
STAFF ASSISTED RATE CASE

I. GENERAL DATA

A. Name of Utility: **North Carolina Real Estate Projects LLC d/b/a Grenelefe Utility**

B. Address: **3425 Turnberry Dr. Lakeland FL 33803**

1. Telephone Nos.: **(863) 422 7511 utility office**

2. County: **Polk**

Nearest City: **Haines City**

3. General Area Served: **Haines City**

C. Authority:

1. Water Certificate No. **589**

Date Received: **7/8/2024**

2. Wastewater Certificate No. **507**

Date Received: **7/8/2024**

3. Date Utility Started Operations: **Water:**

**Wastewater:**

D. How System Was Acquired: **Purchased**

If utility was purchased, give date **May31, 2022**

Amount Paid \$ **2.5 million**

1. Name of Seller: **Greenlefe Resort Utility Inc.**

2. Was seller affiliated with present owners? **No**

3. Did you purchase:  Stock  or assets only

E. Type of Legal Entity:

Corporation

Partnership

Sole Proprietorship

F. Ownership & Officers:

	Name	Title	Percent Ownership
1.	<u>Fredrick Scott House</u>	<u>Member Manger</u>	<u>100</u>
2.	<u>Jason Cox</u>	<u>Controller</u>	<u></u>
3.	<u></u>	<u></u>	<u></u>
4.	<u></u>	<u></u>	<u></u>

G. List of Associated Companies and Addresses:

**Smokey Groves Development LLC**  
**Ronin Assets LLC**

H. If you have retained an attorney and/or a consultant to represent the utility for this application, furnish the name(s) and address(es):

Name:

Address:

**Marshal F Deterding Esq.**

**2548 Blairstone Pines Dr. Tallahassee 32301**

**Gary S Morse**

**44 Black Willow St. Homosassa Fl 34446**

II. ACCOUNTING DATA

A. Outside Accountant

1. Name:
2. Firm:
3. Address:
4. Telephone: ( )

B. Individual To Contact On Accounting Matters:

1. Name: **Jason Cox Controller**
2. Telephone: **(704) 996 4543**

C. Location of Books and Records: **110 Wades Way Unit 314 Mooresville North Carolina 28117**

D. Have you filed an Annual Report with the Commission? Yes

Date Last Filed: **March 2024**

E. Has your latest Regulatory Assessment Fee Payment been made?

(January 30 or July 30 whichever is applicable)  Jan 30  July 30

F. Basic Rate Base Data: (Most recent two years)

1. <u>Water:</u>	2023	12 Mo. Ended 10/2024
Cost of Plant In Service	\$ <u>3,067,833</u>	\$ <u>3,067,833</u>
Less Accumulated Depreciation	<u>2,670,608</u>	<u>2,735,323</u>
Less Contributed Plant	<u>331,958</u>	<u>293,772</u>
Net Owner's Investment	\$ <b>65,267</b>	\$ <b>38,738</b>

	2023	12 Mo. Ended 10/2024
2. <u>Wastewater:</u>		
Cost of Plant In Service	\$ 3,108,895	\$ 3,277,805
Less Accumulated Depreciation	2,737,951	2,802,666
Less Contributed Plant	311,267	292,780
Net Owner's Investment	\$ 59,677	\$ 182,359

G. Basic Income Statement: (Most recent two years)

	2023	2024
1. <u>Water:</u>		
Revenues (By Class)		
a. <b>Residential</b>	\$ 64,123	\$ 359,309
b. <b>Commercial</b>	5733	
	6347	
c. <b>Irrigation</b>	188,711	
Total Operating Revenues:	\$ 264,914	\$ 359,309
Less Expenses:		
a. Salaries & Wages – Employees		
b. Salaries & Wages - Officers, Directors, & Majority Stockholders		
c. Employee Pensions & Benefits		
d. Purchased Water		
e. Purchased Power	70,972	38,363
f. Fuel for Power Production		
g. Chemicals	25,587	20,101
h. Materials & Supplies	4,201	
i. Contractual Services	291,012	359,238
j. Rents		
k. Transportation Expenses		
l. Insurance Expense		3,529
m. Regulatory Commission Expense		
n. Bad Debt Expense		
o. Miscellaneous Expense	13,175	
p. Depreciation Expense	77,658	64,715
q. Property Taxes	4,931	3,207
r. Other Taxes(RAF)	5,218	7,303
s. Income Taxes		
Operating Income (Loss)	\$ <227,840>	\$ <137,147>

	2023	12 Mo. Ended 10/2024
2. <u>Wastewater</u>		
Revenues (By Class):	\$	\$
a. <b>Residential</b>	<u>86,950</u>	<u>225,428</u>
b. <b>Commercial</b>	<u>7,774</u>	
c. <b>Multi Family</b>	<u>8,606</u>	
Total Operating Revenues:	<u>\$ 103,330</u>	<u>\$ 225,428</u>
Less Expenses:		
a. Salaries & Wages – Employees		
b. Salaries & Wages - Officers, Directors, & Majority Stockholders		
c. Employee Pensions & Benefits		
d. Purchased Wastewater Treatment		
e. Sludge Removal Expense	<u>78,425</u>	<u>90,677</u>
f. Purchased Power	<u>30,416</u>	<u>59,049</u>
g. Fuel for Power Production		
h. Chemicals	<u>6,397</u>	<u>8,377</u>
i. Materials & Supplies	<u>4,201</u>	
j. Contractual Services	<u>170,439</u>	<u>390,400</u>
k. Rents		
l. Transportation Expenses		
m. Insurance Expense	<u>2,050</u>	<u>3,529</u>
n. Regulatory Commission Expense	<u>750</u>	
o. Bad Debt Expense		
p. Miscellaneous Expense	<u>12,425</u>	
q. Depreciation Expense	<u>42,524</u>	<u>35,437</u>
r. Property Taxes	<u>5,132</u>	<u>3,207</u>
s. Other Taxes(RAF)	<u>6,705</u>	<u>5,150</u>
t. Income Taxes		
Operating Income (Loss)	<u>\$ &lt;256,134&gt;</u>	<u>\$ &lt;370,398&gt;</u>

H. Outstanding Debt:

	Creditor	Date Borrowed	Balance Due	Interest Rate	Expiration Date
1.	<u>Prime Meridian</u>	<u>Feb 2024</u>	<u>2 Million</u>	<u>Line of Credit</u>	
2.					
3.					
4.					

I. Indicate Type of Tax Return Field:

- Form 1120 -Corporation
- Form 1120S -Subchapter S Corporation
- Form 1065 – Partnership
- Form 1040 - Schedule C - Individual (Proprietorship)

III

ENGINEERING DATA

A. Outside Engineering Consultant:

- 1. Name: **George McDonald**
- 2. Firm: **McDonald Group International Inc.**
- 3. Address: **9030 South Brittany Path, Inverness, FL 34452**
- 4. Telephone: **(352) 637 1652**

B. Individual to contact on engineering matters:

- 1. Name:
- 2. Telephone: ( )

C. Is the utility under citation by the Department of Environmental Protection (DEP) or County Health Department? If yes, explain: **Required wastewater plant upgrades to meet new treatment standards. See attached narrative for description of these FDEP requirements.**

D. List any known service deficiencies and steps taken to remedy problems: **None Currently**

E. Name of plant operator(s) and DEP operator certificate number(s) held: **Ben Tech LLC  
Keith Burge-Operator**

F. Is the utility serving customers outside of its certificated area? **Yes**  
If yes, explain: **Certificate modification underway at FPSC**

G. Wastewater:

- 1. Gallons per day capacity of treatment facilities:
  - a. Existing: **.340 MGD**
  - b. Under Construction:
  - c. Proposed:
- 2. Type and make of present treatment facilities: **Extended Aeration**
- 3. Approximate average daily flow of treatment plant effluent: **150,000 GPD**

4. Approximate length of wastewater mains:

Size (diameter):					
Linear feet:					

- 5. Number of manholes: **Unknown**
- 6. Number of lift stations: **5**
- 7. How do you measure treatment plant effluent? **Flow Meter**
- 8. Is the treatment plant effluent chlorinated? **Yes**



If yes, what is the normal dosage rate?

- 9. Tap in fees – Wastewater: \$ **Actual Cost**
- 10. Service availability fees – Wastewater: \$
- 11. Note DEP Treatment Plant Certificate Number and date of expiration: **FLA013016**  
Number Expiration Date: **November 15, 2027**
- 12. Total gallons treated during most recent twelve months: **50.581 MG for 2023**
- 13. Wastewater treatment purchased during most recent twelve months: **N/A**

H. Water:

- 1. Gallons per day capacity of treatment facilities:  
a. Existing: **2.16 MGD**                      b. Under Construction :                      c. Proposed:
- 2. Type of treatment: **Disinfection and Corrosion Control per last Sanitary Survey**
- 3. Approximate average daily flow of treated water: **198,927 GPD per last Sanitary Survey**
- 4. Source of water supply: **2 wells**
- 5. Types of chemicals used and their normal dosage rates: **Liquid Chlorine 30 GPD**

- 6. Number of wells in service: **2**  
Total capacity in gallons per minute (gpm): **3,000 GPM**

Diameter/Depth:	<b>12" / 1,440Ft</b>	<b>8" / 904Ft</b>	
Motor horsepower:	<b>125 HP</b>	<b>125 HP</b>	
Pump capacity (gpm):	<b>1,500GPM</b>	<b>1,500</b>	

- 7. Reservoirs and/or hydropneumatic tanks:

Description:	<b>Hydro</b>		
Capacity:	<b>25,000 Gallons</b>		

- 8. High service pumping:

Motor horsepower:				
Pump capacity (gpm):				

- 9. How do you measure treatment plant production? **Signet electronic meter**

- 10. Approximate feet of water mains:

Size (diameter):	<b>6"-10"</b>		
Linear feet:	<b>Unknown</b>		

- 11. Note any fire flow requirements and imposing government agency: **750 GPM**

- 12. Number of fire hydrants in service: **75**

- 13. Do you have a meter change out program?  No  Yes
- 14. Meter installation or tap in fees - Water \$ 600
- 15. Service availability fees - Water \$ \_\_\_\_\_
- 16. Has the existing treatment facility been approved by DEP?  No  Yes
- 17. Total gallons pumped during most recent twelve months: 116.55 MG
- 18. Total gallons sold during most recent twelve months: 49.7 MG
- 19. Gallons unaccounted for during most recent twelve months: 66.85 MG
- 20. Gallons purchased during most recent twelve months: N/A

**IV. RATE DATA**

A. Individual to contact on tariff matters:

- 1. Name: Marshall F Deterding
- 2. Telephone Number: (850) 877 6555

B. Schedule of present rates: (Attach additional sheets if more space is needed)

1. Water:

- a. Residential Water See Attached Tariff Sheets
- b. General Service \_\_\_\_\_
- c. Special Contract \_\_\_\_\_
- d. Other - Specify \_\_\_\_\_

2. Wastewater:

- a. Residential Wastewater See Attached Tariff Sheets
- b. General Service \_\_\_\_\_
- c. Special Contract \_\_\_\_\_
- d. Other - Specify \_\_\_\_\_

C. Number of Customers: (Most recent two years)

	<b>2023</b>	<b>12 Mo. Ended 10/2024</b>
1. Water Metered	<b>2023</b>	<b>12 Mo. Ended 10/2024</b>
a. Residential	<u>1,608</u>	<u>1,608</u>
b. General Service	_____	_____
c. Special Contract	_____	_____
d. Other - Specify	_____	_____
2. Water Unmetered	<b>20</b>	<b>20</b>
a. Residential	_____	_____
b. General Service	_____	_____
c. Special Contract	_____	_____
d. Other - Specify	_____	_____
3. Wastewater	<b>2023</b>	<b>12 Mo. Ended 10/2024</b>
a. Residential	<u>1,357</u>	<u>1,357</u>
b. General Service	_____	_____

- c. Special Contract
- d. Other - Specify

_____	_____
_____	_____
_____	_____

V. AFFIRMATION

*Jason Cox Controller*

I, \_\_\_\_\_ the undersigned owner, officer, or partner of the above named public utility, doing business in the State of Florida and subject to the control and jurisdiction of the Florida Public Service Commission, certify that the statements set forth herein are true and correct to the best of my information, knowledge, and belief.

Signed *Jason Cox*  
Title *Controller*  
*NC Real Estate Projects, LLC*

Notice: Section 837.06, Florida Statutes, provides that any person who knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his duty shall be guilty of a misdemeanor of the second degree.

**NC Real Estate Projects, LLC d/b/a Grenelefe Utility**  
**Application for Staff Assisted Rate Case**  
**Pro Forma Adjustments**

**CAPITAL COSTS**

1. **Required Wastewater Treatment Plant improvements in Rates** – The utility is required to undertake immediately a substantial rebuild of its wastewater treatment plant at an estimated cost of over \$16.3 million. This construction is required by the Florida Department of Environmental Protection (FDEP) regulations, as well as by the conditions of the Utility's Wastewater Treatment Plant Operation Permit. The improvements represent facilities to be constructed within a reasonable time after the end of the test year that are used and useful in the public service. Such facilities are needed to serve current customers. The facilities to be constructed also represent Environmental Compliance Costs as that term is defined under section 367.081 (2), Florida Statutes. Those facilities are also part of a Reuse Project Plan required or recommended pursuant to section 403.064, Florida Statutes.

Attached is a letter from the Engineer, who has designed the new Wastewater Treatment Plant improvements and is overseeing the permitting of it. As noted by him, in order to comply with the FDEP directives, the SBR process will utilize three parallel tanks, within which the biological processes needed to meet both secondary and advanced nutrient control requirements use the same tanks and equipment that is used to redevelop capacity to 0.495 MGD. He states that it is difficult to segregate the costs of constructing these and related plant work into value additive components of improvements associated with meeting mandated requirements and those that are solely related to restoring capacity. That said, the part of the new facilities that are being constructed to allow for additional capacity above that needed to service existing customers are those related to the Rapid Infiltration System (RIBs) works. The total cost of those facilities is estimated to be \$1.066 million. Those facilities, however, are part of a reuse Project as defined by Section 403.064, Florida Statutes.

The WWTP construction project is in the permitting stages before FDEP at the time of this filing. It is anticipated that once the physical construction begins, the newly constructed plant with all amenities will be completed and online in 18-24 months.

The utility is requesting that the entire cost of this new plant: (1) be recognized in rate base; (2) that a return on and depreciation of this new investment be included in rate setting; and (3) that such rates be allowed to go into effect no later than the date that the plant is expected to go online.

2. **Required Wastewater Treatment Plant Improvements in new Service Availability Charges** – The utility is also requesting that the cost of the new wastewater treatment facilities be used to calculate new Plant Capacity Charges that will allow the utility to recover as much of the new investment as is permissible under Commission rules through such charges. In this way, it will ease the substantial burden on the general body of ratepayers of the

substantial costs of complying with these regulatory requirements. If such charges can be authorized on an interim basis, it would assist in that regard.

3. **Radio Read Meter Installation** – The water meters, which the new owners found in use after operations, were transferred approximately 2.5 years ago and were the old manual read type. Manual read meters are obsolete and, as such, parts and replacements are hard to obtain from suppliers. In addition, most, if not all of the meters in use, were well past their planned useful service life. There was no prudent meter change out program in effect and a high percentage of the meters in use were not functioning properly or were otherwise inaccessible. The utility decided that in addition to the need to update and modernize the meter reading system, the poor state of the present meter reading system required the utility to immediately move forward with a program to change out all existing meters for new radio read metering systems. Grenelefe has already begun the process of installing these new meters in its new service location. The utility is scheduled to move forward with the complete change out program (which it has been advised can be completed within 8 weeks) as soon as the Commission authorizes the utility to recover the change out costs estimated to be \$1,026,143.41. Attached are the estimates of the equipment and installing cost for which immediate recovery is sought.

#### 4. **Lift Station Refurbishment**

**Lift station #1:** This lift station is suffering from years of neglect. The electrical panel is old and improperly grounded presenting a serious safety hazard. The pumps are old, inefficient and needed to be replaced years ago. The wet well is suffering from corrosive sewer gases and needs to be lined before it is past the ability to be lined. The valves and check valves in the valve pit are badly corroded, inoperable and need to be replaced.

Total rehab price is \$148,672.00

**Lift station #2:** This lift station is suffering from years of neglect. The electrical panel is old, improperly grounded with many bastard wires exposed and presents a serious safety hazard. The pumps are old, inefficient and need to be replaced. The wet well has pitted concrete, is on the verge of failing and needs to be lined before it is no longer a viable option. The valves and check valves in the valve pit are badly corroded, inoperable and need to be replaced.

Total rehab price is \$147,785.00

**Lift Station #3:** This lift station is barely functional and must be rehabbed in the very near future. The electrical panel is antiquated, needs to be replaced and presents a serious safety hazard. The pumps are old, inefficient and need to be replaced. The wet well has pitted concrete from exposure to sewer gases that are not properly vented and needs to be lined ASAP. The valves and check valves are so badly corroded, it is a safety hazard to even enter the valve pit. Needless to say, everything in the valve pit needs to be replaced.

Total rehab price is \$120,962.00

**Lift Station #4:** This lift station needs to be rehabbed. The electrical panel is old and needs to be replaced because of the age of the components. There is the very real potential of causing any new pumps that are to be installed to be subject to a catastrophic failure. The panel is also improperly grounded. The wet well is in bad shape and needs to be lined due to years of improper

venting of sewer gases. The valves and check valves are inoperable and well past their useful service lives.

Total rehab price is \$132,500.00

**Lift station #5:** This lift station is obsolete. All components need to be replaced due to safety concerns and the inefficiency of the station. The panel is improperly grounded and would not meet today's electrical codes. The pumps are inefficient and need replacement. The wet well is in bad shape due to being improperly vented and has pitted concrete. The wet well needs lining ASAP. The valves and check valves are inoperable and well past their useful service lives and need replacement.

Total rehab price is \$120,962.00

5. **New Utility Trucks:** The current vehicles have not been replaced since the last rate case and have outlived their useful service lives. A F-250 truck is needed for its ability to tow heavier equipment such as mini excavators and backhoes and tractors around the service territory. A F-150 is needed to transport utility personnel around the extremely expansive service territory along with their necessary tools to be able to affect repairs in a timely manner.

Total acquisition price: \$149,620.00

6. **New Golf Carts (3):** The current golf carts are no longer operating properly and need to be replaced. They are well past their useful service life and are no longer dependable for use in customer service and meter reading.

Total acquisition price: \$51,870.00

7. **New fire hydrants (15):** Each year, every fire hydrant in the service territory needs to be flow tested as ordered by the Polk County Fire Marshall's office. This year the flow testing revealed 15 fire hydrants that did not pass. These fire hydrants need to be replaced as required by the Fire Marshall.

Total Installed price: \$174,900.00

8. **Hydro tanks (2) need inspections and rehab:** The FDEP requires systems with hydro-pneumatic pressure tanks to be inspected every five years. Potable well #10 is well past the inspection date and needs to be scheduled now. The tank at potable well #6 is coming due shortly and is required to be inspected.

Total inspected price if minor touch ups needed plus paint for well #10: \$66,786.00

Total replacement if tank fails inspection: \$350,000.00

Total inspected price if minor touch ups needed plus paint for well #6: \$66,786.00

Total replacement if tank fails inspection: \$350,000.00

9. **Potable water well #10:** This well needs a new pump and motor as well as new controls and panel. It also should have a SCADA monitoring system in place to minimize water outages to the customer, as well as a new output meter to have flows metered for SWFMD.

Budgeted Amount: \$96,457.00

10. **Potable water well #6:** This well also needs a new pump and motor as well as new controls and control panel. It also should have a SCADA monitoring system in place to minimize water outages to the customer as well as a new output meter to have flows metered for SWFMD.  
Budgeted Amount: \$95,457.00

11. **Irrigation/Non potable wells:** This is a difficult item. If all of these wells are going to be turned into potable water wells then those wells need to be upgraded. The cost to upgrade each well with a new pump, new motor, new controls, new panel and new meters to measure outflow will need to be done.

Budgeted amount for each well: \$101,475.38 each well

12. **Valve replacement program:** The goal of this program would be to replace 10 valves in the potable water distribution system per year. Most all the isolation valves in the distribution system do not operate at all or do not fully close. This results in turning off a disproportionate number of customers to affect repairs on small water break that should only affect a small number of customers.

Replacement costs of (10) valves: \$171,637.39

## **OPERATIONAL CHANGES**

In order to properly reflect the revenues and costs associated with operating the facility, the test year results need to be adjusted to reflect the future 12 months for prior inconsistencies in revenue, future increased costs due to mandates and required increased monitoring costs. Below is an explanation of the Pro Forma Operational Charges required to the historic figures.

### **1. Revenue**

NC Real Estate Projects, LLC acquired the facility on May 31, 2022 and hired a manger to manage the facilities' billing and collection of outstanding accounts receivable. The prior manager of the facility was retained for 3 months to train the selected manager at the facility in inputting the manual meter reads into the software (which was the same software used by the prior owner) and then print off the bills and deliver them to the customers. During this transition, the Operator of the facility, US Water, brought their staff to the site and they were paid to manually read the meters and provide the reads to the manager, who uploaded them to Xylem, which was then sent to the billing software who prepared the bills. This process was flawed due to incorrect reads by the Operator's staff. The processor and billing software could not remedy the issues. This resulted in errors in billing sent to customers and difficulty in collections. This caused distrust of the facility's billing process, which resulted in large Accounts Receivable balances accruing.

In July 2023, a billing service was retained to handle the meter reading and collection of payments and accounts receivable collection. This company reconciled a lot of the accounts receivable, collected the proper amount and cleaned up the incorrect amounts. This improved customer relations thru increased use of the call center and utilized the online portal to pay their bills. The service collected funds for the Utility and sent them to the company as a bulk deposit.

This occurred in November, December and January. Such collections and deposits included both Aged Receivables along with current billings. This explains why the revenues were erratic in these months.

In November 2023, a new Operating Contractor was hired, Ben Tech, LLC. Ben Tech, LLC then agreed to take over the manual meter reads and input the reads into Starnik, the Billing Software. The next step was to address the Accounts Receivable balances by implementing a “Five Day Notice” program to collect outstanding account balances. The owner opened an account with Starnik, which allowed the AR account balances to transfer from the billing service to the Utility, who is now fully in control of the billing, AR balance management and collecting of billed accounts. This relationship has instilled trust in the Utility’s bills and caused customers to pay their bills on time to avoid triggering the collection protocol.

In the Adjusted Historical information provided, you will see that the revenues for November – February are adjusted to reflect the new reliable cash flow amounts expected.

## **2. Increased Costs of Plant Operations**

The operating costs of the facility are increasing due to FDEP mandated increased hours of onsite operators and the transition of contract labor to full time employees (so they can assure workman’s compensation for each worker). FDEP has required 24 additional hours per month of onsite Operator oversight of the facility, due to their increased Phosphate and Nitrogen monitoring which they are requiring beginning in 2025, which raises the monthly cost from \$15,000 to \$25,000 per month. In addition to the increased time of the Operator onsite, there are additional testing and monitoring costs to provide to the Polk County Board of Health and FDEP. Thus, water testing is being increased for each month to allow for that additional cost in the Adjusted Historical. Expenses provided.

In order to assure having workman’s compensation coverage for any worker at the facility, the Contract Laborers working at the facility will be converted to W-2 Employees through the hiring of them through a PEO which will furnish them with workman’s compensation insurance and whatever benefits they elect to pay through the PEO. This is being implemented to best adhere to the second utility management.

## **3. Management Fees**

The management of the facility is divided between a fulltime Accounting and Operations manager and the Owner who reviews all items for payment and selection of contractors to service and repair the items at the facility. Each of these two parties share in responsibilities of keeping the facility operating in a compliant manner to provide the customers with safe water and sewer services.



### **Accounting and Operations Manager - \$96,000**

This Manager's job responsibilities are: (1) to assure the facility pays all outstanding bills, (2) all revenue collected is reported and tracked properly through the Starnik accounts receivable, (3) receive and address any customer complaints with the customer and the FPSC, (4) communicate with the Operator and billing manager to assure both Operations at the Facility and the Billing to customers are completed timely and in accordance with the FL PSC mandates. This manager is responsible for preparing the FPSC Assessments and submitting them to the Owner for payment of the Water and the Wastewater Assessments in the allowed time. This manager submits and tracks to Owner all the required payments to FDEP, Polk County Board of Health, Polk County Tax Collector and SWFWM. In addition to these accounting responsibilities, this manger is responsible for assuring permits remain in satisfactory status and current with all governing bodies. This manager works with the Utility Attorney, engineers and consultants on any filings to be done for the adherence to the FPSC rules and any other governing body to address any legal, accounting or regulatory issues.

### **Owner - \$100,000**

The owner of NC Real Estate Projects, LLC is the ultimate responsible party for authorizing any hired parties at the facility, paying all invoices for the Utility, planning for the future growth of the facility and overseeing the implementation of those plans, approving any capital expenditures, approving any services utilized by the facility staff and is responsible for covering any funding shortfall from is resources to assure the facility operates in a compliant manner. As the Owner, he takes full responsibility to keep all aspects of the current facility compliant and approving any required improvements that will allow the Utility to operate and provide services to the current customers. Since the facility is going to be servicing additional customers in the next few years, he also is responsible for hiring and engaging with engineers for the future improvement plans for the facility. The owner has financial, oversight, planning and future growth responsibility for the Utility. These responsibilities justify his management fee due to the ultimate responsibility and depth of his involvement with all decisions for the facility.



December 3, 2024

Jason Cox, MBA, MRED  
Controller  
NC Real Estate Projects, LLC  
5147 South Lakeland Drive Unit 2  
Lakeland, FL 33813

**Subject** Grenelefe Water Utilities, Wastewater Treatment Plant;  
Apportionment of Costs related to DEP Mandatory Improvements and Capacity

In reply to your recent request for information concerning how the costs of the proposed Grenelefe Wastewater Treatment Plant improvements can be apportioned into those that derive from addressing mandated improvements required by the Florida Department of Environmental Protection, and those that derive from the need to create additional service capacity, I can offer the following comments.

**Regulatory Background**

This facility falls within the boundaries of the Lake Okeechobee Basin Management Action Plan (BMAP). This requires the treatment plant to meet a 6 mg/l total nitrogen limit and a 3 mg/l total phosphorus limit. These limits are based on the permitted capacity of the plant being more than 0.1 MGD but under 0.5 MGD with effluent reuse to rapid rate infiltration systems (which are reuse systems as defined in 62-610.810(2)(c)) . The following tables are excerpted from the BMAP.

**Table 19. TP effluent limits**

mgd = Million gallons per day

Permitted Average Daily Flow (mgd)	TP Concentration Limits for Direct Surface Discharge (mg/L)	TP Concentration Limits for RRLA Effluent Disposal System (mg/L)	TP Concentration Limits for All Other Disposal Methods, Including Reuse (mg/L)
Greater than or equal to 0.5	1	1	6
Less than 0.5 and greater than or equal to 0.1	1	3	6
Less than 0.1	6	6	6

**Table 20. TN effluent limits**

mgd = Million gallons per day

Permitted Average Daily Flow (mgd)	TN Concentration Limits for Direct Surface Discharge (mg/L)	TN Concentration Limits for RRLA Effluent Disposal System (mg/L)	TN Concentration Limits for All Other Disposal Methods, Including Reuse (mg/L)
Greater than or equal to 0.5	3	3	10
Less than 0.5 and greater than or equal to 0.1	3	6	10
Less than 0.1	10	10	10

Developing and implementing a plan to comply with these limits is further required by an Administrative Order AO-037SWD22 which is attached to the current wastewater permit. The Order stipulates a number of activities to come into compliance (excerpt below):

Action Item	Due Date
1) Collect monthly effluent samples and analyze for TN and TP and report as required by this permit and Discharge Monitoring Report.	First day of the second month following the permit issuance until September 31, 2025
2) Submit a proposal with the most feasible option to bring the TN and TP into compliance with the final limits being 10.0 mg/L and of 6.0 mg/L, respectively. If necessary, schedule a meeting with DEP SWD office to discuss the proposal.	Prior to September 31, 2025
3) Submit a proposal with the necessary modifications to the facility required to meet the treatment and disinfection requirements of 62-610.460, F.A.C., giving the facility the option to dispose of the effluent via a Part III Slow-Rate public	Prior to September 31, 2025

access reuse system (Irrigation). If necessary, schedule a meeting with DEP SWD office to discuss the proposal.	
4) Obtain the Department's approval for the proposal.	Prior to September 31, 2025
5) Implement the proposal.	Within twelve months of DEP approval and after obtaining a permit modification, if required.
6) Comply with the final limit for TN and TP or obtain Department approved regulatory relief	Within three months of completion of any modification if required.
7) Meet the facility classification and operator staffing requirement in accordance to Rule 62-699.310 (2) (a)1., F.A.C as a Category I, Type III, Class C facility.	Upon the date of completion for item 6.

***Ability of Existing Treatment Facility To Meet Requirements***

The existing facility uses an extended aeration design from the 1970s. Evaluation of the operating performance and design characteristics as well as several years of test data indicates the plant as is cannot and does not meet these nutrient reduction standards.

The plant is rated by FDEP in the current permit for a treatment capacity of 0.680 MGD. Constructed in three flow trains, permitted capacity is limited to 0.340 MGD as the oldest and smaller two flow trains of the plant are out of service, as well as limitations of the capacity of the rapid infiltration effluent reuse system.

***Development of Improvement Plan***

The utility owner requested that several alternate design concepts be developed to meet two objectives 1) meet the BMAP nutrient reduction requirements and 2) restore at least 0.495 MGD

of usable capacity out of the original 0.680 mgd plant. This was to ensure capacity was available to meet proposed new development and redevelopment.

The alternatives considered were:

- 1) substantially modify, reconfigure and rehab the existing plant
- 2) construct a new plant with the requisite unit processes and tankage
- 3) adding a sequencing batch reactor flowtrain while salvaging some of the existing tankage for raw flow, decant flow equalization and sludge digestion.

Of these the SBR alternative was found to be the most cost effective. In short summary, the improvements consist of first improving the plant's headworks to provide the level of pretreatment required by the SBRs, followed by improvements to construct the SBRs and repurpose existing tankage for raw flow equalization, decant flow equalization, and sludge digestion.

Improvements are broken down into phases. The existing treatment plant was constructed in three successive phases. The improvements planned to the plant are first to the headworks structure; these improvements are designated as Phase 4A. Subsequent improvements to further meet BMAP requirements are to construct the SBR system, incorporating existing tankage for sidestream processes as Phase 4B. Phase 4B provides an effluent meeting BMAP requirements and with 0.495 MGD of the original 0.680 MGD permitted plant capacity restored. Additionally, in Phase 4B, the existing four basin rapid infiltration basin system is consolidated and expanded so the effluent reuse system has a capacity of 0.495 MGD.

A summary of the engineer's opinion of costs associated with Phase 4A and Phase 4B are as follows:

<b>TOTAL PROJECT COST</b>	<b>\$16,347,253</b>
<b><i>SUMMARY</i></b>	
PHASE 4A (HEADWORKS AND FEQ IMPROVEMENTS)	\$1,840,281
PHASE 4B WW PLANT /SBR WORK	\$10,741,174
RAPID INFILTRATION BASIN CONSTRUCTION	\$877,737
BONDS, CONTINGENCIES, ENGINEERING	\$2,888,062

***Segregating Costs Into Mandatory Treatment Level Improvements and Capacity***

It is difficult to segregate the costs into value additive components of improvements associated with meeting mandated requirements and those that are solely related to restoring capacity. The SBR process will utilize three parallel tanks, within which the biological processes needed to meet secondary and advanced nutrient control requirements use the same tanks and equipment that is used to redevelop capacity to 0.495 MGD. The costs for both purposes present as the same.

The one set of costs that are readily identifiable as necessary solely to improve permitted capacity is the consolidation and expansion of the rapid infiltration basin reuse system.

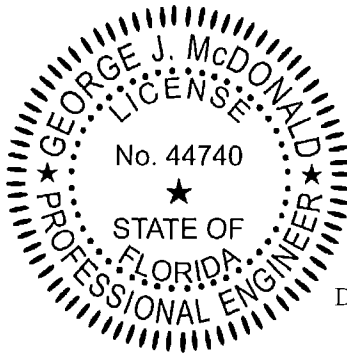
The construction dollars are therefore:

Phase 4A and Phase 4B Plant work: \$12,581,455  
Rapid Infiltration Systems Works: \$877,737

We can apportion the cost allowances for bonds, contingencies and engineering proportionally into these categories and have the following grand summary:

Construction of Plant Only With Bonds, Contingencies, Engineering	\$15,281,173
Construction of RIBs Only With Bonds, Contingencies, Engineering	<u>\$1,066,081</u>
	\$16,347,253

The opinion I can therefore offer is that the probable cost of meeting the BMAP requirement is \$15,281,173, and the cost we can identify and segregate specifically for effluent reuse expansion is \$1,066,081

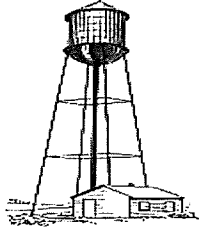


Sincerely,  
McDONALD GROUP INTERNATIONAL, INC..  
Digitally signed by George J McDonald  
Date: 2024.12.03 09:05:43 -05'00'  
George J. McDonald, P.E.

Date: 12/3/2024

Cc Scott House

This item has been digitally signed and sealed by George J McDonald PE on the date adjacent to the seal. Printed copies of this document are not considered signed and sealed and the signature must be verified on any electronic copies



# Ben-Tech LLC

2517 Elm Circle lake Wales FL 33898  
(772) 201-3299  
(863) 368-0771

January 06, 2024

NC Real Estate  
Grenelefe Resorts  
3426 Turnberry Drive  
Lakeland, FL 33803  
(704) 996-4543

RE: Meter installation quote

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Dear Mr. Scott House:

We propose to install approximately 1,350 Neptune 5/8 by 3/4 T10 P/C R900i cellular USG meters to all current customers of Grenelefe Utilities. This quote is for labor only and all materials will be provided by Grenelefe Utilities. The labor cost for installing the above mentioned meters would be \$202,500.00.

Please indicate acceptance of our proposal by signing and dating below. Thank you for the opportunity to be of service to you. Please let us know if you should have any questions.

Mr. Benjamin Burge  
Ben Tech LLC

\_\_\_\_\_  
Grenelefe Utilities, Mr. Scott House

\_\_\_\_\_  
Ben Tech LLC, Mr. Ben Burge

Date: \_\_\_\_\_

Date: \_\_\_\_\_



FEI\_WINTER HAVEN,FL WATERWORKS  
 #1588  
 2439 7TH ST SW  
 WINTER HAVEN, FL 33880-1948  
 Phone: 863-401-2764  
 Fax: 863-291-4240

Deliver To:  
 From: Willord Dabo  
 willord.dabo@ferguson.com  
 Comments:

10:38:32 JAN 06 2025

FEL-WINTER HAVEN, FL WW  
 Price Quotation  
 Phone: 863-401-2764  
 Fax: 863-291-4240

Bid No: B567425  
 Bid Date: 01/06/25  
 Quoted By: TDS

Cust Phone: 252-412-6256  
 Terms: CASH ON DEMAND

Customer: GRENELEFE UTILITY  
 3271 CAMELOT DRIVE  
 ATTN: DANITA CAMPBELL  
 HAINES CITY, FL 33844

Ship To: GRENELEFE UTILITY  
 3271 CAMELOT DRIVE  
 ATTN: DANITA CAMPBELL  
 HAINES CITY, FL 33844

Cust PO#:

Job Name: METER PROJECT

Item	Description	Quantity	Net Price	UM	Total
SP-NED2B31RPF11	5/8X3/4 T10 P/C R900I CELLULAR USG	1350	306.500	EA	413775.00
N13980305	N360 CELL DATA PLAN - 5001-10K ANNUAL COST FOR SOFTWARE AND CELLULAR USAGE	1350	7.600	EA	10260.00
N14099001	NEPTUNE 360 SET-UP FEE	1	3000.000	EA	3000.00
N14099003	NEPTUNE 360 ON-SITE TRN	1	3000.000	EA	3000.00
	**** ** DOUBLE				
DDFW1600X121T2DEEP	16X22X12 BLAC PLAS MTR BX W/ CVR	1350	50.000	EA	67500.00
	**** ** SINGLE				
SP-DDFW1200121TDEE	12X17 POLYMR BOX W/REC AMR LID	1350	25.000	EA	33750.00
	****				
FB43332WNL	LF 3/4 CTS COMP X MTR STRT BV LW	1350	90.760	EA	122526.00
PSXMCFG	LF BRZ 3/4 STRT MTR COUP	1350	8.250	EA	11137.50
FHHS31323NL	LF 3/4 MTR X FIP STRT DUAL CHK VLV	1350	83.000	EA	112050.00

Net Total: \$776998.50  
 Tax: \$46644.91  
 Freight: \$0.00  
 Total: \$823643.41



**HOW ARE WE DOING? WE WANT YOUR FEEDBACK!**

Scan the QR code or use the link below to  
 complete a survey about your bids:

<https://survey.medallia.com/?bidsorder&fc=1588&on=65131>